DAIMLER TRUCK

2023 Annual Report

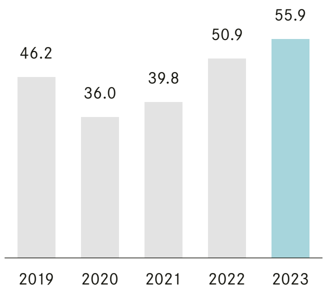
Key Figures for the Group

	2023	2022	2023/2022
Amounts in millions of euros			% change
Unit sales	**526,053**	520,291	+1
of which zero-emission vehicles	**3,443**	914	+277
Revenue	**55,890**	50,945	+10 [1]
Revenue of the Industrial Business[2]	**53,216**	49,186	+8
EBIT	**5,183**	3,496	+48
EBIT of the Industrial Business	**4,997**	3,185	+57
Adjusted EBIT	**5,489**	3,959	+39
Adjusted EBIT of the Industrial Business	**5,278**	3,767	+40
Return on sales of the Industrial Business (in %)	**9.4**	6.5	–
Adjusted return on sales of the Industrial Business (in %)	**9.9**	7.7	–
Return on capital employed of the Industrial Business (in %)	**44.6**	28.9	–
Net profit (loss)	**3,971**	2,763	+44
Earnings per share (in €)	**4.62**	3.24	+43
Free cash flow of the Industrial Business	**2,811**	1,746	+61
Adjusted free cash flow of the Industrial Business	**3,303**	1,976	+67
Net liquidity of the Industrial Business (December 31)	**8,322**	7,530	+11
Investments in property, plant and equipment	**1,026**	898	+14
Research and development expenditure	**1,965**	1,785	+10
of which capitalized	**208**	167	+25
Active workforce[3] (December 31)	**104,416**	104,729	-0

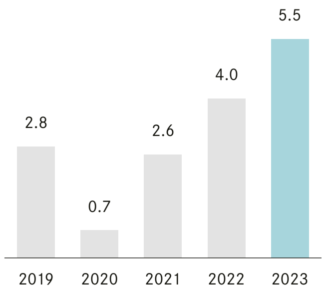
1 Adjusted for the effects of currency translation, revenue increased by 13%.
2 The Industrial Business comprises the vehicle segments Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses, as well as the reconciliation.
3 This reflects the active workforce excluding vacation employment as a full-time equivalent.

Group (amounts in billions of euros)

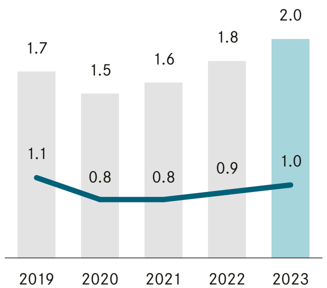
Revenue



Adjusted EBIT

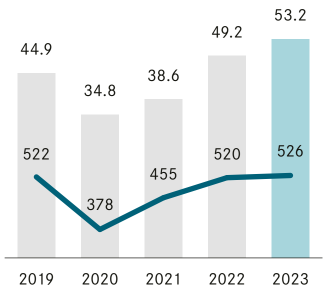


Research and development expenditure
Investments in PP&E

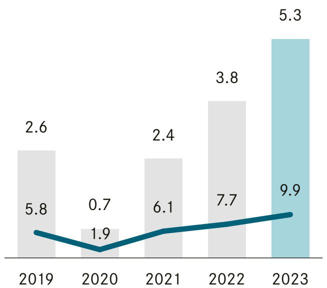


Industrial Business (amounts in billions of euros)

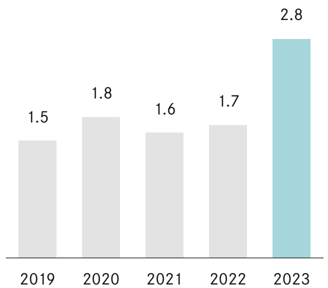
Revenue
Unit sales (in thousands of units)



Adjusted EBIT
Adjusted return on sales (in %)



Free Cash Flow



Key Figures for the Segments

	Trucks North America			Mercedes-Benz		
	2023	2022	2023/2022	**2023**	2022	2023/2022
In millions of euros			% change			% change
Unit sales	**195,014**	186,779	+4	**158,511**	166,369	-5
Revenue	**23,492**	22,039	+7	**21,638**	20,213	+7
EBIT	**2,887**	2,376	+22	**2,038**	1,188	+72
Adjusted EBIT	**2,887**	2,379	+21	**2,199**	1,629	+35
Return on sales (in %)[1]	**12.3**	10.8	–	**9.4**	5.9	–
Adjusted return on sales (in %)[2]	**12.3**	10.8	–	**10.2**	8.1	–
Investments in property, plant and equipment	**235**	216	+9	**533**	431	+24
Research and development expenditure	**663**	599	+11	**801**	736	+9
of which capitalized	**24**	–	–	**98**	120	-18
New business	**–**	–	–	**–**	–	–
Contract volume (December 31)	**–**	–	–	**–**	–	–
Active workforce (December 31)[3]	**28,833**	28,227	+2	**38,470**	40,884	-6

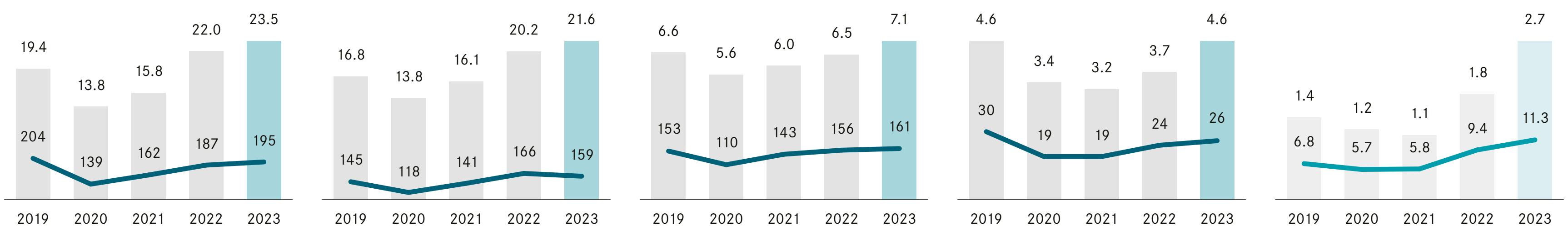
	Trucks Asia			Daimler Buses			Financial Services		
	2023	2022	2023/2022	**2023**	2022	2023/2022	**2023**	2022	2023/2022
In millions of euros			% change			% change			% change
Unit sales	**161,171**	155,967	+3	**26,168**	24,041	+9	**–**	–	–
Revenue	**7,060**	6,499	+9	**4,566**	3,689	+24	**2,674**	1,759	+52
EBIT	**330**	161	+105	**214**	-52	–	**186**	310	-40
Adjusted EBIT	**330**	171	+93	**214**	14	+1388	**211**	193	+10
Return on sales (in %)[1]	**4.7**	2.5	–	**4.7**	-1.4	–	**8.0**	15.9	–
Adjusted return on sales (in %)[2]	**4.7**	2.6	–	**4.7**	0.4	–	**9.1**	9.9	–
Investments in property, plant and equipment	**128**	153	-16	**115**	85	+36	**–**	–	–
Research and development expenditure	**179**	194	-8	**172**	148	+16	**–**	–	–
of which capitalized	**19**	33	-43	**6**	14	-54	**–**	–	–
New business	**–**	–	–	**–**	–	–	**11,267**	9,428	+20
Contract volume (December 31)	**–**	–	–	**–**	–	–	**28,277**	24,200	+17
Active workforce (December 31)[3]	**16,823**	16,214	+4	**15,480**	15,184	+2	**1,818**	1,770	+3

1 Return on equity for Financial Services. 2 Adjusted return on equity for Financial Services. 3 This reflects the active workforce excluding vacation employment as a full-time equivalent.

Trucks North America | Mercedes-Benz | Trucks Asia | Daimler Buses | Financial Services

Revenue*
Unit sales**

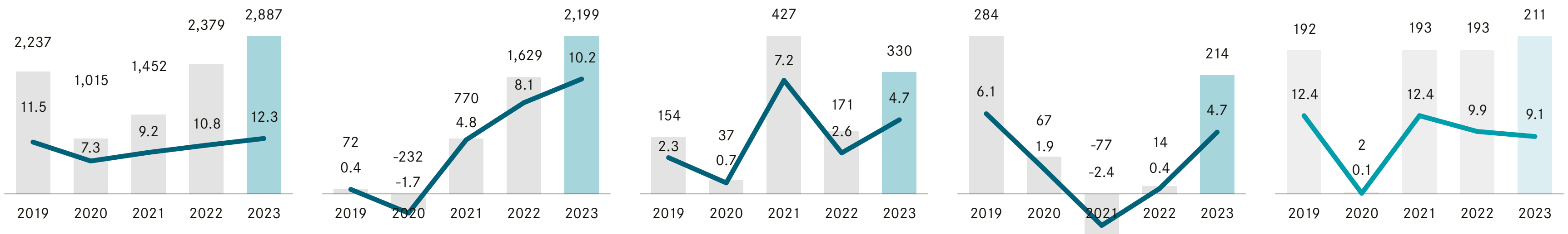
Revenue*
New Business*



* in billions of euros / ** in thousands of units

Adjusted EBIT*
Adjusted return on sales**

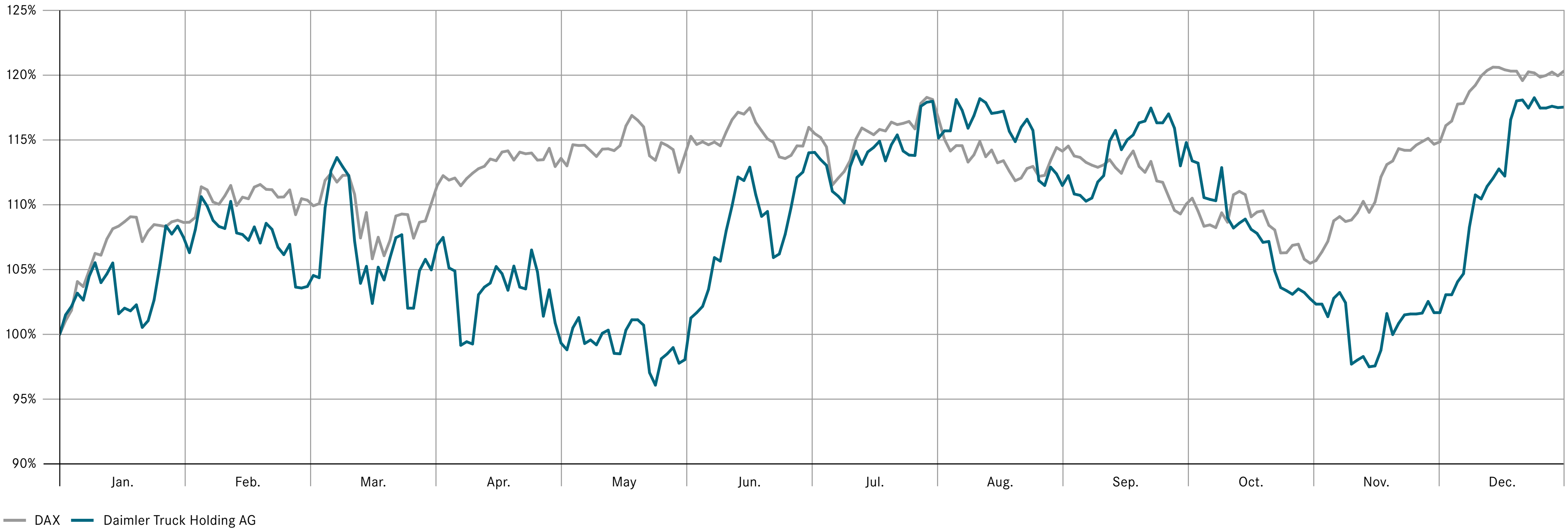
Adjusted EBIT*
Adjusted return on equity**



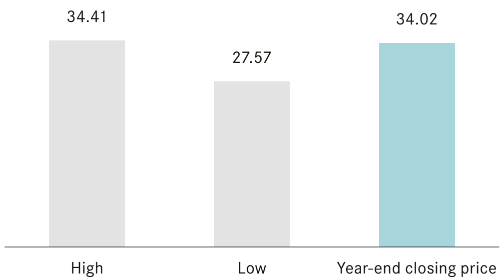
* in millions of euros / ** in %

Daimler Truck and the capital market

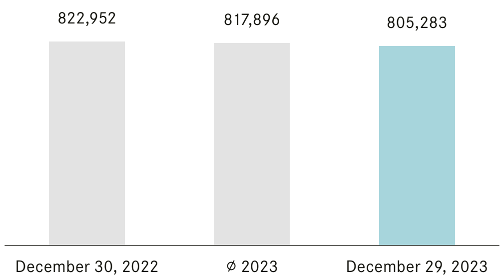
Share price development (indexed) 2023



Development of the Daimler Truck share 2023 (in euros)



Number of shares outstanding (in thousand)



More information at www.daimlertruck.com/en/investors/share

Shares by ownership (in % according to voting rights announcements, as of December 29, 2023)

- 30.01% Mercedes-Benz Group AG*
- 4.99% Mercedes-Benz Pension Trust e.V.
- 4.98% Kuwait Investment Authority
- 45.02% Institutional Investors
- 15.00% Retail Investors

* Excluding voting rights from the shares held indirectly by Mercedes-Benz Pension Trust e.V. that are attributed to Mercedes-Benz Group AG in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG).

More information at www.daimlertruck.com/en/investors/share/shareholder-structure

Who we are

1,047
kilometers driven by the GenH2 truck with one tank of liquid hydrogen

Employees from **129** countries

42 production sites on **5** continents

Founding fathers Gottlieb Daimler and Carl Benz

127 years of history

DAIMLER TRUCK

10 zero-emission vehicles in series production

+277% Unit sales of zero-emission vehicles (2023 compared to prior year)

104,416 employees worldwide[1]

1 This reflects the active workforce excluding vacation employment as a full-time equivalent.

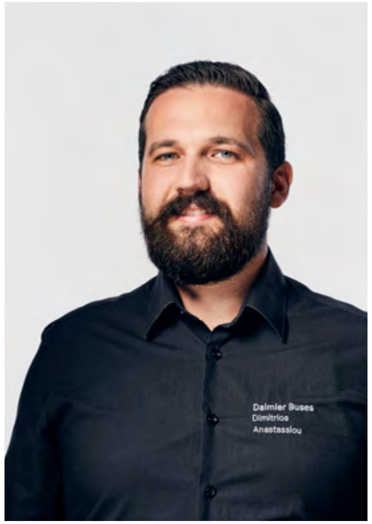
More information at daimlertruck.com/en

What drives us

Our customers provide reliable, safe transportation worldwide. We are proud to say that we work for everyone who keeps the world moving. This also makes us an important part of society and goes hand in hand with a great responsibility – to our employees, our customers, and all the people who are affected by our business activities.

Our greatest responsibility stems from the growing demand for sustainable transportation. We pursue the goal of advancing the transformation of the automotive industry by developing sustainable transportation solutions. Together with our partners, we are shaping the technology and service transformation of our industry – and aim to lead sustainable transportation, in line with the principles of our founders and in line with our purpose.

We keep delivering – for all who keep the world moving.



For all who keep the world moving: our global brands and products.

FREIGHTLINER	eCascadia	eM2	Cascadia	M2106 Plus	M2112 Plus	114SD Plus	108SD Plus	EconicSD				
THOMAS BUILT BUSES	Mybus	Minotour	Saf-T-Liner C2	Saf-T-Liner EFX	Saf-T-Liner HDX	Saf-T-Liner C2 Jouley	Transit-Liner C2	Transit-Liner EFX	Transit-Liner HDX			
WESTERN STAR	47X	49X	57X									
Mercedes-Benz Trucks you can trust	Atego	Actros F	Actros	Actros L	eActros	eActros 600	GenH2 Truck	Arocs				
	Econic	eEconic	Unimog UHE	Unimog UGE	Zetros	Accelo	Axor					
FUSO	Canter	Next Gen eCanter	FA/FI	Fighter	FJ	FZ	FO	Super Great	TV	Rosa	Aero Queen/Ace	Aero Star	BA Bus
	MDT	HDT R	HDT C	HDT T	HDT RT	School bus	Staff bus	Medium-duty Bus Chassis	Heavy-duty Bus Chassis			
RIZON	e16M/e16L/e18L											
Mercedes-Benz The standard for buses.	Citaro	Citaro CapaCity/CapaCity L	eCitaro	eCitaro G	eCitaro G fuel cell	Citaro hybrid	Conecto	Intouro	Tourismo	Tourrider	Bus Chassis	Bus eChassis
SETRA	MultiClass 500	ComfortClass 500 HD	TopClass 500 HDH	TopClass S 531 DT								
DAIMLER TRUCK Financial Services	Financing/Hire Purchase	(Dynamic) Leasing	Wholesale	(Dynamic) Insurance								

Battery Hydrogen Hybrid

Presentation of the currently most important model ranges and prototypes of Daimler Truck. Models vary according to market.

About this report

Basics of reporting
This Annual Report combines the financial and sustainability reports of the Daimler Truck Group due to their integral importance.

The combined management report summarizes the management reports of Daimler Truck Holding AG for the annual financial statements and the consolidated financial statements. Information regarding the annual financial statements of Daimler Truck Holding AG under commercial law is contained in the separate chapter Daimler Truck Holding AG of the combined management report.

Structure and segments of the Daimler Truck Group
From a business perspective, a distinction is made at selected points between Industrial Business and Financial Services. The Industrial Business comprises the vehicle segments Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses and the reconciliation. Financial Services corresponds to the Financial Services segment. The eliminations of intra-Group transactions between the Industrial Business and Financial Services are generally allocated to the Industrial Business and are reported in the reconciliation.

Performance measurement system
Detailed information on Daimler Truck's performance measurement system, including an explanation of financial and non-financial performance measures, performance indicators and the underlying quantitative ranges for the qualitative, comparative description of changes can be found in the chapter Performance measurement system of the combined management report.

Independent audit
The present Consolidated Financial Statements, consisting of the Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements as well as the combined management report, were subject to an independent audit by KPMG AG Wirtschaftsprüfungsgesellschaft.

The content of the section Sustainability at Daimler Truck was not submitted to an audit in the context of the statutory audit of our combined management report. Our auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, has nevertheless conducted an independent assurance engagement on the Non-Financial Statement of the Group, contained in this section, to obtain limited assurance.

▼▲ Content with this identifier is part of the Non-Financial Statement of the Group and subject to a separate audit with limited assurance.

Remuneration report
The annual remuneration report on the remuneration of the Board of Management and Supervisory Board, which is mandatory for listed companies in accordance with Section 162 AktG, is published separately at www.daimlertruck.com/en/company/corporate-governance/board-of-management/remuneration-of-the-board-of-management.

Digital report
For sustainability reasons, annual and interim reports are not printed. These are made available at www.daimlertruck.com/en/investors/reports/financial-reports and are available for download as a PDF. The report in this PDF format is optimized for use on PCs and tablets and contains interactive elements. Tables of contents, page headers and references internal and external to the report are linked to the corresponding content.

Editorial notes
Due to rounding, individual figures may not add up precisely to the totals shown and percentages presented may not accurately reflect the absolute values to which they relate. This report is available in German and English. The German version is binding. For better readability, names, brands and registered trademarks are not identified in this report.

Diversity, equal opportunities and inclusion are important to us
For this reason, we use gender-neutral language throughout this report. In the interest of readability, we use the generic masculine form for terms with legal meaning. In these cases, the terms chosen include all gender identities without limitation.

Information management system

↗ Reference to an illustration or table in the report.

Reference to further information on the Internet.

Reference within the report.


CHARGED TO CHANGE

A

Daimler Truck at a Glance

Dear shareholders and friends of Daimler Truck

When we look back at 2023, it was a year marked by significant challenges. And by that, I don't mean Daimler Truck and the commercial vehicle industry, but rather the ongoing war in Ukraine, the terror against Israel, and rising populism, which poses a dangerous threat and truly tests our democracy.

These are just examples of the serious events that concern us in Germany, in Europe and the world, and that demand our attention and willingness to act.

Given these multitude of challenges, there's a danger of losing sight of *the* global priority of our times: mitigating climate change. I therefore want to appeal very clearly at this point: We have absolutely no time to lose and must act consistently – in society, in politics, and certainly in business.

At Daimler Truck, that's precisely what we're doing. We've aligned our strategy to lead the sustainable, emission-free transport of the future. And we're diligently executing this strategy – step by step, or rather: truck by truck and bus by bus.

The foundation for this lies in strong profitability. Only with corresponding financial strength can we shape the decarbonization of truck and bus transport as leaders.

» We don’t merely perceive the transformation as a challenge. Above all, we see it as an opportunity. «

Daimler Truck is making great progress here: In 2023, we achieved an operating profit of 5.5 billion euros and an adjusted return on sales in the Industrial Business of 9.9 percent. This is a record result, for which I wholeheartedly thank our global Daimler Truck team! Each and every one of our more than 100,000 employees has contributed to this.

This brings us very close to our ambition for 2025 of achieving an adjusted return on sales of more than ten percent in the Industrial Business in a favorable market environment. And we aim to push further. Having established a solid foundation for profitability, we’re shifting gears towards growth. Towards *profitable* growth: Between 2025 and 2030, we intend to increase our revenue by 40 to 60 percent – and by 2030, in a favorable market environment, the adjusted return on sales in our Industrial Business should exceed twelve percent. This has a considerable impact because when both revenue and return on sales increase, the operating profit increases significantly.

Our ambitions show that we see the historic transformation of our industry as more than just a challenge. Above all, we see it as an opportunity. It’s an opportunity for our environment, for our customers, for our Company, and for our investors – and we’re determined to seize this opportunity.

Through five figures, I’d like to shed light on Daimler Truck’s transformation.

10 emission-free production models
In 2017, we introduced our first battery-electric truck to the market. Today, we offer ten emission-free trucks and buses to our customers as production models – in an increasing variety and across all regions: in North and South America as well as in Europe and the Asia-Pacific region.

So far, our emission-free vehicles are designed for urban and regional transport. Since battery technology and charging infrastructures are still evolving, this is the first sensible step. The next significant leap is planned for this year with the market launch of our Mercedes-Benz eActros 600 designed for long-haul transport with a range of 500 kilometers.

1,047 kilometers
Our fuel cell truck, the Mercedes-Benz GenH2 Truck, covered more than 1,000 kilometers in fall 2023 – fully loaded at 40 tonnes, under real conditions and with just one tank filling. To be more precise: with just 80 kilograms of liquid hydrogen. This demonstrates the performance capability of this propulsion technology, particularly in flexible, demanding long-distance transport.

We are therefore advocating at all levels to ensure that the development of a hydrogen-based fueling infrastructure occurs in parallel with the charging infrastructure for battery-electric trucks and buses. We’re actively advancing this with groundbreaking projects, such as our Greenlane joint venture in the USA. Or with the Memorandum of Understanding we signed with Masdar, the clean energy pioneer of the United Arab Emirates, in January 2024 to assess liquid green hydrogen exports from Abu Dhabi to Europe.

20 percent
Germany introduced a new truck toll as of December 1, 2023, significantly altering the framework for our industry. The toll is now based on CO_2, resulting in significantly higher tolls for diesel trucks compared to emission-free trucks.

This is a crucial step towards sustainable transportation. Because our customers can only purchase emission-free trucks if these vehicles are competitive with diesel trucks. Despite all manufacturer efforts, emission-free trucks remain notably more expensive than conventional ones, at least in terms of acquisition cost. It's crucial, therefore, for policymakers to effectively price CO_2, making the use of diesel trucks more expensive and ensuring the competitiveness of emission-free trucks. This is precisely what the CO_2-based toll accomplishes, which we see as a blueprint for all of Europe.

For this push towards emission-free transport to truly work and make sense, one thing is crucial: a significant portion of the additional toll revenues must be invested in establishing charging and fueling infrastructure for emission-free vehicles. Rapid implementation of fast-charging stations and a hydrogen network is imperative. We therefore advocate that 20 percent of the additional revenues be invested for this purpose.

Yes, the new toll means transportation costs will rise, and we're aware that increased costs are never easy. But this is unavoidable, and we all must adapt. Sustainability comes with a price – and a clean, better world must be worth this price to us.

160 countries
That's how many nations we reach around the world with our brands. This showcases the robust position we hold at Daimler Truck – not just in Germany and Europe but globally. Our customers rely on our products and services – and they trust our expertise, especially in the midst of this transformation. We are the voice of our industry.

€37.46
This was the closing price of our shares at the editorial deadline for this text on February 28, 2024. This means that since our IPO on December 10, 2021 at a price of €28.00 per share, we have significantly increased the value of our Company.

We are determined to further increase the value of our Company. I have outlined in this letter how we intend to achieve this and what potential we see here. You will find much more information on this in the following chapters of our Annual Report. How important it is to us that you as shareholders participate in the positive development of Daimler Truck is demonstrated not only by our dividend policy, but also, for example, by our share buyback program, which we launched in 2023.

And even if external factors outside our sphere of influence may temporarily affect the share price - I am thinking here, for example, of the geopolitical environment -, I am fully convinced that Daimler Truck's best years are yet to come.

Leinfelden-Echterdingen, February 2024

Sincerely yours,

Martin Daum
Chairman of the Board of Management of Daimler Truck Holding AG

The Board of Management

Martin Daum
Chairman of the Board of Management,
Finance and Controlling until March 31, 2024
Appointed until 2025

Karl Deppen
Member of the Board of Management,
Asia region and the FUSO and
BharatBenz brands
Appointed until 2024

Dr. Andreas Gorbach
Member of the Board of Management,
Truck Technology
Appointed until 2029

Jürgen Hartwig
Member of the Board of Management,
Human Resources
Appointed until 2026

John O'Leary
Member of the Board of Management,
North America region and the Freightliner, Western Star and Thomas Built Buses brands
Appointed until 2026[1]

Karin Rådström
Member of the Board of Management,
Europe and Latin America region and
the Mercedes-Benz Truck brand
Appointed until 2029

Stephan Unger
Member of the Board of Management,
Financial Services
Appointed until 2024

Appointment after the end of the reporting year

Eva Scherer
Member of the Board of Management,
Finance and Controlling
Appointed until 2027[2]

1 As of April 01, 2024 appointed for up to two additional years.
2 Interim takeover of the area of responsibility of Finance and Controlling by Martin Daum after the death of Jochen Goetz on August 05, 2023.
In January 2024, the Supervisory Board appointed Eva Scherer as a Member of the Board of Management responsible for Finance and Controlling, effective April 01, 2024.

Report of the Supervisory Board on the 2023 Financial Year

Dear Shareholders,

The 2023 financial year was already the second full financial year for our Company after the Daimler Truck Group was created in 2021. Naturally, the further improvement of the Company's economic development and direction within the transformation of the commercial vehicle industry was of central importance in the past financial year. As one of the world's leading commercial vehicle manufacturers, Daimler Truck also assumed an important position here and was able to achieve some significant milestones in this regard in 2023. This includes, in particular, product launches in the area of emission-free transport. In its operating business, Daimler Truck was able to significantly improve both growth and earnings and exceed the targets set for the 2023 financial year. Also, regarding the Company's strategic direction, the planned merger of Mitsubishi Fuso Truck and Bus Corporation with Hino Motors is a further development.

Nevertheless, the 2023 financial year with its successes was also clouded by the tragic death of our Chief Financial Officer Jochen Goetz. The human and professional loss was received with a great deal of sympathy. His contribution to the Company's success was also his lifetime achievement. The Supervisory Board would like to thank him on behalf of the shareholders, the employees and all those to whom he provided advice and support.

The achievements in the 2023 financial year have shown that many things are going well and that great things are possible. The development of the markets and the earnings that can be achieved in them demonstrate the great potential that the Company can still tap into. The great commitment of all employees, managers and the Board of Management was guarantee for success, has made this possible and gives us good reasons to continue to look confidently into the future.

In the following, we report on the work of the Supervisory Board and its committees in the 2023 financial year.

Responsibilities and working methods of the Supervisory Board
The Supervisory Board of Daimler Truck Holding AG fully performed its duties in the 2023 financial year. Its responsibilities are defined in particular by the German Stock Corporation Act (Aktiengesetz or AktG), the Articles of Association of Daimler Truck Holding AG, as well as the Rules of Procedure for the Supervisory Board and its committees. In addition, the German Corporate Governance Code (DCGK) in its currently valid version represents an important set of rules, which the Supervisory Board naturally attaches great importance to observing as far as possible.

As part of its responsibilities, the Supervisory Board continuously advised and monitored the Board of Management on the management of the Company and actively provided support on important issues related to the strategic direction and future development of the Company and the Daimler Truck Group. This applied particularly to the active dialogue on the evaluation of the financial performance compared to the own targets as well as benchmarked to competition and regarding success-critical topics of the transformation of the commercial vehicle industry like Autonomous driving.

Joe Kaeser, Chairman of the Supervisory Board of Daimler Truck Holding AG

In the 2023 financial year, the Supervisory Board also examined numerous business transactions under to existing rights of approval and granted its approval to each of them after comprehensive consultation. These business transactions arose in many cases from the strategic direction of Daimler Truck as part of the advancing transformation of the commercial vehicle industry and included product projects, sustainability issues as well as financial and investment projects and plans.

Within the framework of its legal responsibilities and after thorough preparation by the Audit Committee, the Supervisory Board also examined whether the annual financial statements and consolidated financial statements, the combined management report including the integrated non-financial statement for the Daimler Truck Group and the other financial and sustainability reporting were prepared in accordance with the applicable requirements and also complied with them in all respects.

During the 2023 financial year, the Supervisory Board also received regular reports and information from the Board of Management on significant economic developments of the Daimler Truck Group and its segments and discussed them with the Board of Management and the representatives from the management. The reports included information about the intended business policy and other fundamental questions of corporate planning, including financial, investment and personnel planning, liquidity and profitability of the Company and the Group, the situation of the Company and the Group, including its segments as well as information about the course of business. The Board of Management's reports also contained developments in the procurement and sales markets. Additionally, and in the course of strategy discussions with the Board of Management, transformation and sustainability issues within the commercial vehicle industry as well as their potential technological, financial and economic impacts on the Company were discussed.

The members of the Supervisory Board prepared for the meetings on the basis of documents that were made available to them by the Company before the meetings. The preparation for the meetings also included separate preliminary discussions on the part of shareholder and employee representatives, some of which were attended by members of the Board of Management. The committees of the Supervisory Board intensively prepared the meetings of the Supervisory Board in accordance with their respective responsibilities. In particular, Joe Kaeser as Chairman of the Supervisory Board as well as Michael Brosnan as Chairman of the Audit Committee regularly attended bilateral meetings with members of the Board of Management and the management of the Company to exchange views. This included regular meetings with the Chief Legal and Compliance Officer and the Head of Corporate Audit. The other members of the Supervisory Board made use of this on a topic-related basis.

Topics in the 2023 Financial Year

In the 2023 financial year, the Supervisory Board of Daimler Truck Holding AG held nine meetings and passed two resolutions via written procedure. More detailed information on the meeting arrangements and the attendance of the members can be found in the overview at the end of this report. ↗ A.01 ↗ A.02 ↗ A.03

The meetings of the Supervisory Board were characterized by an open and constructive exchange. In addition to the intensive discussion of the relevant business transactions and measures, the Supervisory Board also focused on exchanging views on the most important topics of its work in the absence of the Board of Management in regular Executive Sessions. The topics discussed therein included succession planning as well as the assessments of important strategic and organizational topics.

At its meeting on March 9, 2023, the Supervisory Board dealt with the remuneration of the Board of Management, the annual and consolidated financial statements and the combined management report with the integrated non-financial statement of the Group as well as with the further financial and sustainability reporting. In addition to the remuneration of the Board of Management, which is to be explained separately, additional topics addressed included important strategic issues, above all in the area of emission-free driving, especially the battery strategy, and the preparation for the Annual General Meeting on June 21, 2023. The Supervisory Board also focused on the discussion of significant sustainability issues and dealt in depth with human rights important to Daimler Truck. At this meeting, the Supervisory Board also resolved upon recommendation of the Presidential and Remuneration Committee to reappoint Karin Rådström as a member of the Board of Management responsible for the Europe and Latin America regions and the Mercedes-Benz Trucks brand for a further five years after the end of the current appointment term, i.e. until 2029.

At the meeting on May 8, 2023, the strategic direction of the Company and the financial direction of Daimler Truck were the most important focus areas. This served in particular to prepare for the Capital Market Day, that was held on July 11, 2023, in Boston, USA. The Supervisory Board also dealt with the interim report for the first quarter of 2023 for information purposes, received a corresponding financial update and discussed a product development project in the field of zero-emission vehicles and, in particular, the development of autonomous trucks.

At an extraordinary meeting of the Supervisory Board on May 26, 2023, the Supervisory Board discussed in detail the planned merger of the Group subsidiary Mitsubishi Fuso Truck and Bus Corporation with Hino Motors, a subsidiary of Toyota Motor Corporation. In this regard, the Supervisory Board was comprehensively informed by the Board of Management about the planning and legal and strategic implications and granted its approval after an in-depth discussion of the realization of the project.

The Supervisory Board used its meeting after the Annual General Meeting on June 21, 2023 for a thorough debriefing of the Annual General Meeting, especially for an assessment of the shareholder's feedback. In addition, after preparation by the Presidential and Remuneration Committee, the Supervisory Board dealt with Board of Management service contracts and approved the appointment of Dr. Florian Hofer to the position of Chief Legal and Compliance Officer.

At a further extraordinary meeting on July 10, 2023, the Supervisory Board discussed a share buy-back program with the Board of Management, for the implementation of which the Annual General Meeting of Daimler Truck Holding AG had already authorized the Board of Management in 2021. Following a thorough examination of the respective planning by the Board of Management, the Supervisory Board approved the implementation of the share buy-back program.

In addition to the informative review of the interim report for the first half of 2023, the meeting on August 1, 2023, focused on business transactions from the operational area and strategic measures. In addition, the Supervisory Board dealt in-depth with the effects of climate change on the commercial vehicle industry and also obtained information from external experts. The Supervisory Board also intensively discussed the risks and opportunities in the application and the issues related to the further development of autonomous driving and the technology strategy in the area of zero-emission transportation at Daimler Truck.

The meeting of the Supervisory Board on October 5, 2023, held as part of the Supervisory Board Strategy Days, was dedicated, in addition to dealing with strategy issues, which will be described separately in this report, to the reappointment and extension of the term of office of John O'Leary as a member of the Board of Management, responsible for the North America region and the Freightliner, Western Star and Thomas Built Buses brands for up to two more years until 2026, as recommended by the Presidential and Remuneration Committee.

At its meeting on November 6, 2023, the Supervisory Board dealt with the results of the Supervisory Board's self-assessment carried out for the first time in the financial year 2023. This report also includes separate explanations on this. The Supervisory Board also discussed the interim report for the third quarter of 2023 and reviewed the information provided by the Board of Management regarding ongoing projects and existing participations.

Finally, the meeting of the Supervisory Board on December 8, 2023 addressed in particular issues relating to the remuneration of the Board of Management, corporate planning and corporate governance, each of which is reported separately, as well as several significant product and technology projects, particularly from the area of zero-emission transport and autonomous driving. The Supervisory Board also dealt in-depth with the Financial Services segment and its mid-term direction and resolved upon recommendation by the Presidential and Remuneration Committee to reappoint Dr. Andreas Gorbach, member of the Board of Management responsible for Truck Technology, for five additional years from the end of the current appointment, i. e. until 2029.

Corporate governance, Declaration of Compliance (with the German Corporate Governance Code), and requirements profile for the Board of Management and the Supervisory Board
The Supervisory Board continuously dealt with corporate governance issues in the 2023 financial year and was supported in this regard especially by the Presidential and Remuneration Committee. The Supervisory Board also exchanged views with the Chief Legal and Compliance Officer of the Company on these topics in particular.

At its meeting on December 8, 2023, the Supervisory Board discussed corporate governance issues and, in particular, dealt with the draft declaration of compliance for 2023.

In this context, the Supervisory Board also discussed the implementation of important recommendations of the DCGK and, in particular, the independence of shareholder representatives within the meaning of the DCGK.

The 2023 Declaration of Compliance with the DCGK in accordance with Section 161 of the AktG was also adopted on December 8, 2023. With the exceptions justified therein, all recommendations of the Code are complied with. In the interests of good corporate governance, the members of the Company's Supervisory Board are obliged to disclose conflicts of interest to the Supervisory Board as a whole. Such conflicts of interest may arise in particular from an advisory or governing body function with customers, suppliers or lenders of the Company or other third parties. There were no such conflicts of interest during the reporting period.

Against the background of one year's work experience with the Rules of Procedure amended in the light of the 2022 amended DCGK, the Supervisory Board decided to make only specific adjustments to the Rules of Procedure for the Supervisory Board and its committees. At its meeting on December 8, 2023, the Supervisory Board adopted these adjustments. In particular, they take into account the increased focus of the supervisory and advisory role of the Supervisory Board with regard to sustainability issues in corporate governance. The continuation of responsibility for this extremely important issue was particularly important for the Supervisory Board. After extensive consultation and in-depth preparation by the Presidential and Remuneration Committee, the Supervisory Board has decided to keep and handle the primary responsibility for monitoring and advising on sustainability issues and not to delegate this to a separate committee. This is due to the central importance of sustainability for Daimler Truck as well as to the great complexity of this topic, which requires the use of all the sustainability expertise widely distributed within the Supervisory Board. The aforementioned expertise is to be kept up to date through regular training.

At the Supervisory Board meeting on December 8, 2023, the Supervisory Board also discussed the requirements profiles for the Board of Management and the Supervisory Board. The composition of the Board of Management and Supervisory Board of Daimler Truck Holding AG is based in particular on diversity concepts relating to aspects such as educational and professional background, gender and age. The Supervisory Board has merged these diversity concepts with the requirements of the Act for the Equal Participation of Women and Men in Management Positions and other requirements for the competences required for board members in an overall requirements profile for the Board of Management and the Supervisory Board. In addition, the Supervisory Board resolved to include further requirements in respect of the knowledge and experience of the Supervisory Board members in the overall requirements profile following the positive experiences with the sustainability expertise requirements introduced in 2022.

On the basis of the requirements profile for the Supervisory Board, the Supervisory Board also prepared a qualification matrix reflecting the implementation status of the requirements profile and discussed its structure as well as its planned publication in the Declaration on Corporate Governance.

At its meeting on December 8, 2023, the Supervisory Board determined the fulfillment of the requirements profile approved in November 2022 on the basis of its composition until October 15, 2023 and regarding its current composition – after the resignation of Raymond Curry and the judicial appointment of Shintaro Suzuki with effect from October 16, 2023 – as well as the fulfillment of the overall requirements profile adapted on the same day regarding its current composition and approved the publication of the Qualification Matrix within the Declaration on Corporate Governance. In the course of the same meeting, the Supervisory Board determined the fulfillment of the requirements profile adapted in November 2022 and applicable in the entire reporting period regarding the current composition of the Board of Management.

According to Section 96 Subsection 2 AktG, the supervisory boards of listed companies subject to joint co-determination must consist of at least 30% women and 30% men. This quota must be met by the Supervisory Board as a whole. If the shareholder or employee representatives object to the overall fulfillment to the Chairman of the Supervisory Board before the election, the minimum quota for this election must be fulfilled separately by each the shareholder and employee representatives. As the overall fulfillment was not objected to, the gender quota must be met by the Supervisory Board as a whole.

On December 31, 2023, the Supervisory Board of Daimler Truck Holding AG consisted of six women (of these, three were on the shareholder side and three on the employee side) and fourteen men (of these, seven were on the shareholder side and seven on the employee side). However, without prejudice to the overall fulfillment, the shareholder and employee sides also fulfilled the minimum requirement for their respective sides throughout the 2023 financial year.

Remuneration of the Board of Management

The remuneration system for the members of the Board of Management applicable in financial year 2023 (Remuneration System 2023+) was determined by the Supervisory Board at its meeting on December 15, 2022 and specified in more detail in February 2023. On this basis, the Supervisory Board set the targets for the 2023 financial year at its meeting on March 9, 2023, upon recommendation of the Presidential and Remuneration Committee. The Supervisory Board also determined the target achievement for the 2022 financial year. The Remuneration System 2023+ was subsequently submitted to the Annual General Meeting of Daimler Truck Holding AG on June 21, 2023 in accordance with Section 120a Subsection 1 AktG for approval. Approval was given at the Annual General Meeting by a large majority of 96.62% votes in favor. In the meeting on December 8, 2023, after preparation by the Presidential and Remuneration Committee, the Supervisory Board dealt again with the remuneration system for the members of the Board of Management and prepared the decisions to be made in 2024 to set the targets for 2024 and to determine the target achievement for 2023. Further details can be taken from the description of the Remuneration System published on the Company's website at www.daimlertruck.com/en/company/corporate-governance/board-of-management/remuneration-of-the-board-of-management.

Supervisory Board Strategy Days

On October 4 and 5, 2023, the Supervisory Board held the second Strategy Days of Daimler Truck Holding AG after the formation of the Daimler Truck Group in Wörth in one of the world's largest truck plants. As part of this event, the Supervisory Board dealt extensively with the strategic direction of the Daimler Truck Group, including the sustainable business strategy. Together with the responsible representatives of the management of the Daimler Truck Group and in particular the members of the Board of Management, the Supervisory Board discussed in detail the business plans for the further strategic direction and the expected economic impacts on the Group resulting from this. Another particular focus was on sustainability topics and the necessary technology transformation, in which the Supervisory Board dealt in depth with strategic planning in the area of battery-electric and hydrogen-powered transport. In addition to the in-depth discussion of strategic topics and their impacts, the Supervisory Board also used the Strategy Days to deal with production issues in the framework of production tours and to test current and upcoming products.

Self-assessment of the Supervisory Board

In line with the corresponding recommendation of the DCGK, the Supervisory Board carried out a self-assessment supported by external consultants in the 2023 financial year. The purpose of this measure was to assess how effectively the Supervisory Board and its committees fulfil their respective tasks. The self-assessment was conducted as a very comprehensive measure in view of the first time this process was carried out and its importance. It consisted of a multi-stage process, including bilateral interviews and meeting observation, and involved all members of the Supervisory Board and the Board of Management as well as representatives of the Supervisory Board office. Focus topics included the assessment of the supervisory and advisory activities of the Supervisory Board, its cooperation as well as the provision of information by the Board of Management as well as issues of corporate governance and the work of the committees. The results of the successfully conducted self-assessment - especially regarding the effectiveness of the fulfillment of the tasks incumbent upon the Supervisory Board and its committees - were presented and discussed thoroughly at the meeting on November 6, 2023 after preliminary discussion in the Presidential and Remuneration Committee. This also included an in-depth examination of the implementation of the insights for the further development of the work of the Supervisory Board at Daimler Truck. Another self-assessment is planned for the 2025 financial year.

Discussion and resolution on corporate planning (Daimler Truck Business Planning)

At its meeting on December 8, 2023, the Supervisory Board discussed and approved the Daimler Truck Business Planning. In this regard, the Supervisory Board was provided with the respective documents that also highlighted sustainability-related aspects in the corporate planning. Regarding the target setting for the future planning, the Supervisory Board put special emphasis on the inclusion of external comparisons with leading competitors. In addition, the Supervisory Board dealt with the framework for liquidity risk steering developed by the Company.

Composition of the Supervisory Board and its committees

The Supervisory Board of Daimler Truck Holding AG consists of twenty members. In accordance with the provisions of the German Co-Determination Act, it must be composed of ten employee representatives and ten shareholder representatives. The term of office of the ten Supervisory Board members elected by the 2022 Annual General Meeting ends in 2026, the term of office of the employee representatives elected by the workforce in November 2022 ends in 2027, whereby an employee representative was appointed by the court in October 2023. According to this, the Supervisory Board is equally composed. The Supervisory Board of Daimler Truck Holding AG has established and appointed a Presidential and Remuneration Committee, an Audit Committee, a Nomination Committee and a Mediation Committee in accordance with the relevant provisions of the German Co-Determination Act. The committees were composed as follows in the 2023 financial year:

Presidential and Remuneration Committee

In accordance with the Rules of Procedure, Joe Kaeser also chairs the Presidential and Remuneration Committee as Chairman of the Supervisory Board and Michael Brecht acts as Deputy Chairman in accordance with the Rules of Procedure. Additionally, the Supervisory Board elected Marie Wieck and Roman Zitzelsberger as members of the Presidential and Remuneration Committee.

Audit Committee

Michael Brosnan, Akihiro Eto, Harald Wilhelm, Michael Brecht, Jörg Köhlinger and Thomas Zwick were elected to the Audit Committee in 2022. The Audit Committee elected Michael Brosnan as its Chairman and Michael Brecht was elected Deputy Chairman.

Nomination Committee

In accordance with the Rules of Procedure, Joe Kaeser also chairs the Nomination Committee as Chairman of the Supervisory Board. In

2022 the Supervisory Board elected Marie Wieck and Renata Jungo Brüngger as further members of the Nomination Committee.

Mediation Committee
In 2022, the Supervisory Board set up a Mediation Committee for the first time and elected Marie Wieck and Roman Zitzelsberger as further members of the Mediation Committee. In accordance with the Rules of Procedure, Joe Kaeser also chairs the Mediation Committee as Chairman of the Supervisory Board and Michael Brecht as Deputy Chairman of the Supervisory Board is also Deputy Chairman of the Committee.

Changes to the Board of Management and the Supervisory Board
There was only one change to the composition of the Supervisory Board in the 2023 financial year. With effect from October 15, 2023, Raymond Curry resigned from his mandate as a member of the Supervisory Board for personal reasons. Subsequently, upon application of the Board of Management, Mr. Shintaro Suzuki, Tokyo, Japan, was appointed as a member of the Supervisory Board as a representative of the employees by the Stuttgart District Court with effect from October 16, 2023. There were no further changes to the composition of the Supervisory Board.

At its meeting on March 9, 2023, the Supervisory Board reappointed Karin Rådström, responsible for the Mercedes-Benz Trucks brand and the Europe and Latin America regions, as a member of the Board of Management for a further five years from February 1, 2024, i. e. until January 31, 2029, on the recommendation of the Presidential and Remuneration Committee.

On August 5, 2023, Jochen Goetz, responsible for Finance and Controlling, died as a result of a tragic incident. As an interim solution, the Supervisory Board decided in August 2023 to assign the Board of Management division to the Chairman of the Board of Management Martin Daum. The search for a long-term successor solution was initiated immediately with the involvement of an international personnel consultancy.

At its meeting on October 5, 2023 as part of the Supervisory Board's Strategy Days, the Supervisory Board decided to reappoint and extend the term of office of John O'Leary, responsible for the North America region and the Freightliner, Western Star and Thomas Built Buses brands, for up to two additional years from the end of the current term of office on March 31, 2024, i.e. until March 31, 2026.

In the meeting on December 8, 2023, the Supervisory Board reappointed Dr. Andreas Gorbach as member of the Board of Management, responsible for Truck Technology, for five additional years with effect from July 1, 2024, i. e. until June 30, 2029.

No further changes were made to the Board of Management in the 2023 financial year. In the course of an extraordinary meeting on January 10, 2024, the Supervisory Board appointed Eva Scherer upon recommendation by the Presidential and Remuneration Committee with effect from April 1, 2024, for three years, i. e. until March 31, 2027, as member of the Board of Management, responsible for the Finance and Controlling resort, that had temporarily been led by the Chairman of the Board of Management.

Work in the committees
The **Presidential and Remuneration Committee** gathered for ten meetings in the 2023 financial year. The committee's work focused on corporate governance and the remuneration of the Board of Management. A particular focus was also on succession planning for the Board of Management, in respect of which the Presidential and Remuneration Committee made recommendations to the Supervisory Board. The Presidential and Remuneration Committee also supported the Chairman of the Supervisory Board in his work and dealt with the assumption of external and other mandates by members of the Board of Management, personnel matters and directors' and officers' insurance (D&O insurance).

The **Audit Committee** held eight meetings in the 2023 financial year. Further details are provided in the Report of the Audit Committee.

The **Nomination Committee** gathered for two meetings in the 2023 financial year. The subject of these meetings was in particular the discussion of the level of fulfillment of the overall requirements profile for the composition of the Supervisory Board and the implications for the shareholder representatives on the Supervisory Board – once before and once after the resolution of the Supervisory Board on adjustments to the overall requirements profile for the Supervisory Board.

There was no reason to convene the **Mediation Committee** in the 2023 financial year.

Audit of the annual and consolidated financial statements for the 2023 financial year
The annual financial statements of Daimler Truck Holding AG and the combined management report 2023 for Daimler Truck Holding AG and the Group have been duly audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, and provided with an unqualified audit opinion. This also applies to the 2023 consolidated financial statements prepared in accordance with IFRS.

At its meeting on February 29, 2024, the Supervisory Board, dealt with the annual financial statements of the Company, the consolidated financial statements, the combined management report and the proposed appropriation of profits, the non-financial consolidated statement integrated into the combined management report, which has been audited with a limited assurance by the auditor and the other unaudited sustainability reporting integrated into the combined management report each provided with an unqualified audit opinion by the auditor.

The Supervisory Board members were provided with extensive draft documents for preparation, including the annual report, the consolidated financial statements prepared in accordance with IFRS, the combined management report including the non-financial statement of the Group, the further sustainability reporting as well as the Declaration on Corporate Governance, the annual financial statements of Daimler Truck Holding AG, the profit appropriation proposal of the Board of Management, the remuneration report and the audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, for the annual financial statements of Daimler Truck Holding AG, the consolidated financial statements in each case including the combined management report and the reporting on the accounting-related internal control system as well as the draft report of the Supervisory Board and the recommendations of the Audit Committee, which had also dealt in detail with the aforementioned topics.

The Audit Committee and the Supervisory Board discussed these documents in detail and in the presence of the auditor, who reported on the results of his audit and, in particular, addressed the key audit matters and the respective audit procedures, including the conclusions made, and was available for additional questions and information. Following the final result of the examination by the Audit Committee and its own examination, the Supervisory Board endorsed the result of the audit by the auditor, determined that no objections were to be raised and approved the financial statements prepared by the Board of Management and the combined management report, including the non-financial statement of the Group audited with limited assurance. The Company's 2023 annual financial statements were thus approved. On this basis, the Supervisory Board endorsed the Board of Management's proposal for the appropriation of profits. Additionally, the Supervisory Board endorsed the determination of the Audit Committee, that there were no indications that the internal control system, the risk management system, the compliance-management system and the internal audit system were ultimately not appropriate or not effective.

The Supervisory Board also approved the report of the Supervisory Board, the Declaration on Corporate Governance and the remuneration report prepared together with the Board of Management in accordance with Section 162 AktG.

Joe Kaeser and Michael Brecht at the Annual General Meeting of Daimler Truck Holding AG on June 21, 2023.

2023 Annual General Meeting and preparations for the 2024 Annual General Meeting
The Annual General Meeting of Daimler Truck Holding AG was held as a virtual General Meeting in accordance with the relevant provisions of corporate law on June 21, 2023 in Stuttgart.

At its meeting on March 9, 2023, the Supervisory Board adopted the agenda and proposed resolutions for the Annual General Meeting. In the run-up to the Annual General Meeting, the Chairman of the Supervisory Board, conducted in-depth discussions with investors and proxy advisory on the role of the Supervisory Board in corporate governance as part of the so-called Governance Roadshows. These meetings provided valuable observations on the shareholders' expectations and about potential improvements regarding the interactions with the Company's owners.

At the Annual General Meeting, the resolution proposals of the administration were adopted by large majorities. These included, in particular, the aforementioned resolution on the remuneration system for the Board of Management and the resolution on the discharge of the members of the Supervisory Board and the Board of Management for the 2022 financial year.

At its meeting on February 29, 2024, the Supervisory Board approved the agenda and the proposed resolutions for the Annual General Meeting 2024, which will be again carried out in virtual format.

Appreciation
The Supervisory Board expresses its thanks to all employees of the Daimler Truck Group as well as the members of the Board of Management and the further management for their commitment and dedication in the 2023 financial year and their active contribution to the Company's success.

A special thank you goes to Raymond Curry, who, has earned special credit for Daimler Truck and left the Supervisory Board in the 2023 financial year. This report should conclude with the commemoration of the Company's CFO Jochen Goetz, who passed away last year. We will not forget him.

Leinfelden-Echterdingen, February 2024

The Supervisory Board

Joe Kaeser
Chairman

A.01

Individualized disclosure of participation in meetings by the members of the Supervisory Board of Daimler Truck Holding AG in the 2023 financial year – Supervisory Board

	Participation	Attendance (%)
2023		
Supervisory Board		
Joe Kaeser (Chairman)	8/9	89
Michael Brecht (Deputy chairman)*	9/9	100
Michael Brosnan	9/9	100
Bruno Buschbacher*	9/9	100
Jacques Esculier	9/9	100
Akihiro Eto	9/9	100
Laura Ipsen	9/9	100
Renata Juno Brüngger	8/9	89
Carmen Klitzsch-Müller*	8/9	89
Jörg Köhlinger*	9/9	100
John Krafcik	9/9	100
Jörg Lorz*	9/9	100
Andrea Reith*	9/9	100
Martin H. Richenhagen	9/9	100
Andrea Seidel*	9/9	100
Shintaro Suzuki* (since October 16, 2023)	2/2	100
Marie Wieck	8/9	89
Harald Wilhelm	9/9	100
Roman Zitzelsberger*	8/9	89
Thomas Zwick*	9/9	100
Raymond Curry* (until October 15, 2023)	5/7	71

* Employee representative

A.02

Individualized disclosure of participation in meetings by the membersof the Supervisory Board of Daimler Truck Holding AG in the in 2023 financial year – Committees of the Supervisory Board

	Participation	Attendance (%)
2023		
Presidential and Remuneration Committee		
Joe Kaeser (Chairman)	10/10	100
Michael Brecht*	10/10	100
Marie Wieck	10/10	100
Roman Zitzelsberger*	9/10	90
Audit Committee		
Michael Brosnan (Chairman)	8/8	100
Michael Brecht*	8/8	100
Akihiro Eto	8/8	100
Jörg Köhlinger*	7/8	88
Harald Wilhelm	8/8	100
Thomas Zwick*	8/8	100
Nomination Committee		
Joe Kaeser (Chairman)	2/2	100
Renata Jungo Brüngger	2/2	100
Marie Wieck	2/2	100
Mediation Committee		
Joe Kaeser (Chairman)	0/0	/
Michael Brecht*	0/0	/
Marie Wieck	0/0	/
Roman Zitzelsberger*	0/0	/

* Employee representative

A.03

Disclosure of the session mode

Committee	Number of meetings	thereof as face-to-face[1]	thereof as video or telephone conferences
Supervisory Board	9	6	3
Presidential and Remuneration Committee	10	4	6
Audit Committee	8	5	3
Nomination Committee	2	0	2
Mediation Committee	0	0	0

1 A face-to-face meeting is a meeting to which members of the Supervisory Board have been invited to participate on site. Attendance by video or telephone ink is also possible during an in-person meeting however.

The Supervisory Board

Joe Kaeser
Chairman of the Supervisory Board – shareholder representative.
Chairman of the Presidential and Remuneration Committee, the Nomination Committee and the Mediation Committee.
Chairman of the Supervisory Board of Siemens Energy AG.

Michael Brecht
Deputy Chairman of the Supervisory Board – employee representative.
Deputy Chairman of the Presidential and Remuneration Committee, the Audit Committee and the Mediation Committee.
Chairman of the Group- and General Works Council of Daimler Truck AG.
Chairman of the Works Council of the Mercedes-Benz plant in Gaggenau.

Michael Brosnan
Shareholder representative.
Chairman of the Audit Committee.
Former Chief Financial Officer of Fresenius Medical Care AG & Co. KGaA.

Bruno Buschbacher
Employee representative.
Chairman of the General Works Council of Daimler Buses GmbH.
Chairman of the Works Council of the Mercedes-Benz plant in Mannheim.

Jacques Esculier
Shareholder representative.
Former Chairman of the Board of Management and CEO of WABCO Holdings Inc.

Akihiro Eto
Shareholder representative.
Member of the Audit Committee.
Former Member of the Board of Management, President and Global Chief Operating Officer of Bridgestone Corporation.

Laura Ipsen
Shareholder representative.
President and Chairwoman of the Board of Management of Ellucian Company L.P.

Renata Jungo Brüngger
Shareholder representative.
Member of the Nomination Committee.
Member of the Board of Management of Mercedes-Benz Group AG and Member of the Board of Management of Mercedes-Benz AG.

Carmen Klitzsch-Müller
Employee representative.
Chairwoman of the Works Council of the Daimler Truck AG headquarters at the Stuttgart site.

Jörg Köhlinger
Employee representative.
Member of the Audit Committee.
District Manager Central of IG Metall (Metalworkers' Union).

John Krafcik
Shareholder representative.
Former CEO Waymo LLC.

Jörg Lorz
Employee representative.
Deputy Chairman of the Group Works Council of Daimler Truck AG.
Chairman of the Works Council of the Mercedes-Benz plant in Kassel.

Andrea Reith
Employee representative.
Deputy Chairwoman of the General Works Council of Daimler Buses GmbH.
Chairwoman of the Works Council of the Daimler Buses GmbH plant Neu-Ulm.

Martin H. Richenhagen
Shareholder representative.
Former President and Chairman of the Board of Management of AGCO Corporation.

Andrea Seidel
Employee representative.
Deputy Chairwoman of the Group Spokespersons' Committee and the General Spokespersons' Committee of the executive employees of Daimler Truck AG. Chairwoman of the Spokespersons' Committee of the executive employees of Daimler Truck Leinfelden-Echterdingen headquarters.

Shintaro Suzuki
(since October 16, 2023)
Employee representative.
President of the Mitsubishi Fuso Workers' Union.

Marie Wieck
Shareholder representative.
Member of the Presidential and Remuneration Committee, the Nomination Committee and the Mediation Committee.
Executive Partner at Ethos Capital.

Harald Wilhelm
Shareholder representative.
Member of the Audit Committee.
Member of the Board of Management of Mercedes-Benz Group AG and of Mercedes-Benz AG.
Chairman of the Supervisory Board of Mercedes-Benz Mobility AG.

Roman Zitzelsberger
Employee representative.
Member of the Presidential and Remuneration Committee and the Mediation Committee.
District Manager Baden-Württemberg of IG-Metall.

Thomas Zwick
Employee representative.
Member of the Audit Committee.
Deputy Chairman of the General Works Council of Daimler Truck AG.
Chairman of the Works Council of the plant in Wörth.

Raymond Curry
(until October 15, 2023)
Employee representative.
Former President of the United Auto Workers trade union.

All shareholder representatives on the Supervisory Board are elected until 2026.
All employee representatives on the Supervisory Board, except for Shintaro Suzuki, are elected until 2027.

All current members of the Supervisory Board are also members of the Supervisory Board of Daimler Truck AG.

Detailed information on the members of the Supervisory Board, their positions on other supervisory boards or comparable monitoring boards and their curriculum vitae, as well as information on the committees of the Supervisory Board and their members, can be found at www.daimlertruck.com/en/company/corporate-governance/supervisory-board.

Objectives and Strategy

Trucks and buses are the backbone of our economy and society. The world stands still without them. At Daimler Truck, we like to say with conviction and pride: “We work for all who keep the world moving” – for the haulers who transport goods from ports around the world to supermarkets, construction sites and hospitals. For transport providers who bring people to work, school or on holiday. For the public services that keep our streets and cities clean, and for many more. We work for all who keep the world moving – this is our purpose and motivates us every single day.

A.04
Our Purpose, Our Vision, Our Strategy

OUR PURPOSE | For all who Keep the World Moving

OUR STRATEGY | Lead Transformation and Lead Profitability

Add Value for **Society** We strive for sustainability	Add Value for **Customers** We enhance our customer’s business	Add Value for **Shareholders** We create superior value
Lead Technology Transformation We drive ZEV	**Focus on Core** We focus on core business and leverage globally	**Lead Service Transformation** We drive superior services
Partnerships We join forces	**People & Culture** We inspire	**Lean Organization** We deliver

OUR VISION | Leading Sustainable Transportation

Our long-term goals

Daimler Truck is one of the world's leading manufacturers of commercial vehicles. Our brands are firmly established in many regions of the world. With our Financial Services segment, we offer our customers a complete package of vehicles, financing and leasing products and other services.

In 2023 we focused on implementing our refined corporate strategy. Through suitable strategic projects and initiatives, such as our partnership for the production of battery cells, we underpin our ambition to lead the transformation of our industry.

At the same time, we want to operate profitably and grow steadily. In this context, we have set ourselves clear goals: sales growth for the Group of 40 to 60% in the period from 2025 to 2030 as well as an adjusted return on sales for the Industrial Business of more than 10% in 2025 and more than 12% in 2030 under sunny macroeconomic conditions. Our financial ambitions are primarily driven by zero-emission vehicles, autonomous driving, active portfolio management and an increase in service revenue.

Lead Transformation and Lead Profitability - both are key to delivering on our promise to society, our customers and shareholders.

How we achieve our long-term goals: Our strategy

In order to achieve our long-term objectives, we focus on three strategic levers:

1. Lead Technology Transformation – *We drive ZEV*

   We want to live up to our commitment to enable CO_2-neutral transport on the roads by 2050. Among other things, we will be offering battery-electric and hydrogen-powered trucks and buses that are CO_2-neutral in terms of "tank-to-wheel" emissions.

   We are also focusing on digitalization in vehicles and the backend, as well as automating transportation.

2. Focus on Core – *We focus on core business and leverage globally*

   We must prioritize in which areas we will focus our engineering capabilities and investments. A decisive criterion is which current or new technologies, products and services meet the requirements and wishes of our customers and society in the long-term. We want to combine our activities in order to be even stronger in the future.

3. Lead Service Transformation – *We drive superior services*

   We are promoting the transformation to a service offering that provides a state-of-the-art physical and digital service ecosystem to best support our customers' businesses. The transformation to emission-free vehicles enables additional growth and business opportunities.

We are working on these prerequisites

We join forces
Partnerships help us accelerate change even further. With the right partners, we can reduce our own investment requirements, gain access to important expertise, achieve economies of scale more quickly and offer our customers a comprehensive service portfolio.

We inspire
Our employees are fundamental to our progress and success. In order to continue attracting top talent to Daimler Truck in future, we will continue to work tirelessly on nurturing an attractive working environment, corporate culture and the professional and personal development of our global team.

We deliver
In times of massive transformation in our industry, efficient use of resources is essential. We will continue to focus on a lean and agile organization with highly efficient structures and processes.

How our segments are implementing the Daimler Truck strategy

Trucks North America underpinned its claim to play a pioneering role in CO_2-neutral transportation by starting series production of the battery-electric eCascadia in mid-2022. The Freightliner eM2 was added to the growing CO_2-neutral product lineup going into series production in Q4 of 2023. Trucks North America is working with various partners to promote the expansion of charging and refueling infrastructure for battery-electric and hydrogen-powered commercial vehicles in the United States. In the field of battery technology Daimler Trucks & Buses US Holding LLC, Accelera by Cummins and PACCAR are collaborating with technology partner EVE Energy to accelerate and localize battery cell production and the battery supply chain in the United States. At the same time, Trucks North America is continuing to work with technology partners in the field of autonomous driving to bring a self-driving Freightliner Cascadia series production truck (SAE Level 4) onto the road by the end of the decade.

Mercedes-Benz is accelerating the decarbonization of transport: The series models of the eActros 300/400 and the eEconic are already being delivered to customers in Europe. The heavy battery-electric long-distance truck eActros 600 was presented to the public for the first time in 2023 and is scheduled to go into series production at the end of 2024. At the same time, the development of the fuel cell truck GenH2 Truck is underway, and the aim is for it to be ready for series production in the second half of the decade. Mercedes-Benz is working with various partners to advance the development of charging and refueling infrastructure for battery-electric and hydrogen-powered vehicles in Europe.

Trucks Asia is driving CO_2-neutral transport forward with its FUSO brand and the fully electric Next Generation eCanter. In addition to Europe, Japan and Australia, the new model is being introduced to Asian markets such as Indonesia, Hong Kong, and Singapore. The production site in Japan also began the export of electric trucks to the United States for the new RIZON brand. The RIZON trucks have received certification from the California Air Resources Board (CARB) and the Environmental Protection Agency (EPA). Trucks Asia also aims to expand its position in China, the world's single largest market for heavy-duty commercial vehicles. The production of heavy-duty Mercedes-Benz semi-trailer tractors, which launched in China in 2022 as part of the joint venture with Foton -- Beijing Foton Daimler Automotive Co., Ltd. (BFDA), also contributed to this. In India, Daimler Truck's heavy-duty vehicles are similarly in high demand. There the BharatBenz brand is capitalizing on the rapid infrastructure growth of the country, expanding the dealership network to more than 330 sales and service locations nationwide in 2023.

Daimler Buses drives CO_2-neutral passenger transport in the bus industry. To this end, the segment has a clear e-roadmap for the electrification of its vehicles across all vehicle segments. In line with the overarching dual-track strategy of the Daimler Truck Group, Daimler Buses is relying on both battery-electric and hydrogen-based technologies and wants to offer locally CO_2-neutral models in every segment by 2030. The initial focus is on the core markets of Europe and Latin America. By 2039, only new vehicles will be sold in the core market of Europe that are CO_2-neutral in operation. In the city bus segment in Europe, this should be the case from 2030. In addition, Daimler Buses supports transport companies in switching to electrically powered buses: The wholly owned subsidiary Daimler Buses Solutions GmbH is entirely specialized in the design and development of e-infrastructure for buses. The segment is also focusing on growth in profitable markets and is tapping into the North American market with a coach tailored to local needs, the Mercedes-Benz Tourrider.

Financial Services aims to make a significant contribution to Daimler Truck's service growth. The segment plans to increase its share of the core business of leasing and financing to around 30% of all trucks and buses sold by Daimler Truck in the medium term. Financial Services has also started a project to open up new markets in Eastern Europe. Financial Services also supports customers on their way to sustainable transport solutions with new products and services. For example, with FUSO Green Lease we are offering an eMobility ecosystem to our eCanter customers in Japan including leasing and maintenance contracts, solutions for charging infrastructure including charging management systems, battery guarantee options, connectivity offers as well as many other services.

What does sustainability mean to us?
Sustainability is an important part of our long-term objectives. Sustainability means much more than CO_2-neutral products. We take responsibility for the environment and society and pursue sustainable corporate governance. We focus on where we can contribute to a more liveable world. First and foremost, we start with our production facilities - all our European plants have a CO_2-neutral balance sheet since 2022. For our production facilities in India and in the United States, this step is planned by 2025. By 2039, we aim to have CO_2-neutral production at all our plants worldwide.

We employ more than 100,000 people worldwide. They are our most important asset - and we take various measures to ensure that they feel comfortable at work, can develop their potential and maintain their mental and physical well-being.

We are also committed to respecting and upholding human rights throughout our entire value chain. We expect all our suppliers to act in accordance with international social standards and legal environmental protection requirements. We oblige our direct suppliers to implement essential and recognized sustainability standards.

The safety of the drivers of our trucks and buses, as well as of all other road users, is our top priority and a central aspect of our vehicle development. Sustainable action is also reflected in our social commitment to the regions and communities in which we are rooted.

We want sustainable success for our Company. This means we want to offer the best products for our customers - and an attractive investment for our shareholders. For our employees, we create sustainable jobs and an attractive working environment. For society, we uphold our responsibilities as a reliable industry partner.
Only by acting sustainably, can we achieve long-term success. And that's exactly what we are committed to do: Leading sustainable transportation – for all who keep the world moving.

Further comprehensive information can be found in chapter Sustainability at Daimler Truck.

B

Combined Management Report with Non-Financial Statement of the Group

1 The content of this section was not submitted to an audit in the context of the statutory audit of our Combined Management Report. Our auditor, KPMG AG, Berlin, has nevertheless conducted an independent assurance engagement on the Non-Financial Statement of the Group, contained in this section, to obtain limited assurance.

▼▲ This content is part of the Non-Financial Statement of the Group and subject to a separate audit with limited assurance.

Corporate Profile

Business model

More than 125 years ago, Gottlieb Daimler and Carl Benz laid the foundation for the modern transport industry with their first trucks and buses. From this emerged the present-day Daimler Truck Group (hereinafter referred to as “Daimler Truck” or “Group”), which ranks among the world's largest commercial vehicle manufacturers, boasting over 40 production sites worldwide and over 100,000 employees. The Company has clearly formulated its overarching goal (the “Purpose”): the Group works for all who keep the world moving. Daimler Truck customers deliver goods reliably, punctually and safely to their destinations and make people mobile. The Company provides the technologies, products, and services required for this purpose, including the transition to CO_2-neutral commercial vehicles. Daimler Truck aims to lead sustainable transportation to success, with significant technological expertise and a clear focus on customer needs.

Daimler Truck was spun off from Daimler AG (now Mercedes-Benz Group AG) in 2021. The Daimler Truck Holding AG is the Group's parent company, with its registered office in Stuttgart and its headquarters in Leinfelden-Echterdingen, Germany. It was established in March 2021 to execute the spin-off from Daimler AG and has been listed on the stock exchange since December 2021.

Daimler Truck operates significant production facilities in Brazil, Germany, France, India, Japan, Mexico, Turkey, as well as the USA, and locations across most countries worldwide.

The Daimler Truck Group unites eight vehicle brands under its umbrella: Freightliner, Thomas Built Buses, Western Star, Mercedes-Benz, FUSO, BharatBenz, RIZON, and Setra. Its truck product range encompasses light, medium, and heavy-duty trucks for long-haul, distribution, and construction applications, specialized vehicles primarily used in the municipal sector, as well as industrial engines. The bus product range includes city buses, intercity buses, coaches, and bus chassis. Trucks constitute the majority of the overall sales volume.

In addition to selling new and used commercial vehicles, the Group also offers aftersales services and connectivity solutions, such as Detroit Connect, truckonnect, Mercedes-Benz Uptime, Fleetboard, and OMNIplus ON. Additionally, Daimler Truck Financial Services is a prominent brand offering tailored financial and mobility services.

The reporting is based on five segments: Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses, and Financial Services. Trucks North America, Mercedes-Benz, Trucks Asia, and Daimler Buses together form the vehicle segments. These segments encompass the development, production, and sale of trucks, buses, engines, and associated services under their respective brands. In addition, other business activities, particularly in the field of autonomous driving (SAE Level 4), as well as central projects not allocated to specific segments, and especially eliminations, are combined in the reconciliation. Together, the vehicle segments and the reconciliation form the Industrial Business.

Among Daimler Truck's key global competitors are the Volvo Group, the TRATON Group, and PACCAR.

This combined management report pertains to the 2023 financial year. We have combined the management reports for Daimler Truck Holding AG and the Group in this report. We have expanded the combined management report to include the section Sustainability at Daimler Truck, including the non-financial statement of the Group.

Activities of the segments

Trucks North America is the leading manufacturer in terms of sales volumes of heavy-duty trucks for long-haul transportation in North America (Class 8) and ranks second in the vocational market, comprising construction and special vehicles. The segment manufactures and markets commercial vehicles and chassis under the Freightliner, Thomas Built Buses, and Western Star brands. Covering classes 5–8, it caters to the medium to heavy-duty truck market. Trucks North America also supplies trucks for off-road applications, long-haul vehicles, and school buses. With 16 production facilities in the USA, Mexico, and Africa, this segment has the flexibility to adjust its production cost-effectively based on market conditions.

Mercedes-Benz is the top-selling truck brand in the EU30 region (European Union, United Kingdom, Switzerland, Norway). The segment develops, produces, and distributes trucks under the Mercedes-Benz brand in Europe, the Middle East, Africa, and Latin America. It also manages the sales of FUSO trucks in Europe and Latin America. Its product range spans light, medium, and heavy-duty trucks, including special vehicles. Mercedes-Benz trucks cater to various applications such as long-haul, heavy distribution, regional line haul, urban delivery, municipal services, off-road commercial vehicles, and logistics. The segment also manufactures its own powertrains across several production sites in Germany and Brazil. Through its dealer network, Mercedes-Benz offers customers services such as maintenance, repairs, spare parts, digital services, and fleet management.

Additionally, Mercedes-Benz sells used commercial vehicles through its TruckStore locations. The segment operates eleven sites in Europe, Latin America, and Africa.

Trucks Asia combines the business operations of Mitsubishi Fuso Truck and Bus Corporation (MFTBC) based in Japan and Daimler India Commercial Vehicles (DICV) in India. The segment holds a strong position in Japan, Indonesia, India, and other major markets worldwide. It develops, manufactures, and sells trucks and buses under the FUSO, BharatBenz, and RIZON brands. It also distributes Mercedes-Benz trucks and buses in numerous Asian markets. Mitsubishi Fuso Truck and Bus Corporation also manufactures industrial engines. In May 2023, Daimler Truck, MFTBC, Hino Motors, and Toyota Motor Corporation signed a memorandum of understanding to accelerate the development of advanced technologies and to merge Mitsubishi Fuso and Hino Motors. Negotiations to conclude final contracts are ongoing.

The production network of Trucks Asia includes nine locations in Japan, India, Indonesia, Europe, and China. Through Daimler Truck China (DTC), Trucks Asia operates in China, retailing imported Mercedes-Benz trucks. In the joint venture Beijing Foton Daimler Automotive Co., Ltd. (BFDA) with Beiqi Foton Motor Co. Ltd (Foton), trucks are produced under the Auman brand. Since 2022, the joint venture has also been selling locally manufactured tractor units under the Mercedes-Benz brand for the Chinese market.

Daimler Buses is a full-service provider of buses and chassis with permissible gross weights exceeding eight tons. With its Mercedes-Benz and Setra brands, the segment is the top-selling manufacturer in its traditional core markets EU30, Brazil, Argentina, and Mexico. The product range of Daimler Buses includes coaches, intercity buses, city buses, and bus chassis. While Mercedes-Benz buses predominantly stand for high-quality technology at cost-effective operating costs, the Setra brand is aimed at an upscale clientele. The segment operates ten sites in Europe, Latin America, North America, and Africa.

For aftersales service and spare parts, Daimler Buses operates its own brand, OMNIplus ON, and for used vehicles its own dealer network, BusStore. Additionally, the segment includes the wholly-owned subsidiary Daimler Buses Solutions GmbH, specializing in designing and establishing e-infrastructure for buses.

Financial Services is one of the world's largest captive financial services providers in the commercial vehicle sector and supports the sale of the Group's truck and bus brands with tailored financial services. These include leasing and financing packages, insurance, rental and fleet management solutions as well as integrated service offerings for zero-emission vehicles and the necessary infrastructure.

Financial Services plays a vital role for the Group's customers, facilitating vehicle use and maintenance on predictable terms. The aim of Financial Services operations is to build and maintain the loyalty of the Group's customer base and contribute to the financial success of the Group.

All segments are committed to the core ambition of Daimler Truck: From 2039 onwards, the Group aims to offer only new vehicles in the regions Europe, North America, and Japan that are CO_2-neutral in driving operation (tank-to-wheel). To that end the Group is developing a comprehensive product portfolio. By the end of 2023, Daimler Truck already had ten locally CO_2-neutral models in series production.

In a joint venture with the Volvo Group, cellcentric GmbH & Co. KG aims to develop, produce, and market hydrogen fuel cells and systems. Additionally, in collaboration with Accelera, a business unit of Cummins, and PACCAR, the Company is planning a joint venture for the production of battery cells for electric commercial vehicles and industrial applications. Daimler Truck supports the establishment of charging infrastructure through a series of strategic partnerships and pilot projects to accelerate the transition to CO_2 neutrality. In the future, there will be an increasing availability of tailored financial services for alternative propulsion technologies.

B.01

Group structure of Daimler Truck[1]

Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services
Revenue[2]: €23.5 billion	Revenue[2]: €21.6 billion	Revenue[2]: €7.1 billion	Revenue[2]: €4.6 billion	Revenue[2]: €2.7 billion
Active workforce[3]: 28,833	Active workforce[3]: 38,470	Active workforce[3]: 16,823	Active workforce[3]: 15,480	Active workforce[3]: 1,818
Freightliner, Western Star, Thomas Built Buses	Mercedes-Benz, FUSO	FUSO, BharatBenz, Mercedes-Benz, Rizon	Mercedes-Benz, Setra	Daimler Truck Financial Services

1 Presentation of the main brands per segment.
2 Year 2023.
3 At December 31, 2023. This reflects the active workforce excluding vacation employment as a full-time equivalent.

Important Events

In 2023, the global Daimler Truck team worked with great dedication for all who keep the world moving. We focused our strategy on leading the sustainable, zero-emission transportation of the future as well as increasing our profitability, and we are consistently implementing it step by step. On the following pages the past year at Daimler Truck can be reviewed along the most important milestones.

Mercedes-Benz Trucks sets up central logistics hub for the global supply of spare parts
As the heart of Daimler Truck's global supply of spare parts, a completely new logistics hub, the Global Parts Center, will be built in Halberstadt, Saxony-Anhalt. The new logistics hub will deliver up to 300,000 different items to almost 3,000 vehicle dealers in over 170 countries around the world. It is planned that the Global Parts Center will operate CO_2-neutrally from inception. Ceremonial laying of the foundation stone took place the end of September.

Daimler Truck takes efficiency to the next level: The Freightliner SuperTruck II
Daimler Truck North America revealed the Freightliner SuperTruck II in Las Vegas. The concept vehicle was developed as part of the SuperTruck program co-funded by the U.S. Department of Energy, which aims to reduce emissions in road freight transport. As part of the SuperTruck program, Daimler Truck engineers carry out research in next-generation heavy-duty commercial truck technologies.

Freightliner SuperTruck II

Daimler Truck and DEUTZ agree to collaborate on medium-duty and heavy-duty diesel engines
Daimler Truck has entered into a cooperation with DEUTZ, where DEUTZ acquired the on-highway IP rights to medium-duty Daimler Truck engines for further independent development, including for off-road use, for example in agriculture or in construction machinery. In addition, DEUTZ acquired the license rights to further develop heavy-duty Daimler Truck engines and sell them independently. As compensation, Daimler Truck received shares from a non-cash share issue. Daimler Truck now holds 4.19% in DEUTZ AG's share capital. In addition, a cash payment was made to Daimler Truck.

FUSO Canter celebrates its 60th anniversary
FUSO, the Japanese subsidiary of Daimler Truck and one of Asia's leading commercial vehicle manufacturers, is celebrating the 60th anniversary of its Canter light truck. Since its market launch in 1963, more than 4.5 million FUSO Canters have been produced worldwide. Today, the globally popular FUSO Canter is represented in more than 90 markets.

Daimler Truck Financial Services starts in France
Daimler Truck Financial Services completed its initial global rollout with the commencement of operations in France and is now doing business in 16 markets worldwide. The company started in December 2021 in seven countries and opened business in nine additional markets in only 15 months. With a contract volume of €28.3 billion, Daimler Truck Financial Services is one of the world´s largest financial services providers for commercial vehicles.

Daimler Buses introduces recently developed Setra Low Entry inter-city buses
The completely redeveloped Setra MultiClass 500 LE sets new standards in Low Entry inter-city buses. The MultiClass 500 LE range includes public transport bus models with lengths from 10.51 to 14.52 meters, with two or three axles. They cover applications ranging from peri-urban to long-distance inter-city transport in sparsely populated regions.

Daimler Truck collaborates with Siemens to build an integrated digital engineering platform
This new platform will enable Daimler Truck to explore the future of commercial vehicle innovation and optimize product development and lifecycle management of trucks and buses. It will be rolled out globally at all development centers and across all Daimler Truck brands and divisions.

60 years of Mercedes-Benz Trucks in Wörth
With an area of almost three million square meters, Wörth plant is the world's largest in the Mercedes-Benz Trucks production network. With around 10,000 employees, it is also the second-largest employer in Rhineland-Palatinate. In the 60 years since production began, more than 4.4 million trucks have been manufactured in Wörth - including around 790,000 Completely Knocked Down vehicle kits that are shipped to numerous overseas markets for final assembly on site.

Daimler Truck launches RIZON medium-duty electric trucks in the United States
Daimler Truck announced the launch of a line of electric trucks in the US market under the new brand name RIZON. The exclusive distributor Velocity Vehicle Group (Velocity) will provide a comprehensive sales and service network. Daimler Truck Financial Services will support future RIZON customers with flexible financing options.

Touring the Alps with battery and hydrogen – CO_2-neutral trucks from Daimler Truck demonstrate their capabilities
Trucks from Daimler Truck that are CO_2-neutral in driving operation have successfully completed demo tours up to an altitude of 1,560 meters in the heart of Tyrol's Alpine landscape. Two prototype variants of the Mercedes-Benz GenH2 Truck with a hydrogen-based fuel cell drive and a near-production-level, battery-electric Mercedes-Benz eActros 300 Tractor for distribution haulage were deployed.

Daimler Truck unveils Freightliner eM2, extending portfolio of electric vehicles for the North American market
Daimler Truck North America (DTNA), US subsidiary of Daimler Truck and leading manufacturer of medium- and heavy-duty trucks in North America unveiled the all new, fully electric Freightliner eM2 for urban delivery applications. With this new truck, DTNA is extending its lineup for series production electric vehicles for the North American market, accompanying the Freightliner eCascadia Class 8 tractor, the iconic electric school bus Jouley from Thomas Built Buses and the electric walk-in van platform FCCC MT50e.

Sustainable “Made in Europe”: Daimler Truck subsidiary FUSO celebrates start of production of the Next Generation eCanter
Ceremonial production start of the Next Generation FUSO eCanter at the Mitsubishi Fuso Truck Europe plant in Tramagal, Portugal. The plant’s production is on balance CO_2-neutral and relies on renewable energy sources. Production of the all-electric light truck already started in the first quarter of 2023 at the sister plant in Kawasaki, Japan. Kawasaki delivers the FUSO Next Generation eCanter in Japan as well as in all other non-European markets worldwide. The Next Generation eCanter is now available in a total of 42 variants with six wheelbases and a gross vehicle weight of 4.25 to 8.55 tonnes. Depending on the wheelbase, three different battery packs are available: S, M and L. The batteries use lithium iron phosphate (LFP) cell technology. These are characterized by a long service life and more usable energy.

Second Annual General Meeting of Daimler Truck Holding AG on June 21, 2023

Successful General Meeting
The shareholders of Daimler Truck Holding AG approved all resolutions proposed by management with a large majority - including the proposal for the first dividend payment in the Company's young history of €1.30 per share.

World premiere at Global Public Transport Summit 2023: Mercedes-Benz eCitaro fuel cell – greater range thanks to fuel cell
At the Global Public Transport Summit 2023 in June, Daimler Buses showcased the first series-production electric bus with fuel cell as a range extender: the Mercedes-Benz eCitaro fuel cell. The new, zero-emission regular-service bus combines vast range with high passenger capacity. In the articulated bus variant, the eCitaro fuel cell can run for around 350 kilometers without having to recharge, offering space for up to 128 passengers.

Daimler Truck, Mitsubishi Fuso, Hino and Toyota Motor Corporation conclude a Memorandum of Understanding
At the end of May, Daimler Truck AG, Mitsubishi Fuso Truck and Bus Corporation, Hino Motors Ltd. and Toyota Motor Corporation concluded a Memorandum of Understanding (MoU) on accelerating the development of advanced technologies and merging FUSO and Hino under the umbrella of a holding company. Negotiations to conclude final contracts are ongoing. At the time of reporting, IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations was not applied in this regard.

Daimler Truck mourns the death of Chief Financial Officer Jochen Goetz
The Supervisory Board, Board of Management and employees of Daimler Truck received the news of the death of their Chief Financial Officer Jochen Goetz with shock and great sadness. Jochen Goetz died suddenly and unexpectedly in a tragic incident on August 5, 2023, at the age of 52. Since then, Chairman of the Board of Management Martin Daum, took over the responsibility for Finance and Controlling on an interim basis. With effect from April 1, 2024, Eva Scherer will join as a new member of the Board of Management and will assume responsibility for Finance and Controlling. The appointment is made for three years until March 31, 2027.

95 eCitaro and e-infrastructure as a complete system for Den Haag
Daimler Buses will deliver at least 95 battery-electric solo and articulated Mercedes-Benz eCitaro and eCitaro G city buses to the city of Den Haag by 2024, together with the e-infrastructure required for their operation. Den Haag is not only the third-largest city in the Netherlands, but also the seat of parliament and government of the Kingdom of the Netherlands and capital of the province of South Holland.

Capital Market Day 2023 in Boston
After its first year as an independent company, Daimler Truck Holding AG held its Capital Market Day 2023 in Boston (Massachusetts, USA). The main topics presented were an increase in the earnings outlook for 2023, confirmation of ambitions for 2025, a revised capital allocation framework including a share buyback program and the Company's commitment to achieving its 2030 sustainable growth targets. From the beginning of August 2023, Daimler Truck commenced buying back its shares on the open market. Own shares up to a value of €2 billion are intended to be acquired over a period of up to 24 months.

Daimler Truck, EnBW and the City of Wörth am Rhein establish a joint venture for a project of future importance: Sustainable heat generation through geothermal energy in Wörth
The partners want to jointly investigate the possibility of exploration, development, and extraction of environmentally friendly energy using geothermal heat at the Mercedes-Benz production site in Wörth. The joint venture for sustainable heat generation should make a decisive contribution to decarbonization in the region.

Cummins, Daimler Truck and PACCAR plan U.S. joint venture for battery cell production
Cummins subsidiary Accelera, Daimler Truck and PACCAR are partnering to accelerate and localize battery cell production and further expand the battery supply chain in the United States. The planned joint venture will produce battery cells for electric commercial vehicles and industrial applications. Total investment is expected to be in the range of $2-3 billion for the 21-gigawatt hour factory. Accelera by Cummins, Daimler Trucks & Buses US Holding LLC and PACCAR will each own 30% of, and jointly control, the joint venture. EVE Energy, a global leader in the manufacture of LFP battery cells for the vehicle industry, publicly traded on the Shenzhen stock exchange, will serve as the technology partner in the joint venture with 10% ownership and will contribute its industry-leading battery cell design and manufacturing know-how.

Record order for Daimler Truck's FUSO: Approximately 900 all-electric eCanter for Yamato Transport in Japan
Japanese subsidiary Mitsubishi Fuso Bus and Truck Corporation announced the handover of the first FUSO Next Generation eCanter to Yamato Transport Co, Ltd. The all-electric truck is the first of approximately 900 all-electric vehicles ordered from FUSO - the largest single order of FUSO's light-duty electric truck eCanter to date. Deliveries of further vehicles to the customer follow successively.

Mercedes-Benz GenH2 Truck breaks 1,000 kilometer mark with one tank of liquid hydrogen
With the #HydrogenRecordRun, Daimler Truck reaches another milestone in its hydrogen and battery-powered vehicles dual strategy. The prototype completed the journey from Wörth to Berlin fully loaded and with a gross vehicle weight of 40 tonnes under real-life conditions, without emitting any CO_2 during the journey.

Daimler Truck #HydrogenRecordRun: Mercedes-Benz GenH2 Truck breaks 1,000 kilometers mark with one tank full of liquid hydrogen

Daimler Truck publishes Green Finance Framework
With the publication of the Green Finance Framework, the Company created the basis for the issuance of green bonds and the utilization of other green financing instruments. The proceeds raised are to be earmarked for financing sustainability projects, such as the development and manufacture of zero-emission trucks and buses and the generation of electricity and heat from renewable energy sources.

Daimler Truck Financial Services and Electrada develop Charging-as-a-Service solution for electric trucks and buses in the US
In the USA Daimler Truck Financial Services is partnering with Electrada, a developer, owner and operator of electric vehicle charging infrastructure, to support Daimler Truck Financial Services customers in the transformation towards sustainable transport. The companies signed an agreement to develop a Charging-as-a-Service (CaaS) solution. In a first step, the all-in-one solution will be developed for projects with selected customers in the USA in the first half of 2024.

Mercedes-Benz Trucks celebrates world premiere of the battery-electric long-distance truck eActros 600
Mercedes-Benz Trucks unveiled the series version of the first battery-electric long-haul truck with a star and presented the Mercedes-Benz eActros 600 as a world premiere in front of an international audience. With the heavy-duty electric truck, the manufacturer wants to define a new standard in road transport when it comes to technology, sustainability, design and profitability for operators of electric fleets.

RIZON truck for urban delivery

Daimler Truck subsidiary FUSO presents fully remodelled heavy-duty truck Super Great
The new FUSO Super Great truck combines high performance with efficiency and advanced safety features. The vehicle shares the global platform with Daimler Truck heavy-duty trucks and is equipped with the 6R30 high-performance 12.8L engine, which is based on the OM471 engine and produced in the Daimler Truck plant in Mannheim, Germany.

Daimler Truck North America starts series production of battery-electric Freightliner eM2
Daimler Truck North America (DTNA) starts series production of the Freightliner eM2 at its manufacturing plant in Portland (Oregon, USA). The battery-electric medium-duty truck is designed for pick-up and delivery applications and represents one of now ten battery electric vehicles from Daimler Truck in series production worldwide.

Daimler Truck electric truck brand RIZON has achieved full homologation in the U.S.
RIZON, the newest brand of Daimler Truck has achieved full homologation in the United States, clearing the way for the sale of their electric trucks nationwide. RIZON recently received both Environmental Protection Agency (EPA) certification and dual CARB Executive Orders and is in full compliance with the U.S. Federal Motor Vehicle Safety Standards.

Performance measurement system

Value-based performance measurement system

The value-based performance measurement system of Daimler Truck is intended to ensure that the interests and demands of our investors are taken into account in our decisions. Therefore the financial steering of Daimler Truck is linked to the development of the Company's value. The return expectations of Daimler Truck's investors are therefore also taken into account in this respect.

Financial performance measures

Revenue
Revenue is the baseline indicator for sales-related performance of the Group, the Industrial Business and its segments as well as for Financial Services. For the Industrial Business, it mainly results from the sales of vehicles and service parts as well as from other vehicle-related services. Additionally, revenue from the rental and leasing business as well as interest from the Financial Services business is included.

EBIT
EBIT is used as the measure of operating profit for the Group, the Industrial Business and its segments, as well as for Financial Services. As earnings before interest and income taxes, EBIT reflects the profit responsibility of the segments.

The respective EBIT is derived from gross profit, which is the result of revenue less cost of sales. Operating profit is then calculated, with consideration of selling expenses, general administrative expenses, research and non-capitalized development costs, and other income and expenses. The EBIT of the Industrial Business additionally includes other reconciliation items of the Group that cannot be allocated to the segments. The EBIT for Financial Services already includes the interest result from operating activities, which is typical for the banking business.

To provide a more transparent picture of our ongoing business, we also calculate and report adjusted EBIT for the Group, the Industrial Business and its segments and Financial Services. The adjustments include individual items if they lead to material effects in a reporting year or in special cases after approval by the CFO of Daimler Truck. These individual items may in particular relate to legal proceedings and related measures, restructuring measures and M&A transactions.

Return on sales (Industrial Business)
The return on sales is used to assess sales-based profitability in the Industrial Business. It is calculated as the ratio of EBIT to revenue. Revenues are primarily influenced by unit sales. Based on the adjusted EBIT, we also report the adjusted return on sales for the Industrial Business and its segments.

Return on capital employed (Industrial Business)
The return on capital employed is used to assess the profitability of the invested capital in the Industrial Business. It is calculated as the ratio of EBIT to the average operating net assets of the Industrial Business. If the return on capital employed exceeds the cost of capital rate before taxes, value is created from the perspective of our shareholders. The cost of capital rate is derived from the minimum rates of return of our equity investors and creditors. For the financial year 2023, the cost of capital rate for the Industrial Business is 12% before taxes.

Operating net assets (Industrial Business)
The segments of the Industrial Business are accountable for all assets and liabilities which are in their operative control. Their net value represents the capital employed of the Industrial Business segments for running their business. The operating net assets of the Industrial Business additionally include other reconciliation items of the Group that cannot be allocated to the segments. Items related to liquidity, income taxes or pensions are not part of the operating net assets. The steering of the Industrial Business and its segments is based on the average operating net assets of the year which is calculated from the average operating net assets of the respective end of quarters.

Free cash flow (Industrial Business)
The main indicator of the financial strength of the Daimler Truck Group is the free cash flow of the Industrial Business. In addition to cash flows from operating activities, this also includes cash flows from investing activities of the Industrial Business. The cash flows from the purchase and sale of marketable debt securities and similar cash investments included in cash flows from investing activities are eliminated, as these securities are classified as cash and cash equivalents and their change is therefore not part of the free cash flow of the Industrial Business.

On the other hand, effects in connection with the recognition of rights of use resulting from lessee accounting, which are mainly non-cash-effective, are included in the free cash flow of the Industrial Business. The free cash flow of the Industrial Business also includes other reconciliation items not attributable to the segments.

For a more transparent presentation of the ongoing business, we additionally identify and report an adjusted free cash flow of the Industrial Business.

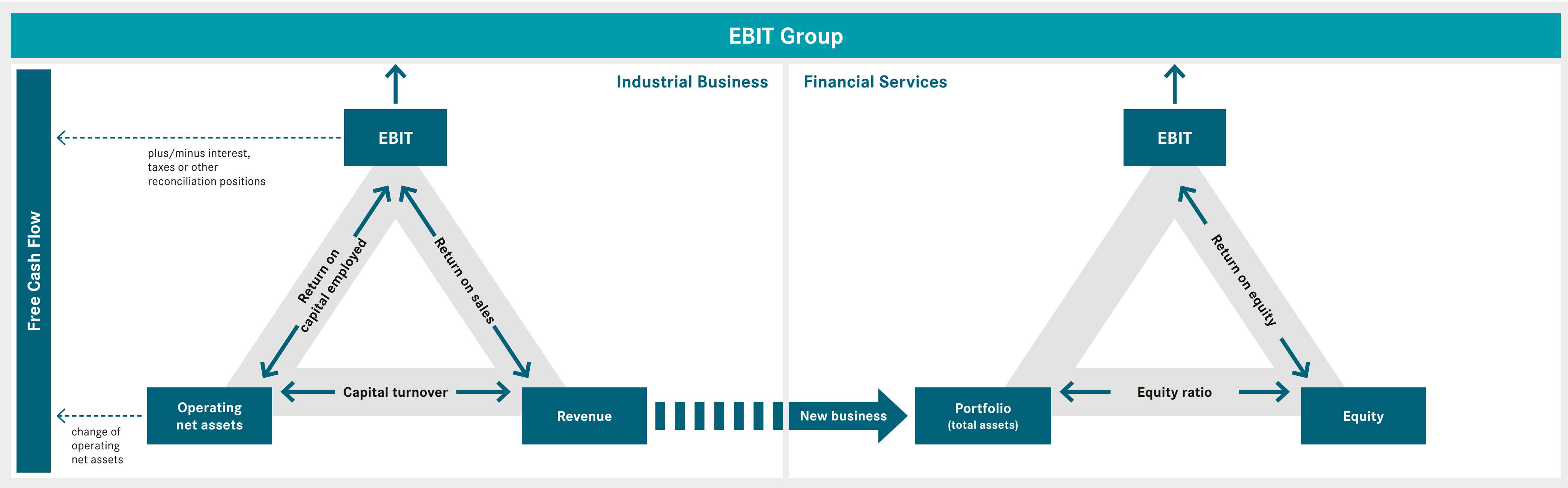
Investments in property, plant and equipment
The Group's investments in property, plant and equipment are an important performance indicator for Daimler Truck to manage our asset base. They serve to further enhance the attractiveness and future viability of our product range and production processes. In addition to investments in plant and equipment, this item also includes investments in land, buildings and operating facilities.

Research and development
The Group's research and development expenditures are another main performance indicator for preserving our future viability. This indicator is used to support decision making on future activities with regard to the technological challenges ahead, and thus to further strengthen the competitive position of Daimler Truck. In addition to research and non-capitalized development costs, the Group's capitalized development expenditures are also included.

Return on equity (Financial Services)
For Financial Services, profitability is assessed on the basis of return on equity. The return on equity is calculated as EBIT divided by quarterly average equity. If the return on equity exceeds the cost of equity rate, we create value for shareholders in the Financial Services segment. The cost of equity rate for the financial year 2023 is 14% before taxes. Based on adjusted EBIT, we also report an adjusted return on equity for Financial Services.

New business (Financial Services)
New business is a key performance indicator for Financial Services. The figure indicates the newly concluded contract volume of leasing and financing contracts.

B.02
Financial performance measurement system



Non-financial performance measures

In addition to financial measures, we use various non-financial measures to manage the Company. Of particular importance in this respect are the unit sales of the Industrial Business. They are calculated as the total of vehicle sales in the Industrial Business less inter-segment Group transactions. In addition, Daimler Truck pursues non-financial goals in the area of sustainability, which are described in more detail in the chapter Sustainability at Daimler Truck. Non-financial, sustainability-related components are also anchored in the variable remuneration of the Board of Management. In the financial year 2023, the zero-emission vehicle sales, the reduction of CO_2-emissions of our Daimler Truck production sites, the well-being of employees and the global share of female managers were taken into account in the remuneration model. This creates an incentive to consistently implement our sustainable business strategy.

Definition of sensitivities

For a qualitative-comparative description of changes per key figure, we use the intervals defined below.

The overall market as well as unit sales and revenue of Daimler Truck are considered to be at the prior year's level if they are within a range of minus 2.0% to +2.0%. If there is a change in a range between below minus 2.0% and minus 7.5% or between above +2.0% and +7.5%, we refer to a slight decrease or a slight increase compared with the prior year. If the change is more than +7.5% or less than minus 7.5% compared with the prior year, we classify this as a significant increase or a significant decrease.

EBIT and adjusted EBIT, research and development expenditures as well as investments in property, plant and equipment are considered to be at the prior year's level if they are within a range of minus 5.0% to +5.0%. If there is a change in a range between below minus 5.0% and minus 15.0% or between above +5.0% and +15.0%, we refer to a slight decrease or a slight increase compared with the prior year. If the change is more than +15.0% or less than minus 15.0% compared with the prior year, we classify this as a significant increase or a significant decrease.

The free cash flow of the Industrial Business is considered to be at the prior year's level if it is within a range of minus 10.0% to +10.0%. If there is a change in a range between below minus 10.0% and minus 25.0% or between above +10.0% and +25.0%, we refer to a slight decrease or a slight increase compared with the prior year. If the change is more than +25.0% or less than minus 25.0% compared with the prior year, we classify this as a significant increase or a significant decrease.

Key performance indicators

Key performance indicators for the Daimler Truck Group within the meaning of German Accounting Standard (Deutscher Rechnungslegungs Standard or DRS) No. 20 for 2023 include the following performance measures at Group level: revenue, EBIT and adjusted EBIT. The most important indicators for the Industrial Business are both unit sales and free cash flow. The adjusted return on equity and new business constitute the most significant key performance indicators for the Financial Services segment.

Detailed information on the development of financial and non-financial performance indicators can be found in the chapters Economic Conditions and Business Development, Profitability, Liquidity and Capital Resources, Financial Position, Sustainability at Daimler Truck, as well as in the Outlook in the combined management report as well as in the remuneration report at www.daimlertruck.com/en/company/corporate-governance/board-of-management/remuneration-of-the-board-of-management.

Declaration on Corporate Governance

The combined Declaration on Corporate Governance for the Company and the Group pursuant to Sections 289f and 315d of the German Commercial Code (Handelsgesetzbuch or HGB) can be found in the chapter Declaration on Corporate Governance in the Annual Report and at www.daimlertruck.com/en/company/corporate-governance/declarations-reports. Pursuant to Section 317 Subsection 2 Sentence 6 of the German Commercial Code (HGB), the auditor's review of the statements pursuant to Section 289f Subsections 2 and 5 and Section 315d of the German Commercial Code (HGB) is limited to determining whether such statements have actually been provided.

Economic Conditions and Business Development

The definition of the sensitivities for the qualitative comparative description of changes in key figures (“on”, “slightly” and “significantly” above or below the prior-year level) can be found in chapter Corporate Profile of the combined management report.

The world economy

Despite geopolitical crises, the development of the global economy in the reporting year was more stable than originally expected. International supply chains have largely stabilized and COVID-19 restrictions have been lifted. However, regional and sectoral supply bottlenecks continued to lead to constraints. The real economic impact of the Russia-Ukraine war has weakened compared to 2022, which was mainly reflected in reduced energy prices. Even the initially feared natural gas shortage in Europe has not materialized. Likewise, the Hamas terrorist attack in October had no sustained impact on the price level for crude oil. Overall, global price pressure decreased in the year under review, although inflation rates were still well above the central banks' target values. Global inflation averaged around 5.5% in 2023, leading to a continued restrictive monetary policy environment. The global gross domestic product (GDP) increased by roughly 2.5% in the past reporting year.

The US economy developed more strongly than expected. The Federal Reserve (Fed) increased the key interest rate to a range of 5.25% to 5.50% during 2023 due to the still high inflation rates. The average rise in consumer prices last year was 4.1%. However, private consumption increased significantly, also due to a strong labor market and available excess savings. The US economy grew by 2.5% in 2023 calendar year.

In the eurozone, the conditions in the energy markets eased over the course of the reporting year, which was reflected in reduced prices for crude oil, gas and power. However, 2023 inflation remained with 5.4% above the target value, meaning that the European Central Bank (ECB) further raised its key interest rate during the last year. At the end of 2023 the key interest rate was 4.5%. Overall, there was a clear economic downturn in the eurozone compared to 2022 with growth of just 0.5%, although this varied regionally: the performance of the German economy fell by 0.1%, the GDP in France rose slightly by 0.9% and the overall economy in Spain actually grew by 2.5%.

In Japan, the economy grew by 1.9%, above the long-term average. After the zero-COVID-19 policy was lifted, the Chinese economy recovered more slowly than expected. However, the Chinese government's official target was achieved with growth of 5.2%. In Brazil, GDP grew by around 3.0%, with lower inflation allowing the Brazilian central bank to cut key interest rates over the course of the year.

In this environment, exchange rates were volatile. The exchange rate of the US dollar against the euro ranged between 1.05 and 1.13 during the year. At year-end, the euro was around 4% stronger than at the end of 2022. The Japanese yen fluctuated against the euro between 138 and 164. By the end of the year, the euro appreciated by more than 11%. The euro lost around 5% against the Brazilian real.

The commercial vehicle market

The major truck markets developed very positively. In North America, the market for heavy-duty trucks (Class 8) grew by 7% to 331 thousand units. Sales of heavy-duty trucks were also very dynamic in the EU30 region (European Union, United Kingdom, Switzerland and Norway). The market volume increased by 15% to 342 thousand units in the reporting year. The Brazilian market for heavy-duty trucks weakened significantly, with a decline of 17% compared to the prior year. In Japan, the market volume of heavy-duty trucks increased by 24%, while in China the market grew by 36%.

Key sales markets for heavy buses also performed well in the reporting year. Although the market volume in the EU30 region was still below the pre-pandemic level, it recorded strong growth of 20% compared to the prior year. The Brazilian heavy bus market continued its upward trend in 2023, increasing by 18%.

Business development

Unit sales

Daimler Truck increased unit sales to 526,053 (2022: 520,291) vehicles in 2023. The share of emission-free vehicles has increased significantly to 3,443 (2022: 914) units. The unit sales performance is shown in table ↗ B.03 and is explained below at segment level.

The **Trucks North America** segment achieved unit sales of 195,014 vehicles (+4%) in 2023 due to strong market demand and despite supplier bottlenecks. In the USA, we were able to increase our unit sales to 162,949 trucks by 3% compared to the prior year. We achieved a significant increase in unit sales in Canada with 16,420 units (+13%) and in Mexico with 13,867 units (+16%).

In 2023, the **Mercedes-Benz** segment recorded a slight decline in unit sales with 158,511 (2022: 166,369) vehicles. Despite supplier bottlenecks and supported by improved market conditions, sales in the EU30 region rose significantly by 9% to 94,001 units. In contrast, unit sales in Brazil, our main market in Latin America, fell significantly by 52% to 17,487 units, primarily due to the introduction of the Euro VI emissions standard.

Unit sales in the **Trucks Asia** segment increased by 3% to 161,171 vehicles due to overall stronger market demand and decreasing supplier bottlenecks. In Japan, unit sales increased significantly by 38% to 39,021 trucks and buses. In India, the segment also recorded a significant increase of 39% to 25,435 units. In contrast, unit sales in Indonesia fell by 20% to a total of 35,311 units due to a market decline.

Unit sales from our Chinese joint venture Beijing Foton Daimler Automotive Co., Ltd. (BFDA), to which trucks of the Auman brand and, since the fourth quarter of 2022, Mercedes-Benz trucks produced in China also contribute, increased significantly to 70,078 units (2022: 49,159). The unit sales improvement was mainly due to the market development in China compared to the very low level of the previous year.

Unit sales in the **Daimler Buses** segment in 2023 were significantly above that of the prior year at 26,168 units (+9%). The increase in unit sales was mainly due to a recovery in the European coach market, which led to a significant increase in unit sales in the EU30 region by 26% to 7,976 units. In North America, unit sales also increased significantly by 39% to 3,834 units. In contrast, unit sales in Brazil, our main market in Latin America, fell by around 12% to 9,480 units, primarily due to the introduction of the Euro VI emissions standard.

In the 2023 reporting year, the **Financial Services** segment leased or financed more than one in five new vehicles from the Daimler Truck Group in 16 markets. At the end of 2023, the segment had a total contract volume of €28.3 billion (+17%). On the one hand, this growth was attributable to strong operations in North America. On the other hand, growth was characterized by the start of operational business in Germany and France as well as positive developments in the Phase 2 markets. Adjusted for exchange rates and contract volumes in Germany and France, this corresponds to growth of 17%. During the course of the year, Financial Services concluded new financing and leasing contracts worldwide worth a total of €11.3 billion (+20%).

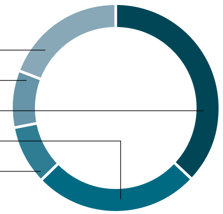
B.03
Unit sales[1]

	2023	2022	% change
Daimler Truck Group	**526,053**	520,291	+1
Trucks North America	**195,014**	186,779	+4
Mercedes-Benz	**158,511**	166,369	-5
Trucks Asia	**161,171**	155,967	+3
Daimler Buses	**26,168**	24,041	+9

1 The total of the segments does not correspond to unit sales at Group level due to eliminations between the segments.

B.04
Unit sales structure of Daimler Truck

EU30	19%
Latin America[1]	9%
North America	37%
Asia	26%
Other markets	9%



1 Excluding Mexico.

B.05
Market shares[1]

in %	**2023**	2022	2023/2022 Change in percentage points
Trucks North America			
North America[2] Class 8	**39.1**	40.0	-1.0
North America[2] Class 6-7	**34.8**	37.6	-2.8
North America[2] Class 6-8	**37.8**	39.3	-1.6
Mercedes-Benz			
EU30[3] HDT	**19.0**	20.0	-1.0
EU30[3] MDT	**25.3**	29.3	-4.1
EU30[3] HDT/MDT	**19.6**	20.9	-1.2

1 Based on information from registration authorities of the regions and on estimates in individual markets.
2 United States, Canada and Mexico.
3 European Union, United Kingdom, Switzerland and Norway.

Order situation
The vehicle segments produce both vehicles preconfigured by the manufacturer and vehicles equipped to order in accordance with customers' requirements. In this context, we flexibly adjust capacities for individual models to changing demand.

Incoming orders and the order backlog declined in the 2023 financial year compared to the previous year's high level. This development resulted, among other things, from diminishing catch-up effects and normalized ordering behavior.

Investment and research activities

Investments in property, plant and equipment
Investments in property, plant and equipment at the Daimler Truck Group amounted to €1,026 million for 2023 and were therefore slightly higher than in the prior year (2022: €898 million).

All segments focused on transformation. Investments were made primarily in new technologies (for example zero-emission vehicles and digitalization) and the ongoing development of existing products, as well as in the expansion of sales and spare parts centers.

Investments in property, plant and equipment in the **Trucks North America** segment amounted to €235 million and were slightly higher than in the prior year (2022: €216 million). These were characterized by the expansion of production facilities and test centers as well as investments in new production equipment to support the transformation to zero emission vehicles.

The investments in property, plant and equipment in the **Mercedes-Benz** segment were made primarily in the production preparation of major projects, including compliance with new legal requirements and the launch of additional zero-emission models. In the sales function, further investments were made primarily in the establishing the infrastructure of the Company's own spare parts business, following the spin-off from the former Daimler AG (now Mercedes-Benz Group AG). Overall, investments in property, plant and equipment amounted to €533 million by the end of 2023 and were therefore significantly higher than in the prior year (2022: €431 million).

Investments in property, plant and equipment in the **Trucks Asia** segment amounted to €128 million in 2023 and were therefore significantly lower than in the prior year (2022: €153 million), largely influenced by the change of the exchange rate against the Japanese yen. The core areas of investment were e-mobility, digitalization and new technologies as well as the expansion and optimization of infrastructure. These investments supported the transformation to new technologies, establishment of a sustainable and competitive product portfolio and increased market share.

At €115 million, investments in property, plant and equipment in the **Daimler Buses** segment were significantly higher than in the prior year (2022: €85 million). The focus in 2023 was on the completion of the Service Center in Berlin and the expansion of the locations in Holysov (Czech Republic), Ligny (France) and Hosdere (Turkey).

Research and development
In terms of expenditure on research and development (including capitalization), Daimler Truck is sticking to its strategic goals and investing in transformation as a priority. In 2023, the focus was on zero-emission vehicles and automated driving. For example, the development of autonomous driving was driven towards commercial implementation. In addition, investments were made in fuel efficiency and optimizing the existing product portfolio. Research and development expenditure amounted to €1,965 million (including capitalization) and was therefore slightly higher than in the prior year (2022: €1,785 million).

Of the development costs, €208 million was capitalized (2022: €167 million), equivalent to a capitalization rate of 11% (2022: 9%). Amortization of capitalized research and development expenditure amounted to €94 million in the year under review (2022: €120 million).

Expenditure on research and development in the **Trucks North America** segment amounted to €663 million, a slight increase compared to the prior year (2022: €599 million), mainly due to investments in the development of zero-emission vehicles and in improving fuel efficiency and the performance of existing products.

In 2023, research and development expenditure in the **Mercedes-Benz** segment continued to focus on the development of battery- and hydrogen-powered vehicles. In parallel, the conventional powertrain was adapted to future emission standards. Expenditures amounted to €801 million, therefore slightly above the prior year's level (2022: €736 million).

The research and development expenditure of the **Trucks Asia** segment of €179 million was slightly below the prior year's level (2022: €194 million), largely influenced by the exchange rate against the Japanese yen. The focus was on the development of all-electric vehicles and digital services as well as the further development of the existing portfolio.

In the **Daimler Buses** segment, €172 million was invested in research and development in 2023 (2022: €148 million). Expenditure was therefore significantly above that of the prior year. In 2023 there was a significant shift toward zero-emission drive systems. Investments were also made in preparing the coach portfolio to meet the Euro VII emission standard.

Profitability, Liquidity and Capital Resources, Financial Position

In order to obtain a better insight into the profitability, liquidity and capital resources, and financial position, the condensed consolidated statement of income, condensed consolidated statement of cash flows, and condensed consolidated statement of financial position are presented, in addition to the Daimler Truck Group, for the “Industrial Business” and for “Financial Services”. The Industrial Business and Financial Services columns represent a business perspective. The Industrial Business comprises the vehicle segments Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses, and the reconciliation. Financial Services corresponds to the Financial Services segment. The eliminations of intra-Group transactions between the Industrial Business and Financial Services are generally allocated to the Industrial Business and are reported in the reconciliation.

The following information explains the changes in the reporting year compared to the prior year and takes into account all effects that are significant from the Daimler Truck Group perspective.

The definition of the sensitivities for the qualitative-comparative description of changes in key figures (“on”, “slightly” and “significantly” above or below the prior-year level) can be found in chapter Corporate Profile of the combined management report.

Due to rounding, individual figures may not add up precisely to the totals shown and percentages presented may not accurately reflect the absolute values to which they relate.

Profitability

Statement of income of the Daimler Truck Group

At €55.9 billion, the Daimler Truck Group’s **revenue** in 2023 was 10% higher than the previous year’s €50.9 billion, a significant improvement. Revenue of the Industrial Business also increased significantly by 8% to €53.2 billion (2022: €49.2 billion). The increase in revenue resulted primarily from improved net pricing in the vehicle segments as well as positive volume and mix effects in unit sales. Adjusted for exchange rate effects, the Group's revenue increased by 13%. The negative exchange rate effects resulted in particular from the translation of the US dollar and Japanese yen. ↗ B.06

Cost of sales amounted to €44.0 billion in the reporting year and rose slightly by 6% compared to the prior year. The increase in cost of sales resulted primarily from increased material costs and increased unit sales. Exchange rate effects, particularly from the translation of US dollar and Japanese yen, had a compensating effect. ↗ B.07

Overall, **gross profit** rose significantly to €11.9 billion (2022: €9.4 billion) and as a percentage of revenue to 21.3% (2022: 18.5%). ↗ B.07

At €2.9 billion, **selling expenses** were at the same level as the previous year. The prior year included a special item arising from the impairment of trade receivables in connection with the Russia-Ukraine war. The ratio of selling expenses to revenue fell from 5.7% to 5.2%. ↗ B.07

B.06
Revenue by segment and region

In millions of euros	2023	2022	23/22 % change
Daimler Truck Group	55,890	50,945	+10
of which Industrial Business	53,216	49,186	+8
Segments			
Trucks North America	23,492	22,039	+7
Mercedes-Benz	21,638	20,213	+7
Trucks Asia	7,060	6,499	+9
Daimler Buses	4,566	3,689	+24
Financial Services	2,674	1,759	+52
Reconciliation	-3,541	-3,253	+9
Regions			
Europe	18,426	15,330	+20
of which Germany	6,845	5,532	+24
North America	24,613	22,587	+9
of which United States	20,056	19,175	+5
Asia	7,172	6,546	+10
of which Japan	3,400	2,864	+19
Latin America[1]	3,521	4,587	-23
Other markets	2,158	1,895	+14

1 Excluding Mexico.

In the past financial year, **general administrative costs** increased significantly from €2.0 billion to €2.4 billion. The increase resulted primarily from higher personnel and IT costs, particularly in connection with the spin-off. The ratio of general administrative costs to revenue rose from 3.8% to 4.3%. ↗ B.07

At €1.8 billion, **research and non-capitalized development costs** in the 2023 financial year were slightly above the prior-year level (2022: €1.6 billion). Further information on this can be found in the “investment and research activities” section of the chapter Economic Conditions and Business Development in the combined management report. ↗ B.07

Other operating income was below the prior-year level at €563 million (2022: €703 million). The prior year included income from bargain purchase for acquisitions at a price below market value and from the termination of pre-existing relationships in connection with the acquired financial services business. ↗ B.07

In 2023, **profit on equity-method investments, net**, was minus €109 million (2022: minus €226 million), significantly better than the previous year's level. The difference is primarily due to the impairment of the at-equity carrying amount of Daimler Kamaz Truck Holding GmbH (DKTH) in the prior year as a result of the Russia-Ukraine war. Daimler Truck disposed of DKTH on December 30, 2022. ↗ B.07

The **other financial income/expense, net** fell from €90 million to minus €132 million, mainly due to effects from the change in discount rates, which led to positive special effects in the prior year due to the increase in interest rates. ↗ B.07

Earnings before interest and taxes (EBIT) of €5.2 billion in the 2023 financial year were significantly higher than the previous year's figure of €3.5 billion. Positive effects on EBIT arose primarily from improved net pricing in the vehicle segments, from positive volume and mix effects in unit sales and from positive developments in the aftersales business. This was offset by the inflation-related increase in costs, particularly in material costs, as well as higher personnel costs. ↗ B.07

B.07
Condensed Consolidated Statement of Income

	Daimler Truck Group		Industrial Business		Financial Services	
	2023	2022	**2023**	2022	**2023**	2022
In millions of euros						
Revenue	**55,890**	50,945	**53,216**	49,186	**2,674**	1,759
Cost of sales	**-43,968**	-41,513	**-41,824**	-40,224	**-2,144**	-1,289
Gross profit	**11,922**	9,432	**11,392**	8,963	**530**	470
Selling expenses	**-2,890**	-2,928	**-2,760**	-2,806	**-130**	-121
General administrative expenses	**-2,413**	-1,957	**-2,195**	-1,741	**-218**	-216
Research and non-capitalized development costs	**-1,757**	-1,618	**-1,757**	-1,618	**–**	–
Other operating income/expense	**563**	703	**557**	521	**6**	182
Profit/loss on equity-method investments, net	**-109**	-226	**-109**	-226	**–**	–
Other financial income/expense, net	**-132**	90	**-131**	93	**-1**	-4
EBIT	**5,183**	3,496	**4,997**	3,185	**186**	310
Interest income/expense net	**144**	-46	**146**	-40	**-2**	-5
Profit before income taxes	**5,327**	3,449	**5,143**	3,145	**184**	305
Income taxes	**-1,355**	-686	**-1,304**	-631	**-51**	-56
Net profit	**3,971**	2,763	**3,839**	2,514	**133**	249
thereof attributable to non-controlling interests	**196**	99				
thereof attributable to the shareholders of Daimler Truck Holding AG	**3,775**	2,665				
Earnings per share (in euros) based on profit attributable to the shareholders of Daimler Truck Holding AG						
Basic and diluted	**4.62**	3.24				

Adjusted EBIT was €5.5 billion (2022: €4.0 billion). The reconciliation from EBIT to adjusted EBIT is shown in table ↗ B.09.

Interest income/expense, net improved from minus €46 million to €144 million. ↗ B.07

The tax expense reported under **income taxes** increased from €686 million to €1,355 million. The higher effective tax rate of 25.4% in the 2023 financial year (2022: 19.9%) results from lower tax income from previously unrecognized deferred tax assets. ↗ B.07

The Group’s **net profit** of €4.0 billion was significantly above the previous year's result (2022: €2.8 billion). Of the net profit, €196 million was attributable to **non-controlling interests** (2022: €99 million). The share of **net profit attributable to shareholders of Daimler Truck Holding AG** amounted to €3.8 billion (2022: €2.7 billion). ↗ B.07

Further information on the individual items of the Consolidated Statement of Income is provided in Notes 5 ff to the Consolidated Financial Statements.

Revenue and EBIT of the segments

The revenue of the **Trucks North America** segment increased 7% to €23,492 million in the 2023 financial year, due in part to improved net pricing and increased unit sales.

The improved net pricing and the increase in unit sales, despite ongoing supplier bottlenecks, had a positive impact on the gross profit. Further positive effects resulted from exchange rates and improved material efficiency. This was offset by additional costs due to inefficiencies caused by supplier bottlenecks and higher personnel costs. In total, gross profit rose from 17.5% to 19.5%. No adjustments were made; in the prior year these amounted to €3 million in connection with the spin-off.

EBIT amounted to €2,887 million (2022: €2,376 million), adjusted EBIT to €2,887 million (2022: €2,379 million). The adjusted return on sales was at 12.3% (2022: 10.8%). ↗ B.08 ↗ B.09

The revenue of the **Mercedes-Benz** segment increased by 7% to €21,638 million in the 2023 financial year, largely due to improved net pricing.

Improved net pricing, the strong aftersales business and the impact of sales mix had a positive impact on gross profit. This was offset by inflation-related increase in material costs, a normalization of the used vehicle business and the loss of the previous year's positive effects from the license agreement with Beijing Foton Daimler Automotive Co., Ltd. (BFDA). Gross profit rose from 18.2% to 22.6%. The adjustments included expenses in connection with the spin-off of €144 million (2022: €67 million, M&A transactions) as well as expenses for personnel cost optimization programs of €16 million (2022: €169 million). The adjustments did not include any expenses in connection with the Russia-Ukraine war (2022: €205 million, M&A transactions).

EBIT amounted to €2,038 million (2022: €1,188 million), adjusted EBIT to €2,199 million (2022: €1,629 million). At 10.2%, the adjusted return on sales of was above the previous year's adjusted value of 8.1%. ↗ B.08 ↗ B.09

The revenue of **Trucks Asia** increased to €7,060 million (2022: €6,499 million) in the 2023 financial year, due, among other things, to improved net pricing and increased unit sales.

Improved net pricing and a strong aftersales business had a positive influence on gross profit. Exchange rate effects, inflation-related cost increases, particularly for materials, and higher personnel costs had an opposing effect. Gross profit rose in total from 17.6% to 18.8%. No adjustments were made; in the prior year these included impairments in connection with the Russia-Ukraine war in the amount of €8 million and special effects in connection with the spin-off in the amount of €1 million (M&A transactions).

EBIT amounted to €330 million (2022: €161 million), adjusted EBIT to €330 million (2022: €171 million). At 4.7%, the adjusted return on sales was above the adjusted previous year's value of 2.6%. ↗ B.08 ↗ B.09

The revenue of **Daimler Buses** increased by 24% to €4,566 million in the 2023 financial year, due, among other things, to improved net pricing and increased unit sales.

The improved net pricing, increased unit sales, effects from the sales mix, exchange rate effects and strong aftersales business had a positive impact on gross profit. This was offset by inflation-related increase in costs, particularly for materials, as well as higher personnel costs. Gross profit therefore rose from 11.6% to 15.8%. No adjustments were made; in the prior year these included expenses for personnel cost optimization programs in the amount of €56 million as well as expenses for M&A transactions in connection with the sale of Minibus GmbH in the amount of €7 million, the spin-off in the amount of €2 million and the Russia-Ukraine war in the amount of €1 million.

EBIT amounted to €214 million (2022: minus €52 million) and adjusted EBIT also amounted to €214 million (2022: €14 million). The adjusted return on sales of 4.7% was significantly better than the adjusted previous year's value of 0.4%. ↗ B.08 ↗ B.09

Financial Services revenue increased by 52% to €2,674 million in the 2023 financial year, primarily due to higher contract volume in Europe and North America.

The gross profit generated by Financial Services improved significantly compared to the prior year, in particular due to an increased operating result, despite a market environment characterized by pressure on margins and regionally heterogeneous risk costs. Offsetting effects resulted from an increased cost base and higher project-related expenses in Europe in connection with the integration of the acquired financial services business. The significantly lower other income in 2023 compared to the prior year was due in particular to non-recurring income in connection with the acquisition of the financial services business in Europe. The 2023 adjustments fully include expenses from this matter amounting to €25 million (2022: income of €117 million).

EBIT amounted to €186 million (2022: €310 million). Adjusted EBIT increased to €211 million and was therefore slightly above the prior-year level (2022: €193 million). The resulting return on equity increased accordingly from 8.0% (2022: 15.9%) to an **adjusted return on equity** of 9.1% (2022: 9.9%). ↗ B.07 ↗ B.09

B.08

EBIT of the Industrial Business

	Industrial Business		Trucks North America		Mercedes-Benz		Trucks Asia		Daimler Buses		Reconciliation	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
In millions of euros												
Revenue	53,216	49,186	23,492	22,039	21,638	20,213	7,060	6,499	4,566	3,689	-3,541	-3,253
Cost of sales	-41,824	-40,224	-18,922	-18,178	-16,750	-16,533	-5,732	-5,353	-3,846	-3,261	3,426	3,102
Gross profit	11,392	8,963	4,570	3,861	4,888	3,680	1,329	1,145	721	427	-115	-151
Selling expenses	-2,760	-2,806	-420	-432	-1,590	-1,586	-615	-658	-263	-247	128	116
General administrative expenses	-2,195	-1,741	-750	-609	-1,045	-724	-292	-243	-198	-221	90	56
Research and non-capitalized development costs	-1,757	-1,618	-639	-599	-702	-616	-160	-161	-166	-134	-90	-108
Other income/ expense	312	387	126	155	482	433	69	77	120	123	-484	-402
EBIT	4,997	3,185	2,887	2,376	2,038	1,188	330	161	214	-52	-471	-488

The **reconciliation** of the operating segments' EBIT to Group EBIT comprises gains and losses at the corporate level as well as the effect on earnings of eliminating intra-Group transactions between the segments.

Items at the corporate level resulted in expenses of €448 million in the 2023 financial year (2022: €421 million), which are, among other things, related to the subsidiary TORC Robotics, Inc. and the joint venture cellcentric GmbH & Co. KG. The adjustments of €120 million (2022: €61 million) included expenses in connection with the spin-off and expenses due to the intended merger of Mitsubishi Fuso Truck & Bus Corporation and Hino Motors Ltd. (M&A transactions). ↗ B.09

The elimination of intra-Group transactions resulted in an expense in the 2023 financial year of €23 million (2022: €67 million).

B.09

Reconciliation of EBIT to adjusted EBIT

	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Reconciliation	Daimler Truck Group
In millions of euros							
2023							
EBIT	**2,887**	**2,038**	**330**	**214**	**186**	**-471**	**5,183**
Legal proceedings (and related measures)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Restructuring measures	**–**	**16**	**–**	**–**	**–**	**–**	**16**
M&A transactions	**–**	**144**	**–**	**–**	**25**	**120**	**290**
Adjusted EBIT	**2,887**	**2,199**	**330**	**214**	**211**	**-351**	**5,489**
Return on sales/equity (in %)	**12.3**	**9.4**	**4.7**	**4.7**	**8.0**	**–**	**–**
Adjusted return on sales/equity (in %)[1]	**12.3**	**10.2**	**4.7**	**4.7**	**9.1**	**–**	**–**
2022							
EBIT	2,376	1,188	161	-52	310	-488	3,496
Legal proceedings (and related measures)	–	–	–	–	–	–	–
Restructuring measures	–	169	–	56	–	–	224
M&A transactions	3	273	10	11	-117	61	240
Adjusted EBIT	2,379	1,629	171	14	193	-427	3,959
Return on sales/equity (in %)	10.8	5.9	2.5	-1.4	15.9	–	–
Adjusted return on sales/equity (in %)[1]	10.8	8.1	2.6	0.4	9.9	–	–

1 The adjusted return on sales of the vehicle segments is calculated as the ratio of adjusted EBIT to revenue. The adjusted return on equity of Financial Services is determined as the ratio of adjusted EBIT to the average quarterly equity.

Return on capital employed of the Industrial Business 2023

The profitability of the capital employed in the Industrial Business is assessed by means of return on capital employed. Detailed explanations of this and other key figures of our performance measurement system can be found in chapter Corporate Profile of the combined management report.

The return on capital employed of the Industrial Business was 44.6% in 2023 (2022: 28.9%). The significant increase compared to the prior year resulted primarily from the significantly higher EBIT.

The composition of the return on capital employed of the Industrial Business is presented in table. ↗ B.10

B.10

Return on capital employed of the Industrial Business

	2023	2022	% change
In millions of euros			
EBIT	**4,997**	3,185	+57
Intangible assets	**2,826**	2,735	+3
Property, plant and equipment	**7,910**	7,928	–
Inventories	**9,023**	8,782	+3
Trade receivables	**4,961**	4,260	+16
Other assets	**6,223**	6,290	-1
Operating assets[1]	**30,944**	29,996	+3
Trade payables	**-4,964**	-5,267	-6
Other liabilities	**-14,860**	-14,337	+4
Operating liabilities[1]	**-19,824**	-19,604	+1
Operating net assets[1]	**11,121**	10,392	+7
Average operating net assets	**11,198**	11,039	+1
Return on capital employed (in %)	**44.6**	28.9	

1 The operating net assets are calculated on the basis of the values at the end of each quarter. Liquidity as well as income taxes and pensions are not included in the calculation of the operating net assets.

Liquidity and capital resources

Principles and objectives of financial management

Financial management at the Daimler Truck Group comprises capital structure management, cash and liquidity management, the management of market price risks (currencies, interest rates, commodity prices) as well as the management of pension assets and credit-default and country risks. Global financial management is carried out uniformly by the Treasury organization of the Daimler Truck Group within the framework of the legal provisions for all Group companies. Fundamentally, it operates within a predefined framework of guidelines, limits and benchmarks; organizationally, it is separate at the operational level from the settlement, financial controlling, reporting and accounting functions.

Capital structure management arranges the capital structure of the Group and its subsidiaries. The capital resources of the financial services, production, sales or financing companies of Daimler Truck are allocated in accordance with the principles of cost- and risk-optimized financial and capital resources.

Liquidity management is intended to ensure that the Group is always able to meet its payment obligations. To this end, the Group plans the cash flows from operating activities and from financial transactions on a rolling basis. Financing requirements are met by means of suitable liquidity management instruments (for example bank loans, bonds); the Group invests surplus liquidity in the money and/or capital market, taking expected returns and risks into account. Factoring is regularly used to a limited extent to manage liquidity.

Our goal is to provide the liquidity that is deemed to be necessary at the best possible cost. In addition, to operating liquidity, the Daimler Truck Group has further liquidity reserves that are available at short notice. The components of these additional resources are receivables from the financial services business that can be securitized on the capital market, a contractually committed syndicated credit facility (“revolving credit facility”), and an additional revolving credit facility agreed in 2022.

Cash management determines cash requirements and surpluses on a centralized basis. In this context, liquidity is concentrated centrally in bank accounts of the Daimler Truck Group via cash pooling procedures in various currencies. Most payments between Group companies are made via internal clearing accounts, so that the number of external payment flows is kept to a minimum. The Daimler Truck Group has established standardized processes and systems to manage its bank and internal clearing accounts and to carry out automated payment transactions.

Market price risk management aims to limit the impact of fluctuations in currency exchange rates, interest rates and commodity prices on the earnings of the segments and the Group. To this end, the Group-wide risk volume (“exposure”) for these market price risks is first determined. For currencies, net exposure constitutes the relevant risk volume, which is reduced by netting foreign currency items among the Group companies. The Group then makes its hedging decisions on this basis. This includes the volume to be hedged, the period to be hedged, and the choice of hedging instruments. The hedging strategy is defined at Group level and implemented uniformly. Decision-making bodies are internal committees for market price risks that meet regularly.

The **management of pension assets** (“plan assets”) includes investing the assets held to cover the pension obligations. The plan assets are legally separate from corporate assets and are mainly invested in funds; they are not available for general corporate purposes. On the basis of the expected development of the pension obligations, the plan assets are spread across various asset categories, for example equities, fixed-income securities, alternative investments and real estate, with the assistance of risk/return optimization. The Group measures the performance of its asset investments on the basis of defined reference indices. The risks of capital investments are limited by means of a Group-wide guideline. In addition, local regulations are in place for the risk management of individual plan assets. Additional information on pension plans and similar obligations is provided in Note 23. Pensions and similar obligations of the Notes to the Consolidated Financial Statements.

The risk volume considered in the **management of credit default risks** includes all creditor positions of the Daimler Truck Group worldwide vis-à-vis financial institutions, issuers of securities and customers in the Financial Services business and the Industrial Business. The credit risk vis-à-vis financial institutions and issuers of securities arises primarily from the investment of liquid funds in the context of liquidity management and from the use of derivative financial instruments. The management of these credit risks is essentially based on an internal limit system that is geared to the creditworthiness of the financial institution or issuer. The credit risk vis-à-vis customers in the Industrial Business results from the relationship with authorized dealers and general distribution companies, other corporate customers and private customers. Credit risk management is based on a uniform risk management process. Depending on the identified risk, credit collateral is requested. Financial Services manages the credit risk with respect to end customers in its financial services business on the basis of a uniform risk management process. This process defines minimum requirements for the credit and leasing business and sets standards for credit processes and for the identification, measurement, and management of risks. Key elements for the management of credit risks are an appropriate credit assessment supported by statistical risk classification procedures, as well as a structured portfolio analysis and monitoring.

Country risk management includes several risk aspects: The risk from capital investments in subsidiaries and joint ventures, the risk from cross-border financing of Group companies in risk countries, and the risk from direct sales to customers in those countries. The Daimler Truck Group has an internal rating system in which all countries in which the Daimler Truck Group operates are classified into risk categories. Risks from cross-border receivables are partially covered by export credit insurance, letters of credit and bank guarantees in favor of the Daimler Truck Group. Furthermore, an internal committee determines and limits the amount of hard currency portfolios at Financial Services companies in risk countries.

Further information on the management of market price, credit default and liquidity risks is provided in Note 34. Management of financial risks.

Cash flow

Cash flow from operating activities ↗ B.11 in 2023 resulted in a cash inflow of €0.4 billion (2022: cash outflow €0.5 billion). Profit before income taxes was significantly higher than the prior year. The positive result was mainly due to the ongoing improved net pricing in the vehicle segments, as well as positive volume and mix effects in unit sales.

An increase in inventory values was due, among other things, to a generally higher cost base in inventories and a slightly higher level of finished goods. A positive development in global supply chains led to a lower level of work in progress. The decrease in trade payables was due to a lower purchasing volume at the year-end.

Including the increase in trade receivables, this led to a negative change in working capital of €1.3 billion (2022: negative €0.9 billion). Working capital represents the sum of inventories, trade receivables and trade payables.

B.11

Condensed Consolidated Statement of Cash Flows

	Daimler Truck Group		Industrial Business		Financial Services	
	2023	2022	**2023**	2022	**2023**	2022
In millions of euros						
Cash and cash equivalents at beginning of period	**5,944**	7,244	**5,597**	6,904	**347**	340
Profit before income taxes	**5,327**	3,449	**5,143**	3,145	**184**	305
Depreciation and amortization/impairments	**1,133**	1,120	**1,115**	1,105	**18**	15
Other non-cash expense and income and income from sale of assets	**87**	285	**65**	424	**21**	-139
Change in operating assets and liabilities						
Inventories	**-550**	-1,143	**-455**	-1,122	**-96**	-21
Trade receivables	**-660**	-631	**-787**	-569	**127**	-62
Trade payables	**-112**	904	**-158**	933	**47**	-29
Receivables from financial services	**-4,097**	-3,385	**-2**	-2	**-4,094**	-3,383
Vehicles on operating leases	**-160**	-141	**334**	119	**-494**	-260
Other operating assets and liabilities	**816**	106	**591**	130	**226**	-24
Dividends received from equity-method investments	**16**	13	**16**	13	**–**	–
Income taxes paid/refunded	**-1,415**	-1,100	**-1,413**	-1,147	**-1**	47
Cash flows from operating activities	**386**	-523	**4,449**	3,030	**-4,063**	-3,553
Additions to property, plant and equipment	**-1,026**	-898	**-1,010**	-887	**-15**	-11
Additions to intangible assets	**-280**	-235	**-268**	-215	**-12**	-19
Net cash flows from the acquisition of Financial Services business	**–**	-2,004	**–**	-1,271	**–**	-732
Investments in shareholdings and proceeds from disposal of other shareholdings	**-206**	-161	**-194**	-161	**-12**	–
Acquisition and disposal of marketable debt securities and similar investments	**-618**	-989	**-618**	-984	**–**	-5
Other	**47**	119	**50**	120	**-3**	-1
Cash flows from investing activities	**-2,082**	-4,167	**-2,040**	-3,399	**-42**	-768
Change in financing liabilities	**4,654**	3,409	**2,598**	1,696	**2,056**	1,713
Dividend paid to shareholders of Daimler Truck Holding AG	**-1,070**	–	**-1,070**	–	**–**	–
Dividends paid to non-controlling interests	**-97**	-52	**-97**	-52	**–**	–
Acquisition of treasury shares	**-557**	–	**-557**	–	**–**	–
Transactions with the Mercedes-Benz Group	**–**	-23	**–**	21	**–**	-44
Internal equity and financing transactions	**–**	–	**-2,051**	-2,656	**2,051**	2,656
Cash flows from financing activities	**2,931**	3,334	**-1,176**	-991	**4,107**	4,325
Effect of exchange-rate changes on cash and cash equivalents	**-113**	56	**-109**	54	**-4**	2
Cash and cash equivalents at end of period	**7,067**	5,944	**6,722**	5,597	**345**	347

The increase in receivables from financial services, particularly due to new business in the Financial Services segment, had a negative effect on cash flows from operating activities.

In 2022, other operating assets and liabilities included cash outflows of €0.2 billion relating to the termination of pre-existing contractual relationships as part of the acquisition of the Financial Services companies. This negatively impacted the cash flows from operating activities and were allocated in full to the Financial Services segment.

The changes in other assets and liabilities include positive effects in particular from the increase in provisions for product warranties as well as provisions for personnel expenses and social benefits.

In the reporting period, payments were made for personnel cost-optimization programs resulting from the agreed cost-cutting measures and socially responsible job reductions.

Cash flow from investing activities ↗ **B.11** resulted in a cash outflow of €2.1 billion (2022: €4.2 billion). The cash outflows are generally due to the additions to property, plant and equipment and intangible assets as well as the acquisition and sale of mutual funds.

The decrease compared to the prior year is primarily due to consideration paid to the Mercedes-Benz Group in 2022 in connection with the acquired Financial Services business, of which €1.3 billion related to the repayment of financing liabilities and was allocated to the Industrial Business.

Cash flow from financing activities ↗ **B.11** resulted in a cash inflow of €2.9 billion (2022: €3.3 billion) in the reporting period. The cash outflows were mainly due to dividend payments to the shareholders of Daimler Truck Holding AG amounting to €1.1 billion and the commencement of the share buyback program during Q3 2023 of €0.6 billion. In addition, cash inflows resulted primarily from raising funds on the international money and capital markets and from issuing Asset-Backed-Securities (ABS). The issuance of bonds took place mainly in the USA, Netherlands and Canada at a total value of €6.0 billion.

In 2023, cash and cash equivalents increased by €1.1 billion after adjusting for exchange-rate effects.

Free cash flow of the Industrial Business

The measure used by Daimler Truck for the financial strength of its industrial activities is the **free cash flow of the Industrial Business** ↗ **B.12.** Detailed explanations of this and other key figures of our performance measurement system can be found in the chapter Corporate Profile of the Combined Management Report.

In the prior year, the repayment of the then existing financing liabilities by the Daimler Truck Group, which were part of the consideration transferred for the acquired financial services business and was financed by the Industrial Business, is excluded, as these are not part of the operating activities of the Industrial Business.

Other adjustments include the Daimler Truck Headquarters allocation to Financial Services and miscellaneous adjustments to reflect the economic amount of investments or divestments that are wholly or partially non-cash in nature.

In 2023, the **free cash flow of the Industrial Business** amounted to €2.8 billion (2022: €1.7 billion).

The increase in free cash flow of the Industrial Business by €1.1 billion to €2.8 billion reflected the strong revenue and earnings performance. This was set off by a higher level of working capital, which had a negative impact on free cash flow.

An increase in inventory values was due, among other factors, to a generally higher cost base in inventories and a slightly higher level of finished goods. A positive development in global supply chains led to a lower level of work in progress.

The increase in trade receivables was due to timing and lower factoring volumes. Factoring activities with external banks and financial institutions amounted to €25 million (2022: €154 million) and internal factoring agreements with Financial Services fell to €293 million (2022: €387 million). In addition, there was a moderate decline in trade payables.

A planned increase in investment in property, plant and equipment, primarily to address transformation topics should also be highlighted.

In determining free cash flow ↗ **B.13**, the increase in income taxes paid is attributable to the improved earnings performance. In addition, higher interest cash inflows due to increased liquidity and a stronger interest rate environment compared to the prior year, should be noted. The special contribution to the pension fund made in the prior-year period did not materialize this year.

For a more transparent presentation of the ongoing business, we identify and report an **adjusted free cash flow of the Industrial Business** ↗ **B.12**. After adjusting for M&A transactions and restructuring measures, adjusted free cash flow of the Industrial Business amounted to a cash inflow of €3.3 billion (2022: €2.0 billion).

B.12
Free Cash Flow of the Industrial Business

In millions of euros	2023	2022	23/22 Change
Cash flows from operating activities	4,449	3,030	+1,419
Cash flows from investing activities	-2,040	-3,399	+1,359
Change in marketable debt securities and similar investments	618	984	-366
Right-of-use assets	-253	-190	-63
Net cash flows from acquisition of the Financial Services business	–	1,271	-1,271
Other adjustments	36	50	-13
Free cash flow of the industrial Business	2,811	1,746	+1,065
Legal proceedings (and related measures)	–	–	
Restructuring measures	177	131	+46
M&A transactions	315	100	+215
Adjusted free cash flow of the industrial Business	3,303	1,976	+1,326

B.13
Reconciliation of CFBIT to free cash flow of the Industrial Business

In millions of euros	2023	2022
CFBIT of the Industrial Business	3,972	3,027
Income taxes paid/refunded	-1,413	-1,147
Interest paid/received	289	-12
Other reconciliation items	-37	-122
Free cash flow of the Industrial Business	2,811	1,746

In addition to the derivation from the published cash flows from operating and investing activities, the **free cash flow of the Industrial Business** can be derived from the cash flows before interest and taxes (CFBIT) of the segments. The reconciliation from the CFBIT to the free cash flow of the Industrial Business also includes taxes and interest paid. In addition to the eliminations between the segments, the other reconciliation items include items that are attributable to the Industrial Business but for which the segments are not responsible. Table ↗ B.13 shows the reconciliation from the CFBIT to the free cash flow of the Industrial Business.

The **CFBIT of the Industrial Business** is derived from EBIT and changes in operating assets and liabilities ("net assets") and also includes additions of right-of-use assets. The settlement of the existing financing liabilities by the Daimler Truck Group, which is part of the transferred consideration of the acquired Financial Services business and was financed by the Industrial Business, is eliminated as it is not part of the operating activities of the Industrial Business. Table ↗ B.14 shows the composition of CFBIT for the Industrial Business. Table ↗ B.15 shows, for the Industrial Business, the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate**.

An adjusted cash conversion rate of 0.8 was achieved for the Industrial Business of the Daimler Truck Group. This is slightly below the previous year's value of 0.9, and is attributable to increased investment.

B.14
CFBIT of the Industrial Business

In millions of euros	2023	2022
EBIT	4,997	3,185
Change in working capital	-1,400	-758
Net financial investments	-189	-162
Net investments in property, plant and equipment and intangible assets	-1,480	-1,165
Depreciation and amortization/impairments	1,115	1,105
Other	929	820
CFBIT	3,972	3,027

B.15
Reconciliation to adjusted CFBIT

In millions of euros	2023	2022
CFBIT	3,972	3,027
Restructuring measures	177	131
M&A transactions	315	100
Adjusted CFBIT	4,464	3,257
Adjusted EBIT	5,278	3,767
Adjusted cash conversion rate[1]	0.8	0.9

1 The adjusted cash conversion rate is calculated as the ratio of adjusted CFBIT to adjusted EBIT.

The **net liquidity of the Industrial Business** ↗ B.16 is calculated as the total of the balance sheet positions of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, offset by the currency-hedged nominal amounts of financing liabilities. To the extent that the Group's internal refinancing of the Financial Services business is provided by the companies of the Industrial Business, this amount is deducted in the calculation of the net debt of the Industrial Business.

Since December 31, 2022 the net liquidity of the Industrial Business increased by €0.8 billion to €8.3 billion. The increase was mainly due to the positive free cash flow of the Industrial Business of €2.8 billion. This was offset by the dividend payment of €1.1 billion in June 2023 to the shareholders of Daimler Truck Holding AG and the share buyback program in the second half of 2023, resulting in a cash outflow of €0.6 billion.

The increase in liquidity and financing liabilities of the Industrial Business resulted primarily due to the bond issuances in the USA, Netherlands and in Canada and the increase in money market funds.

B.16
Net liquidity of the Industrial Business

In millions of euros	Dec. 31, 2023	Dec. 31, 2022	23/22 Change
Cash and cash equivalents	6,722	5,597	+1,125
Marketable debt securities and similar investments	1,764	1,092	+672
Liquidity	8,487	6,689	+1,798
Financing receivables/ liabilities	204	1,423	-1,219
Market valuation and currency hedging for financing liabilities	-369	-582	+213
Financing receivables/liabilities (nominal)	-165	841	-1,006
Net liquidity	8,322	7,530	+792

Net debt at the Group level, which mainly resulted from the refinancing of the leasing and sales financing business, increased by €2.9 billion to €17.2 billion compared to December 31, 2022. ↗ B.17

B.17
Net debt of the Daimler Truck Group

In millions of euros	Dec. 31, 2023	Dec. 31, 2022	23/22 Change
Cash and cash equivalents	7,067	5,944	+1,123
Marketable debt securities and similar investments	1,808	1,145	+662
Liquidity	8,875	7,089	+1,785
Financing liabilities	-25,727	-20,839	-4,888
Market valuation and currency hedges for financing liabilities	-369	-582	+213
Financing liabilities (nominal)	-26,096	-21,421	-4,675
Net debt	-17,221	-14,331	-2,889

Contingent liabilities and other financial obligations

As at December 31, 2023, the best estimate of **contingent liabilities** amounted to €0.6 billion (December 31, 2022: €0.6 billion). As part of its usual business activity, the Group has entered into **other financial obligations** of €1.0 billion (December 31, 2022: €1.0 billion), which exceeded the liabilities shown in the Consolidated Statement of Financial Position as at December 31, 2023.

At both December 31, 2023 and December 31, 2022, the Daimler Truck Group had issued irrevocable loan commitments that had not been not utilized as of those dates.

In addition, there are other financial obligations arising from the post-divestment liability resulting from the spin-off in 2019 and the spin-off and demerger in 2021.

Detailed information on contingent liabilities and other financial obligations can be found in Note 32. Contingent liabilities and other financial obligations. of the Notes to the Consolidated Financial Statements.

Refinancing

The financing transactions carried out by Daimler Truck in 2023 were primarily for the acquisition and refinancing of the leasing and sales financing business. To this end, Daimler Truck made use of various financing instruments in different currencies and markets. These include bank loans, bonds with medium and long maturities in the capital market, and the securitization of customer receivables in the financial services business (“asset-backed securities”).

The situation on the money and capital markets in the reporting year was characterized by high volatility in view of geopolitical and economic risks. The cycle of interest rate hikes initiated by most central banks in 2022 continued in 2023, resulting in a continued volatile refinancing environment for issuers. During the reporting period, the Group covered its refinancing needs by issuing bonds and asset-backed securities (ABS) transactions. In the United States and Europe, this takes the form of so-called benchmark issues (bonds with a high nominal volume) by Daimler Truck Finance North America LLC and Daimler Truck International Finance B.V respectively.

Another important source of refinancing in the 2023 financial year were **bank loans**, particularly for the Brazilian real, Japanese yen, and Mexican peso currency areas. These loans were provided by global banks as well as by banks operating nationally. The lenders also included government financing institutions (such as the Brazilian Development Bank).

In August 2021, an agreement was concluded with a consortium of international banks to provide a syndicated **credit facility**, of €5.0 billion. The facility has an initial term of five years with two one-year extension options. Both extension options have expired and were not utilized. Daimler Truck does not intend to utilize the credit facility.

In September 2022, a revolving credit line of €1.0 billion with a term of 24 months was concluded with an international banking group. There is an option to increase the credit line further by €500 million within the first 18 months of the term. The option to increase and the credit facility had not been utilized as of the reporting date.

B.18
Benchmark issuances

Issuer	Volume	Month of emission	Maturity
Daimler Truck Finance North America LLC	US$650 million	01.2023	01.2025
Daimler Truck Finance North America LLC	US$650 million	01.2023	01.2026
Daimler Truck Finance North America LLC	US$500 million	01.2023	01.2028
Daimler Truck International Finance B.V.	€650 million	06.2023	06.2026
Daimler Truck International Finance B.V.	€500 million	06.2023	06.2029
Daimler Truck Finance North America LLC	US$600 million	08.2023	08.2025
Daimler Truck Finance North America LLC	US$500 million	08.2023	09.2028
Daimler Truck Finance North America LLC	US$500 million	08.2023	09.2033
Daimler Truck Finance Canada Inc.	C$300 million	09.2023	09.2026
Daimler Truck Finance Canada Inc.	C$300 million	09.2023	09.2028

B.19
Refinancing instruments

	Average interest rates		Carrying values	
	Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
		in %		In millions of euros
Bonds	**4.78**	3.18	**14,205**	11,351
Liabilities from ABS transactions	**5.93**	4.92	**1,990**	1,011
Liabilities to financial institutions	**8.42**	7.19	**7,269**	6,049

The carrying amounts of the main refinancing instruments as well as the weighted average interest rates are shown in table ↗ B.19. As at December 31, 2023, these are mainly related to the following currencies: 43% to the US dollar, 12% to the Brazilian real, 17% to the euro, and 7% to the Canadian dollar.

As at December 31, 2023, the total financing liabilities shown in the Consolidated Statement of Financial Position amounted to €25.7 billion (December 31, 2022: €20.8 billion).

Detailed information on the amounts and maturities of the main items of financing liabilities can be found in Note 25. Financing liabilities of the Notes to the Consolidated Financial Statements. Note 26. Other financial liabilities of the Notes to the Consolidated Financial Statements also provides information on the maturities of other financial liabilities.

Credit ratings

Daimler Truck's credit rating remained unchanged in the 2023 financial year. S&P Global Ratings raised our outlook to positive. This means that Daimler Truck continues to have a solid investment grade rating from the rating agencies S&P Global Ratings and Moody's.

On May 26, 2023, S&P Global Ratings changed the outlook for our long-term rating from "stable" to "positive". The BBB+ / A-2 ratings (long-term and short-term) from S&P Global Ratings reflect the assessment of the agency that Daimler Truck has a strong market position in the most profitable markets of the United States and Europe. In addition, S&P noted positively that Daimler Truck is on track to achieve its profitability targets and is implementing efficiency improvements and cost-cutting measures.

Moody's A3 rating (long-term, Prime-2 short-term) for Daimler Truck reflects the considerable size of the Group as one of the world's largest commercial vehicle manufacturers by revenue, its good diversification with eight individual brands, and its leading positions in the American and European markets. Moody's also pointed to the global recovery of truck markets, the positive margin development, as well as Daimler Truck's conservative financial policy coupled with strong liquidity.

B.20
Credit ratings

	End of 2023
Long-term credit rating	
S&P	**BBB+**
Moody׳s	**A3**
Short-term credit rating	
S&P	**A-2**
Moody׳s	**P-2**

Financial position

Compared with December 31, 2022, **total assets** increased from €64.0 billion to €71.2 billion. The increase included €1.3 billion in negative exchange rate effects; adjusted for these effects, the increase was €8.5 billion. Financial Services accounted for €29.8 billion of total assets (2022: €25.5 billion), corresponding to 41.9% of all assets in the Daimler Truck Group (2022: 39.9%).

Table ↗ B.21 shows the Condensed Statement of Financial Position of the Daimler Truck Group as well as the Industrial Business and Financial Services.

At 52.7%, current assets as a proportion of the balance sheet total were similar to the prior year (December 31, 2022: 50.6%). At 32.0%, current liabilities as a proportion of the balance sheet total were similar to the prior year (December 31, 2022: 32.8%). Table ↗ B.22 shows the balance sheet structure by maturity.

B.21

Condensed consolidated statement of financial position

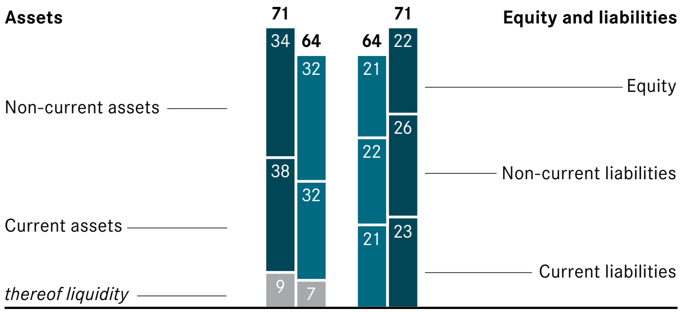
	Daimler Truck Group		Industrial Business		Financial Services	
	At December 31,		At December 31,		At December 31,	
	2023	2022	2023	2022	2023	2022
In millions of euros						
Assets						
Intangible assets	2,876	2,779	2,826	2,735	50	44
Property, plant and equipment	7,979	7,993	7,910	7,928	69	65
Equipment on operating leases	4,530	4,433	3,645	3,617	885	816
Receivables from Financial Services	26,214	22,425	–	–	26,214	22,425
Equity-method investments	1,051	1,073	1,051	1,073	–	–
Inventories	9,155	8,815	9,023	8,782	131	33
Trade receivables	5,262	4,682	4,961	4,260	301	422
Cash and cash equivalents	7,067	5,944	6,722	5,597	345	347
Marketable debt securities and similar investments	1,808	1,145	1,764	1,092	44	53
thereof current	1,751	1,124	1,751	1,092	–	32
thereof non-current	57	21	13	–	44	21
Other financial assets	1,501	1,505	607	702	894	803
Other assets	3,769	3,175	2,887	2,637	882	537
Total	71,212	63,969	41,397	38,424	29,815	25,545
Equity and liabilities						
Equity	22,224	20,606	19,761	18,388	2,462	2,218
Provisions	6,515	6,096	6,361	5,954	155	142
Financing liabilities	25,727	20,839	-204	-1,422	25,931	22,262
thereof current	8,602	7,511	-6,311	-4,856	14,913	12,367
thereof non-current	17,125	13,328	6,107	3,433	11,017	9,895
Trade payables	5,059	5,317	4,964	5,267	95	50
Other financial liabilities	4,684	4,826	3,900	4,288	783	538
Contract and refund liabilities	4,275	3,811	4,275	3,811	–	–
Other liabilities	2,728	2,474	2,339	2,139	389	335
Total	71,212	63,969	41,397	38,424	29,815	25,545

B.22

Balance sheet structure Daimler Truck Group

In billions of euros

2022
2023



Intangible assets of €2.9 billion (December 31, 2022: €2.8 billion) included €0.7 billion of goodwill (December 31, 2022: €0.7 billion), €0.9 billion of capitalized development costs (December 31, 2022: €0.8 billion), €1.3 billion (December 31, 2022: €1.3 billion) of concessions, industrial property rights and similar rights (thereof €0.9 billion for the right to use the brand Mercedes-Benz for an indefinite period of time). The development costs capitalized in the year under review amount to €209 million (December 31, 2022: €167 million) and correspond to 10.6% (2022: 9.4%) of the Group's total research and development expenditure.

Property, plant and equipment (including right-of-use assets) of €8.0 billion were similar to the prior year (December 31, 2022: €8.0 billion). Investments in property, plant and equipment increased from €898 million to €1,026 million. In our production and assembly sites, investments were made primarily in preparation for production of zero-emission vehicles in order to support the transformation to electric vehicles. Other key areas were investments in plant optimization and ongoing development of the existing product portfolio as well as the expansion of our sales and spare parts centers. Investments in property, plant and equipment at the sites in Germany amounted to €439 million (2022: €294 million).

Equipment on operating leases and receivables from financial services increased in total to €30.7 billion (December 31, 2022: €26.9 billion); adjusted for currency translation, there was an increase of €4.2 billion. This is mainly due to new business. The share of total assets accounted for by the leasing and sales financing business was 43.2% and similar to the prior year (December 31, 2022: 42.0%).

Equity-method investments of €1.1 billion were similar to the prior year (December 31, 2022: €1.1 billion).

Inventories increased from €8.8 billion to €9.2 billion; the share of total assets is below that of the prior year at 12.9% (2022: 13.8%). An increase in inventory values was due, among other things, to a generally higher cost base in inventories and a slightly higher level of finished goods. A positive development in global supply chains led to a lower level of work in progress.

Trade receivables of €5.3 billion were above the figure for the prior year (December 31, 2022: €4.7 billion). The increase was primarily due to the development of unit sales.

Cash and cash equivalents increased to €7.1 billion (December 31, 2022: €5.9 billion). The increase resulted primarily from the bond issuances in the USA, Netherlands and in Canada as well as from the cash flows from operating activities.

The **marketable debt securities and similar investments** with a carrying amount of €1.8 billion were significantly higher compared to the prior year (December 31, 2022: €1.1 billion). The increase is primarily attributable to the increase in money market funds, measured at fair value through profit or loss.

Other assets of €3.8 billion primarily comprise deferred taxes and tax refund claims (December 31, 2022: €3.2 billion). Among other things, the change is due to higher refund claims in connection with sales tax as well as due to an increase in the deferred tax assets.

The Group's **equity** increased compared to December 31, 2022 from €20.6 billion to €22.2 billion. The largest impact resulted from the Group's net profit of €4.0 billion; this was partly offset by negative effects coming mainly from dividend payments to the shareholders of Daimler Truck Holding AG of €1.1 billion, the purchase of 17,668,525 shares for €0.6 billion as part of the share buyback program, and from currency translation of €0.5 billion. Equity attributable to the shareholders of Daimler Truck Holding AG increased accordingly to €21.6 billion (December 31, 2022: €20.1 billion).

Against the backdrop of the robust liquidity position, the Board of Management and Supervisory Board of Daimler Truck Holding AG decided on July 10, 2023 to implement a share buyback program. On this basis, own shares worth up to €2 billion (excluding incidental acquisition costs) will be acquired on the stock exchange over a period of up to 24 months commencing from August 2, 2023.

While total assets increased by 11.3%, equity increased by 7.9% compared to the prior year. The lower increase in equity is mainly due to the fact that there was no dividend distribution to the shareholders of Daimler Truck Holding AG in the prior year. The Group's **equity** ratio was similar to the prior year at 31.2% (December 31, 2022: 32.2%); the equity ratio for the Industrial Business was 47.7% (December 31, 2022: 47.9%).

Provisions of €6.5 billion are higher year-on-year (December 31, 2022: €6.1 billion); at 9.1%, their share of the balance sheet total is similar to the prior year (December 31, 2022: 9.5%). Provisions for pensions and similar obligations of €1.2 billion were similar to the prior year (December 31, 2022: €1.1 billion). The slight increase in the present value of pension obligations to €6.3 billion (December 31, 2022: €5.9 billion) was offset by the fair value of plan assets to fund these obligations of €5.7 billion (December 31, 2022: €5.4 billion).

Provisions also relate to obligations for product warranties of €2.2 billion (December 31, 2022: €2.0 billion), for personnel and social costs of €1.8 billion (December 31, 2022: €1.6 billion) for liability and litigation risks and regulatory proceedings of €0.9 billion (December 31, 2022: €1.0 billion), and other provisions of €0.4 billion (December 31, 2022: €0.4 billion).

Financing liabilities increased to €25.7 billion (December 31, 2022: €20.8 billion). The increase was mainly due to borrowing on the international money and capital markets and due to issuing asset-backed-securities.

Of the financing liabilities, 55.2% relate to bonds, 28.3% to liabilities to banks, 7.7% to liabilities from ABS transactions, 4.5% to liabilities from lease agreements and 3.1% to loans and other financing liabilities.

Trade payables of €5.1 billion were similar to the prior year (December 31, 2022: €5.3 billion). The decrease in trade payables is due to a lower purchasing volume at the year-end.

Further information on the recognized assets, equity and liabilities of the Group can be found in the Consolidated Statement of Financial Position ↗ **D.03**, the Consolidated Statement of Changes in Equity ↗ **D.05** and the relevant Notes to the Consolidated Financial Statements.

Overall assessment of the economic situation

The past financial year was characterized by relatively stable conditions. The real economic effect from the Russia-Ukraine war has weakened compared to the prior year. The situation regarding energy prices and inflation developments improved over the course of the year. An escalation of geopolitical risks in the Middle East did not have any significant real economic impact in the year under review.

An overall positive market environment, supported by catch-up effects, contributed to stable sales and improved net pricing for Daimler Truck. Supply chains that were largely stabilized over the course of the year made it possible to largely meet the overall strong customer demand, although local and sectoral bottlenecks in the supply chains continued.

Daimler Truck completed the 2023 financial year very successfully. The outlook for 2023 was raised over the course of the year and confirmed with record values for Daimler Truck, among other things, at Group level for revenue and EBIT as well as for free cash flow of the Industrial Business. The adjusted return on sales of the Industrial Business reached a historical record level for Daimler Truck of 9.9% and was increased in all vehicle segments compared to the prior year.

A comparison of the key figures of the outlook provided with the actual development in the 2023 financial year as well as the outlook for the 2024 financial year is shown in table ↗ **B.75** of chapter Outlook.

Daimler Truck Holding AG

(Annual financial statements in accordance with the German Commercial Code (Handelsgesetzbuch or HGB))

In addition to the reporting on the Daimler Truck Group, the financial results of Daimler Truck Holding AG are reported here.

Daimler Truck Holding AG is the parent company of the Daimler Truck Group and has its headquarters in Stuttgart (Germany).

Daimler Truck Holding AG is structured as a management company in which the Board of Management is located and provides management services to the Group. The Company has no employees of its own below the level of the Board of Management – apart from a few employees with dual employment contracts. The financing of the Daimler Truck Group is secured centrally by Daimler Truck AG and the other companies of the Group, where appropriate, in conjunction with guarantees provided by Daimler Truck Holding AG. Due to its position as the listed parent company of the Daimler Truck Group, Daimler Truck Holding AG is responsible for a wide range of tasks, particularly with regard to the external presentation of the Daimler Truck Group. These tasks include, in particular, external financial reporting and the fulfillment of other statutory disclosure requirements and tax requirements arising from the tax group. The Group-wide central functions are carried out at the level of Daimler Truck AG – which provides services to Daimler Truck Holding AG.

The Consolidated Financial Statements follow the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU). This results in some accounting differences with regard to recognition and measurement. These primarily relate to management remuneration and the measurement of equity interests, receivables and liabilities, measurement of provisions, financial instruments and deferred taxes.

The annual financial statements of Daimler Truck Holding AG are prepared in accordance with accounting regulations under commercial law and the supplementary provisions under stock corporation law.

Unless otherwise stated, the annual financial statements are presented in millions of euros (€) and compared with the values as of December 31, 2022.

The Statement of Income is prepared in accordance with the internationally prevailing cost of sales method. The comparative period for the Statement of Income is the prior financial year.

For Daimler Truck Holding AG as a management company, net profit represents the most significant performance indicator. Net profit is considered to be at the prior year's level if it is within a range of minus 5.0% to +5.0%. If there is a change in a range between below minus 5.0% and minus 15.0% or between above +5.0% and +15.0%, we refer to a slight decrease or a slight increase compared with the prior year. If the change is more than +15.0% or less than minus 15.0% compared with the prior year, we classify this as a significant increase or a significant decrease.

Profitability

The **profitability** of Daimler Truck Holding AG in the financial year was mainly influenced by the profit transfer arising from the control and profit and loss transfer agreement with Daimler Truck AG, which totaled €5,511 million (2022: €1,393 million).

General administrative expenses amounted to €73 million (2022: €55 million). This mainly included personnel expenses of €28 million (2022: €23 million), other non-production-related external services amounting to €18 million (2022: €13 million) and other indemnity insurance of €8 million (2022: €8 million). The increase over the prior year was mainly due to higher costs for external services and higher personnel expenses.

Other operating income fell by €6 million to €17 million (2022: €23 million). This mainly arose from the invoicing of management services provided to Daimler Truck AG of €13 million. The main reason for the decrease compared to the prior year was the reduction in costs passed on.

Net Interest income increased by €44 million to €45 million. Compared to previous year, the increase is mainly due to higher interest income from interest on the cash pool balance.

Income taxes amounted to €238 million (2022: €0 million) and resulted entirely from the significant increase in taxable operating income within the tax group.

The **net profit** of Daimler Truck Holding AG amounted to €5,262 million (2022: €1,362 million) and was therefore according to our expectations (as stated in the prior year's outlook report) of a significant increase in net profit. For the 2023 financial year, the Company reported a distributable profit of €5,554 million (2022: €1,362 million). A proposal will be made to the Annual General Meeting to distribute €1,530 million (€1.90 per no-par-value share entitled to dividend) to the shareholders from the 2023 distributable profit of Daimler Truck Holding AG and – of the remaining distributable profit - to allocate €3,300 million to retained earnings and to carry forward €724 million.

The distribution amount stated takes into account the 805,283,357 no-par value shares entitled to dividends existing on December 31, 2023. At this time, the Company held 17,668,525 treasury shares, from which it has no rights pursuant to Section 71b German Stock Corporation Act (AktG). As the number of shares entitled to dividends will change by the date of the Annual General Meeting due to the ongoing share buyback program, a resolution proposal that is amended accordingly will be put to the vote at the Annual General Meeting. This resolution proposal will still provide for a dividend of €1.90 per no-par value share entitled to dividends. The amount of the total dividend payout will be reduced according to the changed number of no-par value shares entitled to dividends. The amount of the profit carried forward will be increased accordingly. The amount to be allocated to retained earnings will remain unchanged.

The **economic position** of Daimler Truck Holding AG in its function as a management company primarily depends on the development of its subsidiaries. Daimler Truck Holding AG participates in the operating results of the subsidiaries through the profit transfer of Daimler Truck AG. This means that the economic situation of Daimler Truck Holding AG corresponds to that of the Group as a whole, which is illustrated in the chapter Profitability, Liquidity and Capital Resources, and Financial Position of the combined management report.

B.23

Condensed Statement of Income of Daimler Truck Holding AG

In millions of euros	2023	2022
General administrative expenses	-73	-55
Other operating income	17	23
Operating loss	-56	-32
Profits received due to a profit transfer agreement	5,511	1,393
Interest income/expense, net	45	1
Income taxes	-238	0
Net profit	5,262	1,362
Profit carried forward	292	0
Distributable profit	5,554	1,362

Liquidity and Capital Resources and Financial Position

At €21,670 million, **total assets** were €3,805 million above the prior year's level.

Non-current assets remained unchanged from the prior year at €15,100 million and consisted exclusively of the 100% equity interest in Daimler Truck AG shown under financial assets.

Receivables and other assets rose by €3,805 million year-on-year to €6,570 million and mainly included receivables from affiliated companies of €6,416 million. In the amount of €5,511 million, these largely resulted from the control and profit and loss transfer agreement with Daimler Truck AG and in the amount of €873 million from receivables from intra-group clearing transactions within the scope of central financial and liquidity management. Due to the cash management structure, the operating bank account of Daimler Truck Holding AG is balanced daily.

Cash flow from operating activities amounted to minus €78 million in the 2023 financial year (2022: minus €20 million). Compared to previous year, the reduction in operating profit had a negative impact on cash flow from operating activities.

Cash flows from investing activities in the 2023 financial year came to €1,393 million (2022: €1,218 million) and resulted from the profit transfer of Daimler Truck AG.

Cash flow from financing activities of minus €1,315 million (2022: minus €1,198 million) in the 2023 financial year resulted mainly from the change in receivables and liabilities of intra-group clearing transactions within the scope of central financial and liquidity management.

The **equity** of Daimler Truck Holding AG rose by €3,634 million to €21,302 million in the reporting year. Equity increased mainly due to the distributable profit of the 2023 financial year of €5,554 million and decreased due to the dividend payment to the shareholders of the Daimler Truck Holding AG in the amount of €1,070 million (2022: €0 million) and the acquisition of treasury shares as part of the share buyback program. As of December 31, 2023 Daimler Truck Holding AG held treasury shares in the amount of €18 million (2022: €0 million).

Provisions rose by €109 million to €124 million and resulted primarily from tax provisions, personnel provisions, other legal obligations and the obligation to prepare and audit the annual financial statements.

Liabilities rose by €62 million to €244 million and mainly included liabilities from the fiscal entity for VAT purposes (€218 million).

B.24
Condensed Balance sheet structure of Daimler Truck Holding AG

	December 31, 2023	December 31, 2022
In millions of euros		
Assets		
Financial assets	15,100	15,100
Non-current assets	15,100	15,100
Receivables and other assets	6,570	2,765
Current assets	6,570	2,765
	21,670	17,865
Equity and liabilities		
Share capital	823	823
Treasury shares	-18	0
Capital reserve	14,277	14,277
Retained earnings	666	1,206
Distributable profit	5,554	1,362
Equity	21,302	17,668
Tax provisions	98	0
Other provisions	26	15
Provisions	124	15
Liabilities to subsidiaries	221	164
Other liabilities	23	18
Liabilities	244	182
	21,670	17,865

Risks and Opportunities

The business development of Daimler Truck Holding AG as a management company depends primarily on the development of its direct and indirect subsidiaries worldwide and is therefore subject to substantially the same risks and opportunities as those of the Daimler Truck Group through the earnings. Daimler Truck Holding AG generally participates in the risks of the associated companies and subsidiaries of the Daimler Truck Group in proportion to its respective ownership interest. The risks and opportunities are presented in the chapter Risk and Opportunity Report of the combined management report. In addition, relationships with our subsidiaries and associated companies may result in charges arising from legal or contractual contingent liabilities (in particular financing) as well as impairments of the shares in Daimler Truck AG. Based on the criteria set out in the chapter Risk and Opportunity Report of the combined management report, the extent and probability of occurrence of the opportunities are considered to have decreased compared to previous year. The overall risks of the Daimler Truck Group are considered to be on the same level as previous year.

Subsequent Liability

Pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (Umwandlungsgesetz or UmwG), Daimler Truck Holding AG is jointly and severally liable with Mercedes-Benz Group AG for the fulfillment of liabilities remaining with Mercedes-Benz Group AG, which were incurred prior to the spin-off and hive-down on December 9, 2021 taking effect, if they fall due within five years of the announcement of the registration of the spin-off and hive-down in the commercial register of Mercedes-Benz Group AG and claims against Daimler Truck Holding AG are determined as a result thereof by a court or in another manner described in Section 133 of the German Transformation Act (UmwG), or a judicial or official enforcement action is taken or applied for.

The aforementioned period is ten years for pension obligations based on the German Company Pensions Act (Betriebsrentengesetz) established prior to the effective date of the spinoff and hive-down. Daimler Truck Holding AG does not expect any outflow of liquidity in this respect due to the sufficiently available special-purpose assets of the other legal entities.

The provisions in this context, in particular the procedure for regulating internal compensation between the participating legal entities, can be found in the Group separation agreement, which is an annex to the spin-off and hive-down agreement of August 6, 2021. The spin-off and hive-down became effective on December 9, 2021 by entry in the commercial register.

On the basis of the current assessment, an actual outflow of liquidity from Daimler Truck Holding AG is considered unlikely.

Outlook

The profitability, liquidity and capital resources, and financial position of Daimler Truck Holding AG are determined by the business development and success of its direct and indirect operating subsidiaries, in whose development it participates directly and indirectly through profit and loss transfer agreements and dividend distributions.

For 2024, we expect the net profit of Daimler Truck Holding AG to be significantly below the level of the 2023 financial year. In particular, we anticipate a significantly lower profit transfer from Daimler Truck AG.

Furthermore, due to the interconnectedness of Daimler Truck Holding AG with the Group companies, we refer to our statements in the chapter Outlook of the combined management report, which in particular also reflect the expectations for the parent company.

Sustainability at Daimler Truck

Governance

Environment

Social

▼▲ This content is part of the Non-Financial Statement of the Group and subject to a separate audit with limited assurance.

Governance

We underline our responsibility towards the environment and society with a strong, forward-looking corporate governance.

Responsible corporate governance

GRI 2-12/-13/-14/-18/-19 **SDG 8, 16**

As a leading global manufacturer of commercial vehicles, our goal is to develop and bring sustainable, and therefore future-proof transport solutions for the transport of goods and people to the road. We take the associated responsibility for our employees, the environment and society very seriously. We view sustainability holistically and as an integral part of our core business. We also use the United Nations' 17 Sustainable Development Goals (SDGs) as a guide. With their help, we are working out the details of our own commitment to sustainable development and to respecting human rights.

The framework that guides our responsible actions is called "ESG" (Environment, Social, Governance). Accordingly, we focus our sustainability activities on the three topic areas of corporate governance, environment and social issues.

Governance

Our aim is to be a company that business partners want to work with in the long term and where employees like to work. In brief: a company to trust. Our actions are based on responsibility. We want to adhere to corporate governance rules and integrate sustainability into our short and long-term decisions. In addition, we encourage open dialog with our stakeholders and support environmental and social initiatives. We manage compliance and ESG risks with proven systems – backed up by our internal audits. We also ensure transparent sustainability reporting to the capital market. On this basis, we set our goals and manage their achievement with corresponding key performance indicators.

A focus area in the reporting year was the preparation for the new EU legislation on sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). In addition to incentives for the financial performance of the Board of Management and senior managers in the short- and long-term variable remuneration, our compensation system also includes non-financial performance criteria with regard to sustainability. The sustainability goals contribute to ensuring the sustainable corporate success and role model function of Daimler Truck and provide information about whether and to what extent Daimler Truck implements and plans sustainable strategies on an ecological, social and entrepreneurial level and what progress Daimler Truck has already achieved in this regard.

Further information on the remuneration of the Supervisory Board and the Board of Management can be found on www.daimlertruck.com/en/company/corporate-governance/supervisory-board/remuneration-of-the-supervisory-board and www.daimlertruck.com/en/company/corporate-governance/board-of-management/remuneration-of-the-board-of-management.

Environment

As an organization with responsible corporate governance, we are dedicated to protecting the environment and the climate. We are committed to the goals of the Paris Agreement and are paving the way towards CO_{2e}-neutral transportation. From 2039, we plan to offer only vehicles that are locally CO_{2e}-free in driving operation in Europe, Japan and the USA. We now offer ten battery electric models in series production that are used by customers worldwide.

The supply chain also forms part of our sustainability efforts. We expect our suppliers to act in accordance with the legal requirements for environmental protection. We also require our direct suppliers to comply with our Company's sustainability standards.

We also want to contribute to the goal of making the transport of goods and people CO_{2e}-neutral by constantly improving our production. We want to make production CO_{2e}-neutral on balance worldwide by 2039. We have already reached one milestone: our European production plants are CO_{2e}-neutral on balance. Our production sites in India, Japan and the USA are also expected to be CO_{2e}-neutral on balance by 2025.

Social

There are three areas at the heart of our social responsibility: our employees, respecting and protecting human rights, as well as road user safety. We employ more than 100,000 people worldwide. They are our most important asset and we aim to take a variety of measures to ensure that they feel comfortable in the workplace, that they can develop their potential, maintain their health and that their human rights are respected.

We also want to take social responsibility for our supply chain. Our goal is that our suppliers also respect social standards and support our sustainability work with regard to human rights. For example, we require our direct suppliers worldwide to comply with human rights standards, and to communicate these standards to their direct suppliers and ensure compliance within their sphere of influence.

The safety of our products is part of our DNA and one of our most important obligations – not just toward our customers, but toward all road users. We aim to prevent road traffic accidents. That is why we are continuously enhancing our safety and assistance systems and advancing autonomous driving. Our aim is to develop our products in accordance with the highest safety standards, which we regularly verify through internal quality controls and external certifications. ▲

▾ Sustainability management at Daimler Truck

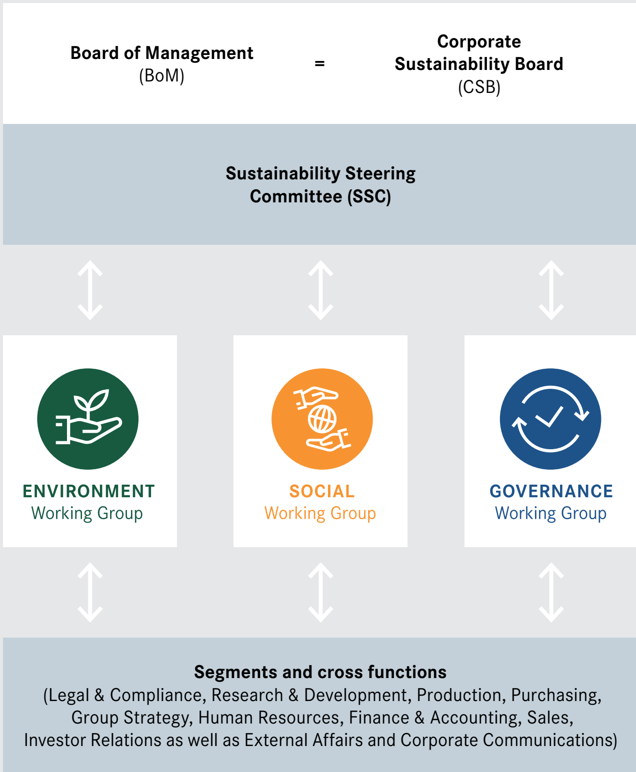
GRI 2-12/-13/-14

The Board of Management meets on a regular basis as the Corporate Sustainability Board (CSB) to discuss sustainability issues of importance to the Company. Within the Board of Management, Chairman Martin Daum is responsible for the topic of sustainability in accordance with the rules of procedure. At regular intervals, the Supervisory Board is informed by the Board of Management about the strategy of the Daimler Truck Group and its individual segments, which, in addition to long-term economic goals takes into account ecological and social objectives. Two members of the Supervisory Board's Audit Committee also have expertise in the area of sustainability reporting and its auditing. Further information can be found in the chapter Declaration on Corporate Governance and in the sections Overall requirements profiles for the composition of the Board of Management and the Supervisory Board and Qualification matrix for the Supervisory Board. The management and organizational structures are intended to strategically support our sustainability goals. The Sustainability Steering Committee (SSC) and various E, S and G working groups are responsible for this.

Within the legal and compliance organization, the sustainability management department deals with the relevant Group-wide control issues. In addition to sustainability reporting, it is also responsible for the further development of the sustainable business strategy, human rights compliance and stakeholder management. This function reports to the Chairman of the Board of Management via the Company's Chief Legal and Compliance Officer.

B.25

Governance structure



The central management and decision-making body for all sustainability topics (Corporate Sustainability Board – CSB) is part of the Board levels of Daimler Truck Holding AG and Daimler Truck AG. Under the leadership of the Chairman of the Board of Management, the Corporate Sustainability Board meets at least twice a year.

The Sustainability Steering Committee (SSC) is composed of senior management level representatives of the segments and representatives of various functional units. The SSC, under the direction of the Chief Legal & Compliance Officer, advises – as required – on the course of action at least once a quarter and assesses the sustainability performance reported by the working groups.

The processing of the focus topics from the sustainable business strategy is organized and structured by the respective responsible departments in working groups. Progress made and any important decisions are reported to the SSC and the CSB or submitted to them for a decision.

▲

Principles and policies

GRI 2-23

We have anchored our values and principles in our overarching Daimler Truck Code of Conduct, our policy statement on social responsibility and human rights, as well as in other topic-specific policies.

By policies we mean framework-setting, internal regulations of the Daimler Truck Group, which directly binds all employees and members of managing bodies as defined in the scope of application. A central team is responsible for the global policy management and the associated processes, which are regulated within the policy on policy management. To ensure the transparency and efficiency of the policies, all employees have access to all Daimler Truck policies at any time via the central policy platform.

Risk and opportunity management

Risk and opportunity management is an integral part of the Group-wide planning, management and reporting process. It is intended to support the achievement of the Company's goals in a sustainable manner and to raise awareness of associated risks within the Company. The ESG-related risks and opportunities that are linked to our own business activities, products, and services and that could very probably have serious negative impacts on the non-financial aspects with regard to the CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG) can be found in the overall assessment of the risk and opportunity situation in the risk and opportunity report of the combined management report. There was no occurrence of serious non-financial risks in the reporting year. Detailed information can be found in the chapter Risk and Opportunity Report.

Materiality analysis

GRI 2-14, 3-1/-2

As the basis of our sustainability reporting and to help shape our sustainable business strategy, we conducted a materiality analysis in the summer of 2022 which is also valid for the 2023 reporting year. Based on the corporate strategy, regulatory developments and current industry trends, we identified our material topics and prioritized them. For a holistic view, we analyzed both the business relevance of sustainability issues and their impact on our environment and the people around us. These two perspectives were explored through the involvement of various stakeholders. We examined the positive and negative impact of our business activities with a comprehensive competitor analysis, an SDG impact assessment and expert interviews. We then looked at the impact of sustainability issues on our business performance and results through an online survey of both our employees and our truck fleet customers and analyzed the relevant ESG rating requirements.

The results of the analysis, including recommendations for action, were presented to the Sustainability Steering Committee (SSC) and the Corporate Sustainability Board (CSB). The results of the materiality analysis confirm the focal topics for our sustainable business strategy. Eight areas of action were identified as material. From an external and internal perspective, the focus is on the ecological aspects of our business – above all, on combating climate change, resource efficiency and preventing pollution. The social requirements of respect and protection for human rights as well as occupational health and safety were also highly rated, especially by our employees. These topics constitute the most relevant themes for us on which we want to increasingly focus our sustainability management and reporting in the future. The topics of green supply chain, compliance and traffic safety will also be important.

B.26
Materiality Analysis

* SDG: Sustainable Development Goals

▼ As part of the preparations for the new EU legislation on sustainability reporting, which will apply to us from the reporting year 2024, the double materiality analysis was carried out in accordance with the new legal requirements. The results will form the basis for the next report and the materiality assessment should be completed by the end of the first quarter of this year 2024. ▲

Compliance

GRI 2-18/-19/-22, 3-3, 205-1/-3, 206-1

We are convinced that only those who act in a responsible manner will remain successful in the long-term. Compliance, underpinned with rules and a corresponding compliance culture are therefore very important to us.

Compliance and responsible corporate governance are central to our understanding of sustainable business. Therefore, we operate an established Compliance Management System (CMS), which comprises programs and processes to comply with legal requirements and to prevent misconduct. We inform and raise awareness among our employees on compliance topics through numerous training measures and communication campaigns.

Compliance Management System

With our CMS we want to ensure compliance with laws and guidelines within the Company and promote compliant behavior. The measures needed for this are defined by our compliance and legal organizations in a process that also takes the Company's business requirements and specific risk situation into account. The CMS is based on national and international standards and is used worldwide. It consists of seven elements that are complementary and are explained in more detail below.

B.27
The Daimler Truck Compliance Management System

1. Corporate culture and compliance values
Our goal is for all employees to know and comply with the Group-wide Daimler Truck Code of Conduct, to behave responsibly, with integrity and in accordance with the rules. Our Code of Conduct serves us as a general standard of values: It sets the guidelines for our actions and helps us to make the right decisions. The guidelines apply to all employees of Daimler Truck Holding AG and Daimler Truck AG as well as to the controlled Daimler Truck Group companies, are available in twelve languages and are available at any time for all employees via the central guidelines platform. The Code of Conduct was published after revision in February 2023. It is based on the Daimler Truck Purpose Principles. With these we have defined four key principles that drive us in our daily work:

- We start with listening.
- We build to solve.
- We lead with the long view.
- We progress together.

2. Compliance objectives
The Chief Legal and Compliance Officer and the Compliance Board are responsible for setting the objectives of the compliance program in line with our compliance strategy. The compliance strategy is derived from the corporate objectives as well as applicable laws, regulations, voluntary commitments, and the Daimler Truck Purpose Principles.

For the individual compliance fields, this means minimizing risks related to corruption, antitrust law, export control, money laundering and violations of sanctions and terrorist lists, data protection, product conformity, human rights as well as ensuring compliance with tax and customs-related obligations and duties under personnel law.

3. Compliance organization
GRI 2-16/-25

Our compliance organization is organized regionally and in line with our functions (Center of Competences). In this way, it can provide effective support – for example, through guidelines and recommendations. Functional or regional contacts are available for this purpose. Therefore, a global network of local contacts ensures that our compliance standards are upheld. The network supports the management of the Group companies in implementing our compliance program locally. In addition, the Compliance Board manages overarching issues and monitors whether our measures are effective. The Board has the task of responding at an early stage to changes in business models and in the business environment, picking up on regulatory developments and continuously developing the CMS. The Compliance Board is composed of representatives of the Compliance and Legal departments, meets regularly and is chaired by the Chief Legal and Compliance Officer.

▾ The Chief Legal and Compliance Officer in turn reports directly to the Chairman of the Board of Management and reports regularly to the Board of Management of Daimler Truck Holding AG and Daimler Truck AG, to the Group Risk Management Committee and to the Audit Committee of the Supervisory Board. From the Company's perspective, the compliance network's independence from the segments is assured by the direct reporting line to the Legal and Compliance department and to the Chairman of the Board of Management.

4. Compliance risks
We regularly and systematically examine and evaluate all controlled Group companies, majority shareholdings and our own central departments worldwide in order to minimize compliance risks. Centrally available data and, if necessary, local information are accessed. The results of regular compliance risk evaluations form the basis of our risk management. We use them to implement targeted risk-minimizing measures worldwide. This risk management approach serves as a framework for all compliance fields. As part of the 2023 risk management cycle, all existing risk ratings were reviewed at the end of 2022 and adjusted where necessary. Based on these risk classifications, measures were handed over to the affected units to be implemented. New companies were assessed separately and risk ratings and measures were agreed upon. As part of the replacement of the previous risk management approach in the reporting year, all high-risk business units were re-assessed in a first wave and individual packages of risk reduction measures were assigned. Starting from the beginning of 2024 all remaining business units shall be introduced to this new approach.

5. Compliance program
Our compliance program comprises elements such as the central whistleblowing system SpeakUp, business partner due diligence processes, compliance contractual clauses and other measures tailored to the respective compliance field in order to minimize risks and counteract violations of laws and rules. The individual measures are derived from the findings of our systematic compliance risk analysis. Areas of focus include, among other things: continuous awareness of compliance and adherence to relevant processes, consistent follow-up of reports of misconduct, and the formulation of clear requirements for the conduct of our business partners.

The key compliance program elements are explained in more detail below.

Reporting of rule violations via the whistleblowing system SpeakUp

GRI 2-25/-26/-27, 3-3, 207-2/-3

In the 2023 reporting year, the central whistleblowing system was renamed from Business Practices Office (BPO) to SpeakUp @ Daimler Truck – our whistleblowing system. The SpeakUp whistleblowing system enables our employees worldwide, as well as business partners and third parties, to report violations. Reports to SpeakUp draw our attention to possible risks for the Group, employees and third parties and help prevent damage.

As part of the renaming of the whistleblowing system, the platform SpeakUp was introduced in the 2023 reporting year and improvements were made to the reporting of potential violations. The integrated SpeakUp platform enables all employees and third parties worldwide to report potential misconduct to the whistleblowing system in writing via a protected website or by voice message via a free telephone number. In both cases, the language of the report can be freely selected, with the new platform offering a more extensive language selection and making contact possible at any time. Information can also still be sent to the whistleblowing system SpeakUp by email or post. In Germany, an external, neutral intermediary is available to whistleblowers as an additional contact point. In all cases, a report can also be submitted anonymously.

A globally valid Group policy regulates the procedure of the SpeakUp whistleblowing system and the corresponding responsibilities. Its aim is to ensure a fair and transparent procedure that takes into account both the principle of proportionality for the person affected and the protection of the whistleblower. The policy also serves as a benchmark with which we assess violations and decide on the consequences. If, after an initial risk-based assessment, a tip-off related to Daimler Truck's own business area is classified as a violation with a low risk for the company, its employees or other people, the whistleblowing system SpeakUp passes the case to the responsible department, for example human resources, corporate security or the compliance department. The department follows up on the tip-off and processes the report independently. Violations with a low risk for the company include, for example, theft, fraud or undue assets offenses with a value of less than €100,000 - provided they do not relate to corruption.

If the whistleblowing system SpeakUp classifies a tip-off related to Daimler Truck's own business area as a major risk violation after an initial risk-based assessment, it assigns the case to an investigating unit. SpeakUp tracks the case until it has been closed. Violations with major risks include, for example, corruption, antitrust and money laundering offenses as well as violations of technical specifications or violations of environmental regulations. Cases of sexual harassment, discrimination or racism as well as other human rights violations are also major risk violations. In order to continually increase trust in our whistleblowing system SpeakUp and to further raise awareness, especially among our employees, various communication measures are used.

Potential violations of our Business Partner Standards, in particular human rights violations and violations of environmental protection regulations by our direct and indirect suppliers, can also be reported to the whistleblowing system SpeakUp. Reports received through the system are forwarded to the responsible department for the internal complaint procedure.

In the 2023 reporting year 24 new major-risk cases were opened via the whistleblowing system SpeakUp. Out of the newly opened cases, ten cases fell into the category "severe cases of sexual harassment, discrimination and racism", two cases fell into the category "reputational damage" and one case fell into the category "fraud (over € 100,000)". Another eight cases fell into the category "damage (over € 100,000)", one case into the category "undue enrichment (over € 100,000)", one case into the category "severe violations of the integrity of the whistleblowing system" and one case into the category "other major risks". ▴

▾ In the 2023 reporting year, a total of 20 cases were closed as "with merit/partially with merit". In these 20 cases, a concrete initial suspicion was confirmed. Of these, six cases belonged to the category "damage (over €100,000)", four cases belonged to the category "reputational damage", six cases to the category "severe cases of sexual harassment, discrimination and racism", one case to the category "fraud (over €100,000)", one case to the category "theft (over €100,000), one case to the category "undue enrichment (over €100,000) and one case to the category "other major risks". Here, the company decides on appropriate measures, taking into account proportionality and fairness. The personnel measures in the reporting year 2023 included extraordinary terminations, final warnings, written and verbal warnings, voluntary resignations as well as a relocation and a termination agreement.

Further information and contact details can be found on www.daimlertruck.com/en/company/compliance/whistleblowing-system-speakup.

Collaboration with sales partners and suppliers

GRI 2-23

For us, a shared understanding of values forms the basis for successful collaboration with our partners. Our Business Partner Standards, which outline in detail our expectations of partners were revised in the reporting year. We provide the standards to all our business partners, including our suppliers. The Business Partner Standards can be found on www.daimlertruck.com/en/company/compliance/compliance-of-our-business-partners. In these, we summarize all of our requirements for our business partners for sustainable business and formulate our expectations with regard to working conditions, the respect and protection of human rights, the environment as well as compliance. For our suppliers, further requirements are contained in our contractual conditions on social responsibility and environmental protection as well as the compliance contractual clauses. We also provide our business partners with a specifically developed compliance awareness module. The module raises awareness of current requirements and offers our suppliers and sales partners assistance in dealing with possible compliance risks. Further information about the module can also be found on www.dt-compliance-awareness-module.com/en/.

We check direct business partners, especially sales partners and suppliers, as part of risk-based due diligence processes. In the reporting year, we checked new direct sales partners for compliance risks. Using a permanent monitoring process, we also examine all existing sales partners with the aim of identifying possible behavioral violations. Existing direct suppliers are regularly checked for risks - in particular human rights risks - in order to identify them and address them in a follow-up process. A risk-based due diligence check is also carried out for new suppliers before they are commissioned, which particularly takes human rights issues into account.

Further information can be found on supplier.daimlertruck.com/portal/en and in the chapters Green supply chain and Human Rights.

M&A Compliance program

We also carry out compliance risk assessments for M&A projects. The objective of those risk assessments is to detect all corruption-relevant circumstances as well as to determine all issues relating to the transaction partner's reputation and integrity that affect or undermine the transaction. In addition, the relevant sanction lists and the requirements for combating money laundering and terrorist financing are also considered in each transaction. If required, technical compliance and human rights compliance aspects, as well as data and IT compliance issues, are also included in the compliance risk assessment of an M&A transaction. In case of relevant findings, the necessary compliance measures are defined.

In general, our standard compliance clauses for M&A contracts include aspects of good and sustainable corporate governance, compliance with laws and respect for human rights. ▴

▾ 6. Internal information, communication and training measures

We offer a comprehensive range of training courses on compliance topics. Training needs are determined on a regular basis, adapted to the latest findings and content is developed further. The contents and topics of the training courses are tailored to the roles and functions of the respective target group. A web-based and target group-oriented training program is available for employees in administrative areas, consisting of a range of mandatory modules. Employees from production and production-related areas can voluntarily take part in the training program. The training modules are assigned when an employee is hired, promoted or transferred to a function that involves an increased risk. The web-based training measures are available worldwide via a Learning Management System.

We are supplementing our web-based training program with face-to-face training, some of which we conducted in virtual form in 2023. We also offer information and qualification measures for supervisory and management functions. As part of an executive onboarding program, we provide information about legal and compliance topics in order to support newly appointed members of the Supervisory Board and of the management of the Group companies in their new roles. This offer was supplemented in July 2023 with a web-based training – Executive Module – Corporate Governance.

B.28

Compliance Training Program

Management and employee training	
Executive Onboarding Program for **CEOs and CFOs** of the Daimler Truck Group	– Onboarding with all **newly appointed CEOs and CFOs (mandatory).**
Web-based **compliance training program**	– Centrally assigned **basic, management, expert and executive modules** (mandatory) for employees in administrative departments of Daimler Truck AG and controlled companies **taking into account the respective role function and risk.** – System-based reporting functions and automatic reminders to **track completion of mandatory trainings.**
Face-to-face / virtual trainings	– The **local Legal and Compliance network** offers additional training in face-to-face and/or virtual formats as required - taking into account the local risk profile of the respective unit and the centrally available webbased training courses. The infrastructure for the documentation of these training sessions is provided centrally.
Compliance awareness for business partners	
Compliance Awareness Module for suppliers and sales business partners	– The **web-based Compliance Awareness Module** is made available online to Daimler Truck **suppliers and sales business partners.** The content refers amongst others to our Daimler Truck Business Partner Standards. – The module explains our **guiding principles** for **integrity** and supports our business partners in dealing with potential integrity and compliance risks.

▴

B.29

Compliance training program - web-based training courses

GRI 205-2

Basic Modules[1]	Number of participants[5]
Antitrust Overview	8,587
Daimler Truck Code of Conduct	41,931
Management Module[2]	
Inclusion in Mind!	1,348
Expert Modules[3]	
Anti-Money Laundering Germany (Trader of Goods)	2,336
Compliance@Marketing and Sales	2,658
Compliance@Procurement	1,455
Insider Law	418
Product Compliance	25,326
Human Rights Compliance	5,274
Executive Module[4]	
Corporate Governance	153

1 This module is automatically assigned to all active employees (full-time and part-time employees) in the administration of Daimler Truck AG and controlled group companies who meet the IT requirements for carrying out training courses in the Daimler Truck Learning Management System.
2 This module is automatically assigned to all managers (full-time and part- time employees, level 4 and higher) of the administration of Daimler Truck AG and controlled group companies that meet the IT requirements for carrying out training courses in the Daimler Truck Learning Management System.
3 These modules are automatically assigned to relevant active employees (full-time and part-time employees) in the administration of Daimler Truck AG and controlled Group companies who meet the IT requirements for carrying out training courses in the Daimler Truck Learning Management System.
4 This module is assigned automatically to all CEOs/CFOs, all level 2 leaders (full-time and part-time employees) of the administration of Daimler Truck AG and controlled Group companies, all heads of business units of the administration of Daimler Truck AG as well as all elected representatives of controlled and non-controlled Group companies that meet the IT requirements for conducting training in the Daimler Truck Learning Management System. For all those who had not completed the executive onboarding program that was available before the web-based module was made available, the training was mandatory.
5 Number of completions stored in the Learning Management System by the deadline of November 12, 2023 (due to an impending system change the Daimler Truck Learning Management System was no longer available to learners from November 13, 2023).

B.30

Compliance training program - face-to-face training courses[1,2,3]

GRI 205-2

Compliance fields	Number of participants
– Anti-Corruption – Anti-Money Laundering – Antitrust – Compliance in General – Data Compliance – Export Control – Sanctions Compliance	
Total	3,528

1 Face-to-face trainings were partly carried out in digital form.
2 Target group: Relevant managers and administration employees worldwide.
3 Number of completions stored in the Learning Management System by the deadline of November 12, 2023 (due to an impending system change the Daimler Truck Learning Management System was no longer available to learners from November 13, 2023).

7. Monitoring and improvements

GRI 2-25

We have established various internal mechanisms to check the existing CMS for appropriateness and effectiveness. This includes the annual employee survey, in which we consistently record a high level of agreement among our employees regarding the following topics:

- Supervisors respond appropriately to behavior that lacks integrity
- Employees in the immediate work environment openly discuss behavior that lacks integrity
- There is trust in our whistleblower system

Furthermore, all CEOs and CFOs of the fully consolidated subsidiaries of the Group, as well as the senior employees of the central divisions, provide confirmation that, for their respective areas of responsibility, they are not aware of any significant weaknesses in the appropriate implementation or effectiveness of the compliance fields relevant for the Daimler Truck Group. Using an annual monitoring process, we review the programs, processes and measures of the CMS and analyze whether they are appropriate and effective. This involves accessing centrally available data and, if necessary, local information. Indications of ineffective implementation of measures are recorded and reported as part of monitoring and corresponding remedial measures are defined. If changing risks or new legal requirements make it necessary, we also adapt our processes and measures in the CMS. Additionally, Corporate Audit reviews compliance aspects in the context of their risk-oriented process checks on a regular basis. Furthermore, the setup of the new risk management and monitoring process within the Legal & Compliance department was audited and reviewed for improvement potential in 2023. The compliance risk and monitoring process at Daimler Truck is carried out for all compliance fields anchored in the Legal & Compliance department. Compliance fields that are in the process of being set up are subject to an adequacy check. Compliance programs and processes along established compliance areas are also examined for their effectiveness. These monitoring results and other possible measures, as well as the review of the compliance strategy, are evaluated and decided on by the Compliance Board once a year.

▾ A corresponding status report on all compliance fields is reported to the Group Risk Management Committee, the Board of Management and the Audit Committee once a year. ▴

For the reporting year, there were no indications that the compliance programs, processes or measures adopted were not appropriate or not effective in the context of the risk situation of the Company.

▾ Compliance management focus areas

Value-based compliance is an indispensable part of our daily business activities. Our intention is to encourage compliant conduct throughout the entire Company around the world by taking specific measures. In the following, we explain how we are pursuing our main objectives, what are the regulations and policies providing us with direction in this regard, and which specific measures we are implementing.

The main objectives of our Group-wide compliance activities are:

- Combating corruption
- Preserving and promoting fair competition
- Ensuring compliance with technical and regulatory requirements for our products
- Respect and protection of human rights
- Adherence to data privacy regulations
- Preventing money laundering and terrorist financing
- Compliance with sanctions and export control law as well as compliance with requirements for the transport of dangerous goods
- Tax and customs compliance
- Ensuring compliant HR work and appropriate labor and social standards (HR Compliance)

Combating corruption
One of the objectives of our compliance measures is to minimize corruption in all business activities. We therefore critically examine our business partners and transactions and deal with authorities and public officials in a particularly sensitive manner.

An important component of our anti-corruption compliance program is the Corruption Perception Index of Transparency International, which is taken into account as a central parameter in risk assessments. We see increased risks of corruption particularly in sales activities in high-risk countries as well as in our business relationships with authorized dealers, general agents and suppliers worldwide. Our standard compliance clause for contracts requires all business partners to have appropriate anti-corruption procedures and measures in place.

Preserving and promoting fair competition
Our Group-wide Antitrust Compliance Program is aligned with national and international standards to ensure fair competition. It comprises a binding, globally valid Daimler Truck Group standard that defines how matters of antitrust law are to be assessed by the Legal and Compliance department and how the work with trade associations has to be carried out.

The Group-wide Daimler Truck standard is based on the standards of the underlying European regulations and takes established legal practice at European antitrust authorities into account, as well as the laws of European courts.

Guidelines are also intended to support our employees across our worldwide operations identify critical antitrust situations and behave in accordance with the regulations. This is particularly important when contacting competitors, working with retailers and general agents, and working on committees in associations. In order to create transparency in our employee dealings with associations spanning the world, we rolled out a standardized, centrally controlled documentation solution in this reporting year.

Ensuring compliance with technical and regulatory requirements for our products
For us, product compliance means compliance with technical and regulatory requirements, standards and laws that are relevant to business activities around the world.

Our objective is to identify risks within the product creation process - i.e., in product development and certification – as well as in product reliability processes at an early stage, including the implementation of preventative measures. In doing so, we take into account the fundamental objectives of relevant laws and regulations as well as internal specifications and processes in development and production as well as after the vehicles have been placed on the market.

The Product Compliance Management System (PCMS) defines principles, structures and processes in order to provide our employees with guidance and security, in particular for challenging situations on interpreting technical regulations. Furthermore, the PCMS also includes minimum standards for handling our products in the field regarding safety, regulatory conformity and emissions issues.

Respect and protection of human rights
GRI 2-23/-24/-25

With our Human Rights Compliance Management System (Human Rights CMS), we rely on a systematic approach to fulfilling human rights due diligence obligations.

The aim is to systematically evaluate all Group companies and majority shareholdings in order to identify human rights risks and, if necessary, to implement preventative and remedial measures. Systematic risk analysis and specific measures tailored for those identified risks serve to fulfill our due diligence obligations in the supply chain. Handling and processing information about potential human rights violations is also an integral part of the Human Rights CMS. The SpeakUp whistleblowing system provides employees and external whistleblowers with various channels to point out suspected human rights violations, report rule violations and demand remedial action.

Further information can be found in the section “Reporting violations of the rules via the whistleblowing system SpeakUp” and in the chapter Human Rights. ▴

▼ Adhering to data privacy regulations

GRI 418-1

For us, data and the systematic evaluation of data are the basis for new business models, innovative technologies and efficient processes. However, data not only opens up business opportunities, but its handling requires special care as comprehensive data protection requirements apply both in Europe and globally.

We adopted a commitment to data responsibility with the aim to define a clear framework on how we handle data based on the three guiding principles of “added value”, “business potential” and “responsible use of data”. Our Global Data and Information Policy lays the foundation for responsible and compliant handling of information and data worldwide. It defines a binding minimum standard for all Group units. The more comprehensive data protection requirements of the EU GDPR are addressed by the EU Data Protection Policy. The Data CMS integrates all these elements as well as local data privacy requirements in a structured approach. The Data CMS supports the Group in systematically planning, implementing, and continuously monitoring measures to ensure compliance with the data protection requirements.

The Chief Data Privacy Officer performs the tasks defined by law to comply with data protection regulations. Her contact details are publicly available. The Chief Data Privacy Officer is available at any time as a contact person for customers with data protection concerns.

For all incidents that concern information security, Daimler Truck has established a central reporting procedure: The Information Security Incident Management process. Employees and contractors are asked to report any potential data protection and information security breaches this way. Isolated data protection incidents were reported to the responsible data protection supervisory authorities in the 2023 financial year.

In the reporting year, there were no cases in which data protection supervisory authorities conducted investigations based on customer complaints or data protection incidents reported by the Company.

Preventing money laundering and financing of terrorism
The purpose of compliance in the prevention of money laundering and terrorist financing is both to prevent the placement of funds from criminal transactions into the legal economic cycle and the prevention of financing of terrorist associations via transactions with Daimler Truck. Therefore, we have implemented global minimum standards, processes and safeguards throughout the Group.

We have appointed a Group Anti-Money Laundering Officer who ensures compliance at Daimler Truck Holding AG and all of its controlled Group companies. This role is responsible for Group-wide standards and processes pursuant to the German Anti-Money Laundering Act.

The Group Anti-Money Laundering Officer is assisted by two Deputy Anti-Money Laundering Officers. One deputy is responsible for ensuring compliance measures for the prevention of money laundering and terrorist financing for the Industrial Business (trade in goods), while the other deputy is responsible for the segment Financial Services.

Compliance with sanctions and export control law as well as compliance with requirements for the transport of dangerous goods
A central Group unit responsible for export control, sanctions, money-laundering prevention and dangerous goods pursues a combined compliance approach with the aim of adhering to all applicable personal sanctions (sanctions compliance) and goods-related sanctions (export control compliance) in the best way possible throughout the Group.

Our minimum standard, regardless of its applicability, are the sanctions lists of the EU, the United Kingdom and the USA (including the US Office of Foreign Assets Control (OFAC) and US Bureau of Industry and Security (BIS)) which are checked through an IT-system in every business transaction. The Group-wide export control is intended to ensure, both through its set of rules applicable worldwide in the Daimler Truck Group and through its IT-supported export control management system in Germany, that applicable national and supranational bans and approval requirements are observed for all exports or shipments of export control-relevant goods initiated by Daimler Truck or controlled Group companies.

Responsible sales
We want to adhere to legal restrictions for deliveries of military commercial vehicles and civilian commercial vehicles for military end use. For business with executive bodies with a state monopoly on the use of force, especially police and security authorities worldwide, we have internal processes that provide for our own critical review covering multiple aspects. In particular, the risk of human rights violations is considered. In individual cases, our evaluation process leads to the refusal of transactions that we cannot reconcile with our claim of sustainable and responsible corporate management. ▲

▾ Tax and customs compliance

GRI 207-1/-2/-3

We strive to comply with tax obligations applicable worldwide. The framework and rules provided by the tax department (e.g. guidelines, procedural instructions, tax measures) serve this objective and are anchored in the tax guidelines. As part of the Group tax strategy, we particularly pursue the following principles, taking into account economic and social impacts and in accordance with the corporate and business strategy:

- Through our actions, we want to ensure that the tax obligations of Group companies are met and integrity standards are maintained through measures, processes, systems, methods and controls.
- We deliver active risk management for the Group and its operational employees through an appropriate Tax Compliance Management System (Tax CMS).
- We pursue legal, active and non-aggressive tax planning based on business reasons (tax follows business).

This means that we, as a company, comply with our responsibility as a taxpayer. We also strive to work cooperatively, transparently, and constructively with tax authorities. In the process, we maintain our legal standpoints and defend our interests wherever we believe such actions are appropriate and legitimate. The Group's tax strategy defines the framework for action, and this strategy is further specified and implemented by means of organizational and content-related policies, provisions, and instructions.

The worldwide responsibility for tax is allocated to our Head of Tax. Significant tax-relevant decisions are made in the Tax Compliance and Tax Risk Committee (TCRC), of which the Chief Financial Officer is a member. The TCRC is also kept informed on an ongoing basis about material tax issues. The tax policies regulate the responsibilities, tasks and duties of the persons entrusted with tax matters at Daimler Truck. In addition, they provide concrete implementation guidelines for meeting relevant legal obligations and enhance our employees' awareness of tax-related issues. In accordance with the Daimler Truck Code of Conduct, intentional violations of external and/or internal tax requirements must be reported and followed up. The same applies to the failure to correct incorrectly processed transactions.

Tax risk management is also part of the Tax CMS. Its function is to monitor and check whether tax obligations are met. This risk management system, which is consistent across the Group, serves to identify and reduce tax risks and associated personal risks of employees acting on behalf of the Group. It comprises numerous measures, such as ongoing monitoring or integration of tax risks in the internal control system and in the Group-wide risk management process in accordance with the risk management policy. In the reporting year, we were not aware of any significant violations of tax laws that would have resulted in criminal proceedings.

Ensuring compliant HR work and appropriate labor and social standards (HR Compliance)

HR Compliance aims to ensure compliant HR work and appropriate labor and social standards within the Group by adhering to legal provisions, regulatory standards, corporate voluntary commitments and ethical principles.

To this end, our HR Compliance translates relevant legal and regulatory requirements into policies, specialist concepts and process standards for management and HR processes. Group-wide responsibility for HR work and HR compliance is assigned to our Chief Human Resources Officer.

The HR Compliance Management System is intended to contribute to the creation of a respectful, trusting and inclusive corporate culture, to ensure appropriate working and social standards throughout the Group and to ensure compliant HR work. Background checks for managers and the implementation of sanctions and consequences are intended to contribute to the Company's compliance culture. ▴

Partnerships and engagement

GRI 2-28/-29 SDG 17

As one of the world's leading commercial vehicle manufacturer, our goal is to develop sustainable and thus future-orientated transport solutions for the movement of goods and passengers and bring those to the road. We take the associated responsibility for our employees, for the environment and for society as a whole very seriously. The overarching goal is to assume social responsibility and to align corporate and social interests in the long term.

To adapt our corporate goals to the needs and expectations of society, we encourage regular stakeholder engagement. In addition to the continuous exchange with our employees, customers and suppliers, we use our expertise to contribute to societal dialogue. We cooperate constructively with representatives from society and politics, e.g. by joining voluntary commitments with industry, science or non-governmental associations. Specifically, the exchange is about finding sustainable solutions to societal challenges.

Dialogue with politics and society

GRI 207-3,415-1

We define political representation as the constant dialog with decision-makers at various political levels. These include politicians, members of the government, public officials and representatives of interest groups, trade organizations and associations, which in turn maintain political contacts.

We have set out our own principles for political dialog and for the responsible representation of interests and, with involvement of the management, compiled them into a Group policy. We follow the principle of political restraint and neutrality in our dealings with governments, political parties, delegates and officials.

B.31
Active engagement with relevant stakeholders

Company	Capital markets	Society	Market
Employees	**Investors**	**Politics/Media**	**Customers**
Surveys, internal webcasts with Q&A Intranet, sentiments Integration into strategy work via working groups	ESG conferences and engagement meetings Roadshows, Capital Market Days	Product and other events like IAA TRANSPORTATION, interviews and press conferences Annual Meetings	Customer events, driving events, surveys among drivers and fleet customers Trade fair exhibitions like IAA TRANSPORTATION
	Rating Agencies	**Society**	**Suppliers**
	Active Engagement with relevant rating agencies	Podcast "Transportation Matters"	Supplier dialogs Daimler Truck Supplier Award
		NGOs	
		Memberships in associations / participation in initiatives	

In addition, we have defined binding internal guidelines, which are laid down in the Daimler Truck Code of Conduct, among other things. Dealing with grants, making party donations and approaches to the political representation of our interests is also governed by our Group policy on lobbying and political and party donations. Daimler Truck AG is listed in the EU transparency register as well as in the lobby register for representation of interests to the German Bundestag and the German Federal Government. Employees of Daimler Truck controlled Group companies who represent political interests must report and register with the relevant department in accordance with the Group policy on lobbying work.

With the above-mentioned tools we want to ensure that the political representation of our interests complies with applicable regulations and ethical standards. In this respect, we are especially careful to observe antitrust requirements when working in industry associations and cooperating with other companies. The policies mentioned above also define how we intend to address risks in connection with the political representation of our interests. We also address these risks in compliance processes applicable throughout the Group. Feedback related to our activities in the area of political representation of interests can also be captured by our whistleblowing system SpeakUp. In the reporting year we did not make any donations, neither monetary nor in kind, to political parties in any part of the world. This decision has been made independent of current political or economic events.

Industry associations and initiatives

In addition to direct interaction with political decision-makers and other stakeholders who are committed to sustainable development, we are involved in various associations, committees and sustainability initiatives.

These include among others the UN Global Compact, econsense, the sustainability initiative of the Federal Association of German Industries, Drive Sustainability and Hydrogen Europe. We use these forums to have a dialog with representatives across wider civil society.

Among other things, we are involved in organizations that focus on the further development of alternative drives and innovative renewable technologies, such as the use of hydrogen.

We are also involved in industry associations – including the membership in the German Association of the Automotive Industry (VDA) and corresponding associations with a geographical and industry focus including the European Automobile Manufacturers' Association (AECA) at European level, but also at industry level within the Federation of German Industries (BDI).

Diversity, equity and inclusion also play an important role for us, which is why as a member of the organization "Charta der Vielfalt e.V." and the European Women's Management Development Network e.V., the Group actively participates in discussions on these topics.

In working groups of the aforementioned associations and initiatives that are relevant to our core business, we actively participate in association work. In this way we contribute our company-specific perspective and experience and help to advance the discussion in a fact-oriented and qualified manner.

Corporate citizenship

GRI 203-1

By corporate citizenship activities we mean all of the Group's social activities, such as donations, corporate volunteering and disaster relief. These are aligned with the Group's sustainable business strategy and core business.

An important part of our global social commitment includes donations to non-profit organizations and the sponsoring of social projects. Throughout the Group, donations are selected in accordance with local legal and internal Company criteria. In the reporting year, €8 million were paid out at national and international level.

Due to the war in Ukraine and the earthquakes in Turkey and Syria, we focused on supporting local people by, among other things, providing vehicles for relief transport for various non-profit organizations. We also facilitated employees being able to drive the trucks for relief transport. The Company also made a donation to UNICEF and the German Red Cross as part of its support for Turkey and Syria. Furthermore, a fundraising campaign was organized by the employees for the benefit of UNICEF, in which the amount donated by the employees was doubled by the Company. In addition, a large donation was made again in the reporting year to support the Ukrainian population, which was equally distributed amongst UNICEF, the German Red Cross and the World Food Programme of the United Nations. A total of €3 million were paid out as part of humanitarian aids.

We also encourage our employees to get involved in social projects, to help shape the social environment at our locations and to support aid projects worldwide (corporate volunteering).

Another example of the commitment of our workforce is the "ProCent" initiative. Here, employees in Germany can donate the cents of their monthly salary. These amounts are doubled by the Company and flow into a support fund for national and international projects with a charitable purpose. Our employees suggest projects that could potentially receive money from this fund. In the 2023 reporting year - among other things - a cistern was purchased to supply water to a school garden reducing the amount of water required. Also, at national level, a drone was purchased to protect fawns. At the international level, ProCent donations were used to implement projects, especially in Africa, such as the construction and financing of a supply warehouse in a village in Togo. The same scheme provided the financing of knitting and sewing machines in Uganda to train young people with little or no formal schooling. In total, 47 projects at the national level and seven projects at the international level were financially supported in the reporting year with a total amount of around €350.000.

Environment

We are strongly committed to the Paris Agreement on climate change mitigation. We want sustainable transportation to succeed and thus make a significant contribution to combating global climate change.

Environment

As a global company, we strive to enhance the quality of life and the environment in the regions in which we operate. The protection of the environment is not detached from other objectives: Rather, it is an integral part of our corporate strategy, which is geared towards long-term value enhancement and sustainability. For us, environmental protection means being active in the following areas: climate change mitigation, climate change adaptation, resource preservation, energy efficiency, prevention of environmental pollution, management of water, waste, energy and hazardous substances. At the same time, the contribution to the circular economy and biodiversity is of particular importance to us. We are committed to identifying further environmentally relevant challenges through a regular analysis based on the principle of double materiality. We develop key technologies intended to make our customers successful in the long term and we take environmental impacts along the entire value chain into account – these include product planning and strategy, development, purchasing, production and production planning, quality, supplier and product management as well as third-party customer business.

Material environmental topics

GRI 3-3

In order to obtain a holistic picture of our environmental impact and of the impact of the environment on Daimler Truck, we have identified material topics within our materiality analysis. The following environmental topics were identified as material:

1. Climate change mitigation and climate change adaptation;
2. Resource efficiency;
3. Prevention of pollution;
4. Green supply chain.

Further information can be found in the section "Materiality analysis" in chapter Responsible Corporate Governance.

We want to make our contribution to complying with the Paris Agreement and have therefore defined which measures are necessary to do so. The management is responsible for setting and reviewing strategic ambitions, such as the reduction of our CO_{2e} emissions. Our organizational structure for the entire energy and environmental management on global and regional levels focuses specifically on the corresponding topics.

Environmental and energy management at our sites

GRI 3-3

At our production sites, we implement environmental management systems according to EMAS and/or ISO 14001, which are regularly validated or re-certified. In addition, we have been working with ISO 50001 energy management systems at production sites in Germany, the USA and some other locations since 2012.

In accordance with the above standards, environmental and energy management are firmly anchored in our organization. Their effectiveness is regularly reviewed and verified by third-party experts. In the reporting year, 47 of our total of 50 relevant sites (production sites, development sites and test tracks) with a participation of ≥ 50% were certified in relation to environmental management and 18 locations were certified regarding energy management. This covers around 80,000 employees for environmental management, (which corresponds to around 99% of the relevant workforce), and around 50,000 employees in relation to energy management (which corresponds to around 62% of the relevant workforce).

With the environmental and energy guidelines adopted by the Board of Management, we have defined our environmental policy and committed ourselves to an integrated improvement process with regard to environmental protection and the handling of energy, which includes:

1. We address the environmental challenges of the future.

2. We develop products that are environmentally friendly over the whole life-cycle and contribute to sustainable transportation.

3. We constantly reduce the environmental impacts of our operations and strive for clean and green production.

4. We offer our customers a comprehensive service and information on the environmental life-cycle of our products.

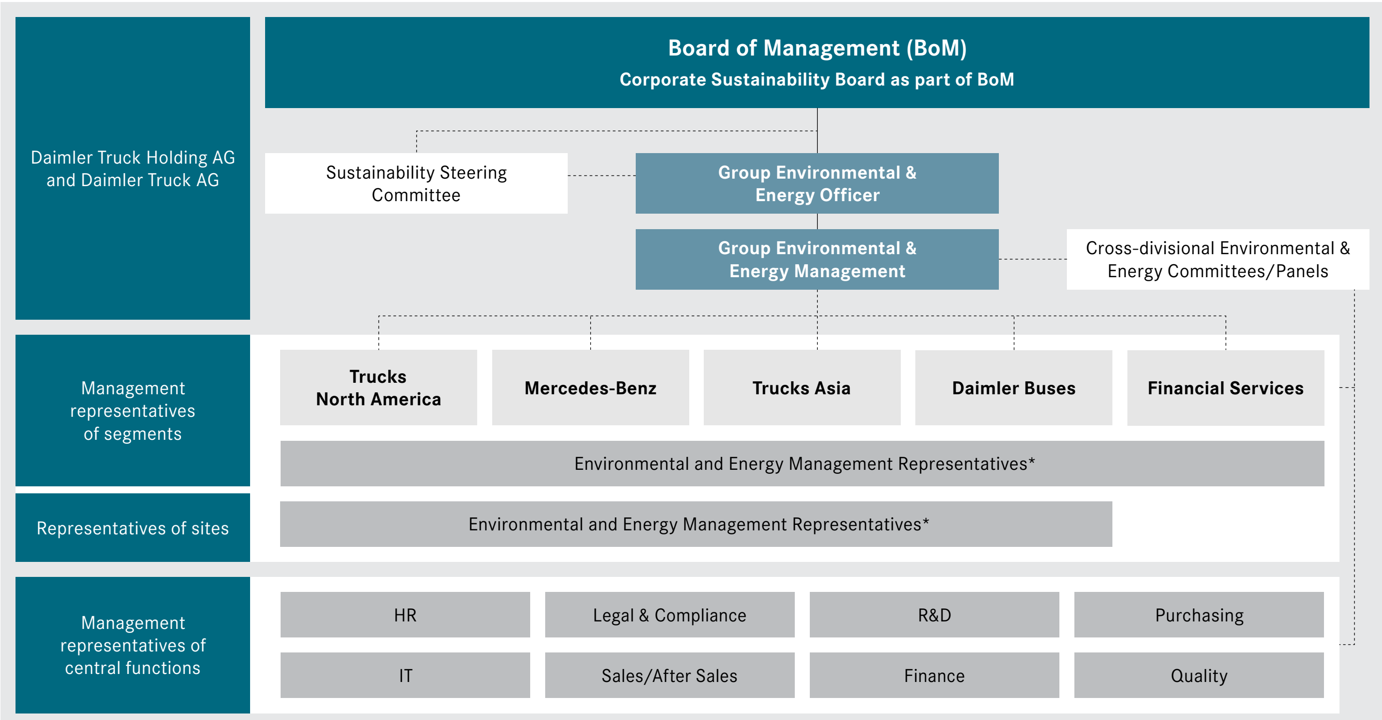
5. Our ambition is to deliver exemplary environmental performance worldwide.

6. We provide our employees and stakeholders with comprehensive information on environmental performance and specific commitments.

The guidelines are binding for all employees and for all locations. We also aim for them to be implemented in joint venture partnerships. We have defined responsibilities for the implementation and compliance with environmental protection measures and energy efficiency requirements in all functional areas and on all company levels, from development and production to service and sales.

B.32

Governance structure and responsibility



* Can be represented by one or two persons.

▾ Sustainability targets for our production

GRI 3-3

In previous reports, the scope 1 & 2 CO_2 emissions of Daimler Truck were reported. From this report onwards, CO_2-equivalent (CO_{2e}) emissions are reported.

Daimler Truck is striving for resource-saving and climate-friendly production. For this purpose, we have launched the "green production" initiative. Green production aims to reduce CO_{2e} emissions, increase the use of renewable energies, increase energy and water efficiency and reduce waste at the international production sites.

By 2030, we aim to reduce energy consumption by around 590 GWh, water usage by around 470 thousand m^3 and waste generation by 40 kt (with mean values from 2013 and 2014 as a baseline). For this purpose, specific target values were calculated for each of our production plants.

We are committed to investing in climate-protecting technologies and projects around the world to help meet national and global climate targets efficiently.

Furthermore, we are pursuing a 42% reduction in production-related CO_{2e} emissions with regard to emission from 2021 to 2030. By 2030, at least 55% of energy is to come from renewable sources.

In order to track the targets and the progress to achieving them, a green production database was launched, in which our plants worldwide enter their efficiency and reduction measures. Using this database, we track implementation progress and establish roadmaps for each production site to guide the achievement of the objectives.

B.33

green production target house

green production 2030					
	CO_{2e} Scope 1 + 2	Renewable Energies	Energy Efficiency	Water Efficiency	Waste Reduction
Baseline	2021	2021	2013/2014	2013/2014	2013/2014
Daimler Truck	-42 % ~- 369 kt CO_{2e}	> 55 % 100 % green power > 5 % generation	~ -590 GWh - 16 % per vehicle	~ -470 thousand m^3 - 12 % per vehicle	~ -40 kt - 12 % per vehicle

▴

Climate change mitigation and climate change adaptation

GRI 3-3 SDG 9, 11, 13, 17

We are committed to the goals of the Paris Agreement. About one fifth of all greenhouse gas emissions in Europe is produced on the roads as a result of the transportation of goods and passengers. We take climate change mitigation and climate change adaptation into account in our range of activities: During our product development, within the supply chain as well as in our production. We regard it as our mission to make transportation locally CO_{2e}-free on a global level through technical innovation. In this way, we aim to contribute to the decarbonization of the industry. We are pursuing the goal of CO_{2e} neutrality on the roads and throughout the entire value chain globally by 2050, as well as locally CO_{2e}-free driving operation for new vehicles (tank-to-wheel) in the triad markets (EU, USA and Japan) by 2039.

Additionally, we strive to achieve CO_{2e}-neutral production on the balance sheet (scope 1 & scope 2) worldwide by 2039. We are pursuing these goals in several steps and with several measures, such as increasing energy efficiency, increasing the use of renewable energies and the temporary use of compensation certificates. Since 2022, we have been delivering CO_{2e}-neutral production on the balance sheet in our production plants in Europe and at some other sites (for the 2022 reporting year the remaining CO_2 emissions were compensated; from the 2023 reporting year on the CO_{2e} emissions will be compensated). Starting from 2025, the production sites in the USA, India and Japan are expected to achieve CO_{2e} neutrality on the balance sheet as well. By 2039, all production sites worldwide should be CO_{2e}-neutral on the balance sheet using compensation certificates.

Climate change mitigation through innovative products

Trucks' and buses' biggest influence on climate lies in their use-phase, meaning with customer vehicle use and driving behavior. Therefore, a vehicle that is fuel-efficient, energy efficient and climate-friendly from the outset is an essential prerequisite for a contribution to climate change mitigation in the transport sector. We are working purposefully to make vehicles more environmentally friendly and, in particular, to focus on product-related climate protection. In our technology strategy, we have defined two focus areas: The powertrain and the operating system of a commercial vehicle. On the drive technology side, we are keeping the combustion engine competitive and are developing vehicles that are locally CO_{2e}-free in driving operation with battery and hydrogen technology. With regard to the operating system, we aim to add value for our customers and the environment with innovative software and electronics solutions. In addition, we are also driving innovation in the infrastructure for the transformation of transportation.

Early on we started to develop alternative drive technologies and already offer a large fleet of locally CO_{2e}-free vehicles in driving operation in various markets around the world. In the reporting year 2023, we already had ten CO_{2e}-free truck and bus models in driving operation in series production in our core markets of the EU, USA and Japan. The product-related highlights of the reporting year 2023 can be found in the chapter Important events.

In the coming years, more vehicles will follow not only with battery electric drive, but also with hydrogen-based drive.

B.34
Product portfolio ZEVs

2021	2023	2020	2022	2021	2018	2022	2023	2023	2017
Thomas Built Buses Saf-T-Liner C2 Jouley	RIZON	Freightliner CustomChassis eWalk-in Van	Freightliner eCascadia	Mercedes-Benz eActros	Mercedes-Benz eCitaro	Mercedes-Benz eEconic	Freightliner eM2	Mercedes-Benz fully electric bus chassis eO500U	FUSO eCanter; Next Generation in 2023

Dual strategy: Powered by battery and hydrogen

In regard to the decarbonization of logistics and passenger transportation, we are relying on two complementary technologies to supply energy to the powertrain: battery electric and hydrogen-based. When it comes to hydrogen, in addition to fuel cells, we are now also pursuing the hydrogen combustion engine technology path as an addition to our zero-emission vehicle (ZEV) drive technology. This increases not only the customer value, but also the effectiveness of our measures to achieve our goal of a locally CO_{2e}-free product portfolio in driving operation. We are relying on the legal framework for the hydrogen combustion engine to be adopted promptly in the short-term relevant core markets of the EU, the USA and Japan. With this dual strategy, we aim to achieve the goal of CO_{2e}-neutral transportation of goods and CO_{2e}-neutral passenger transportation on the roads worldwide by 2050. Further information can also be found on www.daimler-truck.com/en/innovation/powertrain.

▾ Climate change mitigation and air pollution control in the development process

Product development plays a key role in the Group's efforts in climate protection and air pollution control. A vehicle's environmental impact – and that includes its CO_{2e} emissions and pollutants – is largely determined during the first phases of its development. An important instrument for testing the environmental compatibility of a vehicle is the documentation accompanying the development process. Here we define specific characteristics and target values, for example, for fuel consumption and pollutant emissions that must be achieved for every vehicle model and every engine variant. Based on these target values, we assess our progress in the course of product development and initiate corrective measures as required.

Legislators all over the world have set standards for emissions in order to regulate the emission of hazardous substances such as nitrogen oxides and particulates and to reduce air pollution. These emission limits have become ever more stringent over the past few years.

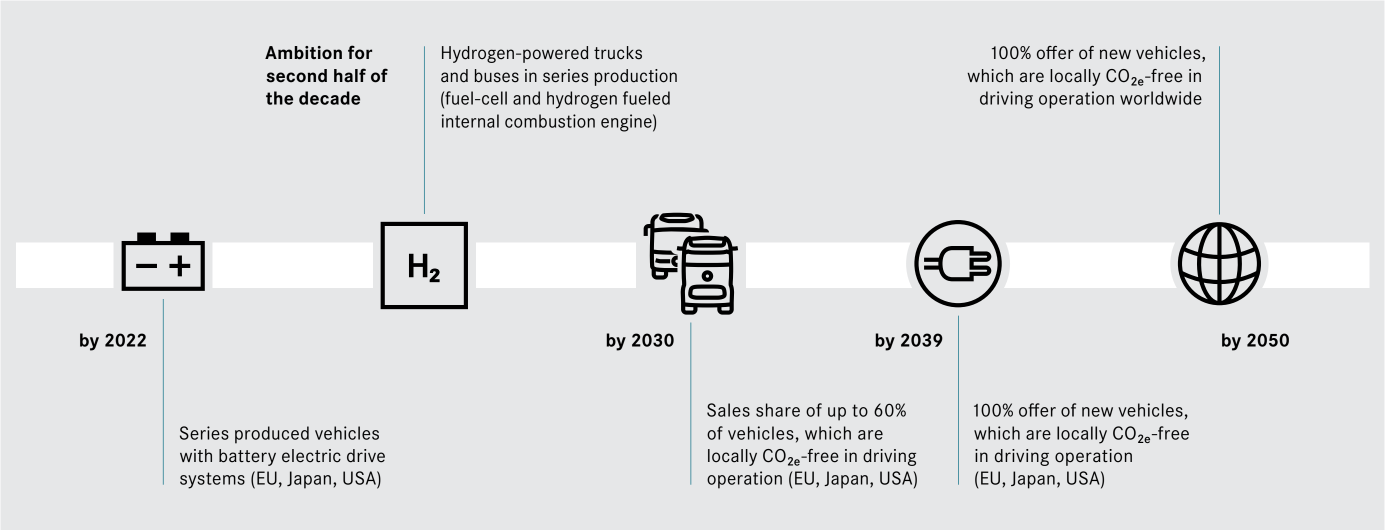
EU legislation focuses on new vehicles for reducing CO_2 emissions in road traffic and sets out specific targets. For new heavy-duty trucks over 16 tonnes, it requires CO_2 emissions to be reduced on average by 15% by 2025 and by 45% from 2030 for new heavy-duty trucks over five tonnes and heavy buses in comparison to the survey period from July 1, 2019 to June 30, 2020. Heavy city buses receive a separate, dedicated Zero-Emission Vehicles (ZEVs) sales target of 90% from 2030 and 100% from 2035. For this purpose, the European Commission, together with scientists and with the support of industry and other experts, has developed a uniform Europe-wide simulation program called the Vehicle Energy Consumption Calculation Tool (VECTO). This also includes the relevant test and measurement procedures for CO_2 emissions and fuel consumption. The relevant data will be collected throughout Europe and will be made transparent. A similar approach is taken in the US with the Greenhouse Gas Emission Modelling Program (GEM) from the Environmental Protection Agency (EPA) and in Asia with the Japanese Automobile Manufacturers Association (JAMA). Daimler Truck has defined a technology roadmap to offer locally CO_2e-free vehicles in driving operation while trying to meet all future global regulatory requirements.

To comply with these limit values today and in the future, we are continuously developing our technologies. IT solutions and intelligent, integrated utilization concepts are intended to enable a further reduction in pollutant emissions in addition to efficient drive and emission control. Information on the topic of air pollution control in production can be found in the chapter Prevention of pollution.

The conventional powertrain will remain a key product in this decade – in some regions even beyond 2030; in others we will see a rapid increase in the sales share of ZEVs. We have therefore defined a strategy to reduce the current diesel powertrain portfolio while remaining competitive.

B.35

The path of our vehicles to being locally CO_{2e}-free in driving operation



▲

▾ Our strategy includes a clear plan for the transition to locally CO_{2e}-free vehicles in driving operation. We are investing in the development of competitive products tailored to customers' needs. When developing our all-electric trucks, we are focusing in particular on the aspect of customer co-creation. This means that product development includes collaborating with truck customers and has allowed us to ensure that customer feedback on the electric truck was taken into account early on in the development of the Mercedes-Benz eActros. This is intended to be retained for future products on the process side. Our colleagues in the US market are also in regular contact with customers on the topic of e-mobility for example within the scope of the "Electric Vehicle Council". Moreover, when developing commercial vehicles with battery electric and hydrogen-based drive system technology, we maintain a dialogue with representatives of cities and with leading experts on the issues of urban and transportation development. This provides us with valuable insights relating to new strategic initiatives.

Battery development

GRI 306-2

Batteries are a key component of e-mobility. Our experts from a variety of disciplines deal with all aspects of this storage technology – ranging from fundamental research to production maturity. We have been investing in resource-efficient technologies and manufacturing processes for batteries for years and are continuously working on optimizing the current lithium-ion battery. With our next-generation batteries, we dispense with the otherwise common raw materials nickel and cobalt and replace them with lithium-iron-phosphate (LFP). This way, we reduce our impact on people and the environment on the one hand, and on the other, we achieve a longer service life and increase safety in the vehicle. The LFP batteries are already used in some models and are to be predominantly installed in the future, taking into account further battery technology development. This also enables us to transfer our batteries to "2nd life applications" after the vehicle's life and thus further extend the productive use of our storage systems. Our goal is to shorten development cycles, lengthen the range through better energy density and reduce charging times. We are consistently expanding our research and development activities. For example, we are developing our expertise regarding the technological evaluation of materials and battery cells.

Furthermore, we are partnering with Accelera by Cummins Inc., PACCAR and EVE Energy to accelerate and localize battery cell production and the battery supply chain in the United States. The planned joint venture will manufacture battery cells for electric commercial vehicles and industrial applications.

InnoLabs

In order to further drive the transition to locally CO_{2e}-free trucks and buses in driving operation, we have established competence centers for battery and high-voltage systems, electrical drive components as well as for hydrogen-based fuel cell units and electrical drive systems. In the "InnoLabs", short for innovation laboratories, employees from development and production departments work together closely. This gives us the opportunity to test new technologies, develop and evaluate products and processes, while always focusing on their impact on our environment - not only in the product, but also in the selection of materials and in the manufacturing process. Through the close cooperation between the production and development departments, we ensure that the approach of remanufacturing, recycling and the circular economy more generally plays an essential role from the start of development.

The InnoLab for eDrive and ZEV systems in the Gaggenau and Kassel plants in Germany, is part of the production and technology network for electric drive systems and their components. The aim of the InnoLab eDrive is to prepare our plants for the future orientation of 2030 with innovative products for a global modular system. The InnoLab is also responsible for the functionality of the entire system, which is heavily influenced by sustainability requirements, from product design to production capability and after-sales. In addition to the electric drive itself, our InnoLab is responsible for the complete functionality of the eDrive - from the software function of the inverter to the certification of the energy label. In addition to the production of electric motors and the assembly of converters for electric drives, we will also evaluate other high-voltage components for production. The InnoLab Battery in the Mannheim plant is used for the development, testing and measurement of state-of-the-art battery production processes. It acts as a link between development and production and aims to ensure that our electric trucks are powered by cells and batteries that meet the latest technology standards.

CO_2 reduction and efficiency increase through digital products

GRI 305-5

In addition, we offer our customers a broad portfolio of services to reduce fuel consumption in diesel trucks or facilitate the transition to zero-emission vehicles. The services are marketed under the Mercedes-Benz (for example MB-Uptime) and Fleetboard (Mercedes-Benz Region Europe and Latin America), Detroit Connect (Trucks North America), OMNIplus ON (Daimler Buses) and truckonnect (Trucks Asia) brands.

Digital services in particular help to optimize fuel consumption, reduce wear and tear on the vehicle and reduce the risk of accidents. They provide in-depth information on the driver's driving behavior as well as CO_2 emissions and help fleet managers and drivers use the vehicles as efficiently as possible. Typical use cases include driving style assessment, driver coaching, CO_2 reports and support for safe driving.

Digital services also assist in the transition to CO_{2e}-free trucks. For example, the Charge Management service provides detailed information on charging processes. Other services enable route planning and provide information on vehicle use, thus supporting fleet customers' deployment planning. We make use of global services that are adapted to the various regional requirements.

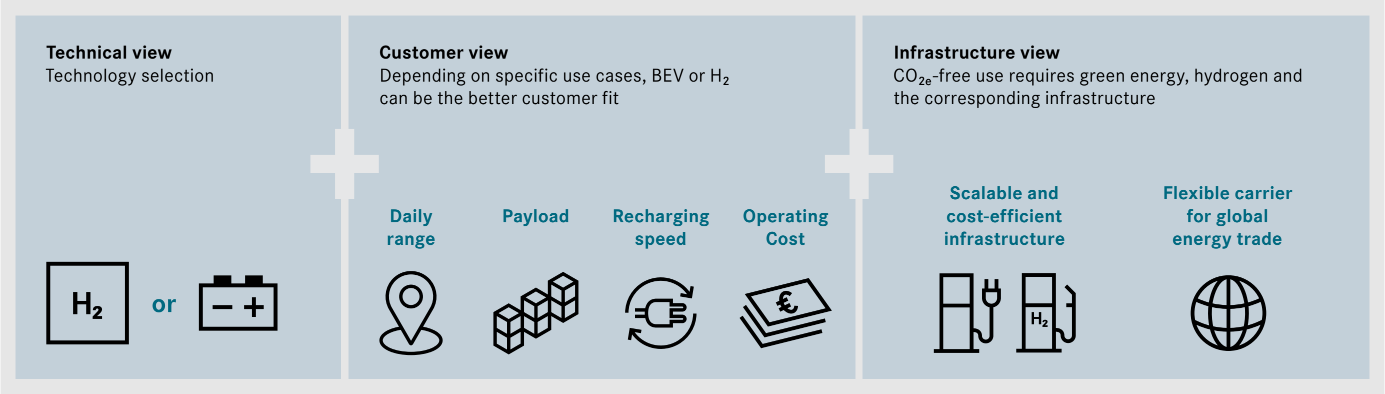
Driving forward the expansion of the necessary infrastructure

We are not only working on bringing new, locally CO_{2e}-free vehicles in driving operation to the market, but also speeding up the development of the available infrastructure for our customers to operate these vehicles efficiently. In 2023, Daimler Buses Solutions GmbH was founded as a 100% subsidiary of Daimler Buses GmbH. The Company was founded out of the conviction that e-mobility can only fully realize its advantages with a holistic planning approach that takes all relevant aspects into account. The e-mobility ecosystem of Daimler Buses GmbH therefore consists of interlocking individual components with the aim of offering customers a sustainable and cost-optimal solution for electric bus fleets. Additionally, our facility in Redford, Michigan, has initiated activities to build a multi-function charging park for both trucks and cars. This park is designed to assist customers in their transition to using ZEVs. ▴

▾ We are convinced that the transformation of passenger and freight transport is only possible through a joint effort by governments, vehicle manufacturers, technology and energy companies and the public. That is why we are a member of various partnership initiatives with the aim of achieving a CO_{2e}-neutral transport environment in the future. This includes partnerships with suppliers and technology companies to develop our products, with energy and system companies to provide leading charging technologies, and with fuel companies to enhance the availability of liquid hydrogen at gas stations. To name specific examples, we have a joint venture with the TRATON GROUP and the Volvo Group to build up a charging infrastructure in Europe. The joint venture's high-performance charging stations should be available for use by all battery electric heavy-duty vehicle fleet operators. Similarly, as a further example, we can name our joint venture with NextEra Energy Resources and BlackRock Renewable Power which has the goal of setting up a nationwide US charging network for battery electric and hydrogen fuel cell vehicles. Furthermore, in Europe, we have partnerships to set up an H_2 infrastructure. Also worth mentioning are our ongoing partnerships to continue assisting our customers in depot charging until public charging infrastructure is further set up.

In order to achieve TCO parity (total cost of ownership) and reduce costs, we use economies of scale and our partnerships while at the same time expanding our own know-how about differentiating technologies. To enable CO_{2e}-neutral transport, the focus is not solely on locally CO_{2e}-free vehicles in driving operation. Rather, success is based on the multiplication of three factors: locally CO_{2e}-free vehicles in driving operation, a green energy infrastructure for battery and hydrogen vehicles, and cost parity with conventional vehicles, for example through CO_2 pricing, CO_2-based tolls and subsidies.

B.36
System view



Climate change mitigation and energy efficiency in production

GRI 3-3/302-4

Through, among other things, the use of renewable energies and efficiency measures, CO_{2e} emissions were reduced by 5.3% in the reporting year compared to the previous year 2022. We continually evaluate the regional energy markets in order to expand the green energy supply at all locations. Since the beginning of 2022, the majority of our production sites in Europe have been supplied with green power from wind turbines, photovoltaic systems and hydroelectric power plants. For the German locations, it was contractually agreed with the supplier that the power provided is identical to the electricity consumption every quarter of an hour. This is tracked through regular TÜV certification. In this way we ensure a complete green electricity supply. By 2025, all production sites in the USA, Japan and India are to be supplied with 100% green power. All other, own production locations are to follow by 2030 at the latest.

In addition to the purchase of green energy, we are constantly pushing forward the generation of our own energy at our production sites. In 2023, we installed additional photovoltaic systems at our locations worldwide. Today, there is already around 20.6 MWp of installed photovoltaic module capacity worldwide, resulting in approximately 25.7 GWh of power being potentially generated per year. We regularly check the availability of renewable energies at all locations and use them where market conditions permit. In 2023, the proportion of purchased energy from third parties was 99.4% of Daimler Truck's energy consumption.

In the reporting year, Daimler Truck, EnBW and the city of Wörth am Rhein founded the joint venture "WärmeWerk Wörth GmbH". This is intended to explore the possibilities of a climate-neutral energy supply for the Mercedes-Benz Wörth plant and the city of Wörth am Rhein through geothermal energy. The aim is to determine the geothermal usability and, if applicable, to build and operate a geothermal system for heat generation at the Wörth site. Energy generation through geothermal energy offers the Wörth plant the opportunity to use an almost CO_{2e}-free energy source in the immediate vicinity for sustainable production. The current plan is to select a suitable site by 2025 at the latest. This will be followed by testing and development between 2025 and 2027. If the requested federal funding is approved, the geothermal heating plant could ▴

▼ be built according to current standards from 2027 and connected to the heating network, so that it could be put into operation in 2028.

As part of the green production initiative, we plan to reduce energy consumption at our production sites by around 590 GWh by 2030 (in relation to the years 2013 and 2014). For this purpose, a large heat pump was installed at the Kawasaki plant in Japan, which can be operated much more efficiently than the previous systems. The exchange can save around 6,000 MWh of energy per year.

Further measures were implemented at the international production sites. With the help of the green production database and internal company expert groups, there is a cross-plant exchange on efficiency measures and the feasibility checks at all Daimler Truck production sites.

CO_{2e} compensation

In the 2022 reporting year, we compensated for the remaining CO_2 emissions (scopes 1 & 2) at all European locations and at some other locations through qualified climate protection projects. Since the beginning of the 2023 reporting year, we have been compensating for remaining CO_{2e} emissions (scopes 1 & 2) at all European locations and at some other locations through qualified climate protection projects. All compensation projects meet the high quality threshold set by the Gold Standard. The Gold Standard for the global Sustainable Development Goals sets the standard for climate and development interventions to quantify and certify their impact. These projects not only avoid CO_{2e} emissions, they also promote sustainable, social and ecological development in the project countries in many ways.

We consider CO_{2e} compensation as a means of transitioning to CO_{2e}-free production. At the same time, we are working on further technical options to reduce CO_{2e} emissions at the production sites themselves. We achieve this by implementing efficiency measures and continually expanding the use of renewable energies.
Our sustainability strategy aims to eliminate CO_{2e} emissions as far as possible in the future so that we can forego compensation. All remaining CO_{2e} emissions of scopes 1 & 2 were compensated for at the following locations in the listed segments:

- Trucks North America (TN): Portland, Saltillo
- Mercedes-Benz (MB): Molsheim, Stuttgart (incl. Leinfelden-Echterdingen, Untertürkheim and Brühl), Wörth
- Trucks Asia (TA): Tramagal
- Daimler Buses (DB): Garcia, Holysov, Hosdere, Ligny, Mannheim, Neu-Ulm, Samano
- Segment-independent component plants: Gaggenau (incl. Werkteil Rastatt and Bad Rotenfels), Kassel, Mannheim

In 2023 a total of 263,409 tonnes of CO_{2e} were compensated for the above-mentioned locations.

The following tables show the energy consumption and CO_2e emission developments over the last three years. The absolute energy consumption has decreased by 2.6% compared to 2022. The share of renewable energies in total energy consumption remained the same. The specific energy consumption per vehicle was reduced for both trucks and buses.

Absolute CO_{2e} emissions fell by 5.3% in the reporting year compared to the prior year. The main influencing factor here was the conversion of additional production plants to green energy supply. The specific CO_{2e} emissions were also reduced.

B.37
Production-related energy consumption
GRI 302-1/-4

	▼ 2023	▼ 2022	2021
in MWh			
Electricity	**1,426,567**	1,482,424	1,374,483
Natural gas	**1,446,572**	1,479,984	1,608,656
District heating	**119,824**	156,389	181,178
Fuel oil	**88,672**	66,342	43,737
LPG	**65,158**	60,502	50,815
Coke	**27,754**	28,178	40,249
Liquid fuels[1]	**236,441**	226,848	205,053
Total	**3,410,987**	**3,500,668**	**3,504,170**
Of which from renewable energies %	**28**	28	18

1 Liquid fuels include diesel fuel, gasoline and hydrogen.

B.38
Specific energy consumption per vehicle
GRI 302-1/-3/-4/-5

	▼ 2023	▼ 2022	2021
in MWh			
Buses	**9.4**	10.4	14.8
Trucks	**6.3**	6.5	7.3

▲

▼

B.39

Production-related CO_{2e}-emissions from energy consumption

GRI 305-1/-2/-5

in 1,000 t	▼ 2023	▼ 2022	2021
Natural gas	265	270	293
Fuel oil	23	17	12
LPG	14	13	11
Coke[1]	9	9	15
Liquid fuels	59	57	54
Total scope 1	**369**	**366**	**385**
Electricity	262	294	449
District heating[2]	27	36	31
Total scope 2, market-based	**289**	**329**	**480**
Total scope 2, location-based	**583**	**598**	**597**
Total scope 1+2	**659**	**696**	**865**

1 Previous year's value was changed due to an update of the source for the CO_{2e} factor.
2 Previous year's value was updated due to the changeover from CO_2 to CO_{2e}.

B.40

Specific CO_{2e}-emissions per vehicle

GRI 305-1/-4/-5

in kg	▼ 2023	▼ 2022	2021
Buses			
Scope 1	1,011	1,198	1,858
Scope 2, market-based	746	699	1,037
Total Scope 1 + 2	**1,757**	**1,897**	**2,894**
Trucks			
Scope 1	686	672	791
Scope 2, market-based	539	622	1,039
Total Scope 1 + 2	**1,225**	**1,294**	**1,830**

B.41

Energy consumption per segment

GRI 302-1

	▼ 2023		▼ 2022		2021	
in GWh	Non-renewable sources	Renewable sources	Non-renewable sources	Renewable sources	Non-renewable sources	Renewable sources
Trucks North America (NA)	552	99	566	82	567	32
Mercedes-Benz (MB)	535	201	540	247	576	183
Trucks Asia (TA)	222	96	255	57	250	45
Daimler Buses (DB)	181	70	192	65	223	42
Segment-independent component plants	962	493	966	532	1,257	331

Daimler Truck AG currently sources 66.3% of its electricity consumption and 11.8% of its district heating consumption from renewable sources. All other energy sources currently come from non-renewable sources ▲

Resource efficiency

GRI 3-3 SDG 12

The growing global economy and demand for the transport of goods and people are also increasing the consumption of resources, which can have a negative impact on the environment and society. In many cases the extraction and further processing of primary raw materials is energy-intensive and leads to the emission of pollutants into water, soil and air. No less important is the fact that the use of natural resources also harbors social risks. A fair distribution of raw materials, secure access to clean drinking water, and upholding human rights in the course of raw material extraction are only a few of the challenges.

We are continuously working on reducing resource consumption in our products. The areas of vehicle development, production planning and production in particular are responsible for using resources sparingly and designing and producing vehicles with the least resources possible. We make decisions concerning these areas in the specialist committees responsible for the respective model series. These committees consist of the subsection representatives and expert groups such as those dealing with specific groups of materials.

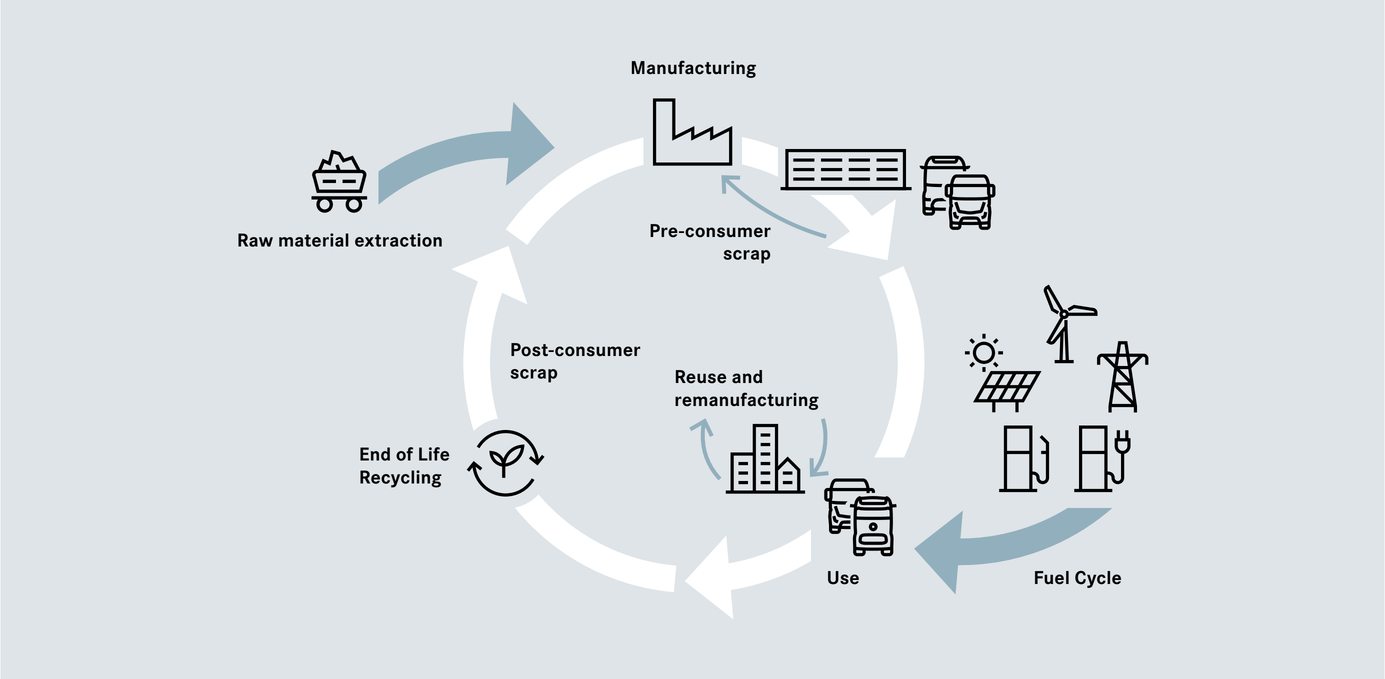
When making fundamental decisions regarding construction concepts, production technologies and the use of materials, company management is involved in various committees, in particular in the Board of Management meetings. A variety of factors are taken into account including costs, resource-efficient technologies and alternative materials like secondary materials and renewable raw materials, as well as opportunities for industrialization. It is examined to what extent the results of development can be transferred to large-scale industrial production, for example with regard to the use of raw materials. Some of these substances can be categorized as scarce or critical. Further information can be found in the chapter Green supply chain.

We monitor the used quantities of those materials closely and try to continuously reduce the amount that is needed per vehicle. To this end, we incorporate the approach of “Design for Environment” as early as possible during the vehicle development stage. This means we design our vehicles to be as resource-conserving and environmentally friendly as possible during their entire life cycle. The cornerstones of this approach are lightweight engineering, the use of recycled materials, as well as recycling and life cycle assessments.

Furthermore, we anticipate future legal regulations and incorporate the expected requirements into product development at an early stage. Examples include the future changes in battery regulation with legally prescribed targets for recycling efficiency, raw materials to be recovered and their reuse in production via recycling quotas.

The concurrently discussed extension of the end-of-life regulation for vehicles (currently valid for passenger cars and light commercial vehicles) to heavy commercial vehicles and buses could build upon the processes, obligations and target values documented in the battery regulation. In order to be prepared for this and to be able to take into account such sustainability criteria at an early stage in the development and supplier selection process and incorporate them into the decision, we currently include corresponding requirements in the component requirement specifications.

B.42
Circular Economy



▾ Circular economy

GRI 306-2

The overarching goal of circular economy is to maintain the value of products, components, and materials as long as possible. Since 2015, this principle has been embedded in the EU's Circular Economy Action Plan. We are increasingly focusing on measures that promote a circular economy. We pledge to the following waste hierarchy: The top goal is to avoid waste. In order to reach this goal, we are working to extend the service life of all vehicle components – for example, by using especially durable, long-lasting materials. We are also using resources efficiently and reducing the use of raw materials that are only available in limited amounts. Only then measures will be taken to reuse various components and component parts for material recovery. To establish circularity along our value chain in the future, we have reorganized ourselves with a global strategy.

Life Cycle Assessment

GRI 306-2

Many aspects of circular principles have a quantitative focus. For example, positive impacts of recycling or remanufacturing can be demonstrated through Life Cycle Assessment (LCA), which helps us prioritize the most relevant factors influencing the circular economy. These aspects go hand in hand with LCA, a method for assessing the environmental impact of a product over its entire life cycle.

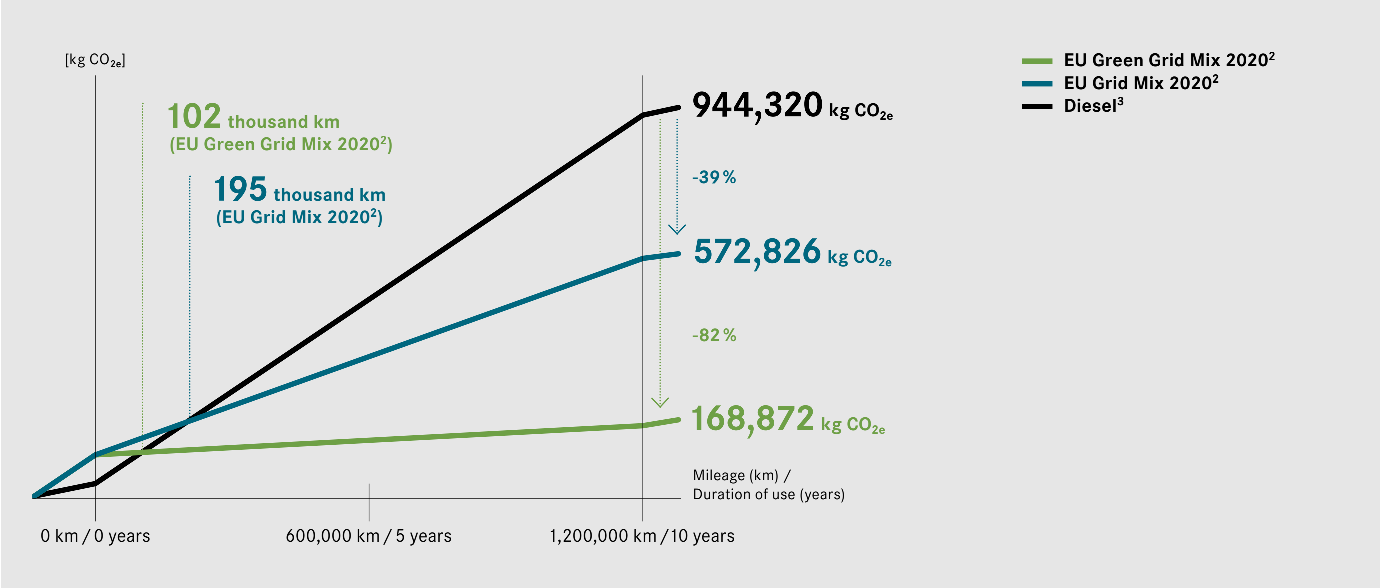
We use LCAs as a holistic approach to assess our products. Our trucks and buses are examined over their whole life cycle (supply chain, production, customer use and end-of-life phase) to identify potential improvements in environmental impact. Life cycle thinking, the results of the hot spot analysis and the analysis of the material life cycle steps are included in activities such as R&D, procurement and production – to further optimize the environmental footprint of our products. Last year we calculated LCAs for some of our vehicle models for our own production, but also for purchased parts and materials. In addition, the critical review of the LCA in accordance with the ISO standard ensures the data quality.

As part of the world premiere of our Mercedes-Benz eActros 600 in October 2023, we published LCA data for the first time. The results show that the CO_2e footprint of the Mercedes-Benz eActros 600 depends heavily on the electricity mix used to charge the batteries. With the current European electricity mix in the reporting year, the Mercedes-Benz eActros 600 achieves CO_2e savings of around 40% compared to a comparable Actros model with a diesel engine. This figure rises to more than 80% using fully renewable energies starting from raw material extraction over the entire product life cycle of ten years and total mileage of 1.2 million kilometers.

This corresponds to a saving of between around 370 to 775 tonnes of CO_{2e}. This way, the Mercedes-Benz eActros 600 can compensate for the higher CO_{2e} footprint due to its ex-factory batteries within its first (assuming full use of renewable energies) or second year (assuming the current European electricity mix) of operation in long-distance transport.[1]

B.43

Life Cycle Assessment[1] eActros 600 in comparison with diesel vehicle



1 Based on an LCA in accordance with ISO 14040:2006+A1:2020 and ISO 14044:2006+A1:2017+A2:2020 - all elements of which were critically examined by internal experts. The data and assumptions underlying the LCA, including the specifications for the functional units and methods, have a significant influence on the results. A comparison with other truck models or vehicles is therefore neither intended nor recommended.
2 Energy mix data source was provided by sphera.com.
3 Simulated with the Vehicle Energy Consumption Calculation Tool (VECTO 3.3.15, 3102).

▾ The results of our LCAs show that resource efficiency is key to the circularity of our products. Two topics stand out in particular:

– The substitution of materials with more environmentally friendly alternative materials (e.g. renewable raw materials);

– The use of secondary raw materials, in coordination with our suppliers, to implement a circular economy within our product portfolio.

Our “R-strategies” to build a global circular economy

GRI 306-2

We are continually developing ourselves and the organization into an environmentally friendly and responsible company by striving for a circular value chain. Our goals are clearly defined: We want to reduce waste and environmental impacts to a minimum while maximizing the usability of resources. In order to achieve these goals, so-called “R-strategies” were introduced. They help us ensure the efficient use of resources and the reuse of materials while at the same time further minimizing environmental impacts:

During the manufacturing phase:
– Redesign: Reduce the environmental impact of materials and procedures through an optimized design

– Reduce: Reduce the use of energy and (raw) materials as well as the generation of waste

During the use phase:
– Repair: Repair of the components with the aim of reuse

At the end of life:
– Reuse: Direct reuse of components in other similar products

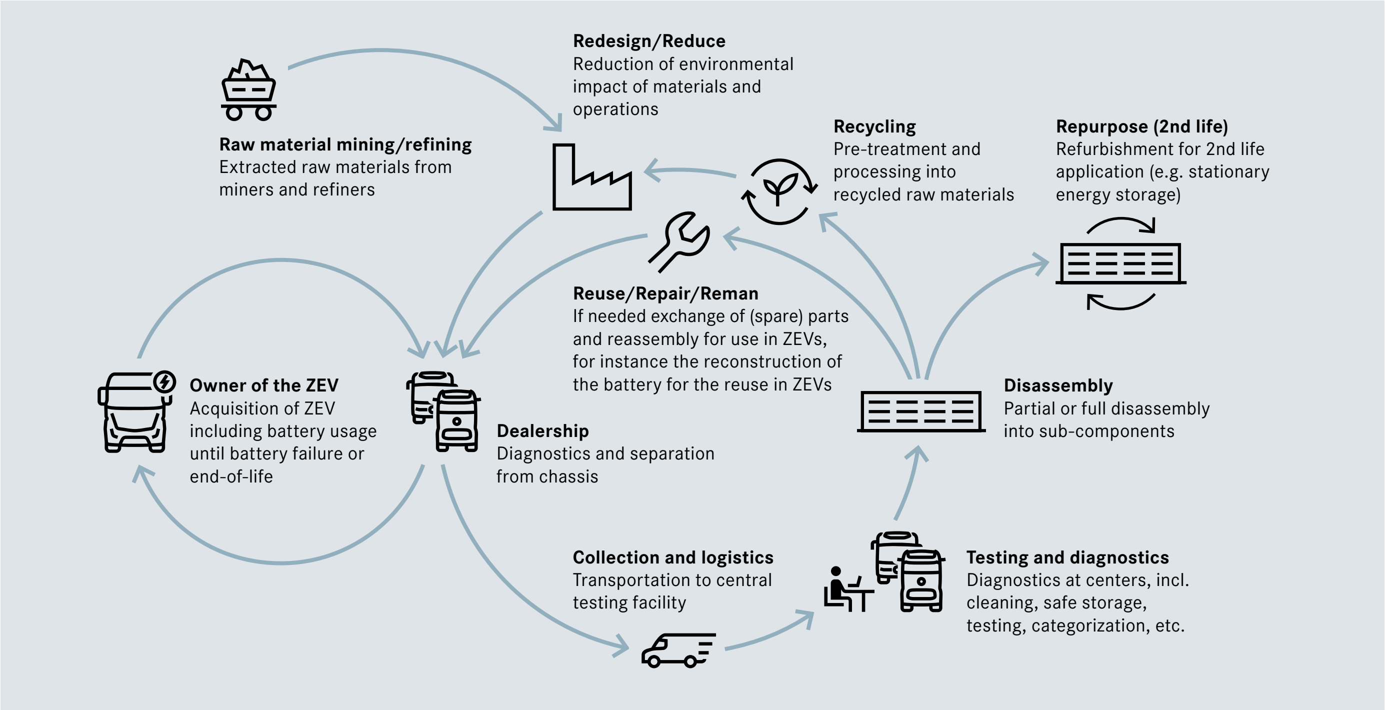
– Remanufacturing: Preparation of components with the aim of reuse under similar operating conditions

– Repurpose: Use of the components in other applications

– Recycling: Recycling the components with the aim of returning as many raw materials as possible to the cycle.

The following graph shows the individual phases in the product life cycle using the example of a zero-emission vehicle (ZEV).

B.44
Our R-strategies to build a global circular economy



▴

▼ Redesign
Currently, our vehicles are mainly made of materials such as steel, iron, aluminum and plastic. To produce them, natural resources are needed. Our goal is to keep the consumption of natural resources as low as possible and to increase the use of recycled and renewable raw materials. For example, we have aluminum scrap recycled in order to return this recyclable material to our vehicles via the material cycle. This will not only conserve valuable resources but also reduce CO_{2e} emissions, because large amounts of energy are needed for aluminum smelting.

However, with the expansion of e-mobility, the need for materials for vehicle production is changing. Metals such as lithium, cobalt or nickel are required for drive batteries in electric vehicles. Given the increasing demand for these substances, it is an important task to ensure sufficient availability. However, since the raw materials used in a battery electric vehicle will only be returned to the cycle after many years, until then, primarily newly mined raw materials will be used. This poses challenges for value chains that rely on such materials. One of our goals is to transform our entire value chain into as closed a cycle as possible. For example, we want to reuse our production waste and old materials as much as possible.

We are looking to develop early solutions for other components, especially with a view to the transformation process for e-mobility components, such as electric axles, adapted transmissions, fuel cells, batteries or inverters. We are involved in a number of individual research projects in related areas, for example as part of the “EIC Accelerator” (European Innovation Council), at “REESilience” (extraction of rare earths from magnets) or at LiBInfinity (recycling of industrial batteries, EV batteries). We take the findings from these partnerships and apply them to our own requirements and development processes.

Reduce
Our activities on the topic of “Reduce” can be found in the section “Waste” and in the chapter Prevention of pollution.

Repair, reuse
One of our primary objectives within the circular economy is to maintain or repair vehicles and their individual components. This does not only lead to a longer service life for the customer, but also avoids direct waste.

If it is not economically viable to repair a vehicle, individual components (for example mirrors, engine attachments and trim panels) may still be reused in the used parts market.

Used Mercedes-Benz trucks with low mileage and low vehicle age can receive the label “Mercedes-Benz Trucks Certified” after a thorough technical inspection. Trucks with this label are no older than five years, have driven no more than 500,000 kilometers and have been technically tested and repaired according to stringent, uniform standards by our own TruckStores and branches or Mercedes-Benz contract partners. We want to use this seal to further refine the profile of our used vehicle business and give our customers a special promise of quality and reliability.

Remanufacture
If both repair and reuse do not apply, remanufacturing is a viable option. By remanufacturing, we mean reconditioning used original parts in such a way that their function, safety and quality are equivalent to that of a new part. This is what the “Genuine Remanufactured Parts” brand stands for. The used parts, mostly engines, transmissions or other components, are collected by the different Daimler Truck segments in the respective regions via the branches or sales partners. The process for preparing the “core” parts is similar in all regions: the received material is removed and examined, comprehensively inspected for its quality, cleaned, prepared, subjected again to extensive quality tests and eventually made available to the customer.

This means that the remanufactured parts meet our high quality standards for new series production parts. Compared with the production of a new part, significantly fewer raw materials are required, which means that we contribute to resource conservation and a more positive environmental footprint of our vehicles. By extending the useful life of our vehicle parts and by reconditioning them, we promote a non-dependence on critical resources and at the same time contribute to closing the material cycle in the sense of a circular economy.

With the transformation towards e-mobility, we as a company are already aligning ourselves with the future requirements of the market and our customers. The processing and the associated targeted improvement of the health status of the battery (State of Health - SoH) is part of this orientation. In the design phase to develop a processing concept for this new drive technology, it was clear that implementation could only take place if our quality standards were guaranteed. After intensively evaluating potential partners, we decided to initiate a cooperation with the series supplier of our high-voltage batteries. The processing of the high-voltage battery was developed, checked and worked out step by step with all responsible experts. Defining a holistic approach for the battery and its further use and reuse was the crucial criterion. The batteries that come to us after their first life in the vehicle are checked and then handed over to our partner. Extensive re-conditioning of the battery takes place there. It is important to understand that electronic components, in contrast to non-electronic components, cannot be completely restored to new condition. An acceptance inspection similar to the series batteries is always conducted. The processed batteries can then be installed back in the vehicle and used by our customers as usual, providing a sustainable and economical way to continue operating our electric buses after removing the previous battery generation.

At Daimler Truck North America (DTNA), we have launched our battery remanufacturing activities in parallel with our vehicle activities to ensure seamless service for our customers. In addition to the remanufacturing business for high-voltage batteries, there are also remanufacturing activities for conventional components such as combustion engines, axles and gearboxes that have been established for years. As part of these activities, processes and procedures are further optimized and questioned in order to reduce the environmental impact and meet future requirements. The need for remanufactured parts also changes with the transformation. In order to meet future market requirements, the Aftermarket Product Innovation Team at site has established a new process to strategically evaluate, design and introduce new product offerings. ▲

Repurpose

In the Daimler Buses segment, initial considerations are already being given to the topic of repurposing batteries. A sensible and sustainable second-life application of our high-voltage batteries has been our goal since the beginning of production of our electric buses. Accordingly, possible scenarios for the reuse of batteries in electric vehicles continue to be evaluated.

After their "first life" in the vehicles, the batteries are still in very good condition and are therefore too valuable to be recycled directly. Daimler Buses' idea was therefore to use the remaining capacity of the batteries. Applications for this include, for example, peak load reduction in the power grid, emergency power supply as an alternative to generators or lead-acid batteries, or the use of batteries to optimize self-consumption in combination with solar modules. This type of reuse is significantly more resource-efficient than direct recovery through recycling and makes an active contribution to the transition to a circular economy.

From previous discussions with potential service providers, Mercedes-Benz Energy GmbH has emerged as a suitable partner for Daimler Buses to realize the reuse of our batteries.
This has already been implemented with a stationary storage system made of first-generation lithium-nickel-manganese-cobalt batteries (NMC batteries) as part of the "GUW" research project (regenerative and controllable direct current substation) at an eCitaro customer in Hanover. The storage system with a total capacity of more than 500 kWh stabilizes the local tram power grid and enables cost-effective rapid charging of electric buses. The project is funded by the Federal Ministry of Economics and Infrastructure, and we are working with Mercedes-Benz Energy GmbH on an optimal logistics concept and an overall process that conserves resources. In addition, we are looking into other possible applications for storage solutions and are constantly following developments on the market, with the aim of always being able to offer our customers the latest and most sustainable solution.

At DTNA activities on the topic of repurposing batteries in the form of battery storage options are also already taking place. This will examine the extent to which modules with lower SoH values can be used to support the network and charging infrastructure.

Recycling

Due to future legal requirements, economic and environmental framework conditions, as well as general market developments, recycling in the sense of a universal circular economy for individual components is gaining in importance. Daimler Truck is looking at potential business models, production processes and recycling solutions for the core components of e-mobility, such as high-voltage batteries, fuel cells, the e-axle and other components. In addition to reducing waste, it also involves the reintroduction of the raw materials obtained into the production cycle and positive financial effects, for example through lower purchasing volumes of raw materials.

The recycling of our high-voltage batteries is intended for every sold electric vehicle. For this reason, only batteries that qualify to be recycled are installed in our vehicles. In our buses, we pay attention to a range of aspects that we consider to be crucial for quality. Through our Daimler Truck Special Terms, our service providers and partners, among others, who work with us in recycling processes are encouraged to implement a resource-saving recycling process in order to save commodities, reduce CO_{2e} emissions, decrease water consumption and if possible avoid waste themselves.

Cell and material manufacturers are currently developing new recycling methods along the value chain and are further expanding their recycling offering. In the future, new recycling service providers can be expected to enter the European market as well as increase the diversity of material recovery technologies.

Vehicle batteries are collected and disposed of via the Daimler Recycling System, "DaRSy". It is a centrally controlled recycling management system in the area of workshop waste disposal (for example removal of vehicle parts, liquids and packaging of spare parts).

In addition to participating in publicly funded projects, the Center of Competence Recycling was established at the Gaggenau site at the beginning of 2022. The objective is to develop legally compliant, economically viable and feasible recycling solutions for the drive components (battery, electric motor and fuel cell) of electric vehicles as a first step. The results are intended to culminate in a Daimler Truck recycling strategy, which can be gradually expanded to other components in order to ultimately ensure that a vehicle can be recycled almost entirely.

At DTNA we ensure that batteries will be handled in a safe and environmentally friendly process by partnering with a battery recycler for all our facilities. We want to make sure that all materials that we use are able to re-enter the cell manufacturing process.

▼ Waste

GRI 306-1/-2

We attach great importance to the conscious use of resources and want to continuously improve the resource efficiency of our production processes. We have therefore set ourselves the goal of reducing the amount of waste in production by around 40 kt and by around 12% per vehicle by 2030 (based on the average values for 2013 and 2014). As part of this effort, it is important to ensure transparency concerning the waste value streams and to correctly separate the various types of waste. Our production plants have implemented local waste separation systems.

We minimize waste such as offcuts, sand, filter materials and sludge through new or optimized production processes and close material cycles where possible. We are also trying to reduce our packaging materials associated with parts transportation. The main focus is on reducing the amount of wood waste generated when disposing of pallets and transport boxes. We test the use of returnable load carriers or other packaging materials at different locations in cooperation with our suppliers.

In general, we aim to prioritize disposal of our waste via recovery processes instead of waste disposal processes and thus improve our current recovery rate of 84%. We have set ourselves the goal of a recovery rate of more than 95% at our production sites by 2030. Our experts regularly review our disposal methods to determine how they can be optimized. This often makes it possible for us to add our waste streams to higher value recycling streams.

As early as 2006, our DTNA production sites began to develop a “zero waste to landfill” waste concept, which has been fully implemented at all DTNA sites since 2018.[1] By no longer disposing of waste in landfills, we are helping to reduce environmental risks such as groundwater pollution and reducing the need to open new landfills.

1 The target could not be achieved with 33t of waste for disposal in 2023 due to an unforeseen circumstance in the waste disposal process and legal re-categorization of waste streams.

Our Mercedes-Benz do Brasil Ltda. sites have also been pursuing the “zero waste to landfill” strategy for production waste since 2021 and have implemented these since the end of 2022.

We treat and dispose of our waste worldwide in accordance with the legal regulations. We work with licensed and regularly certified waste disposal companies. Our production locations are required to track the disposal of production waste to its final destination and regularly audit facilities for the disposal of hazardous waste.

Further information about how we design our production processes as environmentally friendly as possible can be found in the chapter Prevention of pollution.

B.45

Production-related waste according to waste type[1,2]

GRI 306-3/-4/-5

	▼ 2023	▼ 2022	2021
in 1,000 t			
Hazardous waste for recovery	41	44	36
Hazardous waste for disposal	76	71	79
Non-hazardous waste for recovery (excluding scrap)	177	191	152
Scrap for recycling	195	194	221
Non-hazardous waste for disposal	4	4	5
Total	**493**	**506**	**493**
Recovery rate in %	84	85	83

1 Excludes construction waste and soil.
2 The “waste for recycling” category includes waste that is recycled or used for energy recovery.

B.46

Production-related specific waste per vehicle

GRI 306-3/-4/-5

	▼ 2023	▼ 2022	2021
in kg			
Waste buses			
Hazardous waste for recovery	122.6	124.3	147.8
Hazardous waste for disposal	13.4	10.9	10.2
Non-hazardous waste for recovery (excluding scrap)	381.8	350.2	406.9
Scrap for recycling	477.4	511.2	597.8
Non-hazardous waste for disposal	28.9	25.5	30.8
Total	**1,024.2**	**1,022.2**	**1,193.6**
Waste trucks			
Hazardous waste for recovery	76.3	82.3	75.6
Hazardous waste for disposal	151.3	141.8	177.9
Non-hazardous waste for recovery (excluding scrap)	333.3	364.7	325.9
Scrap for recycling	364.9	362.2	472.8
Non-hazardous waste for disposal	6.6	7.6	9.3
Total	**932.4**	**958.6**	**1,061.5**

▲

▾ Prevention of pollution

GRI 3-3 SDG 12

We design the stages of production to be as environmentally friendly as possible and focus on the development of CO_{2e}-free vehicles when in driving operation. For this purpose, we are striving to implement the legal processes and measures required to minimize risks at all our production sites as part of the environmental management systems that are ISO 14001 certified or validated by the European environmental management and auditing system (EMAS). Our activities focus on assets requiring protection such as air, water (groundwater and surface water, lakes, and rivers) and soil. For their protection, we have defined technical and organizational requirements within the framework of company-wide standards.

Ensuring environmentally friendly handling of hazardous substances is particularly relevant. We have defined clear internal processes, specifications and standards to ensure the safe storage and environmentally friendly use of hazardous substances at our sites. An internal handling permit for chemicals is required for using hazardous substances at our sites, in addition to an assessment of their environmental hazard. Furthermore, substitution processes to improve the environmental compatibility of existing substances will be initiated if necessary.

To ensure that the Group standards are implemented, we have been applying the environmental due diligence method throughout the Company since 1999 – previously as part of the former Daimler AG and since the end of 2021 as an independent company. It helps us to identify, assess and avoid potential risks of pollution at our production sites at an early stage and to comply with a high environmental standard worldwide. The topic of hazardous substances also plays a central role here.

All our consolidated production sites are audited and evaluated within the framework of this due diligence method in a five-year cycle according to a standardized process. The results are reported to the respective manufacturing site and executive management so that any potential optimizations can be made. In addition, on an annual basis we review the extent to which our recommendations for risk minimization and pollution prevention at the production sites have been implemented.

Use of water

GRI 3-3, 303-1/-2/-4

Heavy rain and floods as well as water shortages due to falling groundwater levels in some areas are affecting more and more regions around the world. Conscious, efficient and sustainable use of water is essential given the state of global water resources. We aim to contribute to this and strive to continuously improve water efficiency and to close water cycles in order to sustainably reduce water usage. Our water efficiency target can be found in the green production target house in section “Sustainability goals for our production” in the chapter Environment.

In 2021, a water risk analysis regarding site-specific and production-related water risks was carried out for the first time at our locations particularly affected by water shortages using a tool from the World Wide Fund for Nature (WWF), and various organizational and technical measures were defined based on the results.

In 2023, we carried out the water risk assessment worldwide and thus created data transparency for all our production sites. We will use the results to make corporate and local project decisions related to site development, to support customized water efficiency projects and water initiatives, and to proactively minimize our risks related to water stress, potential water scarcity, flooding and water quality.

Our water management is subject to the applicable water protection laws and we continuously adapt it to the current regulations. In addition, we have set ourselves the objective of fully implementing the Group’s internal standard for preventing stormwater contamination at all production sites around the world by no later than 2030.

Waste water from our production processes and sanitary facilities is either directed to public waste water treatment and disposal facilities in accordance with local regulations, or treated and discharged directly at our own sites. At some of our sites, we operate biological wastewater treatment plants. One example of our responsible wastewater management is our truck and bus production plant in Chennai, India. None of its wastewater is channeled into the sewage system or into bodies of water. The process water is thoroughly treated in the plant’s own wastewater treatment plant and then used in operating processes, in sanitary facilities and for irrigating green areas. In addition, large volumes of rainwater are collected in retention basins on site and purified by means of water filtration systems.

Some of our plants, such as Wörth or Aksaray, have a separate sewer system for separate drainage of sanitary wastewater and stormwater. This promotes the natural water cycle. The separation system makes it possible to prevent the rather considerable amounts of rainwater from entering the sewage treatment plant with relatively low loads. As a result, wastewater treatment can be much more effective and energy-efficient. ▴

▼

B.47

Production-related water use[1]

GRI 303-3

	▼ 2023	▼ 2022	2021
in 1,000 m^3			
Public water supply	2,818	2,659	2,466
Groundwater (well water)	1,845	1,770	1,816
Stormwater used	288	279	229
Total	4,951	**4,708**	**4,511**

1 Total water withdrawal 2023 (GRI 303-3) excl. ~7% of the water, which is transferred to third party companies, which are not part of Daimler Truck.

B.48

Production-related water discharge

GRI 303-4

	▼ 2023	▼ 2022	2021
in 1,000 m^3			
Direct Discharge	1,011	912	1,044
Indirect Discharge	2,417	2,365	2,508
Total	3,428	**3,277**	**3,552**

B.49

Specific water use per vehicle

GRI 303-5

	▼ 2023	▼ 2022	2021
in m^3			
Buses	21.2	21.7	23.4
Trucks	8.8	8.3	9.2

Air pollution control

As with other environmental aspects, our aim is to avoid the environmental impact of air emissions from production as much as possible. For us, the relevant air pollutants are nitrous oxides, sulfur oxides, carbon monoxide and particulate matter, which are mainly produced in combustion processes, as well as Volatile Organic Compounds (VOC emissions) which mainly arise in painting processes. We attach particular importance to reducing those VOC emissions. This can be done by selecting newly developed, high solids paint materials, optimizing the paint processes and establishing new, modern exhaust air purification systems. For this reason, we have been continuously working for years on developing and using new technologies and paints in cooperation with our suppliers.

We have developed an in-house standard to prevent, minimize and eliminate environmental risks and the associated effects of production-related air pollutants, odors and noise. It defines a uniform procedure for the documentation of air pollution sources, the associated measurement obligations and the definition of pollutant reduction measures at our production sites. If the country-specific obligations that follow local legislation are lower, the regulations of our standard must be followed.

As part of environmental management, we regularly check whether internal and external air pollution control requirements are being complied with and reporting obligations are being met. Depending on the existing plant, there are also legally required Imission Control Officers at the German production sites who work towards the implementation of the legal requirements, contribute to the development of low-emission processes and regularly report on the measures planned and taken.

B.50

Production-related air emissions

GRI 305-7

	▼ 2023	▼ 2022	2021
in t			
Solvent emissions (VOC)	3,465	3,166	3,285
Nitrogen oxides (NO_X)	791	665	731
Carbon monoxide (CO)	270	243	196
Sulfur dioxide (SO_2)	29	32	24
Particulate matter (PM)[1]	261	254	552

1 Previous year's value was adjusted due to an update of the calculation at one location.

B.51

Specific VOC emissions per vehicle

GRI 305-7

	▼ 2023	▼ 2022	2021
in kg			
Buses	8.2	7.3	11.1
Trucks	6.5	6.0	6.9

▲

Biodiversity

GRI 304-2/-3

The preservation of biodiversity is one of the global challenges of our time and is directly related to the fight against climate change and the need for careful handling of the natural resources available to us, such as water. In addition to our activities in climate, immission, water and soil protection, we are also committed to preserving biodiversity in and around our sites.

In an in-house recommendation for action on near-natural landscape design, we provide practical information, for example, for the planning of new construction activities. We also cooperate with various nature protection organizations that advise and support us in our activities around animal and plant life protection.

An example is our work with Naturschutzbund Deutschland (NABU), landscape planners and gardeners, for more than ten years. Our Gaggenau production site is a member of a pilot group of the nationwide “UnternehmensNatur” project, which advises and supports companies on the design of near-natural green spaces and which has been running projects across the country since 2021. The project is funded by the State Ministry for the Environment and implemented by NABU Baden-Württemberg and environmental service provider, Flächenagentur Baden-Württemberg.

Our internal biodiversity index (BIX) is available for the specific measurement of the biological value of areas at our locations and the development of future planned initiatives. The index describes the ecological value of open spaces at a production location and can be used to define suitable measures to increase biodiversity. In the reporting year the BIX was collected for the locations Wörth, Gaggenau, Mannheim, Kassel and Leinfelden-Echterdingen.

Another important aspect for us is to introduce employees at our locations to the topic of biodiversity through appropriate initiatives and campaigns, such as traveling exhibitions, designing an environmental adventure trail, projects for our trainees, holding family days or, an apple collection campaign and presentations about the topic at managerial level.

To this end, we participated in several cross-generational initiatives at the following locations:

- Gaggenau: In a cross-generational project, managers and trainees are committed to protecting bees and promoting biological diversity. In the reporting year, the non-profit Foundation for People and the Environment (“Stiftung für Mensch und Umwelt”) honored the initiative as the winner of the “Germany is humming” (“Deutschland summt”) planting competition in Berlin.
- Kassel: Again this year, a voluntary collaboration with Sternental holiday care took place in August on the topic of “nature awareness and gardening” (“Naturbewusstsein, Gärtnern und Garten”). The participating children were able to put together a local flower seed or herb seed mixture for their garden. In recent years, for example, the bee hotels located on the factory premises have also been built here.
- Wörth: As part of a family day, there was an apple collection campaign in the orchards as well as planting and care campaigns, among other things in collaboration with senior managers and trainees.
- Mannheim and Kassel: Providing information and raising awareness among the workforce on the topic of nature conservation as part of a traveling exhibition during the Biodiversity Action Weeks 2023. During the Biodiversity Action Weeks 2023, employees were provided with information on the topic of nature conservation as part of a roadshow and sensitized to this topic.

Green supply chain

GRI 3-3, 204-1, 308-1/-2   SDG 9, 12, 13, 17

Suppliers are an important part of our production network. They can therefore make important contributions through their commitment to climate protection and resource conservation. Accordingly, we strive to raise the awareness of the topic with our suppliers and support them on our path to greater environmental protection in the supply chain. Together with our direct suppliers, we want to ensure that our products and services in Europe, the USA and Japan are CO_{2e}-neutral by 2039 and worldwide by 2050.

By transforming our product portfolio towards locally CO_{2e}-free vehicles in driving operation, emissions in the manufacturing phase of the products are becoming increasingly important in relation to the total emissions during the product life cycle. Important drivers of emissions in the supply chain are the materials used.

Our objective is to use the supply chain as a key lever to reduce our CO_{2e} emissions in order to reduce the CO_{2e} footprint of our products across the value chain and life cycle. Transparency about emissions in the supply chain is an important prerequisite for this.

On the one hand, our measures for a green supply chain relate to suppliers as our business partners, but on the other hand also to the purchased parts and materials as well as the transport routes to our production facilities.

Our upstream supply chain extends over many tiers in a worldwide network of players. As our business partners, our direct suppliers play a key role in this. We expect all suppliers to comply with the environmental requirements described in our Business Partner Standards and also to pass them on to their own supply chain. To fulfill our due care obligations, we have developed a comprehensive concept for the sustainable management of both environmental and social factors in the supply chain. In addition to including the requirements in contractual terms, it contains assessment instruments as well as information and qualification measures for suppliers. The risk management for sustainability in the supply chain has been revised based on the requirements of the German Supply Chain Due Diligence Act (SCDDA) and also contains criteria for environmental risks (such as site/country-specific environmental risks). If the supplier is exposed to a higher risk on this basis, we use further assessment measures and implement permanent screenings. If there is a need for improvement, we use qualification measures or define concrete implementation steps to mitigate the risks. Information and complaints about environmental violations in the supply chain can be addressed with us via the established reporting processes and will be followed up with appropriate consequences. Further information about our whistleblowing system can be found in the chapter Compliance.

By anchoring sustainability standards in the contractual terms with our suppliers, we can assert binding environmental requirements such as environmentally friendly production, reduction of energy, water consumption and waste, as well as chemical and hazardous substance management. We also expect our suppliers of production materials to operate with an environmental management system that is certified according to ISO 14001, EMAS or other comparable standards. Suppliers with a low order volume are excluded. Our goal is that at least 70% of our relevant production material purchasing volume is covered by environmental certificates. In the reporting year we have achieved a coverage of 72% of the purchasing volume planned for 2023.[1]

Elements of the circular economy are also a contractual component here, which is why minimizing waste, for example through recycling, is a clear requirement. The use and consumption of resources during production should also be reduced or preferably avoided. At the same time, the focus should be on the use of alternative materials, material savings, recycling and the reuse of materials. Suppliers are encouraged to design and carry out processes and procedures in such a way that the product can be recycled at the end of its life cycle.

Public recognition for good performance is equally important to us in the areas of climate change mitigation and resource conservation. For this reason, we regularly hold a Supplier Award, which recognizes suppliers for outstanding performance in the sustainability areas of climate change mitigation and resource conservation.

1 The values were determined on November 30, 2023.

Transparency on the environmental impacts of the supply chain of our vehicle parts

We work with various instruments to identify sustainability risks in the supply chain and check compliance with our standards. As part of our operational purchasing processes, we also use standardized sustainability assessments such as the Sustainability Assessment Questionnaire (SAQ) from the European Drive Sustainability initiative to obtain responses concerning all relevant sustainability criteria and incorporate them into an assessment. Further information can be found in the section "Our approach in the supply chain" in the chapter Social.

Areas of focus of the SAQ include reporting on environmental risk management, environmental guidelines, environmental and energy management systems, training for employees, use of renewable energies, targets for emission reduction, hazardous substance and waste management, climate assessments such as the CDP (formerly Carbon Disclosure Project) rating and the cascading of environmental requirements to the upstream supply chain. A supplier's sustainability rating derived from the SAQ is taken into account as a mandatory criterion in operational purchasing when new orders are awarded above a defined order value. We also use data from CDP. For example, we carried out the CDP supply chain program for the fourth time in the reporting year. As part of this program, we encouraged our production material suppliers to report on the environmental impacts of their business activities and their climate change mitigation efforts. As in the previous year, this data survey focused on suppliers of production materials, which account for around three quarters of our annual purchasing volume planned for 2023. Compared with the prior year, we included additional production material suppliers in the survey. This means that we cover 64% of the purchasing volume in production material planned for 2023 with climate change scores from CDP.[1,2]

1 The coverage rate refers to suppliers who, according to CDP, participated in the survey within the deadline and will therefore receive a climate score for 2023. The final scores will not be announced by CDP until 2024.
2 The values were determined on November 30, 2023.

▾ The program is supposed to encourage suppliers to continuously improve their CO_{2e} reduction efforts. In order to create transparency about their decarbonization strategies and CO_{2e} reduction targets, we also have many direct discussions with key suppliers. The CO_{2e} footprint is increasingly becoming a criterion in purchasing decisions. We want to have transparency about the CO_{2e} balance of the products delivered to us.

In addition to battery production, the main driver of greenhouse gas emissions is the production of raw materials such as steel, aluminum or plastics. In the future, the emissions of materials will be taken into greater consideration in new projects and award decisions. In order to promote the procurement of sustainable production materials, we will systematically integrate relevant key performance indicators such as CO_{2e} emissions into business processes in order to achieve our goal of CO_{2e} neutrality by 2039. We are also working with our future battery suppliers to minimize CO_{2e} emissions in the production process.

The exchange of information within and outside the Company plays an important role in the successful implementation of measures for an environmentally friendly supply chain. We thus train the buyers responsible for procuring production material on the sustainability requirements for suppliers. In addition, as part of the work with industry associations like Drive Sustainability, we also conduct web-based training to raise awareness of suppliers. Environmental aspects such as energy consumption, emissions and resource management are also included therein. In the reporting year, suppliers in the focus countries of Brazil, the Czech Republic and Turkey were trained.

In our measures for an environmentally friendly supply chain, we not only focus on the suppliers of materials and parts, but also consider the transport routes to our production sites. Therefore, the material purchasing departments work together with the logistics departments and implement various measures.

Inbound logistics

We are moving ahead with the transformation of the transportation industry towards locally CO_{2e}-free driving and are also relying on electric trucks in our own supply chain. We have set ourselves the ambitious objective of ensuring the delivery traffic to the Wörth plant, our largest assembly plant, is 100% electric by the end of 2026. A significant part of the direct supply chain can thus become locally CO_{2e}-free in driving operation. Together with logistics service providers and freight forwarders who supply our German production plants on a daily basis, we are working on gradually integrating electrically powered trucks into our fleets. Following the successful start of series production of the Mercedes-Benz eActros in 2021, which preceded extensive practical use by customers in recent years, we are providing further proof of the practical suitability of electric trucks in the transportation industry with its diverse requirements. As part of this, we are setting up an in-house charging infrastructure in Wörth and the aggregate plants Mannheim, Gaggenau / Rastatt and Kassel, which is available to both suppliers and company-owned vehicles. By the end of 2023, the first inbound transports to the Wörth plant, including from sister plants, were fully electric. Over the course of 2024, we plan to gradually convert all transports within the first implementation radius (approx. 200 km) to electric trucks. Especially the electrically powered Mercedes-Benz eActros 300 semitrailer truck will be used for this purpose. As the project progresses, the eActros 600 will cover longer transport distances. We are demonstrating the wide range of applications of the two electric truck models under realistic conditions in company transport.

The core of our concept for battery electric long-haul transportation is to offer customers a holistic transport solution consisting of vehicle technology, advisory, charging infrastructure and services. In order to develop a targeted concept for locally CO_{2e}-free supply logistics in driving operation to the Wörth plant together with freight forwarders, an individual analysis of the usual routes will initially be carried out. It provides information on driving times and the distance between delivery locations, charging options and individual range. They will also receive support in integrating electric trucks into existing fleets and in realigning their logistics centers, including advice on setting up the appropriate in-house charging infrastructure. The next step is to extend the process to the other plants in our production network.

Following the example shown by the Wörth plant, the aggregate plants in Germany have also set up the first charging stations in 2023 and switched transport to electric trucks. Further charging parks with associated infrastructure and the conversion of a large part of the in- and outbound deliveries are planned for the following years.

An integral part of our future inbound logistics concept for locally CO_{2e}-free transport in driving operation is also the development of a factory-owned charging infrastructure at the Wörth site. The charging stations, including megawatt charging stations for high-voltage battery charging, are planned at key points for inbound transport in the immediate vicinity of production at the Wörth plant. The parts installed in production are delivered just-in-time to the assembly line. The time taken to unload the electric truck will be used to recharge the vehicle's battery. This means that the vehicle ideally would not have to plan for any further downtimes and can resume its route immediately after the parts have been delivered. In addition, the possibility of re-bundling and thus optimizing the supply flows in the transport network in a new consolidation center near the site is currently being examined.

In addition to these specific CO_{2e} reduction measures, we are creating greater transparency about the CO_{2e} emissions of our transport system. We have introduced a calculation tool for the production sites in Europe to report CO_{2e} emissions based on real transport data and thus also measure the effect of optimization measures and, for example, the use of electric trucks. The calculation logic was certified by the Smart Freight Center and corresponds to the Global Logistics Emissions Council (GLEC) standard. In 2024, we want to roll out this calculation tool globally in order to record the CO_{2e} emissions from global transport in a standardized manner. ▴

EU taxonomy

Background
An objective of the European Union's (EU) action plan on financing sustainable growth (Sustainable Finance) is to redirect capital flows into sustainable investments. Against this background, Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investments, and amending EU Regulation (EU) 2019/2088 (Taxonomy Regulation) entered into force in 2020. The Taxonomy Regulation is a uniform and legally binding classification system stating which economic activities in the EU are considered taxonomy-aligned and thus "environmentally sustainable" with regard to six environmental objectives specified by the Regulation. The following environmental objectives are defined by the Taxonomy Regulation:

- Environmental objective 1 "Climate change mitigation"
- Environmental objective 2 "Climate change adaptation"
- Environmental objective 3 "Sustainable use and protection of water and marine resources"
- Environmental objective 4 "Transition to a circular economy"
- Environmental objective 5 "Pollution prevention and control"
- Environmental objective 6 "Protection and restoration of biodiversity and ecosystems"

For all environmental objectives, descriptions of relevant activities and technical screening criteria are already available through delegated acts. In 2023, the delegated acts for environmental goals 3-6 were published. These were taken into account accordingly in the taxonomy check.

All consolidated group companies are included in the calculation of the relevant key performance indicators (KPI) for Daimler Truck. This does not apply to companies included in the consolidated financial statements using the at-equity method.

The turnover, capital expenditure (CapEx) and operating expenditure (OpEx) published as part of the EU taxonomy were calculated in the same way as the consolidated financial statements of the Daimler Truck Group and are in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee, as they are to be applied in the EU.

Taxonomy-eligible economic activities
With the descriptions of economic activities in the delegated acts, the Taxonomy Regulation specifies which activities are generally taxonomy-eligible. As the determination of taxonomy eligibility for an economic activity is based on its output, it follows that all activities, as well as the associated capital expenditure and operating expenditure, that serve the production or leasing/financing of vehicles are also taxonomy-eligible.[1]

The delegated act (EU) 2022/1214 of March 9, 2022 also contains specific regulations for the energy sector. An analysis of the activities in this context led to the conclusion that the corresponding activities are exclusively for our own use as part of the manufacturing activity and represent an insignificant scope for Daimler Truck. Accordingly, Daimler Truck does not carry out any independent activities in the context of the delegated legal act.

In addition, in accordance with the new delegated act (EU) 2023/2486 of June 27, 2023, the distribution of activities between environmental objectives 1-6 was analyzed and examined. On this basis it could be determined that there is no overlap in the environmental objectives. Accordingly, only the environmental goal of climate change mitigation is essential. The additional tables for double counting are therefore omitted.

Daimler Truck has classified the following activities as taxonomy-eligible in accordance with the Taxonomy Regulation.

- Activity 3.3 – Manufacture of low-carbon technologies for transport

1 Cf question two in the EU Commission's "Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets" of October 6, 2022 ("FAQ").

- Activity 6.3 – Urban and suburban transport, road passenger transport
- Activity 6.5 – Transport by motorbikes, passenger cars and light commercial vehicles
- Activity 6.6 – Freight transport services by road

Under Activity 3.3, Daimler Truck includes all trucks and buses produced by Daimler Truck, independent of their CO_2 emissions, as taxonomy-eligible, i.e., also all vehicles with combustion engines. The background to this is that the Taxonomy Regulation does not contain any definition of the term "low carbon" outside the technical screening criteria. Therefore, all vehicles can in principle be classified as eligible and the term "low carbon" is only to be applied to the assessment of taxonomy alignment within the framework of the technical screening criteria.[2] Activities 6.3, 6.5 and 6.6 include leasing/financing activities relating to buses, cars and trucks, regardless of whether they are own or external brands.

Taxonomy alignment
All activities classified as taxonomy-eligible have been checked for taxonomy alignment. A significant contribution to an environmental objective is to be made by complying with the specified technical screening criteria defined in the EU Taxonomy Regulation. For Daimler Truck, this applies to environmental goal 1, as all activities contribute exclusively to climate change mitigation.

Furthermore, within the framework of the technical screening criteria, significant harm to another environmental objective must be excluded on the basis of the defined "do no significant harm criteria" (DNSH). In addition, compliance with the minimum safeguards with regard to human rights, including labor rights, corruption and bribery, taxation and fair competition must be ensured. An economic activity can only be regarded as ecologically sustainable if all criteria are met. Daimler Truck carried out the review of the technical screening criteria for the economic activities at product and/or site level. The assessment of compliance with the minimum safeguards is essentially based on Group-wide guidelines and their local implementation.

2 Cf question nine in the European Commission's FAQ dated October 6, 2022.

▾ Only low-carbon vehicles according to the definition of the technical screening criteria are taken into account for the assessment of the taxonomy alignment. The EU taxonomy also provides that buses pre-compliant with the Euro VI standard shall be taken into account in the alignment assessment. Since the current Euro VI standard had already entered into force at the time of the assessment, Daimler Truck does not consider any pre-fulfilment and the vehicles are accordingly not taken into account in the alignment assessment.

Do No Significant Harm
Compliance with the DNSH criteria was mainly assessed on the basis of checklist-based interviews for the relevant sites and products.

As stated above, Daimler Truck exclusively makes a significant contribution to environmental objective 1 “Climate change mitigation”. Therefore, the DNSH criteria for the other environmental objectives 2 to 6 must be examined.

Evidence of compliance with the DNSH criteria for the respective environmental objectives is provided by overarching standards, guidelines or other appropriate evidence. Compliance is checked as part of regular “environmental due diligence audits”, if relevant. If individual criteria are not met, the corresponding turnover, CapEx and OpEx are not reported as taxonomy-aligned.

For these environmental objectives, depending on the respective economic activity, the following DNSH criteria must be checked:

Environmental objective 2 - “Climate change adaptation”
– Activities 3.3, 6.3, 6.5, 6.6: The criterion requires a climate risk and vulnerability analyses to be performed.[1] These were carried out at Group level. Daimler Truck incorporates various physical climate risks into the analysis in accordance with the requirements of the EU taxonomy. Each of the physical climate risks to be considered in accordance with the Taxonomy Regulation was assessed on the basis of climate scenarios. The climate projections are based on the Shared Socioeconomic Pathway scenarios (SSP scenarios). The analysis therefore focuses on economic activity 3.3. and considers a period up to 2080. Identified risks are addressed in an adaptation plan. For activities 6.3, 6.5 and 6.6, no risk to the performance of the activities due to physical climate risks is considered. Extreme weather tests are carried out during vehicle development.

Environmental objective 3 - “Sustainable use and protection of water and marine resources”
– Activity 3.3: The criterion requires the preparation of a management plan in line with water quality and water scarcity and in accordance with the Water Framework Directive.[2] The risks and measures relating to water quality are tracked as part of the regular environmental due diligence audits at the Daimler Truck sites (for details, refer to chapter Prevention of pollution). In addition, Daimler Truck also takes into account the avoidance of water scarcity through a central risk assessment based on recognized models and procedures. The existing processes cover the adjustments to the criteria in the delegated act made in 2023.

Environmental objective 4 - “Transition to a circular economy”
– Activity 3.3: The possibility of using secondary raw materials and the possibility of a design for easy disassembly and durability must be taken into account for the relevant vehicles. In addition, hazardous substances must be traceable and a waste management established at the sites. In this context, various Group-internal guidelines and standards apply as well as, in individual cases, further suitable evidence. The issue of durability is anchored, for example, in the product development process. The “Group Standard for Waste Management” defines waste management across the Group.

– Activities 6.3, 6.5 and 6.6: The criterion requires the existence of waste management measures, in particular at the end of a vehicle’s life cycle.

– Activities 6.5 and 6.6: Defined quotas of recyclable or reusable materials in the products must be complied with. If the quotas determined in accordance with the specifications reach the required threshold values, the technical screening criterion is considered to be fulfilled.

Environmental objective 5 - “Pollution prevention and control”
– Activity 3.3: The criterion is based on Appendix C of the Delegated Regulation (EU) 2021/2139. Appendix C refers to various European regulations out of the chemicals legislation. As part of notes I to Commission Delegated Regulation (EU) 2023/2486 supplementing Regulation (EU) 2020/852 of the European Parliament, published on June 27, 2023, letter f) of Annex C was clarified and a further paragraph was added. The substances defined in Appendix C are subject to restrictions on manufacture, placing on the market and use, both in terms of use in the sites and in the products. There are specifications regarding the use of working materials and product components and substitution tests for these.

Moreover there are difficulties in interpretation regarding the vague term “Where applicable” in relation to the use of lead, mercury, hexavalent chromium and cadmium. Daimler Truck interprets the criterion in accordance with the previous version of the regulation and references Directive 2000/53/EC.

– Activities 6.3, 6.5 and 6.6: Compliance with certain tire categories in terms of rolling resistance and rolling noise shall be demonstrated. In the reporting year, appropriate analyses were performed for the relevant vehicles to provide the required evidence. If information on the tires is available and the corresponding classes are adhered to, the technical screening criterion is considered to be fulfilled.

Environmental objective 6 - “Protection of biodiversity and ecosystems”
– Activity 3.3: The criterion refers to Appendix D of Delegated Regulation (EU) 2021/2139, which defines requirements for the protection of biodiversity and biodiversity-sensitive areas in the vicinity of the sites. As part of the environmental due diligence audits, compliance with environmental permits is verified, among other aspects. The impact on nearby, sensitive areas is also examined. If required, measures are derived (for details, see the chapter Prevention of pollution).

During the assessment, the relevant technical screening criteria were analyzed, interpreted, the results documented and substantiated by corresponding evidence documents and calculations. ▴

1 Cf Appedix A of Delegated Regulation (EU) 2021/2139.

2 Cf Appedix B of Delegated Regulation (EU) 2021/2139.

Minimum safeguards

As part of the audit of compliance with the minimum safeguards, the following topics were analyzed centrally:

- Human rights, including labor rights;
- Corruption and bribery;
- Taxation;
- Fair competition.

No increased risk was identified and assessed in this regard for the 2023 reporting year. For each potential risk area, preventive and, if necessary, remedial measures are already in place. As part of the due diligence processes, it was possible to demonstrate that there are no convictions in any of the four subject areas (for details, refer to chapters Governance and Social)

Reporting on the three performance indicators

Reporting on the KPIs required under the Taxonomy Regulation for turnover, CapEx and OpEx is shown in tables ↗ B.52, ↗ B.53 and ↗ B.54. All activities are fully assigned to the environmental objective of “climate change mitigation”. Furthermore, all activities can be clearly assigned to the respective economic activity according to the Taxonomy Regulation. This avoids double counting in the calculation of the overall performance indicators.

▾ B.52

Turnover

I Template:
Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

		2023		Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	Turnover	Proportion of Turnover, year 2023	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
		€ million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3	508	0.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.5	E	
Turnover of environmentally-sustainable activities (Taxonomy-aligned) (A.1)		508	0.9	100.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	0.5		
Of which Enabling		508	0.9	100.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	0.5	E	
Of which Transitional		0.0	0.0	0.0						Y	Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3	51,097	91.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								92.4		
Urban and suburban transport, road passenger transport	CCM 6.3	328	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	85	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2		
Freight transport services by road	CCM 6.6	1,879	3.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.5		
Turnover of Taxonomy-eligible, but not environmentally sustainable activities (not-Taxonomy-aligned activities) (A.2)		53,389	95.5	100.0	0.0	0.0	0.0	0.0	0.0								95.5		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		53,896	96.4	100.0	0.0	0.0	0.0	0.0	0.0								96.0		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy-non-eligible activities	1,994	3.6
TOTAL	55,890	100.0

Y - Yes, Taxonomy eligible and Taxonomy-aligned activity with the relevant environmental objective; N - No, Taxonomy eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective; CCM: Climate Change Mitigation.

▾ B.53

Capital expenditure (CapEx)

II Template:
Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic Activities	Code	CapEx	Proportion of CapEx, year 2023	Substantial Contribution Criteria: Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	DNSH criteria ("Does Not Significantly Harm"): Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity
		€ million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3	255	7.5	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5.0	E	
CapEx of environmentally-sustainable activities (Taxonomy-aligned) (A.1)		255	7.5	100.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	5.0		
Of which Enabling		255	7.5	100.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	5.0	E	
Of which Transitional		0.0	0.0	0.0						Y	Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3	2,674	78.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								59.3		
Urban and suburban transport, road passenger transport	CCM 6.3	29	0.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2		
Freight transport services by road	CCM 6.6	433	12.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL								34.2		
CapEx of Taxonomy-eligible, but not environmentally sustainable activities (not-Taxonomy-aligned activities) (A.2)		3,139	92.2	100.0	0.0	0.0	0.0	0.0	0.0								94.7		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		3,394	99.7	100.0	0.0	0.0	0.0	0.0	0.0								99.7		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
CapEx of Taxonomy-non-eligible activities	12	0.3
TOTAL	3,405	100.0

Y - Yes, Taxonomy eligible and Taxonomy-aligned activity with the relevant environmental objective; N - No, Taxonomy eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective; CCM: Climate Change Mitigation.

B.54

Operating expenditure (OpEx)

III Template:
Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

		2023		Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	OpEx	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category enabling activity	Category transitional activity
		€ million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3	288	12.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6.5	E	
OpEx of environmentally-sustainable activities (Taxonomy-aligned) (A.1)		288	12.9	100.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	6.5		
Of which Enabling		288	12.9	100.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	6.5	E	
Of which Transitional		0.0	0.0	0.0						Y	Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3	1,907	85.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								92.8		
Urban and suburban transport, road passenger transport	CCM 6.3	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Freight transport services by road	CCM 6.6	2	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
OpEx of Taxonomy-eligible, but not environmentally sustainable activities (not-Taxonomy-aligned activities) (A.2)		1,908	85.2	100.0	0.0	0.0	0.0	0.0	0.0								92.8		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		2,196	98.0	100.0	0.0	0.0	0.0	0.0	0.0								99.3		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
OpEx of Taxonomy-non-eligible activities	44	2.0
TOTAL	2,240	100.0

Y - Yes, Taxonomy eligible and Taxonomy-aligned activity with the relevant environmental objective; N - No, Taxonomy eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective; CCM: Climate Change Mitigation.

Turnover

The proportion of taxonomy-eligible and taxonomy-aligned activities of the total turnover in the reporting year must be determined in accordance with the Taxonomy Regulation. The KPI for turnover is the ratio of taxonomy-eligible/taxonomy-aligned turnover to the total Group turnover for the reporting year.

Overall, the denominator takes into account all turnover of the Daimler Truck Group. The turnover reported in the Consolidated Income Statement amounted to €55,890 million in the 2023 reporting year (refer to Note 5. Revenue of the Notes to the Consolidated Financial Statements).

To determine the numerator, the turnover was examined as to whether it was generated in connection with the production, leasing or financing of vehicles (taxonomy-eligible). Turnover not related to vehicle production or leasing/financing has been excluded.
Turnover is then assessed to determine whether it meets the technical screening criteria for the respective activity.

If turnover related to the activities cannot be clearly assigned to the taxonomy-eligible or taxonomy-aligned proportion, they are generally assigned using an allocation key, for example for turnover in connection with spare parts and services. The base for the allocation of turnover from the sale of spare parts that cannot be clearly assigned are historical sales figures. Turnover from service contracts that cannot be clearly assigned is similarly allocated.

In the 2023 reporting year, €508 million or 0.9% of the turnover was classified as taxonomy-aligned and €53,389 million or 95.5% as taxonomy-eligible. In the prior year, €276 million or 0.5% of revenue were classified as taxonomy aligned and €48,613 million or 95.5% as taxonomy eligible.

The increase in taxonomy-aligned sales results from the increased sales of low-CO_2 vehicles.

Capital expenditure

The KPI for CapEx is the ratio of taxonomy-eligible/taxonomy-aligned capital expenditure to total capital expenditure in accordance with the Taxonomy Regulation for the reporting year.

For the denominator, all additions to intangible assets and property, plant and equipment, equipment on operating leases, as well as additions to right-of-use assets in accordance with IFRS 16, including additions to the aforementioned assets in the context of business combinations, are included. Acquired goodwill is not included.

To determine the numerator, the investments are analyzed to identify whether they are related to the production or leasing/financing of vehicles. These taxonomy-eligible investments are further examined to determine whether they meet the technical screening criteria associated with the activity.

In the 2023 reporting year, the numerator consists of the following components:

1. CapEx A: Capital expenditure associated with taxonomy-aligned economic activities. This also includes capital expenditure for the expansion of taxonomy-aligned economic activities that were completed in the 2023 reporting year. €49 million was attributable to CapEx A in the 2023 reporting year.

2. CapEx B: Investments for the expansion of taxonomy-aligned economic activities that were not completed in the 2023 reporting year. In relation to these investments, a so-called “CapEx plan” is to be published. The CapEx plan covers the actual reporting year as well as a time frame of five years and the included investments can be exclusively assigned to activity 3.3. The capitalized research and development costs included relate to the development of Battery Electric Vehicles (BEV) and Fuel Cell Electric Vehicles (FCEV). Important milestones of the CapEx plan, such as the completion of major development projects, are regularly published on the Daimler Truck Group’s website. The investments within category “CapEx B” amount to €206 million in the reporting year 2023. The CapEx plan includes expenditures in a range of €3,400 million to €3,500 million which occurred in the current reporting year and are planned for the period from 2024 to 2028.

Where capital expenditure could not be clearly determined as taxonomy-eligible or taxonomy-aligned, generally, an allocation based on future sales figures has been made. The basis is the approved business plan.

The proportion of the CapEx KPI reported as taxonomy-aligned consists of additions to property, plant and equipment including right of use assets (€134 million; 2022: €71 million) and additions to internally generated intangible assets. particularly from capitalized usage rights (€121 million, 2022: €120 million). In the 2023 reporting year, there were no taxonomy-aligned additions from acquisitions due to business combinations.

The total amount of investments can be reconciled to the Group additions in the reporting year (refer to Note 11. Intangible assets, Note 12. Property, plant and equipment and Note 13. Equipment on operating leases of the Notes to the Consolidated Financial Statements).

In the 2023 reporting year, €255 million or 7.5% of the capital expenditure was classified as taxonomy-aligned and €3,139 million or 92.2% as taxonomy-eligible. In the prior year, €191 million or 5.0% of investments were classified as taxonomy aligned and €3,633 million or 94.7% as taxonomy eligible. The investment volume is therefore on prior-year level.

▾ Operating expenditure

The KPI for operating expenditure is the ratio of taxonomy-eligible/taxonomy-aligned operating expenditure to the relevant direct, non-capitalized costs (research and development, building renovation measures, short-term lease, maintenance and repair) in the reporting year.

The total operating expenditure to be included in the denominator comprise the volume pursuant to Appendix 1 of the Delegated Act on Article 8 of the Taxonomy Regulation disclosure requirements. For determining the numerator, operating expenditures are assessed according to whether they are related to the production or leasing/financing of vehicles (taxonomy-eligible).

Furthermore, they are assessed for the fulfilment of the technical screening criteria associated with the activity. In the 2023 reporting year, the following OpEx components are included in the numerator:

1. OpEx A: Operating expenditure associated with assets or processes that are part of taxonomy-aligned economic activities. These amounted to €49 million in the 2023 reporting year.

2. OpEx B: Operating expenditure relating to the expansion of taxonomy-aligned activities. In relation to these expenditures, an “Opex-Plan” needs to be published. The OpEx plan is seen as part of the CapEx plan and fulfils the criteria set out there. Expenditures assigned to OpEx B amounted to €239 million in the 2023 reporting year. The OpEx plan has a range of €2,600 million to €2,700 million which occurred in the current reporting year and are planned for the period from 2024 to 2028.

In the case that operating expenditure cannot be clearly determined as taxonomy-aligned or taxonomy-eligible, sales-based allocation keys are applied in principle. For research and development expenditures that cannot be directly allocated, these are generally based on the approved business plan. For other operating expenditure that cannot be directly allocated, the allocation keys are generally based on actual values.

In the 2023 reporting year, €288 million or 12.9% of operating expenditure was classified as taxonomy-aligned and €1,908 million or 85.2% as taxonomy-eligible. In the prior year, €136 million or 6.5% of operating expenditure were classified as taxonomy aligned and €1,931 million or 92.8% as taxonomy eligible. The higher operating expenditure mainly result from increased non-capitalized research and development costs for completed and ongoing projects (+€137 million). ▴

Social

We take responsibility towards society and our employees. Where we can make a contribution to change something for the better, we do it.

Social

As a global commercial vehicle manufacturer, we have great influence on the people affected by our corporate actions as well as on the society we live in. For us, our vision of "Leading Sustainable Transportation" means helping to shape the transport of tomorrow responsibly. Our employees are an important foundation for this. With their ideas, talents and skills, they play a crucial role in shaping our company – and help us to be prepared for the future. We strive to be a great place to work and offer a work environment where our employees' health, occupational safety and well-being are safeguarded. Our trucks and buses are an important part of the everyday life of many people. For this reason, traffic safety and the protection of all road users are our top priorities. A sense of responsibility and sustainability also affects the entire value chain – and we are rising to the growing challenges. We cooperate with our suppliers and commit them to working with us to ensure respect for the rights of all the people we influence through our operations.

Material social topics

GRI 3-3

As part of the materiality analysis, the effects of our business activities on our employees, people affected along our entire value chain and wider society were considered. We also analyzed and evaluated the effects of social influences on Daimler Truck's business activities. As a result, the following topics were defined as essential:

1. Occupational safety & health protection
2. Human rights
3. Traffic safety

Further information can be found in the section "Materiality Analysis" in the chapter Responsible corporate governance.

Our people

GRI 2-7

With our human resources strategy, we want to make Daimler Truck the most attractive employer in the industry by empowering and inspiring our team to drive the transformation of the commercial vehicle business. We build on a corporate culture in which each and every employee is the focus and can develop their individual contribution along the employee journey.

A key focus for action according to our Materiality Analysis is maintaining the health (both personal and occupational), safety and well-being of our employees. As a progressive employer we want to offer a fair remuneration system and far-reaching flexible working time models that promote the compatibility of work and family as well as a good work-life balance. We also support our employees' development through a wide range of qualification programs and flexible learning methods. We want to leverage the commitment and cooperation of all employees and ensure open and respectful interaction with each other. Once again we have been reminded how we can rely on constructive cooperation with employee representatives and trade unions.

Over 100,000 employees worldwide drive our Group forward with their skills, ideas and commitment. Our employees are a central success factor of our Group. They were the key to achieving the Company's results in the 2023 reporting year.

B.55

Employees by segments

GRI 2-7

	▼ 2023	▼ 2022	2021
Mercedes-Benz Trucks	**38,470**	40,884	40,327
thereof female	**4,648**	4,721	4,508
Trucks North America	**28,833**	28,227	25,930
thereof female	**5,431**	5,214	4,843
Trucks Asia	**16,823**	16,214	15,865
thereof female	**1,831**	1,657	1,601
Daimler Buses	**15,480**	15,184	14,861
thereof female	**1,860**	1,702	1,564
DT Financial Services	**1,818**	1,770	1,245
thereof female	**853**	837	601
Central Functions and Services	**2,992**	2,450	1,622
thereof female	**1,087**	968	611
Total	**104,416**	**104,729**	**99,849**
thereof female	**15,711**	15,097	13,727

Organization and responsibilities

Organization and responsibilities are based on a global human resources (HR) structure. The HR-unit consists of various functions that work along the entire HR-value chain and at all our locations. HR-business partners advise and support our employees, including managers, on all relevant, strategic HR topics and implement them as a team. We are organized according to our segment structures and each segment has its own HR responsibility. In addition, cross-cutting topics such as human resources development, labor policy and remuneration are bundled in Centers of Competences (CoC) within a global governance function. The Head of the People and Organization Development CoC is represented in the Sustainability Steering Committee.

The HR Compliance Management System focuses on compliance with legal provisions, regulatory standards and ethical principles to ensure compliant human resources work as well as appropriate labor and social standards. In this way the system contributes to the creation of a respectful, trusting and integrative corporate culture. The HR Director is responsible for human resources work and HR compliance across the Group. Further information on HR compliance can be found in the section "Compliance with labor and social law obligations (HR compliance)" in the chapter Compliance.

To ensure an ongoing exchange between the individual functions and the best possible decision-making in the interests of the entire Group, the Operations Committee (OpCom) meets regularly as the highest HR decision-making body chaired by the board member responsible for human resources. To ensure that HR functions are closely involved in the operational business, the HR Business Partners are involved in the management bodies of their areas of responsibility.

Our corporate culture and Daimler Truck as an attractive employer

For us, it is important that our values and our culture are shared and lived by everyone in the Company. To this end, we want to promote the commitment of our employees and expand opportunities for design within the framework of "Impact Culture". Our "Impact Culture" focuses on the topic of belonging together and, above all, on the question of how we want to work together across different levels, regions and specialist areas. Our corporate culture is also the basis for our employer communication.

We want to be a good and attractive employer – both for our own employees and for the various target groups in the global labor market. To increase the awareness around Daimler Truck and at the same time show our employees appreciation for their daily work, the internal and external employer campaign with the slogan 'You make us' was launched for the first time worldwide in 2023. The aim is to carry our corporate culture, the "Impact Culture", and our employer brand internally and externally and to strengthen our identity. The focus topics are sustainability, future technologies, individual development opportunities, internationality as well as diversity, equity and inclusion. The employer branding and recruitment activities are based on the short, medium and long-term Company strategy, the needs of the departments and the expectations of the target groups.

An important basis of our corporate culture and attractiveness as an employer is a good and coherent leadership and collaboration culture. The basis and behavioral anchors for this describe and define so-called “Great Leadership Behavior”. With the initiative "DTR0CKs", the training was initially designed for managers, to enable them to experience the "Great Leadership Behavior" and to take the first steps in implementing it in their daily leadership work. This Daimler Truck initiative was awarded the Silver Excellence in Practice Award by the European Foundation for Management Development (EFMD) in 2023. After a successful roll-out at management level, further training formats were developed for employees in order to familiarize them with the behavioral anchors.

In addition, the Daimler Truck Learning Curriculum supports managers and employees in constantly developing themselves and their actions, with the focus being based on our purpose and supporting guidelines.

To consistently represent our understanding of culture in our processes and structures, we continued to work on integrating Great Leadership Behavior into the performance and potential processes for managers and aspiring managers in 2023. Under the term “Impact Compass” we support managers in their leadership role. In this way, we anchor the Daimler truck culture in everyday life, offer transparency and orientation and promote personal and professional development by involving our employees in the entire process. The newly introduced, personal 360° feedback process also acts as an important component in the cultural change. In addition, the global Impact Compass enables new approaches to identifying and promoting the performance and potential of our employees. Daimler Truck AG was awarded the HR Excellence Award 2023 in the “Performance Management” category for the agile development and implementation of the Impact Compass.

Our Employee Survey is an important tool for engaging in dialog with our employees. We want to methodically measure and understand what motivates our employees and enable a comprehensive and standardized measurement of the Group and its teams. The Employee Survey is considered an important indicator of where we currently stand in the areas of satisfaction, commitment, compliance and health – and above all where we have the potential to develop. Managers are therefore called upon to engage in a dialog with their teams and take appropriate measures for their continuous development. The HR organization provides help and tools for this purpose.

The annual Employee Survey which we conducted for the first time as an independent company in September 2022, was conducted again this year. With over 100,000 employees, the participation rate has increased to 82% (2022: 79%). The results of the 2023 Employee Survey show a slight increase across all topics, such as engagement. On a five-point scale from 1 (strongly disagree) to 5 (extremely satisfied), the general satisfaction of the workforce with the Company is shown to have an average score of 4.01. Our score when it comes to the follow-up process - including the discussion of results and the derivation of adequate measures for the development of the workforce - was significantly increased to an average score of 3.83 (2022: 3.69). We want to build on the progress we have already made and leverage the willingness of all employees to shape our young corporate culture together.

Further information on our corporate culture and values can be found on www.daimlertruck.com/en/career/youmakeus.

Cooperation with employee representatives and trade unions

GRI 2-30

It is one of our fundamental beliefs to work with elected employee representatives and trade unions in a trust-based relationship. This is the only way to successfully overcome diverse challenges together and take advantage of opportunities.

We recognize the right of our employees to form employee representation organizations for collective bargaining in order to regulate working conditions, as well as the right to strike, depending on applicable law. On this basis, it is our common aim to agree on constructive regulations and solutions that are in the interest of companies and employees and thus form a sustainable and strong foundation for a successful Daimler Truck future. Collective agreements are in place for the majority of employees across the Group, for example through bargaining agreements. In Europe, around 70% of employees are subject to the provisions of a bargaining agreement, with more than 95% in Germany alone, and around 65% in North America and Asia.

The elected works councils at the German locations of Daimler Truck AG continued their work in the responsible specialist commissions.

The European Works Council (EWC) and the World Employee Representative Committee (WWC), which were brought together at an international level, worked on overarching topics in 2023. In a joint conference with the Company management, the focus was on fixed costs, the possible merger of the subsidiary Mitsubishi Fuso Truck and Bus Corporation with Hino Motors, a subsidiary of the Toyota Corporation, and human rights. With this international cooperation, Daimler Truck is setting an example worldwide because countries outside the European Union have the same rights and obligations as those to which the EWC Directive directly applies. Currently 23 countries are represented according to their number of employees and have sent 34 representatives. Further information on the Works Council and international committees can be found on www.daimlertruck.com/en/works-council/international-councils.

The employee representatives elected for the statutory term of office were in constructive dialogue with the Company representatives on numerous technical topics. Furthermore, a particular focus of global cooperation is on successfully shaping the transformation towards CO_2-free mobility and digitalization. The common goal is to create an economically sustainable and successful company while at the same time ensuring employment is as socially secure as possible. An important measure in this context is the qualification and further training of employees, which was gradually expanded globally in the 2023 reporting year.

Another key focus of work with the employee representatives is all issues relating to occupational safety and maintaining the health of employees. Many measures were developed together here. Solidarity aid and unbureaucratic joint action were also shown after Turkey was hit by a devastating earthquake on February 6, 2023. Company management and the general works council initiated donations in kind and in cash. Further information can be found in the section “Corporate Citizenship” in the chapter Partnerships and engagement.

▾ Occupational safety, health and well-being

GRI 3-3 SDG 3

For us, occupational safety, health and the well-being of our employees are a central concern and an essential part of the overall sustainability strategy. By defining global minimum standards for occupational health and safety, our occupational health and safety strategy goes beyond legal requirements when designing workplaces and processes.

Our goal is to preserve the occupational safety and health of all employees, to identify and prevent health risks, and to permanently promote health and well-being as a prerequisite for creativity and productivity. We are committed to “Vision Zero” and are therefore part of a global initiative of the Institution of Occupational Safety and Health (IOSH) and the International Social Security Association (ISSA). Both organizations aim to prevent work-related accidents and illnesses while promoting the safety, health and well-being of employees.

We pursue a holistic and long-term approach, which we continuously review and further develop. A sustainably oriented, functioning health and occupational safety management system is of central importance to us. Whether ergonomic workplace design, health offers or safety qualifications: our focus is on the health, safety and well-being of our employees. We include these in our annual Daimler Truck Employee Survey with two questions about health, occupational safety and well-being in order to obtain an overview of the situation within the Company.

Organization, responsibilities, requirements and guidelines

GRI 403-1/-3/-4/-6/-8

Organizational responsibility at Group level belongs to the Health & Safety department, which comprises Occupational Medicine, Occupational Safety & Ergonomics, Social Counseling and Workplace Health Promotion. The occupational health and safety strategy is developed and implemented globally through regular, global dialog. At our sites, there are reporting lines from the occupational safety and health departments to the respective site management and to the Health & Safety department. In quarterly meetings the Board is involved through the Corporate Medical Director and the Head of Global Safety & Ergonomics in relevant topics such as accident and risk management, safety culture, health training and preventive medical examinations. In addition to using key statistics, for example from health and accident reports, the Health & Safety department also relies on personal feedback, the evaluation of surveys and the tracking of measures in the event of work accidents.

The material health and safety issues are also regularly discussed, evaluated and further developed with various internal committees, such as the Commission for Occupational Safety and Environment and Health. Other parties engaged include the works council and Company representatives at all Company levels and with external committees such as the Company Health Insurance Board of Directors. In addition, the positive effects of the above measures are incorporated into the advisory process for managers and employees. The aim is to continuously improve the measures with a view to sustainability and efficiency.

We complement the legal requirements for occupational health and safety with additionally defined policies. There are globally uniform guidelines based on prevention. The occupational health and safety policy, which is based on international standards and national laws, constitutes our global guideline. It emphasizes the responsibility and exemplary function of the managers and appeals to the personal responsibility of employees at the same time.

An ISO 45001 certification for work safety and health provides our employees safety at the workplace. In this reporting year, 15 of the relevant 48 sites (production, development and test sites) with majority shareholding were certified. This covers around 30,000 of our workforce, which corresponds to around 37 % of the relevant workforce. In addition to external certification audits, we conduct a check every three to five years whether the mandatory safety standards of our Group policy on health and safety in the workplace are being complied with at the Group’s own production facilities, and whether a functioning management system for occupational health and safety is in place. In the reporting year, we were able to evaluate safety certification on a total of eight locations in India, Indonesia, Mexico and North America. Eleven locations in Argentina, China, Germany, France, Mexico, Spain and the Czech Republic are planned for auditing in 2024.

Our employees have the right to physical and mental health and a safe working environment. We offer our employees in Germany occupational health care and counseling. In addition to occupational health checks and aptitude tests as well as medical consultations, employees can take part in the Daimler Truck “Health Check” every three years and get the flu vaccination every year. This care is supplemented by the measures and services of the workplace health promotion and counseling services. In addition to the implementation of the Group works agreement on “Mental Health”, another focus in the 2023 reporting year was our internal international initiative “WE CARE ABOUT US”. This initiative was founded to pursue the goals of Vision Zero. Stakeholders from the areas of Occupational Medicine, Occupational Safety, Social Counseling and Workplace Health Promotion work closely together and combine their expertise as part of the initiative.

Assessment of hazards

GRI 403-2/-9

We pursue a preventive approach and assess the potential risks of workplaces and work processes at an early stage. To implement this, instruments and risk assessment processes have been defined that comply with local regulations. An important instrument is the risk assessment, which automatically generates a briefing document. Parts of this risk management process are digitized using an online tool. The tool is provided by the European Occupational Safety and Health Agency (EUOSHA) and has been enhanced for our needs. The objective is to encourage risk awareness among employees and mindful behavior. The specified global standards, with regard to occupational health and safety management (including risk assessment) and minimum technical standards (for example technical safety standards for machines and systems), are to be implemented by our sites. The use of the online tool depends on local and legal requirements. ▴

▼ All our employees also have personal responsibility for their health and safety by carrying out their work in a safety-conscious manner. Safety risks and near-accidents must be reported to the manager on a location-specific basis and are dealt with as part of regular meetings in production and administration (shop floor management).

We record information about work accidents and risks using our accident documentation systems. Country-specific reports are prepared and from them accident reduction measures derived. We want to continuously improve the workplaces, environments and processes of our employees and actively involve them in their design process. We utilize a holistic health and occupational safety management system to prevent work accidents and work-related illnesses. The focus here is primarily on preventive measures, such as instructions and trainings on occupational safety, the Daimler Truck Health Check, health programs and digital health services, which we continuously review and develop further. Tragically, one employee and an external employee suffered a fatal accident in the reporting year. The incidents were investigated and the causes were determined. In addition, the responsible persons for global occupational safety were informed and the accidents were discussed at management level. Corrective measures were determined to prevent such accidents from occurring again.

B.56

Accident frequency

GRI 403-9

	▼ 2023	▼ 2022[3]	2021
Occupational accidents[1]	**1,349**	1,356	1,103
LTIR[2]	**8.8**	8.6	8.0

1 Number of work-related accidents with at least one lost day.
2 Lost Time Injury Rate (LTIR); Number of work-related accidents with at least one day of absence per 1 million attendance hours.
3 Previous year's figure adjusted due to subsequent reporting.

B.57

Absence from work due to work-related accidents

GRI 403-9

	▼ 2023	▼ 2022[2]	2021
Days away from work	**26,266**	30,278	21,909
Severity rate[1]	**170**	193	159

1 Number of lost days per 1 million hours of attendance.
2 Previous year's figure adjusted due to subsequent reporting.

B.58

Fatalities due to work-related accidents

GRI 403-9

	▼ 2023	▼ 2022	2021
Number of employee deaths	**1**	1	0
Number of deaths of external employees[1]	**1**	0	0
Number of deaths of TAW[2]	**0**	0	0

1 External workers are employees with a manufacturing or service contract.
2 Temporary Agency Worker (TAW).

Awareness of occupational safety

GRI 403-5

Employees are made aware of ergonomics and occupational safety throughout the Group with videos, various information portals and online training being used for this purpose during the reporting year. New employees receive general initial training in the form of an induction course and they receive workplace-specific instruction on safety-relevant aspects. We offer qualification measures for newly appointed managers depending on the location and the level of qualification. In Germany there are also mandatory measures.

External companies receive an external-specific training before entering the plants. In addition, we maintain a “Health & Safety Wiki” on the Social Intranet, which we regularly update. There, our employees can find all the important information and rules relating to health and safety at work. In addition, in the year under review, we offered a cross-site digital health service in Germany on the topics of exercise, nutrition and relaxation in order to sustainably raise awareness of health-related topics in the long term. ▲

Diversity, equity & inclusion

GRI 405-1 SDG 5, 10

Our workforce is as diverse as our customers and more than 100,000 people from 129 nations work for us. Diversity helps us to find new perspectives and acts as a driving force behind creative ideas and innovations. We are convinced that diversity is an important aspect of our corporate culture and makes us more successful as a company. We promote an impact culture in which our employees can actively participate and develop their talents freely. We therefore need to be respectful of one another and remain open-minded, which means there is no place for discrimination in the workplace. For us, inclusion means treating the diversity of our employees consciously, and appreciatively.

As a signatory to the Diversity Charter (Charta der Vielfalt e.V.), the Diversity, Equity & Inclusion (DEI) Management at Daimler Truck focuses on equal opportunities for employees across all seven diversity dimensions - namely age, ethnicity and nationality, gender and gender identity, physical and mental ability, religion and belief, sexual orientation, and social origin. We strengthen our principles by participating in the UN Global Compact, through membership of the Charter of Diversity employer initiative Charta der Vielfalt e.V. and the European Women’s Management Development Network e.V.

The principles of diversity, equity and inclusion are laid down in the general company agreements for the promotion of women and equal opportunities, and in the inclusion agreement. Furthermore, these topics are regulated in our Code of Conduct and our “Group-wide general agreement on fairness in the workplace”.

Organization and responsibilities

DEI management creates the framework for a diverse and inclusive corporate culture and is located in the Human Resources department. The team develops strategic fields of action in cooperation with the global DEI network, consisting of DEI experts from various organizational units worldwide, and in coordination with all business units. Furthermore, the network initiates overarching projects, training and awareness-raising measures, such as the annual "Diversity Day", which incorporate the seven diversity dimensions mentioned above.

The newly founded DEI Advisory Board also began work in March 2023. The international committee consists of senior managers from all organizational units as well as diversity experts and representatives of underrepresented groups. The DEI Advisory Board is chaired by the CEO of Daimler Truck Holding AG and Daimler Truck AG. The committee meets once a quarter and decides on the strategy and relevant topics relating to diversity, equity and inclusion. The DEI Advisory Board also advises the Daimler Truck Board of Management and anchors the topic in the appropriate business areas. In the four working groups Our People, Our Drive, Our Development and Our Community, the Board members work on topics such as anchoring equity and inclusion in human resources processes or promoting an inclusive working environment in the production plants between board meetings. Initiatives discussed by the Board will be carried forward by the global DEI network according to local requirements. One of the first measures was to set up a Diversity, Equity & Inclusion learning platform on the social intranet, which brings together all global offers for our employees for self-learning and self-reflection as well as team building activities and exercises. In addition, all recommendations and guidelines for creating an inclusive work culture are stored on the site.

Managers as role models

Our goal is to create an inclusive working environment in which we encourage all employees to be their true selves and feel they belong. Managers play a crucial role in this.

As a common basis for shaping the leadership culture, our e-learning module "Inclusion in Mind!" is mandatory for all managers including for the Board of Management and is available in nine languages. The aim of the training is to raise awareness of respectful cooperation and possible roadblocks and to show how each individual can contribute. It also teaches what effective methods to reduce potential biases and resolve conflicts are available.

As an indicator for an inclusive work culture, the Inclusion Index was introduced in the reporting year. It is based on four questions from the annual Daimler Truck Employee Survey and expresses how inclusive the working environment is perceived by our employees. All managers with more than six employees receive the Inclusion Index as an individual value for their own team. Accompanying documents for self-reflection and discussion with the team help managers to make their leadership behavior more inclusive and encourage dialog with their team.

Promoting diversity throughout the employee journey

GRI 404-2

We promote diversity even before talents join the Group. As a cooperation partner of the "FEMTEC Network", we support young engineers and offer students in the fields of mathematics, IT, science and technology insights into the Company and opportunities for dialog and cooperation.

When recruiting, diversity is of great importance to us: 54% of new hires through our Trainee Programs have an international background, and 41% of new hires since the programs started are women. The Company also places special emphasis on training young people with disabilities. An action plan has been created for hiring severely disabled apprentices. The aim of the action plan is to facilitate the application process for people with disabilities.

The women's advancement program She@Truck is a development program in the areas of truck technology and Mercedes-Benz trucks. The 15-month program is embedded in the development of high potential candidates at medium Management level and includes an individual learning program with mentoring and coaching, combined with joint multi-day seminar modules. A new aspect of this concept is that both the sponsors and the mentors from the top two management levels below the board are involved in workshops in order to raise even greater awareness of their responsibility for more diversity when filling management positions.

Commitment in networks

Through networks (Employee Business Resource Groups), our employees can share common interests, experiences and values across all levels and divisions. Our networks help to firmly establish a culture of diversity and appreciation in the Company. At the same time, they support us as dialog partners in the further development of our measures concerning diversity, equity and inclusion. We have five company-wide networks and many other regional groups around the world. Most of these are cultural, gender-related and "LGBTIQ networks". To promote interaction between the networks, the Diversity, Equity & Inclusion Management team organizes regular meetings. Sponsors from top management support the networks in their work and give them more visibility internally and externally.

In addition, the internal "Global Inclusion & Diversity Community" accessible on the Social Intranet portal is the meeting place for all employees around the world who would like to help shape diversity, equity and inclusion in the Company. The Community provides important and up-to-date information about the topic, but also offers the opportunity to network, ask questions or contribute ideas.

Gender Diversity Aspiration

With this Gender Diversity Aspiration, we strive to continuously increase the proportion of women in management positions. The proportion of women in management derived from our personnel reporting systems is reported to the Board of Management on a regular and standardized basis. At the end of the reporting year, the proportion of women in management positions was 19.8%. We aim to increase this proportion to 25% by 2030.

Remuneration systems

GRI 2-19/-20, 404-3

Worldwide, we remunerate work performed at all Group companies according to the same principles. Our Corporate Compensation Policy, which is valid for all groups of employees, establishes the framework conditions and minimum requirements for the design of the remuneration systems. It stipulates, among other things, that the amount of remuneration is based on the assigned requirements of the work tasks – in consideration of, for example knowledge and ability, responsibility and scope for decision-making – and the person's performance, not on gender, origin or other personal characteristics. By means of internal audits, the Internal Auditing department annually checks on a random basis whether selected aspects of the policy have been adhered to. In our desire to offer salaries and benefits that are customary in the respective markets, we also want to take into account local market conditions.

The variable remuneration (company bonus) of the management levels below the Board of Management for the 2023 financial year is based not only on financial performance criteria but also on non-financial goals based on sustainability.

On a regular basis, our HR departments conduct individual salary review interviews with our employees. In this way, we ensure salary decision-making transparency while complying with data protection regulations. The respective development potential is also discussed.

If employees have justified objections to their remuneration – for example, if they do not see themselves as being treated equally – they are free to contact their manager, the HR department or the works council.

In companies subject to collective bargaining agreements, such as Daimler Truck AG, the agreements that have been reached grant employees additional rights. These give them the right to object to their placement in a specific salary group or to the results of their performance assessment. The remuneration regulations and salary tables can be viewed by employees. Employees of Daimler Truck AG can find out about their salary structure and amount online – even in comparison to their peer groups.

Employees at Daimler Truck AG and its subsidiaries who are subject to a collective bargaining agreement are usually also offered voluntary benefits that are agreed upon with the respective employees' representative bodies. These benefits include employer-funded contributions to retirement benefits and options to participate in an employee-funded retirement benefits system.

In many cases, employees who are subject to collective bargaining agreements can also participate in profit-sharing arrangements at their respective company. In addition, offers from numerous sports and social institutions can be used - from daycare centers to social counseling services.

B.59

Retirement benefits at the Daimler Truck Group

GRI 401-2

	▾ 2023	▾ 2022	2021[2,3]
in € billion			
Obligations/provisions of company retirement and health benefits	**1.2**	1.1	1.9
Cash value of pension obligations on 31 December[1]	**6.3**	5.9	8.0
Social security an post-employment costs	**0.3**	0.3	0.4
Expenditure on statutory pension plans	**0.5**	0.5	0.5
Payments to retirees	**0.2**	0.2	0.2

1 The amount of these present values is highly dependent on the accounting valuation parameters to be determined annually, in particular the discount rate.
2 Due to the spin-off and independence of the Daimler commercial vehicles business in December 2021, this data is not comparable with those of the following years.
3 This data has been adjusted due to the spin-off and independence of the Daimler commercial vehicles business, but still contains minor uncertainties as adjustments for combined locations and units can only be made in the 2022 financial year.

Flexible working-time arrangements

As a company, we have learned that hybrid working is a sustainable working model - wherever the job allows. For instance, in Germany, we were able to draw on an existing flexible company agreement on mobile working. At the same time, a transformation in office workplaces is being observed worldwide: Open office spaces without fixed workstation assignments and modern collaboration zones promote an open corporate culture. We are also working on introducing more flexible working time models in production areas, such as part-time work.

Part-time working models in all forms have a long tradition – from less working hours per day, to selected working days per week, to temporary leave, such as parental leave. Employees can make use of this to take care of their family or attend a training course. In many cases, the possibilities of time off or the reduction of working hours for the care of children goes beyond the legal framework in the individual countries.

B.60

Parental leave[1]

GRI 401-3

	2023	2022	2021
Employees eligible for parental leave	**29,211**	**28,565**	**27,648**
thereof female	**4,545**	4,330	3,841
Employees on parental leave[2]	**1,171**	**1,176**	**1,102**
thereof female	**435**	418	413

1 Daimler Truck AG, Daimler Truck Financial Services GmbH, Daimler Truck Financial Services Germany GmbH & TORC Europe GmbH (starting from 2023).
2 Return rate 99.9%.

In Germany, we provide employees with childcare places in our in-house daycare centers. We also cooperate with support centers: Parents can contact our cooperation partner if they have questions about alternative childcare options or need a tutor for their children. Employees who would like to care for relatives can leave the Company for a period of time beyond that defined by legal provisions, or reduce their working hours for this period for up to four years– with guaranteed reinstatement. The objective of all these measures is to facilitate a better balance between work and family life.

Training and education

GRI 404-1/-2

The knowledge and skills of our employees are the foundation of our worldwide success. In the course of the profound transformation in our industry, job descriptions, duties, and requirement profiles are changing.

Our objective is to continuously develop the qualifications of our workforce and thus make a significant contribution to our competitiveness. We invest strategically in training and professional development, continue to expand our HR development programs and adapt our training portfolio and the range of dual study courses at universities. To successfully manage the digital and technological transformation, we rely on diverse and needs-based qualifications of our employees. In addition, we conduct the targeted recruitment of talent with digital skills and technical expertise in new technologies.

We have a methodological approach for observing quantitative and qualitative aspects of workforce development. We collect quantitative data using an online tool and we also analyze strategically relevant abilities with the help of qualitative methods. Here we compare existing specialist, methodological, and social skills with future requirements. This procedure helps us to discover potential bottlenecks in specialist units and to predict the need for up-and-coming staff and training in advance.

E-learning platforms:
As part of the strategic goal on the topic of "People and Culture", we offer our employees access to the E-Learning platform LinkedIn Learning. Every employee has access to a learning license and can access over 20,000 web-based learning offers in thirteen languages continuously, flexibly and regardless of time and place. Additional E-Learning platforms for experts were piloted in the reporting year.

New powertrain technologies:
To ensure that our employees have the necessary qualifications for the respective topics, for example in high-voltage safety, handling hydrogen drive components or the legal framework of exhaust emissions legislation, the qualification measures are divided into five clusters: New Powertrain, Classic Powertrain, Software & Electronics, Sustainability and Methods & Tools for Engineering. All employees can find the appropriate qualifications tailored to their business needs in our Learning Management System (LMS). Depending on the required level of qualifications, we work with universities through various “academic programs”, develop and train our own teaching content or use accredited learning providers using optimal learning formats.

On average, the number of qualification hours[1] per employee in our learning management systems amounted to around twelve hours (2022 average of twelve hours) for the reporting year. For female employees, the average number of qualification hours was around eleven hours (2022 around ten hours). Our employees used the newly introduced E-Learning platform “LinkedIn Learning” for an average of half an hour (and one hour for female employees). In addition to this offer, when it comes to qualifying our employees, we increasingly use learning formats that are integrated into everyday work. These average values therefore only represent a part of the actual scope of qualifications.

Apprentices and students

We provide training according to the requirements of our Company and we continuously review the portfolio of our apprenticeships and courses of study. Our internationally recognized dual study programs are offered at various Company locations. We have standardized our training content in Germany across all locations and segments in the Daimler Truck Training System.

In the reporting year we continued to focus on the areas of IT skills and IT professions, as well as high-voltage and battery technology. For example, we offer vocational training for IT specialists and automotive mechatronics technicians in system and high-voltage technology. We also provide a course of study in embedded systems, which includes IT and electrical engineering.

In Germany, 555 young people started a new training or dual study program in the reporting year (2022: 472). The same number of training and study places were advertised for the following year.

1 Survey period December 2022 to November 2023, as there was a change in the IT system.

B.61
Apprenticeship
GRI 404-1

	2023[3]	2022
Total average training hours[1]	**1,096.2**	**1,116.8**
thereof female apprentices[2]	1,066.8	1,080.7
thereof in the business unit	951.8	994.9
thereof in the technical trade unit	112.5	1,119.7

1 This data refers to Daimler Truck AG in Germany.
2 The lower average number of training hours per female employee is explained by the relatively higher proportion of women in dual university studies. During studies, the number of days in the company is fewer than for trainees.
3 Changed system for data collection in the 2023 reporting year.

Interculturalism plays an important role for us. As early as the training stage, our international program “Truck goes Global” for trainees and trainers lays the foundations for mobility and flexibility as well as foreign language and intercultural skills - financed and supported by the Erasmus+ Program of the European Union. Dual students also have the opportunity to work abroad during their studies. We also meet our social responsibility internationally and train young people both in-house and through collaborations with schools. In Brazil, for example, young people are being prepared for working life through professional courses via a school collaboration. In addition, Mercedes-Benz Brasil supports other social projects for the development of young people in sports, culture and technology such as Socio-sporting, Educational, Cultural and Innovative, SBA Girassol Pro, On the Right Track/Childhood Brasil and IAM Maker Workshop.

Trainee programs

We offer global trainee programs and introduced the “Daimler Truck Trainee Programs” in the reporting year as part of a rebranding off the “INspire - the Trucks and Buses Experience Programs”.

As part of our trainee programs, we offer two appealing entry and development paths for talent: The “Leadership Talent Track” as an entry point for graduates and career starters who are aiming for a future management career. During the 18-month program, the trainees complete individually tailored project assignments at home and abroad and exchange ideas on focus topics in the global trainee network. The “Expert Track” is aimed at graduates, career starters and experts with professional experience. These trainees spend 36 months working on highly relevant topics of the future with a focus on advancing the transformation of our products. 91 employees are currently employed on one of these two tracks.

With the innovative “Green Mobility Trainee” approach, together with five other companies in the mobility and logistics sector (Daimler Truck, DB Schenker, Lufthansa Cargo, Lufthansa InnovationHub, ONOMOTION and time:matters GmbH), we launched a cross-divisional trainee program in 2021, that focuses on a sustainable industry. After the pilot with the various partner companies, we decided to integrate the “Green Mobility Trainee” into the “Daimler Truck Trainee Programs” from 2023 for future employees. A separate cluster “Sustainability - Green Factory” was created for this purpose in the “Expert Track”.

Extra-occupational study
We place great importance on the individual academic training of our specialists and managers. This is why in Germany we offer the Daimler Truck Academic Programs in the Group companies: The Daimler Truck Academic Programs offer employees who have been part of the Company for at least one year the opportunity to study while they continue to work – regardless of their age or their professional development up to that point. We provide such employees with financial support and an accompanying program. In 2023, we prioritized courses of study that support our transformation.

Human rights

GRI 2-23/-24, 3-3, 406, 407, 408, 409, 414   SDG 8, 17

It is our ambition to be strongly committed to respecting and supporting human rights and we expect the same from our business partners throughout the value chain. We continue to participate in the United Nations (UN) Global Compact and are committed to the UN Guiding Principles for Business and Human Rights. We place particular importance on the International Bill of Human Rights as well as the core labor standards of the International Labor Organization (ILO). We are therefore committed to preventing human rights violations from occurring with regard to our own employees and our business partners, in particular our direct suppliers. The aim is to respect and protect human rights as well as to implement necessary measures and processes to fulfill our due diligence obligations.

We confirm our commitment in our Declaration of Principles on Social Responsibility and Human Rights, which is available in more than 10 languages. The Declaration of Principles forms the basis for how we fulfill our social responsibility and summarizes our commitment to human rights. It complements our obligation to respect human rights from our Daimler Truck Code of Conduct. With regard to our Group companies and majority shareholdings, we have also anchored requirements for respecting and protecting human rights in other internal policies, such as our policy for occupational health and safety and the policy on minimum standards for human resources work. Our requirements for business partners (including suppliers) to respect internationally recognized human rights are defined in our Business Partner Standards.

Further information on the Declaration of Principles and our Code of Conduct can be found on www.daimlertruck.com/en/sustainability/s-social/human-rights/declaration-of-principles and www.daimlertruck.com/en/company/compliance/daimler-truck-code-of-conduct.

Organization and responsibility

The Sustainability Management & Human Rights Compliance Department in the Legal & Compliance unit is responsible for the development and steering of the Human Rights Compliance Management System (CMS). It is also responsible for providing legal advice on human rights issues within the Group. It works closely with departments that are responsible for the operational implementation of human rights due diligence within the Group - in particular with human resources and purchasing. More information can be found in the chapter Compliance.

Strategic developments as well as cross-functional and international alignment relating to respecting human rights are discussed in the Sustainability Steering Committee (SSC) and the Corporate Sustainability Board (CSB). The Chief Legal and Compliance Officer assumes the role of human rights officer for the Daimler Truck Group. He reports directly to the Chairman of the Board of Management of Daimler Truck AG and Daimler Truck Holding AG and is responsible for monitoring our compliance risk management. He also heads the SSC and chairs the Compliance Board. For more information refer to section “Sustainability Management at Daimler Truck” in the chapter Responsible corporate governance.

Collaboration with external partners and engagement in initiatives

GRI 408-1, 409-1

As part of our human rights due diligence, we are involved in various initiatives and projects to address human rights risks in our value chain.

We are a member of the European automotive industry sustainability initiative Drive Sustainability under the umbrella of CSR Europe network. For us the central focus of this initiative is the development and use of the Sustainability Assessment Questionnaire (SAQ), which we use to evaluate the sustainability performance of our suppliers of production material. In addition to environmental aspects, social criteria are assessed including guidelines and management systems for human rights and social issues as well as occupational safety, training for employees, responsible raw material procurement and sustainability-oriented supplier management. All criteria are evaluated and integrated into an overall assessment of sustainability performance.
In the reporting year we joined another CSR Europe initiative, the “Responsible Trucking” platform. Our aim is to work together with other actors to improve the social conditions of truck drivers in the road transport and logistics sector in Europe - for example by recognizing common social guidelines.

In the reporting year, we also joined the Responsible Supply Chain Initiative e.V. (RSCI), which offers standardized sustainability audits to evaluate the implementation of social and ecological standards in automotive supply chains. In the event of increased risks or suspected cases, we use the RSCI audit program to create further transparency with regard to our suppliers and to initiate improvements in the future if necessary.

There is also a particular focus on raw material-specific initiatives and projects. We are part of the Responsible Minerals Initiative (RMI), which is committed to pursuing due diligence along the supply chains of conflict minerals tin, tungsten, tantalum, gold (3TG) and other minerals critical to human rights. The focus is on smelters and refineries, as at this point in the supply chain, the material from different sources is mixed.

In order to promote the responsible use of lithium (the raw material for batteries) in Chile - including through dialog between local stakeholders - we continued to be involved as a partner in the Responsible Lithium Partnership, which is run by the German Society for International Cooperation (Gesellschaft für Internationale Zusammenarbeit - GIZ).

In the reporting year, Daimler Buses GmbH also began a dialogue with the NGO Electronics Watch as part of its “Low Emission Vehicle Program”. Electronics Watch supports public clients in assessing fair working conditions in the supply chains of electric buses. As part of the program, companies are invited to discuss their human rights due diligence activities in more detail.

We seek to enter into dialog with potentially affected stakeholders and exchange ideas with - for example employees, civil society groups or local populations - along with their representatives. The aim is to incorporate their feedback and expertise into the development of our processes and measures for fulfilling human rights due diligence obligations in order to continuously improve.

▾ In the reporting year, an exchange took place between our human rights officer and employee representatives, specifically the works council and trade unions. A particular focus here was on measures around employee rights.

The fulfillment of human rights due diligence obligations through our Human Rights CMS was also the subject of an exchange between Company representatives and the World Employee Committee of Daimler Truck, the global representative of the interests of all employees of the Daimler Truck Group, at its conference in June 2023.

Further information about our involvement in sustainability initiatives can also be found in the section "Associations and Initiatives" in the chapter Partnerships and engagement.

Our approach in the Group companies and shareholdings

GRI 407-1, 408-1, 409-1

To fulfill human rights due diligence obligations, we use a systematic approach with our Human Rights CMS. The Human Rights CMS is based on requirements from internationally recognized standards and applicable laws - for example the German Supply Chain Due Diligence Act (SCDDA), which has been in force since 2023.

The Human Rights CMS includes basic principles and measures to promote compliant conduct. It relates to the Group companies and majority shareholdings as well as to our value chain. Further information on our CMS can be found in the chapter Compliance.

All of our Group companies and majority shareholdings worldwide were subjected to a systematic risk analysis in the reporting year in order to identify possible risks in accordance with our human rights due diligence. The affected units were then assigned defined measures based on their determined individual risk profile. The measures address the identified risk areas and define clear responsibilities for implementation. These measures include, for example, mandatory training on human rights for relevant business areas such as purchasing as well as requirements for responsible work by and with security forces. For units with an increased risk of discrimination, the appointment of a "diversity representative" is intended to be able to effectively address potential cases on site and to remediate them where necessary.

The annual evaluation of our Human Rights CMS, including the appropriateness and effectiveness test, was carried out in the same way as in the other compliance areas in the reporting year. In addition, risks related to respecting and protecting human rights are integrated into the decision-making and due diligence process in M&A transactions such as mergers and investments.

Raising awareness of human rights within the workforce

We sensitize our employees with various internal training courses on human rights in order to give them a basic understanding of the content of corporate due diligence and social responsibility. For this purpose, human rights issues in the respective working environment are taught in specific training courses for particularly relevant departments, especially in purchasing and sales. In the reporting year, the expert module "Human Rights Compliance" was rolled out, which was mandatory worldwide for relevant target groups, such as the central purchasing and human resources departments. The aim is to clarify the relevance of human rights in everyday work. Further information can be found in the section "Internal information, communication and training measures" in the chapter Compliance.

Our approach in the supply chain

GRI 403-7, 408-1, 409-1, 414-1

A global network of suppliers who, for example, provide us with raw materials, components, materials and services, contributes to our corporate success. Our goal is that our partners along the supply chain also comply with social and environmental standards and thus support our sustainability efforts. In order to fulfill our due diligence obligations across the supply chain, we rely on a concept of binding requirements and assessment instruments, as well as information and qualification measures for suppliers. This concept is also an integral part of our Human Rights CMS.

Expectations towards our suppliers

We are committed to responsible sourcing of production and non-production material and services, and we reject child labor, forced labor, modern slavery as well as other violations of human rights. In our Business Partner Standards we define our requirements for our business partners in terms of respect and support for human rights, good working conditions, environmental protection, integrity and compliance with legal requirements. We require our business partners – particularly our direct suppliers – to recognize these standards and to communicate their contents to their employees as well as to their upstream value chain. We also expect our business partners to verify compliance with these standards. This is an important prerequisite for successful cooperation. Detailed regulations on these standards and requirements are included in our contractual terms and conditions on social responsibility and environmental protection, in particular in our Daimler Truck Special Terms.

Further information regarding our Business Partner Standards can be found on our website under supplier.daimlertruck.com/en/support/news/the-daimler-truck-business-partner-standards. ▴

▼ Risk management

Suppliers of production and non-production materials are regularly assessed for human rights risks in order to identify and, where necessary, address them effectively through measures in a follow-up process. Our risk management system was reviewed against the requirements of the German Supply Chain Due Diligence Act (SCDDA) in the reporting year and is integrated into the Human Rights CMS.

In the reporting year, the systematic risk analysis of existing suppliers was carried out for the first time using a newly introduced IT system. This system generates an abstract risk assessment of our suppliers based on various risk indicators, particularly in relation to location, as well as the use of critical raw materials or commodities. The high-risk suppliers identified on this basis are then subjected to a concrete risk analysis and evaluated using further assessment measures - in particular using supplier questionnaires such as the Sustainability Assessment Questionnaire. Based on this analysis, measures are determined for the risks identified. We rely on preventative measures such as our contractual conditions on social responsibility and environmental protection as well as qualification measures. As a corrective measure we work together with suppliers to develop minimization and discontinuation concepts. If necessary, we also use further investigation and risk monitoring measures, such as external (RSCI) audits and media screenings. With these instruments we want to increase transparency in the supply chain and ensure that internationally recognized human rights are respected and other social standards and environmental regulations are observed.

New suppliers of production material are checked on site for sustainability criteria before possible commissioning. These on-site inspections are also carried out at locations of existing suppliers when new locations or production volumes are added. In particular, questions are asked about social and human rights standards, such as working hours, remuneration, occupational safety, free choice of employment or freedom of association. In countries with a high human rights risk, the review is even more comprehensive and includes a review of the issues of child and forced labor as an integral part. In addition, a supplier's sustainability rating derived from the SAQ is requested and taken into account as a mandatory criterion in operational purchasing when new orders above a defined order value are awarded. In the reporting year, we covered a total of 60% of our purchasing volume planned for 2023 in production material purchasing with a sustainability rating based on the SAQ[1]. The aim is to further increase the proportion of participating suppliers.

We also hold our suppliers of non-production material, especially service providers, responsible for respecting and protecting human rights and other sustainability aspects. Throughout the entire reporting year, new suppliers of non- production material in risk countries and of critical commodity groups were subjected to a due diligence review that also covered human rights issues. In addition, 27 commodity groups and industries that are potentially critical in terms of human rights have so far been identified based on a preliminary risk analysis in 2021. These include transport logistics and trade fair construction.

How we handle critical raw materials

GRI 3-3

When examining human rights risks along the supply chain of production material, particular attention is paid to raw materials that are potentially mined or processed under critical human rights conditions. We carry out reviews with suppliers of these raw materials in the form of so-called supply chain assessments. A particular focus is currently on the battery suppliers who supply us with products that contain critical raw materials that are relevant for our batteries. These include in particular lithium, cobalt, nickel and graphite. Our supply chain assessments consist of three steps:

1. We create transparency along the respective raw material supply chains
2. We identify risk hotspots in these supply chains
3. If necessary, we define suitable measures to counteract risks

We have also integrated the use of critical raw materials as a risk indicator into the systematic risk analysis of our suppliers. Our membership in initiatives focused on raw material supply chains, such as the "Responsible Lithium Partnership" or the RMI, supports their measures for a responsible raw material supply chain, especially from countries with a high risk of human rights violations.

1 The values were determined on November 30, 2023.

Raising awareness and providing information to our suppliers

In order to raise awareness of human rights issues among our business partners, we provide the “Compliance Awareness Module” on our website www.dt-compliance-awareness-module.com/en/. In addition, this reporting year, as part of our membership in Drive Sustainability, we raised awareness of sustainability issues, particularly human rights issues, among relevant suppliers of production material (based on defined risk countries and based on SAQ ratings) in other focus countries (Brazil, Czech Republic and Turkey) through (web-based) trainings. ▲

▾ Tip-offs and suspected cases

Employees and external whistleblowers worldwide can use the whistleblowing system SpeakUp to submit tip-offs regarding violations of rules and laws, including human rights violations at Daimler Truck. Suspected cases of violations of human rights obligations by our direct and indirect suppliers can also be submitted via the reporting channels of the whistleblowing system SpeakUp.

If a suspicious case about suppliers is received via SpeakUp, the SpeakUp team forwards the case to the responsible local unit - usually the responsible investigating post in purchasing - for examination and further clarification. The unit then determines which measures are suitable in each individual case in order to investigate a case appropriately. As a rule, the measures are directed at our direct suppliers, with the aim of jointly developing a concept to end and minimize any grievances.

In the reporting year, a total of eleven cases were received relating to human rights violations in our own business area and were categorized by SpeakUp as high-risk reports. In addition, five suspected cases of human rights violations in our supply chain were received via SpeakUp's reporting channels.

Further information about the procedural principles and the procedure can be found on www.daimlertruck.com/en/company/compliance/whistleblowing-system-speakup as well as in the section "Reporting of rule violations via the whistleblowing system SpeakUp" in the chapter Compliance. ▴

Traffic safety

GRI 3-3, 416-1

According to the World Health Organization (WHO), traffic accidents in 2023 led to about 1.19 million deaths worldwide and are the most common cause of death among children and young adults aged 5–29 years. According to WHO estimates from 2021, 13 million traffic-related deaths and 500 million traffic-related injuries could occur in the next ten years if decisive action is not taken. At the same time, traffic accidents and their consequences, for example on the flow of goods, also have an economic impact. Traffic safety can thus contribute to protecting the lives and integrity of road users as well as the safety of the transport of economic goods. As one of the largest commercial vehicle manufacturers in the world, we have a great responsibility for safety on the roads. For us, traffic safety therefore means, in particular, assuming social and economic responsibility. Traffic safety is thus an essential topic of our sustainable business strategy.

Zero traffic fatalities by 2050 – that is the target of the European Union's "Vision Zero". In cooperation with WHO, the United Nations implemented the resolution on "Improving global road safety" in 2020 and announced the "Decade of Action for Road Safety" (2021–2030). The goal is to reduce road fatalities and injuries by 50% by 2030.

Based on this, we want to underline our ambitions for traffic safety with our mission statement "Vision Zero" and contribute our part as a truck and bus manufacturer to the "Vision Zero" of the European Union. This requires a comprehensive traffic safety concept, and our aim is to make traffic safer for all involved by further developing existing safety systems as well as new ones. Further information on the topic of traffic safety can be found on www.daimlertruck.com/en/sustainability/s-social/traffic-safety.

Organization and responsibilities

The control and regulation system for traffic safety includes all relevant management levels. The highest level of responsibility for traffic safety lies with the Board of Management and Corporate Sustainability Board (CSB), represented by the Board of Management for Truck Technology Trucks & Buses. The Sustainability Steering Committee (SSC) is represented by the Head of Global Software & Electronics Product Development, who reports to the Board of Management for Truck Technology Trucks & Buses on the subject of traffic safety. Within the Social Working Group, the topic of traffic safety is strategically managed throughout the Group, involving the operating segments and relevant cross-departmental functions. Further information can be found in the section "Sustainability Management at Daimler Truck" in the chapter Responsible corporate governance.

The principle of "integral security"

When developing our vehicles, we follow the holistic concept of integral safety and distinguish between four phases: "Driving assistance", "prepare for a possible accident", "protect in the event of an accident" and "provide help after an accident".

Our safety measures establish a bridge between active and passive safety within these four phases – between accident prevention (phases 1 and 2) and protection of the occupants when an accident occurs (phases 3 and 4):

- **Phase 1: Safe driving** – Assistance systems that make driving safer, assist the driver and help reduce the risk of accidents or avoid accidents entirely.
- **Phase 2: In the event of danger** – Safety assistance systems that can warn, assist, and engage automatically, as well as protection systems that can already be activated in the pre-accident phase.
- **Phase 3: In the event of an accident** – Protection systems that can intelligently protect all vehicle occupants as required in the given situation.
- **Phase 4: After an accident** – Systems that can help after an accident.

Accident research

Research about accidents in the area of commercial vehicles has played a key role for us for 50 years when it comes to improving the active and passive safety of our vehicles. Aspects of occupant and partner protection go hand in hand. Detailed accident analyses are carried out on a regular basis and the occurrence of real accidents involving heavy commercial vehicles is systematically recorded and evaluated. Traffic safety in the commercial vehicle sector has made considerable progress in recent decades as a result of the improvements achieved from accident research. Based on this extensive and long-standing knowledge base, we were able to develop many of our technical safety solutions such as Emergency Brake Assist or Turn Assist in a targeted manner and launch them on the market before there were legal regulations for them.

Specific accident data from our accident research concerning trucks with combustion engines has also helped to develop safety measures for the first generation of our vehicles with alternative drives (battery electric and hydrogen-based). The focus here is, for example, on the targeted positioning, design, shielding and shutdown of high-voltage components, batteries and accumulators. To that extent, the electrical charging and filling processes with technical gases were also considered.

▾ Innovations for greater safety

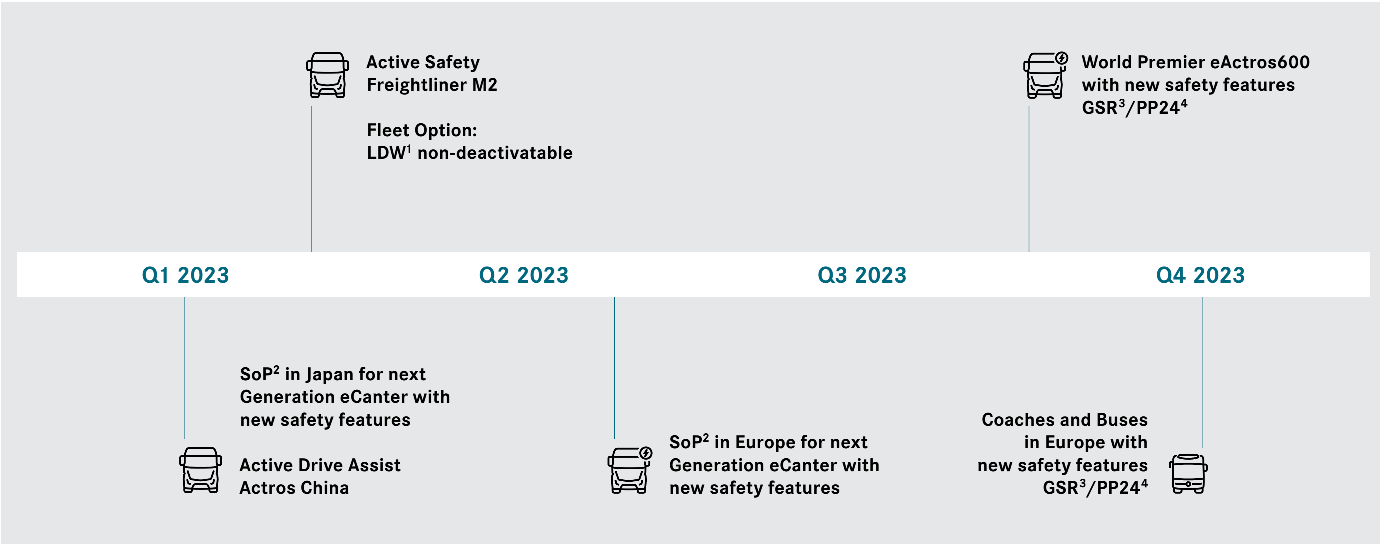
The development of modern and high-performance safety systems requires a high-performance innovation process. Only the development and application of new technologies enable the further development of safety systems at the highest level. Our global advanced development plays a key role in this. With our research network, structured innovation and technology management and the ability to prepare applications in prototypes for series use, we promote the power of innovation among other aspects in the area of traffic safety.

Measures and implementations of safety systems

Our focus is on providing systems to prevent driving errors. A positive contribution can be expected when we introduce new systems onto the market, increase the performance of existing systems, for example through new sensors, or bring existing systems into wider use. All systems are extensively tested to explore the driving dynamics limits of the various safety features. In addition, up to 60 Daimler Truck vehicles are undergoing endurance testing worldwide throughout the year. The kilometers driven to test the new systems from 2020 to the end of 2023 amount to around five million kilometers before the first customer use. This experience is used in customer tests before market launch to ensure not only correct functionality but also suitability for everyday use.

In 2023, measures focused on disseminating existing systems across markets, brands and models. With the FUSO Next Generation eCanter, a comprehensive safety package was introduced into the Japanese and European light-duty market segments. This means that the 5th generation Active Brake Assist (detects vehicles and unprotected drivers) active safety systems, traffic sign recognition, intelligent driving light control, rear area monitoring and driver status detection are available in light commercial vehicle. Further information about our safety systems can be found on www.daimlertruck.com/en/innovation/safety.

B.62
Introductions 2023



1 Lane Departure Warning.
2 Start of Production.
3 Global Safety Regulation.
4 Performance Package 2024.

Product quality & product safety

In addition to ensuring that the assistance systems function as optimally as possible, the development process at Daimler Truck is also about complying with all valid regulations and standards (product safety), achieving a safe state in the case of an error (functional safety) and being as resistant as possible to external attacks on the vehicle network (cyber security).

We take all this into account with our Product Compliance Management System (PCMS), our organization for Functional Safety and our Cyber Security Management System. Product compliance is about ensuring that we comply with all applicable laws, standards and regulatory requirements already starting in the development of our safety systems. Further information on our PCMS can be found in the chapter Compliance.

Functional safety

Vehicles are becoming increasingly complex, especially due to increasingly electronic and software components. In order for a manufacturer to counter risks associated with the increasing complexity of modern vehicles, it is important to pay attention to functional safety, i.e., the correct functioning of electrical and electronic (E/E) systems. The technical standard ISO 26262, which relates to E/E-systems in road vehicles, is pioneering in this context. Because of increasing technical complexity, we consider the orientation towards ISO 26262 and the implementation of corresponding requirements and processes to be central in ensuring a high level of safety for our vehicles. Therefore ISO 26262 has a significant impact on our development processes. ▴

▼ Cyber security
Our vehicle products are becoming increasingly complex in their functions and available services, such as data services. The requirements and expectations of our customers and, where applicable, their customers with regard to our products and possible interactions are constantly increasing. The Cyber Security Management System (CSMS) for our vehicle portfolio is intended to ensure that current security requirements are met and that incidents are processed and resolved quickly. In this context, trucks and buses are monitored throughout their life cycle from the perspective of vehicle cyber security. One of the driving forces for this are regulations such as the UN R-155 "cyber security and cyber security management system" and industry standards such as ISO 21434 for the implementation of cyber security measures in vehicle development. In the reporting year for example, we completed the certification for UN R-155 within the framework of EU 2018/858 for Europe.

Safety systems

Our contribution to greater traffic safety is the development and offering of high-performance assistance systems, passive safety measures, the implementation of active safety systems, as well as support during rescue and recovery. Our services and trainings also contribute to safety. With autonomous driving, we expect a further increase in traffic safety as the approval of autonomous driving systems is tied to strict safety requirements.

Effective safety systems deliver their societal benefits when they are widely used in transport.

Active safety and assistance systems
Active safety systems are particularly important in trucks and buses. Especially with vehicles of this particular size and weight, it is important to reduce the risks of accidents or to actively avoid accidents whenever possible, as the risk of a serious accident outcome is high. To achieve this, we develop new safety systems in regular development cycles with which we can protect and assist drivers in their day-to-day work. In addition to protection systems, this also includes technical innovations. We are currently working on the next safety package, which is planned for 2024.

Innovative technologies from Daimler Truck have often been successfully introduced to the market and are now considered industry standard. The protection of unprotected road users is a very special focus for us. For our heavy commercial vehicles, for example, we offer a Brake Assist ("Active Brake Assist" for trucks, "Preventive Brake Assist" for buses) that detects pedestrians within its system limits and can react to them. We have also introduced an active turning assistant, a system to reduce the consequences of accidents and going as far as avoiding accidents involving cyclists.

In addition to active safety systems, our assistance systems also help drivers in their work and thus can contribute to preventing accidents. With these systems, our goal is to relieve the driver, raise their alertness, prevent fatigue and encourage an adapted driving style, for example through prediction, automation, traffic sign recognition, enhanced all-round visibility and smart light control.

Passive safety
Passive safety systems provide protection for vehicle occupants and other parties involved in an accident if a collision can no longer be prevented in time.

In addition to active restraint systems such as the driver's airbag and seat belts with tensioners, a coordinated crash concept based on driver's cabs with a high level of rigidity, combined with the activation of energy-absorbing structures in the front section plays a fundamental role for us. The focus is also on possibly minimizing indirect risk of injury. This includes the design and configuration of components of the cab interior, fire protection and, if necessary, the deactivation of high-voltage systems in vehicles with alternative drives. The implementation of safety solutions in our vehicles is based on our findings from accident research and product monitoring.

Rescue and recovery
Another important part of our work is informing rescue and recovery services in a targeted way, for example through rescue guidelines, rescue sheets and towing brochures. Detailed knowledge of our vehicles and their safety systems helps rescue services get to injured persons faster and can therefore help save lives.

Examples of supporting technical functions in vehicles are the automatic activation of the hazard warning lights and automatic unlocking of the central locking system after an accident has been identified. Various measures contribute to increasing the safety of rescue services, such as high-voltage rescue disconnection points, automatic impact detection and high-voltage deactivation.

Further information on rescue and recovery can be found on
www.daimlertruck.com/en/sustainability/s-social/traffic-safety.

Autonomous driving
Daimler Truck is considered one of the leading truck manufacturers in the development of autonomous trucks according to SAE Level 4 with safety-relevant redundant driving systems. The goal is to enter the US market in 2027.

Autonomous driving is associated with high safety requirements for operating in traffic. Thus, driver assistance systems and safety systems are key for making autonomous driving possible in the future. These systems have the potential to make traffic safer in the future and reduce the risk of accidents or avoid accidents entirely. In addition, autonomous systems are more resilient to human risk factors such as tiredness or inattentiveness and therefore can help reduce the risk of an accident. At the same time, autonomous trucks can enhance our customers' business and help society cope with the growing volume of freight, especially in times of driver shortages. In addition, autonomous trucks enable increased transport performance, because the vehicles can drive over long distances without breaks. For these key reasons, we continue to drive forward the development of this technology.

The autonomous-ready Cascadia with redundant functions is based on our flagship model of the Daimler Truck brand, Freightliner. Critical systems, such as steering and braking, are available as a back-up in two versions and are continuously monitored by the vehicle. In the event of malfunctions or errors, the newly developed redundant systems can control the truck as safely as possible. The autonomous-ready Freightliner Cascadia is thus suitable for integrating autonomous software, hardware and computing systems. The autonomously driving truck's system redundancy can contribute to improving traffic safety, which is an important step on the road to accident-free driving. ▲

▼ Since acquiring a majority shareholding in TORC Robotics, Inc. (TORC) in 2019, we have made further progress in autonomous driving. For example, we have shown that driving on US highways, including entering and exiting and changing between highways, is possible to do safely. In the 2023 reporting year TORC acquired the object recognition specialist Algolux Inc. (Algolux). In the future, Algolux's technology in the interaction of deep learning, computer vision and computer-based image generation will help to further expand one of the most important technical capabilities for the market launch of autonomous trucks. During the reporting year, TORC continued to work with leading US logistics companies to bring autonomous trucks into practical use.

Digitalization & services

To provide our customers with the best possible support, we also offer modern services, which can contribute to traffic safety. The prerequisite for this is digitalization in the vehicle. Digitalization mainly deals with the connectivity of vehicles and the provision of data from the vehicle for smart digital services and customized solutions for our customers.

A forward-looking driving style, compliance with driving and rest periods as well as avoiding speeding are some examples where our fleet management system services provide targeted assistance. With our Mercedes-Benz Uptime and Detroit Connect services, we detect errors and accident risks on roads. A fully automatic telediagnosis system continuously checks the status of the vehicle systems. Within seconds the data is interpreted and specific recommendations for action are made available. In this way, for example, a possible breakdown can be avoided or, in the event of a critical condition (for example, leakage in the high-pressure circuit of the fuel supply), a recommendation for necessary actions can be made (for example, a repair).

Driver training and awareness-raising measures

We raise awareness of traffic safety through, for example driver training, educational programs and roadshows and provide information about safety technologies and innovations. Daimler Truck offers a variety of training options for truck and bus drivers, in which our trainers train customers on how to use our vehicles. We also look at our electric vehicles and their specific requirements. In addition to other content, for example fuel efficiency, downtimes and operating costs – the training aims to increase traffic safety. Among other things, drivers should be instructed to fully exploit the potential of our safety technologies. ▲

Further information

About this report

GRI 2-2

The information in our chapter “Sustainability at Daimler Truck” relates to the entire Daimler Truck Group. Further information can be found in the chapter Business model. The reporting period corresponds to our financial year, which runs from January 1 to December 31.

▾ Non-financial statement of the Group

GRI 2-5

The non-financial statement of the Group in accordance with Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch or HGB) were subjected to a business audit to obtain limited assurance. It contains the essential information on the aspects of environmental concerns, employee concerns, social concerns, combating corruption and bribery, and respect for human rights in the chapter “Sustainability at Daimler Truck” as well as information on the Business model and non-financial risks in the Risk and Opportunity Report. Part of the non-financial statement within the chapter “Sustainability at Daimler Truck” are the correspondingly marked texts and tables (▾ ▴). Other texts, tables, cross-references and content of linked websites comprise additional information which are not part of the non-financial statement of the Group and therefore have not been audited.

Daimler Truck applies the guidelines of the Global Reporting Initiative (GRI) as a framework for external reporting. The contents of the non-financial Group statement in conjunction with further information that can be found in this report and on our website have been prepared in accordance with the GRI standards. ▴

The GRI content index can be found on our website www.daimlertruck.com/en/sustainability/reportings. In addition to the Sustainable Development Goals (SDG), on which we focus, we refer to other SDGs to which we contribute with our activities. Further information can be found on www.daimlertruck.com/en/sustainability.

▾ A materiality analysis was conducted in 2022 to determine the relevant reporting content in accordance with sections 289c and 315c HGB. Further details can be found in the section “Materiality Analysis” in the chapter Responsible corporate governance. ▴

What has changed in this report?

GRI 2-4

Qualitative information in the report relates primarily to the 2023 financial year, while the key figures presented generally cover three years. The reporting date for the collection of quantitative data was December 31, 2023. Isolated deviations are marked in each case.

The spin-off of Daimler Truck AG from the Daimler AG in December 2021 resulted in organizational changes, which means that the data from 2021 can only be partially compared with the data from the current reporting year 2023.

We see integrated reporting as another important mechanism for further developing our sustainable business strategy. After the first complete integration of the sustainability report into the 2022 Annual Report, we are also foregoing a separate Sustainability Report in this reporting year - also in anticipation of the upcoming EU legislation, particularly in the form of the Corporate Sustainability Reporting Directive (CSRD).

▾ EU taxonomy

Companies are obliged to apply the Taxonomy Regulation if they are required to prepare a non-financial statement in accordance with Articles 19a and 29a of the EU Accounting Directive, implemented by Section 289b Subsection 1 and Section 315b Subsection 1 of the HGB. According to this, Daimler Truck has been obliged to apply the Taxonomy Regulation since the 2021 reporting year. And thus, Daimler Truck is obliged to apply the Taxonomy Regulation. The full information and tables can be found in the chapter EU taxonomy.

Production-related energy and environmental data

GRI 305-1/-2

The data in the Environment chapter is based on the Group structure as of the reporting date of December 31, 2023. This includes all production sites, selected test tracks and R&D sites of the Group companies controlled by Daimler Truck as well as selected joint ventures with 50% participation. Production sites include all “Completely Built Up” (CBU), “Completely Knocked Down” (CKD) and Remanufacturing (Reman) sites. If estimated values were used for the report for 2022, these have been replaced by the latest data in the current report.

The environmental data is collected from the sites in our environmental data system. Where no actual figures were available in February 2024, estimates were made on the basis of the previous year's figures and the change in production.

Air emissions are measured regularly and extrapolated to the year, and VOC emissions are also calculated on the basis of various input or output parameters.

Daimler Truck calculates and documents its CO_{2e} emissions according to the Corporate Accounting and Reporting Standard 2004 of the Greenhouse Gas Protocol Initiative, in accordance with the categories scope 1 & 2. Scope 1 & 2 emissions are reported in accordance with the Operational Control approach of the Greenhouse Gas Protocol.

In the previous reports, Daimler Truck's scope 1 & 2 CO_2 emissions were reported. From this report onwards, these emissions will be reported in CO_2 equivalents (CO_{2e}). All direct CO_{2e} emissions from our Company’s own sources (scope 1), indirect emissions resulting from the generation of the purchased electricity and district heat (scope 2) are documented.

Scope 1: We calculate our direct emissions from the combustion of fuels, heating oil, natural gas, liquefied petroleum gas, and coal with fixed CO_{2e} emission factors as specified by Government Digital Service (GDS) of the British government (GOV.UK). ▴

▼ Scope 2: We calculate the indirect emissions of district heating and electricity from external generation in a differentiated manner in terms of time and region. CO_{2e} accounting is carried out using the “market-based” accounting approach. To this end, we collect the CO_{2e} emission factors of the local electricity tariffs or electricity supply companies at our sites worldwide. Where these are not available, the current average emission factor published for the respective country by the International Energy Agency (IEA) or for the USA by the US Environmental Protection Agency (US EPA) will continue to be used. For comparison purposes, CO_{2e} emissions are also reported in accordance with the “location-based” method, which only includes the country-specific emission factors.

Specific environmental and energy data

Resource consumption and emissions largely depend on the production volume. Therefore, we calculate specific values for product areas of our Industrial Business. For this purpose, the data of the production plants is based on the number of vehicles produced in the product areas in the plants controlled by the Company. We collect the specific values according to the segment allocation that has been in force since December 2021. The specific data gained in this way can only represent general benchmarks, because they do not take into account the development of the vertical integration of production, the product variety and the special features of the production network, which in some cases extends across segments.

Employee data

GRI 2-7

The employee data is based on the Group structure as of December 31, 2023. The definition of employees is based on full-time equivalent of the active workforce. The active workforce is comprised of all persons with active non-permanent or permanent employment contracts excluding trainees, interns, diploma students, doctoral candidates, working students, senior experts, holiday workers, temporary workers and without inactive employment contracts, such as parental leave, sabbaticals, international assignments and partial retirement in the release phase.

Data on health, occupational safety and well-being

GRI 403-9

The data in the chapter health, safety and welfare is based on the Group structure as of December 31, 2023. The data from Daimler Truck’s internal systems are used for data reporting. All production sites and selected test routes, R&D and administration locations of the Group companies operationally controlled by Daimler Truck are included in the accident key figures. Production sites include all CBU, CKD and Reman sites. There has been a retroactive adjustment of the figures for 2022. ▲

B.63
Employees by regions

	▼ 2023	▼ 2022	2021
Europe	**48,281**	47,270	45,251
thereof female	**6,789**	6,414	5,582
North America	**29,860**	29,696	27,115
thereof female	**5,873**	5,656	5,213
Latin America[1]	**8,755**	10,659	10,756
thereof female	**1,114**	1,230	1,200
Asia	**15,713**	15,500	15,259
thereof female	**1,565**	1,498	1,469
Africa	**1,562**	1,356	1,223
thereof female	**284**	224	185
Australia/Oceania	**245**	249	245
thereof female	**85**	75	78
Total	**104,416**	**104,729**	**99,849**
thereof female	**15,711**	15,097	13,727

1 Excluding Mexico.

B.64
Employees by groups

	▼ 2023	▼ 2022	2021
Industrial	**63,039**	65,194	63,033
thereof female	**5,326**	5,202	4,834
Administration	**41,378**	39,536	36,816
thereof female	**10,385**	9,895	8,893
Total	**104,416**	**104,729**	**99,849**
thereof female	**15,711**	15,097	13,727
Other employee groups[1]			
Apprentices	**2,958**	2,855	2,665
thereof female	**483**	506	503
Interns/graduate students/PhD-students/other students/senior experts	**1,424**	1,139	858
thereof female	**566**	449	330

1 In Headcount.

B.65

External hires rate[1]

in %	2023	2022	2021
Europe	**6.5**	7.7	2.5
thereof female	**9.1**	11.2	3.8
North America	**12.0**	16.7	25.1
thereof female	**16.6**	20.6	27.2
Latin America[2]	**5.7**	12.9	3.5
thereof female	**7.7**	10.7	5.2
Asia	**7.8**	9.5	5.7
thereof female	**12.7**	14.9	7.7
Africa	**4.3**	2.0	3.4
thereof female	**8.0**	5.9	5.7
Australia/Oceania	**10.8**	13.3	14.8
thereof female	**17.4**	13.2	20.8
Total	**8.2**	**11.0**	**9.2**
thereof female	**12.1**	14.9	12.9

1 Based on permanent workforce in headcount.
2 Excluding Mexico.

B.66

Employee turnover rate

in %	2023	2022	2021
Europe	**6.1**	6.2	6.9
thereof female	**5.0**	5.8	7.8
North America	**12.4**	12.7	15.1
thereof female	**6.0**	8.9	11.0
Latin America[2]	**26.0**	15.9	5.9
thereof female	**18.6**	12.0	7.1
Asia	**6.1**	7.6	7.1
thereof female	**8.2**	11.5	7.8
Africa	**4.4**	4.0	4.4
thereof female	**5.6**	5.3	7.3
Australia/Oceania	**14.6**	12.9	50.6
thereof female	**9.9**	15.9	26.4
Total	**9.8**	**9.3**	**9.1**
thereof female	**6.7**	8.0	9.0

1 Based on permanent workforce in headcount.
2 Excluding Mexico.

B.67

Employee turnover rate self-motivated termination[1]

in %	2023	2022	2021
Europe	**0.9**	1.8	1.8
thereof female	**1.2**	2.2	1.9
North America	**6.7**	8.2	10.6
thereof female	**5.7**	8.6	10.1
Latin America[2]	**0.0**	0.0	0.0
thereof female	**0.0**	0.0	0.0
Asia	**0.7**	1.7	2.2
thereof female	**1.4**	2.7	3.1
Africa	**1.0**	0.3	1.1
thereof female	**0.0**	1.1	3.1
Australia/Oceania	**4.2**	7.1	6.6
thereof female	**3.7**	10.6	7.5
Total	**2.5**	**3.4**	**4.0**
thereof female	**2.8**	4.4	4.9

1 Based on permanent workforce in headcount.
2 Excluding Mexico.

B.68

Employment by employment relationship

	2023	2022	2021
Permanent	100,928	**101,047**	**96,691**
thereof female	15,371	14,800	13,433
Europe	47,241	46,036	44,513
thereof female	6,602	6,297	5,485
North America	29,786	29,627	26,981
thereof female	5,863	5,645	5,179
Latin America[1]	8,716	10,610	10,718
thereof female	1,105	1,221	1,196
Asia	13,421	13,322	13,083
thereof female	1,447	1,377	1,319
Africa	1,531	1,215	1,160
thereof female	272	187	178
Australia/Oceania	233	237	237
thereof female	81	72	76
Temporary	3,489	**3,682**	**3,157**
thereof female	340	298	294
Europe	1,041	1,233	738
thereof female	187	117	97
North America	74	69	134
thereof female	10	11	34
Latin America	39	49	38
thereof female	9	9	4
Asia	2,292	2,178	2,176
thereof female	118	121	150
Africa	31	141	63
thereof female	12	37	7
Australia/Oceania	12	12	8
thereof female	4	3	2
Total*	104,416	**104,729**	**99,849**
thereof female	15,711	15,097	13,727
Full-time	101,475	**101,947**	**95,507**
thereof female	14,325	13,754	12,226
Part-time	2,941	**2,782**	**4,342**
thereof female	1,386	1,343	1,501

1 Excluding Mexico.

B.69

Employees by age groups[1]

	▼ 2023	▼ 2022	2021
in %			
below 25 years	7.8	8.1	10.1
25 to below 35 years	23.9	24.0	22.9
35 to below 45 years	26.5	26.2	25.7
45 to below 55 years	25.5	25.7	25.7
55 years and older	16.3	16.0	15.6

1 In headcount.

Editorial note

GRI 2-3

The last Annual Report with the chapter Sustainability at Daimler Truck was published on March 10, 2023.

Contact person

Sustainability Reporting
Sustainability_dt@daimlertruck.com

Takeover-Relevant Information and Explanation

Report pursuant to Sections 315a and 289a of the German Commercial Code (Handelsgesetzbuch or HGB)

Composition of the subscribed capital
As of December 31, 2023, the subscribed capital of Daimler Truck Holding AG (in the following also referred to as the Company) amounted to €822,951,882. The share capital is divided into 822,951,882 no-par-value registered shares. Pursuant to Section 67 Subsection 2 Sentence 1 of the German Stock Corporation Act (Aktiengesetz or AktG), the rights and obligations arising from shares exclusively exist in relation to the Company for and against the persons and entities entered in the share register. With the exception of own shares held by the Company (treasury shares), from which the Company does not derive any rights, all shares confer equal rights to their holders. Each share grants its holder one vote and, with the exception of any new shares not entitled to dividends, an equal share in the profits in accordance with the dividend distribution approved by the Annual General Meeting. The rights and obligations arising from the shares are derived from applicable law, in particular Sections 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act (AktG). As of December 31, 2023, the Company held 17,668,525 treasury shares which have been acquired in the course of the Company's share buyback program beginning in August 2023.

Restrictions affecting voting rights or the transfer of shares
The Company is not entitled to any rights from treasury shares. In the cases set out in Section 136 of the German Stock Corporation Act (AktG), voting rights associated with such shares are excluded by law.

In the context of the separation of the commercial vehicle business from the Mercedes-Benz Group in the 2021 financial year, Mercedes-Benz Group AG (formerly Daimler AG), Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH (formerly Daimler Verwaltungsgesellschaft für Grundbesitz mbH), and Daimler Truck Holding AG entered into a so-called deconsolidation agreement on August 6, 2021, as an annex to the spin-off and hive-down agreement, which took effect upon entry of the spin-off and hive-down in the commercial register of Mercedes-Benz Group AG as transferring legal entity on December 9, 2021. This is intended to ensure that a de-facto majority of Mercedes-Benz Group AG at the General Meeting of Daimler Truck Holding AG does not lead to a control relationship and a related full consolidation obligation of Daimler Truck Holding AG at Mercedes-Benz Group AG. To this end, the deconsolidation agreement provides, among other things, that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH undertake not to exercise their voting rights in the election of two out of ten shareholder representatives to the Supervisory Board of Daimler Truck Holding AG at the General Meeting of Daimler Truck Holding AG.

Furthermore, the agreement provides that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH shall not exercise their voting rights in the event of an early election or re-election of individual shareholder representatives or in the event of the election of substitute members, insofar as a resolution is adopted on the appointment or reappointment or replacement of a Supervisory Board member in whose original election they did not exercise their voting rights. This also applies to resolutions on the dismissal of Supervisory Board members, insofar as they did not exercise their voting rights in the election of the relevant Supervisory Board members on the basis of the deconsolidation agreement. With regard to the election of the eight shareholder representatives for which Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH are entitled to exercise their voting rights under the deconsolidation agreement, the latter provides that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH shall submit corresponding proposals to the Supervisory Board of the Company in good time prior to the adoption of the resolution on its election proposals. The deconsolidation agreement entered into force upon the spin-off taking effect and has an initial term until the end of the fifth Annual General Meeting of Daimler Truck Holding AG following the Annual General Meeting of Daimler Truck Holding AG in 2022, and will be extended if it is not duly terminated by either party. Subject to any approvals under merger and investment control legislation, the agreement will come to an end in accordance with Section 158 Subsection 2 of the German Civil Code (Bürgerliches Gesetzbuch or BGB) (condition subsequent) if the (in)direct share ownership of Mercedes-Benz Group AG in Daimler Truck Holding AG should fall below 20.00% of the shares.

In the context of the Group separation agreement, which is also an annex to the spin-off and hive-down agreement, which was notarized on August 6, 2021, Mercedes-Benz Group AG committed not to sell any of the shares in Daimler Truck Holding AG directly or indirectly held by Mercedes-Benz Group AG at the time of consummation of the spin-off and hive-down agreement without the prior consent of the Daimler Truck Holding AG until the end of the day that falls 36 months after the first day of trading of the shares in Daimler Truck Holding AG on the Frankfurt Stock Exchange (lock-up period). Disposals to affiliated companies within the meaning of Section 15 of the German Stock Corporation Act (AktG), or to Mercedes-Benz Pension Trust e.V. (formerly Daimler Pension Trust e.V.), as well as any measures that are not caused by any conduct (action, toleration or omission) of Mercedes-Benz Group AG are excluded from this obligation. If, in the opinion of the Board of Management of Mercedes-Benz Group AG, such a disposal is necessary in the sense of prudent and conscientious management (Section 93 Subsection 1 of the German Stock Corporation Act (AktG)), in consideration of the economic and strategic considerations applying at the relevant time Mercedes-Benz Group AG will, without the prior consent of Daimler Truck Holding AG, not be prevented by the Group separation agreement from disposing of the shares in Daimler Truck Holding AG subject to the lock-up period since the end of the day that falls twelve months after the first day of trading of the shares in Daimler Truck Holding AG on the Frankfurt Stock Exchange (i.e., December 11, 2022). Exceptions to this shall be disposals to a direct competitor of Daimler Truck Holding AG, which shall not be permitted within the lock-up period. Furthermore, Mercedes-Benz Group AG has stated with regard to the manner of disposal to be sought that, in the event of a disposal within the first six years after the first stock exchange trading day of the shares in Daimler Truck Holding AG, it will sell the relevant shares in Daimler Truck Holding AG primarily in such a way that the disposal results in an increase in the free float of Daimler Truck Holding AG, unless this form of disposal would not be compatible with the duties of care of the Board of Management of Mercedes-Benz Group AG (Section 93 Subsection 1 of the German Stock Corporation Act (AktG)).

Shares in Daimler Truck Holding AG, which employees of Daimler Truck AG and its German subsidiaries have acquired as part of the employee share program of Daimler Truck AG in accordance with Sections 71d Sentence 2, 71 Subsection 1 No. 2 of the German Stock Corporation Act (AktG), are subject to a lock-up until the end of the year following the year of acquisition.

In accordance with the plan conditions and the Stock Ownership Guidelines of the ongoing Performance Phantom Share-Plans (PPSP) and Virtual Share-based Equity Plans (VESP), members of the Board of Management are required to acquire Daimler Truck Holding AG shares until a defined target volume of shares in Daimler Truck Holding AG is reached and to hold the said shares for the duration of their employment at the Group. This obligation also applies to Executive Vice Presidents. For other eligible PPSP and VESP participants, this obligation is not applicable.

Shareholdings exceeding 10.00% of voting rights
As of December 31, 2023, Mercedes-Benz Group AG, with registered office in Stuttgart, Germany, directly held 23.44% of the voting rights in Daimler Truck Holding AG. In addition, Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH, with registered office in Schönefeld, Germany, a wholly-owned subsidiary of Mercedes-Benz Group AG, held 6.57% of the voting rights in Daimler Truck Holding AG as of the reporting date. The proportion of voting rights of Mercedes-Benz Group AG directly and attributed via Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH as subsidiary amounted therefore to 30.01% of the voting rights.

In addition, voting rights from shares in Daimler Truck Holding AG which were transferred via Mercedes-Benz Pension Trust e. V. to an investment fund at the end of January 2022 to secure pension liabilities of Mercedes-Benz Group AG and Mercedes-Benz AG were attributed to Mercedes-Benz Group AG in accordance with Section 34 of the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG). According to the information in the voting rights notification of Mercedes-Benz Group AG of January 28, 2022, this affected shares amounting to 4.99% of the share capital of Daimler Truck Holding AG. The total number of voting rights of Mercedes-Benz Group AG or attributed to Mercedes-Benz Group AG under the German Securities Trading Act (WpHG) as of December 31, 2023 amounted to a total of 35.00% of the voting rights.

Other direct or indirect holdings of the share capital of Daimler Truck Holding AG that reach or exceed 10.00% of the voting rights were not reported to the Company and are otherwise not known.

Legal requirements and provisions laid down in the Articles of Incorporation regarding the appointment and dismissal of members of the Board of Management and regarding amendments to the Articles of Incorporation
The appointment and dismissal of members of the Board of Management is based on Sections 84, 85 of the German Stock Corporation Act (AktG) and Section 31 of the German Co-Determination Act (Mitbestimmungsgesetz or MitbestG). Pursuant to Section 84 of the German Stock Corporation Act (AktG), the members of the Board of Management are appointed by the Supervisory Board for a maximum term of five years. According to Recommendation B.3 of the German Corporate Governance Code, the initial appointment of members of the Board of Management is to be for a maximum of three years. Already prior to the stock exchange listing of Daimler Truck Holding AG, Martin Daum was appointed as a member of the Board of Management of Daimler Truck Holding AG until February 28, 2025, Jochen Goetz until June 30, 2026, and Jürgen Hartwig until November 30, 2026, whereby Jochen Goetz has left his offices by passing away on August 5, 2023. This exception to the three year term is explained and justified in the Declaration of Compliance with German Corporate Governance Code. The appointment of the other members of the Board of Management who are still in office complied with the recommendation. Since December 10, 2021, the Rules of Procedure of the Supervisory Board of Daimler Truck Holding AG stipulate that the initial appointment of members of the Board of Management will henceforth be for a maximum of three years. A reappointment or extension of the term of office, in each case for a maximum of five years, is permissible.

Pursuant to Section 31 Subsection 2 of the German Co-Determination Act (MitbestG), the Supervisory Board appoints the members of the Board of Management by a majority comprising at least two thirds of the votes of its members. If an appointment is not made in this way, the Mediation Committee of the Supervisory Board will submit a proposal for the appointment to the Supervisory Board within one month of the vote in which the required majority was not achieved. In such case the Supervisory Board appoints the members of the Board of Management by a majority of the votes cast by its members. If an appointment is still not forthcoming, the Chairman of the Supervisory Board has two votes in a new vote. This procedure applies analogously to the revocation of the appointment of members of the Board of Management.

In accordance with Article 6 of the Articles of Incorporation, the Board of Management consists of at least two members. The number of members is determined by the Supervisory Board. The Supervisory Board can appoint a Chairperson of the Board of Management and a deputy

Chairperson of the Board of Management. If a required member of the Board of Management is absent, in urgent cases, the member will be appointed by the court at the request of one of the affected parties pursuant to Section 85 Subsection 1 of the German Stock Corporation Act (AktG). The Supervisory Board can revoke an appointment to the Board of Management and the appointment as Chairperson of the Board of Management in accordance with Section 84 Subsection 4 of the German Stock Corporation Act (AktG) if there is good cause to do so.

Pursuant to Section 179 Subsection 1 Sentence 1 of the German Stock Corporation Act (AktG), the Articles of Incorporation can only be amended by a resolution of the General Meeting. Unless binding provisions of the German Stock Corporation Act (AktG) or the Articles of Incorporation state otherwise, resolutions of the General Meeting are adopted by a simple majority of the votes cast in accordance with Section 133 of the German Stock Corporation Act (AktG) and Article 15 Paragraph 2 Sentence 1 of the Articles of Incorporation. Insofar as the German Stock Corporation Act (AktG) also requires a majority of the share capital represented when a resolution is adopted, a simple majority of the share capital represented will suffice in accordance with Article 15 Subsection 2 Sentence 2 of the Articles of Incorporation, insofar as this is legally permissible. Pursuant to Article 15 Paragraph 2 Sentence 3 of the Articles of Incorporation, the dismissal of a member of the Supervisory Board elected by the shareholders requires a majority of at least three quarters of the votes cast. Pursuant to Section 179 Subsection 2 of the German Stock Corporation Act (AktG), a change in the objects of the Company requires, in addition to a simple majority of votes, a majority of three quarters of the share capital represented; the Articles of Incorporation do not make use of the possibility of specifying a larger majority of the share capital for this purpose. Pursuant to Article 9 Paragraph 8 of the Articles of Incorporation, the Supervisory Board can decide on amendments to the Articles of Incorporation that only affect the wording. Pursuant to Section 181 Subsection 3 of the German Stock Corporation Act (AktG), amendments to the Articles of Incorporation take effect upon entry in the commercial register.

Authority of the Board of Management to issue or repurchase shares

By resolution of the extraordinary General Meeting of November 5, 2021, which took effect on December 9, 2021 upon implementation of the spin-off and hive-down agreement of August 6, 2021, the Board of Management was authorized, with the consent of the Supervisory Board, to acquire the Company's own shares (treasury shares) for any permissible purpose until October 31, 2026, up to a maximum of 10.00% of the share capital existing at the time the authorization takes effect or – if this value is lower – at the time the authorization is exercised, and to use them for any other legally permissible purpose in addition to selling them on the stock exchange or offering them to all shareholders in proportion to their shareholdings. The shares can be used, among other things, with the exclusion of shareholders' subscription rights and with the consent of the Supervisory Board, in the context of company mergers and company acquisitions or can be sold against cash payment to third parties at a price that is not significantly lower than the stock exchange price at the time of the sale. The acquired shares can also be used to fulfill obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the Company and employees and board members of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be canceled.

During the term of the authorization, the total of treasury shares held by the Company used with the exclusion of shareholders' subscription rights cannot account for more than 10.00% of the share capital at the time the authorization takes effect or – if lower – at the time it is exercised. If, during the term of the authorization until it is exercised, use is made of other authorizations to issue or sell shares in the Company or to issue rights enabling or obliging subscription to shares in the Company and shareholders' subscription rights are excluded in this process, this is to be counted towards the aforementioned 10.00% limit.

The Board of Management was authorized, with the consent of the Supervisory Board, to acquire treasury shares up to a maximum of 5.00% of the share capital existing at the time this authorization takes effect, also with the use of derivatives (put and call options, forward purchases or a combination of these instruments), whereby the term of the derivatives cannot exceed 18 months and has to be chosen in such manner that the acquisition of the shares in exercise of the derivative does not occur after October 31, 2026.

On the basis of the aforementioned authorization and with approval of the Supervisory Board, the Board of Management resolved a share buyback program on July 10, 2023. On this basis treasury shares worth up to €2 billion (not including ancillary acquisition costs) are intended to be acquired on the stock exchange over a period of up to 24 months. The share buyback shall be carried out in two tranches. The purchased shares shall be cancelled, and the share capital reduced accordingly. From August 2, 2023 until December 31, 2023 17,668,525 shares with a value of €557 million were acquired. More information on the share buyback program can be found at www.daimlertruck.com/en/investors/share/share-buyback-program.

By resolution of the Extraordinary General Meeting of November 5, 2021, which also took effect on December 9, 2021, the Board of Management was authorized, with the consent of the Supervisory Board, to increase the share capital of Daimler Truck Holding AG on one or more occasions on or before October 31, 2026, in whole or in part, by up to a total of €329,180,752 by issuing new no-par-value registered shares in exchange for cash contributions and/or non-cash contributions and, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within defined limits (Approved Capital 2021). Under these defined conditions, subscription rights can be excluded, among other things, in the case of capital increases against non-cash contributions for the purpose of acquiring a company and in the case of cash capital increases if the issue price of the new shares is not significantly lower than the stock-market price of the shares already listed.

The sum of the shares issued against cash and/or non-cash contributions under this authorization with the exclusion of shareholders' subscription rights may not account for more than 10.00% of the share capital at the time when this authorization takes effect. This limit will include shares that (i) are issued or sold during the term of this authorization with the exclusion of subscription rights, and (ii) are issued or can or must be issued to service bonds with conversion or option rights or conversion or option obligations, provided that the bonds are issued after this authorization takes effect with the exclusion of shareholders' subscription rights.

The Approved Capital 2021 has not yet been utilized.

Material agreements subject to a change of control
The following material agreements exist which contain provisions in the event of a change of control at Daimler Truck Holding AG, such as may occur, among other things, as the result of a takeover bid:

- a non-utilized syndicated credit facility totaling €5.0 billion concluded in August 2021, and a non-utilized revolving facility of €1.0 billion concluded in September 2022. Both credit facilities each provide for a right of termination by the lenders in the event that (i) Daimler Truck Holding AG becomes a subsidiary of another company or (ii) Daimler Truck Holding AG is controlled by one or more persons, acting either individually or jointly. Subsidiary within the meaning of the named credit facilities is understood as, in each case in relation to a company, another company (i) that is directly or indirectly controlled by the first-mentioned company, (ii) in which more than 50.00% of the subscribed capital (or other equity) is held directly or indirectly by the first-mentioned company, or (iii) which is a subsidiary of another subsidiary of the first-mentioned company. Control within the meaning of the syndicated credit facilities is understood as, in each case, (i) the right to determine the affairs of a company, (ii) the right to control the composition of the Board of Management or similar boards, or (iii) the right to control the composition of the Supervisory Board (to the extent elected by the shareholders).

- a trademark and domain use agreement between Daimler Truck AG and Mercedes-Benz Intellectual Property GmbH & Co. KG (formerly Daimler Brand & IP Management GmbH & Co. KG), a wholly-owned subsidiary of Mercedes-Benz Group AG, which provides that in the event of the acquisition of control by one or more third parties over Daimler Truck AG, this agreement can be terminated. Termination would have the consequence, among other things, that the Mercedes-Benz brand transferred to Daimler Truck AG for perpetual use and other licensed rights could no longer be used after the expiry of the stipulated periods. Also in the case of the sale or spin-off of business units of Daimler Truck AG or parts thereof, the Mercedes-Benz brand and the licensed rights can only continue to be used by the sold or spun-off segment if a new license agreement is then concluded with Mercedes-Benz Intellectual Property GmbH & Co. KG. Mercedes-Benz Intellectual Property GmbH & Co. KG will in good faith offer this kind of license agreement to the sold or spun-off business unit if the latter ensures that the quality requirements agreed between Daimler Truck AG and Mercedes-Benz Intellectual Property GmbH & Co. KG remain fulfilled and the reputation of the licensed rights continues to be safeguarded.

Other takeover-relevant information
There are no shares that confer special rights of control. Employees who hold shares in Daimler Truck Holding AG exercise their control rights in the same way as any other shareholder in accordance with the legal provisions and the provisions of the Articles of Incorporation. Furthermore, the Company has not entered into any compensation agreements with members of the Board of Management or employees in the event of a takeover bid.

Risk and Opportunity Report

The Daimler Truck Group is exposed to a great number of risks – risks associated with the business activities of Daimler Truck Holding AG and its subsidiaries and risks resulting from external influences. A risk is defined as the danger that events, developments or actions will prevent the Group or one of its segments from achieving its goals. This includes financial and non-financial risks. At the same time, it is important to identify opportunities in order to ensure and enhance the competitiveness of the Daimler Truck Group. An opportunity is defined as the possibility to take advantage of events, developments or actions to ensure successful achievement or to even exceed the planned goals of the Group or of a segment.

In order to identify, evaluate and actively manage entrepreneurial risks and opportunities at an early stage, effective management and control systems are used – these are pooled in a so-called risk and opportunity management system. Risks and opportunities are not offset.

B.70
Assessment of probability of occurrence / possible impact

Level	Probability of occurrence
Low	> 0% to 33%
Medium	> 33% to 66%
High	> 66% to 100%

Level	Possible impact
Low	> €0 to < €150 million
Medium	≥ €150 million to < €300 million
High	≥ €300 million

Risk and opportunity management system

The **risk management system** is intended to systematically and continuously identify, assess, control, monitor, and document risks that endanger the Company's continued existence and other significant risks to its success in order to support the achievement of corporate goals and to increase risk awareness throughout the Company. The risk and opportunity management system is embedded in the value-based management and planning system of the Daimler Truck Group and is an integral part of the entire planning, control and reporting process across the companies, segments and corporate functions.

The **opportunity management system** at the Daimler Truck Group is based on the risk management system. The aim of opportunity management is to identify potential opportunities in positive developments within business activities at an early stage and to make the most of them for the Company by taking appropriate measures. Seizing opportunities should result in planned goals being met or exceeded.

As part of the planning process, risks and opportunities are tracked with an observation horizon of up to seven years. The reporting of risks and opportunities in the combined management report generally covers one year. In this document, relevant risks and opportunities are taken into account that due to their scope have not already been considered in the reporting on the current situation or in the planning.

Risk assessment is based on the probability of occurrence and the possible impact, and risks are classified as "low", "medium", or "high." These levels are also the basis for assessing the probability of occurrence and the potential impact of opportunities. When assessing the extent of a risk or opportunity – unless otherwise reported – its impact is considered in relation to EBIT.

To quantify the risks and opportunities in the combined management report, the individual risks and opportunities are summarized for each category. The assessment of the dimensions "probability of occurrence" and "possible impact" is based on the classification shown in table ↗ B.70 and takes place before planned measures.

In order to assess the Group's **risk-bearing capacity**, the potential effects of the risks on earning, are analyzed using a Monte Carlo simulation (confidence level: 99%). The aggregated risks are compared with the reported equity of the Daimler Truck Group as a risk cover.

Sustainability aspects are integrated into the Group-wide risk management process at Daimler Truck. These are conditions, events or developments relating to environment, social aspects or corporate governance (environmental, social and governance – ESG), the occurrence of which may actually or potentially affect the profitability, liquidity and capital resources, and financial position of the Daimler Truck Group and its reputation. ESG-related risks and opportunities that are very likely to have a serious negative impact on non-financial aspects in accordance with the CSR Directive Implementation Act (CSR-RUG), can be found in the respective categories of the risk and opportunity report according to their cause.

Risk management is based on the principle of completeness, which means that all identified risks enter the risk management process at the level of the individual units.

The scope of consolidation for risk and opportunity management corresponds to the scope of consolidation of the Consolidated Financial Statements and, if necessary, goes beyond it. Risks and opportunities of the segments and operating units, significant associated companies, joint ventures and joint operations as well as the corporate departments are included.

Furthermore, the employees responsible for risk management have the task of defining measures and, if necessary, initiating such measures to prevent, mitigate, or protect the Group against risks.

Opportunity management involves implementing measures with which opportunities can be seized, improved and (fully or partially) realized. The cost-effectiveness of a measure is assessed before it is implemented. The possible extent and the probability of occurrence of all risks and opportunities from the individual units as well as the respective measures that have been initiated are continuously monitored. Control takes place in the Company at segment level, based on individual risks and opportunities. Daimler Truck Holding AG, the parent company of the Daimler Truck Group, monitors implementation by the segments as part of its regulatory, legal and compliance functions.

The organizational embedding of risk and opportunity management is carried out by the risk management organization that has been established at the Group. The responsibility for operational risk management and for the risk management processes is borne by the segments, corporate functions, organizational units, and companies. They report on the concrete risks and opportunities at regular intervals to their superordinate units.

Unexpectedly occurring material risks must be reported immediately. The segments pass along this information to the corporate risk management unit, which presents it to the Board of Management and the Supervisory Board. The Group Risk Management Committee (GRMC) is responsible for ensuring continuous improvement and evaluating the appropriateness and effectiveness of the risk management system. The GRMC is composed of representatives from Accounting & Result Management, the Legal department, Compliance, Group Security and Investor Relations & M&A, as well as of the CFOs of the segments of the Daimler Truck Group. The GRMC is chaired by the member of the Board of Management of Daimler Truck Holding AG responsible for Finance & Controlling. The internal Corporate Audit department contributes key findings about the internal control and risk management system.

The **internal control system with regard to the accounting process** aims to ensure the correctness and effectiveness of accounting and financial reporting. It is designed in line with the internationally recognized framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Internal Control – Integrated Framework), is continually developed further, and is an integral part of the accounting and financial reporting processes in the relevant companies, organizational units, and corporate functions. The system includes principles and procedures as well as preventive and detective controls.

The effectiveness of the internal control system is systematically assessed with regard to the accounting process. The first step involves a risk analysis and a control definition with the aim of identifying significant risks for the accounting and financial reporting processes in the main companies, organizational units, and corporate functions. The controls required are then defined and documented in accordance with the Group-wide guidelines. In order to assess the effectiveness of the controls, random samples are tested at regular intervals. These form the basis for a self-assessment as to whether the controls are appropriate and effective. The results of this self-assessment are documented and reported in a Group-wide IT system, and identified control weaknesses are eliminated. The selected companies, organizational units, and corporate functions confirm the effectiveness of the internal control system with regard to the accounting process at the end of the annual cycle. The Board of Management and the Audit Committee of the Supervisory Board are regularly informed about potential significant control weaknesses and the effectiveness of the control mechanisms that have been set up. However, the internal control system for the accounting process cannot provide absolute certainty that material misstatements in the financial reporting will be avoided.

The Audit Committee of the Supervisory Board of Daimler Truck Holding AG is responsible for monitoring the internal control and risk management system. The internal Corporate Audit department checks whether the statutory framework conditions and internal policies for the control and risk management system of the Group are being observed. Where necessary, measures are initiated in cooperation with the respective management. The external auditor examines the early warning system for risks integrated in the risk management system and checks whether it is fundamentally able to detect risks threatening the continued existence of the Group at an early stage. He or she also reports to the Audit Committee and the Supervisory Board on any significant weaknesses found in the in the accounting-related internal control system and the early warning risk detection system.

The processes and systems for both the internal control system and the risk management system are monitored on an ongoing basis. We have introduced appropriate improvement measures to eliminate identified weaknesses and ensure the continuous improvement of processes and systems.

The overall assessment of appropriateness and effectiveness of the internal control system and the risk management system did not reveal any indications that these systems are inadequate or ineffective, taking into account the scope of the Company's business operations and risk position.[1]

Risks and opportunities

The following section describes risks and opportunities that could have a significant impact on the profitability, liquidity and capital resources, and financial position of the Daimler Truck Group. The reporting on risks and opportunities generally takes place in relation to the individual segments. If no segment is explicitly mentioned, the risks and opportunities described apply to all segments.

When assessing risks and opportunities, we generally consider both gross and net values. The gross opportunities and risks are presented below.

In addition to the risks and opportunities described below, other risks that are not yet known to the Group or have been classified as insignificant may affect the Daimler Truck Group's profitability, liquidity and capital resources, and financial position in the future.

1 The content of this section was not subject to an audit of its contents in the context of the statutory external audit of our combined management report.

Industry and business risks and opportunities

The following section describes the industry and business risks and opportunities for the Daimler Truck Group. A quantification of these risks and opportunities is shown in table ↗ B.71

Economic risks and opportunities
Economic risks and opportunities constitute the framework for the risks and opportunities listed in the following categories and are used as premises in the quantification of these risks and opportunities. The overall economic framework has a significant influence on vehicle sales markets and thus on the Group's success. As a consequence, adverse economic developments, either globally or in the markets in which the Group operates, may result in substantially diminished demand for the Group's products. In addition, demand in the commercial vehicle industry is cyclical, which means that periods of investment in commercial vehicles are generally followed by slower periods in which demand levels decline. The length, timing and intensity of specific demand cycles, which may affect individual market segments, customer groups and regions in which the Group operates, are subject to uncertainty. Cyclical or variable demand patterns may result in a prolonged or unexpected decline in demand for the Group's products and services.

The economic development in 2023 is described in chapter Economic Conditions and Business Development of the combined management report. Growth assumptions and forecasts for the overall development in 2024 are discussed in chapter Outlook of the combined management report.

Despite the impact of the **Russia-Ukraine war** on the real economy weakening in 2023 compared to 2022, the further development and potential further escalation of the Russia-Ukraine war or, in the worst case, its expansion to other countries, continues to pose a major risk. The most significant risks as a consequence of the Russia-Ukraine war are described in the section "Risks and opportunities related to legal and political framework conditions".

At the country level, especially **emerging economies** (e.g., Turkey) with high foreign debt and high current account deficits could come under pressure, resulting in significant currency devaluations. Financial market turbulence and even currency crises would be possible consequences and could put a massive strain on the business activity in the affected economies, which would have a negative effect on the Group's sales prospects.

The unresolved trade conflict between the USA and China, which has been going on for several years now, continues to pose a significant risk to the further **development of global trade**. More and more areas are now affected by the conflict, and there is a threat of increasing technological and economic decoupling of the two countries.

In addition to the existing protectionist measures such as specific market access barriers, sanctions or industrial policy demands for higher local value added, there is also the risk of exacerbation or abrupt interventions with effects on the procurement of required commodities and materials for production and sales. Together with the aforementioned risks, the resulting impact on the **supply chains** and ultimately the effects on general pricing for raw materials, upstream products and finished products, this may lead to higher costs at Daimler Truck and have a negative impact on economic development and sales opportunities. In return, unforeseen trade easing could generate positive impulses and lead to more trade and higher growth. In this case, the Daimler Truck Group could also benefit.

The **European market** is of great importance for the Daimler Truck Group. Accordingly, changes in investment and consumer behavior will affect the development of unit sales. Inflation continues to be above the ECB target level, which may complicate or slow down an easing of the restrictive monetary policy. Furthermore, the growth of the economy in the European Union slowed down considerably in 2023 and is expected to continue to be weak in 2024. In the European Union (EU), the risk of political conflict is increased due to the Russia-Ukraine war. The risks triggered by the Russia-Ukraine war are described in the section "Risks and opportunities related to legal and political framework conditions" below.

In the **USA**, the economy developed better than expected during 2023. However, inflation continues to be high, although it is expected to decrease during 2024. Since the Daimler Truck Group generates a substantial proportion of its revenue in the USA, further developments in the US economy may significantly impact the Group. Furthermore, stronger economic growth in the USA would have spillover effects on the rest of the world. However, increasing domestic political tensions in the USA could unsettle consumers and investors and dampen economic growth accordingly.

B.71
Industry and business risks/opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Probability of occurrence	Impact
General market risks	Low	High	General market opportunities	Medium	High
Risks relating to the legal and political framework	Low	High	Opportunities relating to the legal and political framework	–	–
Risks from the procurement market	Low	High	Opportunities from the procurement market	Low	High

General market risks and opportunities

The risks and opportunities for economic development in the vehicle markets are significantly influenced by the global economic situation described above. The assessment of market risks and opportunities is linked to assumptions and forecasts about the overall market development in the regions in which the Daimler Truck Group is active. The possibility of markets developing better or worse than assumed or of market conditions changing is present for all segments of the Daimler Truck Group.

Potential **risks for the development of sales** are simulated in risk scenarios. A lack of market acceptance of certain vehicle models in individual regions can have a negative impact on profitability. Declining vehicle sales may also result from the sometimes-unstable macroeconomic environment and arise in the context of political or economic uncertainty. This applies in particular to the traditional cyclical construction and logistics industry and the corresponding influence on Daimler Truck unit sales. Moreover, there is the risk that high demand cannot be met in a timely manner due to supply chain constraints. The developments of markets, unit sales and inventory are continually monitored and analyzed by the segments. Where necessary, specific marketing and sales programs are implemented.

Volatilities with regard to market developments can also lead to the overall market or regional framework conditions for the commercial vehicle industry developing better than assumed in the internal forecasts and premises, resulting in business opportunities in the market. Opportunities may also arise from an improvement in the competitive situation or a positive development of demand. Realization of the opportunities is supported by sales and marketing campaigns.

Due to the at times difficult financial situation of some **dealerships and vehicle importers**, support from the Daimler Truck Group may become necessary to ensure business partners stay afloat. The financial situation of strategically relevant dealerships and vehicle importers is continuously monitored. The loss of important dealerships and vehicle importers can lead to customer dissatisfaction and a decline in unit sales. Meeting costs where contracts are canceled and having to process outstanding customer contracts where dealerships go out of business may become necessary and have a negative impact on profitability.

The launch of new products by competitors, a more aggressive pricing policy and more difficult net pricing in the sales and aftersales business can lead to increasing **competitive and price pressure** in the vehicle segments and have a negative impact on profitability. Competitors are continually monitored in order to identify these risks at an early stage. Depending on the situation, product-specific and possibly regionally differing measures are taken to support markets with weaker sales. In addition, the Daimler Truck Group has introduced various sales-promotional programs that include financial incentives for customers.

When purchasing vehicles from the Daimler Truck Group, customers are offered a wide range of **financing and leasing options**. The resulting risks for the Financial Services segment lie primarily in a deterioration of the creditworthiness of borrowers, i.e., receivables may become fully or partially irrecoverable due to the insolvency of customers (counterparty or credit risk). The Daimler Truck Group counters credit risks with credit checks based on standardized scoring and rating procedures, the collateralization of receivables and an effective risk management system with a strong focus on monitoring both internal and macroeconomic early warning indicators.

In connection with lease agreements, risks arise if the resale value of a leased vehicle at the end of the agreed term differs from the residual value originally calculated and forecast at the time the contract was signed and the leasing rate was agreed upon. There are risks linked to negative developments in the used vehicle markets and associated with **vehicles' residual values**. In order to counteract these risks, residual value management processes have been established. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring and, where necessary, pricing strategies or sales-promoting measures to regulate vehicle stocks. The quality of market forecasts is verified by regular comparisons of internal and external sources, and residual values are adjusted as necessary and further developed with regard to methods, processes and systems.

The **Daimler Truck Group's service business** (including both aftersales services and financial services) is a key contributor to the Daimler Truck Group's success and competitiveness, but may not generate the revenues and profitability that the Daimler Truck Group expects for a number of reasons, including: Declines in unit sales of new vehicles; changes in economic conditions encouraging customers to become more price-conscious and less willing to commit to long-term service contracts; a large proportion of customers deciding to move their aftersales maintenance needs in-house or to other providers; changes in customer preferences for connectivity and other digital services, including offerings from third-party software and hardware developers; or competitive pressure forcing the Daimler Truck Group to reduce the prices it charges for aftersales services and/or parts, thereby reducing the Group's margins and profitability.

Risks and opportunities related to legal and political framework conditions

Around the world, the commercial vehicle industry is subject to far-reaching statutory requirements. Legal and political framework conditions have a considerable influence on the future business success of the Daimler Truck Group. Regulations concerning vehicles emissions, fuel consumption, safety and certification, as well as customs procedures, play an important role.

Many countries and regions have already implemented stricter **regulations to reduce the emissions and fuel consumption** of vehicles or are currently in the process of introducing such legal requirements. They address, for instance, the environmental compatibility of vehicles, including limits on noise emissions, as well as pollutants from the emissions caused by production facilities. Failure to comply with the relevant regulations in the individual regions may result in considerable penalties and reputational risks and can even lead to vehicles no longer being street legal in the affected markets.

The regulations described for reducing vehicle emissions and fuel consumption are also fraught with risks for Daimler Truck, as the strict legal requirements will be difficult to meet in some countries. This primarily affects the markets of the USA, Europe, Japan and, increasingly in the future, China. The ambitious targets, especially in Europe, cannot be achieved with conventional technology alone. The Daimler Truck Group must therefore use the latest technology in order to meet these requirements. The EU fleet targets for 2025 and 2030 already require significant reductions in CO_2-emissions that can only be achieved using battery-electric or fuel-cell based drive systems and with higher costs.

Phases of political uncertainty may generally have negative effects on consumption and investment decisions by households and companies and consequently have a negative impact on the economic development and sales opportunities of the Daimler Truck Group.

Far-reaching risks may continue to arise from the **Russia-Ukraine war**. The war could have a negative impact on the development of unit sales, production processes, and procurement and logistics, for example through interruptions in supply chains or energy supply, or shortages of commodities, parts and components, in each case triggered by the war itself or by the comprehensive sanctions imposed on Russia by various members of the international community. The war in Ukraine could escalate further and, in the worst case, spread to other countries. Such an expansion would pose a significant risk to Daimler Truck's market environment.

The potential interruptions of supply chains and shortages of commodities, parts or components may result in further increases in energy and commodity prices and the prices of parts and components, which could result in higher costs. Furthermore, as a result of higher inflation, the Group's cost base in general might be negatively affected. In addition, rising refinancing costs in the capital markets may lead to negative effects on Financial Services.

Furthermore, the position of the Daimler Truck Group in key foreign markets could be affected by the conclusion or amendment of **free trade agreements**. If free trade agreements are concluded without the participation of countries with Daimler Truck Group production sites, the Group could face a competitive disadvantage compared with competitors who produce in the countries that are part of the free trade agreement. In addition, if the content of the free trade agreements currently used by the Daimler Truck Group is made significantly stricter or the conditions of future free trade agreements are more restrictive, this could also significantly impair the competitive position of the Daimler Truck Group, as the Group would no longer or only partially benefit from those free trade agreements. At the same time, however, the conclusion of new free trade agreements could also create opportunities for the Daimler Truck Group vis-à-vis competitors, provided that the competitors do not produce in the countries concerned, but the Daimler Truck Group does.

There is a risk that individual countries will increasingly resort to **interventionist and protectionist measures** in an attempt to protect or improve their competitiveness on the world market. The vehicle industry, including the commercial vehicle industry, is often seen as a key sector for generating domestic investments and increasing local value added along the entire value chain. This can lead to increased costs if production facilities have to be set up or expanded or local purchasing has to be increased. Cutting technological and economic links between major markets can also have an impact on earnings if research and development have to be conducted locally or value chains have to be adjusted because certain technologies cannot legally be used in the end products. Furthermore, attempts are being made to limit imports through market access barriers such as by making certification processes more difficult, **delaying certifications**, and imposing complex **customs procedures** as well as **tariffs**.

In addition, **traffic policy restrictions** to combat traffic jams, noise and emissions are becoming increasingly important in cities and metropolitan areas around the world. Although they can dampen the sales development of conventional vehicles, they can also create demand for vehicles with alternative drive systems.

Daimler Truck continuously monitors the development of the legal and political framework conditions and tries to anticipate foreseeable requirements and long-term objectives at an early stage in the process of product development. Compared to the prior year, the legal and political framework risks increased, reflecting the current geopolitical risk landscape and the possible spillover effects of different events around the global on the Daimler Truck Group. However, the probability of occurrence of the new risks which were identified is low, explaining the decrease of the overall probability of occurrence for this category from medium to low compared to the prior year.

Procurement market risks and opportunities

For the Industrial Business, risks and opportunities on the procurement side are mainly due to fluctuations in raw material and energy prices. Financial bottlenecks at suppliers, capacity restrictions due to supplier failure or exits, limited scope for negotiating prices of supplied parts, and the over- or underutilization of production capacities at suppliers can also lead to reduced earnings.

The Industrial Business of the Daimler Truck Group requires certain raw materials, parts and components for the construction of vehicle parts and vehicles. These include steel, copper, aluminum, precious metals, rubber, plastics, particularly within parts and components containing these and other raw materials. The cost of such raw materials, parts and components represents a significant portion of the Daimler Truck Group's total costs. The Daimler Truck Group procures raw materials, parts and components from several suppliers. However, for the majority of parts, the Daimler Truck Group relies on a specific supplier for each individual part (also referred to as "single sourcing"). In these cases, the Daimler Truck Group faces the risk of production downtime and inventory backlogs if one or more suppliers are unable or unwilling to fulfill delivery obligations, for example due to supply shortages, labor strikes, capacity allocation to other customers, or financial distress of the supplier.

The prices of commodities, parts and components are susceptible to significant and at times sharp fluctuations, including as a result of global or regional supply/demand dynamics in the commodities markets and end markets, production capacity and constraints on the part of suppliers, transportation costs and issues, energy prices, infrastructure failures, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate including inflationary pressure, and other unforeseen circumstances.

In general, the ability to pass on increases in raw material, parts and component prices in the form of higher prices for manufactured vehicles is limited because of strong competitive pressure on the international commercial vehicles markets. Rising prices for raw materials may therefore have a negative impact on the profit margins of the vehicles sold and thus lead to a decline in profitability for the respective segment.

For some suppliers, the financial situation remains tense due to the market environment. The resulting possible production downtimes at suppliers may cause supply chain disruptions in the vehicle divisions of the Daimler Truck Group and prevent vehicles from being completed and delivered to customers on time. In order to counteract such disruptions in the supply chains, support measures may be necessary to ensure production and sales by suppliers. Supplier risk management aims to identify potential **financial bottlenecks for suppliers** at an early stage and to initiate suitable countermeasures. Taking into account the warning signals recorded and the internal classification, this involves regular reporting of key performance indicators to the Daimler Truck Group and, where necessary, support measures for the suppliers can be determined.

Finally, rapidly rising demand for certain new technologies, such as electrified powertrains, could require significant changes to the Daimler Truck Group's supply chain and result in higher product costs and supply bottlenecks. An increasing shift to e-mobility and digitalization throughout the industry has resulted and is expected to continue to result in long-term increases in demand for battery cells, semiconductors and certain critical materials, such as lithium, necessary to manufacture them. Due to the limited pool of suppliers, price increases and constraints in the supply of these materials have occurred and may continue to occur, which would limit the Daimler Truck Group's ability to meet demand for its current generation of vehicles (including its vehicles with conventional combustion engine) or commercialize its new zero-emission vehicles (ZEV) profitably (or at all).

Company-specific risks and opportunities

The following section covers Company-specific risks and opportunities of the Daimler Truck Group. A quantification of these risks and opportunities is shown in table ↗ B.72.

Production and technology risks and opportunities
Technical developments and innovations are of key importance for the safe and sustainable mobility of the future. Through the design of the product range, technical innovations are integrated into the strategic product planning of the vehicle segments. Technology risks can arise especially as a result of increasing technical complexity, the continually growing range of requirements that need to be met regarding emissions, fuel consumption and safety and the need to meet and constantly raise the quality standards of the Daimler Truck Group. These risks are prevalent in the automotive business, particularly with regard to launching and manufacturing products. In the context of the already ongoing transformation to zero-emission vehicles and the approach pursued by Daimler Truck, which focuses on the development, production and sales of battery-electric and hydrogen-based drive systems, this would result in high risks and also opportunities in relation to production, operation and warranties. Daimler Truck Group's future success depends on its ability to correctly assess and respond to the ZEV transformation with innovative, commercially attractive products and services that are able to compete in the market. Other decisive factors for successful conversion to ZEV's are customer acceptance, continued governmental support, sufficient publicly available charging infrastructure and hydrogen or energy at competitive prices, all of which are subject to uncertainty and to a large extent outside of Daimler Truck's control.

When a product is launched in the vehicle segments, the required components and equipment have to be available. In order to avoid restrictions in this context, the associated processes are continuously evaluated and improved. In order to secure and improve the long-term future viability of production facilities in the vehicle segments, modernization as well as expansion, development and restructuring activities are carried out as required. The **implementation of modernization measures and the launch of new products** are usually associated with high investments. This can also lead to inefficiencies in the production process and, as a result, to a temporary reduction in production volumes.

In principle, there is a risk of internal bottlenecks due to low equipment availability or failures of **production plants or factories**, which would result in costs being incurred. A prolonged disruption at a manufacturing facility could result in production downtimes or temporary operation at reduced capacity preventing the Daimler Truck Group from completing production orders in a timely manner. Loss of business volume, reduced productivity or profitability at a particular production site and significant repair costs that are not covered by the Daimler Truck Group's insurance coverage. Production facilities are continuously maintained and modernized. As a precaution, spare parts are kept on hand for potentially affected systems, and spare machines are procured as necessary.

B.72
Company-specific risks / opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Probability of occurrence	Impact
Production and technology risks	Low	Medium	Production and technology opportunities	–	–
Information technology risks	Low	Medium	Information technology opportunities	–	–
Personnel risks	Medium	High	Personnel opportunities	–	–
Risks related to associated companies and joint ventures	Low	Low	Opportunities related to associated companies and joint ventures	Medium	High

Capacity restrictions on the availability of batteries for certain vehicle models, as well as interruptions in the supply chain can lead to bottlenecks. Compared to the prior year, production and technology risks decreased from high to medium, mainly due to the stabilization of the global supply chains. This is also reflected in the production and technology chances. In the prior year the estimated impact was medium. As of year end 2023, there are no significant production and technology opportunities.

New technical requirements may also lead to restrictions on the sale of vehicles that have already been produced. Restrictions on certain equipment features in new vehicle models and the lack of availability of vehicle parts at the right time could also mean that the vehicles cannot be handed over to customers as planned. In order to avoid such **bottleneck situations**, it is important that capacity bottlenecks can be compensated for by forward-looking planning. In addition, as part of the management of the entire value chain, supply routes as well as the availability and quality of products are continuously monitored. As a risk prevention measure, a supplier management system is in place to ensure the quantity and quality of the components required to manufacture the vehicles. Lack of availability and quality problems with certain vehicle parts can lead to production downtimes and higher costs.

The Daimler Truck Group is subject to risks relating to deviation from planning in connection with large projects, including the development and launch of new vehicle generations, vehicles or powertrains. This may especially be the case when capital-intensive projects, such as factory buildouts or capacity expansions, e.g., the introduction of a new production line, are required. These risks may result from a number of factors, including inaccurate assumptions with respect to planning and implementation costs, unexpected technical challenges, weaknesses in project design and management, and poor performance of third-party suppliers and business partners. These factors could result in significant cost overruns, delays in new product launches, delivery delays, quality issues and damage to customer relationships.

Warranty and goodwill cases could arise in the Daimler Truck Group if the quality of products does not meet the requirements, regulations are not fully complied with, or support in the event of problems and product care cannot be provided in the required form. Such warranty and goodwill cases as well as quality problems both with components in vehicles and in connection with technical innovations on vehicles that require adjustments can lead to financial burdens. Possible claims in connection with such risks are examined and, if necessary, appropriate measures are initiated for the affected products.

Information technology risks and opportunities

The systematically pursued digitalization strategy opens up new opportunities for Daimler Truck and allows it to enhance customer benefits and the value of the Company. Nevertheless, the high penetration level of information technology (IT) in all business areas also harbors risks for business and production processes as well as for their services and products.

The ever-growing threat posed by **cybercrime** and the spread of aggressive malicious code give rise to risks that can affect the availability, integrity and confidentiality of information and IT-supported operating resources. Despite extensive precautions, in the worst-case scenario, this can lead to a temporary interruption of IT-supported business processes with severe negative effects on the Group's earnings. In addition, the loss or misuse of sensitive data may under certain circumstances lead to a loss of reputation. In particular, applicable regulatory requirements such as the EU General Data Protection Directive (EU-GDPR) may, among other things, give rise to claims by third parties and result in costly regulatory requirements and penalties with an impact on earnings.

For the globally active Daimler Truck Group and its comprehensive business and production processes, it is of vital importance that information is available, up-to-date, complete and correct and that it can be exchanged as needed. The Group's internal IT security framework is based on international standards and uses industrial standards and good practice as part of its protective measures. New regulatory requirements for cyber security and cyber security management systems are taken into account in the further development of our processes and policies.

When managing the increasing supply chain risks posed by ransomware threats, Daimler Truck prioritizes comprehensive cyber protection strategies and measures to secure its collaboration with third parties.

Appropriately secure IT systems and a reliable IT infrastructure must be used to protect information. Cyber threats must be identified over the entire lifecycle of applications and IT systems, and dealt with in line with their criticality. Particular attention is paid to risks that could, at worst, result in an interruption of business processes due to IT system failures and/or the loss and corruption of data. The advancing digitalization and connectivity of production equipment is supplemented by coordinated technical and organizational security measures.

Due to growing demands concerning the confidentiality, integrity and availability of data, Daimler Truck has implemented a wide range of preventive and corrective measures in order to minimize the associated risks and limit possible damage. For example, the Group reduces potential interruptions of operating processes in data centers by means of mirrored data sets, decentralized data storage, outsourced data backups and IT systems designed for high availability. Emergency plans are developed and employees are trained and regularly sensitized in order to maintain operating capability. Specific threats are analyzed, and countermeasures are coordinated at a globally active Cyber Security Operation Center (CSOC). The protection of products and services against the danger of falling prey to hacker attacks and cybercrime is under constant development.

Personnel risks and opportunities

The Daimler Truck Group strives for good **relationships with its employees, their trade unions as well as employee representative bodies and stakeholders.** A number of collective agreements apply, some of which impose obligations and restrictions on the Daimler Truck Group in connection with reorganizations, restructurings or similar corporate actions and which it may not be able to extend, renew or replace in a favorable or timely manner or at all. Any deterioration of the relationships with trade unions, works councils and other employee representative bodies could adversely impact the Daimler Truck Group's business operations. The Group could face strikes or other types of conflicts with trade unions, works councils or its employees in the future. Any such strikes, conflicts, work stoppages or other industrial actions may disrupt the Group's production and sales activities, damage its reputation and adversely affect its customer relations. Due mainly to the risks associated with the upcoming union negotiations in North America, personnel risks developed from low to high compared to the prior year,

Competition for highly qualified employees and managers continues to be very fierce in the industry and the regions in which Daimler Truck operates. The future success of the Daimler Truck Group also depends on the extent to which it succeeds in recruiting, integrating and permanently retaining specialist staff. The established human resources instruments take such personnel risks into consideration. A particular focus of human resources management is the targeted personnel development and further training of the Company's workforce. In order to remain successful as a company, we continuously develop the way we work together and optimize our management culture.

Demographic developments make it essential for the Group to deal with changes caused by a changing workforce and to secure a skilled new generation of specialists and future executives. Generation management addresses this by implementing measures that do justice to the scope of the issue. We counter economic, market and competitive fluctuations with the established time and flexibility instruments, enabling reactions that are suitable for the respective situation.

Efficiency improvements and cost savings are crucial for the Group to maintain its competitiveness and improve its profitability. Daimler Truck is in the midst of implementing a number of operational performance and cost-saving initiatives to address fixed and variable costs affecting profitability. These operational performance and cost-saving measures, or components thereof, may not deliver the intended benefits within the time the Group targets. This may result in implementation costs in excess of those originally budgeted by the Group and the actual results of the initiatives may differ from the targets. If the targeted operational performance and cost-saving measures are not fully realized or achieved within the intended time, this could have an adverse effect on the Group's profit margins.

Risks and opportunities related to associated companies and joint ventures

Cooperation with partners in associated companies and joint ventures is of vital importance for Daimler Truck, in the transformation towards both zero-emission mobility and comprehensive digitalization. Particularly in the case of new technologies, associated companies can help boost synergy effects and improve cost structures in order to successfully face the competition in the commercial vehicle industry.

The Daimler Truck Group generally participates in the risks and opportunities of associated companies and joint ventures in line with its equity interest. It is also subject to share-price risks and opportunities if those companies are listed on the stock exchange.

The remeasurement of an interest in an associated company can result in risks and opportunities related to the investment's carrying amount for the segment to which the associated company belongs. Risks can also arise from ongoing business activities, especially through the integration of employees, technologies and products. The Group's business and legal interests may not always be aligned with those of its associated companies and joint ventures and any of the Group's current or future associated companies or joint ventures may fail to be successful, achieve their planned objectives and meet their targeted timelines. In addition, further financial obligations or additional financing requirements could arise. Associated companies are subject to a monitoring process so that, if necessary, decisions can be promptly made on whether or not measures should be taken to support or secure profitability. The recoverable amounts of investments in associated companies are also regularly monitored.

Financial risks and opportunities

The following section deals with the financial risks and opportunities of the Daimler Truck Group.

Risks and opportunities can have a negative or positive effect on the Group's profitability, liquidity and capital resources, and financial position. The probability of occurrence and impact of these risks and opportunities are listed in table ↗ B.73.

In principle, the Group's operating and financial risk exposures, on which the financial risks and opportunities are based can be divided into symmetrical and asymmetrical risk and opportunity profiles. With the symmetrical risk and opportunity profiles (e.g., currency exposures), risks and opportunities are equally present, while with the asymmetrical profiles (e.g., credit and country exposures), the risks outweigh the opportunities.

Daimler Truck is fundamentally exposed to risks and opportunities arising from changes in market prices such as exchange rates, interest rates and commodity prices. Changes in market prices can have a negative or positive effect on the Group's profitability, financial and asset position.

Daimler Truck systematically controls and monitors market price risks and opportunities, primarily as part of its business operations and financing activities and applies derivative financial instruments for hedging purposes where necessary, thus limiting both market price risks and opportunities.

The Group is also exposed to credit, country and liquidity risks, and risks from changes in credit ratings. As part of the risk management process, Daimler Truck regularly assesses these risks by considering changes in key economic indicators and market information. Plan assets to cover pension and health care benefits (market-sensitive investments, including equity and interest-bearing securities) are not included in the following analysis.

Exchange rate risks and opportunities

The Group's global orientation means that its business operations and financial transactions are linked to risks and opportunities related to fluctuations in exchange rates.

This applies in particular to fluctuations in the US dollar, the British pound, the Australian dollar, the Japanese yen and other currencies, against the euro. An exchange rate risk or opportunity arises in business operations primarily when revenue is generated in a different currency from that of the related costs ("transaction risk").

While production costs are incurred primarily in US dollars, euros and yen, a portion of revenue is generated in other currencies. Daimler Truck is exposed to this type of transaction risk, but only to a lesser extent thanks to its global production network. Regularly updated currency risk exposures are successively hedged with suitable financial instruments (predominantly currency forwards) in accordance with exchange rate expectations, which are continually reviewed, limiting both risks and opportunities. Any overcollateralization caused by changes in exposure is generally resolved promptly using appropriate measures. There are also exchange rate risks and opportunities related to the translation of the net assets, income and expenses of companies of the Group outside the eurozone ("translation risk"), against which the Group generally does not hedge.

Interest rate risks and opportunities

Changes in interest rates can create risks and opportunities for both business operations and financial transactions. Daimler Truck employs a variety of interest rate-sensitive financial instruments to meet the liquidity requirements of its business operations on a day-to-day basis. Most of these financial instruments are linked to the financial services business of Financial Services. Interest rate risks and opportunities arise when fixed interest periods between the assets and liabilities side of the balance sheet are incongruent. By means of refinancing coordinated with the terms of the financing agreements, the risk of maturity mismatch is minimized from both an interest-rate and a liquidity point of view. Remaining interest rate risks are managed through the use of derivative financial instruments. Measures for raising capital for the industrial and financial services businesses are coordinated centrally at Group level. Derivative interest rate instruments, such as interest rate swaps, are used to achieve the desired fixed interest rates and asset/liability structures ("asset and liability management").

Commodity price risks and opportunities

As described in the section on procurement market risks and opportunities, Daimler Truck is exposed to risks from changes in commodity prices. A small proportion of the commodity price risks, primarily from the planned purchase of certain metals, can be reduced through the use of derivative financial instruments.

Credit risks

Credit risk describes the risk of a financial loss resulting from a counterparty failing to meet its contractual payment obligations. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

The Group is subject to credit risks, which result primarily from the financial services business and the operations of the vehicle business. The risks from leasing and sales financing are addressed in the section on general market risks and opportunities.

Credit risks also arise from the Group's liquidity investments. Should payment defaults occur, this would adversely affect the Group's profitability, liquidity and capital resources, and financial position. The limit methodology for liquid investments with financial institutions has been continuously refined over the past few years. When making investment decisions, we prioritize the issuer's creditworthiness, as well as balanced risk diversification. The majority of liquid assets are held in investments with an external investment grade or better rating.

Country risks

Country risk describes the risk of a financial loss resulting from changes in political, economic, legal or social conditions in the respective country, for example due to sovereign measures such as expropriation or a ban on currency transfers. Daimler Truck is subject to country risks, which primarily result from cross-border financing or collateralization for Group companies or customers, from investments in subsidiaries or joint ventures, and from cross-border trade receivables.

B.73
Financial risks and opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Probability of occurrence	Impact
Exchange rate risks	Low	Medium	Exchange rate opportunities	Low	Medium
Interest rate risks[1]	Low	Low	Interest rate opportunities[1]	Low	Low
Commodity price risks	Low	High	Commodity price opportunities	Low	High
Credit risks	Low	Low	Credit opportunities	–	–
Country risks	Low	Low	Country opportunities	–	–
Risks related to changes in credit ratings[1]	Low	Low	Opportunities related to changes in credit ratings[1]	Low	Low
Risks related to pension plans[1]	Low	Low	Opportunities related to pension plans[1]	Low	Low

1 The estimated impact of the risk/opportunity is not EBIT relevant.

Further information on country risks in the context of the disclosure of events after the reporting period can be found in Note 41. Events after the reporting period of the Notes to the Consolidated Financial Statements. In addition, country risks also arise from cross-border investments in financial institutions. The Group addresses these risks by setting country limits (e.g., for hard currency portfolios of Financial Services companies). The Group also has an internal rating system, in which all countries in which Daimler Truck operates are divided into risk classes.

Risks and opportunities from changes to credit ratings

Risks and opportunities exist in possible downgrades or upgrades to credit ratings assigned by the rating agencies to Daimler Truck Holding AG (and thus to the Group's creditworthiness) or to bonds issued or guaranteed by members of the Daimler Truck Group. Downgrades may adversely affect the Group's financing if they increase the cost of borrowing or limit the Group's financing options. In addition, downgrades may discourage investors from investing in Daimler Truck Holding AG.

Risks and opportunities relating to pension plans

Daimler Truck has defined benefit pension commitments and, to a small extent, additional obligations for healthcare benefits, which are largely covered by plan assets. The balance of pension obligations and plan assets constitutes the carrying amount or funded status for these employee benefit plans. The measurement of pension obligations and the calculation of net pension expense are based on assumptions. Even small changes in those assumptions, e.g. a change in the discount rate, have a negative or positive effect on the funded status and Group equity for the current financial year and, if they occur, lead to a change in the period-related net pension expense in the following financial year. The fair value of plan assets is largely determined by developments on the capital markets. Unfavorable or favorable developments, especially in shares and marketable debt securities, reduce or increase the carrying amount of plan assets. A change in the composition of plan assets can also have a positive or negative impact on their fair value. The broad diversification of investments, the selection of asset managers based on quantitative and qualitative analyses and the ongoing monitoring of returns and risk contribute to reducing the investment risk. The structure of pension obligations is taken into account when determining the investment strategy for plan assets in order to reduce fluctuations in the funded status.

Further information on the pension plans and their risks can be found in Note 24. Provisions for other risks of the Notes to the Consolidated Financial Statements. Additional information on financial risks, risk-limiting measures and the management of these risks can be found in Note 34. Management of financial risks of the Notes to the Consolidated Financial Statements. Information on the Group's financial instruments can be found in Note 33. Financial instruments of the Notes to the Consolidated Financial Statements.

Legal and tax risks and opportunities

The Group is also exposed to legal and tax risks. It recognizes provisions for these risks if and to the extent that those provisions are likely to be utilized and the amount of the obligations can be determined with sufficient accuracy.

Legal risks

Regulatory risks
The vehicle industry, and hence also the commercial vehicle industry is subject to extensive government regulations all over the world. Legislation in various jurisdictions regulates the occupant safety and environmental impact of trucks, buses and other vehicles, including emission levels, fuel economy, and noise levels, as well as the emissions of the factories in which the vehicles or parts thereof are manufactured. Failure to comply with relevant regulations in individual regions may result in significant penalties and reputational risks, as well as the non-approval of products in the affected markets.

To maintain high quality standards for its products and to comply with government-prescribed safety and other standards, the Group incurs substantial costs for monitoring, certification and quality assurance. Meeting government-mandated vehicle standards is costly and often technologically challenging, particularly where required standards conflict with one another. With the increasing complexity of commercial vehicles, also due to digitalization of components and their communication with each other, the risk of vehicle defects increases. The adoption of new technologies, many of which are still being refined for use in the transportation industry, including autonomous driving technologies and battery-electric vehicles, may increase the Group's exposure to vehicle defects and product liability. Applicable laws and governmental standards require manufacturers to take action to correct deficiencies related to vehicle safety and other standards, which may also result in recalls. Costs associated with delays in new model launches due to product defects and recall campaigns or warranty costs to remedy defects in vehicles that have been sold can be substantial.

Moreover, the Group must comply with a wide range of legal and regulatory requirements relating to anti-bribery and corruption, antitrust law, sanctions and export control, anti-money laundering and terrorist financing, product requirements, data protection, human rights and the handling of hazardous goods in connection with its global business activities. Violations of applicable legal regulations in this respect are subject to sanctions, such as regulatory fines or criminal consequences. In addition, any violation can lead to negative media coverage and affect the Group's reputation.

Risks from legal proceedings
The subsidiaries of Daimler Truck Holding AG (especially Daimler Truck AG) are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics. These include, for example, vehicle conformity and vehicle safety, dealer, supplier and other contractual relationships, financial services, industrial property rights (in particular patent infringement suits), warranty claims and antitrust proceedings (including claims for damages). If the outcome of such legal proceedings is negative for the Daimler Truck Group or such proceedings are settled, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns, monetary penalties or other costly actions. Legal proceedings and related settlements may have an impact on the Group's reputation.

Antitrust law proceedings (including actions for damages)
Mercedes-Benz Group AG (formerly Daimler AG), the former parent entity of Daimler Truck AG, was addressee of an antitrust proceeding initiated by the European Commission. In July 2016, the European Commission issued a settlement decision against Daimler AG and four other European truck manufacturers for their participation in anticompetitive behavior in violation of European antitrust rules with regard to pricing and passing on the costs of complying with stricter emission rules for trucks. The European Commission found that Daimler AG participated in the relevant arrangements from January 17, 1997 to January 18, 2011. The individual fine imposed on Daimler AG by the European Commission's settlement decision amounted to €1.09 billion and was fully paid in 2016.

Following the settlement decision by the European Commission, legal actions, class actions and other forms of legal redress for damages by direct and indirect truck customers have been filed or initiated in several jurisdictions. Damage claims could result in substantial liabilities for the Daimler Truck Group as well as significant costs expended for defense measures, which may have a material adverse effect on the Daimler Truck Group's operations and its liquidity and capital resources.

In relation to the cartel infringement described above, most substantial claims (including certain types of class actions or aggregator claims) are pending or have been initiated in Germany, the United Kingdom, the Netherlands, and Spain. Claims are also pending in certain other European countries and in Israel (in a total of approximately 20 countries).

The Daimler Truck Group takes appropriate legal remedies to defend itself and reflects the constantly evolving jurisprudence in its risk assessments and strategic decisions.

It cannot be ruled out that the regulatory risks and risks from legal proceedings discussed above, individually or in the aggregate, may materially adversely impact the profitability, liquidity and capital resources and financial position of the Group or any of its segments.

As legal proceedings are fraught with a large degree of uncertainty, it is possible that after their final resolution, some of the provisions that have been recognized for them could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, the Group believes that any resulting obligations are unlikely to have a sustained effect on the Group's financial position.

Further information on legal proceedings is provided in Note 31. Legal proceedings of the Notes to the Consolidated Financial Statements.

Tax risks and opportunities

Daimler Truck Holding AG and its subsidiaries operate in many countries around the world and are therefore subject to numerous different statutory provisions and tax audits. Any changes in legislation and jurisdiction, as well as different interpretations of the law by the tax authorities – especially in the area of cross-border transactions – can lead to considerable uncertainty. It is therefore possible that the tax provisions and tax liabilities recognized may prove to be insufficient, which may have a negative impact on the Group's cash flow and net profit.

Positive effects on the Group's net profit and cash flow are also possible as a result of retroactive legislation, future court rulings or changes in the opinions of the tax authorities.

Any changes or interventions by the tax authorities are continuously monitored by the Tax department, and measures are taken if necessary.

In addition, if there is no or too little future taxable earnings, there is a risk that the tax benefit from loss carryforwards and tax-deductible temporary differences may not be recognized or may no longer be recognized in full, which could have a negative impact on net profit.

On the other hand, there is an accounting opportunity that tax benefits currently not recognized in full may be used or recognized in future years and could thus have a positive impact on the Group's net profit.

Overall assessment of the risk and opportunity situation

The overall picture of the Group's risk and opportunity situation is made up of the described individual risks and opportunities for all risk and opportunity categories.

In addition to the risk categories described above, there are unforeseeable events that could have a negative impact on business operations and thus on the profitability, liquidity and capital resources, and financial position of the Daimler Truck Group, as well as on the reputation of the Group. In particular, legal risks or social violations by partners and suppliers can have a negative effect on the reputation of the Daimler Truck Group, the environment and the employees of partners and suppliers. As one of the basic principles of corporate activity, Daimler Truck therefore pays particular attention to compliance with legal and ethical rules – including when selecting partners and suppliers.

In order to recognize risks and opportunities at an early stage and to successfully deal with the current risk and opportunity situation, the established risk and opportunity management system is continuously monitored and further developed.

Despite the overall risk situation of the Daimler Truck Group remaining at a similar level compared with the prior year, the distribution in the different risk categories changes significantly. Procurement market risks decreased, reflecting the stabilization of the international supply markets, as well as of the energy and raw material prices. Notwithstanding the reduction, procurement market risks remain high because of persisting regional and sectoral supply bottlenecks. Production and technology risks decreased from high to medium, which is also due to the stabilization of the global supply chains.

On the other hand, market risks have significantly increased, an indication of the ongoing sales and pricing constraints experienced on the local and regional level. The legal and political framework risks also increased, reflecting the current geopolitical risk landscape and the possible spillover effects of different events around the global on the Daimler Truck Group. Personnel risks developed from low to high compared to the prior year, due mainly to the risks associated with the upcoming union negotiations in North America.

The overall estimated financial impact of the opportunities of the Daimler Truck Group decreased compared to the prior year. A major driver of this change was the stabilization of the raw material prices from a high level in the prior year. However, like in the case of the procurement risks, procurement market opportunities continue to be high, reflecting the differences observed on a local and regional level.

No ESG-related risks that could very likely have a serious adverse impact on the non-financial aspects of the Daimler Truck Group, such as environmental, social or employee concerns, are discernible, neither on the balance sheet date nor at the time the annual financial statements and consolidated financial statements were prepared.

Risks that, alone or in combination with other risks, could jeopardize the Group's continued existence are reviewed regularly as part of the determination of risk-bearing capacity. No such risks were identified either on the balance sheet date nor at the time of preparation of the annual and consolidated financial statements.

Outlook

Our outlook for the 2024 financial year is based on the Daimler Truck Business Planning of Daimler Truck Holding AG approved by the Board of Management and Supervisory Board. This planning takes into account current business development as well as possible opportunities and risks, which are explained in detail in the Risk and Opportunity Report in the combined management report. The premises and assessments we have set regarding the overall economic conditions and the development of the commercial vehicle markets are taken into account. The estimates presented for the future course of business are based on the objectives of our segments. Against this background, we adjust our expectations for business performance in line with the current outlook regarding the development of the commercial vehicle markets. The statements made below are based on our level of knowledge at the time the combined management report 2023 was prepared.

The definition of the sensitivities for the qualitative comparative description of changes in key figures (“on”, “slightly” and “significantly” above or below the prior-year level) can be found in chapter Corporate Profile of the combined management report.

The outlook is particularly subject to further geopolitical developments and their impact on the global economy. The future development of inflation continues to determine the monetary policy environment and influence the decisions of central banks.

A comparison of the key figures of the outlook provided with the actual development in the 2023 financial year as well as the outlook for the 2024 financial year is shown in table ↗ B.75 of chapter Outlook.

The world economy

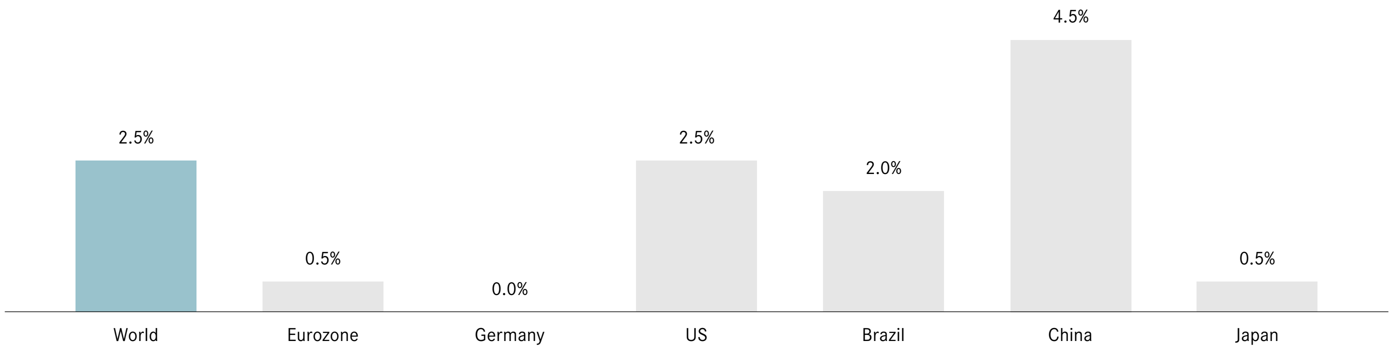
We expect global economic growth to slow further in 2024. The restrictive monetary policy environment is likely to continue to dampen demand and inhibit consumer and capital expenditure. In addition, it cannot be ruled out that current geopolitical risks will have a negative impact on the real economy. However, the continued decline in inflation rates could trigger a reversal in the monetary policy stance of the leading central banks. This would support a recovery of the global economy in the second half of the year. According to our forecasts, the global economy will grow by up to 2.5% in 2024, once again below the long-term average growth rate.

Economic output growth in the eurozone is likely to remain at a weak level in 2024 (+0.5%). We assume that the German economy will stagnate in the current year. We expect an average increase in consumer prices in the eurozone of up to 2.5% in 2024. A possible return of the inflation rate towards the ECB's inflation target makes interest rate cuts more likely over the course of the year.

A decline in inflation towards the target corridor in the US may also lead to a change in monetary policy over the course of the year. Overall, we expect an average inflation rate of up to 3.0% and growth in the US economy of up to 2.5% in 2024.

With growth of around 2.0%, the Brazilian economic output is expected to grow less strongly in 2024 than in the past year. We expect that China will continue to make an important contribution to global economic growth in 2024 (+4,5%). The overall economic development in Japan is likely to cool down (+0.5%).

B.74
Expectations economic growth for 2024



The commercial vehicle market

Due to the continued difficult economic conditions and the lack of catch-up effects, we expect the key truck markets to return to normal levels in 2024. From today's perspective, we anticipate a market volume for heavy-duty trucks ("class 8") in North America of between 280 and 320 thousand units. The market for heavy-duty trucks in the EU30 region (European Union, United Kingdom, Switzerland and Norway) will probably have a volume of between 260 and 300 thousand units.

Unit sales

Based on our general assumptions about the global economy and the commercial vehicle markets that are important to us, we expect unit sales of between 490 and 510 thousand units for the Industrial Business.

In the **Trucks North America** segment, we assume that unit sales will be between 180 and 200 thousand units in a slightly weakening macroeconomic environment in North America.

For the **Mercedes-Benz** segment, we expect unit sales of 140 to 160 thousand units, which takes into account, among other things, an expected market decline in the EU30 region.

In the **Trucks Asia** segment, we expect unit sales levels in a corridor of 130 to 150 thousand units.

For the **Daimler Buses** segment, we are also forecasting a similar volume compared to the prior year with a unit sales corridor of between 23 and 28 thousand units.

Revenue and EBIT

We expect the Daimler Truck Group's revenue to be between €55 and €57 billion in the 2024 financial year. For the Industrial Business, we assume revenue of between €52 and €54 billion and an adjusted return on sales of 9% to 10.5%.

Based on our expected market outlook, the factors mentioned above and the planning of our segments, we expect the Group's EBIT in 2024 to be at the same level as the previous year. We also expect the Group's adjusted EBIT to be at the same level as the previous year.

An adjusted return on sales of 11% to 13% is expected for the **Trucks North America** segment. Despite the expected weakening of the commercial vehicle markets in North America, we expect the return on sales to develop stable.

With an adjusted return on sales of 8.5% to 10.5% in the **Mercedes-Benz** segment, we forecast that we will achieve a similar return on sales compared to the prior year despite the expected market decline in the EU30 region.

In the **Trucks Asia** segment, we assume an adjusted return on sales in a corridor of 3% to 5% despite an expected weakening of relevant commercial vehicle markets.

For the **Daimler Buses** segment, we forecast an adjusted return on sales of 5% to 7%. We expect positive effects from net pricing and product mix due to a further recovery in the coach market.

We forecast new business of between €11 and €13 billion for the **Financial Services** segment. This is driven in particular by the growth of business operations of the Financial Services segment in Europe and South America. For 2024, in a macroeconomic environment characterized by uncertainty, we assume increased adjusted earnings and expect an adjusted return on equity of 9% to 11%. In future, to support the Daimler Truck rating, we will take into account the segment's target of an average equity ratio of ten percent (previously nine percent) when setting the equity base of all financial services companies.

Free cash flow and Liquidity

We assume that the free cash flow of the Industrial Business in 2024 will be slightly above the level of the previous year. Based on the stable revenue and earnings development we expect, we are assuming a slight easing in inventories as well as a largely stable supply situation. In addition, we expect that the improved inventory development will be partially offset by higher investments in research and development and in property, plant and equipment.

For 2024, we are aiming for a liquidity level that is appropriate to the general risk situation on the financial markets and the risk profile of our Company. When measuring the amount of liquidity, possible risks in refinancing, for example due to temporary distortions on the financial markets, are also taken into account. We assume that we will have good access to the capital markets and the banking market in 2024. We want to cover our financial needs primarily through bonds, short-term bonds (commercial papers), bank loans and the securitization of receivables from financial services. The focus would be on bonds in the USD, CAD and EUR bond markets. Most central banks started a cycle of interest rate hikes since 2022, which has generally led to rising refinancing costs. We assume that the cycle of interest rate increases in the markets relevant to us will come to an end in 2024 and that there may be possible interest rate cuts. In addition, our goal is to continue to ensure a high level of financial flexibility.

Against the backdrop of the robust liquidity position, the Board of Management and Supervisory Board of Daimler Truck Holding AG decided on July 10, 2023 to implement a share buyback program. On this basis, own shares worth up to €2 billion (excluding incidental acquisition costs) will be acquired on the stock exchange over a period of up to 24 months since August 2, 2023.

Dividend

At our Capital Market Day on July 11, 2023, we communicated a change to our dividend policy to enable a higher and less volatile distribution to our shareholders. We are now aiming for a payout ratio of 40% to 60% (previously 40%) of the consolidated profit attributable to Daimler Truck shareholders. In addition, we take the free cash flow of the Industrial Business into account when calculating the dividend.

According to the Stock Corporation Act (Aktiengesetz or AktG), the dividend is distributed from the distributable profit reported in the annual financial statements of Daimler Truck Holding AG in accordance with the German Commercial Code (Handelsgesetzbuch or HGB). The Board of Management and Supervisory Board will propose to the Annual General Meeting on May 15, 2024 to distribute a dividend of €1.90 per no-par value share entitled to dividends for the 2023 financial year.

Investment and research activities

We expect for investments in property, plant and equipment and research and development expenditure (including capitalization) in total a slight increase in 2024 compared to the prior year. We have summarized the essential content at Group and segment level below.

Investments in property, plant and equipment
For the 2024 financial year, we will continue to invest heavily in property, plant and equipment to further advance our company. This applies in particular to e-mobility and the expansion of our sales networks.

Investments in property, plant and equipment at the **Trucks North America** segment are mainly characterized by the expansion of manufacturing and test facilities as well as the acquisition of new production equipment to support the transformation to zero-emission vehicles.

Investments in property, plant and equipment at **Mercedes-Benz** is driven by the preparation of the plants for the introduction of further zero-emission vehicles. In addition, investments in the Company's own spare parts business, following the spin-off from the former Daimler AG (now Mercedes-Benz Group AG) will continue.

In the **Trucks Asia** segment, the focus in 2024 will continue to be on new technologies, including e-mobility and digitalization, on the development of the existing product portfolio as well as on the modernization of distribution centers, warehouses and plant optimization.

For the **Daimler Buses** segment, investments in the expansion of the locations in Holysov (Czech Republic), Ligny (France) and Hosdere (Turkey) are planned.

Research and development
With our research and development activities, we aim to increase competitiveness against the backdrop of the mobility transformation and the associated technological challenges. We are focusing on zero-emission vehicles, automated driving and ongoing development of existing products.

Trucks North America will also continue to focus on investments in zero-emission vehicles, in improving fuel efficiency and performance of existing products.

At **Mercedes-Benz**, development of battery- and hydrogen-powered vehicles will continue to be the focus in 2024. Another focal point will be the adaption of the cab to future legal regulations.

For **Trucks Asia**, the aim is to continue the development of e-mobility and new technologies and to further develop the existing portfolio.

At **Daimler Buses**, the significant shift toward zero-emission drive systems will continue in 2024. Investments will also be made, among other things, in meeting the Euro VII emissions standard for coaches by 2027.

B.75

Outlook key figures for Daimler Truck

	2022 Reported	2023 Outlook in 2022 Combined Management Report	2023 Outlook updated during the year	2023 Actual development	**2024 Outlook**
Market for heavy-duty trucks					
North America (in thousands of units)	309	280 to 320	290 to 330	331	**280 to 320**
EU30 (in thousands of units)	296	280 to 320	300 to 340	342	**260 to 300**
Group					
Revenue	€50.9 bn.	€55 bn. to €57 bn.	€56 bn. to €58 bn.	€55.9 bn.	**€55 bn. to €57 bn.**
EBIT	€3.5 bn.	significant increase	–	€5.2 bn. (+48.3%), significant increase	**on prior year level**
Adjusted EBIT	€4.0 bn.	significant increase	–	€5.5 bn. (+38.6%), significant increase	**on prior year level**
Investment in property, plant and equipment	€0.9 bn.	on prior year level	slight increase	€1.0 bn. (+14.2%), slight increase	**slight increase[1]**
Research and development expenditure (including capitalized development costs)	€1.8 bn.	on prior year level	slight increase	€2.0 bn. (+10.1%), slight increase	
Industrial Business					
Unit sales (in thousands of units)	520	510 to 530	530 to 550	526	**490 to 510**
Revenue	€49.2 bn.	€53 bn. to €55 bn.	€54 bn. to €56 bn.	€53.2 bn.	**€52 bn. to €54 bn.**
Adjusted return on sales	7.7%	7.5% to 9%	8.5% to 10%	9.9%	**9% bis 10.5%**
Free cash flow	€1.7 bn.	slight increase	significant increase	€2.8 bn. (+61.0%), significant increase	**slight increase**
Trucks North America					
Unit sales (in thousands of units)	187	190 to 210	–	195	**180 to 200**
Adjusted return on sales	10.8%	10% to 12%	11% to 13%	12.3%	**11% to 13%**
Mercedes-Benz					
Unit sales (in thousands of units)	166	150 to 170	155 to 175	159	**140 to 160**
Adjusted return on sales	8.1%	7% to 9%	8% to 10%	10.2%	**8.5% bis 10.5%**
Trucks Asia					
Unit sales (in thousands of units)	156	150 to 170	160 to 180	161	**130 to 150**
Adjusted return on sales	2.6%	3% to 5%	4% to 6%	4.7%	**3% to 5%**
Daimler Buses					
Unit sales (in thousands of units)	24	20 to 25	–	26	**23 to 28**
Adjusted return on sales	0.4%	2% to 4%	3% to 5%	4.7%	**5% to 7%**
Financial Services					
New business	€9.4 bn.	€11 bn. to €12 bn.	€10 bn. to €11 bn.	€11.3 bn.	**€11 bn. to €13 bn.**
Adjusted return on equity	9.9%	9% to 11%	–	9.1%	**9% to 11%**

1 Starting with the 2024 financial year, we summarize the outlook for investments in property, plant and equipment, and research and development expenditure (including capitalized development costs).

Overall statement on future development

There remain uncertainties related to the Russia-Ukraine war and the development of global trade, which may have an impact on global supply chains. At the same time, the ongoing development of the existing product portfolio, increasing digitalization and the necessary transformation to a CO_2-neutral future require high investments.

Our assumptions for 2024 assume that current geopolitical risks will not have any additional negative effects on the global economy. We also expect inflation rates to fall as a result of a target-driven monetary policy. We also assume that the current situation on the energy markets and in global supply chains will not result in any additional burdens over the course of the year.

Against this backdrop and supported by our company's brand strength and innovative power, we expect the overall situation to remain stable in 2024 compared to 2023.

Forward-looking statements

This document contains forward-looking statements that reflect our current views about future events. The words “aim”, “ambition”, “anticipate”, “assume”, “believe”, “estimate”, “expect”, “intend”, “may”, ”can”, “could”, “plan”, “project”, “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates, customs and foreign trade provisions; a shift in consumer preferences; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilise our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labour strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimisation measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading “Risk and Opportunity Report” in this Annual Report. If any of these risks and uncertainties materializes, or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

References made in this combined management report

Insofar as the references made in this Management Report relate to parts of the Annual Report that were not included in the external audit (parts outside the company and consolidated financial statements and the combined management report), or to the Daimler Truck website or to other reports or documents, these were also not part of the external audit.

C

Corporate Governance

Report of the Audit Committee

Dear Shareholders, as Chairman of the Audit Committee, I am pleased to present to you the tasks and activities performed by this body.

Fundamentals of the work of the Audit Committee
The tasks and responsibilities of the Audit Committee are based on the relevant legal regulations, the German Corporate Governance Code (DCGK) as amended on April 28, 2022 and the Rules of Procedure of the Supervisory Board and the Audit Committee in their current version.

Composition of the Audit Committee
The Audit Committee consists of Michael Brosnan, Akihiro Eto, Harald Wilhelm, Michael Brecht, Jörg Köhlinger and Thomas Zwick. Since 2021, Michael Brosnan holds the position as Chairman of the Audit Committee. Michael Brecht was elected as Deputy Chairman in 2021. As Chairman of the Audit Committee, Michael Brosnan is independent of Daimler Truck Holding AG and its Board of Management within the meaning of the corresponding recommendation of the DCGK. With Harald Wilhelm and Michael Brosnan, the Audit Committee consists of two members with financial expertise within the meaning of Section 100 Subsection 5 of the German Stock Corporation Act (Aktiengesetz or AktG) and the respective recommendations of the DCGK.

Tasks and responsibilities
The Audit Committee deals in particular with issues of accounting, financial reporting and sustainability reporting, including the non-financial statement of the Group. In addition, the tasks of the Audit Committee include dealing with the quality of the audit and examining the qualification and independence of the auditor. The Audit Committee discusses with the auditor the assessment of key audit matters and particularly important audit matters and also examines the appropriateness and effectiveness of the internal control system, the risk management system, the compliance management system and the internal audit system. The Audit Committee is also regularly informed by the Board of Management about legal disputes.

It is also part of the tasks of the Audit Committee to assign the auditor with the audit of the financial statements and the review of the interim financial reports following the appointment of the auditor by the Annual General Meeting. In addition, the Audit Committee determines the audit focus areas and concludes the fee agreement with the auditor. The Audit Committee also assigns the auditor to perform other audit services, such as the audit of the non-financial statement of the Group as part of the combined management report.

Cooperation with the Supervisory Board
As Chairman of the Audit Committee, Michael Brosnan informs the Supervisory Board about the activities of the Committee and the content of meetings and discussions conducted outside meetings. This information is provided at the meeting of the Supervisory Board, which follows a meeting of the Audit Committee. In addition, regular exchanges take place between Michael Brosnan as the Chairman of the Audit Committee and the Chairman of the Supervisory Board, as well as between Michael Brosnan and the member of the Board of Management responsible for Finance and Controlling.

Michael Brosnan, chairman of the Audit Committee of Daimler Truck Holding AG.

Meetings and participants

The Audit Committee held a total of eight meetings in the 2023 financial year and passed one resolution via written procedure. The Chairman of the Supervisory Board, Joe Kaeser, attended the majority of the meetings as a permanent guest. In compliance with the relevant legal and other requirements, the member of the Board of Management responsible for Finance and Controlling and representatives of the auditor also participated in the meetings as regular guests. Regular guests at meetings included also, in particular, the Head of Accounting, the Head of Treasury and Tax, the Chief Legal and Compliance Officer and the Head of Corporate Audit (Internal Audit), who informed the Audit Committee on individual items on the agenda. The Audit Committee also regularly consulted with the auditor without the Board of Management.

In addition to the meetings of the Audit Committee, Michael Brosnan as Chairman, held regular individual meetings with the members of the Committee, the member of the Board of Management responsible for Finance and Controlling and the aforementioned representatives of the management of the Daimler Truck Group, in particular for the preparation and follow-up of the meetings. Michael Brosnan also regularly exchanged information with the representatives of the auditor on important issues relating to the audit and informed the members of the committee accordingly.

Subjects of the activities of the Audit Committee in the 2023 financial year

During the course of the 2023 financial year, the Audit Committee discussed the annual and consolidated financial statements, the combined management report and the results of the audit of the financial statements, the interim financial reports and the results of the respective audit review with the responsible member of the Board of Management, the Head of Accounting and representatives of the auditor before their publication. The reports from the Corporate Audit, Compliance and Legal departments also supplemented the regular content of the meetings. The Audit Committee received regular reports about ongoing legal proceedings, the legal risk situation, the compliance management system and information on internal and external reports received in the Group's internal whistleblower system "SpeakUp" (formerly the Business Practices Office, BPO) and the measures taken to deal with them.

At its meeting on March 9, 2023, the Audit Committee intensively reviewed and discussed the annual financial statements, consolidated financial statements and combined management report, each audited with an unqualified auditor's opinion, including the non-financial statement of the Group audited with a "limited assurance" and the further sustainability reporting for the 2022 financial year, the Declaration on Corporate Governance, the proposal to the Annual General Meeting for the appropriation of profits and the remuneration report. The representatives of the auditor reported on the results of the audit and in particular addressed the audit focus areas, the "Key Audit Matters", and the respective audit procedures, including the conclusions drawn in each case, and were available to the committee for questions and supplementary information. The auditor's reports on the annual financial statements and consolidated financial statements (including the particularly important audit matters in the audit opinions issued), on the internal control system and on significant transactions relating to the financial statements were discussed together with the auditor. In addition, the Audit Committee also dealt with the Company's risk management system. After an in-depth examination and discussion, the Audit Committee recommended that the Supervisory Board approve the prepared financial statements, the combined management report including the non-financial statement of the Group, the Declaration on Corporate Governance and the proposed appropriation of profits to the Annual General Meeting regarding, particularly regarding the partial distribution of profits to the shareholders. The Audit Committee also approved the Audit Committee's report on the 2022 financial year and recommended that the Supervisory Board submit the Supervisory Board's report and the remuneration report to the Annual General Meeting. With regard to the Company's auditors, the Audit Committee dealt in particular with their independence, for which there were no indications of concerns, and after an initial analysis of the quality of the audit, made the recommendation to the Supervisory Board concerning the proposal to the Annual General Meeting to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor, Group auditor and auditor for the review of interim financial reports for the 2023 financial year and for the interim financial reports for the 2024 financial year in the period up to the next Annual General Meeting in the 2024 financial year. Further content of the meeting on March 9, 2023 was the annual plan of the Corporate Audit department.

At its meeting on May 8, 2023, the Audit Committee dealt in detail with the interim report for the first quarter of 2023 and received reports from the Corporate Audit, Compliance and Legal departments. The meeting also dealt with the Company's financial targets and the status of the Company's fixed cost ambitions.

At the meeting immediately following the Annual General Meeting on June 21, 2023, following the appointment by the Annual General Meeting, the Audit Committee assigned KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, with the audit of the annual financial statements and consolidated financial statements, the non-financial statement of the Group for the 2023 financial year, the internal control systems and the audit review of the interim financial reports for the 2023 financial year and authorized Michael Brosnan and alternatively Michael Brecht to sign the corresponding engagement letters and the fee agreement.

The subject of the extraordinary meeting on July 6, 2023 was the in-depth review of the contents of the Capital Market Day that was subsequently held on July 11, 2023 and in particular the share buy-back program announced on July 10, 2023.

At the meeting of the Audit Committee on July 13, 2023, the Audit Committee primarily dealt with the planning of the audit of the financial statements and the audit focus areas as well as with the key audit matters. In addition, the Audit Committee discussed in particular the further development of internal control systems and was informed in more detail about the EU taxonomy and integrated sustainability reporting.

During its meeting on July 31, 2023, the Audit Committee dealt in detail with the interim report for the second quarter of 2023 and received reports from the Corporate Audit, Compliance and Legal departments. The content of the meeting was also in particular the discussion of the current status of the Company's fixed cost ambitions.

At its meeting on November 6, 2023, the Audit Committee dealt thoroughly with the interim report for the third quarter of 2023 and received reports from the Corporate Audit, Compliance and the Legal Departments, as well as on the audit in accordance with the EU Market Infrastructure Regulation. In preparation for the meeting of the Supervisory Board on November 6, 2022, the Audit Committee also dealt in detail with an intra-Group capital measure. With regard to the audit of the financial statements, the Audit Committee also reviewed the catalog of non-audit services and dealt with the aforementioned fixed cost topic, the internal control system and sustainability performance management issues.

At its meeting on December 6, 2023, the Audit Committee discussed Daimler Truck Business Planning and the annual audit plan of Corporate Audit in preparation for the meeting of the Supervisory Board on the same day.

Company and consolidated financial statements 2023
In preparation for the meeting of the Supervisory Board on the same day, the Audit Committee at its meeting on February 29, 2024, intensively reviewed and discussed the annual financial statements, consolidated financial statements and combined management report, each audited with an unqualified auditor's opinion, the non-financial statements of the Group audited with a "limited assurance" as well as the further sustainability reporting for the 2023 financial year, the Declaration on Corporate Governance and the proposal to the Annual General Meeting appropriation of profits and the remuneration report. The representatives of the auditors reported in detail on the results of the audit and, in this report, addressed in particular the audit focus areas, the key audit matters, and the respective audit procedures, including the conclusions drawn in each case, and were available to the committee for questions and supplementary information. The auditor's reports on the annual financial statements and consolidated financial statements (including the key audit matters audit matters in the audit opinions issued), on the internal control system and on significant transactions relating to the financial reporting were discussed with the auditor's representatives. In addition, the Audit Committee also dealt with the risk management system. After an in-depth review and discussion, the Audit Committee recommended that the Supervisory Board approve the prepared financial statements, the combined management report including the non-financial statement of the Group and the sustainability report, the Declaration on Corporate Governance and the proposal for the appropriation of profits to the Annual General Meeting. The Audit Committee also adopted its report on the 2023 financial year.

With regard to the Company's auditor, the Audit Committee dealt in particular with the auditor's independence. Following an analysis of the quality of the audit, the Audit Committee also dealt with the recommendation to the Supervisory Board regarding the proposal to the Annual General Meeting to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor of the financial statements, as auditor of the consolidated financial statements, as the auditor for the review of interim financial reports for the financial year 2024 and for the interim financial reports for the financial year 2025 in the period up to the next Annual General Meeting in the financial year 2025.

The Audit Committee also wants to use its report for the financial year to express its thanks and appreciation to the former CFO Jochen Goetz, who passed away unexpectedly in 2023 for his dedication and the services rendered to Daimler Truck.

Leinfelden-Echterdingen, February 2024

The Audit Committee

Michael Brosnan, Chairman

Declaration on Corporate Governance

In this Declaration on Corporate Governance according to Sections 289f, 315d of the German Commercial Code (Handelsgesetzbuch or HGB), the Board of Management and Supervisory Board jointly report on the corporate governance for the 2023 financial year. Unless otherwise stated below, the following statements apply equally to Daimler Truck Holding AG and the Group. Pursuant to Section 317 Subsection 2 Sentence 6 of the German Commercial Code (HGB), the auditor's review of the statements pursuant to Section 289f Subsections 2 and 5 and Section 315d of the German Commercial Code (HGB) is limited to determining whether such statements have actually been provided. The Declaration on Corporate Governance is available at www.daimlertruck.com/en/company/corporate-governance/declarations-reports.

Declaration of the Board of Management and the Supervisory Board of Daimler Truck Holding AG pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz) regarding the German Corporate Governance Code

Since the submission of the last declaration of compliance with the German Corporate Governance Code in December 2022, Daimler Truck Holding AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of April 28, 2022 published on June 27, 2022 (hereinafter referred to as GCGC) with the following exceptions and will also continue to comply with them in future with the following exceptions:

- Recommendation B.3 GCGC states that initial appointments of board members should be for a maximum of three years. Already prior to the stock exchange listing of Daimler Truck Holding AG in December 2021, Martin Daum was appointed as a member of the Board of Management of Daimler Truck Holding AG until February 28, 2025, Jochen Goetz until June 30, 2026, and Jürgen Hartwig until November 30, 2026, whereby Jochen Goetz has left his offices with passing away on August 5, 2023. At the time, the longer appointment period took into account, in particular, that Daimler Truck Holding AG acts as the management holding company of Daimler Truck AG and that Martin Daum, Jochen Goetz and Jürgen Hartwig have already been members of the Board of Management of Daimler Truck AG since October 1, 2019. The appointment of the other members of the Board of Management who are still in office was in accordance with the Recommendation. Recommendation B.3 of the GCGC will in future be complied with.
- According to Recommendation C.4 GCGC, a Supervisory Board member who is not a member of any management board of a listed company shall not accept more than five supervisory board mandates at non-group listed companies or comparable functions, with an appointment as chair of the supervisory board counting twice. According to Recommendation C.5 GCGC, members of the management boards of listed companies shall not accept in total more than two supervisory board mandates at non-group listed companies or comparable functions and shall not accept the chairmanship of a supervisory board at a non-group listed company. Instead of observing the recommended total number of mandates for members of the Board of Management and the Supervisory Board as a rigid upper limit, it should be possible to consider each individual case in order to assess whether the number of mandates held, which are relevant within the meaning of the Code, appears appropriate. In this context, the individual workload to be expected as a result of the mandates accepted should be taken into account, which may vary depending on the mandate.

Leinfelden-Echterdingen, December 2023

Daimler Truck Holding AG

On behalf of the Supervisory Board	On behalf of the Board of Management
Joe Kaeser	Martin Daum
Chairman	Chairman

This Declaration of Compliance with German Corporate Governance Code (GCGC) is available at www.daimlertruck.com/en/company/corporate-governance/declarations-reports in addition to the no longer current Declarations of Compliance of the last five years, if already available.

Information about remuneration

Remuneration system and remuneration report
The remuneration system applicable to the members of the Board of Management in accordance with Section 87a Subsections 1 and 2, Sentence 1 of the German Stock Corporation Act (Aktiengesetz or AktG), including the approval of the Annual General Meeting on June 21, 2023 is available at www.daimlertruck.com/en/company/corporate-governance/board-of-management/remuneration-of-the-board-of-management. The resolution passed by the Annual General Meeting on June 22, 2022 in accordance with Section 113 Subsection 3 of the German Stock Corporation Act (AktG) on the remuneration of the members of the Supervisory Board is available at www.daimlertruck.com/en/company/corporate-governance/supervisory-board/remuneration-of-the-supervisory-board. The 2023 Remuneration Report and the auditor's report pursuant to Section 162 German Stock Corporation Act (AktG) will also be made publicly available on the two aforementioned websites.

The main principles and practices of corporate governance

Corporate Governance
The designation Daimler Truck Group includes Daimler Truck Holding AG and the companies of its Group. Daimler Truck Holding AG is a stock corporation organized under German Stock Corporation law, with registered office in Stuttgart and business address at Fasanenweg 10, 70771 Leinfelden-Echterdingen. It has three governing bodies: the Board of Management, the Supervisory Board and the General Meeting. The duties of the governing bodies are essentially derived from the German Stock Corporation Act (AktG), the Articles of Incorporation of Daimler Truck Holding AG, and the Rules of Procedure.

German Corporate Governance Code
In addition to the legal requirements of the German Stock Corporation, Co-determination and Capital market law, Daimler Truck Holding AG complied and complies with the recommendations of the GCGC in the version of April 28, 2022, with the exceptions specified and explained in the Declaration of Compliance with GCGC. Daimler Truck Holding AG also voluntarily complied and complies with the recommendations of the GCGC.

Principles guiding our conduct
Our business conduct is aligned with Groupwide standards and with our Company values that go beyond the requirements of the law and the GCGC. In order to achieve long-term and sustainable business success on this basis, our goal is to ensure that our activities are in line with the interests of environment and society. This is because we, as one of the world's leading manufacturers of commercial vehicles, also strive to bring vehicles onto the roads that have a future. We have defined the most important principles in our Daimler Truck Code of Conduct, which serves as a frame of reference for all employees of the Daimler Truck Group and supports them in making the right decisions even in difficult business situations.

Our Code of Conduct
Our Code of Conduct defines our common understanding of how to behave properly and is a central component of our corporate culture. At the heart of our Code of Conduct are our four Purpose Principles: “We start with listening”, “We build to solve”, “We lead with the long view” and “We progress together”. In addition to the Purpose Principles, our Code of Conduct includes requirements and regulations concerning respect for and the protection of human rights and dealing with conflicts of interest; it also prohibits all forms of corruption. The Code of Conduct was revised in the 2022 financial year and published at the beginning of February 2023. The implementation was supported by a Groupwide communication campaign. The Code of Conduct applies to all companies and employees of the Daimler Truck Group worldwide. It is available at www.daimlertruck.com/en/company/compliance/daimler-truck-code-of-conduct.

Policy statement on Social Responsibility and Human Rights
We are committed to the UN Guiding Principles for Business and Human Rights and the National Action Plan for Business and Human Rights of the German Federal Government. Respect for and protection of human rights is a fundamental element of our social responsibility. We are strongly committed to this in all our companies and expect our business partners to do the same. We confirm our commitment in our Policy Statement on Social Responsibility and Human Rights. It extends our obligation to respect human rights from our Code of Conduct and forms the basis for the assumption of social responsibility at Daimler Truck.

Expectations for our business partners
In our Daimler Truck Business Partner Standards we define our requirements for our business partners with regard to respect for and protection of human rights, good working conditions, environmental protection and compliance. We require our business partners – in particular our direct suppliers – to comply with these standards and to communicate them to their employees and their upstream value chain. We also expect our business partners to assess whether these standards are being complied with. Compliance with these standards is the most important prerequisite for successful cooperation. Detailed regulations on these standards and requirements are contained in our contractual terms and conditions. Information about what we expect of our business partners can be found at www.daimlertruck.com/en/company/compliance/compliance-of-our-business-partners.

Internal control system, risk management system, compliance management system and internal audit in the Group
The Daimler Truck Group has an internal control system, a risk management system and a compliance management system that are commensurate with the size and global presence of the Company and the scope of its business activities and that is geared towards the continuous and systematic management of entrepreneurial risks and opportunities. The Board of Management ensures that these systems also cover sustainability-related objectives and that this includes processes and systems for the recording and processing of sustainability-related data.

The risk management system is one component of the Group-wide planning, controlling and reporting process. This is to ensure that the Company management recognizes significant risks at an early stage and can initiate corrective actions in good time. The internal control system aims with regard to the accounting process to ensure the correctness and effectiveness of accounting and financial reporting. The internal control system and the risk management system have been and will continue to be successively developed with the definition of further sustainability-related objectives, particularly with regard to the legal requirements in the area of sustainability (including the EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD)).

A description of the main characteristics of the internal control system and the risk management system, as well as the comment upon the appropriateness and effectiveness of these systems, can be found in the Risk and Opportunity Report of the Combined Management Report.

Our compliance management system, which is rooted in our culture of compliance, is designed to support the adherence to laws and policies by the Group and by its employees, to prevent misconduct and to systematically minimize compliance risks. The main characteristics of the compliance management system are described in chapter Compliance in the combined management report; it also contains the comment upon the appropriateness and effectiveness of these systems.

The internal audit department supports the organization in achieving its objectives by using a systematic and targeted approach to evaluate and help improve the appropriateness and effectiveness of the internal control system, the risk management system and the compliance management system as well as the management and monitoring processes. The independence of the internal audit function is assured by the fact that it is free from interference and biases in its planning and performance of its work, and has unhindered access to the necessary persons, resources and information. Internal audit itself shall be subject to an external quality audit at least every five years.

The Audit Committee of the Supervisory Board shall discuss with the Board of Management the appropriateness, effectiveness and functionality of the internal control system, the risk management system, the compliance management system and the internal audit system at least once a year. The Chairman of the Audit Committee reports to the Supervisory Board on the committee's work no later than the next meeting of the Supervisory Board. The Supervisory Board deals with the internal control system with respect to the accounting and the risk management system also on the occasion of the audit of the annual and consolidated financial statements. As described in more detail in the Rules of Procedure for the Board of Management and the Supervisory Board, between Supervisory Board meetings, the Chairman of the Supervisory Board has regular contact with the Board of Management, in particular with the Chairman of the Board of Management, to discuss not only the Group's strategy and business development but also issues relating to risk management and compliance. In addition, the Board of Management regularly informs the Audit Committee and the Supervisory Board of the most important risks facing the Company and the Daimler Truck Group.

Accounting and external audit
The consolidated financial statements and interim financial reports are prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union. The annual financial statements are prepared in accordance with the accounting rules of the German Commercial Code (HGB). In addition to the half-yearly financial report, Daimler Truck also prepares quarterly financial reports. The consolidated financial statements and annual financial statements are audited by an external auditor; interim financial reports are reviewed by external auditors. The consolidated financial statements and Group management reports are made publicly accessible at www.daimlertruck.com/en/investors/reports/financial-reports within 90 days and the interim financial reports within 45 days of the end of the respective reporting period.

Based on the recommendation of the Audit Committee, the Supervisory Board submits a proposal to the Annual General Meeting in respect of the appointment of the external auditor of the annual financial statements and consolidated financial statements and the review of the interim financial reports of Daimler Truck Holding AG. At the Annual General Meeting on June 21, 2023, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor for the annual financial statements, the consolidated financial statements and as auditor for the review of interim financial reports for the 2023 financial year and of interim financial reports for the period up to the next Annual General Meeting in the 2024 financial year. KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, has been conducting the audit of the annual financial statements and of the consolidated financial statements of Daimler Truck Holding AG since the 2021 financial year; the responsible auditor has been Michael Mokler since the start of the audit; Marcus Rohrbach has been the responsible auditor since July 1, 2023.

Before submitting its recommendation for the election proposal to the General Meeting, the Audit Committee of the Supervisory Board obtained a declaration by the proposed auditor as to whether and, if so, which business, financial, personal or other relationships exist between the auditor and its boards, committees and audit managers on the one hand, and the Company and the members of its boards on the other hand, that could give rise to concerns of partiality. The declaration also covers any other services provided to the Daimler Truck Group in the previous financial year or contractually agreed for the following year, and the extent of such services.

The external auditor informs without undue delay the Chairman of the Audit Committee of all possible grounds for recusal and conflicts of interest arising during the audit or review and all significant findings and incidents material to the tasks of the Supervisory Board, which come to the attention of the external auditor during the audit. The auditor also informs the Audit Committee and notes in the audit report if, during the audit, they uncover facts that lead to an inaccuracy in the Declaration of Compliance with the GCGC of the Board of Management and Supervisory Board.

Composition and working method of the Board of Management

German law on stock corporations stipulates a dual management system – with a strict separation between the Board of Management acting as the management body and the Supervisory Board as the monitoring body. Accordingly, the Board of Management is responsible for managing the Company, while the Supervisory Board monitors and advises the Board of Management in this regard. In its management of the Company, the Board of Management is bound by the interests of the Company and committed to a sustainable increase in the value of the Company, taking into account the interests of shareholders, the workforce, and other stakeholders. The Board of Management and the Supervisory Board, in their management and supervisory activities, shall also consider the risks and opportunities associated with social and environmental factors for the Company, and the ecological and social impacts of the Company's activities, and take this into account in the Company's interests.

Board of Management

In accordance with the Articles of Incorporation of Daimler Truck Holding AG, the Board of Management has at least two members. The exact number of Board of Management members is determined by the Supervisory Board. As of December 31, 2023, the Board of Management consisted of seven members: Martin Daum, Karl Deppen, Dr. Andreas Gorbach, Jürgen Hartwig, John O'Leary, Karin Rådström and Stephan Unger. Jochen Goetz passed away on August 05, 2023. Since then, Chairman of the Board of Management Martin Daum took over the responsibility for Finance and Controlling on an interim basis. With effect from April 01, 2024, Eva Scherer will join as a new member of the Board of Management and will assume responsibility for Finance and Controlling. The appointment is made for three years until March 31, 2027.

In the composition of the Board of Management, the quota requirement pursuant to Section 76 Subsection 3a of the German Stock Corporation Act (AktG) whereby at least one woman and one man must be a member of the Board of Management, is observed. The details of this are described in a separate section of this Declaration on Corporate Governance. In addition, with regard to the composition of the Board of Management, the Supervisory Board adopted a diversity concept embedded in an overall requirements profile, including an age limit. Details are also presented in a separate section of this Declaration on Corporate Governance.

Information on the members of the Board of Management and their areas of responsibility is also provided in chapter The Board of Management of the Annual Report. Information about the areas of responsibility and the curricula vitae of the Board of Management members is also available at www.daimlertruck.com/en/company/corporate-governance/board-of-management.

Notwithstanding the overall responsibility of the Board of Management, the individual members of the Board of Management are responsible for managing their areas of responsibility within the framework of the instructions approved by the entire Board of Management. Certain matters defined by the Board of Management as a whole shall nevertheless be dealt with by the Board of Management as a whole and shall require its approval. The Chairman of the Board of Management coordinates the work of the Board of Management. There were no Board of Management committees during the reporting period.

C.01

Composition of the Board of Management

	Area of Responsibility	Year of Birth	Joined Board in	Appointed until
Martin Daum	Chairman of the Board of Management and Finance and Controlling[1]	1959	2021	2025
Karl Deppen	Truck China and regions Japan and India with brands FUSO and BharatBenz	1966	2021	2024
Dr. Andreas Gorbach	Truck Technology	1975	2021	2029
Jürgen Hartwig	Human Resources	1967	2021	2026
John O'Leary	Region North America with brands Freightliner, Western Star and Thomas Built Buses	1960	2021	2026[2]
Karin Rådström	Regions Europe and Latin America with brand Mercedes-Benz Truck	1979	2021	2029
Stephan Unger	Financial Services	1967	2021	2024

1 Interim takeover of the area of responsibility of Finance and Controlling after the death of Jochen Goetz on August 05, 2023 until the appointment of Eva Scherer effective April 01, 2024.
2 As of April 01, 2024 appointed for up to two additional years.

The Board of Management is responsible in particular for the preparation of the annual financial statements, the consolidated financial statements and the combined management report of the Company and the Group including the herein integrated Sustainability Report with the Non-Financial Statement of the Group and is also responsible for the interim financial reports. Together with the Supervisory Board, the Board of Management issues the Declaration of Compliance with the GCGC each year. It ensures that the provisions of applicable law, official regulations and the internal policies at the Company are adhered to, and works to ensure that the companies of the Group adhere to such rules and regulations (compliance). The tasks of the Board of Management also include establishing an internal control system, a risk management system and a compliance management system which are adequate and effective with regard to the extent of the business activities and the risk situation of the Company, the main characteristics of which are described in the Risk and Opportunity Report and in chapter Compliance in the Combined Management Report. This also includes the whistleblower system SpeakUp, which operates throughout the Group, giving employees and external whistleblowers worldwide the opportunity to report rule violations in a protected manner.

The Board of Management and the Supervisory Board work closely together for the benefit of the Company. The Board of Management reports regularly, promptly and comprehensively to the Supervisory Board on the strategy of the Daimler Truck Group and its individual segments, which, in addition to the long-term economic objectives, also gives appropriate consideration to ecological and social objectives and coordinates the corporate strategy with the Supervisory Board. Furthermore, the Board of Management reports regularly to the Supervisory Board on corporate planning, which includes appropriate financial and sustainability-related objectives, profitability, business development, and the financial position of the Company, the internal control system, risk management system, as well as compliance matters. The Supervisory Board has defined the information and reporting duties of the Board of Management in greater detail. For certain types of transactions defined by the Supervisory Board, the Board of Management requires the prior approval of the Supervisory Board. The Board of Management, with the approval of the Supervisory Board, decides in particular on corporate planning.

The members of the Board of Management are committed to the Company's interests and are subject to a comprehensive non-competition clause during their tenure at the Company. This does not apply to other mandates within the Daimler Truck Group and mandates assumed at the instigation of Daimler Truck Holding AG at one of its associated companies. No member of the Board of Management may pursue personal interests in his or her decisions or exploit business opportunities to which the Company is entitled for his or her own benefit or for the benefit of third parties. Each member of the Board of

Management is required to disclose conflicts of interest immediately to the Chairman of the Supervisory Board and the Chairman of the Board of Management and to inform the other members of the Board of Management accordingly. The members of the Board of Management may only accept secondary activities, in particular mandates outside the Daimler Truck Group, to a limited degree. Taking on such mandates requires the prior consent of the Presidential and Remuneration Committee of the Supervisory Board. The Supervisory Board is responsible for deciding on whether remuneration for secondary activities should be offset against remuneration from the Company.

The Board of Management has subjected itself to Rules of Procedure, which are also available at www.daimlertruck.com/en/company/corporate-governance/board-of-management. This website also contains information on the memberships of the members of the Board of Management to be disclosed pursuant to Section 285 No. 10 of the German Commercial Code (HGB).

Diversity

Diversity, Equity & Inclusion Management is part of the corporate strategy and provides the framework for a diverse and inclusive corporate culture. Details in this regard can be found in section “Diversity as a success factor” in chapter Our people in the Combined Management Report.

The Board of Management also pays attention to diversity when filling management positions in the Company and strives to continuously increase the proportion of women in management positions. In 2021 the Board of Management of Daimler Truck Holding AG, which has almost no employees, set a target of 0% for the proportion of women at the two management levels below the Board of Management, including a deadline, and gave its reasons for doing so. The details of this are described in a separate section of this Declaration on Corporate Governance. The proportion of women in management positions at Daimler Truck worldwide was 19.8% at the end of the year 2023.

Composition and working method of the Supervisory Board and its committees

Supervisory Board

As of December 31, 2023, the Supervisory Board consisted of 20 members in accordance with the requirements of the German Co-Determination Act (Mitbestimmungsgesetz or MitbestG). The members of the Supervisory Board are elected by the shareholders at the Annual General Meeting and by the employees of the German operations of the group. The employee representative Raymond Curry, who, like the other employee representatives, was elected on November 22, 2022, resigned from office with effect as of October 15, 2023. Upon request, Shintaro Suzuki was appointed by court order of the District Court Stuttgart on October 05, 2023 as an employee representative to the Supervisory Board with effect as of October 16, 2023. The members representing the shareholders and the members representing the employees are equally required by law to act in the Company’s interests.

In the context of the separation of the commercial vehicle business from the Mercedes-Benz Group in the 2021 financial year, Mercedes-Benz Group AG (formerly Daimler AG), Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH (formerly Daimler Verwaltungsgesellschaft für Grundbesitz mbH) and Daimler Truck Holding AG entered into a so-called deconsolidation agreement on August 6, 2021, as an annex to the spin-off and hive-down agreement, which took effect upon entry of the spin-off and hive-down in the commercial register of Mercedes-Benz Group AG as transferring legal entity on December 9, 2021. This is intended to ensure that a de-facto majority of Mercedes-Benz Group AG at the General Meeting of Daimler Truck Holding AG does not lead to a control relationship and a related full consolidation obligation of Daimler Truck Holding AG at Mercedes-Benz Group AG. To this end, the deconsolidation agreement provides, among other things, that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH undertake not to exercise their voting rights in the election of two out of ten shareholder representatives to the Supervisory Board of Daimler Truck Holding AG at the General Meeting of Daimler Truck Holding AG. Furthermore, the agreement provides that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH shall not exercise their voting rights in the event of an early election or re-election of individual shareholder representatives or in the event of the election of substitute members, insofar as a resolution is adopted on the appointment or reappointment or replacement of a Supervisory Board member in whose original election they did not exercise their voting rights. This also applies to resolutions on the dismissal of Supervisory Board members, insofar as they did not exercise their voting rights in the election of the relevant Supervisory Board members on the basis of the deconsolidation agreement. With regard to the election of the eight shareholder representatives for which Mercedes-Benz Group AG and the Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH are entitled to exercise their voting rights under the deconsolidation agreement, the latter provides that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH shall submit corresponding proposals to the Supervisory Board of the Company in goodtime prior to the adoption of the resolution on its election proposals. The deconsolidation agreement entered into force upon the spin-off taking effect and has an initial term until the end of the fifth Annual General Meeting of Daimler Truck Holding AG following the Annual General Meeting of Truck Holding AG in 2022, and it will be extended if it is not duly terminated by either party. Subject to any approvals under merger and investment control legislation, the agreement will come to an end in accordance with Section 158 Subsection 2 of the German Civil Code (Bürgerliches Gesetzbuch or BGB) (condition subsequent) if the (in)direct share ownership of Mercedes-Benz Group AG in Daimler Truck Holding AG falls below 20.00% of the shares.

In the reporting year, the General Meeting did not have to resolve on the election of shareholder representatives to the Supervisory Board, thus - unlike in 2022 - no nominations were submitted by Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH. In 2022, nominations for eight shareholder representatives were submitted which the Supervisory Board adopted and proposed to the General Meeting for election to the Supervisory Board alongside two further candidates.

The curricula vitae of the individual members of the Supervisory Board and information on their other memberships that must be disclosed in accordance with Section 285 No. 10 of the German Commercial Code (HGB) can be found at www.daimlertruck.com/en/company/corporate-governance/supervisory-board.

The Supervisory Board is composed so that its members as a whole are knowledgeable about the business sector in which the Company operates and also have the knowledge, skills and professional experience that are required for the proper performance of their tasks. Pursuant to Section 96 Subsection 2 of the German Stock Corporation Act (AktG), the Supervisory Board must comprise at least 30% women and at least 30% men. In addition, the Supervisory Board has drawn up an overall requirements profile for its own composition, which includes a competence profile and a diversity concept for the Supervisory Board as a whole, including an age limit. In accordance with the recommendation of the GCGC, the Supervisory Board discloses the implementation status in the form of a qualification matrix. The details of this are described in a separate section of this Declaration on Corporate Governance. Proposals by the Supervisory Board for the election of shareholder representatives by the General Meeting, for which the Nomination Committee submits recommendations, seek to satisfy the overall requirements profile of the Supervisory Board as a whole.

The members of the Supervisory Board assume responsibility for the training and further education measures required for the performance of their tasks, such as on matters of corporate governance or changes to legal frameworks, new products and future technologies, as well as sustainability issues, and are supported by the Company in doing so. In the context of an onboarding program and in-house workshops, new members of the Supervisory Board also had the opportunity in the reporting year to engage with members of the Board of Management and, if required, with other executives on current topics relating to the relevant areas of responsibility of the Board of Management, business operations and the strategy of the Company, thus gaining an overview of the relevant issues affecting the Group. The Company asks the members of the Supervisory Board about their interest in training and further education topics and plans appropriate training measures. In 2023, this also increasingly included information events on sustainability issues. The Supervisory Board also dealt with technical, social and environmental topics in several learning sessions. These training measures in particular involved an intensive exchange with internal and external experts.

The Supervisory Board monitors and advises the Board of Management in its management of the business. At regular intervals, the Board of Management reports to the Supervisory Board on the strategy of the Daimler Truck Group and its individual segments, the corporate planning, the revenue development, the profitability, the business development and the financial position of the Group, as well as the internal control system, risk management system and compliance matters. The Supervisory Board has retained the right of approval for transactions of fundamental importance. Furthermore, in the Rules of Procedure for the Board of Management and in the Rules of Procedure for the Supervisory Board, the Supervisory Board has specified the information and reporting duties of the Board of Management vis-à-vis the Supervisory Board, the Audit Committee and – between the meetings of the Supervisory Board – vis-à-vis the Chairman of the Supervisory Board.

The Supervisory Board monitors and advises the Board of Management in its management of the business in particular also with regard to sustainability issues. To this end, it regularly deals with sustainability aspects of the corporate strategy which, in addition to the long-term economic objectives, also takes appropriate account of environmental and social objectives, corporate planning which includes appropriate financial and sustainability-related objectives, the remuneration of the Board of Management and sustainability reporting.

The duties of the Supervisory Board include appointing and, if necessary, dismissing members of the Board of Management. Initial appointments of members of the Board of Management shall apply for a maximum of three years. Reappointment prior to the end of one year before the end of the appointment period with simultaneous cancellation of the current appointment should only take place in the event of special circumstances. The Supervisory Board observes the legal requirements for the equal participation of women and men in the composition of the Board of Management, according to which companies subject to Section 76 Subsection 3a of the German Stock Corporation Act (AktG) must have at least one woman and one man on the Board of Management. In addition, the Supervisory Board has adopted a diversity concept embedded in an overall requirements profile with regard to the composition of the Board of Management. Details are summarized in a separate section of this Declaration on Corporate Governance.

The Supervisory Board also determines the system of remuneration of the Board of Management, reviews it regularly, and on this basis determines the total individual remuneration of the individual members of the Board of Management. On June 21, 2023, by a majority of 96.62% of votes cast the General Meeting last approved the remuneration system for the members of the Board of Management. Information on this is available at www.daimlertruck.com/en/company/corporate-governance/board-of-management/remuneration-of-the-board-of-management. On June 22, 2022, the General Meeting approved the Supervisory Board's remuneration system by a majority of 99.84% of votes cast. Information on this is available at www.daimlertruck.com/en/company/corporate-governance/supervisory-board/remuneration-of-the-supervisory-board. The 2023 Remuneration Report which will be submitted to the 2024 Annual General Meeting for approval, together with the auditor's note in accordance with Section 162 of the German Stock Corporation Act (AktG), will be made publicly available also on the two aforementioned websites.

Furthermore, the Supervisory Board reviews the annual financial statements, the consolidated financial statements and the combined management report of the Company and the Group including the herein integrated Sustainability Report with the Non-Financial Statement of the Group, as well as the proposal concerning the appropriation of distributable profits. Following discussions with the external auditors and taking into consideration the audit reports of the external auditors and the results of the review by the Audit Committee, the Supervisory Board states whether, after the final results of its own review, any objections are to be raised. If this is not the case, the Supervisory Board approves the financial statements and the combined management report; the financial statements are deemed to have been adopted with the approval of the Supervisory Board. The Supervisory Board reports to the General Meeting on the results of its own review and on the manner and scope of its supervision of the Board of Management during the previous financial year. The Report of the Supervisory Board on the 2023 financial year is available in this Annual Report and at www.daimlertruck.com/en/company/corporate-governance/supervisory-board.

The Supervisory Board has adopted Rules of Procedure that regulate not only its duties and responsibilities, but above all the convening and preparation of its meetings and the procedures for passing resolutions. These Rules of Procedure also contain provisions on how to avoid conflicts of interest. Every member of the Supervisory Board must disclose conflicts of interest without delay to the Chairman of the Supervisory Board. To the extent that conflicts of interest arise, information on these conflicts and on how they are dealt with is provided in the Report of the Supervisory Board. The Rules of Procedure of the Supervisory Board are available at www.daimlertruck.com/en/company/corporate-governance/supervisory-board.

Separate meetings of shareholder representatives and of employee representatives are held regularly in preparation for the Supervisory Board meetings. Moreover, executive sessions are scheduled on a regular basis to enable individual topics to be discussed also in the absence of the Board of Management. Furthermore, the Board of Management shall not participate in the meetings of the Supervisory Board and the Audit Committee if the auditor is called upon to attend meetings as an expert, unless the Supervisory Board or the Audit Committee deems the participation of the Board of Management necessary.

The Supervisory Board regularly assesses, either internally or with the assistance of external advisors, how effectively the Supervisory Board as a whole and its Committees perform their duties (self-assessment). In order to be able to evaluate a sufficiently long time period, the first self-assessment was carried out in the 2023 financial year - given that the co-determined Supervisory Board of Daimler Truck Holding AG was constituted and commenced its work only in June 2022. The self-assessment was carried out with the support of an external advisor and addressed the work of the Supervisory Board as a whole, the Audit Committee and the Presidential and Remuneration Committee. As part of a comprehensive approach, Supervisory Board and Board of Management members were asked about the efficiency of the Supervisory Board and its Committees using activity-based questionnaires and in individual interviews. In addition, a meeting was observed. The results of the self-assessment were presented and discussed at a meeting of the Presidential and Remuneration Committee and in a meeting of the Supervisory Board. Further information can be found in the Report of the Supervisory Board. The next self-assessment is currently planned for the 2025 financial year.

As of December 31, 2023, in addition to the Mediation Committee whose establishment is required by law, there were three other committees of the Supervisory Board. These committees perform the tasks assigned to them on behalf of and in the name of the full Supervisory Board, where permitted by law. The respective committee chairpersons report to the full Supervisory Board on the committees' work at the latest at the next Supervisory Board meeting following each committee meeting. The Supervisory Board has adopted Rules of Procedure for each of its committees. They are available at www.daimlertruck.com/en/company/corporate-governance/supervisory-board.

The Report of the Supervisory Board also states how many meetings of the Supervisory Board and of the committees were held in person or as video or telephone conferences, and how many meetings of the Supervisory Board and the committees the individual members attended in each case.

Committees of the Supervisory Board

An overview of the composition of the committees as of December 31, 2023 can be found in the Report of the Supervisory Board. In addition, information on the current composition of the committees can be found at www.daimlertruck.com/en/company/corporate-governance/supervisory-board.

Presidential and Remuneration Committee

The Presidential and Remuneration Committee prepares recommendations for the Supervisory Board in respect of the appointment of new or existing members of the Board of Management, taking into account the overall requirements profile with the diversity concept, including the requirements on the quota of women on the Board of Management which has been defined by the Supervisory Board. The Presidential and Remuneration Committee also submits proposals to the Supervisory Board on the concept of the remuneration system for the Board of Management and the appropriate level for the total individual remuneration of its members. It is responsible for the Board of Management members' contractual affairs. It decides on granting approval for secondary activities of the members of the Board of Management, and once a year submits to the Supervisory Board for a complete list of the secondary activities of each member of the Board of Management for its consideration. In addition, the Presidential and Remuneration Committee consults and takes decisions on matters of corporate governance, on which it also makes recommendations to the Supervisory Board. It supports and advises the Chairman of the Supervisory Board and his Deputy and prepares the meetings of the Supervisory Board within the limits of its responsibilities.
As of December 31, 2023, the members of the Presidential and Remuneration Committee were Chairman of the Supervisory Board Joe Kaeser (also Chairman of the Presidential and Remuneration Committee, which in the view of shareholder representatives, is independent within the meaning of the GCGC), Deputy Chairman of the Supervisory Board Michael Brecht and two other members elected by the Supervisory Board. In the reporting period, these were Marie Wieck and Roman Zitzelsberger.

Nomination Committee

The Nomination Committee is tasked with making recommendations to the Supervisory Board for proposals to the General Meeting on the election of shareholder representatives to the Supervisory Board, on which the Supervisory Board then passes a final resolution. In doing so, the Nomination Committee considers and seeks to satisfy the overall requirements profile adopted by the Supervisory Board for the entire board. Furthermore, it also takes into account, without being bound by them, the election proposals that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH submit to the Supervisory Board on the basis of the deconsolidation agreement concluded with the Company.

The duties of the Nomination Committee also include regularly reviewing which mandates expire at which time and whether the respective mandate holders are eligible and willing to serve for a further term of office, taking into account the criteria described above. In its search for new members, the Nomination Committee can also avail itself of independent external human resources consulting services.

The Nomination Committee comprises the Chairman of the Supervisory Board and two other members, who are elected by the shareholder representatives by majority of votes cast. As of December 31, 2023, the members of the Nomination Committee were: Joe Kaeser (Chairman of the Nomination Committee), Renata Jungo Brüngger and Marie Wieck. In total, two of the three members are independent within the meaning of the GCGC. The Nomination Committee is the only committee of the Supervisory Board which – in accordance with the recommendation of the GCGC – is composed exclusively of shareholder representatives.

Audit Committee
The Audit Committee is composed of six members, who are elected by a majority of the votes cast by the members of the Supervisory Board. As of December 31, 2023, these were shareholder representatives Michael Brosnan (Chairman of the Audit Committee), Akihiro Eto, Harald Wilhelm and employee representatives Michael Brecht (Vice Chairman of the Audit Committee), Jörg Köhlinger and Thomas Zwick.

The members of the Audit Committee are composed so that its members as a whole are knowledgeable about the business sector in which the Company operates. The Chairman of the Audit Committee, Michael Brosnan, has worked for many years in auditing and occupied senior positions in the finance function of various companies. He therefore has speciaistl knowledge and experience in the auditing of financial statements as well as in the application of accounting principles and internal control and risk management systems. Expertise also includes sustainability reporting or its audit and assurance. In the opinion of the shareholder representatives, he is independent within the meaning of the GCGC. Irrespective of the expertise based on many years of practical experience, for example in similar committees, that the majority of Audit Committee members can demonstrate, in addition to Michael Brosnan, Harald Wilhelm, currently Chief Financial Officer of Mercedes-Benz Group AG, has in particular special knowledge and experience in the application of accounting principles and internal control and risk management systems, including sustainability reporting.

The Audit Committee is responsible for monitoring the accounting and the accounting process as well as the sustainability reporting, and for the audit of the financial statements. It discusses with the Board of Management the appropriateness, effectiveness and functionality of the internal control system and the risk management system, the compliance management system and the internal audit system at least once a year. Each member of the Audit Committee may obtain via the committee chairperson information directly from the heads of the central divisions of the Company who are responsible within the Company for the tasks that the Audit Committee performs in accordance with its Rules of Procedure. The chairman of the committee must communicate the information it receives to all members of the Audit Committee. If such information is obtained, the Board of Management must be informed without undue delay.

The Audit Committee regularly receives reports on the work of the internal audit department and the Compliance organization as well as on pending litigation. At least once every quarter, the Audit Committee receives a report from the whistleblower system SpeakUp on any suspected breaches of regulations - based on a catalog of breaches of regulations - and is informed regularly about how these suspected breaches are dealt with.

Based on the auditor's report, the Audit Committee examines the annual financial statements and the consolidated financial statements as well as the combined management reports of the Company and the Group, and discusses these with the auditor, with the Non-Financial Statement of the Group being audited by the auditor in a separate audit with limited assurance. The Audit Committee makes a proposal to the Supervisory Board on the adoption of the annual financial statements of Daimler Truck Holding AG, on the approval of the consolidated financial statements, and on the appropriation of distributable profit. The responsibilities of the Audit Committee also include discussions on the interim financial reports with the Board of Management prior to their publication. The Audit Committee discusses the audit risk assessment, the audit strategy and audit planning as well as the audit results with the external auditor. In addition, the Chairman of the Audit Committee regularly discusses the progress of the audit with the external auditor, even outside of meetings, and reports its findings to the Committee. The Audit Committee regularly consults with the external auditor, in absence of the Board of Management.

The Audit Committee also deals with the quality of the audit of the financial statements and makes recommendations on the Supervisory Board's proposal for the election of external auditors, assesses the auditors' suitability, qualifications and independence and, following their appointment by the General Meeting, engages them to audit the consolidated financial statements and the annual financial statements and to review the interim financial reports. Hereby, it agrees on the fees and determines the audit focus areas. The external auditor reports to the Audit Committee on all accounting matters that might be regarded as critical and on any material accounting-related weaknesses of the internal control system with respect to the accounting process and the risk management system that might be identified during the audit.

The Audit Committee's responsibilities also include the prior approval of permissible services provided by the auditors or their affiliated companies to Daimler Truck Holding AG or its Group companies that are not directly connected with the audit of the financial statements (non-audit services).

Transactions between the Company and related parties within the meaning of Sections 111a et seq. of the German Stock Corporation Act (AktG) require the prior consent of the Audit Committee, unless there are grounds for a reservation of consent by the entire Supervisory Board or one of its committees under the law or according to the Supervisory Board. The Audit Committee is also responsible for regularly evaluating the internal procedure pursuant to Section 111a Subsection 2 of the German Stock Corporation Act (AktG) for transactions made in the ordinary course of business and within arm's length conditions.

Mediation Committee
The Mediation Committee consists of the Chairman of the Supervisory Board Joe Kaeser, his Deputy Michael Brecht and two members elected respectively by employee representatives and shareholder representatives to the Supervisory Board by a majority of votes cast. As of December 31, 2023, these were Marie Wieck for the shareholder representatives and Roman Zitzelsberger for the employee representatives. The Committee is formed solely to perform the function laid down in Section 31 Subsection 3 of the German Co-Determination Act (MitbestG). The Mediation Committee had no reason to be active in the 2023 financial year.

Participation of women and men in management positions

The composition of the Board of Management reflects the participation requirement of Section 76 Subsection 3a of the German Stock Corporation Act (AktG), introduced by the Act to Supplement and Amend the Regulations for the Equal Participation of Women and Men in Management Positions in the Private and Public Sectors (Second Management Positions Act or FüPoG II), according to which at least one woman and one man must be a member of the board of

management of companies subject to this provision. As of December 31, 2023, the Board of Management has one woman, Karin Rådström, among its seven members.
The Board of Management of a listed or co-determined company must in turn set targets for the proportion of women at the two management levels below the Board of Management. If the proportion of women is below 30% at the date when the Board of Management determines the targets, the targets may no longer fall below the proportion already achieved. At the same time as the targets are set, deadlines for their achievement must be determined, which may not exceed five years.

By resolution of December 10, 2021, the Board of Management of Daimler Truck Holding AG has set a target proportion of women of 0% for the first and second management levels below the Board of Management and a deadline of December 31, 2025. The Board of Management was of the opinion that it was not reasonable to set a target for the proportion of women because the structure of the particular company needs to be taken into account when determining this target figure. Daimler Truck Holding AG is structured as a management holding company with the Board of Management and which provides management services in the Group. Below the level of the Board of Management, the Company – apart from a few employees with dual employment contracts – has no employees of its own. In the reporting period, Daimler Truck Holding AG had a total of less than five employees below the Board of Management, all of whom had a dual employment contract with Daimler Truck AG. According to current planning, no personnel increase is envisaged for Daimler Truck Holding AG. The Second Management Positions Act (FüPoG II) assumes a larger number of employees and therefore also a larger number of management positions to be filled. For this reason, setting the target figure of 0% appears justified as an exception. Furthermore, setting the target of 0% does not constitute a violation of the deterioration requirement.

Since the listed Daimler Truck Holding AG is based on the provisions of the German Co-Determination Act (MitbestG), the Supervisory Board must comprise of at least 30% women and 30% men in accordance with Section 96 Subsection 2 of the German Stock Corporation Act (AktG). The quota is to be fulfilled by the Supervisory Board as a whole. If shareholder representatives or employee representatives object to the overall fulfillment to the Chairman of the Supervisory Board prior to the election, the minimum proportion for this election must be met separately by the shareholder representatives and the employee representatives. Since there was no objection to the overall fulfillment, the gender quota, in its entirety, had to be observed in the elections of the shareholder representatives and in the elections of the employee representatives of the Supervisory Board in 2022.

As of December 31, 2023, three women were represented on the shareholder side on the Supervisory Board with Renata Jungo Brüngger, Laura Ipsen and Marie Wieck and with Carmen Klitzsch-Müller, Andrea Reith and Andrea Seidel on the employee side. The Supervisory Board was therefore made up of 30% women and 70% men. The statutory gender quota of Section 96 Subsection 2 of the German Stock Corporation Act (AktG) has thus been met.

In addition to Daimler Truck Holding AG itself, other companies of the Group such as Daimler Truck AG are subject to co-determination. These have set their own target figures for the proportion of women on their respective supervisory boards, boards of management, and at the two management levels below the below the Board of Management, as well as a deadline for achieving these targets, and have published them in accordance with legal requirements.

Overall requirements profiles for the composition of the Board of Management and the Supervisory Board

The composition of the Board of Management and Supervisory Board is based on diversity concepts with regard to aspects such as educational and professional background, gender and age. The Supervisory Board has combined these diversity concepts with consideration of legal requirements and other demands on the expertise of the members of these boards, in the overall requirements profiles for the composition of the Board of Management and Supervisory Board described below. The overall requirements profiles are reviewed each year and also serve as the basis for long-term succession planning.

Board of Management
The aim of the overall requirements profile for the Board of Management is to ensure that the composition of a board of management is as diverse and complementary as possible. The Board of Management as a whole should possess the knowledge, skills and experience required for the proper execution of its tasks and be composed of members whose varied personal backgrounds and experience ensure that the Board of Management as a whole also embodies the desired management philosophy. The decisive factor in staffing of a specific Board of Management position shall always be governed by the Company's interests in consideration of all circumstances in each individual case.

The requirements profile for the Board of Management, which was amended in November 2022 and was applicable in the entire reporting period as well as the implementation status, as determined by the Supervisory Board in December 2023, are described below:

- **Educational and professional backgrounds:** The members of the Board of Management shall have different educational and professional backgrounds, whereby at least two members should have a technical background. As of December 31, 2023, the Board of Management comprised two degreed engineers: Dr. Andreas Gorbach and Karin Rådström.

  In addition, at least three members of the Board of Management should also have **expertise on sustainability issues relevant to the Company** from the areas of Environment, Social and Governance (sustainability areas), whereby each sustainability area should be covered by at least one member of the Board of Management. Expertise is the special knowledge and experience acquired in the course of vocational education or training or in-depth knowledge and experience gained through further professional or other activities. Expertise in a sustainability area within the meaning of the requirements profile is met if the relevant person has knowledge or experience in at least two of the following focus topics within each sustainability area:

1. **Environment:**
   – Zero-emission products
   – CO_2-neutral production
   – Supply chains
   (respectively also with regard to resource consumption).

2. **Social:**
   – Traffic safety
   – Creating the conditions to be a good employer (in particular with regard to diversity, equal opportunities & inclusion, health, wellbeing & occupational safety, continuing education)
   – Social responsibility (in particular respect for human rights in the Company and the supply chain).

3. **Governance:**
   – Responsible governance
   – Compliance & ESG-risk management
   – Transparent reporting.

The Board of Management meets regularly, at least twice a year, as the Corporate Sustainability Board to discuss sustainability issues relevant to the Company. Members of the Board of Management also direct their attention to the focus topics of the sustainability areas outside of the meetings, in particular where such topics relate to their particular area of responsibility. All seven members of the Board of Management have special expertise in sustainability issues relevant to the Company. As of December 31, 2023 the sustainability areas they cover are: With Martin Daum, Dr. Andreas Gorbach, John O'Leary, Karl Deppen and Karin Rådström five members of the Board of Management have expertise in the **Environment** sustainability area. With Jürgen Hartwig one member of the Board of Management has expertise in the **Social** sustainability area. All members of the Board of Management have special expertise in the **Governance** sustainability area.

– **Gender Quota:** According to Section 76 Subsection 3a of the German Stock Corporation Act (AktG), in companies subject to this regulation at least one woman and one man must be a member of the Board of Management. As of December 31, 2023, the Board of Management had one woman, Karin Rådström, and six men among its seven members.

– **General Age Limit:** For the last possible age-related appointment or reappointment of a member of the Board of Management, the age of 62 relative to the starting date of the (new) term of office is used as benchmark, which should not yet have been reached at the time of the beginning of a (new) term of office. When it set this age limit, the Supervisory Board deliberately decided in favor of a flexible benchmark allowing the required leeway for an appropriate decision in individual cases. As of December 31, 2023, five of the seven members of the Board of Management were younger than the general age limit. Martin Daum was also younger than the general age limit at the beginning of his current term of office. John O'Leary, due to his outstanding experience and knowledge of the company, was reappointed to the Board of Management in the reporting year with effect from April 01, 2024, despite exceeding the general age limit.

– **Generation Mix:** In addition, an appropriate generation mix among the members of the Board of Management is to be ensured, whereby, at least three members of the Board of Management should be 57 years or younger at the beginning of the relevant term of office. As of December 31, 2023 six of the seven members of the Board of Management in office were 57 years old or younger at the beginning of their current term of office.

– **Internationality:** Decisions related to the composition of the Board of Management should also take into account internationality in the sense of different cultural backgrounds or international experience gained through multi-year assignments abroad, whereby, at least one member of the Board of Management shall be of international origin. Irrespective of the many years of international experience a majority of members of the Board of Management have gained, this target was already met as of December 31, 2023 due to the international background of John O'Leary and Karin Rådström.

– **Maximum Number of Mandates:** Generally, and subject to the disclosure of an exception in the Declaration of Compliance with the GCGC pursuant to Section 161 of the German Stock Corporation Act (AktG), members of the Board of Management of listed companies shall not hold more than two supervisory board mandates in listed companies or comparable functions, nor shall they hold the chair of the supervisory board in a non-group listed company. For the purposes of calculating the maximum number of mandates in accordance with the overall requirements profile, supervisory board memberships mandates in joint ventures that fall within the areas of responsibility of a member of the Board of Management are not considered as comparable functions. With regard to Karin Rådström, her mandate at Commercial Vehicle Charging Europe B.V. is a mandate in a joint venture that falls in her area of responsibility and which therefore does not count as a comparable function for the purposes of calculating the maximum number of mandates according to the overall requirements profile. This also applies to John O'Leary's mandates at Torc Robotics, Inc. and Greenlane Infrastructure, LLC, therefore John O'Leary will not exceed the maximum number of mandates according to the overall requirements profile even with the assumption of a further supervisory board mandate as of January 01, 2024. The requirements for the maximum number of mandates in accordance with the overall requirements profile were fulfilled as of December 31, 2023. Notwithstanding this, in the Declaration of Compliance a deviation to Recommendation C.5 of the GCGC was specified and explained.

The aspects described above are to be taken into consideration when staffing a specific Board of Management position. On the basis of a target profile that takes specific qualification requirements and the aforementioned criteria into account, the Presidential and Remuneration Committee then draws up a shortlist of available candidates with whom it conducts interviews. It then submits a recommendation to the Supervisory Board for its approval and gives the reasoning behind this recommendation. Decisions regarding appointments to the Board of Management are always governed by the Company's interests in consideration of all circumstances in each individual case. In the Supervisory Board's view, fundamental personal criteria that make a person suitable for a Board of Management position include, in particular, the individual's personality, integrity, convincing leadership qualities, expertise for the segment he or she will head, previous achievements, knowledge of the Company, and the ability to adapt business models and processes in a changing world. The Supervisory Board took the aspects described above into consideration when appointing the new member of the Board of Management for Finance and Controlling. The Supervisory Board has concluded that the requirements profile continues to be met, also including the appointment of Eva Scherer as new member of the Board of Management with effect from April 01, 2024.

Together with the Board of Management, the Supervisory Board also ensures a long-term succession planning for the Board of Management, for which it takes the overall requirements profile and the individual circumstances into account. In this process, it is to discuss the duration of the contracts of current Board of Management members, the possibility of extending them, and potential successors. The duties of the Presidential and Remuneration Committee of the Supervisory Board also include holding discussions about the Group's talented and exceptional executives at regular intervals. Executives at the management level below the Board of Management and persons of especially high potential are to be evaluated on the basis of an analysis of potential and the criteria of the overall requirements profile, and the next development steps are then to be discussed and defined together with the Board of Management. The succession planning process also includes a regular report from the Board of Management regarding the proportion and development of female executives. The Board of Management has the task of recommending a sufficient number of suitable candidates to the Supervisory Board. Daimler Truck Holding AG aims to primarily fill Board of Management positions with executives that have risen within the Group. Nonetheless, potential external candidates may also be evaluated and included in the selection process on a case-by-case basis, if necessary with the support of external human resources consulting services.

Supervisory Board

The Supervisory Board is to be composed so that its members as a whole are knowledgeable about the business sector in which the Company operates. The aim of the overall requirements profile for the Supervisory Board as a whole is also to ensure that the composition of the Supervisory Board is as diverse and mutually complementary as possible. The Supervisory Board as a whole must understand the Company's business model and also possess the knowledge, skills and experience needed to properly execute its task of supervising and advising the Board of Management. Overall, the members of the Supervisory Board should complement each other in terms of their expertise and professional experience in such a way that the entire Supervisory Board can draw on the broadest possible range of experience and different specialist knowledge. The Supervisory Board also views the diversity of its members in terms of age, gender, internationality and other personal attributes as an important foundation for effective collaboration. Resolutions of the Supervisory Board regarding proposals for candidates for election to the General Meeting shall always be governed by the Company's interests in consideration of all circumstances in each individual case.

The Supervisory Board fulfilled the overall requirements profile adopted in November 2022 in its composition until October 15, 2023 and in its current composition, following the resignation of Supervisory Board member Raymond Curry and the judicial appointment of Shintaro Suzuki with effect from October 16, 2023. In the interest of greater clarity, the Supervisory Board amended and restructured its requirements profile. The requirements profile of the Supervisory Board, as amended in December 2023, and the status of implementation determined by the Supervisory Board in December 2023 are described below. The implementation status is also presented at the end of this Declaration on Corporate Governance in the form of a qualification matrix. ↗ C.02 ↗ C.03

- **Diversity**
  - **Gender Quota:** By law, at least 30% of the members of the Supervisory Board must be women and at least 30% must be men. As of December 31, 2023 three women are represented on both the shareholder and employee representative sides. Thus, women are represented respectively at 30% both for the Supervisory Board in its entirety and on each side. Therefore, the gender ratio on the Supervisory Board complies with the legal requirements.

  - **General Age Limit:** Members who are proposed for election to the Supervisory Board for a full term of office should generally not be older than 72 years of age at the time of being elected. In specifying this general age limit, the Supervisory Board has intentionally refrained from stipulating a strict upper age limit and instead decided in favor of a flexible age limit that provides the necessary leeway for an appropriate assessment of the circumstances in individual cases, keeps the group of potential Supervisory Board candidates sufficiently broad and allows for reelection. No member of the Supervisory Board in office on December 31, 2023 was older than the general age limit at the time of their election.

  - **Generation Mix:** An appropriate generation mix among the members of the Supervisory Board is to be ensured. At least eight members of the Supervisory Board should be no more than 62 years old at the date of their election or reelection. Of the Supervisory Board members in office as of December 31, 2023, 17 members were aged 62 or younger at the time of their election or judicial appointment for the current term of office.

  - **Internationality:** In order to ensure appropriate internationality, for example, through many years of international experience, the Supervisory Board has set a target of at least 30% of international shareholder representatives and a resulting quota of 15% relative to the full Supervisory Board. Notwithstanding the many years of international experience of a large majority of the shareholder representatives, this target was already significantly exceeded by December 31, 2023 due to the international background of Michael Brosnan, Akihiro Eto, Jacques Esculier, Renata Jungo Brüngger, John Krafcik, Laura Ipsen, Martin H. Richenhagen and Marie Wieck on the shareholder side, with 80%, and with Shintaro Suzuki and Andrea Seidel on the employee side, resulting in 50% for the Supervisory Board as a whole.

- **Personal Suitability**
  - **Independence:** According to the recommendations of the GCGC on the independence of the members of the Supervisory Board, the Supervisory Board is to include what it considers to be an appropriate number of independent members on the shareholder side – also considering the shareholder structure. A member is to be considered independent in this sense if they are independent of the Company and its Board of Management, and of any controlling shareholder. There is no controlling shareholder in this sense at the Company; against the background of the deconsolidation agreement concluded with Mercedes-Benz Group AG, in particular Mercedes-Benz Group AG is not to be regarded as a controlling shareholder.

    The GCGC recommends that more than half of the shareholder representatives are to be independent of the Company and its Board of Management – and that these members must always include the Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the committee that deals with the remuneration of the Board of Management. Within the meaning of this recommendation, a Supervisory Board member is to be considered independent, if they have no personal or business relationship with the Company or its Board of Management that may cause a substantial and not merely temporary conflict of interest.

It is up to the shareholder representatives of the Supervisory Board to assess the independence of its members. Four indicators of a possible lack of independence are to be considered (membership of the Board of Management within a period of two years prior to the appointment as member of the Supervisory Board; a material business relationship with the Company or an entity dependent on it, e.g., as a customer, supplier, creditor or advisor; a close family relationship with a member of the Board of Management; membership of the Supervisory Board for more than twelve years – all criteria apply both to Supervisory Board members themselves and to their close family members). The shareholder representative side is expressly granted the right to consider a Supervisory Board member independent if one or even multiple indicators are met, although this assessment is to be explained in the Declaration on Corporate Governance.

The Supervisory Board has concluded that – with the exception of Renata Jungo Brüngger and Harald Wilhelm – all shareholder representatives in office as of December 31, 2023 are independent of Daimler Truck Holding AG and its Board of Management, including, in particular, the Chairman of the Supervisory Board, who is also Chairman of the Presidential and Remuneration Committee, and the Chairman of the Audit Committee.

Other than the two exceptions mentioned, when taking into account the indicators of the GCGC, none of the shareholder representatives has a personal or commercial relationship with Daimler Truck Holding AG or its Board of Management that could give rise to a material conflict of interest that is not merely temporary in nature. With regard to Renata Jungo Brüngger and Harald Wilhelm, it should be noted that both, as serving members of the Board of Management of Mercedes-Benz Group AG (i.e., in a responsible function of a company outside the Group), maintain a significant business relationship with the Company or a company dependent on it due to the extensive contractual interrelationships that exist between the two groups also since the spin-off became effective in December 2021. Against this background, neither is currently considered to be independent of the Company within the meaning of Recommendation C.7 GCGC.

As a result – with the exception of Renata Jungo Brüngger and Harald Wilhelm – all shareholder representatives of the Supervisory Board (thus 80%) were deemed to be independent, namely Joe Kaeser, Michael Brosnan, Jacques Esculier, Akihiro Eto, Laura Ipsen, John Krafcik, Martin H. Richenhagen and Marie Wieck. An assessment of the independence of the employee representatives of the Supervisory Board was not conducted, as only the independence of the shareholder representatives is to be assessed in accordance with the recommendations of the GCGC.

- **Time Effort:** Each candidate for membership of the Supervisory Board and each member of the Supervisory Board must be able to devote the expected amount of time required and be willing and able to commit to engage with the content and participate in the necessary training and continuing education. Prior to each nomination, the Supervisory Board ensures that the candidates in question can devote the time required for the office.

- **General maximum Number of Mandates:** As a general rule and subject to the disclosure of an exception in the Declaration of Compliance with the GCGC pursuant to Section 161 of the German Stock Corporation Act (AktG), a Supervisory Board member who is also a member of the board of management of a listed company shall not hold more than two supervisory board mandates in non-group listed companies or comparable functions (including their membership of the Supervisory Board of Daimler Truck Holding AG) and shall not chair the Supervisory Board of non-group listed companies. As a general rule and subject to the disclosure of an exception in the Declaration of Compliance with the GCGC pursuant to Section 161 of the German Stock Corporation Act (AktG), Supervisory Board members who are not also members of the board of management of a listed company shall not accept more than five supervisory board mandates of non-group listed companies or perform comparable functions (again including their Supervisory Board mandate of Daimler Truck Holding AG), with the chair of one supervisory board being counted twice. Dual mandates of Supervisory Board members in other supervisory bodies of the same group are to be disregarded for the purposes of the calculation of the maximum number of mandates in accordance with the overall requirements profile. Due to having dual mandates within the same group, Renata Jungo Brüngger, Joe Kaeser, Harald Wilhelm, and Jörg Köhlinger therefore do not exceed the maximum number of mandates set out in the overall requirements profile. As of December 31, 2023, only Martin H. Richenhagen exceeded the maximum number of positions set out in the requirements profile. Nevertheless, the Supervisory Board is of the opinion that the overall requirements profile is met overall - since in the view of the Supervisory Board - there is no doubt that Martin H. Richenhagen was and is able to exercise all mandates appropriately, in particular as his many years of experience allow him to devote the appropriate amount of time. Changes in the mandates held by Martin H. Richenhagen that occurred and were communicated after the reporting date are recognized as part of the determination of the fulfillment of the requirements profile for the 2024 reporting year. With regard to Recommendations C.4 and C.5 of the GCGC, a deviation is explained and justified in the Declaration of Compliance with the GCGC.

- **General Limit for the Duration of Membership:** The overall requirements profile also includes a general limit for the duration of membership, according to which, as a general rule, only candidates who have been members of the Supervisory Board for no more than twelve years should be proposed for reelection to the Supervisory Board for a full term of office. The requirement is met for all current members of the Supervisory Board.

- **Knowledge and experience**
  - **Supervisory Board-related knowledge and experience:** The Supervisory Board shall, as a whole, possess knowledge and experience in areas of particular relevance to the Company. At least three members of the Supervisory Board should have knowledge and experience in each of the following areas:

    - Industry/Technology
    - IT/Digitalization
    - Human Resources/Organization
    - Strategy/Transformation
    - Finance/Capital Market.

    In order to demonstrate knowledge and experience in the five areas mentioned above it is not necessary that the criteria for both topics are fulfilled; the proof of knowledge and experience with regard to one topic of an area is sufficient.

    The composition should also take into account that there could be a requirement to acquire new competencies in the course of product, market and other developments.

    As can be seen in detail from the qualification matrix, the Supervisory Board as a whole in its current composition meets the defined requirements for Supervisory Board-related knowledge and experience. At least three members of the Supervisory Board have relevant knowledge or experience in each of the listed areas. In the interest of a clear presentation, the following details given in respect of the members of the Supervisory Board who are mentioned by name should therefore be viewed as examples and are not necessarily exhaustive. ↗ C.02 ↗ C.03

Industry/Technology
In the area of **Industry**, Jacques Esculier, Joe Kaeser, John Krafcik and Martin H. Richenhagen have proven knowledge and experience due to their extensive professional experience in industrial companies active in metal processing or in the automotive sector. In addition, the knowledge and extensive experience of the Works Council Chairmen and Chairwomen Michael Brecht, Bruno Buschbacher, Carmen Klitzsch-Müller, Jörg Lorz, Andrea Reith, Shintaro Suzuki (President of the Mitsubishi Worker's Union) and Thomas Zwick should be emphasized.

Jacques Esculier, Laura Ipsen, John Krafcik, Andrea Seidel, Shintaro Suzuki and Marie Wieck have a technical university degree. In addition, Michael Brecht, Bruno Buschbacher, Jörg Köhlinger, Jörg Lorz, Andrea Reith, Roman Zitzelsberger and Thomas Zwick have an appropriate professional training in the area of **Technology**.

IT/Digitalization
In the area of **IT/Digitalization**, the knowledge and experience of Laura Ipsen, Andrea Seidel and Marie Wieck are particularly noteworthy. This also applies to John Krafcik due to his role as Chief Executive Officer to Google LLCs autonomous driving project. Renata Jungo Brüngger has knowledge and experience in the area of **Digitalization** due to her areas of responsibility as member of the Board of Management at Mercedes-Benz Group AG (responsible in particular for data protection, data governance and legal tech).

Human Resources/Organization
Renata Jungo Brüngger, Joe Kaeser and Marie Wieck in particular possess sound knowledge and experience in the area of **Human Resources** due to their extensive previous professional experience which they contribute to the Nomination Committee of the Supervisory Board. In addition to the members of the Supervisory Board who serve as works council chairmen/chairwomen, Shintaro Suzuki and the IG Metall (German Metalworker's Union) representatives Jörg Köhlinger and Roman Zitzelsberger, have proven knowledge and experience.

In the area of **Organization**, the relevant knowledge and experience of all shareholder representatives as well as Michael Brecht, Jörg Köhlinger and Roman Zitzelsberger due to their work in external supervisory bodies are particularly valuable for the work of the Supervisory Board.

Strategy/Transformation
In the area of **Strategy**, in addition to all shareholder representatives, Michael Brecht, Bruno Buschbacher, Carmen Klitzsch-Müller, Jörg Köhlinger, Andrea Seidel and Roman Zitzelsberger also have extensive knowledge and experience due to their former or current positions as Chief Executive Officers or Chief Financial Officers.

With regard to the **Transformation** of the Daimler Truck Group, the relevant experience of the employee representatives and on the shareholder side the experience of Renata Jungo Brüngger, Joe Kaeser, John Krafcik and Harald Wilhelm due to their board activities in other industrial groups with similar transformation challenges, should be emphasized.

Finance/Capital Market
With Michael Brecht, Michael Brosnan, Jacques Esculier, Akihiro Eto, Joe Kaeser, Jörg Köhlinger, Harald Wilhelm, Roman Zitzelsberger and Thomas Zwick, nine members of the Supervisory Board have training or professional experience in the area of **Finance**.

The area of **Capital Market** is well covered by Jacques Esculier, Joe Kaeser and Martin H. Richenhagen as they have served as chairmen of listed companies as well as by Michael Brosnan, Akihiro Eto, Renata Jungo Brünnger and Harald Wilhelm due to their current or previous (Board of Management) activities in listed companies.

- **Financial Expertise according to GCGC:** The Supervisory Board must have at least one member with special knowledge and experience in the application of accounting principles and internal control and risk management systems. At least one other member should have special knowledge and experience in auditing of financial statements. The expertise in accounting and auditing also includes sustainability reporting or its respective audits. With Michael Brosnan, Joe Kaeser and Harald Wilhelm the

Supervisory Board has three financial experts who, as a result of their current or previous activities at other (listed) companies and ongoing training, have special knowledge and experience in the application of accounting principles and internal control and risk management systems. Michael Brosnan also has professional expertise in the auditing of financial statements. The expertise of the three aforementioned members of the Supervisory Board in the areas of accounting or auditing also includes sustainability reporting or its respective audits.

- **Sustainability Expertise according to GCGC:** At least four members of the Supervisory Board should have expertise in sustainability issues relevant to the Company in the areas of Environment, Social and Governance (sustainability areas), whereby each sustainability area should be covered by at least one member of the Supervisory Board. Expertise in this context relates to the special knowledge and experience which is acquired in the course of professional training or continuing education or deepened by the further professional or other activity. A person has expertise in a sustainability area within the meaning of the overall requirements profile if they have knowledge or experience in at least one of the defined focus topics of a sustainability area. The sustainability areas and focus topics correspond to those described above in the overall requirements profile for the Board of Management.

Environment

With regard to the dispersal of sustainability expertise within the Supervisory Board, the knowledge and experience of Joe Kaeser and Bruno Buschbacher particularly in the Environment sustainability area is worth highlighting. Bruno Buschbacher has specific expertise with regard to the focus topic zero-emission products in the engine construction field, key for Daimler Truck, which primarily relates to the manufacture of emission-free and low-emission truck engines. Joe Kaeser has particular expertise in the focus topic CO_2-neutral production, which has special importance in the industrial context, with particular consideration of emission reduction, resource conservation and energy efficiency in production, thanks to his long professional career, his work on supervisory boards and in the public sector. The Supervisory Board includes three further members with expertise in the Environment sustainability area. These are Michael Brecht (focus topic supply chains) and Roman Zitzelsberger and Thomas Zwick (each focus topic zero-emission products also with regard to resource consumption).

Social

The following eleven members of the Supervisory Board have relevant expertise in the Social sustainability area: Thanks to his many years of service at Waymo LLC, John Krafcik has special knowledge and experience with regard to the focus topic traffic safety in autonomous driving, an important research field for Daimler Truck. Renata Jungo Brüngger, Michael Brecht and Jörg Lorz each have expertise in the focus topic social responsibility (respect for human rights). The following members of the Supervisory Board have expertise in the focus topic creating the conditions to be a good employer: Jacques Esculier (wellbeing), Laura Ipsen (continuing education and diversity, equal opportunities & inclusion), Carmen Klitzsch-Müller (equal opportunities), Marie Wieck and Andrea Seidel (both diversity, equal opportunities & inclusion) as well as Shintaro Suzuki and Roman Zitzelsberger (each employee participation).

Governance

Owing to their professional careers, a large majority of Supervisory Board members have competences in the Governance sustainability area. In particular, worth highlighting is Marie Wieck's expertise in the focus topic responsible governance due to the increased consideration and anchoring of sustainability issues in corporate decisions as part of her professional and social commitment. The focus topic responsible governance is also covered by Laura Ipsen, Joe Kaeser and Renata Jungo Brüngger due to their particular expertise in the increased consideration and anchoring of sustainability issues in corporate decisions. Michael Brecht, Jörg Köhlinger and Roman Zitzelsberger also have expertise in the governance sustainability area, each focusing on co-determination issues, as do Renata Jungo Brüngger and Harald Wilhelm in the focus topic compliance and ESG-risk management. The focus topic transparent reporting is covered in particular by the two financial experts on the Audit Committee Michael Brosnan and Harald Wilhelm.

Proposals by the Supervisory Board for the election of shareholder representatives by the General Meeting, for which the Nomination Committee submits recommendations, are to take into account the aspects outlined above and aim to satisfy the overall requirements profile for the Supervisory Board as a whole. The Nomination Committee is to draw up a shortlist of proposed members on the basis of a target profile, taking into account the specific qualification requirements and the aforementioned criteria, hold structured discussions with these proposed members, and in the process also obtain assurance that the proposed member has sufficient time to be able to exercise the mandate with due care. The Nomination Committee then recommends a candidate to the Supervisory Board for its approval and includes an explanation of its recommendation. Resolutions of the Supervisory Board regarding proposals for candidates for election to the General Meeting shall always be governed by the Company's interests in consideration of all circumstances in each individual case.

Qualification matrix for the Supervisory Board

The implementation status of the overall requirements profile for the Supervisory Board as of December 31, 2023 can also be found in the qualification matrix for shareholder representatives and the qualification matrix for employee representatives shown below:

C.02

Qualification matrix reflects implementation status of the overall requirements profile – shareholder representatives

As of 12/2023		Kaeser	Brosnan	Esculier	Eto	Ipsen	Jungo Brüngger	Krafcik	Richenhagen	Wieck	Wilhelm
Personal Data	Joined Supervisory Board in	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
	Year of Birth	1957	1955	1959	1960	1964	1961	1961	1952	1960	1966
	Nationality	German	US-American	French	Japanese	US-American	Swiss	US-American	US-American/ German	US-American	German
	Educational/Professional Background	Business Administration	Business Administration	MBA/ Aerospace	Law/ Automotive	International Relations/ Management	Law/ Automotive	Technical Engineering/ Business Administration	Business Administration/ Agriculture	MBA/Information Technology	Business Administration
Diversity	Gender[1]	male	male	male	male	female	female	male	male	female	male
	General Age Limit	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Generation Mix			✓	✓	✓	✓	✓		✓	✓
	Internationality		✓	✓	✓	✓	✓	✓	✓	✓	
Personal Suitability	Independence[2]	✓	✓	✓	✓	✓		✓	✓	✓	
	Time Effort	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	No Overboarding[3]	✓[5]	✓	✓	✓	✓	✓[5]	✓		✓	✓[5]
	General Limit for Duration of Membership[2]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Supervisory Board-related Knowledge and Experience	Industry	✓		✓			✓	✓	✓		✓
	Technology			✓		✓		✓		✓	
	IT					✓		✓		✓	
	Digitalization					✓	✓	✓		✓	
	Human Resources	✓		✓		✓	✓			✓	✓
	Organization	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Transformation	✓	✓	✓		✓	✓	✓		✓	✓
	Finance	✓	✓	✓	✓						✓
	Capital Market	✓	✓	✓	✓		✓		✓		✓
Financial Expertise according to GCGC	Accounting	✓	✓								✓
	Audit		✓								
Sustainability Expertise according to GCGC	Environment[4]	✓									
	Social[4]			✓		✓	✓	✓		✓	
	Governance[4]	✓	✓			✓	✓			✓	✓

1 Requirements of the German Stock Corporation Act (AktG) regarding Gender Quota met.
2 According to German Corporate Governance Code (GCGC).
3 Group mandates only counted once according to requirements profile.
4 Expertise regarding sustainability issues relevant to Daimler Truck.
5 Fulfillment of requirements profile however Overboarding in accordance with GCGC.

C.03

Qualification matrix reflects implementation status of the overall requirements profile – employee representatives

As of 12/2023		Brecht	Buschbacher	Klitzsch-Müller	Köhlinger	Lorz	Reith	Seidel	Suzuki	Zitzelsberger	Zwick
Personal Data	Joined Supervisory Board in	2021	2021	2021	2021	2021	2021	2022	2023	2021	2021
	Year of Birth	1965	1978	1970	1963	1972	1984	1979	1969	1966	1966
	Nationality	German	German	German	German	German	German	Swiss	Japanese	German	German
	Educational/Professional Background	General Management/ Automotive Technician	Industrial Mechanics/ Business Administration	Business Administration	Industrial Clerk/ Akademie der Arbeit	General Management	Social Economics	Business Informatics/ Information Technology	Engineering	General Management	Business Administration
Diversity	Gender[1]	male	male	female	male	male	female	female	male	male	male
	General Age Limit	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Generation Mix	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Internationality							✓	✓		
Personal Suitability	Independence[2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Time Effort	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	No Overboarding[3]	✓	✓	✓	✓[5]	✓	✓	✓	✓	✓	✓
	General Limit for Duration of Membership[2]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Supervisory Board-related Knowledge and Experience	Industry	✓	✓	✓		✓	✓		✓	✓	✓
	Technology	✓	✓		✓	✓	✓	✓	✓	✓	✓
	IT							✓			
	Digitalization							✓			
	Human Resources	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Organization	✓			✓					✓	
	Strategy	✓	✓	✓	✓			✓		✓	
	Transformation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Finance	✓			✓					✓	✓
	Capital Market										
Financial Expertise according to GCGC	Accounting										
	Audit										
Sustainability Expertise according to GCGC	Environment[4]	✓	✓							✓	✓
	Social[4]	✓		✓		✓		✓	✓	✓	
	Governance[4]	✓			✓					✓	

1 Requirements of the German Stock Corporation Act (AktG) regarding Gender Quota met.
2 According to German Corporate Governance Code (GCGC).
3 Group mandates only counted once according to requirements profile.
4 Expertise regarding sustainability issues relevant to Daimler Truck.
5 Fulfillment of requirements profile however Overboarding in accordance with GCGC.

Managers' transactions

Members of the Board of Management and of the Supervisory Board are legally required pursuant to Article 19 Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (Market Abuse Regulation) to disclose transactions conducted for their own account involving shares or debt instruments of Daimler Truck Holding AG, related derivatives or other related financial instruments, insofar as the total amount of the transactions conducted by the member or related persons reaches or exceeds the sum of €20,000 within a single calendar year. The transactions disclosed to Daimler Truck Holding AG are duly published.

Shareholders and General Meeting

The shareholders exercise their membership rights, in particular their voting rights, at the Company's General Meeting. With the exception of own shares held by the Company (treasury shares), from which the Company does not derive any rights, each share of Daimler Truck Holding AG entitles the holder to one vote. At the General Meeting, shareholders regularly take decisions on, among other things, the appropriation of distributable profits, the election of the external auditor, the discharge of the members of the Board of Management and the Supervisory Board, the approval of the annual remuneration report, and the election of shareholder representatives, which is regularly carried out as an individual election. The remuneration system for the Board of Management and the remuneration of members of the Supervisory Board must be submitted to the General Meeting every four years at least. Amendments to the Articles of Incorporation and certain capital measures are also decided upon at the General Meeting and implemented by the Board of Management, and where necessary with the Supervisory Board's approval. By resolution of the Annual General Meeting on June 21, 2023 the Board of Management has been authorized via amendment to the Articles of Incorporation to provide for the General Meeting to be held without the physical presence of the shareholders or their proxies at the venue of the general meeting (virtual general meeting). This authorization is valid until the expiry of August 31, 2025.

Shareholders who are entered in the Company's shareholder register on the day of the General Meeting and who have registered in good time prior to the General Meeting in accordance with the provision in the convocation will be permitted to attend the General Meeting and can exercise their voting rights. The details, in particular of registration and the freeze on changes in the shareholder register required for technical reasons prior to the General Meeting and the options for exercising voting rights (by proxy, e.g., Company proxies bound by instructions and possibly by postal vote), are published together with the convocation to the General Meeting in the German Federal Gazette (Bundesanzeiger).

Shareholders can submit motions on resolutions proposed by the Board of Management and the Supervisory Board and challenge the resolutions made at the General Meeting. The reports, documents and information required by law for the General Meeting, including the Annual Report, are available at www.daimlertruck.com/en/investors/financial-calendar/annual-general-meetings, as is the agenda for the General Meeting and any countermotions or election proposals from shareholders and other documents and information on the General Meeting.

As part of our comprehensive investor relations activities we maintain close contact with our shareholders. We provide shareholders, financial analysts, shareholder associations, the media and interested members of the public with extensive and regular information on the status of the Company and inform them immediately of any significant business changes. The Chairman of the Supervisory Board is also regularly prepared, within reasonable limits, to hold discussions with investors on issues relating specifically to the Supervisory Board.

We make extensive use of the Company's website for our investor relations work, in addition to other communication channels. All material information published in the 2023 financial year, including annual, quarterly and interim reports, capital market releases, voting rights notifications according to the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG), presentations and audio recordings from analyst and investor events and conference calls, as well as the financial calendar, are available at www.daimlertruck.com/en/investors. In any case, the dates of the General Meeting, the Annual Results Conference and the analysts' conferences are announced well in advance in the financial calendar.

D

Consolidated Financial Statements

Consolidated Statement of Income

D.01

	Note	2023	2022
In millions of euros			
Revenue	5	55,890	50,945
Cost of sales	6	-43,968	-41,513
Gross profit		11,922	9,432
Selling expenses	6	-2,890	-2,928
General administrative expenses	6	-2,413	-1,957
Research and non-capitalized development costs	6	-1,757	-1,618
Other operating income	7	664	880
Other operating expense	7	-101	-177
Profit/loss on equity-method investments, net	14	-109	-226
Other financial income/expense, net	8	-132	90
Earnings before interest and taxes (EBIT)	35	5,183	3,496
Interest income	9	384	198
Interest expense	9	-241	-245
Profit before income taxes		5,327	3,449
Income taxes	10	-1,355	-686
Net profit		3,971	2,763
thereof profit attributable to non-controlling interests		196	98
thereof profit attributable to shareholders		3,775	2,665
Earnings per share[1] (in euros) for profit attributable to shareholders	37		
Basic and diluted		4.62	3.24

1 For information on the weighted average number of shares used in the earnings per share calculation, refer to Note 21. Equity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income[1]

D.02

	2023	2022
In millions of euros		
Net profit	**3,971**	2,763
Currency translation adjustments	**-481**	54
Debt instruments		
Unrealized gains/losses (pre-tax)	**2**	2
Taxes on unrealized gains/losses and on reclassifications	**–**	–
Debt instruments (after tax)	**2**	2
Derivative financial instruments		
Unrealized gains/losses (pre-tax)	**-118**	136
Reclassifications to profit or loss (pre-tax)	**1**	6
Taxes on unrealized gains/losses and on reclassifications	**31**	-33
Derivative financial instruments (after tax)	**-87**	109
Items that may be reclassified to profit/loss	**-566**	165
Equity instruments		
Unrealized gains/losses (pre-tax)	**-1**	-11
Taxes on unrealized gains/losses and on reclassifications	**-3**	-1
Equity instruments (after tax)	**-4**	-12
Actuarial gains/losses from pensions and similar obligations		
Actuarial gains/losses from pensions and similar obligations (pre-tax)	**-50**	1,320
Taxes on actuarial gains/losses from pensions and similar obligations	**-2**	-153
Actuarial gains/losses from pensions and similar obligations (after tax)	**-52**	1,167
Items that will not be reclassified to profit/loss	**-57**	1,155
Other comprehensive income/loss, net of taxes	**-622**	1,320
thereof loss attributable to non-controlling interests, net of taxes	**-25**	-31
thereof income/loss attributable to shareholders, net of taxes	**-597**	1,351
Total comprehensive income	**3,349**	4,083
thereof income attributable to non-controlling interests	**171**	67
thereof income attributable to shareholders	**3,178**	4,016

1 Refer to Note 21. Equity for further information on the Consolidated Statement of Comprehensive Income.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

D.03

	Note	At December 31, 2023	2022
In millions of euros			
Assets			
Intangible assets	11	2,876	2,779
Property, plant and equipment	12	7,979	7,993
Equipment on operating leases	13	4,530	4,433
Equity-method investments	14	1,051	1,073
Receivables from financial services	15	14,067	12,359
Marketable debt securities and similar investments	16	57	21
Other financial assets	17	823	828
Deferred tax assets	10	1,873	1,643
Long-term trade receivables	20	17	105
Other assets	18	385	364
Total non-current assets		33,658	31,598
Inventories	19	9,155	8,815
Trade receivables	20	5,245	4,577
Receivables from financial services	15	12,147	10,066
Cash and cash equivalents		7,067	5,944
Marketable debt securities and similar investments	16	1,751	1,124
Other financial assets	17	678	677
Other assets	18	1,511	1,168
Total current assets		37,554	32,371
Total assets		71,212	63,969

	Note	At December 31, 2023	2022
In millions of euros			
Equity and liabilities			
Share capital		823	823
Capital reserves		14,277	14,277
Retained earnings		8,501	5,847
Other reserves		-1,995	-895
Equity attributable to shareholders		21,605	20,052
Non-controlling interests		620	554
Total equity	21	22,224	20,606
Provisions for pensions and similar obligations	23	1,212	1,147
Provisions for other risks	24	2,784	2,743
Financing liabilities	25	17,125	13,328
Other financial liabilities	26	1,814	2,110
Deferred tax liabilities	10	40	65
Deferred income	27	984	1,000
Contract and refund liabilities	28	2,106	1,940
Other liabilities	29	107	53
Total non-current liabilities		26,171	22,386
Trade payables		5,059	5,317
Provisions for other risks	24	2,520	2,206
Financing liabilities	25	8,602	7,511
Other financial liabilities	26	2,870	2,716
Deferred income	27	522	655
Contract and refund liabilities	28	2,169	1,871
Other liabilities	29	1,076	701
Total current liabilities		22,817	20,977
Total equity and liabilities		71,212	63,969

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows[1]

D.04

In millions of euros	2023	2022
Profit before income taxes	5,327	3,449
Depreciation and amortization/impairments	1,133	1,120
Other non-cash expense and income	101	300
Gains (-)/losses (+) on disposals of assets	-13	-15
Change in operating assets and liabilities		
Inventories	-550	-1,143
Trade receivables	-660	-631
Trade payables	-112	904
Receivables from financial services	-4,097	-3,385
Vehicles on operating leases	-160	-141
Cash outflows from the settlement of pre-existing relationships	–	-171
Other operating assets and liabilities	816	277
Dividends received from equity-method investments	16	13
Income taxes paid	-1,415	-1,100
Cash flows from operating activities	386	-523
Additions to property, plant and equipment	-1,026	-898
Additions to intangible assets	-280	-234
Proceeds from disposals of property, plant and equipment and intangible assets	70	106
Proceeds from disposals of shareholdings	–	52
Net cash outflows from the acquisition of financial service business	–	-2,059
Net cash inflows from the acquisition of financial service business	–	55
Investments in other shareholdings	-206	-213
Acquisition of marketable debt securities and similar investments[2]	-3,077	-3,357
Proceeds from sales of marketable debt securities and similar investments[2]	2,459	2,367
Other	-23	13
Cash flows from investing activities	-2,082	-4,167
Change in short-term financing liabilities	710	-1,649
Additions to long-term financing liabilities	12,557	10,327
Repayment of long-term financing liabilities	-8,613	-5,269
Dividend paid to shareholders of Daimler Truck Holding AG	-1,070	–
Dividends paid to non-controlling interests	-97	-52
Acquisition of treasury shares	-557	–
Transactions with the Mercedes-Benz Group	–	-23
Cash flows from financing activities	2,931	3,334
Effect of foreign exchange rate changes on cash and cash equivalents	-113	56
Net increase in cash and cash equivalents	1,123	-1,300
Cash and cash equivalents at beginning of period	5,944	7,244
Cash and cash equivalents at end of period	7,067	5,944

1 Refer to Note 30. Consolidated Statement of Cash Flows for further information on the Consolidated Statement of Cash Flows.
2 The prior year reporting has been updated due to an immaterial error.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity[1]

D.05

				Other reserves						
				items that may be reclassified in profit/loss						
	Share capital	Capital reserve	Retained earnings[2]	Currency translation	Equity instruments/ debt instruments	Derivative financial instruments	Treasury shares	**Equity attributable to shareholders**	Non-controlling interests	**Total equity**
In millions of euros										
Balance at January 1, 2022	823	14,277	1,886	-1,092	13	13	–	15,920	503	16,423
Net profit	–	–	2,665	–	–	–	–	2,665	98	2,763
Other comprehensive income after taxes	–	–	1,180	72	-10	109	–	1,351	-31	1,320
Total comprehensive income	–	–	3,845	72	-10	109	–	4,016	67	4,083
Dividends	–	–	–	–	–	–	–	–	-52	-52
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	–
Other changes	–	–	116	–	–	–	–	116	36	152
Balance at December 31, 2022	**823**	**14,277**	**5,847**	**-1,020**	**3**	**122**	**–**	**20,052**	**554**	**20,606**
Balance at January 1, 2023	**823**	**14,277**	**5,847**	**-1,020**	**3**	**122**	**–**	**20,052**	**554**	**20,606**
Net profit	**–**	**–**	**3,775**	**–**	**–**	**–**	**–**	**3,775**	**196**	**3,971**
Other comprehensive income after taxes	**–**	**–**	**-52**	**-456**	**-3**	**-86**	**–**	**-597**	**-25**	**-622**
Total comprehensive income	**–**	**–**	**3,723**	**-456**	**-3**	**-86**	**–**	**3,178**	**171**	**3,349**
Dividends	**–**	**–**	**-1,070**	**–**	**–**	**–**	**–**	**-1,070**	**-97**	**-1,167**
Acquisition of treasury shares	**–**	**–**	**-103**	**–**	**–**	**–**	**-557**	**-660**	**–**	**-660**
Other changes	**–**	**–**	**104**	**–**	**–**	**–**	**–**	**104**	**-8**	**96**
Balance at December 31, 2023	**823**	**14,277**	**8,501**	**-1,476**	**–**	**36**	**-557**	**21,605**	**620**	**22,224**

1 Refer to Note 21. Equity for further information on changes in equity.
2 Retained earnings also include items that will not be reclassified to the Consolidated Statement of Income.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. General information and significant accounting policies

General information
The accompanying consolidated financial statements of Daimler Truck Holding AG (the Consolidated Financial Statements) have been prepared in accordance with Section 315e of the German Commercial Code (Handelsgesetzbuch or HGB) and comply with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee as adopted by the European Union (EU).

The Consolidated Financial Statements present the operations of Daimler Truck Holding AG (DTHAG) and its subsidiaries (also referred to as "Daimler Truck", the "Daimler Truck Group" or the "Group").

Daimler Truck Holding AG is a stock corporation organized under the laws of the Federal Republic of Germany. The Company is domiciled in Stuttgart and entered in the Commercial Register of the District Court of Stuttgart under No. HRB 778600 with its business address at Fasanenweg 10, 70771 Leinfelden-Echterdingen, Germany.

The Daimler Truck Group is a manufacturer of commercial vehicles with a worldwide product range of trucks and buses. Financial services relating to these products complement the offering. Daimler Truck Holding AG is the parent company of the Daimler Truck Group.

The commercial vehicle business comprises four vehicle segments (refer to Note 35. Segment reporting) which produce trucks, buses and engines, and provide related services as well as manufacture and market brand-specific products. Other business activities and investments, as well as functions and services provided by the Group's headquarters and other Group companies that are not allocated to the vehicle segments, as well as centrally managed projects, are reported under reconciliation in the segment reporting. The vehicle segments and reconciliation, together, are referred to as the "Industrial Business." All related financial services activities, which constitute an additional segment, referred to as "Financial Services."

The Consolidated Financial Statements comprise the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements, prepared on a going concern basis.

The Consolidated Financial Statements are presented in euros. Amounts are stated in millions of euros, except where otherwise indicated. Rounding differences may arise when individual amounts or percentages are added together.

The Consolidated Financial Statements were presented to and approved for publication by the Board of Management of Daimler Truck Holding AG on February 29, 2024.

Accounting policies

IFRS applied
The Consolidated Financial Statements as of December 31, 2023 have been prepared in accordance with the IFRS applicable for periods beginning on or after January 1, 2023. The accounting policies applied in the Consolidated Financial Statements therefore comply with the IFRS applicable in the EU as of December 31, 2023 for all periods presented.

IFRS issued, endorsed by the EU and adopted in the reporting period for the first time
In May 2023, the International Accounting Standards Board (IASB) issued changes to IAS 12 "Income Taxes" due to the reform of international tax law – model regulations for Pillar Two. The changes were adopted by the EU in November 2023. The Group applied amendments to IAS 12 following publication on May 23, 2023. The amendments contain a temporary, mandatory and immediately applicable exemption from the accounting of deferred taxes resulting from the introduction of the global minimum tax. They also prescribe specific disclosures in the notes on the impact of the minimum taxation. The mandatory exception must be applied retrospectively. However, because no new legislation to implement the global minimum tax was enacted or substantively enacted at December 31, 2022, in any jurisdiction in which the Group operates, and no related deferred tax was recognized at that date, the retrospective application has no impact on the Consolidated Financial Statements.

Daimler Truck applies the amendments to IAS 1 "Presentation of Financial Statements" and Practice Statement 2 „Making Materiality Judgements" published by the IASB on February 12, 2021 for the first time as of January 1, 2023. IAS 1 stipulates that companies must disclose all material accounting policies. Previously, the standard referred to significant accounting policies. The amendments define what is meant by "material accounting policies" and how to identify them. They also clarify that immaterial information about accounting policies need not be disclosed. However, if disclosed, this should not obscure material information about accounting policies. In addition to the amendment to IAS 1, IFRS Practice Statement 2 has also been amended to provide companies with guidance on the practical application of the concept of materiality to accounting policy disclosures. The amendments now require "disclosures about material accounting policies" instead of "disclosure of significant accounting policies." In addition, they also provide guidance on considering materiality for accounting policy disclosures, which will help entities provide useful and entity-specific accounting policy disclosures that users of financial statements need to understand other information contained in the Consolidated Financial Statements. Although the amendments did not result in a change in the accounting policies themselves, they affected the disclosures on accounting policies made in the notes to the Consolidated Financial Statements, but had no impact on the measurement, recognition or presentation of items in the Consolidated Financial Statements.

In addition, no new standards or other amendments and improvements to standards have been adopted that are mandatory for financial years beginning on January 1, 2023 and are expected to have a material impact on the profitability, liquidity and capital resources and financial position of the Group.

IFRS issued, but not yet adopted
In May 2023, the IASB published amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”, which provide for additional disclosure requirements for companies regarding supplier financing. The changes are mandatory for the first time for reporting periods beginning on or after January 1, 2024. Daimler Truck is affected by these disclosure requirements and will include the new requirements in the notes.

The International Accounting Standards Board has issued further amendments and improvements to standards, which are partially endorsed and not yet applied and which are not expected to have a material impact on the Group's profitability, liquidity and capital resources and financial position.

Presentation

Consolidated Statement of Financial Position
The presentation in the Consolidated Statement of Financial Position differentiates between current and non-current assets and liabilities. Assets and liabilities are generally classified as current if they are expected to be realized or fall due within one year. Deferred tax assets and liabilities as well as assets and provisions for pensions and similar obligations are generally presented as non-current items.

Consolidated Statement of Income
The Consolidated Statement of Income is presented using the cost-of-sales method.

Measurement
The Consolidated Financial Statements have been prepared on the historical-cost basis with the exception of certain items such as financial assets measured at fair value through profit or loss, derivative financial instruments, hedged items, and pensions and similar obligations. The measurement models applied to those exceptions are described below.

Principles of consolidation
The Consolidated Financial Statements include the financial statements of Daimler Truck Holding AG and the financial statements of all subsidiaries, including structured entities, which are directly or indirectly controlled by Daimler Truck Holding AG.

If subsidiaries are not consolidated for reasons of materiality, the shares in these companies are valued at amortized costs. The materiality assessment is carried out on the basis of sales, earnings and total assets. The financial statements of consolidated subsidiaries which are included in the Consolidated Financial Statements are prepared as at the reporting date of the Consolidated Financial Statements.

Investments in associated companies, joint ventures or joint operations
Joint operations that have no significant impact on the Consolidated Financial Statements are generally accounted for using the equity method.

Entities measured at amortized cost
Subsidiaries, associated companies, joint ventures and joint operations whose business are dormant or due to their minimal business activities, both individually and collectively, are not material for the Group and for conveying a true and fair view of the profitability, liquidity and capital resources and financial position, are generally measured at amortized cost in the Consolidated Financial Statements.

Foreign currency translation
Assets and liabilities of foreign companies for which the functional currency is not the euro are translated into euros using period-end exchange rates. Any resulting translation differences are recognized in other comprehensive income. The components of equity are translated using historical exchange rates. The Consolidated Statement of Income and the Consolidated Statement of Cash Flows are translated into euros using the average exchange rates for the quarters of the respective year.

The exchange rates of the US dollar, the Brazilian real, and the Japanese yen – the most significant foreign currencies for the Daimler Truck Group – are as shown in table ↗ D.06.

D.06
Exchange rates

	December 31, 2023			December 31, 2022		
	USD	BRL	JPY	USD	BRL	JPY
	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =
First quarter	1.0730	5.5750	141.9800	1.1217	5.8696	130.4600
Second quarter	1.0887	5.3859	149.7200	1.0647	5.2384	138.2100
Third quarter	1.0884	5.3109	157.2500	1.0070	5.2834	139.1600
Fourth quarter	1.0751	5.3294	159.1200	1.0205	5.3700	144.2400
Spot exchange rate	1.1050	5.3618	156.3300	1.0666	5.6386	140.66

Hyperinflation
To determine whether a country is to be considered as in a hyperinflationary economy, the Daimler Truck Group refers to the list published by the International Practices Task Force (IPTF), the Center for Audit Quality and other relevant international publications. If a country is considered as hyperinflationary, IAS 29 “Financial Reporting in Hyperinflationary Economies” has to be applied from the beginning of the respective reporting period, i.e. from January 1 of the respective reporting year.

Argentina and Turkey are classified as hyperinflationary countries. The activities of the Daimler Truck Group in both countries are recognized in accordance with IAS 29 if the functional currency is the local currency. The accounting impact is included in retained earnings within “Other” in the Consolidated Statement of Changes in Equity.

Revenue recognition
When selling new and used vehicles, spare parts and other related products, control is regularly transferred to the customer upon delivery. The payments from the sales of new and used vehicles, spare parts and other related products are usually due immediately or within a short payment period.

Dealers may finance their vehicle inventory by means of dealer inventory financing provided by Financial Services, as described in Note 35. Segment reporting. Furthermore, end-customers may be able to obtain financing in the form of a loan via Financial Services. Receivables from sales financing with end-customers and dealers are presented in receivables from financial services. Further information is provided in Note 15. Receivables from financial services.

Revenue recognition from the sale of vehicles for which the Group enters into a repurchase obligation is dependent on the form of the repurchase agreement. Explanations can be found under “Daimler Truck Group as a lessor.”

Agreements in which the Daimler Truck Group guarantees its customer a minimum sales value that the customer will realize upon sale (residual value guarantee) do not constrain the customer's ability to determine the use of the asset and essentially derive the remaining benefit from it. At contract inception of a sale with a residual value guarantee, revenue is therefore recognized which must be reduced by the necessary accrual for the potential compensation payment to the customer.

Under a contract manufacturing agreement, the Daimler Truck Group sells assets to a third party service provider from which the Daimler Truck Group buys back the manufactured products after completion of the commissioned work. If the sale of the assets is not accompanied by the transfer of control to the third party service provider, no revenue is recognized under IFRS 15 “Revenue from Contracts with Customers”.
The Group offers extended, separately invoiced warranties for certain products as well as service and maintenance contracts. Revenue from these contracts is deferred insofar as a customer has made an advance payment and is generally recognized over the contract period in proportion to the costs expected to be incurred based on historical information. A loss on these contracts is recognized in the current financial year if the expected costs for outstanding services under the contract exceed unearned revenue. Usually, those contracts are paid in advance or in equal installments over the contract term.

For multiple-element arrangements, such as when vehicles are sold with free or reduced-in-price maintenance programs or with free online services, the Group generally allocates revenue to the various elements based on their estimated relative stand-alone selling prices. To determine stand-alone selling prices, the Daimler Truck Group primarily uses price lists taking into account average discounts granted to its customers.

Vehicles may be initially sold to non-Group dealers. Subsequently, a customer may decide to enter into a leasing contract with Financial Services regarding such a vehicle. The vehicle is therefore sold by the non-Group dealer to Financial Services and a leasing contract is entered into with the customer. When control of the vehicle is transferred to the non-Group dealer, the Daimler Truck Group recognizes revenue from the sale of the vehicle.

The incremental cost of obtaining contracts is recognized as an expense when incurred if the amortization period would not exceed one year.

The Daimler Truck Group does not adjust the promised amount of consideration for the effects of a significant financing component if at contract inception it is expected that the period between the transfer of a promised good or service to a customer and payment by the customer will be no longer than one year.

Revenue also includes revenue from the rental and leasing business as well as interest from the Financial Services business. Revenue generated from operating leases is recognized on a straight-line basis over the term of the contracts. Revenue is also generated at the end of lease contracts from the subsequent sale of the vehicles. Revenue from receivables from financial services is recognized using the effective interest method.

Depending on different market conditions in individual countries, the respective product life cycles and product-dependent factors (such as the level of discounts offered by competitors, overcapacity, competitive intensity and customer demand behavior), the Daimler Truck Group uses various programs to promote sales. The programs include financial incentives for dealers and customers as well as lease subsidies or loans at reduced interest rates, which are reported as follows:

- Revenue is recognized net of sales reductions such as cash discounts and sales incentives granted.
- When loans are issued below market interest rates, the related receivables are recognized at present value (using market rates) and revenue is reduced by the interest incentive granted.
- If subsidized leasing fees are agreed upon in connection with finance leases, revenue from the sale of a vehicle is reduced by the amount of the interest incentive granted.

Government grants
Government grants related to assets are deducted from the carrying amount of the asset and are recognized in earnings over the life of a depreciable asset as a reduced depreciation expense. Government grants which compensate the Group for expenses are recognized in the Consolidated Statement of Income as other operating income in the period in which the expenses to be compensated are incurred.

Profit/loss on equity-method investments, net
This item includes all income and expenses in connection with investments accounted for using the equity method. In addition to pro rata profits and losses from financial investments, it also includes profits and losses resulting from the sale of equity interests or the remeasurement of equity interests following a loss of significant influence or joint control. This item also includes impairment losses and/or gains on the reversal of such impairments of equity-method investments.

Other financial income/expense, net
Other financial income/expense, net includes all income and expense from financial transactions which are included neither in interest income nor in interest expense or, in the case of the Financial Services segment, neither in revenue nor in cost of sales. For example, the expense from the compounding of interest on provisions for other risks is recognized in this line item.

Furthermore, income and expenses from equity interests are included in the other financial income/expense, net, to the extent that they are not reported in the Profit/loss on equity-method investments, net.

Interest income and interest expense
Interest income and interest expense include interest income from investments in securities and from cash and cash equivalents as well as interest expense from liabilities. Furthermore, interest and changes in fair values related to interest rate hedging activities as well as income and expense resulting from the allocation of premiums and discounts are included. The interest components of defined benefit pension obligations and other similar obligations as well as of the plan assets available to cover these obligations and interest on supplementary income tax payments or reimbursements are also presented in this line item.

For the Financial Services segment, interest income and expense and gains or losses from derivative financial instruments related to the financial services business are disclosed under revenue and cost of sales respectively.

Income taxes
The Group has determined that interest and penalties on income taxes, including uncertain income tax items, do not meet the definition of income taxes and are therefore recognized in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Furthermore, the Group has determined that the global minimum top-up tax, which will be levied from 2024 in accordance with Pillar Two regulations, is an income tax in the scope of IAS 12. The Group has applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Intangible assets
Intangible assets are measured at acquisition or production cost less accumulated amortization. If necessary, accumulated impairment losses are recognized.

Development costs for vehicles and components are capitalized if the conditions according to IAS 38 “Intangible Assets” are fulfilled. Capitalized development costs include all direct individual costs as well as proportionately attributable overheads and are amortized on a straight-line basis over the expected product life (in general with a maximum amortization period of ten years). Capitalized development costs for which the projects have not yet been completed are only impaired if the project is either canceled or as a result of the annual impairment test, performed at the CGU level. Amortization of capitalized development costs is an element of manufacturing costs and is allocated to those vehicles and components for which they were generated. When inventories or vehicles are sold, they are taken into account in the cost of sales.

Other intangible assets with finite useful lives are generally amortized on a straight-line basis over their useful lives (three to ten years).

If goodwill arises in the course of a company acquisition, the full goodwill method is used. Non-controlling interests are recognized at the corresponding share of the identifiable net assets measured at fair value.

Property, plant and equipment
Property, plant and equipment are recognized at acquisition or manufacturing costs less accumulated depreciation. If necessary, accumulated impairment losses are recognized.

The costs of internally produced equipment and facilities include all direct individual costs and proportionately attributable overheads. Acquisition or manufacturing costs include estimated costs, if any, of dismantling, restoration and removals.

Property, plant and equipment are depreciated over the useful lives as shown in table ↗ **D.07**.

D.07

Useful lives of property, plant and equipment

Buildings[1]	10 to 50 years
Leasehold improvements	Period of the lease
Technical equipment and machinery	5 to 25 years
Other equipment, factory and office equipment	3 to 30 years

1 Buildings include any related improvements.

Leasing

Daimler Truck Group as lessee

Leases with Daimler Truck as lessee include, in the main, leases for real-estate. For these leases, right-of-use assets and lease liabilities for the outstanding lease payments are recognized. Right-of-use assets are reported under property, plant and equipment and the lease liabilities under financing liabilities. However, according to IFRS 16 "Leases", a lessee may elect, for leases with a lease term of twelve months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The Daimler Truck Group makes use of these exemptions. The lease payments associated with those leases are primarily recognized as an expense on a straight-line basis over the lease term.

For contracts that contain non-leasing components in addition to leasing components, the option of not separating these components is generally used with regard to the relevant lease payments.

The Daimler Truck Group generally uses its incremental borrowing rate to discount leasing payments. This incremental borrowing rate as a risk-adjusted interest rate is derived for specific terms and currencies. The difference with regard to the different payment schedules of the reference interest rates (bullet bonds) and the leases (annuity) is taken into account by means of a duration adjustment.

According to IFRS 16, the depreciation of right-of-use assets is recognized within functional costs. The interest due on the lease liability is a component of interest expense.

A number of leases, particularly for real-estate, contain extension and termination provisions. When determining the term of the lease, all facts and circumstances that indicate an economic incentive to exercise extension or not exercise termination options are taken into account. In determining the lease term, such options are only considered if they are sufficiently certain.

Daimler Truck Group as lessor

Daimler Truck, as a lessor, leases its Group products to customers. Based on the risk and rewards associated with a leased asset, it is assessed whether economic ownership of the leased asset is transferred to the lessee (finance leases) or remains with the lessor (operating leases).
Operating leases, i.e. by which economic ownership of the vehicle remains with the Daimler Truck Group, relate to vehicles that the Group produces itself and leases to third-parties. Additionally, an operating lease may have to be recognized when vehicles are sold for which the Group enters into a repurchase obligation:

- Sales of vehicles where the Daimler Truck Group is obliged to repurchase the vehicles in the future are accounted for as operating leases. This also applies to a purchase option that merely grants the Daimler Truck Group the right to repurchase the asset.

- Sales of vehicles including a put option, where the customer can demand the repurchase of the vehicles from the company, are recognized as operating leases if the customer has a significant economic incentive to exercise that right at contract inception. Otherwise, a sale with a right of return is recognized. The Daimler Truck Group considers several factors when assessing whether a customer has a significant economic incentive to exercise his right. These include the relationship between the agreed repurchase price and the expected future market value at the time of repurchase of the asset or historical return rates.

For operating leases in particular, certain assumptions are regularly made as part of the residual value management process, at local and central level, about the expected price level at which the returns from leasing transactions are measured. If there is a negative deviation from assumptions due to changing market developments, there is a risk of lower residual vehicle values. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring and, if necessary, pricing strategies or sales-promotion measures designed to regulate vehicle inventories. The quality of market forecasts is verified by regular comparisons with internal and external sources, and, if required, the determination of residual values is adjusted and further developed regarding methods, processes and systems.

When accounted for as operating leases, these vehicles are capitalized at (depreciated) cost of production as leased equipment and depreciated over the lease term on a straight-line basis applying the expected residual values. Changes in the expected residual values lead either to prospective adjustments of the scheduled depreciation or, if necessary, to an impairment loss. The vehicles are allocated to the segment which bears substantially all of the residual value risk.

Operating leases also include vehicles, mainly products of the Daimler Truck Group, that Financial Services acquires from independent dealers or other third-parties and leases to end customers. These vehicles are recognized at (amortized) cost of acquisition under leased equipment in the Financial Services segment. If these vehicles are Group products and are subsidized, the subsidies are deducted from the cost of acquisition. After revenue is received from the sale to independent dealers, these Group products generate revenue from lease payments and subsequent resale on the basis of the separate leasing contracts. The Group estimates that the revenue generated with Group products when sold to dealers is in the order of magnitude of the corresponding addition to leased equipment at Financial Services. In 2023, additions to leased equipment from these vehicles at Financial Services amounted to €484 million (2022: €868 million).

In the case of finance leases, the Group recognizes receivables in the amount of the net investment in the lease under receivables from financial services. The net investment in a lease is the gross investment (future lease payments and non-guaranteed residual value) discounted at the interest rate on which the lease is based.

Equity-method investments

On the date of acquisition, a positive difference between cost of acquisition and the Daimler Truck Group's share of the fair values of the identifiable assets and liabilities of the associated company or joint venture is determined and recognized as investor level goodwill.

The goodwill is included in the carrying amount of the equity-method investment. If an equity interest in an existing associated company is increased without change in significant influence, goodwill is determined only for the additionally acquired interest; the previous investment is not remeasured at fair value.

The Daimler Truck Group reviews at each reporting date whether there is any objective indication of impairment or impairment reversal of equity-method investments. If such indications exist, the Group determines the impairment loss or reversal to be recognized. If the carrying amount exceeds the recoverable amount of an investment, the carrying amount is written down to the recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. An impairment reversal is carried out if there is objective evidence for an impairment reversal. If such an assessment is made, the recoverable amount is remeasured. An impairment reversal is recognized to the extent that the recoverable amount has increased subsequent to the impairment and is limited to the amount by which an asset has been impaired.

Gains or losses (to be eliminated) from transactions with companies accounted for using the equity method are recognized through profit or loss with corresponding adjustments of the investments' carrying amounts. Gains or losses from the contribution of interests in subsidiaries to investments which are accounted for using the equity method are included in the elimination of intercompany profits and losses.

Impairment test of non-current non-financial assets
At December 31, 2023, the Daimler Truck Group assessed whether there was an indication that an asset might be impaired or whether there was an indication that a previously recognized impairment loss might be reversed. If such indication exists, the Daimler Truck Group estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset unless the asset generates cash inflows that are not largely independent of those from other assets or groups of assets (cash-generating units or CGUs).

An assessment for assets other than goodwill is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may be reversed. If this is the case, a partial or entire reversal of the impairment is recorded; the carrying amount is thereby increased to the recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognized in prior years.

Goodwill and other intangible assets with indefinite useful lives as well as development costs for which the projects have not yet been completed are tested at least annually for impairment. This takes place at the level of the cash-generating units. If the carrying amount of an asset or of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference.

The recoverable amount is the higher of the fair value less costs to sell and value in use. For cash-generating units, the Daimler Truck Group initially determines the respective recoverable amount as value in use and compares it with the respective carrying amount (including goodwill). If value in use is lower than the carrying amount, fair value less costs to sell is additionally calculated to determine the recoverable amount.

The cash-generating units of the Daimler Truck Group that were tested for impairment are Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses and Financial Services. The Trucks Asia segment is comprised of the Trucks Asia CGU, and the at-equity investment in Beijing Foton Daimler Automotive Co. Ltd. (BFDA) (not part of the Truck Asia CGU), refer to Note 14. Equity-method investments. TORC Robotics, Inc. (TORC), is presented under reconciliation in the segment reporting as a further CGU.

Value in use is measured by discounting expected future cash flows from the continuing use of the cash-generating units using a risk-adjusted interest rate. Future cash flows are determined on the basis of the long-term plan approved by management at the date the impairment test is conducted. As a rule, the detailed planning period used for the impairment test covers five years. In order to take into account the scaling of TORC's innovative product, a detailed planning period extended by four years was determined for this CGU. Terminal value calculations are based on a steady state. The planning is based on expectations with regard to future market shares, the general development of the respective markets and the profitability of the products, taking into account the transformation of the commercial vehicle business.

The shift from combustion engine development projects to zero-emission vehicles is strongly influenced not only by changing customer demand but also by technological and infrastructure developments, as well as emissions regulations. The assumptions used for planning are tested for reasonableness using both historical developments and external sources of information (including market surveys). The effects of IFRS 16 (Lessee Accounting) are consistently taken into account in the calculation of the value in use and in the measurement of net assets.

The discount rates are determined on the basis of the capital asset pricing model (CAPM), taking current market expectations into account. In calculating the risk-adjusted interest rate for impairment-test purposes, specific peer-group information is used for beta factors, capital-structure data and cost of debt. Periods not covered by the forecast are taken into account by recognizing a residual value (terminal value), which does not include any growth rates.

In addition, several sensitivity analyses are conducted. The sensitivity analyses are based on assumptions about the expected business development, which are based on the facts and circumstances prevailing at the time of the preparation of the Consolidated Financial Statements, as well as on realistic assumptions about the future development of global and industry-specific environment. The entire commercial vehicle industry is subject to cyclical fluctuations and reacts differently depending on region and sector. This fact is taken into account by using a conservative approach for all vehicle CGUs. Actual values may deviate from the estimated values due to unfavorable changes in these underlying conditions that deviate from the assumptions and are beyond the control of the Board of Management.

Inventories
Inventories are measured at the lower of acquisition or manufacturing cost and net realizable value. The acquisition or manufacturing costs of inventories are generally based on the specific identification method and include costs incurred. Acquisition or manufacturing costs for large numbers of inventories that are interchangeable are allocated under the average-cost formula.

Financial instruments

Recognition

Financial instruments are initially recognized at fair value. Directly attributable transaction costs are taken into account for financial instruments not measured at fair value through profit or loss.
In the case of regular purchases or sales of financial assets, the Daimler Truck Group uses the transaction date as the date of initial recognition or derecognition.

Measurement

Categorization of financial assets
The subsequent measurement of financial assets is determined according to the following three measurement categories:
- at amortized costs
- at fair value through other comprehensive income
- at fair value through profit or loss

The assignment to the respective measurement category is based on a classification decision at the time of acquisition. The business model and characteristics of the contractual cash flows are two key criteria.

Financial assets at amortized cost:
This measurement category includes, among other things, receivables from financial services, trade receivables and cash and cash equivalents. They are held with the aim of collecting the contractually agreed cash flows and have contractual payments that represent solely interest and principal payments on the outstanding nominal amount (SPPI criterion).

Cash and cash equivalents consist primarily of cash on hand, checks and demand deposits at banks, as well as debt instruments and certificates of deposits with a remaining term when acquired of up to three months, which are not subject to any material value fluctuations. Cash and cash equivalents correspond to the classification in the Consolidated Statement of Cash Flows.

Financial assets at fair value through other comprehensive income:
This measurement category includes financial assets that are held with the aim of collecting the contractually agreed cash flows as well as making sales of financial assets and that meet the SPPI criterion in accordance with IFRS 9 “Financial Instruments”. These include, among other things, instruments in the item marketable debt securities and similar investments that are held for liquidity management purposes.

This category also includes selected equity instruments that are not held for trading purposes and for which the option to recognize changes in fair value without affecting profit or loss was exercised.

Financial assets recognized at fair value through profit or loss:
This measurement category includes financial assets that either fall within the definition of a derivative in accordance with IFRS 9 or do not meet the SPPI criterion. These include instruments in the item marketable debt securities and similar investments, equity and debt instruments and other financial assets.

Impairment of financial assets
The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least quarterly, incorporating external credit rating information as well as internal information on the credit quality of the financial asset. For debt instruments that are not receivables from financial services, a significant increase in credit risk is assessed, mainly based on past-due information or the probability of default.

Objective evidence for a credit-impaired financial asset includes 91 days past due date and other information about significant financial difficulties of the borrower.

For trade receivables, the simplified approach is applied whereby all trade receivables are allocated to stage 2 initially. Hence, no determination of significant increases in credit risk is necessary.

The Daimler Truck Group applies the low credit risk exception to the stage allocation to quoted debt instruments with investment-grade ratings. These debt instruments are always allocated to stage 1.

For receivables from financial services, expected credit losses are calculated using a statistical model that incorporates three major risk parameters: probability of default, loss given default and exposure at default. The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information is considered. This information includes macroeconomic factors (e.g. gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are determined using a scenario analysis (base scenario, optimistic and pessimistic scenario). The impairment amount for trade receivables is predominantly determined on a collective basis.

For information about the measurement of expected credit losses, refer to Note 34. Management of financial risks.

A financial instrument is derecognized if it can reasonably be assumed that a financial asset cannot be realized in full or in part, i.e. if the collateral is no longer available and no further payments from the customer are expected after the end of insolvency proceedings or court decisions, for example.

It is expected that material modifications to receivables from financial services can only occur in rare cases and to an immaterial extent.

Categorization of financial liabilities
The subsequent measurement of financial liabilities is determined according to the following two measurement categories:
- at amortized costs
- at fair value through profit or loss

In principle, all financial liabilities in the Daimler Truck Group are measured at amortized costs. An exception are derivative financial liabilities and the puttable instruments explained below.

The Group participates in reverse-factoring arrangements under which suppliers may elect to receive early payment from financial institutions and external banks by selling their receivables from the Group to a factor. The Daimler Truck Group classifies the financial liabilities eligible for reverse factoring arrangements as trade payables as the obligations to pay for goods or services are invoiced by a supplier. Daimler Truck considers trade payables as part of working capital. In general trade payables have an original maturity of less than 12 months. Related payments are included in cash flows from operating activities as they remain operational in nature.

Financial liabilities measured at amortized cost
The non-controlling interests held by Mercedes-Benz Grund Services GmbH in Daimler Truck Grundstückverwaltung GmbH & Co. OHGs (1-4) and in Daimler Buses Grundstücksverwaltung GmbH & Co. OHG are reported under financial liabilities recognized at amortized cost. These non-controlling interests are classified as puttable instruments because the non-controlling shareholder, Mercedes-Benz Grund Services GmbH (refer to Note 25. Financing liabilities), has the right to terminate and return its share in exchange for a severance payment. Therefore, the non-controlling interests are accounted for as financial liabilities according to IAS 32 “Financial Instruments: Presentation”. After initial recognition, the financial liabilities are subsequently measured at amortized cost using the effective interest method. The measurement of the puttable instruments in commercial real-estate partnerships equals the present value of the redemption amount in the event of termination of the shareholding.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include derivative financial liabilities.

Determination of fair value
Financial assets and liabilities measured at amortized costs
The fair values of receivables from financial services with variable interest rates are estimated to be equal to the respective carrying amounts, because the agreed-upon interest rates and those available in the market do not significantly differ. The fair values of receivables from financial services with fixed interest rates are determined on the basis of discounted expected future cash flows.

Discounting is based on the current interest rates at which similar loans with identical terms could have been obtained at December 31, 2023 and December 31, 2022.

The fair values of loans, commercial papers, notes/bonds and liabilities from ABS transactions reported as financing liabilities are calculated as the present values of the estimated future cash flows, taking credit premiums and credit risks into account. Market interest rates for the appropriate terms are used for discounting. The fair values of the puttable instruments in commercial real-estate partnerships approximately equal to the carrying amounts.

For current receivables and liabilities, it is assumed that the fair values are equal to the carrying amounts due to the short terms and the fundamentally lower credit risk of these financial instruments. These include trade receivables and payables measured at amortized costs, other financial assets and liabilities, cash and cash equivalents, similar investments and obligations from sales transactions.

Financial assets and liabilities measured at fair value
Marketable debt securities and equity instruments recognized at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices are not available for individual debt and equity instruments, fair value measurement is based on parameters for which either directly or indirectly derived quoted prices are available on an active market. The fair values are calculated using recognized financial mathematical models, such as discounted cash flow models or multiplier models. The marketable debt securities measured at fair value through profit or loss only include money market funds.

Derivative financial instruments that are not included in hedge accounting are reported in the items other financial assets or liabilities. The fair value of listed derivatives is equal to their positive or negative market value.

If no market values are available, these are calculated using standard financial valuation models such as discounted cash flow or option-pricing models. The procedure is as follows:

- For cross-currency interest rate swaps and interest rate hedging instruments (e.g. interest-rate swaps), the fair values are calculated on the basis of discounted, estimated future cash flows, taking account of credit premiums and default risks. The market interest rates applicable to the remaining terms of the financial instruments were used.
- For currency forwards, the valuation is based on forward curves quoted on the market.
- For power purchase agreements, the valuation is based on the discounted cash flow model, where observable, stock market prices and other fundamental data is used.

Hedge accounting
The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operating or financing activities or liquidity management. Hedging relationships are created for currency and interest rate risks.

Hedges in which the valuation effects from the underlying and hedging transactions largely offset each other in the Consolidated Statement of Income are largely not included in hedge accounting.

Derivatives that are not or no longer included in hedge accounting continue to hedge financial risks from operational business. The hedging instrument is terminated when the underlying transaction no longer exists or is no longer expected.

If the requirements of IFRS 9 for the accounting of hedging relationships (hedge accounting) are fulfilled, the Daimler Truck Group designates and documents the hedging relationship from this point on as a fair value hedge or as a cash flow hedge.

Cash flow hedges are designated in connection with the hedging of currency and interest rate risks. The hedged underlying transactions represent highly probable expected transactions in the case of currency risks and variable-interest financial liabilities in the case of interest rate risks.

Fair value hedges are designated in connection with the hedging of interest rate risks. The secured underlying transactions are fixed-interest financial liabilities.

The effectiveness of the hedge is assessed at the beginning and during the hedging relationship. The critical terms match method is used to prospectively measure the effectiveness of currency risk hedges, while regression analysis is used for the hedge of interest rate risks.

If the option is taken to exclude the forward element or cross currency basis spread component from the hedging relationship, they are deferred as hedge costs in other comprehensive income. Further explanations on hedge currency and interest rate risks can be found in Note 34. Management of financial risks.

Pensions and similar obligations
The balance of defined benefit plans for pensions and other similar pension benefits as well as plan assets (net pension obligation or net pension assets) is discounted with the discount rate used to measure the gross pension obligation. The resulting net interest expense or income is recognized in profit or loss under interest expense or interest income in the Consolidated Statement of Income. The other expenses resulting from pension obligations and other similar pension benefits, which mainly result from entitlements acquired during the year under review, are recognized in the functional costs in the Consolidated Statement of Income.

The discount factors used to calculate the present values of defined benefit pension obligations are to be determined – with maturities and currencies matching the pension payments – by reference to market yields at the end of the reporting period on high-quality corporate bonds in the respective markets. For very long maturities, there are no high-quality, fixed-interest corporate bonds available as a benchmark. The respective discount factors are estimated by extrapolating current market rates along the yield curve.

Provisions for other risks
A provision for warranties is recognized when a product is sold or when a new warranty program is initiated. The measurement of warranty costs are primarily based on historical experience.

Restructuring provisions are recognized in connection with programs that materially change the scope or nature of the business activities of a segment or business unit. In most cases, restructuring expenses include termination benefits and compensation payments to dealers and suppliers. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Contract and refund liabilities
Contract liabilities:
The Daimler Truck Group recognizes a contract liability for the obligation to transfer goods or services to a customer for which the Daimler Truck Group has received (or will receive) consideration from that customer.

Contract liabilities arise for the Daimler Truck Group especially from prepaid service and maintenance contracts and extended warranties.

Refund liabilities:
A refund liability arises if the Daimler Truck Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. A refund liability is measured at the amount of consideration received for which the Daimler Truck Group does not expect to be entitled and is thus not included in the transaction price.

Refund liabilities arise at the Daimler Truck Group in particular from the following circumstances:

- obligations from sales transactions (especially performance bonuses, discounts and other price concessions) in the scope of IFRS 15, and
- sales with the right of return and residual value guarantees.

Share-based payment
Share-based payment comprises cash-settled liability awards.

The liability-based remuneration plans are measured at fair value on each balance sheet date until they are settled and the obligation is recognized as a provision under consideration of the vesting period. The profit or loss to be recognized in the reporting period corresponds to the addition to and/or the reversal of the provision during the reporting period and the dividend equivalent paid during the period and is included in functional costs.

Presentation in the Consolidated Statement of Cash Flows
The Daimler Truck Group uses the indirect method for the determination of cash flows from operating activities. Interest paid as well as interest and dividends received are classified as cash flows from operating activities. The cash flows from short-term marketable debt securities with high turnover rates and significant amounts are offset and presented within cash flows from investing activities.

Consideration of sustainability-related aspects in connection with the recognition and measurement of assets and liabilities
Sustainability is an important component of the Daimler Truck Group's long-term objectives and therefore of many of its strategic projects. The aim is to develop sustainable and consequently future-proof transport solutions for goods traffic and passenger transport and to put them on the road. This also includes Daimler Truck Group's objective to offer only new vehicles that are CO_2-neutral in driving operation by 2039 in Europe, North America and Japan. Sustainability is an integral part of the core business and part of corporate responsibility.

Complete zero emissions only works on the basis of battery-powered and hydrogen-powered vehicles. The Daimler Truck Group already has emission-free truck and bus models in series production in Europe, America and Asia (further information can be found in the sustainability section at Daimler Truck as part of the combined management report under Responsible corporate governance). In the coming years, not only more vehicles with battery drives, but also hydrogen-based vehicles will follow. In addition, the Group will continue to expand its technology path in the future and explore the potential of additional battery and charging options. Given the importance of ensuring the right infrastructure is in place to support these zero-emission vehicles on the road, the Daimler Truck Group is planning to develop an efficient charging infrastructure with selected partners.

The climate-related impacts associated with the transformation of the commercial vehicle business are taken into account when recognizing and measuring the Group's assets and liabilities. Estimates and discretionary decisions in connection with sustainability-related aspects are particularly relevant when accounting for the assets and liabilities described below:

The desired shift from combustion engines to zero-emission vehicles as well as the changing customer demand for more sustainable products are reflected in the fact that the focus in all vehicle segments will continue to be on development projects related to zero-emission vehicles in the coming years. In addition to changing customer demand, these development projects are strongly influenced by technology and infrastructure developments as well as emissions regulations. It can be assumed that the share of development costs for combustion vehicles will continue to decrease and the share of zero-emission vehicles will continue to increase. When determining and checking the useful lives of capitalized development costs, the expected product life is taken into account. The transformation of the commercial vehicle business to zero-emission vehicles can impact the originally expected product life cycles. As at the reporting date, no adjustments were made to the useful lives of capitalized development costs due to changes in the expected product life cycles as a result of the transformation in the Daimler Truck Group.

Due to the transformation to zero-emission vehicles, the useful lives of the Daimler Truck Group's property, plant and equipment must be assessed regularly. Daimler Truck plans to produce zero-emission vehicles largely at the same production facilities. This is already happening at the large production sites in Germany and the USA. This will allow us to respond flexibly to customer demand in the future. As at the reporting date, the review of the useful lives of property, plant and equipment revealed no need for adjustment due to the flexible use of production facilities within the Group. In addition, all necessary investments in property, plant and equipment relating to transformation have been considered in the corresponding planning.

The impairment test of the CGUs reflects these transformation targets within the forecast planning periods and in the calculation of the terminal value. The determination of the terminal value is based on a steady state. In order to take into account the Daimler Truck Group’s goal of achieving a 60% share of sales of CO_2-neutral commercial vehicles in the triad markets by 2030, assumptions for a steady increase in the share of zero-emission vehicles in the respective markets are taken into account in the planning periods. Since the main transformation objectives are outside of the detailed planning period, assumptions about the shifting of revenues, costs (incl. development costs) and corresponding investments are reflected in the terminal value. These parameters are reflected in the annual impairment tests of our vehicle-related CGU.

The increasing regulatory requirements on CO_2 emissions are accelerating the Daimler Truck Group’s transformation to zero-emission vehicles. If the regulatory requirements are not met or the emission limit values are exceeded, fines must be paid to the authorities. The provisions for potential fines are based on estimates and may increase further in the future due to stricter or new regulatory requirements. New regulatory requirements on CO_2 emissions from vehicle sales that come into force from 2025 are already known today. As at the reporting date, no provisions for payments to authorities due to the Daimler Truck Group exceeding the emission limit had to be recognized.

The Daimler Truck Group has concluded Power Purchase Agreements with terms until 2044. These are accounted for either as leases in accordance with IFRS 16, derivatives in accordance with IFRS 9 or pending contracts in accordance with IAS 37. Overall, these contracts are currently of minor importance to the Group in relation to the total electricity demand and in terms of their significance for the liquidity and capital resources, financial position and profitability.

2. Accounting estimates and management judgments

In the Consolidated Financial Statements, to a certain degree, estimates and management judgments have to be made which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date, and the amounts of income and expense reported for the period. The major items affected by such estimates and management judgments are described as follows. Actual amounts may differ from the estimates and management judgments. Changes can have a material impact on the Consolidated Financial Statements.

Recoverability of cash-generating units and equity-method investments
To determine the recoverable amounts of cash-generating units, estimates have to be used as part of impairment tests for non-financial assets. Assumptions have to be made in particular with regard to future cash inflows and outflows for the planning period and the following periods. The estimates mainly relate to assumptions regarding future market shares and the growth of the respective markets, as well as regarding the products' profitability.

When objective evidence of impairment or impairment reversal is present, estimates and assessments also have to be made to determine the recoverable amount of an equity-method investment. In this context, assumptions must be made regarding future business developments in order to determine the expected future cash flows of that financial investment. Refer to Note 14. Equity-method investments, for the presentation of carrying amounts of equity-method investments.

Recoverable amount of equipment on operating leases
The Daimler Truck Group regularly reviews the factors determining the values of its leased vehicles. In particular, it is necessary to estimate the residual values of vehicles at the end of their leases, which constitute a substantial part of the expected future cash flows from leased assets. In this context, assumptions are made regarding major influencing factors, such as the expected number of returned vehicles, the latest remarketing results and future vehicle model changes. Those assumptions are determined either by qualified estimates or by publications provided by expert third-parties; qualified estimates are based, as far as publicly available, on external data with consideration of internally available additional information such as historical experience of price developments and recent sale prices. The residual values thus determined serve as a basis for depreciation; changes in residual values lead either to prospective adjustments of the depreciation or, in the case of a significant decline in expected residual values, to an impairment. If depreciation is prospectively adjusted, changes in estimates of residual values do not have a direct effect but are equally distributed over the remaining periods of the lease contract.

Recoverability of receivables from financial services
The Daimler Truck Group regularly estimates the risk of default on receivables from financial services. Many factors are taken into consideration in this context, including historical loss experience, the size and composition of certain portfolios, current economic events and conditions and the current fair values and adequacy of collaterals. In addition to historical and current information on losses, appropriate and reliable forward- looking information on factors is also included. This information includes macroeconomic factors (e.g. GDP growth, unemployment rate, cost-performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are determined using a scenario analysis (baseline scenario, optimistic and pessimistic scenario). Further external information, which cannot be depicted in the scenarios, is – as far as necessary – included in the assessment through subsequent adjustments. Changes to the estimation and assessment of these factors influence the allowance for credit losses with a resulting impact on the Group's net profit. Refer to Note 15. Receivables from financial services and Note 34. Management of financial risks for further information.

Product warranties
The recognition and measurement of provisions for product warranties is generally associated with a lot of estimates.

The Group provides various types of product warranties depending on the type of product and market conditions. Provisions for product warranties are generally recognized when vehicles are sold or when new warranty programs are initiated. Based on historical warranty-claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill, as well as on possible recall campaigns per model series. These assessments are based on past experience with regard to the frequency and extent of vehicle faults and defects. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information. Further information on provisions for other risks is provided in Note 24. Provisions for other risks.

Liability and litigation risks and regulatory proceedings
Various legal proceedings, claims and regulatory investigations are pending against the Daimler Truck Group on a wide range of topics. If the outcome of such legal proceedings is detrimental to the Daimler Truck Group, the Group may be required to pay substantial compensatory and punitive damages, to undertake remedial work, product recalls, to pay fines, or to carry out other costly actions. Litigation and regulatory investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether a current obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management. The Daimler Truck Group regularly evaluates the current stage of legal proceedings, also with the involvement of external legal counsel. It is therefore possible that the amounts of provisions for pending or potential litigation will have to be adjusted due to future developments. Changes in estimates and premises can have a material effect on the Group's future profitability. It is also possible that provisions recognized for some legal proceedings may turn out to be insufficient once such proceedings have ended. The Daimler Truck Group may also become liable for payments in legal proceedings for which no provisions were established. Although the final resolution of any such proceedings could have a material effect on the Daimler Truck Group's operating results and cash flows for a particular reporting period, management believes that it should not materially affect the Group's financial position. Further information on liability and litigation risks and regulatory proceedings is provided in Note 31. Legal proceedings.

Pensions and similar obligations
The calculation of provisions for pensions and similar obligations and the related pension cost are based on various actuarial valuations. The calculations are subject to various assumptions on matters such as current actuarially developed probabilities (e.g. discount factors

and cost-of-living increases), future fluctuations with regard to age and period of service, and experience with the probability of occurrence of pension payments, annuities or lump sums. As a result of changed market or economic conditions, the probabilities on which the influencing factors are based may differ from current developments. The financial effects of deviations of the main factors are calculated with the use of sensitivity analyses. Refer to Note 23. Pensions and similar obligations for further information.

Income taxes

The calculation of income taxes is based on the legislation and regulations applicable in the various countries. Due to their complexity, tax items presented in the Consolidated Financial Statements are possibly subject to different interpretations by taxpayers on the one hand and local tax authorities on the other. Different interpretations can occur especially in connection with the recognition and measurement of balance sheet items as well as in connection with the assessment of expenses and income. For the calculation of deferred tax assets, assumptions have to be made regarding future taxable income and the time of realization of the deferred tax benefits. In this context, the Daimler Truck Group takes into consideration, among other things, the projected operating results from subsidiaries, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. As future business developments are uncertain and are sometimes beyond the Daimler Truck Group's control, the assumptions made for accounting for income taxes in connection with the recognition of deferred tax assets are subject to a considerable degree of uncertainty.

On each balance sheet date, the Daimler Truck Group assesses the recoverability of deferred tax assets on the basis of the planned taxable income in future financial years. Deferred tax assets are only recognized if it is probable that future taxable income will be available to realize tax benefits.

3. Consolidated Group

Composition of the Group
Table ↗ D.08 shows the composition of the Group. A list of the companies included in the Consolidated Financial Statements and the shareholdings of the Daimler Truck Group pursuant to Section 313 of the German Commercial Code (HGB) is provided in the statement of investments, refer to Note 42. Additional information.

The total assets in the Statement of Financial Position of subsidiaries, associated companies, joint ventures and joint operations recognized at (amortized) cost, which are of minor significance due to their dormant status or only minor business activities for the Daimler Truck Group and for the presentation of a true and fair view fair presentation of its profitability, liquidity and capital resources, and financial position, would account for approximately 1% of the Group's total assets; the aggregate of revenue and net profit would amount to approximately 1% of the Group's revenue and net profit.

Structured entities
The structured entities of the Daimler Truck Group are rental companies and asset-backed-securities (ABS) companies. The purpose of the rental companies is primarily the acquisition, renting-out and management of assets. The ABS companies are primarily used for the Daimler Truck Group's refinancing. The assets transferred to structured entities usually result from the Daimler Truck Group's leasing and sales financing business. Those entities refinance the purchase price by issuing securities.

At the reporting date, the Daimler Truck Group has business relationships with four controlled structured entities. In addition, the Daimler Truck Group had relationships with five non-controlled structured entities.

Assets and liabilities held for sale
As of December 31, 2023 there were no significant assets and liabilities held for sale (Further information can be found in the Fundamentals of the Group section in the combined management report under Important Events).

D.08
Composition of the Group

	At December 31, 2023	2022
Consolidated subsidiaries	128	125
Germany	17	13
International	111	112
Unconsolidated subsidiaries	22	22
Germany	7	8
International	15	14
Joint operations accounted for using the equity method	1	1
Germany	–	–
International	1	1
Joint ventures accounted for using the equity method	5	8
Germany	1	1
International	4	7
Associated companies accounted for using the equity method	6	6
Germany	1	1
International	5	5
Joint operations, joint ventures, associated companies and material other investments accounted for at (amortized) cost	11	11
Germany	6	5
International	5	6
Significant other investments accounted for at fair value	5	4
Germany	3	2
International	2	2
Total	178	177

4. Business combinations

Acquisition of truck and bus-related Financial Services companies and business units from Mercedes-Benz Group
In 2022, subsequent to the spin-off, the Daimler Truck Group acquired the following truck and bus-related Financial Services companies and Financial Services divisions from the Mercedes-Benz Group in connection with the so-called Phase 2 transactions (together also referred to as the "acquired Financial Services business"):

- Mercedes-Benz Broker Argentina S.A. and Mercedes-Benz Servicios S.A. including the shares in its subsidiary Mercedes-Benz Compañía Financiera Argentina S.A. with registered office in Argentina, Buenos Aires (ARG)
- Daimler Truck Financial Services Belgium SA/NV with registered office in Belgium, Brussels (BEL)
- Daimler Truck Financial Services Nederland B.V. with registered office in the Netherlands, Utrecht (NL)
- Mercedes-Benz Trucks Financial Services Italia S.p.A. with registered office in Italy, Rome (ITA)
- Mercedes-Benz Renting, S.A. with registered office in Spain, Madrid (ESP-RT)
- Mercedes-Benz Financial Services UK Ltd. with registered office in the United Kingdom, Milton Keynes (UK)
- Mercedes-Benz Kamyon Finansman A.S. including the shares in its subsidiary Daimler Sigorta Aracilik Hizmetleri A.S. with registered office in Turkey, Istanbul (TR)
- Daimler Truck Financial Services España E.F.C., S.A.U. with registered office in Spain, Madrid (ESP-FS)

With the acquisition of Financial Services companies, there were already existing contractual relationships between the Daimler Truck Group as the acquirer and the acquired truck and bus-related Financial Services business ("pre-existing relationships") in the context of the transfer of trucks/buses to the Financial Services companies for renting to end customers as well as from the assumption of opportunities and risks from residual values. These contractual relationships were terminated with the acquisition of the Financial Services companies.

The determination of the purchase prices as well as the purchase price allocation including the valuation of the assets and liabilities of ARG and BEL were already completed by December 31, 2022.

The determination of the purchase prices as well as the purchase price allocation including the valuation of the assets and liabilities of NL, ITA and ESP-RT were completed by March 31, 2023. The finalization did not lead to any changes compared to December 31, 2022.

The determination of the purchase prices as well as the purchase price allocation including the valuation of the assets and liabilities of UK were completed by June 30, 2023. The finalization did not lead to any significant changes compared to December 31, 2022.

For TR and ESP-FS the determination of the purchase price was completed by June 30, 2023. For TR, this did not lead to any changes compared to December 31, 2022. The liability which had been unpaid as of December 31, 2022 was settled in Q2 2023. For ESP-FS, there was a change in the purchase price and the fair value of the pre-existing relationships as of September 30, 2023 compared to December 31, 2022. This did not lead to any material impact on the Consolidated Financial Statements as of December 31, 2023.

Table ↗ D.09 presents the updated determination of the consideration transferred for ESP-FS as of September 30, 2023.

The purchase price allocation including the valuation of the assets and liabilities for TR and ESP-FS were finalized by September 30, 2023. The update as of September 30, 2023 did not result in any material changes compared to December 31, 2022.

D.09
Consideration transferred in business combinations

In millions of euros	ESP-FS
Purchase prices of share deal transactions	15
Cash outflow for repayment of financing liabilities to the Mercedes-Benz Group	193
Less cash allocated for the settlement of pre-existing relationships	-44
Total consideration transferred	**164**
Paid by December 31, 2023	164
Cash acquired	-6
Net consideration transferred by December 31, 2023	**158**

Table ↗ D.10 presents the allocation of the consideration transferred to the assets acquired and liabilities assumed measured at fair value as of the respective acquisition dates for UK, TR and ESP-FS.

D.10
Assets purchased and liabilities acquired at fair value

In millions of euros	UK	TR	ESP-FS
Intangible assets	5	–	–
Property, plant and equipment	–	1	–
Equipment on operating leases	225	–	2
Receivables from financial services	448	532	155
Trade receivables	1	2	–
Cash and cash equivalents	–	75	6
Other financial assets	–	14	11
Other assets	–	2	6
Total assets	**678**	**626**	**180**
Provisions	–	2	2
Financing liabilities	–	527	–
Trade payables	–	–	4
Other financial liabilities	–	34	1
Other liabilities	–	8	4
Total liabilities	**–**	**571**	**11**
Purchased net assets	**678**	**56**	**169**
Total consideration transferred (purchase price)	**680**	**37**	**164**
Goodwill (+) or gain on bargain purchase (-)	**2**	**-19**	**-5**

5. Revenue

Revenue disclosed in the Consolidated Statement of Income includes revenue from contracts with customers and other revenue not in the scope of IFRS 15.

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories – type of products and services and geographical regions – and presented in table ↗ **D.11.** The category type of products and services corresponds to the reportable segments as presented in Note 35. Segment reporting.

Other revenue primarily comprises revenue from the rental and leasing business of €1,184 million (2022: €1,008 million), interest from Financial Services of €2,027 million (2022: €1,320 million) and effects from currency hedging. Interest from the financial services business includes financial income on the net investment in leases of €283 million (2022: €187 million).

Revenue according to IFRS 15 includes revenue that was previously included in contract liabilities at December 31, 2022 that amounted to €865 million in 2023 (revenue in 2022 that was previously included in contract liabilities at January 1, 2022: €1,043 million) and revenue from performance obligations of €93 million (2022: €99 million), which were met or partially met in previous periods.

In addition, the revenue in the prior year in accordance with IFRS 15 included revenue from the second quarter of 2022 from a license agreement with Beijing Foton Daimler Automotive Co., Ltd. (BFDA), an equity-method financial investment of the Daimler Truck Group, presented within the Mercedes-Benz segment.

D.11

Revenue

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total segments	Reconciliation	Daimler Truck Group
2023								
Revenue according to IFRS 15	**23,463**	**20,986**	**7,014**	**4,374**	**216**	**56,054**	**-3,342**	**52,712**
Europe	**180**	**14,397**	**480**	**3,039**	**104**	**18,201**	**-1,046**	**17,154**
North America	**22,964**	**1,197**	**108**	**440**	**37**	**24,746**	**-1,288**	**23,459**
Asia	**6**	**1,953**	**5,721**	**94**	**15**	**7,790**	**-716**	**7,074**
Latin America[1]	**122**	**2,281**	**171**	**700**	**21**	**3,295**	**-249**	**3,046**
Other markets	**190**	**1,157**	**533**	**102**	**39**	**2,021**	**-42**	**1,979**
Other revenue	**29**	**652**	**47**	**192**	**2,458**	**3,377**	**-199**	**3,178**
Total revenue	**23,492**	**21,638**	**7,060**	**4,566**	**2,674**	**59,431**	**-3,541**	**55,890**

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total segments	Reconciliation	Daimler Truck Group
2022								
Revenue according to IFRS 15	21,985	19,650	6,466	3,494	176	51,771	-3,139	48,632
Europe	207	12,213	381	2,456	42	15,299	-864	14,435
North America	21,408	1,182	130	256	46	23,022	-1,285	21,737
Asia	8	1,905	5,166	62	17	7,158	-689	6,469
Latin America[1]	175	3,442	222	643	22	4,504	-253	4,251
Other markets	187	908	567	77	49	1,788	-48	1,740
Other revenue	54	563	33	195	1,583	2,428	-115	2,313
Total revenue	22,039	20,213	6,499	3,689	1,759	54,199	-3,254	50,945

1 Excluding Mexico.

At December 31, 2023, it was anticipated that future revenue of €3,706 million (2022: €3,373 million) related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period will be realized within the next three years. This revenue is mainly derived from long-term service and maintenance contracts and extended warranties. It does not include performance obligations from customer contracts that have initial expected durations of one year or less. Any long-term performance obligations considered of minor importance to the overall contract value of a bundled contract are not considered in assessing the initial duration of the bundled contract.

Revenue by segment is shown in table ↗ D.88 and by region in table ↗ D.90 in Note 35. Segment reporting.

6. Functional costs

Cost of sales

Items included in cost of sales are shown in table ↗ D.12.

D.12
Cost of sales

In millions of euros	2023	2022
Expense of goods sold	-40,273	-38,717
Depreciation of equipment on operating leases	-804	-716
Refinancing costs at Financial Services	-1,424	-726
Impairment losses on receivables from Financial Services	-88	-174
Other cost of sales	-1,379	-1,180
	-43,968	-41,513

The increase in the Group's cost of sales is mainly due to higher sales in 2023 than in 2022.

In 2023, cost of sales in the Financial Services segment was impacted by increased interest rates and a significantly increased portfolio.

Expense of goods sold includes amortization expense of capitalized development costs in the amount of €94 million (2022: €120 million).

The expense of goods sold also includes, among other expenses, cost optimization programs to reduce fixed costs (refer to table ↗ D.13).

Selling expenses

In 2023, selling expenses amounted to €2,890 million (2022: €2,928 million). Selling expenses consist of direct selling costs as well as selling overhead expenses, such as personnel expenses, material costs and other selling costs. The prior year included a special effect from the impairment of trade receivables in connection with the Russia-Ukraine war.

General administrative expenses

In 2023, general administrative expenses amounted to €2,413 million (2022: €1,957 million). They consist of expenses which are not attributable to production, sales or research and development functions, such as personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs. The increase in 2023 was primarily due to higher personnel costs and IT costs.

Research and non-capitalized development costs

In 2023, research and non-capitalized development costs were €1,757 million (2022: €1,618 million) and primarily comprise personnel expenses and material costs.

Cost optimization programs

In 2023, expenses from cost optimization programs arose in revenue and selling expenses, which are attributable to the Mercedes-Benz segment. In the prior year, expenses from cost optimization programs in connection with the measures agreed with the General Works Council of Mercedes-Benz Group AG in December 2019 to cut the Group's costs and reduce jobs in a socially responsible manner impacted all functional cost. The expenses were primarily attributable to the Mercedes-Benz and Daimler Buses segments.

Furthermore, the Group recognized in the prior year also a restructuring provision in connection with the transformation plan announced by Mercedes-Benz do Brasil Ltda. (Brazil) in September 2022 to reduce costs and cut approximately 2,200 jobs in a socially responsible manner. The expenses were attributable to the Mercedes-Benz and Daimler Buses segments.

Table ↗ D.13 provides an overview of the composition of the total expenditure of the cost optimization programs.

D.13
Expenses associated with cost optimization programs

In millions of euros	2023	2022
Cost of sales	7	176
Selling expenses	9	5
General administrative expenses	–	42
Research and non-capitalized development costs	–	1
	16	224

Personnel expenses and average number of employees

Personnel expenses included in the Consolidated Statement of Income amounted to €8,154 million in 2023 (2022: €7,820 million). Personnel expenses comprise wages and salaries in the amount of €6,325 million (2022: €6,016 million), social-security contributions in the amount of €1,557 million (2022: €1,479 million) and expenses from pension obligations in the amount of €272 million (2022: €325 million).

Pursuant to Section 314 Subsection 1 No. 4 of the German Commercial Code (HGB), the average numbers of people employed in the Daimler Truck Group, are shown in table ↗ D.14.

D.14
Average number of employees

	2023	2022
Trucks North America	**29,291**	27,630
Mercedes-Benz	**42,146**	44,278
Trucks Asia	**16,904**	16,244
Daimler Buses	**16,756**	16,385
Financial Services	**1,903**	1,577
Central Functions & Services[1]	**2,933**	2,324
	109,933	108,438

1 Including entities which are not allocated to reportable segments and are presented under reconciliation within the segment reporting.

Information on the total remuneration of the key management personnel active is provided in Note 39. Remuneration of the members of the Board of Management and the Supervisory Board.

7. Other operating income and expense

The composition of other operating income is shown in table ↗ D.15.

D.15
Other operating income

	2023	2022
In millions of euros		
Gain on bargain purchase related to Phase 2 transactions	**4**	123
Income from the termination of pre-existing relationships	**–**	44
Income from costs recharged	**301**	310
Government grants and subsidies	**55**	51
Gain on disposal of property, plant and equipment	**24**	34
Rental income not relating to sales financing	**43**	42
Miscellaneous other operating income	**238**	276
	664	880

In 2023, other operating income included income from the contribution in kind of the on-highway IP rights to the medium-duty Daimler truck engines to DEUTZ AG. The prior year included other operating income from the gain on bargain purchase for acquisitions at a price below market value of €123 million and income from the termination of pre-existing relationships of €44 million due to the acquired Financial Services business. Explanations can be found in Note 4. Business combinations.

Income from costs recharged includes income from licenses and patents, as well as freight costs and other costs recharged, with related expenses primarily within the functional costs.

Government grants and subsidies mainly comprise reimbursements relating to current partial retirement contracts and subsidies for alternative drive systems.

The composition of other operating expense is shown in table ↗ D.16.

D.16
Other operating expense

	2023	2022
In millions of euros		
Loss on disposal of property, plant and equipment	**-41**	-18
Miscellaneous other operating expense	**-60**	-159
	-101	-177

Miscellaneous other operating expense also includes provisions for liability and litigation risks and regulatory proceedings.

8. Other financial income/expense, net

Table ↗ D.17 shows the components of other financial income/expense, net.

D.17
Other financial income/expense, net

	2023	2022
In millions of euros		
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	**-128**	139
Miscellaneous other financial income/expense, net	**-4**	-49
	-132	90

9. Interest income and interest expense

Table ↗ D.18 shows the components of interest income and interest expense.

D.18
Interest income and interest expense

	2023	2022
In millions of euros		
Interest income		
Interest and similar income	384	198
	384	198
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-55	-55
Interest and similar expense	-186	-190
	-241	-245

10. Income taxes

Table ↗ D.19 shows the components of income taxes.

D.19
Components of income taxes

	2023	2022
In millions of euros		
Current taxes	-1,620	-1,062
Deferred taxes	264	376
	-1,355	-686

The current tax expense includes tax income recognized for prior periods of €38 million (2022: expense of €4 million).

The deferred taxes are comprised of the components shown in table ↗ D.20.

D.20
Components of deferred tax income (+) or expense (-)

	2023	2022
In millions of euros		
Deferred taxes due to temporary differences	147	342
Deferred taxes due to tax loss carryforwards and tax credits	117	34
	264	376

Daimler Truck Holding AG is domiciled in Germany with an applicable income tax rate of 29.8% in both 2023 and 2022. It consists of a federal corporate income tax rate of 15.0%, a solidarity tax surcharge of 5.5% on each year's federal corporate income taxes, and a trade tax rate of 14.0%. The deferred taxes were measured using the substantively enacted tax rates of the respective tax jurisdictions.

Table ↗ D.21 shows a reconciliation of expected income tax expense to actual income tax expense determined using the unchanged applicable German combined statutory tax rate of 29.8%.

D.21
Reconciliation of expected income tax expense to actual income tax expense

	2023	2022
In millions of euros		
Expected income tax expense	-1,589	-1,029
Foreign tax rate differential	136	133
Trade tax rate differential	9	5
Tax law changes	38	-19
Change in unrecognized deferred tax assets	184	364
Tax-free income and non-deductible expenses	-107	-126
Other	-27	-14
	-1,355	-686

The change in unrecognized deferred tax assets in 2023 predominantly results from the reversal of a valuation allowance on deferred tax assets of an Indian subsidiary.

Tax-free income and non-deductible expenses include effects from non-German and German legal entities and operations, for example, from tax-free dividends and non-deductible expenses resulting from such dividends.

The Other effects primarily relate to foreign currency effects, inflationary effects and withholding taxes.

In the Consolidated Statement of Financial Position, deferred tax assets and liabilities are presented as shown in table ↗ **D.22**.

D.22

Deferred tax assets and liabilities

	2023	2022
In millions of euros		
Deferred tax assets	1,873	1,643
Deferred tax liabilities	-40	-65
Deferred tax assets, net	1,833	1,578

In respect of each type of temporary difference and in respect of each type of unutilized tax loss carryforwards and unutilized tax credits, the deferred tax assets and liabilities before offset are summarized in table ↗ **D.23**.

D.23

Split of deferred tax assets and liabilities before offset

	At December 31, 2023	2022
In millions of euros		
Intangible assets	80	81
Property, plant and equipment	89	51
Equipment on operating leases	117	63
Inventories	280	235
Receivables from financial services	160	161
Miscellaneous assets, mainly other financial assets	1,266	1,286
Tax loss carryforwards and unused tax credits	562	530
Provisions for pensions and similar obligations	181	175
Other provisions	1,032	928
Liabilities	999	1,060
Deferred income	780	733
Miscellaneous liabilities	–	17
	5,546	5,320
Unrecognized deferred tax assets	-666	-716
thereof on temporary differences	-267	-248
thereof on tax loss carryforwards	-399	-468
Deferred tax assets, gross	4,880	4,604
Development costs	-192	-228
Other intangible assets	-45	-50
Property, plant and equipment	-621	-735
Equipment on operating leases	-785	-750
Inventories	-60	-63
Receivables from financial services	-248	-148
Miscellaneous assets	-148	-117
Provisions for pensions and similar obligations	-863	-857
Other provisions	-18	-27
Miscellaneous liabilities	-68	-51
Deferred tax liabilities, gross	-3,047	-3,026
Deferred tax assets, net	1,833	1,578

The development of net deferred tax assets, is shown in table ↗ **D.24**.

D.24

Change of deferred tax assets, net

	2023	2022
In millions of euros		
Deferred tax assets, net as of January 1	1,578	1,320
Deferred tax benefit/expense in the Consolidated Statement of Income	264	376
Change of deferred tax assets/ liabilities on equity instruments / debt instruments included in other comprehensive income	-3	-1
Change of deferred tax assets/ liabilities on derivative financial instruments included in other comprehensive income	31	-33
Change of deferred tax assets/ liabilities on actuarial gains/ losses from defined benefit pension plans included in other comprehensive income	-2	-153
Other changes[1]	-35	69
Deferred tax assets, net as of December 31	1,833	1,578

1 Other changes primarily relate to effects from currency translation.

Tax expense that was recognized in comprehensive income is as shown in table ↗ **D.25**.

D.25

Total comprehensive income

	2023	2022
In millions of euros		
Income tax expense in the Consolidated Statement of Income	-1,355	-686
Income tax expense or benefit recognized in other reserves	25	-187
	-1,330	-873

Deferred tax assets have not been recognized for the items shown in table ↗ D.26 because the Daimler Truck Group believes that the recoverability of those deferred tax assets is either not probable or it cannot be reliably documented that sufficient future taxable income will be available against which the benefits therefrom can be offset.

D.26
Items for which no deferred tax assets were recognized

	2023	2022
In millions of euros		
Deductible temporary differences	815	762
Tax losses carried forward	1,435	1,535
	2,250	2,297

The expiry of the tax losses carried forward, for which no deferred tax assets were recognized, are shown in table ↗ D.27.

D.27
Tax losses carried forward for which no deferred tax asset were recognized

	2023	2022
In millions of euros		
No expiry	1,063	1,364
Expiry		
within one to five years	196	73
within six to ten years	39	17
after more than ten years	137	81
	1,435	1,535

The Daimler Truck Group incurred tax losses in 2023 or 2022 in some subsidiaries. After offsetting the deferred tax assets against deferred tax liabilities, the net deferred tax assets recognized at the Daimler Truck Group from these subsidiaries amount to €372 million at December 31, 2023 (December 31, 2022: €449 million). The Daimler Truck Group considers it probable that sufficient taxable profit will be available in the future to utilize these deferred tax assets. The current assessment of the recoverability of deferred tax assets that are considered recoverable by the Daimler Truck Group may change in the future and result in higher or lower deferred tax assets.

From the current perspective, the retained earnings of non-German subsidiaries are largely intended to be reinvested in those subsidiaries. The Daimler Truck Group did not recognize deferred tax liabilities on retained earnings of non-German subsidiaries of €5,248 million (December 31, 2022: €7,115 million), which are intended to be reinvested. If those earnings were paid out as dividends, an amount of 5.0% would be taxed under German taxation rules and, if applicable, would be subject to non-German withholding tax. Additionally, income tax consequences might arise if the dividends first have to be distributed by a non-German subsidiary to a non-German intermediate holding company. Normally, the distribution would lead to an additional income tax expense. It is not practicable to estimate the amount of taxable temporary differences therefrom.

In the Group, several years have not been finally assessed for tax purposes. The Daimler Truck Group believes that it has recognized sufficient liabilities for these open assessment years. Nevertheless, it cannot be ruled out that tax payments might exceed the liabilities recognized in the financial statements.

To compensate for tax risks arising from periods prior to the spin-off date, Daimler Truck Holding AG agreed to refund future tax arrears payments from tax audits for periods in which the truck business was operated in a separate legal entity and for which Mercedes-Benz Group AG had not already recognized any provisions for tax risks. The fair value of the liability is measured at zero.

Daimler Truck Holding AG is headquartered in Germany which in December 2023 enacted a new legislation implementing the EU Minimum Taxation Directive to ensure a global minimum taxation for groups of companies (Minimum Tax Act). The legislation introduces the global minimum top-up tax based on the “Pillar Two Model Rules” published by the Organization for Economic Co-operation and Development (OECD). The Minimum Tax Act generally applies to all financial years beginning after 30 December 2023.

Daimler Truck Holding AG, as the parent company of the Daimler Truck Group, is the ultimate parent entity for the Daimler Truck Group companies within the meaning of the Minimum Tax Act. The Daimler Truck Group is therefore directly affected by the worldwide implementation of the global minimum taxation.

If the global minimum taxation had already come into force in 2023, this would not result in any top-up taxes for the Daimler Truck Group according to current assessments. Daimler Truck also assumes that no significant top-up taxes are to be expected from the future application of the German Minimum Tax Act or corresponding foreign legislation.

11. Intangible assets

The development of intangible assets is shown in table ↗ D.30.

Intangible assets that are not subject to scheduled amortization include assets with an indefinite useful life, such as goodwill, distribution rights and trademarks, and development costs for which the underlying projects are not yet completed. The Group intends to continue to use these assets. Table ↗ D.28 shows goodwill by segment and within reconciliation in the segment reporting. Intangible assets with indefinite lives, excluding goodwill, are €1,074 million at December 31, 2023 (December 31, 2022: €1,077 million). Development costs, where the underlying projects have not yet been completed, amount to €384 million at December 31, 2023 (December 31, 2022: €342 million).

D.28

Goodwill by segment

	At December 31,	
In millions of euros	**2023**	2022
Trucks North America[1]	**284**	253
Mercedes-Benz[1]	**167**	201
Trucks Asia	**82**	85
Daimler Buses	**4**	4
Financial Services	**7**	9
Reconciliation[2]	**121**	122
	666	674

1 Changes from 2022 to 2023 primarily relate to the reclassification of the entity Ukuvela Holdings Proprietary Limited from segment Mercedes-Benz to Trucks North America.
2 Goodwill within reconciliation relates to the TORC Robotics, Inc. cash-generating unit.

Other intangible assets includes the license agreement for the right-to-use of the Mercedes-Benz brand with carrying amount of €932 million (December 31, 2022: €932 million). The use of the brand is for an indefinite period of time, and was agreed in 2021 between Daimler Truck AG with the Mercedes-Benz Intellectual Property GmbH & Co. KG - a member of the Mercedes-Benz Group. The brand is part of the annual impairment test at the level of the CGUs Mercedes-Benz and Daimler Buses.

For the annual impairment test of assets that are not subject to scheduled amortization at the CGU level, the following risk-adjusted interest rates were used to determine the value in use:

- For the vehicle-related CGUs, the rounded risk-adjusted interest rates used to discount the cash flows for each cash-generating unit are 9.0% after tax/ 12.0% before taxes (December 31, 2022: 9.0% after tax/ 12.0% before taxes). The main assumptions used for cash flows are sales trends, which, for all tested CGUs, on average slightly increase over the detailed planning period, and return on sales, which generally also slightly increase.

- For the Financial Services CGU a risk-adjusted interest rate of 10.0% after taxes/ 14.0% before taxes is applied (December 31, 2022: 10.0% after taxes/ 14.0% before taxes). The main assumptions used are the return on equity and growth in new business, which on average slightly increase over the detailed planning period. Return on equity is considered on an adjusted basis by excluding any special or one-off effects.

- For the TORC Robotics, Inc. CGU, a risk-adjusted rate of 20.0% after taxes/26.0% before taxes is applied, representing the innovative product of the CGU (December 31, 2022: 18.5% after taxes/25.0% before taxes).

The discount rate for the Financial Services CGU represents the cost of equity, whereas the risk-adjusted interest rate for the cash-generating units of the automotive business and TORC Robotics, Inc. are based on the weighted-average cost of capital (WACC).

The impairment test as of December 31, 2023 did not require any impairment.

Table ↗ D.29 shows the line items of the Consolidated Statement of Income in which the total amortization expense for intangible assets is included.

D.29

Amortization expense for intangible assets in the Consolidated Statement of Income

In millions of euros	**2023**	2022
Cost of sales	**124**	150
Selling expenses	**5**	7
General administrative expenses	**19**	18
Research and non-capitalized development costs	**10**	11
	157	186

D.30
Intangible assets

	Goodwill	Development costs (internally generated)	Other intangible assets[2]	Total
In millions of euros				
Acquisition/manufacturing costs				
Balance at January 1, 2022	821	2,620	2,041	5,482
Additions due to business combinations	17	–	8	25
Other additions	6	167	68	241
Reclassifications	–	–	–	–
Disposals	–	-856	-58	-914
Other changes[1]	24	-7	-23	-6
Balance at December 31, 2022	868	1,924	2,036	4,828
Additions due to business combinations	**6**	**–**	**13**	**19**
Other additions	**–**	**209**	**71**	**280**
Reclassifications	**–**	**7**	**-7**	**–**
Disposals	**-3**	**-437**	**-47**	**-488**
Other changes[1]	**-16**	**-13**	**-62**	**-91**
Balance at December 31, 2023	**855**	**1,690**	**2,004**	**4,548**
Depreciation				
Balance at January 1, 2022	187	1,906	689	2,782
Additions	–	120	66	186
Disposals	–	-856	-49	-905
Other changes[1]	7	-6	-15	-14
Balance at December 31, 2022	194	1,164	691	2,049
Additions	**–**	**94**	**64**	**157**
Disposals	**–**	**-437**	**-39**	**-476**
Other changes[1]	**-5**	**-11**	**-41**	**-58**
Balance at December 31, 2023	**189**	**809**	**673**	**1,672**
Carrying amount at December 31, 2022	674	760	1,345	2,779
Carrying amount at December 31, 2023	**666**	**880**	**1,330**	**2,876**

1 Primarily changes from currency translation.
2 Other intangible assets include assets subject to amortization and assets with indefinite useful lives not subject to amortization. The carrying amount of the right to use the Mercedes-Benz brand at December 31, 2023 was €932 million (December 31, 2022: €932 million).

12. Property, plant and equipment

Property, plant and equipment as shown in the Consolidated Statement of Financial Position with a carrying amount of €7,979 million at December 31, 2023 (December 31, 2022: €7,993 million) includes right-of-use assets related to lessee accounting.

The development of property, plant and equipment, excluding right-of-use assets, is shown in table ↗ D.31.

During 2023, government grants of €10 million (2022: €14 million) were deducted from other additions within property, plant and equipment.

D.31

Property, plant and equipment (excluding right-of-use assets)

In millions of euros	Land, buildings and leasehold improvements	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and construction in progress	Total
Acquisition or manufacturing costs					
Balance at January 1, 2022	5,047	6,738	6,959	592	19,336
Additions due to business combinations	19	–	2	–	21
Other additions	72	94	169	563	898
Reclassifications	93	139	245	-477	–
Disposals	-35	-174	-151	-34	-394
Other changes[1]	3	69	106	8	186
Balance at December 31, 2022	5,199	6,866	7,330	652	20,047
Additions due to business combinations	**9**	**1**	**1**	**1**	**12**
Other additions	**66**	**123**	**200**	**629**	**1,018**
Reclassifications	**86**	**135**	**240**	**-462**	**–**
Disposals	**-35**	**-119**	**-120**	**-27**	**-300**
Other changes[1]	**-144**	**-106**	**-114**	**-12**	**-376**
Balance at December 31, 2023	**5,182**	**6,900**	**7,538**	**780**	**20,400**
Depreciation					
Balance at January 1, 2022	2,457	4,865	5,352	11	12,685
Additions	112	281	342	3	737
Reclassifications	–	–	–	–	–
Disposals	-15	-165	-128	-4	-312
Other changes[1]	-4	37	63	-1	96
Balance at December 31, 2022	2,550	5,018	5,629	9	13,206
Additions	**108**	**283**	**366**	**–**	**757**
Reclassifications	**-9**	**3**	**6**	**–**	**–**
Disposals	**-16**	**-101**	**-94**	**-2**	**-214**
Other changes[1]	**-55**	**-72**	**-84**	**–**	**-212**
Balance at December 31, 2023	**2,577**	**5,131**	**5,823**	**7**	**13,537**
Carrying amount at December 31, 2022	2,649	1,847	1,703	642	6,841
Carrying amount at December 31, 2023	**2,605**	**1,770**	**1,715**	**773**	**6,863**

1 Primarily changes from currency translation.

Table ↗ D.32 shows the composition of the right-of-use assets.

D.32
Right-of-use assets

	At December 31, 2023	2022
In millions of euros		
Land, leasehold improvements and buildings	1,063	1,109
Technical equipment and machinery	10	5
Other equipment, factory and office equipment	44	38
	1,117	1,152

Tables ↗ D.33 and ↗ D.34 contain additional information related to lessee accounting.

D.33
Additions and depreciations for right-of-use assets

	2023	2022
In millions of euros		
Additions to right-of-use assets	285	250
Depreciation for		
Land, leasehold improvements and buildings	196	183
Technical equipment and machinery	5	1
Other equipment, factory and office equipment	18	14
	219	198

D.34
Expenses related to lessee accounting

	2023	2022
In millions of euros		
Interest expense from lease transactions	28	24
Expenses from short-term leases	60	54
Expenses from leases of low-value assets	10	5
Expenses from variable lease payments	17	12

Table ↗ D.35 includes cash outflows related to lessee accounting. Total cash outflow for leasing contracts include expense payments for interest expense, and other expenses related to lessee accounting as shown in table ↗ D.34. Future cash outflows that are not yet reflected in the lease liabilities relate to potential extension options, which are exercisable by the Group.

D.35
Cash outflows related to lessee accounting

	2023	2022
In millions of euros		
Total cash outflow for leasing contracts	330	288
Future cash outflows that are not reflected in the lease liabilities	809	874

13. Equipment on operating leases

The development of equipment on operating leases is shown in table ↗ D.36.

D.36
Equipment on operating leases

	2023	2022
In millions of euros		
Acquisition/manufacturing costs		
Balance at January 1	6,273	5,387
Additions due to business combinations (fair value)	–	402
Other additions	1,798	2,020
Disposals	-1,606	-1,538
Other changes[1]	-17	2
Balance at December 31	6,447	6,273
Depreciation/impairment		
Balance at January 1	1,840	1,845
Additions	804	716
Disposals	-767	-727
Other changes[1]	41	6
Balance at December 31	1,917	1,840
Carrying amount at January 1	4,433	3,542
Carrying amount at December 31	4,530	4,433

1 Primarily changes from currency translation.

Additions due to business combinations relate to the Financial Services business acquired in 2022. For more information, refer to Note 4. Business combinations.

Lease payments

Non-cancelable future lease payments to the Daimler Truck Group for equipment on operating leases are due as presented in table ↗ D.37.

D.37

Maturity of undiscounted lease payments for equipment on operating leases

	At December 31, 2023	2022
In millions of euros		
Maturity		
Within one year	811	827
Between one and two years	590	530
Between two and three years	478	438
Between three and four years	396	335
Between four and five years	186	182
Later than five years	115	91
	2,576	2,403

14. Equity-method investments

Table ↗ D.38 shows the carrying amounts and earnings on equity-method investments.

Table ↗ D.39 presents key figures on interests in joint ventures accounted for using the equity method in the Daimler Truck Group's Consolidated Financial Statements.

D.38

Summarized carrying amounts and gains/losses from equity-method investments

	Associated companies	Joint ventures	Joint operations	Total
In millions of euros				
At December 31, 2023				
Equity investment[1]	112	922	17	4,530
Equity earnings[1]	9	-124	6	-109
At December 31, 2022				
Equity investment[1]	120	934	19	1,073
Equity earnings[1]	14	-248	8	-226

1 Including investor-level adjustments of the Group.

D.39

Key figures on interests in joint ventures accounted for using the equity method

	Cellcentric[2]	BFDA[2]	Others[3]	Total
In millions of euros				
At December 31, 2023				
Equity interest (in %)	50.0	50.0		
Equity investment[1]	706	162	54	922
Equity earnings[1]	-50	-66	-8	-124
At December 31, 2022				
Equity interest (in %)	50.0	50.0		
Equity investment[1]	686	234	14	934
Equity earnings[1]	-53	-80	-115	-248

1 Including investor-level adjustments.
2 No dividends were paid to the Daimler Truck Group in any of the presented periods.
3 Including the impairment of the at-equity carrying amount of Daimler KAMAZ Trucks Holding GmbH in the amount of €71 million in 2022, as well as the loss on disposal in connection with the cumulative translation differences in the amount of €43 million.

Beijing Foton Daimler Automotive Co., Ltd.

Beijing Foton Daimler Automotive Co., Ltd. is a joint venture between the Daimler Truck Group (50.00%) and Beiqi Foton Motor Co., Ltd. (50.00%). The entity was founded in December 2011 and started its operations in July 2012. The main activities of Beijing Foton Daimler Automotive Co., Ltd. are the design, development, production/assembly and sales of medium and heavy-duty trucks, engines and parts. The investment is allocated to the Trucks Asia segment.

In October 2020, the Daimler Truck Group granted a technology license agreement (TLA) with the joint venture Beijing Foton Daimler Automotive Co., Ltd. in connection with the localization of Mercedes-Benz trucks for the Chinese market.

At a Group level, this transaction is a downstream transaction with a joint venture. For this reason, an elimination was recorded which reduced the investment valued at equity by €135 million (2022: €159 million).

cellcentric GmbH & Co. KG

cellcentric GmbH & Co.KG is a joint venture of the Daimler Truck Group (50.00%) and the Volvo Group (50.00%) with headquarter in Kirchheim unter Teck, Germany. cellcentric GmbH & Co. KG primarily develops, produces and markets efficient fuel cell systems. cellcentric GmbH & Co. KG's related activities are not allocated to reportable segments and presented under reconciliation within the Segment reporting.

During 2023, the Daimler Truck Group and the Volvo Group made capital contributions in a total amount of €140 million to cellcentric GmbH & Co. KG (2022: €170 million), resulting in an increase in the Daimler Truck Group's equity investment of €70 million (2022: €85 million).

Table ↗ D.40 shows summarized IFRS financial information on significant joint ventures accounted for using the equity-method after purchase price allocation which were the basis for equity-method accounting in the Daimler Truck Group.

D.40

Summarized IFRS financial information on significant joint ventures accounted for using the equity-method

	cellcentric		BFDA	
	At December 31,		At December 31,	
	2023	2022	**2023**	2022
In millions of euros				
Information on the Consolidated Statement of Income/Loss[1]				
Revenue	**18**	11	**2,999**	2,138
Depreciation and amortization	**-58**	-50	**-77**	-68
Interest income	**–**	–	**2**	1
Interest expense	**–**	-1	**-16**	-7
Income taxes	**–**	–	**-21**	-25
Profit/loss after taxes	**-100**	-107	**-126**	-150
Total comprehensive income/loss	**-100**	-107	**-126**	-150
Information on the Consolidated Statement of Financial Position[1]				
Non-current assets	**1,362**	1,304	**1,675**	1,651
Current assets	**119**	121	**1,411**	1,175
Non-current liabilities	**32**	34	**773**	613
Current liabilities	**57**	38	**1,626**	1,350
Equity (including non-controlling interests)	**1,392**	1,353	**686**	863
Reconciliation of share of IFRS equity[1] to the Group‹s equity-method carrying amounts				
Equity (excluding non-controlling interests) attributable to the Group[1]	**696**	**677**	**343**	431
Unrealized profit (-)/loss (+) on sales/purchases	**–**	**–**	**-7**	-5
Other reconciling effects including investor level adjustments[2] such as goodwill from at-equity valuation and impairment losses and reversals of impairment losses on the investment	**10**	**9**	**-173**	-192
Carrying amount of equity-method investment	**706**	**686**	**162**	234

1 Excluding investor-level adjustments.
2 Including the elimination relating to the Beijing Foton Daimler Automotive Co., Ltd. technology license agreement.

Table ↗ **D.41** shows summarized aggregated financial information for other minor equity-method investments after purchase price allocation and on a pro-rata basis. Further information on equity-method investments is provided in Note 38. Related party disclosures.

D.41

Summarized aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2023	2022	**2023**	2022
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss after taxes from continuing operations	**9**	14	**-8**	-1
Profit/loss after taxes from discontinued operations	**–**	–	**–**	-114
Other comprehensive income/loss	**–**	–	**–**	–
Total comprehensive income/loss	**9**	14	**-8**	-115

15. Receivables from financial services

Table ↗ D.43 shows the components of receivables from financial services.

Types of receivables
Receivables from sales financing with end customers include receivables from credit financing for customers who purchased their vehicles either from a dealer or directly from the Daimler Truck Group.

Receivables from sales financing with dealers include loans for dealer inventory financing programs for vehicles sold by the Industrial Business to dealers. In addition, these receivables also relate to the financing of other assets purchased by dealers from third-parties, in particular used vehicles or real estate financing (e.g. showrooms).

Receivables from finance lease contracts consist of receivables from lease contracts for which substantially all risks and rewards from the lease are transferred to the lessee.

Table ↗ D.42 shows the maturities of future contractual lease payments and the development of lease payments with the carrying amounts of receivables from finance lease contracts.

In 2023, Daimler Truck recognized a gain of €249 million as the difference between the additions to receivables from finance lease contracts and the carrying amounts of the underlying assets (especially in connection with the delivery of vehicles to consolidated companies). Due to the fact that the Phase 2 transactions took place at various times during the financial year 2022, the impact on the previous year's figures is immaterial.

D.42
Development of finance lease contracts

	At December 31,	
	2023	2022
In millions of euros		
Contractual future lease payments	**5,572**	4,343
thereof due		
within one year	**1,751**	1,447
between one and two years	**1,202**	1,240
between two and three years	**1,064**	644
between three and four years	**784**	540
between four and five years	**520**	315
later than five years	**250**	157
Unguaranteed residual values	**248**	290
Gross investment	**5,820**	4,633
Unearned finance income	**-711**	-475
Gross carrying amount	**5,109**	4,158
Loss allowances	**-86**	-116
Net carrying amount	**5,023**	4,042

Loss allowances
The development of loss allowances for receivables from financial services due to expected credit losses is shown in table ↗ D.44.

In 2023, loss allowances of €88 million were charged to the Consolidated Statement of Income in the Financial Services segment (2022: €174 million).

The decrease in loss allowances was driven by the normalization of the post-pandemic economic environment and improved portfolio performance. This was offset by the effect of the increase in the portfolio. In 2023, in addition to the utilization, loss allowances were gradually reduced in several markets due to good credit performance and improved macroeconomic outlook for the upcoming years. Future expectations are regularly updated to reflect the current macroeconomic outlook in loss allowance calculation.

The carrying amounts of receivables from financial services based on modified contracts that are shown in stages 2 and 3 amounted to €605 million at December 31, 2023 (December 31, 2022: €95 million). In addition, at December 31, 2023 carrying amounts of €39 million in connection with contractual modifications were reclassified from stages 2 and 3 to stage 1 (December 31, 2022: €68 million).

D.43
Receivables from financial services

	At December 31, 2023			At December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Gross carrying amount	**12,339**	**14,400**	**26,738**	10,264	12,707	22,971
Sales financing with end customers	**5,225**	**9,850**	**15,075**	4,491	9,080	13,571
Sales financing with dealers	**5,528**	**1,027**	**6,555**	4,441	803	5,244
Finance lease contracts	**1,586**	**3,523**	**5,109**	1,332	2,824	4,156
Loss allowances	**-192**	**-333**	**-524**	-198	-348	-546
Net carrying amount	**12,147**	**14,067**	**26,214**	10,066	12,359	22,425

Credit risks
Information on credit risks included in receivables from financial services is shown in table ↗ **D.45**.

Longer overdue periods regularly lead to higher loss allowances.

At December 31, 2023, receivables from financial services with a carrying amount of €2,298 million (December 31, 2022: €1,307 million) were pledged as collateral for liabilities from ABS transactions (refer to Note 25. Financing liabilities).

Further information on financial risk and the type of risk is provided in Note 34. Management of financial risks.

D.44

Development of loss allowances for receivables from financial services due to expected credit losses

	12-month expected credit loss (Stage 1)	Lifetime expected credit loss not credit impaired (Stage 2)	Lifetime expected credit loss credit impaired (Stage 3)	Total
In millions of euros				
Balance at January 1, 2022	94	32	272	398
Additions	110	39	152	301
Change in remeasurement	-4	20	86	102
Utilization	–	-2	-61	-63
Reversals	-59	-17	-176	-252
Transfer to stage 1	36	-11	-25	–
Transfer to stage 2	-6	18	-12	–
Transfer to stage 3	-1	-5	6	–
Currency translation and other changes	1	–	59	60
Balance at December 31, 2022	171	74	301	546
Additions	**70**	**43**	**138**	**251**
Change in remeasurement	**-59**	**14**	**66**	**21**
Utilization	**-8**	**-10**	**-49**	**-66**
Reversals	**-87**	**-36**	**-113**	**-236**
Transfer to stage 1	**52**	**-17**	**-34**	**–**
Transfer to stage 2	**-11**	**46**	**-34**	**–**
Transfer to stage 3	**-3**	**-8**	**11**	**–**
Currency translation and other changes	**-2**	**1**	**11**	**9**
Balance at December 31, 2023	**123**	**107**	**295**	**524**

D.45

Credit risks included in receivables from financial services

	12-month expected credit loss	Lifetime expected credit loss		Total
		not credit impaired	credit impaired	
	(Stage 1)	(Stage 2)	(Stage 3)	
In millions of euros				
At December 31, 2023				
Gross carrying amount	**24,293**	**1,656**	**789**	**26,738**
thereof				
not past due	**23,992**	**888**	**378**	**25,258**
past due 30 days and less	**301**	**234**	**46**	**581**
past due 31 to 60 days	**–**	**357**	**39**	**396**
past due 61 to 90 days	**–**	**177**	**50**	**228**
past due 91 to 180 days	**–**	**–**	**158**	**158**
past due more than 180 days	**–**	**–**	**118**	**118**
At December 31, 2022				
Gross carrying amount	21,211	1,184	576	22,971
thereof				
not past due	20,925	509	246	21,680
past due 30 days and less	286	346	69	701
past due 31 to 60 days	–	243	61	304
past due 61 to 90 days	–	85	29	114
past due 91 to 180 days	–	1	76	77
past due more than 180 days	–	–	95	95

16. Marketable debt securities and similar investments

Marketable debt securities and similar investments with a carrying amount of €1,808 million at December 31, 2023 (December 31, 2022: €1,145 million) are part of the Daimler Truck Group's liquidity management. It primarily comprises of financial instruments recognized at fair value through profit or loss in amount of €1,365 million (2022: €783 million) or through other comprehensive income in amount of € 443 million (2022: € 351 million).

Insofar as short-term liquidity requirements are covered by listed securities, these are presented as current assets.

The increase in marketable debt securities and similar investments in 2023 compared to 2022 is primarily attributable to money market funds, measured at fair value through profit or loss.

Further information on marketable debt securities and similar investments is provided in Note 1. General information and significant accounting policies and Note 33. Financial instruments.

17. Other financial assets

Other financial assets presented in the Consolidated Statement of Financial Position is comprised as shown in table ↗ **D.46**.

Other financial assets recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

Other financial receivables and miscellaneous other financial assets includes receivables from unconsolidated subsidiaries and, in 2022, receivables from the subsequent purchase price adjustments following the spin-off from the Mercedes-Benz Group, which are recognized at amortized cost.

At December 31, 2023, assets with a carrying amount of €145 million (December 31, 2022: €77 million) were pledged as collateral for liabilities (refer to Note 25. Financing liabilities).

Further information on other financial assets is provided in Note 33. Financial instruments.

D.46

Other financial assets

	At December 31, 2023			At December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Equity instruments and debt instruments	–	429	429	–	461	461
Recognized at fair value through other comprehensive income	–	118	118	–	96	96
Recognized at fair value through profit or loss	–	158	158	–	196	196
Measured at amortized cost	–	154	154	–	169	169
Derivative financial instruments used in hedge accounting	49	130	179	60	137	197
Other financial assets recognized at fair value through profit or loss	22	–	22	27	2	29
Other financial receivables and miscellaneous other financial assets	607	264	871	590	228	818
	678	823	1,501	677	828	1,505

18. Other assets

Non-financial other assets are comprised as shown in table **D.47**.

D.47

Other assets

	At December 31, 2023			At December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax refunds/reimbursements	144	18	162	130	37	167
Sales tax and other tax refunds/reimbursements	828	18	846	614	29	643
Other expected reimbursements	101	59	160	103	60	163
Prepaid expenses	187	22	209	156	19	175
Miscellaneous other assets	251	268	519	165	219	384
	1,511	385	1,896	1,168	364	1,532

Other expected reimbursements predominantly relate to recovery claims against suppliers in connection with issued product warranties. Miscellaneous other assets primarily relate to assets recognized in connection with sales with a right of return.

19. Inventories

Inventories are comprised as shown in table ↗ D.48.

D.48

Inventories

	At December 31, 2023	2022
In millions of euros		
Raw materials and manufacturing supplies	1,946	1,901
Work in progress	2,475	2,744
Finished goods, parts and products held for resale	4,723	4,157
Advance payments to suppliers	11	13
	9,155	8,815

In 2023, the amount of write-down of inventories to net realizable value recognized as an expense in cost of sales amounted to €91 million (2022: €60 million). Inventories that are expected to be recovered or settled after more than twelve months amounted to €252 million at December 31, 2023 (December 31, 2022: €227 million) and are primarily spare parts.

Inventories rose by €340 million in 2023. An increase in inventory values was due, among other things, to a generally higher cost base in inventories and a slightly higher level of finished goods. A positive development in global supply chains led to a lower level of work in progress.

To secure obligations from partial retirement and long-term working accounts in Germany, a portfolio of vehicles included in inventories of €45 million (December 31, 2022: €45 million) and fixed assets (leased assets) of €390 million (December 31, 2022: €354 million) was pledged as collateral to Daimler Truck Pension Trust e.V. at December 31, 2023.

20. Trade receivables

Trade receivables (non-current and current) are comprised as shown in table ↗ D.49.

D.49

Trade receivables

	At December 31, 2023	2022
In millions of euros		
Gross carrying amount - non-current and current	5,409	4,837
Loss allowances	-147	-155
Net carrying amount	5,262	4,682

Trade receivables are receivables from contracts with customers within the scope of IFRS 15.

The Daimler Truck Group transferred trade receivables amounting to €25 million (2022: €154 million) to external banks and financial institutions in exchange for cash and cash equivalents. The receivables sold were derecognized as all risks and opportunities were transferred to external banks and financial institutions.

Loss allowances
The development of loss allowances for trade receivables due to expected credit losses is shown in table ↗ D.50.

D.50

Development of loss allowances for trade receivables due to expected credit losses

	Lifetime expected credit loss		Total
	not credit impaired (Stage 2)	credit impaired (Stage 3)	
In millions of euros			
Balance at January 1, 2022	28	24	52
Additions	9	1	10
Change in remeasurement	2	93	95
Utilization	-5	–	-5
Reversals	-1	-2	-3
Transfer to stage 2	–	–	–
Transfer to stage 3	–	–	–
Currency translation and other changes	3	3	6
Balance at December 31, 2022	36	119	155
Additions	4	1	4
Change in remeasurement	4	–	3
Utilization	-1	–	-1
Reversals	-2	-1	-2
Transfer to stage 2	–	–	–
Transfer to stage 3	–	–	–
Currency translation and other changes	-4	-9	-12
Balance at December 31, 2023	37	110	147

Credit risks
Information on credit risks included in trade receivables is shown in table ↗ D.51.

Further information on financial risk and types of risk is provided in Note 34. Management of financial risks.

D.51
Credit risks included in trade receivables

	Lifetime expected credit loss		Total
	not credit impaired (Stage 2)	credit impaired (Stage 3)	
In millions of euros			
At December 31, 2023			
Gross carrying amount	**5,244**	**165**	**5,409**
thereof			
not past due	**3,987**	**57**	**4,044**
past due 30 days and less	**704**	**–**	**704**
past due 31 to 60 days	**162**	**–**	**162**
past due 61 to 90 days	**63**	**–**	**63**
past due 91 to 180 days	**168**	**1**	**169**
past due more than 180 days	**160**	**106**	**266**
At December 31, 2022			
Gross carrying amount	4,681	156	4,837
thereof			
not past due	3,857	101	3,958
past due 30 days and less	441	10	451
past due 31 to 60 days	124	4	128
past due 61 to 90 days	47	1	48
past due 91 to 180 days	83	2	85
past due more than 180 days	129	38	167

21. Equity

The individual components of equity and their development during 2023 and 2022 are presented in the Consolidated Statement of Changes in Equity of the Daimler Truck Group, refer to ↗ D.05.

Share capital

At December 31, 2023, the share capital of Daimler Truck Holding AG amounted to €822,951,882 (December 31, 2022: €822,951,882). The share capital is divided into 822,951,882 no-par-value registered shares. Pursuant to Section 67 Subsection 2 Sentence 1 of the German Stock Corporation Act (Aktiengesetz or AktG), rights and obligations arising from shares in relation to the Company exist exclusively for and against the shareholders entered in the share register. With the exception of treasury shares, which do not entitle the company to any rights, all shares confer the same rights. Each share grants its holder one vote and, with the exception of any new shares not entitled to dividends, an equal share in the profits. The rights and obligations arising from the shares are based on applicable law, in particular Sections 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act (AktG).

Treasury shares

On July 10, 2023, the Board of Management and Supervisory Board of Daimler Truck Holding AG resolved to implement a share buyback program worth up to €2 billion (excluding incidental acquisition costs) over a period of up to 24 months. Treasury shares have been acquired via the stock exchange since August 2, 2023. The shares will then be retired by way of a capital reduction.

The share buyback program is based on the authorization granted by the Annual General Meeting of Daimler Truck Holding AG on November 5, 2021, authorizing the Board of Management to acquire treasury shares, with the approval of the Supervisory Board, up to a maximum of ten percent of the share capital until October 31, 2026.

At December 31, 2023, 17,668,525 treasury shares were purchased for €557 million, and presented within the “Treasury Share” column in the Consolidated Statement of Changes in Equity. In addition, a short-term financial liability of €103 million has been recognized from the maximum purchase obligation of the current share buyback program, which has been deducted from the “Retained earnings” reserve.

For a presentation of earnings per share in accordance with IAS 33 “Earnings per Share”, refer to Note 37. Earnings per share.

Capital reserve

The capital reserve amounted to €14,277 million attributable to the spin-off and contribution transactions from 2021 to the capital reserve in accordance with Section 272 Subsection 2 No. 1 HGB.

Retained earnings

Retained earnings comprise the accumulated profit/loss after tax of Daimler Truck Holding AG and all subsidiaries included in the Consolidated Financial Statements, less distributed profits, as well as the effects of the revaluation of defined benefit pension plans less taxes.

Dividend

A proposal will be made to the Annual General Meeting to distribute €1,530 million (€1.90 per no-par value share entitled to dividend) to the shareholders from the 2023 distributable profit of Daimler Truck Holding AG and - of the remaining distributable profit - to allocate €3,300 million to retained earnings and to carry forward €724 million.

The distribution amount stated takes into account the 805,283,357 no-par value shares entitled to dividends existing on December 31, 2023. As of this time, the Company held 17,668,525 treasury shares, from which it has no rights in accordance with Section 71b German Stock Corporation Act (AktG). As the number of shares entitled to dividends will change by the date of the Annual General Meeting due to the ongoing share buyback program, a resolution proposal that is amended accordingly will be put to the vote at the Annual General Meeting. This resolution proposal will still provide for a dividend of €1.90 per no-par value share entitled to dividends. The amount of the total dividend payout will be reduced according to the changed number of no-par value shares entitled to dividends. The amount of the profit carried forward will be increased accordingly. The amount to be allocated to retained earnings will remain unchanged.

Other reserves

Other reserves comprise cumulative unrealized gains and losses from currency translation of the financial statements of consolidated foreign companies and cumulative unrealized gains and losses on the measurement of financial assets, derivative financial instruments and equity instruments.

Table ↗ D.02 shows the details of changes in other reserves in other comprehensive income or loss.

22. Share-based payment

At December 31, 2023, the Group had in place the Performance Phantom Share Plans (PPSP) from 2020 to 2022 and the Virtual Share-based Equity Plan (VSEP) 2023. The PPSP and the VSEP are measured as cash-settled share-based compensation instruments at their respective fair values as of the reporting date. They are paid at the end of their contractually defined terms; early, pro rata payments are only possible under certain conditions when leaving the Group. In the first half of 2023, the PPSP 2019 was paid out.

Moreover, 50% of the Board of Management's annual bonus (deferral) will only be paid after waiting a period of one year according to the remuneration system valid until 2022. The actual amount paid out is determined by the performance of the Daimler Truck Holding AG share compared with an automotive-related index (STOXX Europe Auto Index). The fair value of the medium-term portion of the annual bonus, which depends on this further performance, corresponds to the intrinsic value of the commitment as of the reporting date. With implementation of the remuneration system in 2023 the deferral is not applicable anymore. The annual bonus will be paid out completely in the following year after the reporting date.

The pre-tax effects of the share-based payment transactions on the Consolidated Statement of Income and the Consolidated Statement of Financial Position are shown in table ↗ D.53.

D.53

Effects of share-based payment transactions

	Expense		Provision 31 December	
	2023	2022	**2023**	2022
In millions of euros				
PPSP	**-136**	-79	**295**	281
Medium-term component of the annual bonus of the members of the Board of Management	**–**	-6	**6**	5
	-136	-85	**301**	286

Performance Phantom Share Plan and Virtual Share-based Equity Plan

In 2023, the Daimler Truck Group adapted and renamed its long-term share-based compensation. As from 2023 the Performance Phantom Share Plan (PPSP) was replaced by the Virtual Share-based Equity Plan (VSEP) and awarded to eligible employees. Under the PPSP and the VSEP, the Group grants virtual shares to eligible employees who are entitled to receive a cash payment after four years. During the four-year term between the allocation of the preliminary virtual shares and the payout of the plan at the end of the term, the virtual shares earn a dividend equivalent in the amount of the dividends paid in the respective year to actual Daimler Truck Holding AG shares.

The payout amount at the end of the term is based on the (final) number of vested virtual shares (determined after three years depending on the degree of achievement of certain key figures) multiplied by the price of the Daimler Truck Holding AG share (calculated as an average price over a specified period at the end of the four-year plan term). The vesting period is therefore four years. For the existing plans, the price of the Daimler Truck Holding AG share is limited to 2.5 times the price at the date of grant. Furthermore, the payout for the members of the Board of Management is additionally limited to 2.5 times at PPSP and 3 times at VSEP the allotment value used to determine the preliminary number of virtual shares. The limitation of the payout for the members of the Board of Management also includes the dividend equivalents.

For the VSEP 2023 currently granted, target achievement is determined on the basis of the relative share performance and selected sustainability targets of the Daimler Truck Group. The relative share performance measures the performance of the Daimler Truck Holding AG share including dividends (total shareholder return) over a three-year period compared to the performance of a pre-defined peer group, the MSCI World Industrials Index. In addition to the financial performance indicators, the VSEP 2023 includes sustainability targets relating to environmental, social and governance (ESG) topics. These sustainability targets are derived from Daimler Truck´s sustainable business strategy and thus reflect awareness of the environment and society.

For the PPSP already granted, target achievement is determined on the basis of the relative share performance, which measures the performance of an equity index including dividends (total shareholder return) based on a peer group including Daimler Truck Holding AG in comparison to the performance of the Daimler Truck Holding AG share. In addition, the return on sales (ROS) of the Daimler Truck Group is compared to the ROS of a peer group (revenue-weighted average).

For the current PPSP 2020 and 2021 the share performance and the ROS for the periods up to the spin-off were calculated based on the performance of Mercedes-Benz Group AG (former Daimler AG), and for the periods after the spin-off based on the performance of Daimler Truck Holding AG. In the period from the first trading day of the Daimler Truck Holding AG share on December 10, 2021 to December 31, 2021, the average of the prices of the shares of Mercedes-Benz Group AG (former Daimler AG) and Daimler Truck Holding AG was taken into account for the relative share performance. The performance of ROS was calculated until the end of 2021 based on Mercedes-Benz Group AG (former Daimler AG).

Special regulations apply to the PPSP 2020 and 2021 for the members of the Board of Management of Daimler Truck Holding AG, who were previously members of the Board of Management of Mercedes-Benz Group AG (former Daimler AG): The Daimler Truck Group ROS must be higher than the same average ROS of the peer group in order to obtain the same target achievement as the other plan participants. In this case, the deviation of the average ROS of the Daimler Truck Group from the average ROS of the peer group multiplied by 1.05 determines the level of the success factor. Furthermore, a limit on target achievement was agreed upon the ROS reference parameter. In the case of target achievement between 195% and 200%, an additional comparison is made based on the achieved ROS in absolute terms. Accordingly, if, in the third year of the performance period, the actual ROS of the Daimler Truck Commercial Vehicles business is below the strategic target return value of 9%, the target achievement is restricted to 195%.

The Group recognizes a provision for awarding the PPSP and the VSEP in the Consolidated Statement of Financial Position in provisions for other risks. Since payment per vested virtual share depends on the price of the Daimler Truck Holding AG share, that price essentially represents the fair value of each virtual share as of the reporting date. The proportionate expense from the PPSP and the VSEP recognized in the individual years are measured based on the price of the Daimler Truck Holding AG share and the estimated target achievement.

23. Pensions and similar obligations

Table ↗ D.54 shows the composition of provisions for pensions and similar obligations.

The Daimler Truck Group operates defined benefit pension plans and, to a lesser extent, defined contribution pension plans, specific to the various countries. In addition, smaller healthcare benefit obligations are recognized, especially in the United States.

D.54
Composition of provisions for pensions and similar obligations

	At December 31, 2023	2022
In millions of euros		
Provision for pension benefits	**651**	591
Provision for other post-employment benefits	**561**	556
	1,212	1,147

Defined benefit pension plans

Provisions for pension obligations are made for defined commitments to active and former employees of the Daimler Truck Group and their surviving dependents. The defined benefit pension plans provided by the Daimler Truck Group generally vary according to the economic, tax and legal circumstances of the country concerned. The defined benefit pension plans also generally provide benefits in the case of invalidity and death.

The Daimler Truck Group's main pension plans are described below.

German pension plans and pension plan assets

Most employees in Germany have defined benefit pension plans; most of the pension plans for the active workforce are based on individual retirement benefit accounts, to which the Daimler Truck Group makes annual contributions. The amount of the contributions for employees paid according to wage-tariff agreements depends on the tariff classification in the respective year or on their respective income, and for executives it depends on their respective income. For the commitments made until 2011, the contributions continue to be converted into capital components and credited to the individual pension accounts with the application of fixed factors related to each employee's age. The conversion factors include a fixed value increase. For the commitments made as of 2011, the Daimler Truck Group guarantees at a minimum the value of the contributions paid into a cash-balance plan. Pension payments are made either as a life annuity, twelve annual installments, or a single lump sum.

In addition, previously concluded defined benefit plans exist which primarily depend on employees' wage-tariff classification upon transition into the benefit phase and which foresee a life annuity.

As well as the employer-financed pension plans granted by German companies, the employees of some companies are also offered various deferred compensation models.

The pension obligations in Germany relating to defined benefit pension plans are funded by investment funds. The assets are held within contractual trust arrangements (CTAs) between Daimler Truck Pension Trust e.V. and Daimler Truck AG, Daimler Buses GmbH (formerly known as EvoBus GmbH) and Daimler Truck Financial Services GmbH in Germany.

US pension plans and pension plan assets

There are several defined benefit pension plans in the US that cover retirement and disability benefits and promise a balance at retirement age or monthly benefits. Most of plans are defined contribution plans and the plan benefits depend on the employee's salary, years of credited service, or both. While most employee-financed plans are still open for new entrants, most of the employer-financed plans are closed for new entrants or no further benefit entitlements can be acquired. The contributions are deducted from the employee's payroll and partially topped up by the employer. The promised benefits have an implicit return on plan assets. Most of the US pension plans are funded by contributions paid into a trust.

Other countries' pension plans and pension plan assets

Other significant plans exist primarily in Japan, where the majority of the plans are frozen and no significant new entitlements can be earned under these plans. The plans are related to final salaries as well as salary-based components. Most of the obligations outside Germany from defined benefit pension plans are funded by investment funds.

Risks from defined benefit pension plans and pension plan assets

The general requirements with regard to retirement benefit models are included in guidelines valid for the entire Daimler Truck Group. Accordingly, the committed benefits are intended to contribute to additional financial security during retirement, and in the case of death or invalidity to be capable of being planned and fulfilled by the respective legal entity or operations of the Daimler Truck Group, and to have a low-risk structure. In addition, a committee exists that approves new pension plans and amendments to existing pension plans as well as guidelines relating to company retirement benefits.

The obligations from defined benefit pension plans and the pension plan assets can be subject to fluctuations over time. This can cause the funded status to be negatively or positively impacted. Fluctuations in the defined benefit pension obligations result at the Daimler Truck Group in particular from changes in financial assumptions such as discount rates and increases in the cost of living, but also from changes in demographic assumptions such as adjusted life expectancies. With most of the plans, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

The fair value of plan assets is predominantly determined by the situation on the capital markets. Unfavorable developments, especially of equity prices and fixed-interest securities, could reduce that fair value. The broad diversification of investments, the selection of asset managers using quantitative and qualitative analyses, and the continual monitoring of returns and risk help to reduce the associated investment risk. The Group regularly makes contributions to plan assets to fund future obligations from defined benefit pension plans.

As a general principle, it is the Daimler Truck Group's objective to design new pension plans as defined benefit plans based on capital components or on annual contributions, or as defined contribution plans.

Reconciliation of the net obligation from defined benefit pension plans

The development of the relevant factors is shown in table ↗ D.55.

D.55

Present value of defined benefit pension obligations and fair value of plan assets

	2023				2022			
	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros								
Present value of the defined benefit obligation at January 1	5,903	3,834	1,608	461	7,951	5,401	2,069	481
Current service cost	156	99	40	17	212	142	57	13
Interest cost	228	132	84	13	131	59	63	9
Contributions by plan participants	1	–	–	1	9	9	–	–
Actuarial gains (-)/losses	278	194	69	15	-2,320	-1,715	-614	9
Actuarial gains (-)/losses from changes in demographic assumptions	-6	-9	–	3	4	–	3	1
Actuarial gains (-)/losses from changes in financial assumptions	296	228	64	4	-2,380	-1,758	-616	-6
Actuarial gains (-)/losses from experience adjustments	-12	-25	5	8	56	43	-1	14
Past service cost, curtailments and settlements	–	–	–	–	2	–	3	-1
Pension benefits paid	-230	-103	-97	-30	-209	-88	-95	-26
Currency exchange-rate changes and other changes	-84	23	-60	-47	127	26	125	-24
Present value of the defined benefit obligation at December 31	6,251	4,179	1,642	430	5,903	3,834	1,608	461
Fair value of plan assets at January 1	5,360	3,654	1,463	243	6,109	4,024	1,805	280
Actual result on plan assets	450	289	143	18	-994	-589	-375	-30
Interest income from plan assets	207	127	76	4	104	44	57	3
Actuarial gains/losses (-)	244	161	68	14	-1,098	-633	-432	-33
Contributions by the employer	90	40	29	20	318	294	2	22
Contributions by plan participants	1	–	–	1	10	9	–	1
Pension benefits paid	-207	-102	-86	-20	-190	-88	-83	-19
Currency exchange-rate changes and other changes	-40	25	-54	-10	107	4	114	-11
Fair value of plan assets at December 31	5,654	3,907	1,495	253	5,360	3,654	1,463	243
Funded status at December 31	-597	-272	-147	-178	-543	-180	-145	-218
actuarial loss due to asset ceiling	–	–	–	–	-2	–	–	-2
Net defined benefit liability	-597	-272	-147	-178	-545	-180	-145	-220
thereof recognized in other assets	55	3	49	3	46	1	43	2
thereof recognized in provisions for pensions and similar obligations	-651	-275	-196	-181	-591	-181	-188	-222

Composition of plan assets

Plan assets are used solely to provide pension benefits and to cover the administration costs of the plan assets. The composition of the Daimler Truck Group's pension plan assets is shown in table ↗ D.56.

Market prices are usually available for equities and bonds due to their listings in active markets. Most of the bonds have investment-grade ratings. This includes government bonds with very good credit ratings.

The investment strategy is reviewed regularly and adjusted if deemed necessary. The investment strategy is determined by Investment Committees, which are generally composed of representatives of the Finance and Human Resources departments of Daimler Truck AG, Daimler Truck Financial Services GmbH and Daimler Buses GmbH. The pension plan assets are generally oriented towards the structure of the pension obligations.

Pension cost

The components of net pension cost included in the Consolidated Statement of Income are shown in table ↗ D.57.

D.56

Composition of plan assets

	At December 31, 2023				At December 31, 2022			
	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros								
Equity instruments	1,425	1,102	254	69	1,194	807	322	65
Bonds	2,932	1,798	996	138	2,697	1,683	875	139
Government bonds	625	420	131	74	675	284	323	68
Corporate bonds	2,306	1,378	865	63	2,021	1,399	552	70
Securitized bonds	1	–	–	1	1	–	–	1
Other exchange-traded instruments	21	20	–	1	17	16	–	1
Exchange-traded instruments	4,377	2,920	1,249	208	3,908	2,506	1,197	205
Alternative investments	199	4	175	20	173	–	172	1
Real-estate	47	–	34	13	56	–	45	11
Other non-exchange-traded instruments	473	468	–	5	530	504	–	26
Cash and cash equivalents	558	514	37	7	693	644	49	–
Non-exchange-traded instruments	1,277	986	246	45	1,452	1,148	266	38
Fair value of plan assets	5,654	3,907	1,495	252	5,360	3,654	1,463	243

D.57

Pension cost

	2023				2022			
	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros								
Current service cost	-156	-99	-40	-17	-212	-142	-57	-13
Past service cost, curtailments and settlements	–	–	–	–	-2	–	-3	1
Net interest expense	-22	-5	-8	-9	-27	-15	-6	-6
	-177	-104	-47	-26	-241	-157	-66	-18

Measurement assumptions

The measurement date for the Daimler Truck Group's defined benefit pension obligations and plan assets is generally December 31. The measurement date for the Daimler Truck Group's net periodic pension cost is generally January 1. The assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the countries in which the pension plans are situated. Calculation of the defined benefit obligations for the German plans uses life expectancy based on the 2018 G Heubeck mortality tables. The tables reflect the latest statistics of the statutory pension insurance system and of the German Federal Statistical Office. Comparable country-specific calculation methods are used for non-German plans.

Table ↗ D.58 shows the significant weighted-average measurement factors used to calculate pension benefit obligations.

Sensitivity analysis

An increase or decrease in the main actuarial assumptions would affect the present value of the defined benefit pension obligations as shown in table ↗ D.59.

The calculations carried out by actuaries were done in isolation for the evaluation parameters regarded as material. This means that if there is a simultaneous change in several parameters, the individual results cannot be summed due to correlation effects. With a change in the parameters, the sensitivities shown cannot be used to derive a linear development of the defined benefit obligation.

For the calculation of the sensitivity of life expectancy, by means of fixed (non-age-dependent) factors for a reference person, a one-year higher or lower life expectancy was assumed.

D.58

Significant factors for the calculation of pension benefit obligations

	At December 31,		At December 31,		At December 31,	
	2023	2022	**2023**	2022	**2023**	2022
	German Plans	German Plans	US Plans	US Plans	Other	Other
In percent						
Discount rates	**3.3**	3.8	**5.1**	5.4	**5.0**	3.4
Expected increase in cost of living[1]	**2.2**	2.2	**–**	–	**–**	–

1 For German plans, expected increases in cost of living may affect – depending on the design of the pension plan – the obligation to the Daimler Truck Group's active employees as well as to retirees and their survivors. For most non-German plans, expected increases in cost of living do not have a material impact on the amount of the obligation.

D.59

Sensitivity analysis for the present value of defined benefit pension obligations

		At December 31, 2023				At December 31, 2022			
		Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros									
Sensitivity for discount rates	0.25%	**-188**	**-130**	**-47**	**-12**	-196	-121	-52	-23
Sensitivity for discount rates	-0.25%	**193**	**137**	**49**	**7**	179	128	41	10
Sensitivity for expected increases in cost of living	0.10%	**6**	**6**	**–**	**–**	5	5	–	–
Sensitivity for expected increases in cost of living	-0.10%	**-9**	**-6**	**–**	**-3**	-7	-5	–	-2
Sensitivity for life expectancy	+1 year	**102**	**23**	**79**	**-1**	58	17	38	3
Sensitivity for life expectancy	-1 year	**-108**	**-21**	**-82**	**-4**	-87	-15	-56	-16

Effect on future cash flows
The Daimler Truck Group currently plans to make contributions of €139 million to its pension plans for 2024. The final amount is generally determined in the fourth quarter of a financial year. In 2023, allocations to plan assets amounted to €90 million (2022: €318 million, of which €250 million was allocated on the basis of the 2021 demerger agreement).

The Daimler Truck Group anticipates pension payments of €237 million in 2024.

The weighted-average durations of the defined benefit obligations are shown in table ↗ D.60.

D.60
Weighted-average duration of the defined benefit obligations

	At December 31, 2023	2022
In years		
German plans	**14**	14
US plans	**13**	13
Other plans	**9**	11

Defined contribution pension plans
Under defined contribution pension plans, the Daimler Truck Group makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks for the Daimler Truck Group in excess of the defined contributions. The Daimler Truck Group also pays contributions to governmental pension schemes. In 2023, the total expenses from defined contribution plans amounted to €607 million (2022: €584 million). Of those payments, €495 million (2022: €479 million) was related to governmental pension plans and €111 million (2022: €105 million) to defined contribution pension plans.

Other post-employment benefits
Certain foreign legal entities and operations included in the Daimler Truck Group, mainly in the United States, provide their employees with post-employment health care benefits with defined entitlements, which have to be accounted for as defined benefit plans. Since the plans are unfunded, the balance sheet liability equals the present value of the defined benefit obligations of €561 million (December 31, 2022: €556 million). The net expense amounted to €39 million (2022: €32 million).

Risks in connection with commitments for other post-employment benefits (medical care) relate to rising healthcare costs and lower contributions to those costs from the public sector. In addition, these plans are subject to the usual risks for defined benefit plans, in particular the risk of changes in discount rates.

24. Provisions for other risks

The development of provisions for other risks is summarized in table ↗ D.61.

Product warranties
The Daimler Truck Group issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period. The provision for these product warranties covers expected costs for legal and contractual warranty claims as well as expected costs for goodwill concessions and product recalls. The utilization date of product warranties depends on the incidence of the warranty claims and can span the entire term of the warranty and goodwill period. The cash outflows in relation to provisions for product warranties are primarily expected within a period until 2025.

Personnel and social costs
Provisions for personnel and social costs primarily comprise expected expenses of the Daimler Truck Group for employee anniversary bonuses, employee and management bonuses, and early-retirement plans. The additions recorded to the provisions for profit sharing and management bonuses in the reporting year generally lead to cash outflows in the following year. The cash outflows for provisions for personnel and social costs are primarily expected within a period until 2027.

Liability and litigation risks and regulatory proceedings
Provisions for liability and litigation risks and regulatory proceedings comprise costs for various legal proceedings, claims and governmental investigations, which can lead in particular to payments of compensation, punitive damages or other costly actions. Cash outflows from provisions for liability and litigation risks as well as official proceedings are mainly expected within a period up to 2027.

Further information on liability and litigation risks and regulatory proceedings is provided in Note 31. Legal proceedings.

Other
Provisions for other risks primarily comprise expected costs for provisions for environmental protection risks, decommissioning costs, sales expenses, other taxes and restructuring measures (including compensation payments). They also include provisions for risks of loss from pending transactions and various other risks which cannot be allocated to any other class of provision.

D.61

Provisions for other risks

	Product warranties	Personnel and social costs	Liability and litigation risks and regulatory proceedings	Other	Total
In millions of euros					
Balance at January 1, 2022	1,688	1,489	1,070	443	4,690
Additions	1,387	880	79	231	2,577
Utilizations	-970	-611	-106	-159	-1,846
Reversals	-188	-81	-52	-78	-399
Compounding and effects from changes in discount rates	–	-117	-9	-13	-139
Currency translation and other changes	35	9	15	7	66
Balance at December 31, 2022	1,952	1,569	997	431	4,949
thereof current	856	892	127	331	2,206
thereof non-current	1,096	677	870	100	2,743
Additions	**1,484**	**1,051**	**56**	**227**	**2,819**
Utilizations	**-1,030**	**-766**	**-79**	**-223**	**-2,097**
Reversals	**-172**	**-131**	**-72**	**-68**	**-442**
Compounding and effects from changes in discount rates	**52**	**41**	**32**	**4**	**129**
Currency translation and other changes	**-56**	**25**	**-11**	**-12**	**-54**
Balance at December 31, 2023	**2,231**	**1,790**	**923**	**360**	**5,303**
thereof current	**983**	**1,124**	**153**	**260**	**2,520**
thereof non-current	**1,248**	**666**	**770**	**100**	**2,784**

25. Financing liabilities

The composition of financing liabilities is shown in table ↗ **D.62**. Information on the maturities is provided in Note 34. Management of financial risks.

In the financial year 2023, financing liabilities increased primarily due to the issuance of bonds of €5,960 million and Asset-Backed-Securities (ABS) with a total volume to €1,913 million. This was offset by the repayment of bonds in the amount of €3,014 million.

Liabilities to financial institutions include a current financial liability of €103 million from the maximum purchase obligation of the current share buyback program.

The non-controlling interests included in the financing liabilities are held by Mercedes-Benz Grund Services GmbH in the entities Gamma (1-4) Daimler Truck Grundstücksverwaltung GmbH & Co. OHGs and Daimler Buses Grundstücksverwaltung GmbH & Co. OHG and are accounted for as financing liabilities in accordance with IAS 32.

D.62

Financing liabilities

	At December 31, 2023			At December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	2,678	11,527	14,205	3,061	8,290	11,351
Commercial paper	90	–	90	–	–	–
Liabilities to financial institutions	4,388	2,882	7,269	3,237	2,812	6,049
Liabilities from ABS transactions	905	1,085	1,990	528	483	1,011
Lease liabilities	189	960	1,149	181	1,002	1,183
Loans and other financing liabilities	352	458	810	503	549	1,052
Non-controlling shareholdings (puttable instruments) in accordance with IAS 32	–	213	213	–	191	191
	8,602	17,125	25,727	7,511	13,328	20,839

26. Other financial liabilities

The composition of other financial liabilities is shown in table ↗ D.63.

Financial liabilities measured at fair value through profit or loss relate to derivative financial instruments, which are not used in hedge accounting.

Further information on other financial liabilities is provided in Note 33. Financial instruments.

D.63

Other financial liabilities

	At December 31, 2023			At December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Derivative financial instruments used in hedge accounting	50	399	449	36	519	555
Financial liabilities recognized at fair value through profit or loss	25	14	39	13	–	13
Miscellaneous other financial liabilities	2,795	1,401	4,197	2,667	1,591	4,258
Liabilities from residual value guarantees	636	1,271	1,907	756	1,374	2,130
Liabilities from wages and salaries	563	–	563	633	47	680
Accrued interest expenses	645	–	645	358	–	358
Deposits received	319	21	340	358	22	380
Other	633	109	742	562	148	710
	2,870	1,814	4,684	2,716	2,110	4,826

27. Deferred income

The composition of deferred income is shown in table ↗ D.64.

The decrease during 2023 was mainly due to the deferral of sales revenue received from sales with residual value guarantees in companies of Industrial Business.

D.64

Deferred income

	At December 31, 2023			At December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Deferral of sales revenue received from sales with residual value guarantees	466	960	1,426	560	977	1,537
Deferral of advance rental payments received from operating lease arrangements	24	5	30	53	2	55
Other deferred income	32	19	51	42	21	63
	522	984	1,506	655	1,000	1,655

28. Contract and refund liabilities

Table ↗ **D.65** shows the composition of contract and refund liabilities.

Other contract liabilities and other refund liabilities primarily include advanced payments and sales with a right of return, respectively.

D.65
Contract and refund liabilities

	At December 31, 2023	2022
In millions of euros		
Contract liabilities	**3,505**	3,166
Service and maintenance contracts and extended warranties	**2,795**	2,624
Other contract liabilities	**710**	542
Refund liabilities	**771**	645
Obligations from sales transactions	**530**	448
Other refund liabilities	**241**	197
Contract and refund liabilities	**4,275**	3,811
thereof non-current	**2,106**	1,940
thereof current	**2,169**	1,871

29. Other liabilities

Table ↗ **D.66** shows the composition of other liabilities.

D.66
Other liabilities

	At December 31, 2023			At December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax liabilities	**287**	**95**	**382**	173	37	210
Other tax liabilities	**581**	**–**	**581**	466	–	466
Miscellaneous other liabilities	**208**	**12**	**220**	63	16	78
	1,076	**107**	**1,183**	701	53	754

30. Consolidated Statement of Cash Flows

Calculation of funds
As of December 31, 2023, cash and cash equivalents included restricted funds of €151 million (December 31, 2022: €102 million). The restricted funds primarily relate to cash and cash equivalents held in subsidiaries where exchange controls apply so that the Daimler Truck Group has restricted access to the funds.

During 2023, cash and cash equivalents increased by €1,123 million after adjusting for exchange-rate effects. This is primarily due to cash inflows from borrowings in the international money and capital markets, as well as cash outflows from operating activities, money market funds, and from the repayment of financing liabilities. The dividends paid and the share buyback program led to additional cash outflows.

In 2022, the cash and cash equivalents decreased by €1,300 million resulted mainly from payments for the acquired Financial Services business, cash outflows from operating activities and short-term investments in mutual funds, however offset with cash inflows from borrowings on international money and capital markets.

Cash provided by operating activities

In 2023 and 2022, the increase in receivables from financial services had a negative effect on cash flows from operating activities, which is primarily driven by new business in the Financial Services segment.

Other non-cash expense and income primarily relates to the Group's share of earnings from equity-method companies. Additionally, in 2022, there was an impairment of the equity-method investment in Daimler KAMAZ Trucks Holding GmbH due to the Russia-Ukraine war. Furthermore, in 2022 cash flows from operating activities included cash outflow of €171 million as part of the acquired Financial Services business for the fulfillment of the pre-existing relationships between Daimler Truck Group and the acquired entities.

The cash flows from operating activities in 2023 were also positively affected by trade receivables sold to external banks and financial institutions of €25 million (2022: €154 million) and are referred to in Note 20. Trade receivables.

Composition of other operating assets and liabilities are shown in table ↗ D.67.

D.67
Other operating assets and liabilities

In millions of euros	2023	2022
Provisions	463	137
Financial instruments	57	-6
Miscellaneous other assets and liabilities	296	146
	816	277

Table ↗ D.68 shows additional cash flows included in cash provided by operating activities.

D.68
Cash flows included in cash flows from operating activities

In millions of euros	2023	2022
Interest paid	-62	-207
Interest received	351	195
Dividends received from equity-method investments	16	13
Dividends received from other shareholdings	9	7

Cash flows from investing activities

In 2023, cash flows from investing activities included €1,305 million related to additions to property, plant and equipment and intangible assets (2022: €1,132 million).

Cash flows from investing activities in 2022 also included consideration paid to the Mercedes-Benz Group in connection with the acquired Financial Services business, of which €1,271 billion related to the repayment of financing liabilities and was allocated to the Industrial Business.

Furthermore, as explained in Note 33. Financial instruments, the short-term investments in mutual funds are also reflected as cash flows from investing activities.

Cash flows from financing activities

Cash flows from financing activities resulted primarily from raising funds on the international money and capital markets by issuing bonds predominantly in the USA, the Netherlands and Canada, from issuing Asset-Backed-Securities (ABS), and, in 2023, offset by dividends paid to the shareholders of Daimler Truck Holding AG of €1,070 million and the commencement of the share buyback program of €557 million.

Table ↗ D.69 shows the changes in financing liabilities arising from financing activities, including cash flows from hedging the currency risks of financing liabilities, divided into cash and non-cash components.

The net cash inflows from financing liabilities includes payments for the reduction of outstanding leasing liabilities of €217 million (2022: €192 million).

D.69
Changes in financing liabilities arising from financing activities[1]

	2023	2022
In millions of euros		
Balance at January 1[1]	20,838	16,564
Net cash inflows from financing liabilities	4,654	3,409
Non-cash effects:		
Changes in foreign exchange rates	-400	592
Changes in market valuation and currency hedges for financing liabilities	235	-521
Changes in financial liabilities due to the share buyback program	103	–
Changes from the acquisition or disposal of shareholdings	–	599
Fair value changes from derivatives	12	34
Other changes	304	162
Balance at December 31[1]	25,747	20,838

1 Liabilities arising from financing activities include hedging activities related to financing transactions of €+20 million at December 31, 2023 (December 31, 2022: €-1 million; January 1, 2022: €-35 million).

31. Legal proceedings

The subsidiaries of Daimler Truck Holding AG (especially Daimler Truck AG) are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics. These include, for example, vehicle conformity and vehicle safety, dealer, supplier and other contractual relationships, financial services, industrial property rights (in particular patent infringement suits), warranty claims, and antitrust proceedings (including claims for damages). If the outcome of such legal proceedings is negative for the Daimler Truck Group or such legal proceedings are settled, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns, monetary penalties or other costly actions. Legal proceedings and related settlements may have an impact on the Group's reputation.

In particular, vehicle manufacturers such as Daimler Truck Group can face regulatory investigations and fines for non-compliance with various governmental standards or rules as well as customer claims and litigation arising from any defects and the resulting consequences on product use or safety. Class action lawsuits, if filed, and product liability, in particular, can have substantial financial consequences.

The Group generally records warranty provisions in its Financial Statements based on past experience and known claims, but such provisions may not be adequate for any liability ultimately incurred as a result of potential vehicle defects. In addition, defective products, product liability claims, warranty claims, product recalls and other similar proceedings could damage the Group's reputation.

Antitrust law proceedings (including actions for damages)
Mercedes-Benz Group AG (formerly Daimler AG), as the former parent entity of Daimler Truck AG, was addressee of an antitrust proceeding initiated by the European Commission. In July 2016, the European Commission issued a settlement decision against Daimler AG and four other European truck manufacturers for their participation in anti-competitive behavior in violation of European antitrust rules with regard to pricing and passing on the costs of complying with stricter emission rules for trucks. The European Commission found that Daimler AG participated in the relevant arrangements from January 17, 1997 to January 18, 2011. The individual fine imposed on Daimler AG by the European Commission's settlement decision amounted to €1.09 billion and was paid in full in 2016.

Following the settlement decision by the European Commission, legal actions, class actions and other forms of legal redress for damages by direct and indirect truck customers have been filed or initiated in several jurisdictions. Damage claims could result in substantial liabilities for the Daimler Truck Group as well as significant costs expended for defense measures, which may have a material adverse effect on its operations and financial resources.

In relation to the cartel infringement described above, most substantial claims (including certain types of class actions or aggregator claims) are pending or have been initiated in Germany, the United Kingdom, the Netherlands, and Spain. Claims are also pending in certain other European countries and in Israel (in a total of approximately 20 countries).

The Daimler Truck Group takes appropriate legal remedies to defend itself and reflects the constantly evolving jurisprudence in its risk assessments and strategic decisions.

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (paragraph 92), no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice the Group's position.

Accounting estimates and management judgments relating to all legal proceedings
Risks resulting from legal proceedings sometimes cannot be assessed reliably or only to a limited extent. Consequently, provisions recognized for some legal proceedings may turn out to be insufficient once such proceedings have ended. The Group may also become liable for payments in legal proceedings for which no provisions were recognized and/or contingent liabilities were disclosed. Uncertainty exists with regard to the amounts or due dates of possible cash outflows. Although the final result of any such proceedings could materially affect the Daimler Truck Group's operating results and cash flows for a particular reporting period, the Daimler Truck Group believes that it should not exert a sustained influence on the Group's profitability, liquidity and capital resources or financial position.

32. Contingent liabilities and other financial obligations

Contingent liabilities
As of December 31, 2023, the best-possible estimate of contingent liabilities was €575 million (December 31, 2022: €632 million). The contingent liabilities mainly related to legal proceedings.

Other financial obligations
At December 31, 2023, contractual obligations from the acquisition of intangible assets, property, plant and equipment and equipment on operating leases amounted to €640 million (December 31, 2022: €440 million). At December 31, 2023 other financial obligations amounted to €388 million (December 31, 2022: €404 million) which includes capital commitments to the joint ventures Greenlane Infrastructure, LLC and Commercial Vehicle Charging Europe B.V..

In addition, the Daimler Truck Group had issued irrevocable loan commitments at December 31, 2023 and 2022. These loan commitments had not been utilized as of that date. Further information on irrevocable loan commitments can be found in Note 34. Management of financial risks.

Other financial obligations after the 2019 hive-down
In 2019, Mercedes-Benz Group AG hived down parts of its business operations into Daimler Truck AG and Mercedes-Benz AG. Pursuant to Section 133 of the German Transformation Act (Umwandlungsgesetz or UmwG), all three legal entities are jointly and severally liable for all liabilities of Mercedes-Benz Group AG that existed as of the registration date of the hive-down into the commercial register.

Daimler Truck AG will be liable for these liabilities that existed before the spin-off taking effect for a period of five years, starting as of the date of the announcement of the registration of the hive-down into the commercial register of Mercedes-Benz Group AG at the District Court of Stuttgart. The liability period for pension obligations based on the German Company Pensions Act (Betriebsrentengesetz), the aforementioned period is ten years.

Other financial obligations after the 2021 spin-off
In December 2021, Mercedes-Benz Group AG spun off and hived down its shares of Daimler Truck AG to Daimler Truck Holding AG. Pursuant to Section 133 UmwG, Daimler Truck Holding AG is jointly and severally liable with Mercedes-Benz Group AG for all liabilities of Mercedes-Benz Group AG that existed as of the registration date of the spin-off and hivedown in the commercial register including those from the 2019 hive-down.

Daimler Truck Holding AG will be liable for those liabilities that existed before the spin-off took effect for a period of five years, starting as of the date of the announcement of the registration of the spin-off and hive-down into the commercial register of Mercedes-Benz Group AG. The liability period for pension obligations based on the German Company Pensions Act (Betriebsrentengesetz), the aforementioned period is ten years.

Pension commitments are covered by planned assets (refer to Note 23. Pensions and similar obligations) and are not included in the potential obligations.

According to the current appraisal, a claim with respect to the subsequent liability relationship between the entities is considered to be unlikely.

33. Financial instruments

Carrying amounts and fair values of financial instruments
Table ↗ D.70 shows the carrying amounts and fair values for the respective classes of the Group's financial instruments, excluding equity instruments measured at amortized cost and not in the scope of IFRS 9, and lease liabilities. The equity instruments, which are recognized at fair value through other comprehensive income, are shown in table ↗ D.70 and comprise several investments not individually material. The Daimler Truck Group does not generally intend to sell the equity instruments presented at December 31, 2023.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The methods and premises used are explained in Note 1. General information and significant accounting policies.

Reverse factoring arrangements
At December 31, 2023, trade payables of €302 million are subject to reverse factoring arrangements (December 31, 2022: €260 million).

D.70
Carrying amounts and fair values of financial instruments

	At December 31, 2023		At December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	26,214	26,066	22,425	22,129
Trade receivables	5,262	5,262	4,682	4,682
Cash and cash equivalents	7,067	7,067	5,944	5,944
Marketable debt securities and similar investments	1,808	1,808	1,145	1,145
Recognized at fair value through other comprehensive income	443	443	351	351
Recognized at fair value through profit or loss	1,365	1,365	783	783
Measured at amortized cost	–	–	11	11
Other financial assets				
Equity instruments and debt instruments	275	275	292	292
Recognized at fair value through other comprehensive income	118	118	96	96
Recognized at fair value through profit or loss	158	158	196	196
Other financial assets recognized at fair value through profit or loss	22	22	29	29
Derivative financial instruments used in hedge accounting	179	179	197	197
Other financial receivables and miscellaneous other financial assets	871	871	818	818
	41,697	41,549	35,532	35,236
Financial liabilities				
Financing liabilities[1]	24,578	24,561	19,656	19,320
Trade payables	5,059	5,059	5,317	5,317
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	39	39	13	13
Derivative financial instruments used in hedge accounting	449	449	555	555
Miscellaneous other financial liabilities	4,197	4,197	4,258	4,258
Contract and refund liabilities				
Obligations from sales transactions	530	530	448	448
	34,850	34,833	30,247	29,911

1 The fair value as of December 31, 2022 has been adjusted due to an insignificant error.

Offsetting of financial instruments

The Daimler Truck Group concludes derivative transactions in accordance with the master netting arrangements (framework agreement) of the International Swaps and Derivatives Association (ISDA) and comparable national framework agreements. However, these arrangements do not meet the criteria for netting in the Consolidated Statement of Financial Position, as they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparty.

Table ↗ D.71 shows the carrying amounts of the derivative financial instruments subject to the described arrangements as well as the possible financial effects of netting in accordance with the master netting arrangements.

D.71

Disclosure for recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement

	At December 31, 2023			At December 31, 2022		
	Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	Amounts subject to a master netting arrangement	Net amounts	Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	Amounts subject to a master netting arrangement	Net amounts
In millions of euros						
Other financial assets[1]	**201**	**-124**	**77**	226	-123	103
Other financial liabilities[2]	**487**	**-124**	**363**	568	-123	445

1 The other financial assets which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial assets recognized at fair value through profit or loss (refer to Note 17. Other financial assets).
2 The other financial liabilities which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial liabilities recognized at fair value through profit or loss (refer to Note 26. Other financial liabilities).

Measurement hierarchy

Table ↗ D.72 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized at fair value (according to IFRS 13 "Fair value measurement").

At the end of each reporting period, the Group reviews the necessity for reclassification between the fair-value hierarchies.

The credit risk from derivative financial instruments assigned to level 2 of the measurement hierarchy is determined on the basis of the portfolios managed on a net basis

D.72

Measurement hierarchy of financial assets and liabilities recognized at fair value

	At December 31, 2023				At December 31, 2022			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Financial assets recognized at fair value								
Marketable debt securities	1,808	1,292	516	–	1,134	748	386	–
Recognized at fair value through other comprehensive income	443	44	399	–	351	44	307	–
Recognized at fair value through profit or loss	1,365	1,249	116	–	783	704	79	–
Equity instruments and debt instruments	275	158	22	95	292	171	22	99
Recognized at fair value through other comprehensive income	118	112	–	5	96	88	–	8
Recognized at fair value through profit or loss	158	46	22	90	196	83	22	91
Other financial assets recognized at fair value through profit or loss	22	–	22	–	29	–	29	–
Derivative financial instruments used in hedge accounting	179	–	179	–	197	–	197	–
	2,284	1,450	738	95	1,652	919	634	99
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	39	–	13	25	13	–	13	–
Derivative financial instruments used in hedge accounting	449	–	449	–	555	–	555	–
	487	–	462	25	568	–	568	–

1 Fair value measurement is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement is based on inputs that are observable on active markets either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3 Fair value measurement based on inputs for which no observable market data is available.

Table ↗ **D.73** shows to which measurement hierarchies (according to IFRS 13) the fair values of the financial assets and liabilities are classified which are not recognized at fair value in the Consolidated Statement of Financial Position.

D.73

Measurement hierarchy of financial assets and liabilities not recognized at fair value

	At December 31, 2023				At December 31, 2022			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Fair values of financial assets measured at cost								
Receivables from financial services	**26,066**	**–**	**26,066**	**–**	22,129	–	22,129	–
Fair values of financial liabilities measured at cost								
Financing liabilities[4]	**24,347**	**12,791**	**11,556**	**–**	19,129	8,822	10,307	–
thereof bonds	**14,205**	**12,791**	**1,414**	**–**	11,134	8,822	2,312	–
thereof liabilities from ABS transactions	**2,009**	**–**	**2,009**	**–**	1,018	–	1,018	–
thereof other financing liabilities[4]	**8,133**	**–**	**8,133**	**–**	6,977	–	6,977	–
Miscellaneous other financial liabilities	**4,197**	**–**	**4,126**	**71**	4,258	–	4,156	102

1 Fair value measurement is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement is based on inputs that are observable on active markets either directly (i.e., as listed prices) or indirectly (i.e., derived from prices).
3 Fair value measurement based on inputs for which no observable market data is available.
4 The fair value as of December 31, 2022 has been adjusted due to an insignificant error.

Measurement categories

The carrying amounts of financial instruments according to measurement categories are shown in table ↗ **D.74**.

Table ↗ **D.74** excludes the carrying amounts of derivative financial instruments used in hedge accounting as these financial instruments are not assigned to a measurement category.

D.74

Carrying amounts of financial instruments according to measurement categories

	At December 31,	
	2023	2022
In millions of euros		
Assets		
Financial assets measured at (amortized) cost	**34,391**	29,838
Receivables from financial services[1]	**21,191**	18,383
Trade receivables	**5,262**	4,682
Cash and cash equivalents	**7,067**	5,944
Marketable debt securities and similar investments	**–**	11
Other receivables and miscellaneous other financial assets	**871**	818
Financial assets recognized at fair value through other comprehensive income	**561**	447
Marketable debt securities and similar investments	**443**	351
Equity and debt instruments	**118**	96
Financial assets recognized at fair value through profit or loss	**1,544**	1,008
Marketable debt securities and similar investments	**1,365**	783
Equity and debt instruments	**158**	196
Other financial assets recognized at fair value through profit or loss[2]	**22**	29
Liabilities		
Financial liabilities measured at (amortized) cost	**34,352**	29,662
Trade payables	**5,059**	5,317
Financing liabilities[3]	**24,578**	19,656
Miscellaneous other financial liabilities[4]	**4,186**	4,241
Obligations from sales transactions	**530**	448
Financial liabilities recognized at fair value through profit or loss[2]	**39**	13

1 Excluding lease receivables of €5,023 million (December 31, 2022: €4,042 million) as these are not assigned to any measurement category.
2 Financial instruments classified as held for trading purposes. These items comprise financial instruments that are not used in hedge accounting.
3 Excluding liabilities from lease transactions of €1,149 million (December 31, 2022: €1,183 million) as these are not assigned to any measurement category.
4 Excluding financial guarantees of €11 million (December 31, 2022: €17 million) as these are not assigned to any measurement category.

Net gains or losses

Table ↗ D.75 shows the net gains/losses on financial instruments included in the Consolidated Statement of Income (excluding derivative financial instruments used in hedge accounting).

Net gains/losses on equity and debt instruments recognized at fair value through profit or loss primarily comprise gains and losses attributable to changes in the fair values of these instruments.

Net gains/losses on other financial assets and liabilities recognized at fair value through profit or loss comprise gains and losses attributable to changes in their fair values.

Net gains/losses on equity instruments recognized at fair value through other comprehensive income primarily comprise dividend payments.

Net gains/losses on other financial assets recognized at fair value through other comprehensive income are primarily attributable to the effects of currency translation.

Net gains/losses on financial assets measured at (amortized) cost (excluding the interest income/expense shown below) primarily comprise impairment losses (including reversals of impairment losses) of €101 million (2022: €284 million) that are charged to cost of sales, selling expenses and other financial income/expense, net. Foreign exchange gains and losses are also included.

Net gains/losses on financial liabilities measured at (amortized) cost (excluding the interest income/expense shown below) primarily comprise the effects of currency translation.

D.75
Net gains/losses

	2023	2022
In millions of euros		
Equity and debt instruments recognized at fair value through profit or loss	-53	-64
Other financial assets and financial liabilities recognized at fair value through profit or loss[1]	44	31
Equity instruments recognized at fair value through other comprehensive income	6	4
Other financial assets recognized at fair value through other comprehensive income	-2	-1
Financial assets measured at (amortized) cost	-128	-251
Financial liabilities measured at (amortized) cost	15	-41

1 Financial instruments classified as held for trading; these amounts relate to derivative financial instruments not used in hedge accounting.

Total interest income and total interest expense

Total interest income and total interest expense for financial assets or financial liabilities that are not recognized at fair value through profit or loss are shown in table ↗ D.76.

Qualitative descriptions of accounting for and presentation of financial instruments (including derivative financial instruments) can be found in Note 1. General information and significant accounting policies.

D.76
Total interest income and total interest expense

	2023	2022
In millions of euros		
Total interest income	2,349	1,435
thereof from financial assets and liabilities measured at (amortized) costs	2,209	1,378
thereof from financial assets recognized at fair value through other comprehensive income	139	57
Total interest expense	-1,522	-840
thereof from financial assets and liabilities measured at (amortized) costs	-1,522	-840

Information on derivative financial instruments
Use of derivatives

The Daimler Truck Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operating or financing activities or from its liquidity management. These are interest rate risks and currency risks, which have been defined as risk categories. For these hedging purposes, the Daimler Truck Group mainly uses currency forward transactions, cross-currency interest rate swaps and interest rate swaps.

Table ↗ D.77 shows the amounts for the transactions designated as hedging instruments.

D.77

Amounts for the transactions designated as hedging instruments

	Foreign currency risk		Interest rate risk
	Cash flow hedges[1]	Cash flow hedges[2]	Fair value hedges[2]
In millions of euros			
At December 31, 2023			
Carrying amount of the hedging instruments			
Other financial assets current	**34**	**15**	**–**
Other financial assets non-current	**33**	**43**	**53**
Other financial liabilities current	**40**	**3**	**7**
Other financial liabilities non-current	**2**	**37**	**359**
Fair value changes[3]	**18**	**-117**	**195**
At December 31, 2022			
Carrying amount of the hedging instruments			
Other financial assets current	35	25	–
Other financial assets non-current	32	105	–
Other financial liabilities current	28	–	8
Other financial liabilities non-current	4	1	515
Fair value changes[3]	82	102	-473

1 Includes the following hedging instrument: currency forwards
2 Includes the following hedging instrument: interest rate swaps and cross-currency interest rate swaps.
3 Gains and losses from hedging instruments used for recognizing hedge ineffectiveness.

Fair value hedges

The Daimler Truck Group uses fair value hedges primarily for hedging interest rate risks.

The amounts of the items hedged with fair value hedges are included in table ↗ D.78.

D.78
Fair value hedges

	Interest rate risk	
	At December 31	
	2023	2022
In millions of euros		
Carrying amounts of the hedged items		
Financing liabilities current	**539**	260
Financing liabilities non-current	**7,313**	5,282
thereof hedge adjustments		
Financing liabilities current	**-7**	-9
Financing liabilities non-current	**-306**	-515
Fair value changes of the hedged items[1]	**-199**	471
Accumulated amount of hedge adjustments from inactive hedges remaining in the Consolidated Statement of Financial Position	**-3**	5

1 Cumulative expenses or income recognized in the carrying amount of the underlying transactions.

The effects attributable to the ineffective portion of the hedge (hedge-ineffective portion) are shown in table ↗ D.79.

D.79
Ineffectiveness of fair value hedges

	Interest rate risk	
	2023	2022
In millions of euros		
Interest expense	**-4**	-2

Cash flow hedges

The Daimler Truck Group designates cash flow hedges for hedging currency risks and interest rate risks.

The amounts related to items designated as cash flow hedges are shown in table ↗ D.80

D.80
Cash flow hedges

	At December 31, 2023		At December 31, 2022	
	Foreign currency risk	Interest rate risk	Foreign currency risk	Interest rate risk
In millions of euros				
Fair value changes of the hedged items[1]	**-18**	**104**	-81	-102
Balance of the reserves for derivative financial instruments (before taxes)				
Continuing hedges	**94**	**20**	96	130
Discontinued/terminated hedges	**-27**	**–**	-23	–

1 Fair value changes of the hedged items used for recognizing hedge ineffectiveness.

The gains and losses from cash flow hedges and the effects attributable to the ineffective portion (hedge-ineffective portion) of the hedges are shown in table ↗ D.81.

D.81

Gains and losses on cash flow hedges[1]

	Foreign currency risk			Interest rate risk	
In millions of euros					
Line item in the Consolidated Statement of Income in which the ineffectiveness and the reclassifications are included	Revenue	Cost of sales	Other financial income/ expense, net	Cost of sales	Interest expense
2023					
Gains and losses recognized in other comprehensive income	**22**	**-4**	**–**	**-11**	**-93**
Reclassification of hedge effectiveness from other comprehensive income to the Consolidated Statement of Income					
For hedges for which the hedged future cash flows are no longer expected to occur	**-2**	**–**	**–**	**–**	**–**
For hedges that have been transferred because the hedged item has affected profit or loss	**-15**	**-9**	**–**	**-4**	**1**
2022					
Gains and losses recognized in other comprehensive income	38	44	–	-13	115
Reclassification of hedge effectiveness from other comprehensive income to the Consolidated Statement of Income					
For hedges for which the hedged future cash flows are no longer expected to occur	–	-1	–	–	–
For hedges that have been transferred because the hedged item has affected profit or loss	-15	–	–	–	5

1 In 2023 and 2022, there were no hedge ineffectiveness recognized in the Consolidated Statement of Income.

Table ↗ D.82 shows the reconciliation of the reserves for derivative financial instruments.

D.82

Reconciliation of reserves for derivative financial instruments

	2023	2022
In millions of euros		
Balance at January 1	**122**	13
Changes in fair values (before taxes)	**-117**	136
Foreign currency risk	**-14**	34
Interest rate risk	**-103**	102
Reclassification to profit or loss (before taxes)	**2**	-2
Foreign currency risk	**5**	-6
Interest rate risk	**-3**	4
Reclassification to cost of acquisition of non-financial assets (before taxes)	**-1**	8
Foreign currency risk – procurement	**-1**	8
Commodity price risk – inventory purchases	**–**	–
Other	**-1**	–
Taxes on changes in fair values and reclassifications	**31**	-33
Balance at December 31	**35**	122

The reserves for derivative financial instruments include reserves for hedge costs.

The maturities of the derivative financial instruments generally correspond with those of the underlying transactions. The realization of the hedged item is expected to correspond with the maturity ranges of the hedging transactions shown in table ↗ D.83.

At December 31, 2023, the Daimler Truck Group held derivative financial instruments with a maximum term of 117 months (December 31, 2022: 109 months) in the portfolio in order to hedge currency risks arising from future operating cash flows.

Nominal values of derivative financial instruments used in hedge accounting

Table ↗ D.83 shows the nominal amounts of derivative financial instruments used by the Group as part of hedge accounting to hedge currency risks and interest rate risks from operating activities and/or financing activities.

D.83

Nominal amounts of derivative financial instruments used in hedge accounting

	At December 31, 2023				At December 31, 2022			
	Maturity of nominal amounts				Maturity of nominal amounts			
	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
In millions of euros								
Foreign currency risk	2,294	995	–	3,289	2,045	979	–	3,024
Interest rate risk	1,966	11,420	1,631	15,017	1,886	7,613	1,406	10,905
Fair value hedges	324	6,244	1,631	8,199	276	4,318	1,406	6,000
thereof major derivative financial instruments affected by the reform of the interest rate benchmark								
in the currency CAD	256	649	–	905	–	–	–	–
in the currency USD	–	–	–	–	–	–	–	–
Cash flow hedges	1,642	5,176	–	6,818	1,610	3,295	–	4,905
thereof major derivative financial instruments affected by the reform of the interest rate benchmark								
in the currency CAD	68	376	–	444	–	–	–	–
in the currency USD	–	–	–	–	189	–	–	189

The average prices for hedging instruments classified by risk categories for the main risks are included in table ↗ D.84.

Further information on the hedging of currency and interest rate risks can be found in Note 34. Management of financial risks.

D.84

Average prices of hedging instruments for the major risks

	At December 31, 2023	2022
Foreign currency risk		
USD per €	1.08	1.08
AUD per €	1.63	1.53
GBP per €	0.89	0.87
Interest rate risk		
Fair value hedges		
Average interest rate – USD	-3.09%	-0.77%
Average interest rate – CAD	-2.31%	-2.17%
Average interest rate – EUR	-1.89%	-1.45%
Average interest rate – BRL	–	-12.83%
Average interest rate – MXN	–	-2.71%
Cash flow hedges		
Average interest rate – USD	1.49%	0.63%
Average interest rate – CAD	1.92%	1.69%
Average interest rate – EUR	0.10%	2.03%
Average interest rate – BRL	0.44%	1.25%
Average interest rate – MXN	1.35%	1.54%
Average interest rate – AUD	-0.14%	–

34. Management of financial risks

General information on financial risks
As a result of its businesses and the global nature of its operations, the Daimler Truck Group is exposed to market risks from changes in foreign currency exchange rates and interest rates, while commodity price risks arise from procurement. A share price risk results from investments in listed companies. In addition, the Daimler Truck Group is exposed to credit risks from its leasing and financing activities and from its other business operations (trade receivables). Furthermore, the Daimler Truck Group is exposed to liquidity and country risks relating to its credit and market risks or a deterioration of its business operations or financial market disturbances. If these financial risks materialize, they could adversely affect the Daimler Truck Group's profitability, liquidity and capital resources, and financial position.

The Daimler Truck Group has established internal policies for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and the related controlling. The guidelines upon which the Daimler Truck Group's risk management processes for financial risks are based are designed to identify and analyze these risks throughout the Daimler Truck Group, to set appropriate risk limits and controls, and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products.

The Daimler Truck Group manages and monitors these risks primarily through its operating and financing activities and, if required, through the use of derivative financial instruments. The Daimler Truck Group uses derivative financial instruments exclusively for hedging financial risks that arise from its business operations or refinancing activities or liquidity management. If not used, the Daimler Truck Group would be exposed to higher financial risks. Daimler Truck AG hedges currency risks through forward exchange contracts. Long-term supply contracts exist for the hedging of raw materials, so it is not necessary to build up further hedges. Additional information on financial instruments and especially on the volumes of the derivative financial instruments used is included in Note 33. Financial instruments. The Daimler Truck Group regularly evaluates its financial risks with due consideration of changes in key economic indicators and up-to-date market information.

The market sensitive instruments, including equity and debt securities, that the plan assets hold to finance pension and other post-employment benefits are not included in the following quantitative and qualitative analysis. For further information on pension and other post-employment benefit related liabilities, refer to Note 23. Pensions and similar obligations.

Credit risk
Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt in accordance with the contractual terms. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts at the balance sheet date (without consideration of collateral, if available). There is also a risk of default from irrevocable loan commitments which had not been utilized as of that date, as well as from financial guarantees. The maximum risk position in these cases is equal to the expected future cash outflows. Table ↗ D.85 shows the maximum risk positions at the reporting date.

D.85
Maximum risk positions of financial assets, irrevocable loan commitments and financial guarantees

	Note	Maximum risk position At December 31, 2023	2022
In millions of euros			
Liquid assets		**8,875**	7,089
Receivables from financial services	15	**26,214**	22,425
Trade receivables	20	**5,262**	4,682
Derivative financial instruments used in hedge accounting (assets only)	17	**179**	197
Derivative financial instruments not used in hedge accounting (assets only)	17	**22**	29
Other financial receivables and miscellaneous other financial assets	17	**871**	818
Irrevocable loan commitments		**370**	163
Financial guarantees		**271**	300

Liquid assets
Liquid assets consist of cash and cash equivalents and marketable debt securities and similar investments. With the investment of liquid assets, banks and issuers of securities are selected very carefully and diversified in accordance with a limit system. Liquid assets are primarily held by financial institutions with high credit ratings within and outside Europe and also in money market funds. In connection with investment decisions, priority is placed on the borrower's very high creditworthiness and on balanced risk diversification. The limits and their utilization are reassessed continuously. In this assessment, the Daimler Truck Group also considers the credit risk assessment of its counterparties by the capital markets. In line with the Daimler Truck Group's risk policy, most liquid assets are held in investments with an external investment grade rating. Liquid assets are thus not subject to a material credit risk and are allocated to Stage 1 of the impairment model, which is based on expected credit risk.

Receivables from financial services
The Daimler Truck Group's financing and leasing activities are primarily focused on supporting the sales of the Daimler Truck

Group's automotive products. As a consequence of these activities, the Daimler Truck Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. Statements concerning the credit risk of Financial Services refer to the entire financing and leasing business, unless otherwise specified.

Exposure to credit risk from financing and lease activities is monitored based on the portfolio subject to credit risk. The portfolio subject to credit risk consists of the receivables from financial services. These comprise receivables from sales financing with end customers and dealers, receivables from finance leasing contracts and (overdue) leasing payments from operating lease contracts. The operating lease portfolio is reported under equipment on operating leases in the Consolidated Financial Statements. Leasing payments due from operating lease contracts are recognized in receivables from financial services.

The Financial Services segment of the Daimler Truck Group has policies setting the framework for effective risk management at a global as well as a local level. In particular, these rules deal with minimum requirements for all risk-relevant credit processes, the definition of financing products offered, the evaluation of customer quality, requests for collateral and the treatment of unsecured loans and non-performing claims. The limitation of concentration risks is implemented primarily by means of global limits, which refer to single customer exposures. As of December 31, 2023, exposure to the biggest 15 customers did not exceed 19% of the total portfolio (December 31, 2022: 19%).

With respect to its financing and lease activities, the Daimler Truck Group holds collateral for individual transactions limiting actual credit risk through its fair value. The value of collateral generally depends on the amount of the financed assets. At the start of the contract, security of at least 100% of the book value is regularly agreed in the form of the vehicles on which the contracts are based. Over the duration of the contracts, the development of the value of the collateral is continuously included in the calculation of the risk provisions to be formed, so that the net carrying amounts of the credit-impaired contracts are essentially secured by the vehicles. Furthermore, Financial Services limits credit risk from financing and lease activities, for example through advance payments from customers.

For the assessment of the default risk of retail and small business customers, scoring systems are applied to evaluate their creditworthiness. Corporate customers are evaluated using internal rating instruments. Both evaluation processes use external credit bureau data if available. The scoring and rating results as well as the availability of security and other risk mitigation instruments, such as advance payments, guarantees and, to a lower extent, residual debt insurances, are essential elements for credit decisions.

If, in connection with contracts, a deterioration of payment behavior or other causes of a credit risk are recognized, collection procedures are initiated by claims management to obtain the overdue payments from the customer, to take possession of the asset financed or leased or, alternatively, to renegotiate the impaired contract. Restructuring policies and practices are based on the indicators or criteria which, in the judgment of local management, indicate that repayment will probably continue and that the total proceeds expected to be derived from the renegotiated contract exceed the expected proceeds to be derived from repossession and remarketing.

The decrease in loss allowances was driven by the normalization of the post-pandemic economic environment and improved portfolio performance. This was offset by the effect of the increase in the portfolio. In 2023, in addition to the utilization, loss allowances were gradually reduced in several markets due to good credit performance and improved macroeconomic outlook for the upcoming years. Future expectations are regularly updated to reflect the current macroeconomic outlook in loss allowance calculation.

For information on credit risks included in receivables from financial services, refer to Note 15. Receivables from financial services. Information on the measurement of expected credit losses is provided in Note 1. General information and significant accounting policies.

Trade receivables
Trade receivables are mostly receivables from worldwide sales of vehicles and spare parts. The credit risk from trade receivables encompasses the default risk of customers, e.g., authorized dealers and general distribution companies, as well as other corporate and private customers. In order to identify credit risks, the Daimler Truck Group assesses the creditworthiness of customers. The Daimler Truck Group manages its credit risk from trade receivables using appropriate IT applications and databases on the basis of internal policies which have to be followed globally.

A significant proportion of the trade receivables from each country's domestic business is secured by various country-specific types of collateral. This collateral includes conditional sales, guarantees and sureties, as well as mortgages and advance payments from customers.

For trade receivables from the export business, the Daimler Truck Group also evaluates its customers' creditworthiness by means of an internal rating process with consideration of the respective country risk. In this context, the year-end financial statements and other relevant information on the general distribution companies, such as payment history, are used and assessed.

Depending on the customers' creditworthiness, the Daimler Truck Group establishes credit limits and limits credit risks with the following types of collateral:

- credit insurances,
- first-class bank guarantees and
- letters of credit.

These procedures are defined in the export credit guidelines, which have Group-wide validity.

For loss allowance of trade receivables, a simplified approach is applied, whereby these receivables are allocated to stage 2. The expected credit losses over the entire term are taken into account upon initial recognition.

Further information on trade receivables and the status of loss allowances refer to Note 20. Trade receivables.

Derivative financial instruments
The Daimler Truck Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operating activities, financing activities or liquidity management. The Daimler Truck Group manages its credit risk exposure in connection with derivative financial instruments through a limit system, which is

based on the review of each counterparty's financial strength. This system limits and diversifies the credit risk. As a result, the Daimler Truck Group is exposed to credit risk only to a small extent with respect to its derivative financial instruments. In accordance with the Group's risk policy, the majority of derivatives were concluded with counterparties which have an external investment grade rating.

Other receivables and financial assets
With respect to other receivables and financial assets included in other financial assets in 2023 and 2022, the Daimler Truck Group is exposed to credit risk only to a small extent.

Irrevocable loan commitments
The Financial Services segment in particular is exposed to credit risk from irrevocable loan commitments to end customers and retailers. At December 31, 2023, irrevocable loan commitments amounted to €370 million (December 31, 2022: €163 million). These loan commitments had a maturity of less than one year and are not subject to a material credit risk.

Financial guarantees
The maximum potential payment obligations resulting from financial guarantees as of December 31, 2023 amounted to €271 million (December 31, 2022: €300 million) and at December 31, 2023 included liabilities of €11 million (December 31, 2022: €17 million). Financial guarantees principally represent contractual arrangements. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the Daimler Truck Group will be required to settle such financial obligations, generally up to a contractually agreed amount.

Liquidity risk
Liquidity risk comprises the risk that a company cannot meet its financial obligations in full. The Daimler Truck Group manages its liquidity by holding adequate volumes of liquid assets and by maintaining syndicated credit facilities in addition to the cash inflows generated by its business operations. Additionally, the option of securitizing receivables ("ABS transactions") also reduces the Group's liquidity risk. Liquid assets comprise cash and cash equivalents and marketable debt securities and similar investments. The Daimler Truck Group can dispose of these liquid assets at short notice.

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the leasing and financing business and unexpected liquidity needs. In accordance with internal guidelines, the refinancing of the leasing and financing business is generally carried out with matching maturities so that financing liabilities have the same maturity profile as the leased assets and the receivables from financial services.

At December 31, 2023, cash and cash equivalents amounted to €7,067 million (December 31, 2022: €5,944 million). In 2023, significant cash inflows resulted from the operations of the Industrial Business as well as cash inflows and outflows in connection with the cash provided by financing activities. Cash outflows resulted in particular from investments made in intangible assets and property, plant and equipment, income taxes paid, an increased portfolio of leasing and financing activities at Financial Services, a dividend payment to the shareholders of Daimler Truck Holding AG and the start of the share buyback program.

From an operating point of view, the management of the Daimler Truck Group's liquidity exposures is centralized by a daily cash pooling process. This process enables the Daimler Truck Group to manage its liquidity surplus and liquidity requirements according to the actual needs of the Daimler Truck Group. The Daimler Truck Group's short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations.

In general, the Daimler Truck Group makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, the Daimler Truck Group issues commercial papers, debt obligations and financial instruments secured by receivables in various currencies. On October 28, 2021, the Daimler Truck Group was issued with a long-term issuer credit rating of A3 by Moody's Investor Service and BBB+ by S&P Global Ratings; nonetheless, potential downgrades of the Daimler Truck Group's credit ratings could have a negative impact on the Group's financing.

In August 2021, an agreement was concluded with a consortium of international banks to provide a syndicated credit facility, of €5 billion. The facility has an initial term of five years with two one-year extension options. Both extension options are expired and were not utilized. Daimler Truck does not intend to utilize the credit facility.

In September 2022, a further revolving credit facility of €1 billion was concluded with an international banking group. This credit facility has a term of 24 months and includes an option to increase by €500 million during the first 18 months. The option to increase and the credit line have not been utilized as of the reporting date.

Table ↗ **D.86** provides an overview of how the future liquidity situation of the Daimler Truck Group can be affected by cash outflows from liabilities, financial guarantees and irrevocable loan commitments as of December 31, 2023.

Information on the Daimler Truck Group's financing liabilities is also provided in Note 25. Financing liabilities.

D.86

Liquidity runoff for liabilities and financial guarantees[1]

	Total	2024	2025	2026	2027	2028	≥ 2029
In millions of euros							
Financing liabilities[2]	27,677	9,541	7,399	4,886	1,845	2,168	1,839
thereof lease liabilities	1,257	230	200	156	135	116	421
Derivative financial instruments[3]	525	224	114	80	37	28	43
thereof with gross settlement	64	50	13	–	–	–	–
Cash outflows	2,620	1,866	755	–	–	–	–
Cash inflows	-2,557	-1,815	-741	–	–	–	–
thereof with net settlement	461	174	100	80	37	28	43
Cash outflows	461	174	100	80	37	28	43
Trade payables[4]	5,059	5,050	–	–	–	–	8
Miscellaneous other financial liabilities excluding accrued interest and liabilities from financial guarantees	3,542	2,150	447	328	267	149	201
Irrevocable loan commitments[5]	370	370	–	–	–	–	–
Financial guarantees[6]	271	271	–	–	–	–	–
	37,444	17,607	7,959	5,294	2,149	2,345	2,090

1 The amounts were calculated as follows:
a) If the counterparty can request payment at different dates, the liability is included on the basis of the earliest due date.
b) Interest payments on financial instruments with variable interest rates are calculated on the basis of forward rates.
2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.
3 The undiscounted sum of the cash flows of the derivative financial liabilities is shown for each of the respective years.
4 The cash outflows of trade payables are shown as undiscounted.
5 The maximum available amounts are stated.
6 The maximum potential obligations under the issued guarantees are stated. It is assumed that the amounts are due within the first year.

Country risk
Country risk is the risk of economic loss arising from changes of political, economic, legal or social conditions in the respective country, e.g., resulting from sovereign measures such as expropriation or interdiction of foreign currency transfers.

The Daimler Truck Group is exposed to country risk mainly resulting from investments in subsidiaries, associated companies, joint ventures and joint operations, as well as from cross-border trade receivables. Country risks also arise from cross-border cash deposits at financial institutions.

The Daimler Truck Group manages these risks via country exposure limits (e.g., for hard currency portfolios of financial services entities). An internal rating system serves as a basis for risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of capital market indications of country risks.

Financial market risks
The global nature of its businesses exposes the Daimler Truck Group to significant market risks resulting from fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Daimler Truck Group is also exposed to equity price risk in connection with its investments in listed companies.

The Daimler Truck Group calculates its overall net exposure to these market risks to provide the basis for hedging decisions, which include the selection of hedging instruments and the determination of hedging volumes and the corresponding periods. Decisions regarding the management of market risks from foreign exchange rates and commodities, as well as asset/liability management (interest rates), are regularly made by the relevant Daimler Truck Group risk management committees. Net exposures are the basis for the hedging strategies and are updated regularly.

Certain benchmark interest rates, including those of the London Interbank Offer Rate (for US dollar, British pound, Swiss franc and Japanese yen), have comprehensively reformed internationally by the end of 2022. As a result, those interest rates were gradually abolished and replaced with alternative risk-free reference rates. Alternative interest rates are being developed on a national level in the context of the respective legal systems and currencies; they can therefore vary with regards to their structure, methodology and period of publication.

In 2023, part of the derivatives affected by the benchmark reform in CAD switched to the risk-free reference rate CORRA. The corresponding underlying transactions are not affected. The Daimler Truck Group expects that the remaining conversion of reference rates of hedging instruments and their underlying transactions to be identical and without any significant delay in time. The Daimler Truck Group continues to consider the economic relationship and thus the continuation of hedge accounting to be still existing.

The nominal values of the affected derivative financial instruments can be found in table ↗ D.83.

As part of its risk management system, the Daimler Truck Group employs value-at-risk analyses. In performing these analyses, the Daimler Truck Group quantifies its market risk caused by changes such as foreign currency exchange rates, interest rates and certain commodity prices on a regular basis by calculating a potential loss given a confidence level and a holding period.

The value-at-risk calculations are based on the following assumptions:

- potential losses related to fair value changes, and
- a 99% confidence level at a holding period of five days.

The Daimler Truck Group calculates the value at risk for exchange rates according to the variance-covariance approach.

When calculating value at risk using the variance-covariance approach, the Daimler Truck Group first computes the current market value of the Group's financial instruments portfolio. Then, the sensitivity of the portfolio value to changes in the relevant market risk factors, such as particular foreign currency exchange rates or interest rates of specific maturities, is quantified. Based on volatilities and correlations of these market risk factors, which are obtained from the RiskMetrics™ dataset, a statistical distribution of potential changes in the portfolio value at the end of the holding period is computed. The loss which is reached or exceeded with a probability of only 1% can be derived from this calculation and represents the value at risk.

Exchange rate risk
Transaction risk and currency risk management. The global nature of the Daimler Truck Group's businesses exposes cash flows to risks arising from fluctuations in exchange rates. These mainly relate to the euro, the US dollar, the British pound, the Australian dollar and the Japanese yen. The Daimler Truck Group's exchange rate risk primarily arises when revenue is generated in a currency that is different from the currency in which the revenue related costs are incurred. It may be inadequate to cover the costs if the value of the currency in which the revenue is generated declines in the interim relative to the value of the currency in which the costs were incurred.

The Daimler Truck Group is exposed to transaction risks, but only to a minor degree because of its global production network and the overall lower foreign currency volume. In addition, the Daimler Truck Group is indirectly exposed to transaction risk from its equity-method investments.

The Daimler Truck Group's overall currency exposure is reduced by natural hedging, which consists of the currency exposures of the business operations of different entities and segments partially offsetting each other at a Group level. These natural hedges eliminate the need for hedging to the extent of the matched exposures. To provide an additional natural hedge against any remaining transaction risk exposure, the Daimler Truck Group generally strives to increase cash outflows in the same currencies in which the Daimler Truck Group has a net excess inflow.

In order to mitigate the impact of currency exchange rate fluctuations for the Group's operations (future transactions), the Daimler Truck Group continually assesses its exposure to exchange rate risks and hedges a portion of those risks by using derivative financial instruments. The Daimler Truck Group manages its exchange rate risk and its hedging transactions through currency derivatives. The corporate treasury department implements the foreign currency hedging through transactions with international financial institutions. Suitable measures are generally taken without delay to eliminate any over-hedging regarding hedging transactions caused by changes in exposure. The designated hedging relationships are also reviewed with respect to any requirements to discontinue hedge accounting.

Daimler Truck Group's targeted hedge ratios for forecasted operating cash flows in foreign currency are indicated by a reference model. On the one hand, the hedging horizon is naturally limited by uncertainty related to cash flows that lie far in the future; on the other hand, it may also be limited by the fact that appropriate currency contracts are not available. This reference model aims to limit risks for the Daimler Truck Group from unfavorable movements in exchange rates while preserving some flexibility to participate in favorable developments. Based on this reference model and depending on the market outlook, the committee determines the hedging horizon, which usually varies from one to three years, as well as the average hedge ratios. Reflecting the character of the underlying risks, the hedge ratios decrease with increasing maturities.

Foreign currency exposure risks of the vehicle business operations are managed primarily with the use of forward foreign exchange contracts. The instruments applied depend on the assessment of market conditions. Value at risk is used to measure the exchange rate risk inherent in these derivative financial instruments.

Table ↗ **D.87** shows the value at risk at period-end of the exchange rate risk for the 2023 and 2022 portfolios of derivative financial instruments, which were entered into primarily in connection with the vehicle business operations. The underlying transactions on which the derivatives are based are not included in the following value-at-risk presentation, since they primarily comprise forecasted cash flows. Also refer to table ↗ **D.83**.

D.87

Value at risk for exchange rate risk, and interest rate risk

	2023 Period-end	2022 Period-end
In millions of euros		
Exchange rate risk (from derivative financial instruments)	**28**	46
Interest rate risk (from derivative financial instruments)	**28**	26

Hedge accounting. When designating derivative financial instruments, a hedge ratio of 1 is applied. In addition, the respective volumes, interest rate curves and currencies of the hedge and the underlying transaction as well as maturity dates are matched. The Daimler Truck Group ensures an economic relationship between the underlying transaction and the hedging transaction by ensuring consistency of currency, volume and maturity. Forward components are not designated into the hedge relationship, but are deferred as hedging costs with no effect on income and recognized in the income statement or as an adjustment to the cost of non-financial assets when the underlying transaction matures. Effectiveness is assessed at initial designation and during the hedge term. Possible sources of ineffectiveness of the hedge relationship are:

- Changes in the credit risk when measuring the hedging instrument used, which are not reflected in the change of the hedged currency risk.
- Changes in the timing of the hedged transactions.

In 2023, the development of the value-at-risk from foreign currency hedging was mainly driven by a sharp decrease in foreign currency rate volatility.

The Daimler Truck Group's investments in liquid assets or refinancing activities are generally selected so that possible currency risks are minimized. Transaction risks arising from liquid assets or payables in foreign currencies that result from the Daimler Truck Group's investment or refinancing on money and capital markets are generally hedged against currency risks at the time of investing or refinancing in accordance with the Group's internal guidelines. The Daimler Truck Group uses appropriate derivative financial instruments (e.g., cross-currency interest rate swaps) to hedge against currency risk.

Since currency risks arising from the Daimler Truck Group's investment or refinancing in foreign currencies and the respective hedging transactions generally offset each other, these financial instruments are not included in the value-at-risk calculation presented.

Effects of currency translation risk ("Translation risk"). For purposes of the Consolidated Financial Statements, the income and expenses and the assets and liabilities of non-euro reporting subsidiaries are converted into euros. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (EBIT) and assets and liabilities of the Daimler Truck Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Daimler Truck Group's equity position reflects changes in carrying amount caused by exchange rates. In general, the Daimler Truck Group does not hedge against currency translation risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Daimler Truck Group uses a variety of interest rate sensitive financial instruments to manage the Group's liquidity needs. However, a substantial volume of interest rate sensitive assets and liabilities results from the leasing and sales financing business operated by the Financial Services segment. The Financial Services companies enter into transactions with customers that primarily result in fixed-rate receivables. The Daimler Truck Group's general policy is to match funding in terms of maturities and interest rates wherever economically feasible. However, for a limited portion of the receivables portfolio in selected and developed markets, Financial Services does not match funding in terms of maturities in order to take advantage of market opportunities. As a result, the Daimler Truck Group is exposed to risks due to changes in interest rates.

The measurement of the interest rate risk of the Daimler Truck Group has been carried out through a value-at-risk analysis.

An expert group from the Daimler Truck Group, comprising members of the Group Treasury, Financial Services Controlling and Group Controlling, manage the interest rate risk by setting targets for the interest rate risk position. Group Treasury and the local subsidiaries are jointly responsible for achieving these targets. Group Treasury Controlling and the Financial Services Controlling and Reporting department monitor target achievement on a regular basis as separate functions. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, the Daimler Truck Group also uses derivative financial instruments such as interest rate swaps. The Daimler Truck Group assesses its interest rate risk position by comparing assets and liabilities for corresponding maturities, including the impact of the relevant derivative financial instruments.

Derivative financial instruments are also used in conjunction with the refinancing related to the vehicle segments and liquidity management. The Daimler Truck Group manages the funding activities of the vehicle segments and financial services segment at Group level.

Table ↗ **D.87** shows the value-at-risk at the end of the reporting period for the interest rate risk in 2023 and 2022 for the derivative financial instruments. Leasing liabilities are not included in the value-at-risk of the interest rate risk. These leasing liabilities have fixed interest rates and changes in interest rates therefore have no effect on the Daimler Truck Group's net profit.

Hedge Accounting. When designating derivative financial instruments, a hedge ratio of 1 is generally applied. The respective volumes, interest rate curves and currencies of the hedged item and the hedging instrument as well as maturity dates are matched. In the case of combined derivative financial instruments for interest currency hedges, the cross-currency basis spread is not designated into the hedge relationship, but deferred as a hedging cost in other comprehensive income and recognized in profit or loss over the hedge term. The Daimler Truck Group ensures an economic relationship between the underlying transaction and the hedging instrument by ensuring consistency of interest rates, maturity terms and nominal amounts. The effectiveness of the hedge is assessed at the beginning and during the economic relationship using the hypothetical derivative method. Possible sources of ineffectiveness of the hedge relationship are:

- Changes in the credit risk when measuring the hedging instrument in use which are not reflected in the change in the hedged interest rate risk.

- Changes in the parameters of the underlying hedged transactions.

Commodity price risk
The Daimler Truck Group is exposed to the risk of changes in commodity prices in connection with procuring raw materials and manufacturing supplies used in production. Risk is limited through long-term supply contracts. The relevant committees of the Daimler Truck Group review the risk and take actions to reduce this risk arising from fluctuation of commodity prices, if necessary. In addition, long-term electricity supply contracts from renewable energies, so-called power purchase agreements, are concluded to hedge electricity prices and the purchase of green energy. The fair value of these contracts corresponds to the difference between the market price and the contractually agreed price multiplied by the contract volume.

Hedge accounting. At December 31, 2023 for commodity derivatives no hedge accounting took place. The future use of derivatives is possible in principle, as described above. When designating commodity derivatives, the respective volumes and parameters relevant for the valuation of the hedged item and the hedging instrument as well as maturity dates are matched. The Daimler Truck Group ensures an economic relationship between the hedged item and the hedging instrument by ensuring consistency of volumes, parameters relevant for valuation and maturity terms. Effectiveness is assessed at initial designation and during the hedge term. Possible sources of ineffectiveness of the hedge relationship are:

- Changes in the credit risk on the measurement of the derivative instrument in use which are not reflected in the change in the hedged commodity price risk.

- Changes in the timing of the hedged transactions.

As of December 31, 2023, the nominal volumes of derivatives that are not designated in a hedging relationship amount to €1,709 million for hedging exchange rate risks (December 31, 2022: €1,633 million) and €97 million for hedging interest rate risks (December 31, 2022: €0 million), as well as €78 million (December 31, 2022: €0 million) for hedging commodity price risks.

Equity price risk
The Daimler Truck Group predominantly holds investments in shares of companies which are classified as long-term investments, some of which are accounted for using the equity method. These investments are not included in a market risk assessment by the Daimler Truck Group.

35. Segment reporting

Reportable segments
The Board of Management of Daimler Truck Holding AG, as the chief operating decision maker, allocates resources to the operating segments of the Group and assesses their performance on a regular basis. Therefore, the reporting based on operating segments retrospectively reflects the internal reporting and management structure of the Daimler Truck Group.

The segments are largely organized and managed separately, according to geographical areas, nature of products and services provided, brands, distribution channels and profile of customers. The Daimler Truck Group's activities are divided into the segments Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses and Financial Services.

The Trucks North America segment develops, manufactures and sells trucks under the Freightliner and Western Star brands in North America. The segment's product range also includes buses from Thomas Built Buses as well as bus chassis.

The Mercedes-Benz segment develops, manufactures and sells trucks under the Mercedes-Benz brand, including off-highway-solutions, and also sells trucks under the FUSO brand in Europe and Latin America (excluding Mexico).

The Trucks Asia segment develops, manufactures and sells trucks and buses under the FUSO, BharatBenz and RIZON brands, and sells trucks and buses under the Mercedes-Benz brand. Trucks Asia is also active in China through Daimler Truck China and its subsidiary Daimler Trucks and Buses China, through which Mercedes-Benz trucks are imported to China. Furthermore, trucks are produced under the Mercedes-Benz and Auman brands as part of the Beijing Foton Daimler Automotive Co., Ltd. joint venture with Foton.

The Daimler Buses segment develops, manufactures, and sells buses under the Mercedes-Benz and Setra brands. The segment's product range also includes bus chassis under the Mercedes-Benz brand.

The Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses segments comprise the vehicle segments.

The vehicle segments also sell powertrains, parts and accessories to external customers as well as to each other. The Mercedes-Benz segment is the main supplier of spare parts to the other segments.

The Financial Services segment supports the sales of the trucks and buses worldwide. Its product portfolio primarily comprises tailored financing and leasing packages for end customers and dealers, brokering of commercial vehicles insurance and banking services.

Internal management and reporting structure
The internal management and reporting structure at the Daimler Truck Group is principally based on the accounting policies that are described in Note 1. General information and significant accounting policies, in accordance with IFRS.

The measure of the Daimler Truck Group's profit or loss used by the Group's management and reporting structure is referred to as “EBIT”. Transactions between entities within the same segment are generally eliminated in the respective segment. Transactions between the segments are generally eliminated within reconciliation. The elimination of effects connected with intra-Group transfers of equity investments takes place in the segments involved. Some simplifications have been made in the segment reporting with regard to accounting for leases in connection with intra-group transactions. For example, intra-group leases are accounted for as operating leases.

Segment assets principally comprise all assets related to the operating activities. The vehicle segments' assets exclude income tax assets, assets from defined benefit pension plans and other post-employment benefit plans, as well as certain financial instruments (including liquidity). Segment liabilities principally comprise all liabilities related to the operating activities. The vehicle segments' liabilities exclude income tax liabilities, liabilities from defined benefit pension plans and other post-employment benefit plans, and certain financial instruments (including financing liabilities).

The residual value risks associated with the Daimler Truck Group's operating leases and finance lease receivables are generally borne by the vehicle segments that manufactured the leased vehicles. Risk sharing is based on agreements between the vehicle segment and Financial Services; the terms vary by vehicle segment and geographic region.

Capital expenditures for intangible assets and property, plant and equipment reflect the cash-effective additions to these intangible assets and property, plant and equipment to the extent that they do not relate to capitalized borrowing costs or goodwill.

Depreciation and amortization may also include impairments, provided that they do not relate to goodwill impairment according to IAS 36 “Impairment of Assets”.

Reconciliation
The reconciliation includes other business activities and investments, in particular in the area of autonomous driving. Moreover, functions and services provided by the Daimler Truck Group's headquarters as well as by other companies of the Group not allocated to the segments are included. In addition, the reconciliation includes projects managed by headquarters.

Table ↗ **D.88** presents segment information for the 2023 and 2022 financial years.

D.88

Segment information

	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total Segments	Recon-ciliation	Daimler Truck Group
In millions of euros								
2023								
External revenue	23,375	19,121	6,432	4,362	2,600	55,890	–	55,890
Intersegment revenue	118	2,517	629	204	74	3,541	-3,541	–
Total revenue	23,492	21,638	7,060	4,566	2,674	59,431	-3,541	55,890
Segment profit/loss (EBIT)	2,887	2,038	330	214	186	5,655	-471	5,183
thereof profit/loss on equity-method investments	4	-8	-57	2	–	-59	-50	-109
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-43	-51	2	-9	-4	-106	-23	-128
31. Dec. 2023								
Segment assets	7,240	15,170	5,605	3,922	29,815	61,752	784	62,536
thereof carrying amounts of of equity-method investments	25	34	272	11	–	343	708	1,051
Segment liabilities	6,468	9,395	1,970	2,890	27,353	48,076	-747	47,329
Additions to non-current assets	347	1,768	347	354	513	3,329	84	3,413
thereof investments in intangible assets	41	123	32	8	15	219	61	280
thereof investments in property, plant and equipment	235	533	128	115	12	1,023	2	1,026
Depreciation and amortization of non-current assets	294	977	257	183	30	1,740	10	1,750
thereof amortization of intangible assets	4	91	31	19	7	152	5	157
thereof depreciation of property, plant and equipment (incl. right-of-use assets)	256	438	193	72	11	971	5	976

	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total Segments	Reconciliation	Daimler Truck Group
In millions of euros								
2022								
External revenue	21,922	17,843	5,915	3,551	1,714	50,945	–	50,945
Intersegment revenue	117	2,370	584	138	45	3,254	-3,254	–
Total revenue	22,039	20,213	6,499	3,689	1,759	54,199	-3,254	50,945
Segment profit/loss (EBIT)	2,376	1,188	161	-52	310	3,983	-487	3,496
thereof profit/loss on equity-method investments	8	-114	-64	–	–	-170	-56	-226
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-16	132	–	15	-3	128	11	139
31. Dec. 2022								
Segment assets	7,441	14,415	5,525	3,289	25,545	56,215	891	57,106
thereof profit/loss on equity-method investments	20	–	353	8	–	381	692	1,073
Segment liabilities	6,427	9,120	2,100	2,500	23,327	43,474	-463	43,011
Additions to non-current assets	355	2,064	305	222	903	3,849	7	3,856
thereof investments in intangible assets	6	161	58	15	19	259	7	266
thereof investments in property, plant and equipment	216	452	153	85	11	917	1	918
Depreciation and amortization of non-current assets	282	904	249	179	19	1,633	9	1,642
thereof amortization of intangible assets	14	120	27	17	4	182	4	186
thereof depreciation of property, plant and equipment (incl. right-of-use assets)	241	417	192	69	11	930	5	935

Reconciliation

The reconciliation of the segments' amounts to relevant amounts for the Daimler Truck Group is shown in table ↗ **D.89**.

D.89

Reconciliation of the segments to the Group Financial Statements

	At December 31, 2023	2022
In millions of euros		
Total of segments' profit (EBIT)	**5,655**	3,983
Profit/loss on equity-method investments	**-50**	-56
Other business activities and corporate items	**-399**	-364
Eliminations	**-23**	-67
EBIT of the Group	**5,183**	3,496
Total of segments' assets	**61,752**	56,215
Carrying amount of equity-method investments	**708**	692
Income tax assets[1]	**1,776**	1,565
Other business activities and corporate items	**541**	458
Eliminations	**-2,241**	-1,824
Segment assets of the Group	**62,536**	57,106
Unallocated financial assets (including liquidity) and assets from pensions and similar obligations[1]	**8,676**	6,863
Total assets of the Group	**71,212**	63,969
Total of segments liabilities	**48,076**	43,474
Income tax liabilities[1]	**152**	79
Other business activities and corporate items	**1,111**	1,078
Eliminations	**-2,010**	-1,620
Segment liabilities of the Group	**47,329**	43,011
Unallocated financial liabilities and liabilities from pensions and similar obligations[1]	**1,659**	352
Total equity of the Group	**22,224**	20,606
Total equity and liabilities of the Group	**71,212**	63,969

1 Excluding allocations to the Financial Services segment.

Other business activities and corporate items is comprised primarily of operational expenses of €172 million related to the Daimler Truck Group's autonomous driving business activities (2022: €191 million) and expenses from equity instruments measured at fair value through profit or loss of € 39 million (2022: € 60 million).

Revenue and non-current assets by region
With respect to information on geographical regions, revenue is allocated to countries based on the location of the customer; non-current assets are presented according to the physical location of these assets.

Revenue from external customers and non-current assets by region are shown in table ↗ D.90.

D.90
Revenue and non-current assets by region

	Revenue		Non-current assets[1]	
	2023	2022	**Dec. 31, 2023**	Dec. 31, 2022
In millions of euros				
Europe	**18,426**	15,330	**8,948**	8,868
thereof Germany	**6,845**	5,532	**6,815**	6,824
North America	**24,613**	22,587	**3,296**	3,155
thereof United States	**20,056**	19,175	**2,735**	2,593
Asia	**7,172**	6,546	**2,266**	2,300
thereof Japan	**3,400**	2,864	**2,012**	2,027
Latin America	**3,521**	4,587	**637**	619
Other markets	**2,158**	1,895	**239**	263
	55,890	50,945	**15,386**	15,205

1 Non-current assets includes Intangible assets, Property, plant and equipment, and Equipment on operating leases.

36. Capital management

The capital management of the Daimler Truck Group is based on operating net assets as the capital base for the Industrial Business as well as equity as the capital base for Financial Services. The operating assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of the operating net assets of the Industrial Business. The segments of the Industrial Business are accountable for all assets and liabilities for which they are responsible in day-to-day operations and therefore are allocated to them. The operating net assets of the Industrial Business also include reconciliation items of the Group that are not assigned to the segments. Items related to liquidity, income taxes and pensions are not part of the operating net assets. Performance measurement in the Financial Services segment is on an equity basis, in line with the usual practice in the banking business. The steering of the Industrial Business and Financial Services is based on the respective average capital base of the year. It is calculated from the average capital bases of the quarters, which are the averages of the beginning and end of the respective quarter.

Based on the respective capital bases, we calculate the return on capital employed for the Industrial Business and the return on equity for Financial Services. To evaluate the profitability of the invested capital, the return ratios are compared with the respective cost of capital rates. If the ratio exceeds the cost of capital rate, this creates value for our shareholders. The cost of capital rates of the Daimler Truck Group are derived from the minimum rates of return that investors expect on their invested capital. The cost of capital rate of the Industrial Business is determined from the weighted cost of equity and cost of debt rates. In line with usual business practice, the cost of equity rate is used as the cost of capital rate for Financial Services. The calculation of the cost of equity rate is based on the CAPM method. For internal steering in the reporting year 2023, a cost of capital rate of 12% before taxes was used for the Industrial Business. For Financial Services, the cost of equity rate applied was 14% before taxes for 2023.

The objective of capital management is to optimize the cost of capital. This is achieved by optimizing the operating net assets, including working capital, within the operating responsibility of the segments. In addition, taking legal regulations into account, the Daimler Truck Group strives to optimize the costs and risks of its capital structure and, consequently, the cost of capital. Examples of this include a balanced ratio between equity and debt as well as an appropriate level of liquidity, oriented towards operating requirements.

37. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to shareholders of the Daimler Truck Group. There were no dilution effects in respect of the shares in 2023 or 2022. The profit attributable to shareholders of the Daimler Truck Group (basic and diluted) amounted to €3,775 million (2022: €2,665 million).

The weighted average number of outstanding shares used for calculating earnings per share is calculated after deducting the treasure shares acquired as of December 31, 2023.

During the financial year 2023 the weighted average number of outstanding shares were 818 million and for the fourth quarter of 2023 it were 806 million.

Table ↗ D.91 shows the numerator and the denominator for the calculation of earnings per share.

D.91
Earnings per share

	2023	2022
In millions of euros		
Consolidated profit/loss attributable to shareholders	**3,775**	2,665
in millions of shares		
Weighted-average number of shares outstanding – basic and diluted	**818**	823
Earnings per share – basic and diluted	**4.62**	3.24

38. Related party disclosures

Related companies
As of the reporting date, the related companies included in particular the Mercedes-Benz Group due to Mercedes-Benz Group AG's 30.01% minority shareholding in Daimler Truck Holding AG. Related companies that were part of the Mercedes-Benz Group therefore included Mercedes-Benz Group AG, its direct and indirect subsidiaries and their joint ventures.

In addition, related companies also include associated companies, joint ventures and the non-consolidated subsidiaries of the Daimler Truck Group, as well as their associates.

Goods and services supplied between the Daimler Truck Group and related companies are shown in table ↗ D.92.

Transactions with the Mercedes-Benz Group
The Daimler Truck Group made sales to companies of the Mercedes-Benz Group. Those sales relate predominantly to trucks, parts, spare parts and services. Furthermore, the Daimler Truck Group purchased goods and services from companies of the Mercedes-Benz Group. The purchases of goods and services primarily relate to parts, spare parts and services provided by central functions. These central corporate functions of the Mercedes-Benz Group include services such as, but are not limited to, accounting, IT, and personnel-related services.

Non-controlling interests in Gamma (1–4) Daimler Truck Grundstücksverwaltung GmbH & Co. OHGs and in Daimler Buses Grundstücksverwaltung GmbH & Co. OHG
At December 31, 2023, non-controlling interests in the Gamma (1-4) Daimler Truck Grundstücksverwaltung GmbH & Co. OHGs and Daimler Buses Grundstücksverwaltung GmbH & Co. OHG held by Mercedes-Benz Grund Services GmbH were recognized as financial liabilities and amounted to €213 million (December 31, 2022: €191 million). For further information, refer to Note 1. General information and significant accounting policies and Note 25. Financing liabilities.

Leases with the Mercedes-Benz Group
For the sale of vehicles to Mercedes-Benz Group companies by which the Daimler Truck Group is obliged to repurchase the vehicles, which are accounted for as a lease, the corresponding balances of residual value guarantees as of December 31, 2023 amounted to €1,051 million (December 31, 2022: €1,104 million). The related deferred income at December 31, 2023 amounted to €640 million (December 31, 2022: €735 million).

For lease transactions where Financial Services companies lease passenger vehicles to third-party customers, which were previously acquired from external dealers, the Mercedes-Benz Group issued residual value guarantees. At December 31, 2023 the residual value guarantees issued by the Mercedes-Benz Group to Financial Services for leased passenger cars (leased out to end customers under operating leases) amounted to €47 million (December 31, 2022: €66 million). Residual value guarantees issued by the Mercedes-Benz Group to Financial Services companies where passenger cars were leased out to end customers under a finance lease amounted to €26 million at December 31, 2023 (December 31, 2022: €76 million).

In addition, prior to the spin-off, the Daimler Truck Business granted Financial Services companies, which were still part of the Mercedes-Benz Group credit risk guarantees for the default risk of customers. These commit the Daimler Truck Group to make compensation payments to the companies of the Mercedes-Benz Group if customers fail to make payments when due. Financial liabilities due to Mercedes-Benz Group companies as of December 31, 2023 amounted to €1 million (December 31, 2022: €1 million). The corresponding off-balance-sheet amounts for the financial liabilities resulting from credit risk guarantees issued to the Mercedes-Benz Group amounted to €20 million as of December 31, 2023 (December 31, 2022: €28 million).

Financial liabilities resulting from transactions with companies of the Mercedes-Benz Group include financial liabilities from sale and leaseback transactions where the sale does not satisfy the requirements of IFRS 15.

For lease transactions where the Daimler Truck Group is a lessee, the carrying amount of right-of-use assets amounted to €78 million at December 31, 2023 (December 31, 2022: €100 million). At December 31, 2023, the carrying amount of the associated lease liabilities were €77 million (December 31, 2022: €98 million). The lease transactions included real estate, IT equipment and other items.

Hedging
The Daimler Truck Group hedges interest and foreign exchange risks independently using its own hedging instruments. The volume, nature and strategy of those hedging procedures are described in detail in Note 33. Financial instruments and Note 34. Management of financial risks.

Associated companies
In business relationships with associated companies, significant revenue from the sales of goods and services was realized with associated companies of Mitsubishi Fuso Truck and Bus Corporation (MFTBC).

Joint ventures
In business relationships with joint ventures, significant sales of goods and services took place with National Automobile Industry Company Ltd. (NAI) and Beijing Foton Daimler Automotive Co., Ltd. (BFDA).

Further information on capital contributions made as well as further details of the significant associates and joint ventures can be found in Note 14. Equity-method investments.

Contingent liabilities and other financial obligations
Further information on contingent liabilities and other financial obligations with related parties are provided in Note 32. Contingent liabilities and other financial obligations.

Joint and several liability of the Mercedes-Benz Group for claims against liabilities of Daimler Truck AG from the 2019 hive-down
In 2019, Mercedes-Benz Group AG hived down parts of its business operations into Daimler Truck AG and Mercedes-Benz AG. Pursuant to Section 133 of the German Transformation Act (UmwG), all three legal entities are jointly and severally liable for all liabilities of Mercedes-Benz Group AG that existed as of the registration date of the hive-down in the commercial register.

Mercedes-Benz Group AG and Mercedes-Benz AG are therefore also liable for liabilities assigned to Daimler Truck AG that existed as of the date of the announcement of the entry of the hive-down in the commercial register for a period of five years. For pension obligations based on the German Company Pensions Act (Betriebsrentengesetz), the aforementioned period is ten years.

Further relevant provisions in this context, in particular the procedure for regulating the internal settlements between the participating legal entities, are set out in the hive-down agreement of March 25, 2019.

According to the current appraisal, an actual claim with respect to the subsequent liability relationship between the entities is considered to be unlikely.

Guarantees
The Mercedes-Benz Group issued guarantees in favor of the Daimler Truck business and its customers.

At December 31, 2023, the guarantees issued by the Mercedes-Benz Group amounted to €108 million (December 31, 2022: €312 million).

The guarantees issued by the Daimler Truck Group in favor of the Mercedes-Benz Group, associated companies, joint ventures and affiliated but not consolidated companies amounted to €105 million as of December 31, 2023 (December 31, 2022: €88 million).

After the spin-off in 2021, no new letters of credit and guarantees to secure the obligations of the companies of the Daimler Truck Group were issued by Mercedes-Benz Group AG or other companies of the Mercedes-Benz Group. Existing guarantees were replaced by the corresponding Daimler Truck Group guarantees to the extent possible and reasonable from an administration perspective. However, some guarantees are still in place as of the reporting date, which are expected to be settled at the latest by the end of the contract term.

Contributions to plan assets
Daimler Truck Pension Trust e.V. administers the plan assets to secure pension obligations in Germany on a fiduciary basis and is therefore a related party of the Daimler Truck Group. Daimler Truck AG bears insignificant expenses and provides services for the company. In financial year 2023, allocations to Daimler Truck Pension Trust e.V. amounted to €40 million (2022: €294 million, of which €250 million was allocated on the basis of the 2021 demerger agreement).

Share-based payments
For further information, refer to Note 22. Share-based payment.

Related persons
At the reporting date, all members of the Board of Management and of the Supervisory Board of Daimler Truck Holding AG were also considered to be key management personnel.

Remuneration for the key management personnel
Information on management remuneration in key positions is provided in Note 39. Remuneration of the members of the Board of Management and the Supervisory Board.

D.92

Transactions with related companies

	Sales of goods and services and other income		Purchase of goods and services and other expense		Receivables[1] At December 31,		Payables[2] At December 31,	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
In millions of euros								
Associated companies	**166**	216	**13**	13	**34**	36	**2**	2
thereof MFTBC investees[3]	**158**	148	**13**	13	**27**	21	**2**	2
Joint ventures	**481**	546	**41**	94	**343**	330	**7**	2
thereof NAI[4]	**318**	241	**–**	3	**88**	72	**–**	–
thereof BFDA[5]	**144**	265	**5**	30	**255**	254	**2**	–
Mercedes-Benz Group[6]	**2,374**	3,205	**968**	1,308	**289**	411	**1,618**	1,826

1 Receivables comprise balance sheet items that result in cash inflow. These include trade receivables, loans granted and other receivables. At December 31, 2023, the receivables did not include any significant impairments (December 31, 2022: €57 million).
2 Payables comprise balance sheet items that lead to potential future cash outflow. They include trade accounts payable, residual value guarantees, default risks from guarantees, financing liabilities, lease liabilities and other liabilities.
3 Associated companies of Mitsubishi Fuso Truck and Bus Corporation (MFTBC).
4 National Automobile Industry Company Ltd. (NAI).
5 Beijing Foton Daimler Automotive Co., Ltd. (BFDA).
6 Thereof expenses for services received from the Mercedes-Benz Group of €525 million (2022: €606 million).

39. Remuneration of the members of the Board of Management and the Supervisory Board

The remuneration for the key management personnel is shown in table ↗ **D.93**.

With the introduction of Remuneration System 2023+ on January 1, 2023, the long-term variable remuneration from the previous remuneration system, known as the Performance Phantom Share Plan (PPSP), was replaced with the Virtual Share-Based Equity Plan (VSEP). However, the ongoing PPSP tranches 2020, 2021 and 2022 were not affected by this.

The PPSP tranches 2019, 2020 and 2021 originally issued by Mercedes-Benz Group AG (formerly Daimler AG) were transferred to Daimler Truck Holding AG in 2021 through transfer agreements and will be continued by them. Daimler Truck Holding AG issued an additional PPSP tranche 2022.

The expenses for the variable remuneration with a long-term incentive effect, as shown in table ↗ **D.93**, result from the ongoing measurement at fair value at each reporting date of all rights granted and not yet due under the PPSP and, from 2023 onwards, the VSEP. Refer to Note 22. Share-based payment for additional information.

The members of the Supervisory Board of Daimler Truck Holding AG are solely granted short-term fixed remuneration for their board and committee activities, the amounts of which depend on their functions in the Supervisory Board. With the exception of remuneration paid to the members representing the employees in accordance with their contracts of employment, no remuneration was paid for services provided personally beyond board and committee activities, in particular for advisory or mediation services.

D.93

Remuneration of the members of the Board of Management and the Supervisory Board of DTHAG according to IAS 24.17

	2023	2022
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration (base salary)	7.0	6.9
Short-term variable remuneration (annual bonus)	10.4	5.9
Mid-term variable remuneration (deferral)	–	5.9
Variable remuneration with a long-term incentive effect (PPSP/VSEP)	9.7	6.4
Post-employment benefits (service cost)	2.1	1.9
	29.2	27.0
Remuneration of the Supervisory Board	3.7	3.6
	32.9	30.6

Disclosures in accordance with Section 314 Subsection 1 No. 6 of the German Commercial Code (HGB)
The overall remuneration granted to the members of the Board of Management of Daimler Truck Holding AG (excluding pension commitments), resulting from entitlements as defined by Section 314 Subsection 1 No. 6 of the German Commercial Code (HGB) for the financial year 2023 is calculated as the total of the following

- the fixed basic remuneration for 2023
- the annual bonus for 2023, to be paid in 2024 with the value as of the balance sheet date,
- the so-called deferral no longer applies with the remuneration system valid from January 1, 2023
- the grant value of the long-term share-based compensation (Virtual Share-Based Equity Plan - VSEP) at the grant date in 2023 (for payment in 2027) and
- the taxable non-cash benefits and fringe benefits in 2023.

For the share-based compensation component, the long-term PPSP/VSEP, the respective future payment amounts may deviate significantly from the values shown, depending on the performance of the Daimler Truck Holding AG share and the achievement of the respective target parameters. The possible upward deviation is limited by maximum limits. A total failure of both components is also possible.

For 2023, €7.7 million (2022: €7.5 million) is attributable to fixed (i.e. non-performance-related) remuneration, and €10.4 million (2022: €12 million) to short-term (2022: short- and medium-term) performance-related variable compensation components (annual bonus/ 2022: incl. deferral) as well as long-term variable share-based compensation (PPSP/VSEP) with a fair value of €9.5 million (2022: €5.7 million) and 291,953 virtual shares granted (2022: 232,988 shares). This corresponds to a total amount of €27,6 million for 2023 (2022: €25.2 million).

Payments made to former members of the Board of Management and their surviving dependents amounted to €78 thousand (2022: €0 thousand). Pension provisions for former members of the Board of Management and their surviving dependents amounted to €4.7 million (2022: €0 million).

No advance payments or loans were made or abated to current or former members of the Board of Management or to the members of the Supervisory Board of Daimler Truck Holding AG.

The remuneration for the Supervisory Board of Daimler Truck Holding AG amounts to €3.7 million (2022: €3.6 million).

40. Auditor fee

The shareholders of Daimler Truck Holding AG appointed KPMG AG Wirtschaftsprüfungsgesellschaft as the statutory auditor on June 21, 2023. Pursuant to Section 314 Subsection 1 No. 9 of the German Commercial Code (HGB), table ↗ D.94 shows the fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft and the companies of the worldwide KPMG network to Daimler Truck Holding AG and the consolidated subsidiaries.

The Audit services relate to the audit of the Daimler Truck Group's Consolidated Financial Statements and the year-end financial statements of the consolidated entities of the Daimler Truck Group, as well as to all services required for the audit including the reviews of interim financial statements, the accounting-related audit of the internal control system, and accounting-related reviews of the introduction of IT systems and processes.

Other attestation services were provided in particular for audits of IT systems and the issuance of comfort letters.

Other services mainly related to engagements for non-accounting-related IT and process consultations in connection with quality assurance.

D.94
Auditor fees

In millions of euros	2023	2022
Audit services	21.8	19.4
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	10.9	8.6
Other attestation services	1.9	1.6
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1.7	1.4
Tax services	–	0.2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	–	–
Other services	1.7	1.3
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1.7	1.3
	25.4	22.5

41. Events after the reporting period

In January 2024, the Daimler Truck Group issued a bond of €1.1 billion on the US capital market.

42. Additional information

German Corporate Governance Code
The Board of Management and the Supervisory Board of Daimler Truck Holding AG have issued a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) and is accessible to its shareholders at www.daimlertruck.com/en/company/corporate-governance/declarations-reports for up to five years, where available.

Statement of investments
The statement of investments of the Daimler Truck Group are presented in table ↗ D.95 pursuant to Section 313 Subsection 2 Nos. 1-6 of the German Commercial Code (HGB). The statement of investments show direct equity participation in accordance with HGB and excludes joint operations without an equity interest. In addition, the list indicates which subsidiaries make use of the exemption pursuant to Section 264 Subsection 3 HGB and/or Section 264b HGB. The Consolidated Financial Statements of Daimler Truck Holding AG release those subsidiaries from the requirement to publish annual financial statements that would otherwise apply.

D.95

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
I. Consolidated subsidiaries			
Atlantis Foundries (Pty.) Ltd.	Atlantis, South Africa	100.00	
Banco Mercedes-Benz do Brasil S.A.	São Bernardo do Campo, Brazil	100.00	
Campo Largo Comercio de Veículos e Peças Ltda.	Campinas, Brazil	100.00	
CharterWay France S.A.S.U.	Montigny-le-Bretonneux, France	100.00	
Daimler Buses Austria GmbH	Wiener Neudorf, Austria	100.00	
Daimler Buses Belgium NV	Kobbegem-Asse, Belgium	100.00	
Daimler Buses Česká republika s.r.o.	Prague, Czech Republic	100.00	
Daimler Buses España, S.A.U.	Santander, Spain	100.00	
Daimler Buses France S.A.S.U.	Sarcelles, France	100.00	
Daimler Buses GmbH	Stuttgart, Germany	100.00	3
Daimler Buses Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.88	3, 4
Daimler Buses Italia S.p.A.	Bomporto, Italy	100.00	
Daimler Buses Nederland B.V.	Nijkerk, Netherlands	100.00	
Daimler Buses North America Inc.	Oriskany, USA	100.00	
Daimler Buses Polska Sp. z o.o.	Wolica, Poland	100.00	
Daimler Buses Portugal, S.A.	Sintra, Portugal	100.00	
Daimler Buses Schweiz AG	Winterthur, Switzerland	100.00	
Daimler Buses Sverige AB	Vetlanda, Sweden	100.00	
Daimler Buses UK Ltd	Coventry, United Kingdom	100.00	
Daimler Commercial Vehicles South East Asia Pte. Ltd.	Singapore, Singapore	100.00	
Daimler Financial Services, S.A. de C.V., S.O.F.O.M., E.N.R.	Mexico City, Mexico	100.00	
Daimler Financial Services México, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler India Commercial Vehicles Private Limited	Chennai, India	100.00	
Daimler Manufactura, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler Mexico, S.A. de C.V.	Mexico City, Mexico	100.00	
Daimler Servicios Corporativos Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	
Daimler Truck & Bus Romania S.R.L.	Bucharest, Romania	100.00	
Daimler Truck & Bus Slovakia s.r.o.	Bratislava, Slovakia	100.00	
Daimler Truck AG	Stuttgart, Germany	100.00	3
Daimler Truck Australia Pacific Pty Ltd	Melbourne, Australia	100.00	
Daimler Truck Austria GmbH	Eugendorf, Austria	100.00	
Daimler Truck Belgium Luxembourg NV/SA	Woluwe-Saint-Lambert, Belgium	100.00	
Daimler Truck Canada Ltd.	Mississauga, Canada	100.00	
Daimler Truck China Limited	Beijing, China	100.00	

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
Daimler Truck Customer Services & Parts s.r.o.	Prague, Czech Republic	100.00	
Daimler Truck España, S.L.U.	Madrid, Spain	100.00	
Daimler Truck Finance Canada Inc.	Toronto, Canada	100.00	
Daimler Truck Finance North America LLC	Wilmington, USA	100.00	
Daimler Truck Financial Services Asia Co., Ltd.	Tokyo, Japan	100.00	
Daimler Truck Financial Services Australia Pty Ltd	Melbourne, Australia	100.00	
Daimler Truck Financial Services Belgium NV	Woluwe-Saint-Lambert, Belgium	100.00	
Daimler Truck Financial Services Brasil Holding S.A.	São Bernardo do Campo, Brazil	100.00	
Daimler Truck Financial Services Canada Corporation	Vancouver, Canada	100.00	
Daimler Truck Financial Services Deutschland GmbH	Berlin, Germany	100.00	
Daimler Truck Financial Services España, E.F.C., S.A.U.	Madrid, Spain	100.00	
Daimler Truck Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	
Daimler Truck Financial Services GmbH	Stuttgart, Germany	100.00	3
Daimler Truck Financial Services Italia S.p.A	Rome, Italy	100.00	
Daimler Truck Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	
Daimler Truck Financial Services South Africa (Pty) Ltd	Centurion, South Africa	100.00	
Daimler Truck Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	
Daimler Truck Financial Services USA LLC	Wilmington, USA	100.00	
Daimler Truck France S.A.S.U.	Montigny-le-Bretonneux, France	100.00	
Daimler Truck Holding Australia Pacific Pty Ltd	Melbourne, Australia	100.00	
Daimler Truck Immobilien Service GmbH	Schönefeld, Germany	100.00	3
Daimler Truck Insurance Agency LLC	Wilmington, USA	100.00	
Daimler Truck International Finance B.V.	Utrecht, Netherlands	100.00	
Daimler Truck Italia S.r.l.	Rome, Italy	100.00	
Daimler Truck Locações e Serviços Ltda.	São Bernardo do Campo, Brazil	100.00	
Daimler Truck Nederland B.V.	Utrecht, Netherlands	100.00	
Daimler Truck North America LLC	Portland, USA	100.00	
Daimler Truck Polska Sp. z o.o.	Warsaw, Poland	100.00	
Daimler Truck Portugal, S.A.	Sintra, Portugal	100.00	
Daimler Truck Remarketing Corporation	Portland, USA	100.00	
Daimler Truck Renting España, S.A.U.	Madrid, Spain	100.00	
Daimler Truck Retail Italia S.r.l.	Rome, Italy	100.00	
Daimler Truck Retail Lyon S.A.S.	Genas, France	100.00	
Daimler Truck Retail Madrid, S.A.U.	Madrid, Spain	100.00	
Daimler Truck Retail Paris S.A.S.	Wissous, France	100.00	
Daimler Truck Retail Polska Sp. z o.o.	Warsaw, Poland	100.00	
Daimler Truck Retail Portugal, Unipessoal Lda.	Sintra, Portugal	100.00	
Daimler Truck Schweiz AG	Schlieren, Switzerland	100.00	

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
Daimler Truck Southern Africa Ltd	Centurion, South Africa	100.00	
Daimler Truck Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	3
Daimler Truck Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	3
Daimler Trucks & Buses US Holding LLC	Wilmington, USA	100.00	
Daimler Trucks and Buses (China) Ltd.	Beijing, China	100.00	
Daimler Trucks Asia Taiwan Ltd.	Taipei, Taiwan	51.00	
Daimler Trucks Korea Ltd.	Seoul, South Korea	100.00	
Daimler Trucks Retail Receivables LLC	Wilmington, USA	100.00	
Daimler Trucks Retail Trust 2022-1	Wilmington, USA	0.00	5
Daimler Trucks Retail Trust 2023-1	Wilmington, USA	0.00	5
Daimler Trucks Retail Trust 2023-A	Wilmington, USA	0.00	5
Daimler Trucks Retail Trust 2023-B	Wilmington, USA	0.00	5
Daimler Vehículos Comerciales Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Detroit Diesel Corporation	Detroit, USA	100.00	
Detroit Diesel Remanufacturing LLC	Detroit, USA	100.00	
DTFC Holding GmbH	Stuttgart, Germany	100.00	3
DTFS Immobilien Holding GmbH	Schönefeld, Germany	100.00	
Freightliner Custom Chassis Corporation	Gaffney, USA	100.00	
Gamma 1 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.90	3, 4
Gamma 2 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.90	3, 4
Gamma 3 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.90	3, 4
Gamma 4 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.90	3, 4
Gamma 5 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	3, 4
Gamma 6 Daimler Truck Grundstücksverwaltung GmbH	Schönefeld, Germany	100.00	
Mercedes Benz Kamyon Finansman A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Broker Argentina S.A.	Buenos Aires, Argentina	99.00	
Mercedes-Benz Camiones y Buses Argentina S.A.U.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Corretora de Seguros Ltda	São Bernardo do Campo, Brazil	100.00	
Mercedes-Benz do Brasil Ltda.	São Bernardo do Campo, Brazil	100.00	
Mercedes-Benz Leasing do Brasil Arrendamento Mercantil S.A.	São Bernardo do Campo, Brazil	100.00	
Mercedes-Benz Servicios S.A.	Buenos Aires, Argentina	100.00	
Daimler Truck Česká republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Trucks Molsheim S.A.S.U.	Molsheim, France	100.00	
Mercedes-Benz Trucks UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Türk A.S.	Istanbul, Turkey	66.91	
Mitsubishi Fuso Bus Manufacturing Co., Ltd.	Toyama, Japan	100.00	
Mitsubishi Fuso Truck and Bus Corporation	Kawasaki, Japan	89.29	
MITSUBISHI FUSO TRUCK EUROPE - Sociedade Europeia de Automóveis, S.A.	Tramagal, Portugal	100.00	

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
PABCO Co., Ltd.	Ebina, Japan	100.00	
PT Daimler Commercial Vehicles Indonesia	Jakarta, Indonesia	100.00	
PT Daimler Commercial Vehicles Manufacturing Indonesia	Bogor, Indonesia	100.00	
Sandown Motor Holdings (Pty) Ltd	Centurion, South Africa	100.00	
SelecTrucks of America LLC	Portland, USA	100.00	
SelecTrucks of Toronto, Inc.	Mississauga, Canada	100.00	
Sterling Truck Corporation	Portland, USA	100.00	
Sumperská správa majetku k.s.	Prague, Czech Republic	100.00	4
Thomas Built Buses of Canada Limited	Calgary, Canada	100.00	
Thomas Built Buses, Inc.	High Point, USA	100.00	
TORC CND Robotique, Inc.	Montreal, Canada	100.00	
TORC Europe GmbH	Stuttgart, Germany	100.00	
TORC Robotics, Inc.	Blacksburg, USA	91.05	
Ukuvela Holdings Proprietary Limited	Atlantis, South Africa	100.00	
Ukuvela Properties (Pty.) Ltd.	Atlantis, South Africa	100.00	
Western Star Trucks Sales, Inc	Portland, USA	100.00	
II. Unconsolidated subsidiaries[2,6]			
CLOUDGEEKS, UNIPESSOAL LDA	Lisbon, Portugal	100.00	
Cúspide Daimler Trucks & Buses GmbH	Leinfelden-Echterdingen, Germany	100.00	
Daimler Automotive de Venezuela C.A.	Valencia, Venezuela	100.00	
Daimler Buses Solutions GmbH	Stuttgart, Germany	100.00	
Daimler Coaches North America LLC	Wilmington, USA	100.00	
Daimler Commercial Vehicles (Thailand) Ltd.	Bangkok, Thailand	100.00	
Daimler Commercial Vehicles Africa Ltd.	Nairobi, Kenya	100.00	
Daimler Commercial Vehicles MENA FZE	Dubai, United Arab Emirates	100.00	
Daimler Truck Gastronomie GmbH	Gaggenau, Germany	100.00	
Daimler Truck Innovation Center India Private Limited	Bangalore, India	100.00	
Daimler Truck International Assignment Services LLC	Wilmington, USA	100.00	
Daimler Truck MENA Holding GmbH	Leinfelden-Echterdingen, Germany	100.00	
DICV Mobility Solutions Private Limited	Chennai, India	99.99	
DTB Tech & Data Hub, Unipessoal Lda	Tramagal, Portugal	100.00	
EvoBus Reunion S. A.	Le Port, Reunion	100.00	
Fleetboard Logistics GmbH	Volkach, Germany	100.00	
Mercedes ServiceCard Beteiligungsgesellschaft mbH	Kleinostheim, Germany	51.00	
MFTA Canada, Inc.	Toronto, Canada	100.00	
Mitsubishi Fuso Truck of America, Inc.	Logan Township, USA	100.00	
SelecTrucks Comércio de Veículos Ltda	São Bernardo do Campo, Brazil	100.00	

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
T.O.C (Schweiz) AG	Schlieren, Switzerland	51.00	
WTX Technologies GmbH	Stuttgart, Germany	85.00	
III. Joint operations accounted for using the equity method			
North America Fuel Systems Remanufacturing LLC	Kentwood, USA	50.00	
IV. Joint ventures accounted for using the equity method			
Beijing Foton Daimler Automotive Co., Ltd.	Beijing, China	50.00	
cellcentric GmbH & Co. KG	Kirchheim unter Teck, Germany	50.00	
Commercial Vehicle Charging Europe B.V.	Amsterdam, Netherlands	33.33	
Greenlane Infrastructure, LLC	Wilmington, USA	33.33	
Polomex, S.A. de C.V.	Garcia, Mexico	26.00	
V. Associated companies accounted for using the equity method			
FUSO LAND TRANSPORT & Co. Ltd.	Kawasaki, Japan	21.67	
Kanagawa Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Yokohama, Japan	43.83	
Okayama Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Okayama, Japan	50.00	
P.T. Krama Yudha Tiga Berlian Motors	Jakarta, Indonesia	30.00	
P.T. Mitsubishi Krama Yudha Motors and Manufacturing	Jakarta, Indonesia	32.28	
Toll4Europe GmbH	Munich, Germany	15.00	
VI. Joint operations, joint ventures, associated companies and substantial other investments accounted for at (amortized) cost[2,6]			
cellcentric Verwaltungsgesellschaft mbH	Kirchheim unter Teck, Germany	50.00	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	25.95	
COBUS Industries GmbH	Wiesbaden, Germany	40.82	
H2 Mobility Deutschland GmbH & Co. KG	Berlin, Germany	1.70	
Mercedes ServiceCard GmbH & Co. KG	Kleinostheim, Germany	51.00	
MFTB Taiwan Co., Ltd.	Taipei, Taiwan	33.40	
National Automobile Industry Company Ltd.	Jeddah, Saudi Arabia	26.00	
Omuta Unso Co., Ltd.	Omuta, Japan	33.51	
TASIAP GmbH	Stuttgart, Germany	60.00	
Toyo Kotsu Co., Ltd.	Sannoseki, Japan	28.20	
WärmeWerk Wörth GmbH	Wörth am Rhein, Germany	45.00	
VII. Significant other investments accounted for at Fair Value[6]			
Deutz AG	Cologne, Germany	4.18	
G2VP I, LLC	Dover, USA	5.71	

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
IVU Traffic Technologies AG	Berlin, Germany	5.25	
Manz AG	Reutlingen, Germany	9.08	
Trucks Venture Fund 1, LP	Lewes, USA	20.76	

1 Shareholding pursuant to Section 16 of the German Stock Corporation Act (AktG).
2 For the accounting of unconsolidated subsidiaries, joint operations, joint ventures and associated companies, refer to Note 1. General information and significant accounting policies.
3 Qualification for exception pursuant to Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB).
4 Daimler Truck Holding AG or one or several consolidated subsidiaries is/are the partner(s) with unlimited liability.
5 Control due to economic circumstances.
6 Information on equity and earnings and information on investments pursuant to Section 313 Subsection 2 No. 4 of the German Commercial Code (HGB) has been omitted since, according to Section 313 Subsection 3 Sentence 4 of the HGB, such information is of minor relevance for a fair presentation of the profitability, liquidity and capital resources, or financial position of the Daimler Truck Group.

E

Further Information

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the Daimler Truck Group, and the Daimler Truck Group management report, which has been combined with the management report for Daimler Truck Holding AG, includes a fair review of the development and performance of the business and the position of the Daimler Truck Group, together with a description of the principal opportunities and risks associated with the expected development of the Daimler Truck Group.

Leinfelden-Echterdingen, February 29, 2024

Martin Daum

Karl Deppen

Dr. Andreas Gorbach

Jürgen Hartwig

John O’Leary

Karin Rådström

Stephan Unger

Independent Auditor's Report

To Daimler Truck Holding AG, Stuttgart

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions
We have audited the consolidated financial statements of Daimler Truck Holding AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income/loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2023 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the report on the situation of the Company and the Group (hereinafter referred to as the "combined management report") of Daimler Truck Group AG for the financial year from January 1 to December 31, 2023.

In accordance with the German legal regulations, we have not audited the contents of the elements of the combined management report referred to in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023 and
– the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, the combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the elements of the combined management report referred to in the "Other information" section of our auditor's report.

Pursuant to Section 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code] we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions
We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as the "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 paragraph 2 letter f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 paragraph 1 of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Loss Allowances on Receivables from Financial Services

Please refer with regard to the accounting policies applied to the notes to the consolidated financial statements in Note 1 "General Information and significant accounting policies", Note 2 "Accounting estimates and management judgements", Note 15 "Receivables from financial services", Note 34 "Management of financial risks" and to the combined management report in the chapter entitled "Risk and Opportunity Report" in the section entitled "Financial risks and opportunities".

The risk for the consolidated financial statements
Receivables from financial services (EUR 26,738 million) resulting from the financing and leasing activities of the Daimler Truck Group include receivables from sales financing with end customers, receivables from sales financing with dealers and receivables from finance lease contracts. The loss allowances on these receivables amounts at the reporting date to EUR 524 million.

The calculation of the loss allowances is based on expected credit losses and therefore also includes expectations regarding the future. The expected credit losses are recognised by means of a three-parameter procedure for the determination of loss allowances. At the same time, various factors determining the value, such as the determination of statistical default probabilities and loss rates, the possible amount receivable on default, the parameter transfer criteria that are related to a significant change in the default risk of borrowers, and the calculation of future cash flows are taken into account. Furthermore, macroeconomic scenarios (base scenario, optimistic and pessimistic scenarios), the identification of which to a high degree includes discretionary judgements and uncertainties, flow into the calculation of allowances. The risk for the financial statements is that the creditworthiness of customers and the amount of the payment dates of future cash flows are misjudged or that the calculation of the risk provision parameters is incorrect so that loss allowances are not recognised or are insufficient.

Our audit approach
We obtained a comprehensive understanding of the development of the portfolios, the associated counterparty default risks and the processes for identifying, managing, monitoring and measuring credit risks with the help of credit specialists, by inspecting analyses and risk reports, interrogations, review of guidelines and working instructions, checking the defined methods and their implementation and checking and walking through the validation process and the individual validation reports.

We audited the appropriateness and effectiveness of the internal control system with regard to the risk classification process and risk models and the identification of the factors determining the value and the loss allowances, also by rechecking the calculations. To this end, we also evaluated the relevant IT systems and internal procedures. In addition to the audit by our IT specialists of the propriety of the IT systems affected and related interfaces to ensure the completeness and correctness of the data, the audit also included the audit of automatic controls for data entry and data processing.

The main focus of our audit was the evaluation of the methodical approach in the definition of risk categories of default probabilities and loss rates that are derived from historical data. We obtained an understanding of these calculations based on a risk-oriented selection of credit portfolios. We satisfied ourselves with regard to the appropriateness of significant risk parameters based on the results of a validation performed by Daimler Truck Financial Services and evaluated the adjustments of the parameters to the current market situation. In this connection, we audited the data supporting the validations on the basis of a conscious sample.

Our observations
The methodical approach, the procedures and the processes to calculate the loss allowances and the assumptions and risk parameters flowing into the measurement are appropriate to identify the credit risks in good time and to determine the recognition of adequate loss allowances.

Measurement of the Provision for Product Warranties

Please refer with regard to the accounting policies applied to the notes to the consolidated financial statements in Note 1 "General Information and significant accounting policies", Note 2 "Accounting estimates and management judgements", Note 24 "Provisions for other risks" and to the combined management report in the chapter entitled "Risk and opportunity report" in the section entitled "Legal and tax risks and opportunities".

The risk for the consolidated financial statements
The provision for product warranties and goodwill costs amounts to EUR 2,231 million and is included in the provisions for other risks.

The Daimler Truck Group grants various kinds of product guarantees, or grants various kinds of product warranties, which are entered into for the error-free functioning of a sold product or service rendered over a defined period of time. In order to confirm or reassess future guarantee, warranty and goodwill expenses, continuously updated information on the nature and volume and the remedying of faults that have occurred is recorded and analysed at the level of the business unit, model series, damage key and sales year.

Significant uncertainty for the calculation of the provision arises with regard to the number of cases of damage occurring and the expenses required to rectify the damage. The risk for the consolidated financial statements is that the provision is not properly measured.

Our audit approach
Our audit procedures included among other things the evaluation of the process to calculate the provision for product warranties and the evaluation of the relevant assumptions and their derivation for the measurement of the provision. These include primarily assumptions on expected susceptibility to and the course of damage, and in addition the monetary value of the damage per vehicle based on actual warranty, guarantee and goodwill losses. Based on historical analyses, we assessed the accuracy of the forecasts of past warranty, guarantee and goodwill costs. We also checked that updated assessments of the future repair costs and procedures were taken into account. We obtained an understanding for the underlying numbers of vehicles through the actual unit sales.

Our observations
The calculation methods and the assumptions made are proper.

Risks from EU antitrust proceedings

Please refer with regard to the accounting policies applied to the notes to the consolidated financial statements in Note 2 "Accounting estimates and management judgements", Note 24 "Provisions for other risks", Note 31 "Legal proceedings" and to the combined management report in the chapter entitled "Risk and opportunity report" in the section entitled "Legal and tax risks and opportunities".

The risk for the consolidated financial statements
The Daimler Truck Group is exposed to a large number of damage claims in various countries in connection with EU antitrust proceedings. Hereby truck customers raise damage claims from potentially excessive prices in connection with the involvement of Mercedes-Benz Group AG and other truck manufacturers in anti-competitive behaviour. In July 2016, the European Commission imposed a fine of EUR 1.09 billion on Mercedes-Benz Group AG in this context, which was paid in full in 2016.

The risk for the consolidated financial statements is that the recording of any future damage claims in connection with EU antitrust proceedings against the Daimler Truck Group is not completely and properly measured.

Our audit approach
In order to audit the provision for damage claims in connection with EU antitrust proceedings against the Daimler Truck Group, we among other things questioned the Chairman of the Supervisory Board, the legal representatives and contact partners in the financial and legal areas. We furthermore obtained information from the attorneys and external advisors acting for the Daimler Truck Group and evaluated the underlying documents.

The written assessment of the legal representatives was made available to us by the Company. As of the reporting date, evaluations of the assessment of the risks in connection with the antitrust proceedings against the Daimler Truck Group, which support the assessment of the risks by the legal representatives, were available from external attorneys.

Finally, we evaluated the appropriateness of the description of the aforementioned legal proceedings in the notes to the consolidated financial statements.

Our observations
The discretionary assessments and assumptions of the legal representatives are proper.

Other information
The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises the following elements of the combined management report, the content of which we have not audited:

- the non-financial statement of the group, which is included in the section of the combined management report entitled "Sustainability at Daimler Truck",
- the combined declaration of the Company and the Group on corporate management, which is referred to in the combined management report, and
- the disclosures included in the combined management report marked as extraneous to management reports and unaudited.

The other information also includes the remaining parts of the annual report. The other information does not comprise the consolidated financial statements, the audited disclosures in the combined management report and our related auditor's report.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report
The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group`s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group`s financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group´s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) and in supplementary compliance with ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement or one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- Conclude on the appropriateness of the use by the legal representatives of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group`s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

– Perform audit procedures on the prospective information presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or other legal regulations preclude public disclosure of the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 paragraph 3a HGB

We have performed assurance work in accordance with Section 317 paragraph 3a HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection "dtholdingag-2023-12-31-de.zip" (SHA256-Hashwert: 5fdb9396439969bcd5dab28d47716a4595c 4c11e572d3333ef53e981c35d3d68), made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file and made available for publication purposes complies in all material respects with the requirements of Section 328 paragraph 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and of the combined management reports contained in the file and identified above in accordance with Section 317 paragraph 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in accordance with Section 317 paragraph 3a HGB (IDW PS 410 (06.2022) conducive to the understanding of the report at an international level and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Quality Management Standard: Requirements for Quality Management in the Auditing Practice (IDW QMS 1 (09.2022).

The Company's legal representatives are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 paragraph 1 sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 paragraph 1 sentence 4 item 2 HGB.

In addition, the Company's legal representatives are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 paragraph 1 HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 paragraph 1 HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also

– Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 paragraph 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

– Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor at the Annual Shareholder's Meeting held on June 21, 2023. We were engaged by the Supervisory Board on June 24, 2023. We have been the group auditor of Daimler Truck Holding AG without interruption since the financial year 2021.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (longform audit report).

Other matter – Use of the Auditor's Report

Our auditor´s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Marcus Rohrbach.

Stuttgart, February 29, 2024

KPMG AG Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Pritzer	Rohrbach
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Limited Assurance Report of the Independent Auditor regarding the Non-Financial Statement of the Group

To the Supervisory Board of Daimler Truck Holding AG, Stuttgart

We have performed a limited assurance engagement on the non-financial statement of the Group of Daimler Truck Holding AG, Stuttgart (hereinafter the "company" or "Daimler Truck") in the combined management report in the section "Sustainability at Daimler Truck", as well as on the sections "Business model" and "Risk and opportunities report" in the combined management report qualifying as part of this statement (hereinafter the "non-financial statement of the Group") for the period from January 1 to December 31, 2023. The contents of the non-financial statement of the Group in the section "Sustainability at Daimler Truck" are marked with the following symbols: ▼▲.

Responsibilities of Management
Management of the company is responsible for the preparation of the non-financial statement of the Group in accordance with Sections 315c in conjunction with 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "EU-Taxonomy" of the non-financial statement of the Group.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a non-financial statement of the Group that is free from material misstatement, whether due to fraud (manipulation of the non-financial statement of the Group) or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU-Taxonomy" of the non-financial statement of the Group. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner's firm
We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QMS 1 (09.2022)).

Responsibility of the Assurance Practitioner
Our responsibility is to express a conclusion with limited assurance on the non-financial statement of the Group based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's non-financial statement of the Group, is not prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU

Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section “EU-Taxonomy” of the non-financial statement of the Group.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of group-level personnel responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries of Daimler Truck Holding AG
- A risk assessment, including media research, to identify relevant information on the Group's sustainability performance during the reporting period
- Reviewing the suitability of internally developed reporting criteria
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, combating corruption and bribery as well as on the EU Taxonomy Regulation indicators
- Inquiries of group-level personnel responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group-level by all sites
- Assessment of selected local data collection and reporting processes and the reliability of the reported data by sampling in Wörth am Rhein (Germany) and Istanbul (Turkey)
- Assessment of the overall presentation of the disclosures
- Evaluation of the process for the identification of taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial statement of the Group

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion
Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial statement of the Group of Daimler Truck Holding AG, Stuttgart, for the period from January 1 to December 31, 2023 has not been prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section "EU-Taxonomy" of the non-financial statement of the Group.

Restriction of Use / General Engagement Terms
This assurance report is solely addressed to the Supervisory Board of Daimler Truck Holding AG, Stuttgart.

Our assignment for Daimler Truck Holding AG, Stuttgart, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Stuttgart, February 29, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Rohrbach	Herold
Wirtschaftsprüfer	
[German Public Auditor]	

Further Information

Publications for the 2023 financial year
In addition to this Annual Report, other documents such as Factbook, Capital Market Presentation and Remuneration Report for the 2023 financial year are available at www.daimlertruck.com/en.

Daimler Truck Holding AG
70771 Leinfelden-Echterdingen
Tel. +49 711 8485 0
www.daimlertruck.com/en

Investor Relations
ir@daimlertruck.com
www.daimlertruck.com/en/investors

Press
com@daimlertruck.com
www.daimlertruck.com/en/newsroom

Our Code of Conduct
Only those who act responsibly will be successful in the long term. Our Daimler Truck Code of Conduct, our guideline to doing the right thing, provides us with guidance for our actions: The policy sets out clearly which rules apply to every single one of us and which principles we follow. In short, it helps us to make the right decisions.
www.daimlertruck.com/en/company/compliance/daimler-truck-code-of-conduct

Our brand websites

Trucks
- Freightliner
- Western Star
- Mercedes-Benz Trucks
- FUSO Trucks
- BharatBenz Trucks
- RIZON

Buses
- Thomas Built Buses
- Mercedes-Benz Buses
- FUSO Buses
- BharatBenz Buses
- Setra

Financial Services
- Financial Services

Daimler Truck AG
Freightliner
Western Star
Mercedes-Benz Trucks
FUSO
Bharat Benz
Daimler Buses
Thomas Built Buses
Financial Services

Daimler Truck AG
Freightliner
Western Star
Mercedes-Benz Trucks
FUSO
Bharat Benz
RIZON
Thomas Built Buses
Daimler Truck Career

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