

Remuneration system for the members of the Board of Management of Daimler Truck Holding AG

(re. Agenda Item 6)

The Annual General Meeting of Daimler Truck Holding AG had the first opportunity to pass a resolution on the approval of the remuneration system for the members of the Board of Management on 22 June 2022. The remuneration system for the Board of Management was approved by a majority of 96.2% of votes cast. The Supervisory Board of Daimler Truck Holding AG has decided to further develop the current remuneration system for the Board of Management.

In this further development of the Board of Management remuneration system, feedback from investors and proxy advisors was incorporated, which was provided and considered in the ongoing dialogue and in the context of the last vote on the remuneration system, in addition to the alignment with the Company's corporate strategy.

The underlying structure and system of the previous remuneration system approved by the Annual General Meeting was retained. Significant changes concern the structure and design of the performance-based short- and long-term variable remuneration.

In future, both variable remuneration instruments shall be complemented by further sustainability criteria (so-called ESG targets) to further strengthen the implementation of our sustainable corporate strategy.

The applied and harmonized financial and non-financial performance criteria support the corporate strategy and thus the long-term development of the Company. This establishes a strong performance incentive at both levels in the remuneration of members of the Board of Management. The long-term share-based remuneration reflects the continuous success of Daimler Truck and plays a central role in the alignment of interests between the Board of Management and the shareholders. By linking the long-term variable remuneration more closely to the share price development, this alignment of interests will be further emphasized. From 2024 onwards, the long-term variable remuneration will be measured against another financial performance criteria (e.g., performance criteria for measuring capital efficiency, e.g. ROCE) in addition to the relative share price development and the sustainability targets. The revised shareholding requirement envisages an accelerated build-up. The members of the Board of Management reinvest 50% of their payment from the long-term variable remuneration in shares of Daimler Truck Holding AG awarded in the 2023 Virtual Share-based Equity Plan (VSEP), instead of 25% as previously, until the requirement is met. The shares shall be

deposited in a securities account held by Daimler Truck in the name of the respective member of the Board of Management for the duration of his or her appointment as a member of the Board of Management.

The deferral of parts of the short-term variable remuneration into a medium-term variable remuneration (deferral) is no longer in line with the established market practice. For this reason, parts of the short-term variable remuneration will no longer be deferred for another year. The target value of the former deferral is distributed among both the short- and long-term variable remuneration. The resulting increase of the long-term variable remuneration further strengthens the alignment of interests of our Board of Management members and shareholders.

In future, the determination of the maximum remuneration shall be more clearly oriented towards the market common definition and therefore shall be more transparent and comprehensible for the shareholders.

As part of the implementation of the Second Management Positions Act (*FüPoG II*) the remuneration in the event of a possible termination of mandate for Board of Management members is regulated for the first time ("Stay on Board").

The revised remuneration system ("Remuneration System 2023+") for the Board of Management of Daimler Truck Holding AG will be presented to the Annual General Meeting of the Company on 21 June 2023 for approval in accordance with Section 120a (1) of the German Stock Corporation Act.

The remuneration system 2023+ applies - subject to its approval by the Annual General Meeting - to all acting members of the Board of Management retrospectively as of January 1st, 2023, as well as in the case of new appointments and reappointments.

1. Business environment and principles of the Remuneration System 2023+

1.1 Business environment

The commercial vehicle industry continues to be subject to profound and highly dynamic changes. Climate protection and sustainability in particular are among the great challenges of our time, and Daimler Truck has set itself the goal of leading the industry on the path towards CO₂-neutral transportation. On the path to climate-neutral mobility, Daimler Truck intends to implement battery-electric and hydrogen-based with high priority and innovative technology, with a strong focus on customer benefits and profitability. In line with this momentum, we are emphasizing sustainability goals more clearly and explicitly focusing on the efficiency of the capital employed.

In addition, we are continuously seeking to drive digitalization and exploit the potential through a transformation and further developed culture supported by senior managers and employees, which will make Daimler Truck more agile and responsive and further increase the pace of innovation.

Our activities always focus on the customer, our shareholders, our employees, and sustainability as integral parts of our strategy. The achievement of our financial targets is a key condition for all activities.

1.2 Principles of the Remuneration System 2023+

The remuneration system for the Board of Management has been determined with the aim of being clear and comprehensible. The Board of Management’s remuneration system incentivizes the implementation of the corporate strategy and contributes to a long-term and sustainable development of the Group. The remuneration system for the Board of Management consists of fixed non-performance-related and variable performance-related remuneration components based on qualified and ambitious performance criteria. For the variable remuneration, the performance criteria and targets are determined in advance by the Supervisory Board. Subsequent changes to these performance criteria and targets are excluded. Special performances are rewarded appropriately, whereas missed targets reduce the variable performance-related remuneration down to zero. The weighting of the long-term variable remuneration is higher than that of the short-term variable remuneration, and thus ensures long-term orientation of the remuneration at all times.

When determining the total remuneration of the individual Board of Management members, the situation of the Company as well as the members’ areas of activity and responsibility are taken into account. This is done in line with legal requirements and with a clear focus on the competition. This is reflected in the balanced combination of non-performance-related fixed and performance-related variable remuneration components, the use of suitable, ambitious performance criteria and parameters, and the consideration of competitors for the purpose of relative performance measurement.

This aligns the interests of all stakeholders, those of the shareholders as owners of the Company and those of the employees.

In addition to ensuring the appropriateness of the remuneration regarding performance and market conformance while taking the size, complexity, and economic situation of the Group into account, Daimler Truck strongly focuses on making a remuneration system of the Board of Management is as consistent with that of the executive team as possible. The latter aspect ensures that all decision-makers pursue uniform objectives that consider aligned financial and non-financial performance criteria.

The focus of the non-financial performance criteria derived from environmental, social and governance company goals (so-called ESG targets), drives the cultural and organizational realignment of Daimler Truck. To ensure that all decision-makers pursue common objectives, the annual bonus as a short-term variable remuneration component for the Board of Management and senior executives is determined according to the same performance criteria and system. The long-term variable remuneration component in form of the Daimler Truck Virtual Share-based Equity Plan (VSEP) is also measured in the same way.

A tangible link between the remuneration of the members of the Board of Management and the performance (pay for performance) is of great importance to the Supervisory Board of Daimler Truck Holding AG. In addition to a strong financial performance of the Daimler Truck Group and the achievement of strategic objectives, this includes the responsibility for the employees as well as for the environment and society.

Upon adopting the remuneration system, the Supervisory Board of Daimler Truck Holding AG has followed the guidelines below: ↗ **B.01.**

B.01
Remuneration Guidelines
In its entirety, the remuneration system greatly promotes the business strategy.
The remuneration system and the performance criteria of the variable components create incentives for the Group’s long-term and sustainable development. The focus lays in particular on sustainability criteria.
The remuneration system and the performance criteria of the variable components create incentives for the Group’s long-term and sustainable development.
The performance of the Board of Management members is appropriately taken into account in the variable remuneration components by adequate and ambitious performance criteria (pay for performance).
In measuring the performance of the Board of Management, all of the variable remuneration components take relevant competitors into consideration in order to implement an additional relative performance measurement and provide incentives for outperforming the competition.
The Supervisory Board makes sure that the Board of Management remuneration system and that of the senior executives sets equally focused incentives.
The design of the remuneration system takes the current market standards into account.

The system of Board of Management remuneration complies with the requirements of Section 87a of the German Stock Corporation Act (Aktiengesetz - AktG) as well as with the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) from April 28th, 2022 (published in the *Bundesanzeiger* on 27 June 2022), to the extent that no deviation from these recommendations is expressly declared. The Supervisory Board's objective is to provide the Board of Management members with a competitive remuneration package in line with market practice and within the scope of this regulatory framework.

2. Process for determining, reviewing, and implementing the Remuneration System 2023+

Pursuant to Section 87, Subsection 1 of the German Stock Corporation Act (*Aktiengesetz*), remuneration is determined by the Supervisory Board. In this activity, the Supervisory Board is supported by its Presidential and Remuneration Committee formed in December 2021. The Presidential and Remuneration Committee develops recommendations for the system of Board of Management remuneration, taking into account the principles set out in Section 1.2. above and the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) in its applicable version, which will be intensively discussed and resolved upon by the Supervisory Board. If necessary, the Presidential and Remuneration Committee and the Supervisory Board can avail themselves of the advice of external remuneration experts. In 2022, this advice was provided by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. In this context, independence of such advisor from the Board of Management and the Company is ensured and the provision of a confirmation of independence is required. Conflicts of interest of the Supervisory Board members are also dealt with in compliance with the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) and the Rules of Procedure of the Supervisory Board and its committees when determining, reviewing, and implementing the remuneration system. Conflicts of interest must be disclosed to the Supervisory Board and reported by the latter to the Annual General Meeting along with the means in which they are dealt with. In the event of a conflict of interest, the Supervisory Board or committee member concerned does not take part in the discussion or vote on that matter in the Supervisory Board/Presidential and Remuneration Committee. The remuneration system agreed upon by the Supervisory Board is presented to the General Meeting for approval. The Supervisory Board regularly reviews the system of Board of Management remuneration based on the preparations and recommendations made by the Presidential and Remuneration Committee. If necessary, the Supervisory Board will adopt changes. In the event of major changes, and at least every four years, the remuneration system is resubmitted to the General Meeting for approval.

3. Determination of the specific target total remuneration (structure and amount)

The Supervisory Board determines the amount of the target total remuneration of the individual Board of Management members for the relevant upcoming financial year based on the remuneration system. The target total remuneration shall be appropriate to the Board of Management member's responsibilities and performance and to the situation of the Group. In addition, the Supervisory Board makes sure that the total remuneration is appropriate in view of common market practice. For this purpose, it draws on both a horizontal and a vertical comparison.

3.1 Horizontal and vertical comparison

The horizontal (external) comparison of the target total remuneration was based on the DAX-listed companies as well as on a group of international competitors consisting of commercial vehicle manufacturers, taking into account the market position of Daimler Truck (especially with regard to sector, size and country), and it included in particular a review of the relative weighting of the components and the amount of the target total remuneration. For the vertical (internal) comparison of the target total remuneration, the Supervisory Board uses the two senior management levels below the Board of Management and the workforce of Daimler Truck AG in Germany for a comparison.

In the event of significant changes in the relationship between the remuneration of the Board of Management and the horizontal and vertical comparison groups, the Supervisory Board establishes the causes and, in the absence of objective reasons for the deviations, adjusts the remuneration of the Board of Management as necessary.

3.2 Differentiation according to the different requirements for the individual Board of Management divisions

The remuneration system permits the Supervisory Board the flexibility to consider the function and area of responsibility of the individual Board of Management member when determining the target total remuneration. The system allows for function-specific differentiations – for example, for the Chairman of the Board of Management and for the Board of Management member responsible for the Finance division.

3.3 Components of the target total remuneration

The remuneration system basically consists of fixed non-performance-related and variable performance-related remuneration components, the total of which determines the total remuneration of a member of the Board of Management.

The fixed non-performance-related remuneration consists of the base salary, the fringe benefits, which may vary each year depending on the individual and certain events, and the retirement benefit commitments of each Board of Management member. The annual contribution for the retirement benefit commitment is determined as a percentage of the sum of the base salary and the total annual bonus as determined at the end of the reporting period.

The variable, performance-based remuneration is divided into a short-term variable remuneration (annual bonus) and a long-term variable remuneration (Virtual Share-based Equity Plan, VSEP). For each financial year, it is generally the Supervisory Board who links the variable remuneration components to targets derived from the strategy. The degree to which these performance criteria targets are achieved determines the amounts actually paid out. ➔ **B.02**.

The table below illustrates the scheme of the remuneration system:

B.02

Overview of the remuneration system

Remuneration system of the Board of Management															
	Remuneration component	Description													
Fixed remuneration	Base salary	– Fixed contractually agreed remuneration paid in twelve monthly instalments													
	Fringe Benefits	– Mainly expenses for security services and the provision of company cars													
	Retirement benefit commitment	– An annual contribution of 15% of the sum of the base salary and the total annual bonus as determined as at the end of the reporting date													
Variable remuneration	Annual bonus	Type	– Short-term variable remuneration model												
		Performance criteria	<table border="1"> <tr> <td>Tranche 2023</td> <td>From Tranche 2024 onwards</td> </tr> <tr> <td>– 75% Financial performance criteria (target achievement: 0% – 200%)</td> <td>– 75% Financial performance criteria (target achievement: 0% – 200%)</td> </tr> <tr> <td>– Group EBIT target-/actual-comparison</td> <td>– Group and Segment EBIT target-/actual-comparison</td> </tr> <tr> <td>– Free cash flow of the industrial business (FCF IB) target-/actual-comparison</td> <td>– Free cash flow of the industrial business (FCF IB) target-/actual-comparison</td> </tr> <tr> <td>– 25% Non-financial performance criteria (target achievement: 0% – 200%)</td> <td>– 25% Non-financial performance criteria (target achievement: 0% – 200%)</td> </tr> <tr> <td>– Sustainability targets</td> <td>– Sustainability targets</td> </tr> </table>	Tranche 2023	From Tranche 2024 onwards	– 75% Financial performance criteria (target achievement: 0% – 200%)	– 75% Financial performance criteria (target achievement: 0% – 200%)	– Group EBIT target-/actual-comparison	– Group and Segment EBIT target-/actual-comparison	– Free cash flow of the industrial business (FCF IB) target-/actual-comparison	– Free cash flow of the industrial business (FCF IB) target-/actual-comparison	– 25% Non-financial performance criteria (target achievement: 0% – 200%)	– 25% Non-financial performance criteria (target achievement: 0% – 200%)	– Sustainability targets	– Sustainability targets
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– Sustainability targets	– Sustainability targets														
Cap	– 200% of the target amount														
Virtual Share-based Equity Plan (VSEP)	Type	– Long-term variable remuneration model (share price based)													
	Performance period	– 4 years: 3-year performance period plus 1-year holding period													
	Performance criteria	<table border="1"> <tr> <td>Tranche 2023</td> <td>From Tranche 2024 onwards</td> </tr> <tr> <td>– 75% Financial performance criteria (target achievement: 0% – 200%)</td> <td>– 75% Financial performance criteria (target achievement: 0% – 200%)</td> </tr> <tr> <td>– Relative share price development</td> <td>– Relative share price development</td> </tr> <tr> <td>– 25% Non-financial performance criteria (target achievement: 0% – 200%)</td> <td>– Further financial performance criteria (e.g., measurement of capital efficiency)</td> </tr> <tr> <td>– Sustainability targets</td> <td>– 25% Non-financial performance criteria (target achievement: 0% – 200%)</td> </tr> <tr> <td>– Sustainability targets</td> <td>– Sustainability targets</td> </tr> </table>	Tranche 2023	From Tranche 2024 onwards	– 75% Financial performance criteria (target achievement: 0% – 200%)	– 75% Financial performance criteria (target achievement: 0% – 200%)	– Relative share price development	– Relative share price development	– 25% Non-financial performance criteria (target achievement: 0% – 200%)	– Further financial performance criteria (e.g., measurement of capital efficiency)	– Sustainability targets	– 25% Non-financial performance criteria (target achievement: 0% – 200%)	– Sustainability targets	– Sustainability targets	
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– Sustainability targets	– 25% Non-financial performance criteria (target achievement: 0% – 200%)														
– Sustainability targets	– Sustainability targets														
Cap	– 300% of the awarded amount														
Further elements	Malus / Clawback	– Partial reduction or complete elimination or reclaiming of variable remuneration possible													
	Stock ownership guideline	– Depending on the function on the Board of Management, the number of shares to be held is between 20,000 and 75,000 – These shares must be held until the end of the Board of Management membership													
	Benefits in the event of early termination	– A severance payment (if any) is limited to double the annual remuneration and may not exceed the total remuneration for the remaining term of the service contract													

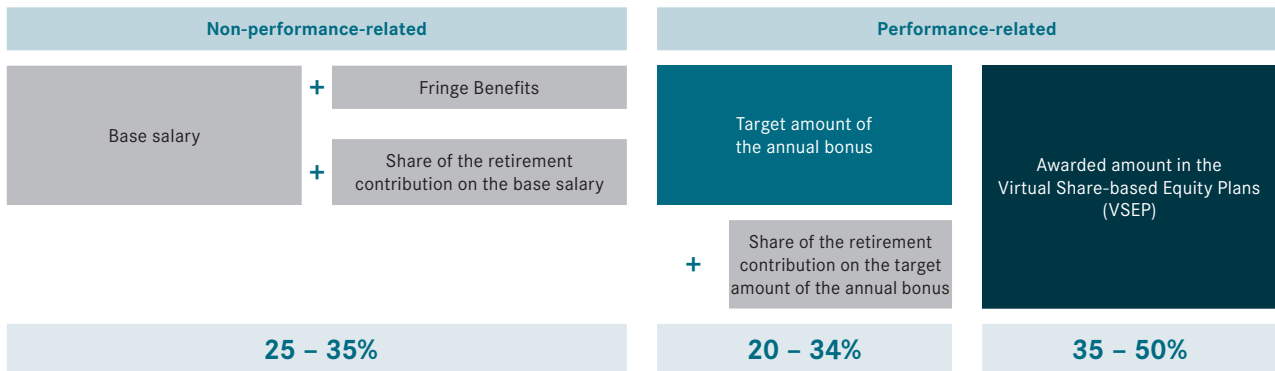
3.4 Structure of the target total remuneration

The non-performance-related remuneration includes the base salary, fringe benefits and the part of the pensions that is attributable to the base salary. The performance-related components include the target value for the annual bonus, i.e., the value corresponding to 100% target achievement, as well as the awarded amount for the VSEP. Within the framework of the target total remuneration, the part of the pensions attributable to the annual bonus is added to the share of the short-term variable remuneration.

The non-performance-related remuneration accounts for approximately 25 - 35% of the target total remuneration, while the variable remuneration component with long-term incentive effect (VSEP) accounts for approximately 35 - 50% of the target total remuneration. The annual bonus (including the performance-based pension contribution) contributes approximately 20 - 34% to the target total remuneration. [↗ B.03](#).

B.03

Structure and range of target total remuneration

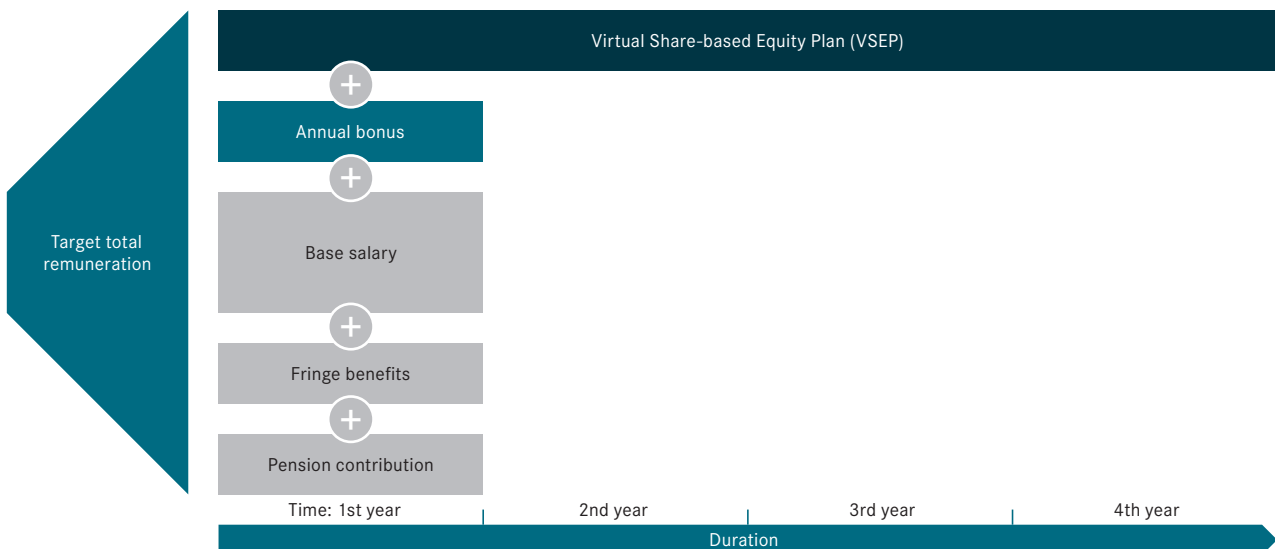


The proportions of the individual remuneration components in the target total remuneration may vary depending on the Board of Management members function and from year to year within the specified ranges. This may be the case for members of the Board of Management with a place of employment outside Germany. When determining the target total remuneration, the Supervisory Board always ensures that the performance-related remuneration exceeds the proportion of the non-performance-related remuneration. Furthermore, the awarded

amount of the long-term variable remuneration is always higher than the target amount of the short-term variable remuneration. Thus, the variable remuneration, which is mostly structured over several years and linked to additional, ambitious, and future-oriented comparison parameters, considers the recommendation of the GCGC. This places the focus on the long-term and sustainable development of Daimler Truck without neglecting annual operational targets. [↗ B.04](#).

B.04

Target total remuneration



3.5 Maximum amounts of remuneration and maximum remuneration

In order to achieve a balanced opportunity-risk profile and create a corresponding incentive effect of the remuneration system, the variable remuneration components are structured in such a way that the amount paid out can be reduced to zero.

The Supervisory Board has also determined maximum amounts (caps) for the remuneration of the individual members of the Board of Management as a whole and for its variable components.

Pursuant to Section 87a, paragraph 1, sentence 2, No. 1 of the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board has also determined a maximum remuneration including fringe benefits and retirement benefit contributions for the members of the Board of Management that was analyzed regarding its appropriateness.

The appropriateness is analyzed in the context of the horizontal and the vertical comparisons, including both fringe benefits (non-cash benefits; mainly expenses for security precautions borne by the Company and the provision of Company cars) and the retirement benefit contributions, in each case regarding the generally determined maximum amount.

The maximum remuneration for one financial year amounts to EUR 10,000,000 for the Chairman of the Board of Management and EUR 6,000,000 for an ordinary member of the Board of Management. The possible cap on the amount exceeding the maximum total remuneration is applied with the payment of the LTI allocated in the relevant financial year and due for payment four years later.

4. The remuneration components in detail

4.1 Fixed remuneration components

4.1.1. Base salary

The base salary is fixed remuneration relating to the entire year and is generally paid out in twelve equal installments. The base salary reflects the tasks and responsibilities of the respective role of the Board members.

4.1.2. Fringe benefits

The fringe benefits mainly consist of expenses for security precautions and the provision of Company cars, which can also be used privately, and the resulting non-cash benefit. In connection with Board of Management members whose place of work is abroad, special location-based services may also be provided. Furthermore, in exceptional cases, special payments may be made to reimburse new members of the Board of Management for loss of remuneration from their previous employment.

In addition, the members of the Board of Management are included in a financial/damage/liability insurance policy (Directors & Officers / D&O) taken out in the interest of the Company with a corresponding deductible in accordance with § 93 paragraph 2 of the German Stock Corporation Act (*Aktiengesetz*). The insurance premiums are paid by the Company.

4.1.3. Retirement pension commitments

The members of the Board of Management of Daimler Truck Holding AG are covered by the Daimler Pensions Plan (DPP). This retirement benefit system implemented at Daimler AG (today: Mercedes-Benz Group) features the payment of annual contributions by the Company and is oriented toward the capital market. The Company merely grants a commitment guarantee for the total of paid-in contributions, which are invested in the capital market according to a provision-oriented investment concept.

The Supervisory Board of Daimler Truck Holding AG has resolved to adopt this retirement benefit system for all members of the Board of Management appointed as of December 2021 - except for the Chairman of the Board of Management and the member of the Board of Management responsible for the region North America & Brands Freightliner; Western Star; Thomas Built Buses; Daimler Truck AG.

The amount of the annual contributions results from a fixed percentage, related to the base salary and to the total annual bonus for the respective financial year determined on the reporting date. This percentage is currently 15%. An entitlement to contributions to the occupational pension scheme exists until the employee reaches the age of 62. No further contributions to the occupational pension scheme shall be granted for employment relationships of longer duration. The following overview provides a summary of the structure of the Daimler Pensions Plan: [↗ B.05](#).

B.05**Daimler Pensions Plan**

Type of commitment	- Defined contribution plan
Age limit	- 62 years
Amount of the contribution	- An annual contribution in the amount of 15% of the sum of the base salary and the total annual bonus as determined at the end of the reporting period
Interest	- Guarantee of the contributions paid & investment in the capital market
Payout options	- One-time amount - 12 annual installments, with each installment increasing from the occurrence of the insured event until payment (at least 1% p.a. plus any profit shares in accordance with the insurance tariff defined in the pension commitment) - Pension with an annual increase (at least 1% p.a. plus any profit shares in accordance with the insurance tariff defined in the pension commitment)
Payments in the event of death and disability	<p>Death before retiring for reason of age:</p> <ul style="list-style-type: none"> - Spouse/registered civil partner/named life partner/dependent children in accordance with Section 32 of the German Income Tax Act (EStG): credit amount reached plus an imputed amount for the remaining period until the age of 62 has been reached <p>Death after retiring for reason of age:</p> <ul style="list-style-type: none"> - Annual installment option: The heirs are entitled to payments - Pension option: Spouse/registered civil partner/named life partner receive 60% of the actual pension <p>Disability:</p> <ul style="list-style-type: none"> - Disability pension until the age of 62 has been reached - Provision of contributions until the age of 62 has been reached

4.2 Variable remuneration components

The variable remuneration aims to create the right incentives for the Board of Management to act in the interests of the Company's corporate strategy, shareholders, customers, employees, and other stakeholders.

In order to ensure that the corporate strategy is implemented in line with the long-term and sustainable development of the Company, the strategy is used to derive annual operational targets of a financial and non-financial nature. The annual bonus as short-term variable remuneration serves as an incentive for the attainment of these targets.

In addition, there is the long-term oriented variable remuneration, the VSEP. The VSEP represents the essential long-term financial and non-financial performance criteria, which are primarily orientated towards strategic objectives. The achievement of the long-term oriented objectives ensures the long-term and sustainable corporate success compared to the competition as well as long-term positive share price development of Daimler Truck Holding AG and thus also the sustainable returns for the shareholders.

4.2.1 Annual bonus

The annual bonus is a short-term oriented variable remuneration and incentivizes the operational implementation of the corporate strategy, in particular the future-proofing expansion of the Company's business model as well as the sustainable orientation of our Company as a commercial vehicle manufacturer.

In times of comprehensive transformation, it is particularly important to align the incentives in the remuneration system with the necessary investments for the future. To this end, the Supervisory Board derives challenging and ambitious financial and non-financial performance criteria for the respective upcoming financial year from the Group's strategic goals.

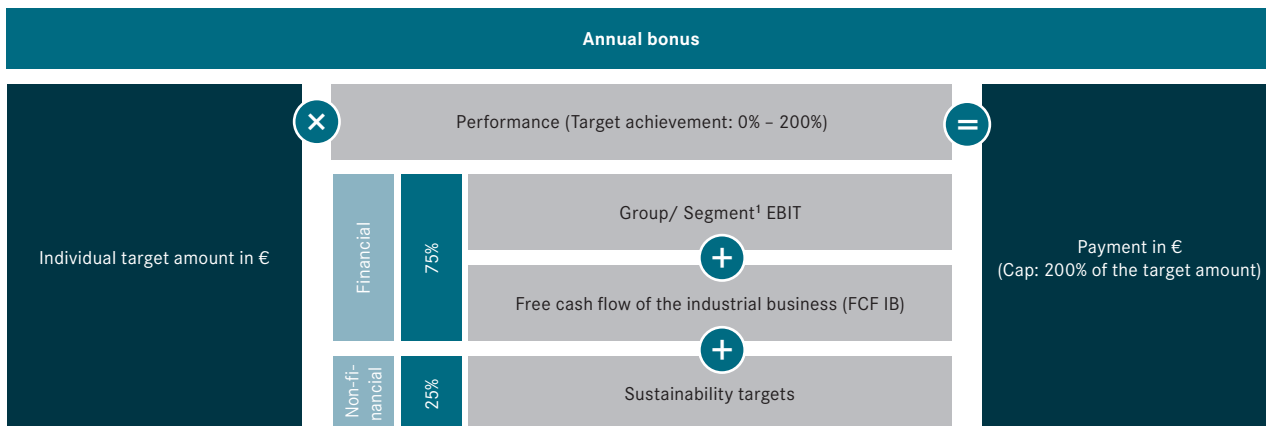
In addition to the financial performance criteria, non-financial performance criteria regarding sustainability are embedded in the short-term variable remuneration. The sustainability goals contribute to ensure the sustainable success of the Company and to Daimler Truck's function as a role model.

The total payment from the annual bonus is capped at twice (200%) the individual target value for the respective financial year.

The target value, which is paid at 100% target achievement, is determined individually for the Board of Management functions. [➤ B.06.](#)

B.06

Overview Annual bonus



1 From the financial year 2024 Board of Management members with segment responsibility: Mercedes-Benz Truck, Daimler Truck Asia, Daimler Truck North America and Daimler Truck Financial Services

Performance criteria for the annual bonus – Financial performance criteria

The financial performance criteria are oriented on the one hand to the operating result (EBIT) of Daimler Truck (Group EBIT) respectively the EBIT of the segments of Daimler Truck (Segment EBIT) and on the other hand to the free cash flow of the Industrial Business (FCF IB).

The weighting of the two financial performance indicators EBIT and FCF IB is determined by the Supervisory Board before the beginning of each performance period. Alongside revenues EBIT and FCF IB are also significant performance indicators for Daimler Truck. The financial performance criteria are weighted at 75% in the annual bonus.

For the 2023 financial year, the financial performance criteria are composed of Group EBIT and FCF IB for all members of the Board of Management. From the 2024 financial year onwards, the Supervisory Board will also implement the performance criteria EBIT at the Segment level for Board members with segment responsibility in addition to the Group EBIT. Between the Group EBIT and the Segment EBIT a weighting of 50% each will be applied.

EBIT is generally used as the measure of operating profit for the Group and the segments. As earnings before interest and income taxes, EBIT reflects the profit responsibility of the Group and the segments.

The EBIT target of Daimler Truck and the EBIT target of the respective Segments for the corresponding financial year are derived from the ambitious, competitive medium-term return target of the Industrial Business and the financial services business set by the Supervisory Board and is based on individual growth targets.

The starting point is the turnover of the previous year for the Industrial Business or the equity capital of the previous year for the financial services business.

The FCF IB describes the change in liquid funds from the operating Industrial Business, which are available, for example, for distributions to shareholders, and is therefore an important indicator of the financial strength of Daimler Truck Holding AG.

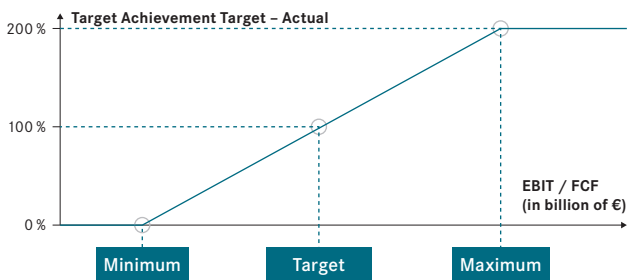
The target value for the FCF IB for the respective financial year is calculated on the defined target EBIT of the Industrial Business (derived from the Group EBIT target) as well as on a strategic target for the cash conversion rate under the consideration of a growth rate. The cash conversion rate is the proportion of the period's result that is scheduled to flow into the Group's liquidity after the payments for the necessary investments in research, development, tangible fixed assets and working capital are considered as part of the strategic growth target. The actual FCF IB value is generally determined considering investments in transformation, especially in the fields of charging infrastructure, fuel cells and batteries.

The financial performance criteria used to determine the payout amount can be adjusted for exceptional developments during the year. These include, for example, significant changes in the underlying IFRS accounting standards and related valuation methods, acquisitions and divestments, and new legal framework conditions that have a material impact on the ongoing business. Unfavorable market developments are explicitly not covered by the definition.

The achievement for the financial performance criteria EBIT (Group EBIT and/or Segment EBIT) and FCF IB range between 0% and 200%. If the actual value achieved is at or below the lower limit of the range, the degree of target achievement is always 0%, so no bonus payment is possible. If the actual value is at or above the upper limit of the range, the maximum target achievement is 200%. [➔ B.07.](#)

B.07

**Financial performance criteria – annual bonus:
Group EBIT, Segment EBIT, FCF IB**



By considering the key figures EBIT and FCF IB as the financial framework for achieving the objectives of Daimler Truck in the remuneration of the Board of Management, a clear link to the corporate strategy is established. The EBIT target value serves to focus on strengthening the global core business while at the same time taking the respective segments into account individually. The target value set for FCF IB supports the prioritization of efficient capital allocation.

**Performance criteria for the annual bonus –
Non-financial performance criteria**

In addition to incentivizing strong financial performance of Daimler Truck, the annual bonus also sets sustainability targets aligned with the ESG (Environment, Social & Governance) framework to consider all stakeholder interests. These consider the growing importance of sustainable business. The non-financial targets for the annual bonus are weighted at 25%.

The sustainability targets provide aggregated information on whether and to what extent Daimler Truck is implementing and planning sustainable strategies at an ecological, social, and corporate level and what progress Daimler Truck has already been able to make.

The selection of one or more targets per non-financial performance criteria ensures extensive coverage of various sustainability components that are of strategic relevance to Daimler Truck. [➔ B.08.](#)

In the following table, exemplary non-financial performance criteria are presented according to their focus and possible objective:

B.08

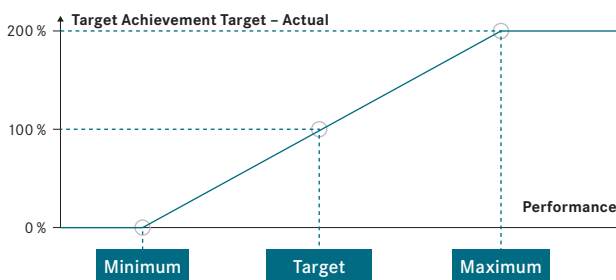
Sustainability criteria annual bonus

	Exemplary performance criteria	Explanation
E Environmental	Number of zero-emission vehicles (ZEV) sold (eTrucks and eBuses; Group Sales target)	Consideration of the sales of all electrically powered trucks and buses within Daimler Truck
S Social	Inclusion & Diversity	Inclusion and diversity are part of our talent strategy and the foundation of our work culture
G Governance	Implementation of the ESG strategy	ESG strategy is implemented and evaluated (ESG framework, milestones, targets, KPIs, reporting, governance structure)

The non-financial performance criteria are clearly defined by the Supervisory Board for each financial year to set new ambitious targets annually based on those already achieved and to be able to react flexibly to changes in the business environment. The range of possible target achievement for the sustainability goals can also be between 0% and 200% in each case. [➔ B.09.](#)

B.09

**Non-financial performance criteria – annual bonus:
Sustainability targets**



4.2.2.Virtual Share-based Equity Plan (VSEP) – long-term variable remuneration component

The VSEP is a long-term oriented, share-based variable remuneration instrument which is generally awarded to the members of the Board of Management of Daimler Truck Holding AG in annual tranches (see “Basic principles of the VSEP”).

An award of virtual shares under the new VSEP will take place for the first time in the 2023 financial year.

Basic principles of the VSEP

The design of the VSEP of Daimler Truck Holding AG supports sustainable and long-term business development. [➤ B.10.](#)

B.10

Link between the VSEP and Daimler Truck business strategy

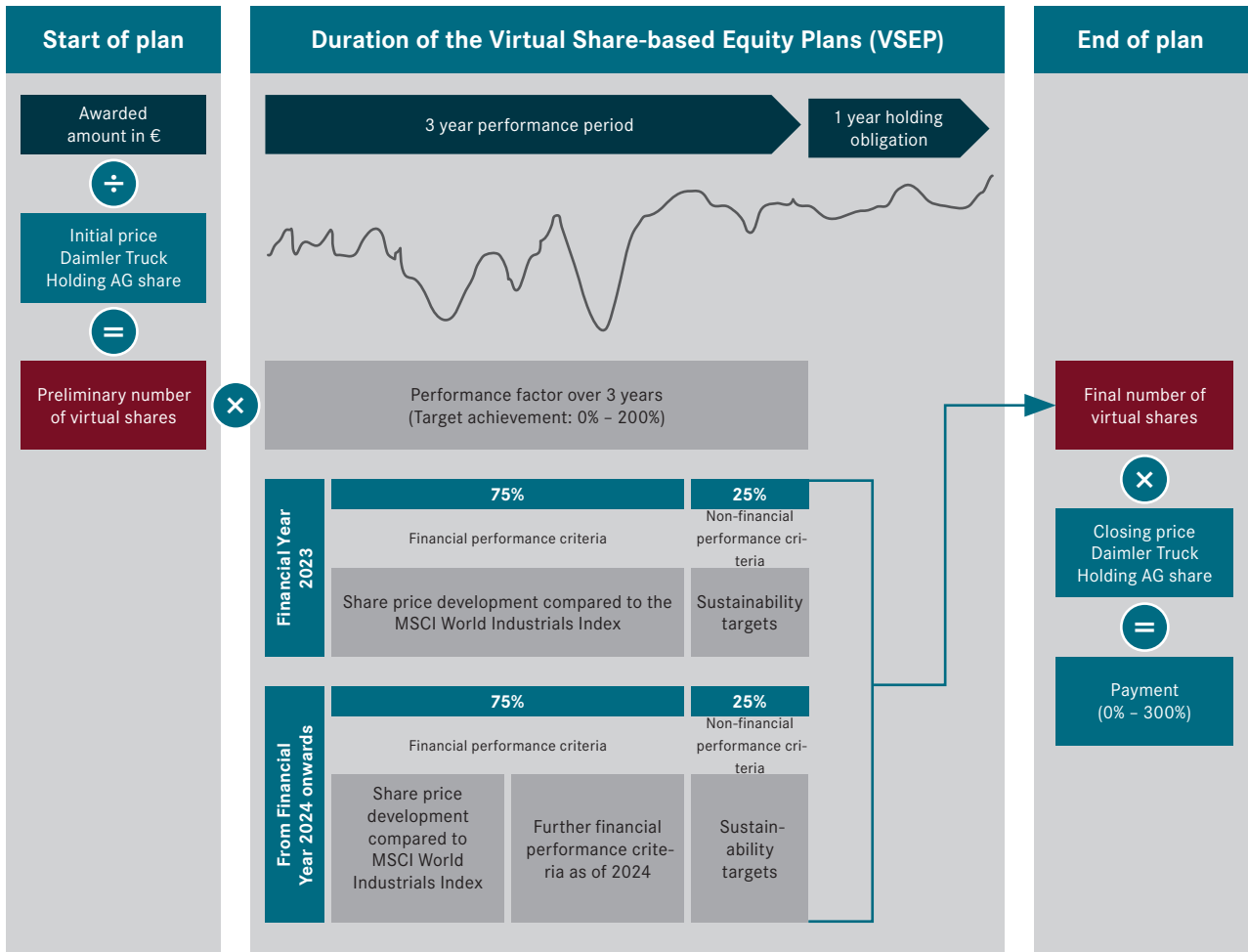
Overview: Link between the Virtual Share-based Equity Plan (VSEP) and the Daimler Truck business strategy	
Element	Link to the business strategy
Relative share price development	<ul style="list-style-type: none"> - Harmonises the interests of shareholders and the board - Integrates relative performance measurement, incentivizing long-term outperformance of relevant peers (MSCI World Industrials Index)
Further financial performance criteria as of 2024	<ul style="list-style-type: none"> - Integrates a central internal financial control parameter that ensures the sustainable and long-term development and profitable growth of Daimler Truck
Sustainability targets	<ul style="list-style-type: none"> - Supports Daimler Truck’s sustainable business strategy
Four-year duration	<ul style="list-style-type: none"> - Ensures the sustainable and long-term development of Daimler Truck
Conversion into virtual share price based units	<ul style="list-style-type: none"> - Direct share price reference, thus linking the interests of the board and shareholders

At the beginning of the plan, the Supervisory Board determines an award amount in euros as part of the determination of the individual annual total target remuneration. This amount is divided by the relevant average price of the Daimler Truck Holding AG share determined over a predetermined longer period, which results in the number of virtual shares provisionally awarded in each case. At the beginning of the plan, the Supervisory Board details the performance criteria for a period of three years (performance period). Depending on the achievement of these performance criteria, with a possible target achievement ranging from 0% to 200%, the virtual shares initially awarded at the start of the plan are converted into the final number of virtual shares after the three years have lapsed. After a further year (holding period), the final number of virtual shares is multiplied by the then applicable price of the Daimler Truck Holding AG share to determine the payment amount.

The average share price, which is decisive for the payment of the plan, is also decisive for the allocation of the preliminary number of virtual shares for the new plan issued in the respective year. The final payment is limited to three times the award amount at the beginning of the plan. This maximum amount also includes the dividend equivalents paid out during the four-year plan term. [➤ B.11.](#)

B.11

Overview VSEP



Since the share of the VSEP in the total of all variable remuneration components exceeds the share of the annual bonus, the majority of the variable remuneration is awarded on a share-based basis within the meaning of the GCGC. The VSEP thus fulfills the requirements for a multi-year assessment for variable remuneration within the meaning of Section 87 Subsection 1 Sentence 3 AktG. The awarded amounts of the long-term variable remuneration noticeably exceed the target values of the short-term variable remuneration.

Performance criteria of the VSEP

Target achievement of the long-term variable remuneration is measured by two or three performance criteria: (i) relative share price development, (ii) further financial performance criteria (e.g., performance criteria to measure capital efficiency from VSEP 2024 onwards) and (iii) sustainability targets, in order to ensure sustainable and profitable growth while achieving an increase in efficiency. On the other hand, the performance criteria relative share price development is used to reflect the interests of the shareholders.

For the VSEP tranche 2023, only the two performance criteria relative share price development and sustainability targets are used, with relative share price development weighted at 75% and sustainability targets at 25%.

From the VSEP tranche 2024 onwards, the further financial performance criteria will be applied. The weightings of the financial performance criteria are determined by the Supervisory Board before the start of each LTI tranche.

Relative share price performance

The relative share price performance is measured by the development of the Daimler Truck Holding AG share plus dividends in a three-year comparison with the development of a defined competitor group, namely the companies of the MSCI World Industrials Index. The international sector index MSCI World Industrials Index includes companies that are direct competitors of Daimler Truck and operate in comparable industries. The MSCI World Industrials Index thus reflects the relevant market environment for measuring relative share price development. [↗ B.12.](#)

B.12

Calculation logic relative share price performance

$$\text{Share price development (in \%)}_{DTHAG} - \text{Price development (in \%)}_{MSCI World Industrials} = \text{Outperformance (in percentage points)}$$

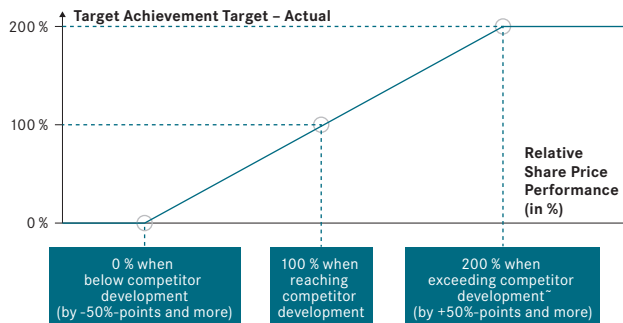
Example: 75% - 50% = 25 percentage points (150% Target achievement)

If the development of the Daimler Truck Holding AG share corresponds to the development of the competitor group, the target achievement is 100%. If the performance of the Daimler Truck Holding AG share is 50 percentage points or more below (above) the performance of the competitor group, the target achievement is 0% (200%). In the range of +/- 50 percentage

points deviation, the success factor develops proportionally to the divergence. [↗ B.13.](#)

B.13

Financial performance criteria VSEP: Relative share price performance



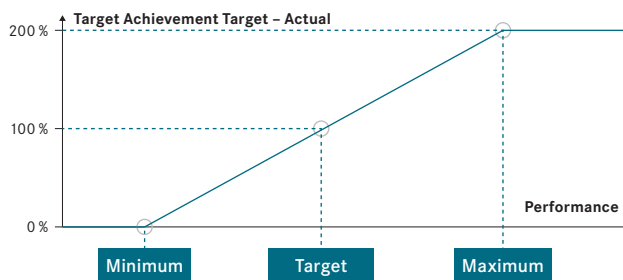
- Further financial performance criteria from VSEP 2024 onwards

Prior to the award of each VSEP tranche, the Supervisory Board shall determine a concrete financial performance criteria. In doing so, the Supervisory Board ensures at all times that the financial performance criteria represent a central internal financial control parameter for the Group. This enables the Supervisory Board to set the financial performance criteria against the background of the future development of the Company and a constantly changing business environment to promote the corporate strategy and long-term development of Daimler Truck. Financial performance criteria may include, e.g., ROCE.

The concrete financial performance criteria of each VSEP tranche is disclosed in the corresponding remuneration report. [↗ B.14.](#)

B.14

Further financial performance criteria VSEP



Sustainability targets

In addition to the financial performance indicators, the long-term variable remuneration 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 Daimler Truck, sustainability means creating significant value for the society and reducing

any negative impacts of the business activities as well as promoting positive impacts.

The focus of the Board of Management’s remuneration on sustainability and the incorporation in the long-term variable remuneration showing an even closer alignment with the interests of the shareholders and other stakeholders.

➔ **B.15.**

B.15

Overview of potential sustainability criteria VSEP

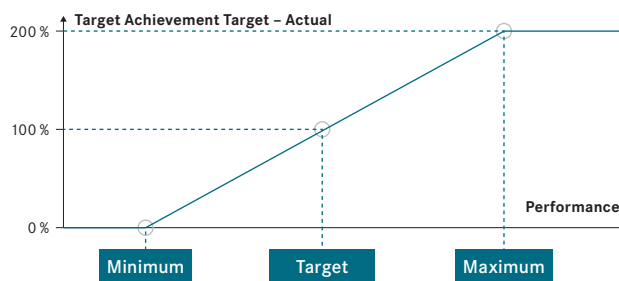
	Exemplary performance criteria	Consistency with the business strategy
E Environmental	Reduction of CO2 emissions	Daimler Truck wants to make an important contribution to combating climate change. To this end, Daimler Truck is focusing firstly on shaping a CO2-neutral future for the transport of goods and passengers, but also on reducing CO2 emissions in its own production (Scope 1+2) and supply chains (Scope 3).
S Social	Inclusion & Diversity	The Daimler Truck workforce is as diverse as our customers. We are convinced that diversity makes us more successful as a company. We reflect this, among other things, through the number of female managers at levels L1-L4.
G Governance	Governance Structures & Compliance	We are convinced that only those who act in an ethical manner and legally ethically and legally responsible can be successful long-term. Integrity and compliance with rules therefore have a high priority. We do this, for example, through compliance training and the implementation of efficient reporting systems.

The corresponding sustainability target as part of the long-term variable remuneration of the VSEP consists of several performance criteria from the areas of environment, social and governance. Only clearly measurable and unambiguous non-financial performance criteria are used for the exact quantification of target achievement.

The Supervisory Board decides on the selection and weighting of the respective sustainability targets annually at the beginning of each VSEP tranche. Likewise, the Supervisory Board can set additional non-financial targets or replace the existing ones at the beginning of each VSEP tranche. The decisions of the Supervisory Board are always derived from the corporate strategy in sustainability. At the end of the performance period, the Supervisory Board determines the achievement of the sustainability targets. The total target achievement of the sustainability targets can also range between 0% and 200%. The concrete sustainability criteria of each VSEP tranche are disclosed in the respective remuneration report. ➔ **B.16.**

B.16

Non-financial performance criteria VSEP: Sustainability targets



4.3 Stock ownership guidelines (SOG)

To further align the interests of the shareholders and the Board of Management, Stock Ownership Guidelines (SOG) exist as part of the Board's remuneration. According to these guidelines, the members of the Board of Management are obliged to acquire shares in Daimler Truck Holding AG and to hold these shares until the end of their Board of Management membership. To meet the guidelines, 50% of the gross payments from the VSEPs (starting with VSEP 2023 payout) must be reinvested each year to acquire real shares in the Company until the minimum number of shares in Daimler Truck Holding AG has been reached; however, shares may also be acquired in other ways. The number of shares to be acquired and held (SOG targets) was determined by the Supervisory Board for the individual members of the Board of Management as follows:

- Chairman of the Board of Management:
75,000 Daimler Truck Holding AG shares
- Chief Financial Officer:
25,000 Daimler Truck Holding AG shares
- Ordinary member of the Board of Management:
20,000 Daimler Truck Holding AG shares

4.4 Malus/Clawback

Malus or Clawback regulations are implemented within the framework of the service contracts and the VSEP plan conditions.

According to these provisions, a violation in the function as a member of the Board of Management of the Company against the duties of Section 93 AktG and the principles of conduct set forth in the Company's Code of Conduct may lead to a partial or complete reduction of the annual bonus (malus). If a deduction of the reduction amount from bonuses not yet paid or from future bonuses is not possible, there is an obligation to repay bonuses already paid in the amount of the reduction (Clawback).

The Supervisory Board shall decide on whether to perform a reduction and the amount thereof, taking into account the particular circumstances of the individual case and weighting the interests of both parties to the contract.

According to the terms and conditions of the VSEP, in the event of a demonstrable breach of the principles of conduct set out in the Company's Code of Conduct or of other official duties, a partial or complete reduction of the provisional (also adjusted) as well as the final allocated amount is possible until the time of payment of the plan proceeds. The Supervisory Board shall decide on a reduction.

5. Remuneration-related transactions

The service contracts of the Board of Management members are concluded for the duration of their appointment and are each extended for the duration of their reappointment. When a member of the Board of Management is appointed for the first time, the term of appointment and service contract is generally three years. In the event of reappointment, the term of appointment and service contract is generally five years.

5.1 Benefits in the event of premature termination of the service contract without good cause or where good cause within the meaning of Section 626 of the German Civil Code (Bürgerliches Gesetzbuch) exists

If the appointment to the Board of Management is revoked pursuant to Section 84, Subsection 4 AktG and if there is good cause (*wichtiger Grund*) within the meaning of Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch* -BGB), the service contract is also terminated at the time the revocation of the appointment takes effect. In this case, the affected Board of Management member shall no longer receive any payments from the effective date of the revocation.

In the case of early termination of the service contract without good cause within the meaning of Section 626 BGB, Board of Management service contracts include commitments to payment of the original base salary until the expiry of the contract. In contrast such persons are only entitled to payment of the annual bonus pro rata for the period until the membership of the Board of Management ends. Entitlement to payment of performance-related components of remuneration with a long-term incentive effect (VSEP) that has already been awarded is determined by the conditions of the respective plans. In the event of departure as a result of termination of employment by mutual agreement, regular expiry of the service contract, early retirement, retirement (including after partial retirement) or occupational disability, the Board of Management member retains his/her entitlement to any dividend equivalents and to the gross payout after the end of the plan for the entire term of the plan. In the event of ordinary or termination without notice by the Company or the Board of Management member, all entitlements under the VSEP are forfeited, in the case of ordinary termination on the date of departure and in the case of termination without notice on the date of receipt of the notice.

To the extent that the payments described above are subject to the severance cap of the German Corporate Governance Code, their total including fringe benefits is limited to twice the value of the annual remuneration and may not exceed the total remuneration for the remaining period of the service contract.

Both the annual bonus and the proceeds from the long-term VSEP are not paid out in advance in case of early termination, but instead at the points in time agreed upon in the service contract or in the VSEP plan terms and conditions.

5.2 Additional severance provisions

There are no assurances in the event of early termination of Board of Management membership due to a change of control.

In the event of regular termination of the service agreement, there are no further contractual provisions or restrictions.

5.3 Sideline activities of Board of Management members

The members of the Board of Management shall take on Board of Management or Supervisory Board mandates and/or other administrative or honorary functions outside the Company only to a limited extent and under certain conditions. The prior consent of the Presidential and Remuneration Committee of the Supervisory Board is required. In addition, a list of all sideline activities of Board members is submitted to the Supervisory Board once a year for approval. This ensures that neither the time spent, nor the remuneration allocated for such activities lead to a conflict with the duties performed for the Company. Insofar as the sideline activities are mandates in legally required supervisory boards or in comparable control bodies of commercial enterprises, they are listed in the annual financial statements of Daimler Truck Holding AG, which are pub-

lished on the Company's website (<https://www.daimlertruck.com/en/company/corporate-governance/board-of-management>).

In general, there is no entitlement to separate remuneration for the performance of mandates in Group companies.

6. Temporary deviations

The supervisory board may temporarily deviate from the remuneration system if this is necessary in the interest of the long-term welfare of the Company. This includes, for example, the adjustment of the remuneration system in the event of a significantly changed situation, for example in the case of a severe economic crisis or a significant change in the political/social framework conditions, for example war. The exceptional circumstances underlying and requiring a deviation shall be determined by resolution of the Supervisory Board. The components of the remuneration system from which a deviation may be made are the procedure, the regulations on the remuneration structure and amount as well as the individual remuneration components. The Supervisory Board may also, at its due discretion, temporarily reimburse expenses for extraordinary fringe benefits in the event of an identified significant change in requirements. In addition, the Supervisory Board has the right to award special payments to new members of the Board of Management to compensate for salary losses from a previous employment contract or to cover costs arising from a change of location.

7. Regulations on section 84 para. 3 AktG - temporary dismissal and reappointment of a member of the Board of Management ("Stay on Board")

In the event of a leave of absence (temporary dismissal and reappointment) of a member of the Board of Management due to maternity leave, parental leave, care of a relative or illness, the member of the Board of Management concerned receives 50% of the fixed basic remuneration as well as the full amount of the fringe benefits. Further vesting of the variable remuneration components is completely deferred/suspended for the duration of the leave.