



Mercedes-Benz

# Annual Financial Report 2021

## Mercedes-Benz Group

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## TO OUR SHAREHOLDERS

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Daimler AG was renamed as Mercedes-Benz Group AG with effect from 1 February 2022.

Unless there is a specific historical context to the former company name in individual cases, the new company name is used in this Annual Report and the name Mercedes-Benz Group is used for the Group. The same applies to the former Daimler Mobility AG, which was renamed as Mercedes-Benz Mobility AG on 1 February 2022.





**Ola Källenius**

Chairman of the Board of Management of Mercedes-Benz Group AG

# Dear Shareholders,

2021 was a year in which we once again accelerated the implementation of our strategy and translated it into fascinating products and financial success. At the same time, we were able to further increase our financial resilience. This has been key to steering the company through industry-wide challenges – from the ongoing pandemic to global semiconductor supply shortages. We also successfully achieved an historical milestone: the spin-off and hive-down of the Daimler commercial vehicle business. As a well-focused company, we in the Mercedes-Benz Group AG can make even better use of the opportunities that lie ahead. We are a vehicle manufacturer – and we are proud to be. This is now also reflected in the name of the company.

Last year, a total of 2.3 million customers opted for a passenger car or a van with a star. Our revenue amounted to €168.0 billion. EBIT increased by 340% to €29.1 billion. Our net liquidity in the industrial business amounted to €21.0 billion. The bottom line was a net profit of €23.4 billion. The Board of Management and the Supervisory Board will propose a dividend of €5.00 per share to the Shareholders' Meeting.

For this performance, gratitude is due to all colleagues. The past year was characterised by a challenging environment and high volatility. We successfully countered this – with strict discipline and great flexibility. This tremendous commitment and a strong team spirit are also crucial to continue the success story.

As we look ahead, we need to limit the impact of supply shortages, counter rising commodity prices, and continue to work on our cost efficiency. In addition, we pursue clear strategic priorities: we want to scale e-mobility, accelerate software development, and further strengthen Mercedes-Benz as a leading luxury brand.

We continue to focus on the electrification of our products. This year, we are presenting two all-electric off-road vehicles. It is important to ensure a smooth launch. At the same time, we need to scale our electric vehicles. This year, we are going to offer an electric alternative in all segments. We plan to increase our share of electrified vehicles to account for up to 50% for overall sales by 2025. And by the end of this decade, we are going to be ready to switch completely to electric, where market conditions permit this. Our Maybach, AMG, and G-Class brands are also becoming all-electric. We are significantly expanding our global activities in battery

cells and battery systems in order to make these plans successful. With the presentation of the Vision EQXX, we reinforced our claim to be the innovative leader in electromobility. The concept car gives a glimpse of what may be possible in the future in terms of efficiency and electric range.

Our second technological spearhead is acceleration in the area of software. In particular, this also implies the expansion of our competence in this area. We are creating up to 3,000 new jobs worldwide – a significant proportion of these at our centre of excellence for software in Sindelfingen. There we want to push the development of our own operating system in a bundled effort. And in automated driving, we are launching the next stage: Mercedes-Benz is the first manufacturer in the world to receive internationally valid system approval to introduce highly automated driving functions at level 3 to series production cars. That is what we will do in Germany this year.

The technological change is the basis for the successful transformation of Mercedes-Benz into an automotive brand in the luxury segment. The initial position is excellent: innovative technology, emotional design, and attention to detail – this is what Mercedes-Benz has represented for over 100 years. With the new structure, we have bundled our strength. Our ultimate goal: to build the most desirable cars and vans in the world. This transformation did not start today and it will not be done tomorrow – it is the responsibility of our generation. And that is where unique opportunities lie. In this context, the Mercedes star is a promise for the future: we want to change what exists in order to improve it. This is the spirit that our founding fathers gave us. We will carry on their legacy. I look forward to you joining us on this journey.

Yours,



Ola Källenius

# The Board of Management

**Ola Källenius**

Chairman of the Board of Management  
Appointed until May 2024

**Dr Jörg Burzer**

Production & Supply Chain Management  
Appointed until November 2024

**Renata Jungo Brüngger**

Integrity & Legal Affairs  
Appointed until December 2023

**Sabine Kohleisen**

Human Resources and Director of Labor Relations  
Appointed until November 2024

**Markus Schäfer**

Chief Technology Officer, Development & Procurement  
Appointed until May 2024

**Britta Seeger**

Marketing & Sales  
Appointed until December 2024

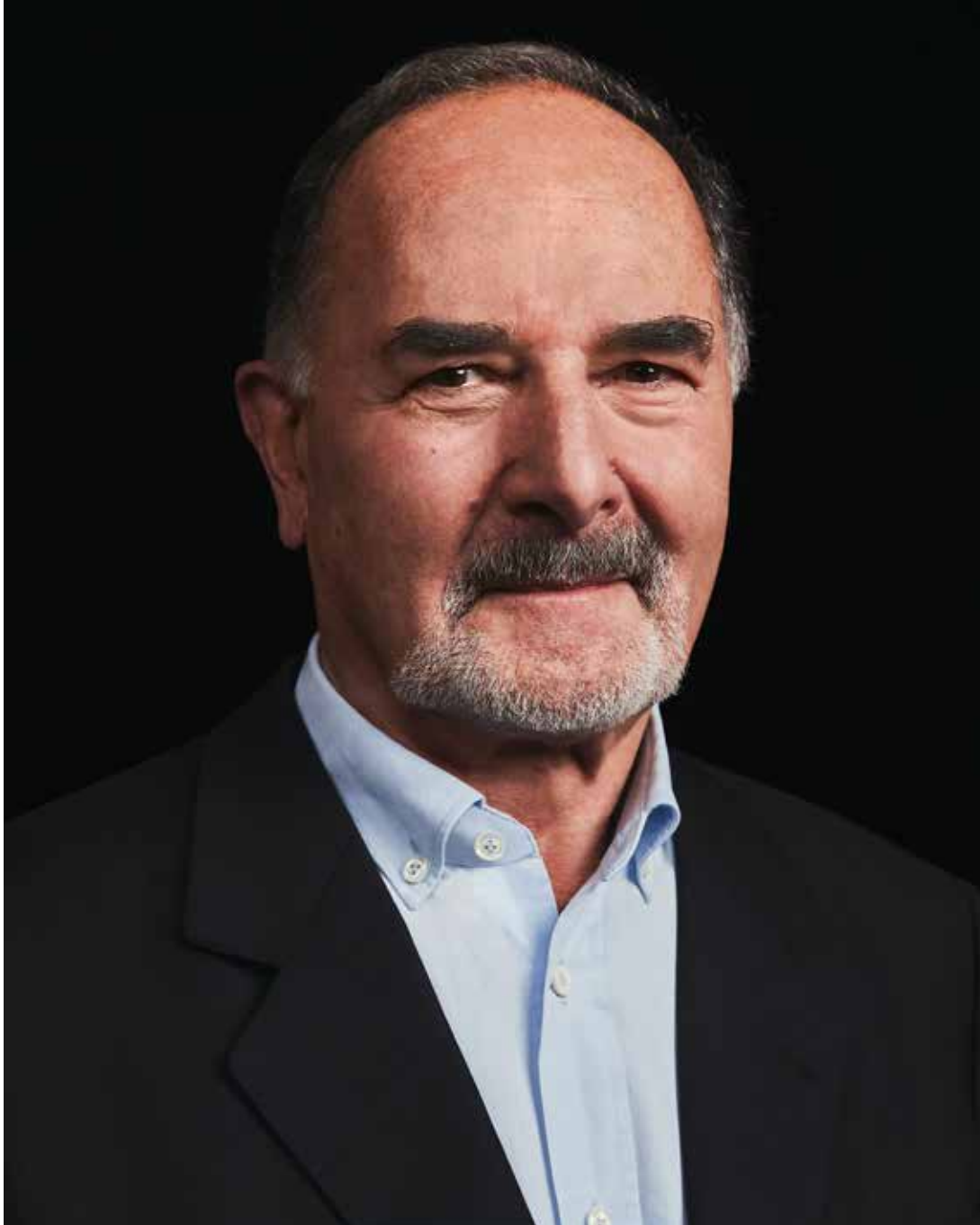
**Hubertus Troska**

Greater China  
Appointed until December 2025

**Harald Wilhelm**

Finance & Controlling / Mercedes-Benz Mobility  
Appointed until March 2027

 Further information on the members of the Board of Management of Mercedes-Benz Group AG



**Dr Ing. e.h. Dipl.-Ing. Bernd Pischetsrieder**  
Chairman of the Supervisory Board of Mercedes-Benz Group AG

# Report of the Supervisory Board

Dear Shareholders,

In the year 2021, Daimler AG set its strategic course for the future. With the successful spin-off and hive-down of the Daimler commercial vehicle business, two powerful and independent companies with a clear profile were created. In the future, both Mercedes-Benz Cars & Vans and Daimler Trucks & Buses will be able to focus even more strongly on their specific business areas and thus generate added value for customers, employees, investors and partners. However, a common goal will continue to unite the two companies: the transformation towards a zero-emission and software-driven future. This year, Mercedes-Benz has made substantial progress in the implementation of its business strategy and intensified its ambition towards an all-electric product portfolio. At the same time, the positioning of Mercedes-Benz as a sustainable luxury brand was expanded further.

However, 2021 also presented the Company with major challenges. The pandemic-related disruptions in the global supply chains led to noticeable supply bottlenecks for certain semiconductor components, as a result of which the continued high-level of demand from customers could, despite great efforts, not entirely be met. However, the extraordinary commitment of the Board of Management, the executives, and all employees ensured a positive business development.

For me personally, the last few months as Chairman of the Supervisory Board have shown that the management makes the right decisions, even in difficult times. The company has already made good progress on the road to transformation and I confidently look forward to the coming years.

### **Supervisory and advisory activities of the Supervisory Board**

In the 2021 financial year, the Supervisory Board of Mercedes-Benz Group AG again performed, in full, the duties incumbent upon it by law, the Articles of Incorporation and the rules of procedure.

In this context, the Supervisory Board continuously advised and monitored the Board of Management in the management of the company and provided support on strategically important issues for the further development of the Company.

The Supervisory Board reviewed whether the individual company and consolidated financial statements, the combined management report including the non-financial declaration and the other financial reporting complied with the applicable requirements.

Furthermore, after careful review and consultation, it approved numerous business transactions subject to its consent. This related in particular to the approval of the implementation of the historic restructuring of the Company through the spin-off and hive-down of the Daimler commercial vehicle business as part of Project Focus. This also included financial and investment planning, cooperation projects and the conclusion of contracts of particular importance to the Company. The Board of Management informed the Supervisory Board about a large number of other measures and business transactions and discussed them intensively and in detail with the Supervisory Board, for example, the effects on the Company of supply bottlenecks for certain semiconductor components and the initiated countermeasures.

The Board of Management regularly informed the Supervisory Board about all significant business developments of the Group and the divisions. During the reporting period, it kept the Supervisory Board continuously informed about all fundamental issues regarding corporate planning, including financial, investment, sales and personnel planning, current developments at Group companies, the development of revenue, the situation of the Company and the divisions, the economic and political environment, and the current status and assessment of significant legal proceedings. In addition, the Board of Management continuously reported to the Supervisory Board on the profitability and liquidity

situation of the Group, the development of sales and procurement markets, the overall economic situation and developments on the capital markets and in the financial services sector. Other topics included the further development of the product portfolio, securing the long-term competitiveness of the Group and the further implementation of measures to ensure sustainable, future-oriented mobility. The Supervisory Board also dealt in detail with the political developments and conflicts in the main sales markets, the shareholder structure, the share-price development and its background, as well as the expected effects of the strategic projects on the share-price development.

### **Working culture and areas of Supervisory Board activity**

In the 2021 financial year, the Supervisory Board held nine meetings, which were also held as video conferences due to the pandemic. Meeting attendance by the members was again at a very high level, as can be seen in the detailed overview at the end of this report. The work of the Supervisory Board was characterised by open and intensive dialogue. The members of the Supervisory Board regularly prepared for upcoming resolutions using documents provided in advance by the Board of Management. The employee and shareholder representatives also regularly prepared the meetings in separate discussions, which were also attended by members of the Board of Management. In addition, the Supervisory Board was supported in depth by its Committees. At the meetings of the Supervisory Board, its members discussed the measures and transactions to be resolved in detail with the Board of Management. Executive sessions were regularly scheduled for the meetings so that topics could be discussed also in the absence of the Board of Management.

The Supervisory Board was informed of special events outside the regular meetings. In addition, the members of the Supervisory Board and the Board of Management held bilateral meetings to exchange views. The Board of Management also informed the Supervisory Board of the key indicators of business developments and of existing risks with written reports.

The members of the Supervisory Board assume responsibility for the training and further education measures required for their tasks, such as changes in the legal framework and forward-looking technologies, and are supported in this by the Company. In the reporting period, for example, the Company organised an information event on the avoidance of compliance risks in the area of future technologies through the further development of the compliance management system. In addition, new members of the Supervisory Board have the opportunity to meet the members of the Board of Management and executives with specialist responsibility in a specifically designated onboarding programme for a bilateral exchange on fundamental and current topics in respect of the relevant areas of the Board of Management, thus gaining an overview of the relevant topics of the Group as well as the governance structure.

#### **Fundamental change in the corporate structure**

At an extraordinary meeting on 3 February 2021, the Supervisory Board gave its approval, after detailed prior deliberations, to evaluate a separation of the truck and bus business and to start preparations for a separate stock-exchange listing of Daimler Truck.

At the Meeting of the Supervisory Board on 17 February 2021, the Supervisory Board dealt with the company financial statements, the consolidated financial statements and the combined management report, including the non-financial declaration for Daimler AG and the Group for the 2020 financial year, each of which had been issued with an unqualified audit opinion by the external auditor, as well as the reports of the Audit Committee and the Supervisory Board, the corporate governance declaration, the remuneration report and the proposal for the appropriation of profit. Extensive documentation was available to the members of the Supervisory Board for their preparation.

The Audit Committee and the Supervisory Board dealt with these documents in detail and discussed them intensively in the presence of the auditors. The auditors reported on the results of their audits and also addressed the particularly important audit issues (key

audit matters) and the relevant audit procedures, including the conclusions, and were available to answer additional questions and to provide information. Following the final result of the Audit Committee's review and its own review, the Supervisory Board concurred with the findings of the auditors. It determined that there were no objections to be raised, it adopted the annual accounts compiled by the Board of Management and the combined management report, including the non-financial declaration, and thus adopted the 2020 financial statements of Daimler AG. On this basis, the Supervisory Board endorsed the proposal of the Board of Management for the appropriation of distributable profit. The Supervisory Board also adopted the report of the Supervisory Board, the corporate governance declaration and the remuneration report, as well as its proposed resolutions on the agenda items for the 2021 Annual General Meeting. In this context, the resolutions required to hold a virtual General Meeting were also adopted.

In its meeting on 17 February 2021, the Supervisory Board also discussed the results of the self-assessment carried out in the 2020 financial year, which again confirmed a professional, very good cooperation within the Supervisory Board and with the Board of Management, characterised by a high degree of trust. In addition, the committee dealt with the remuneration of the Board of Management on the basis of the remuneration system approved by the Annual General Meeting. Under the corporate governance agenda item, the other board positions and sideline activities of the Board of Management members that were presented at the meeting were approved. Another topic of the meeting was a cooperative project. In the course of the meeting, the Supervisory Board dealt with the ESG-relevant topic of human rights, which is one of the key issues of the sustainable corporate strategy. In addition, the Board of Management provided information on the status of implementation of measures and commitments regarding the settlement of regulatory and civil proceedings in the United States in connection with diesel exhaust emissions. Finally, the Supervisory Board received reports on the external certification of selected areas of the compliance management system.



At the virtual Annual General Meeting on 31 March 2021, the candidates proposed by the Supervisory Board, Ben van Beurden, Liz Centoni, and Dr Martin Brudermüller, were elected to the Supervisory Board as shareholder representatives. In the Supervisory Board meeting that followed, Dr Bernd Pischetsrieder was elected Chairman of the Supervisory Board as successor to the long-standing Chairman Dr Manfred Bischoff, who stepped down from the Supervisory Board. In recognition of his great services to the company, the Supervisory Board appointed Dr Manfred Bischoff as Honorary Chairman of the Supervisory Board. In addition, elections were held to replace shareholder representatives who had stepped down from the committees of the Supervisory Board.

At its meeting on 23 April 2021, the Supervisory Board resolved to appoint Harald Wilhelm as a member of the Board of Management with responsibility for Finance & Controlling / Daimler Mobility, with effect from 1 April 2022 for a further five-year term, and Martin Daum as a member of the Board of Management of Daimler AG with responsibility for Daimler Trucks & Buses, with effect from 1 March 2022 for a further three-year term. The committee had in mind that Martin Daum would step down from the Board of Management when Project Focus had been implemented and would be CEO of the Daimler Truck company, which would then be listed on the stock exchange. The plans presented by the Board of Management to accelerate the electrification of the product portfolio were supported by the Supervisory Board. Accordingly, it gave its approval for the release of funds for several future-oriented product projects. The meeting also dealt with proceedings in connection with diesel exhaust emissions and anti-trust matters. After careful and intensive deliberations on the relevant aspects and consideration of the relevant reasons, taking into account the Group's best interests and corresponding positive resolution recommendations of the Legal Affairs Committee of the Supervisory Board, the Supervisory Board approved the resolutions of the Board of Management regarding the settlement of a customer class action in Canada in connection with diesel exhaust emissions, as well as the antitrust proceedings of the European Commission regarding restraints of competition for diesel car exhaust gas purification technologies. In preparation for its resolutions, the Supervisory Board obtained expert opinions from independent

law firms. The Supervisory Board and the Board of Management are of the opinion that the settlements were in the interest of the Group. In addition, the Supervisory Board received reports on other current legal topics and was informed by the Board of Management about the status of Project Focus.

At the end of July, the Supervisory Board convened for another meeting focusing on setting the strategic course for an all-electric future by the end of the decade. The directional shift from "electric first" to "electric only" and the associated effects on portfolio, production, battery technology and finances were discussed in detail using specific projects and the MB.EA, AMG.EA, and VAN.EA architectures. In addition to other product and M&A projects subject to its approval, the Supervisory Board confirmed the investment in the European battery-cell manufacturer Automotive Cells Company (ACC) and discussed the course of business and the results of the first half-year in detail with the Board of Management. Furthermore, the Supervisory Board resolved to appoint Sabine Kohleisen as successor to Wilfried Porth as member of the Board of Management responsible for Human Resources and Director of Labour Relations for a three-year term with effect from 1 December 2021. Finally, the Supervisory Board received reports on current legal issues as well as on the implementation status of measures and obligations arising from the settlement reached with the US authorities in 2020 in connection with diesel exhaust emissions.

In an Extraordinary Meeting on 30 July 2021, the Supervisory Board, after careful and in-depth deliberations, gave its approval to the implementation of the historic restructuring of the Group through the spin-off and hive-down of the Daimler commercial vehicle business. The proposed resolutions required in this context for the agenda items of the Extraordinary General Meeting, which took place virtually on 1 October 2021, were also adopted. The shareholders confirmed Project Focus with a clear majority of 99.90% and elected the candidates proposed by the Supervisory Board, Olaf Koch and Prof Dr Helene Svahn, to the Supervisory Board. In the subsequent extraordinary meeting of the Supervisory Board, Olaf Koch was elected to the Audit Committee and the Legal Affairs Committee to replace Joe Kaeser and Marie Wieck, who stepped down at the end of the Extraordinary General Meeting.

### Strategy meeting of the Supervisory Board

The focus of the meeting on 27 October 2021 was, in addition to the general business strategy, in particular the discussion of the strategy with regard to China, a very important sales market for the Mercedes-Benz Group. With the involvement of the responsible executives, the members of the Supervisory Board and the Board of Management discussed in a constructive and open dialogue how the Mercedes-Benz Group will adapt to new challenges and which opportunities are to be exploited. The geopolitical situation between China and the United States, possible political developments and effects on the Group were also discussed. Furthermore, the 360° strategy concerning the electric powertrain (eATS) was explained to the Supervisory Board in detail and with demonstrations. Another item on the agenda concerned the approval of funding requirements for the Mercedes-Benz Operating System (MB.OS). The Supervisory Board also resolved to appoint Dr Jörg Burzer as a member of the Board of Management for a three-year term with effect from 1 December 2021, with responsibility for "Production & Supply Chain Management". In addition, the Supervisory Board was informed of current legal topics.

### Corporate planning meeting (Mercedes-Benz business planning)

At the meeting on 2 December 2021, the Supervisory Board discussed and approved the Mercedes-Benz business planning on the basis of comprehensive documentation and discussed existing opportunities and risks in connection therewith. The Supervisory Board also gave its approval to a number of product projects and other measures subject to its approval. It considered the report of the Board of Management on the development of ongoing and completed acquisitions and cooperations and received reports on current legal issues as well as on the implementation status of measures and obligations arising from the settlement reached with the US authorities in 2020 in connection with diesel exhaust emissions. Other items on the agenda included corporate governance matters. In view of the volatile environment and the worsening covid-19 situation in Germany, the Supervisory Board approved

the resolution of the Board of Management to hold the 2022 Annual General Meeting virtually. Finally, on the basis of the preparation by the Presidential Committee, it dealt with possibilities for increased consideration of sustainability criteria within the remuneration system for the Board of Management approved by the Annual General Meeting. The applicable remuneration system for the members of the Board of Management and the remuneration report can be found on the internet at [group.mercedes-benz.com/remuneration-bom](https://group.mercedes-benz.com/remuneration-bom).

### Corporate governance and declaration of compliance

During the 2021 financial year, the Supervisory Board continuously addressed the standards of good corporate governance.

Because the effects of Project Focus were not reflected in the targets and comparison parameters for the variable remuneration of the Board of Management, and the Supervisory Board therefore resolved to adjust these targets and comparison parameters for variable remuneration components not yet due at the time the spin-off became effective, the Supervisory Board adopted an intra-year update of the declaration of compliance in July 2021 in accordance with Section 161 of the German Stock Corporation Act (AktG), with corresponding deviations from the German Corporate Governance Code. In December 2021, the Supervisory Board adopted the regular 2021 declaration of compliance. With the exceptions explained there, all recommendations of the Code have been and are being complied with.

In the interests of good corporate governance, the members of the Supervisory Board of Mercedes-Benz Group AG are required to disclose to the Supervisory Board as a whole any conflicts of interest, in particular those that could arise as a result of an advisory or board function with customers, suppliers, lenders of Mercedes-Benz Group AG or other third parties.

There were no indications of actual conflicts of interest in the 2021 financial year. As a highly precautionary measure, at the extraordinary meeting of the Supervisory Board on 30 July 2021, individual members of the Supervisory Board nevertheless did not participate in the vote on the implementation of the spin-off and hive-down of the Daimler commercial vehicle business, nor in the vote on the resolutions proposed to the Extraordinary Shareholders' Meeting required in this context. This concerned the members of the Supervisory Board Joe Kaeser, Marie Wieck, Michael Brecht, and Roman Zitzelsberger with regard to their future membership of the Supervisory Board of Daimler Truck Holding AG.

In its meeting on 17 February 2021, the Supervisory Board discussed the result of the externally moderated self-assessment conducted in the 2020 financial year. The results confirm a professional, very good cooperation within the Supervisory Board and with the Board of Management, characterised by a high degree of trust. Independently of the self-assessment of the Supervisory Board, the Audit Committee again conducted a self-evaluation of its activities in 2021 based on a comprehensive company-specific questionnaire. The very positive results of this self-assessment were presented and discussed at the Audit Committee meeting on 17 February 2022.

### **German Act on the Equal Participation of Women and Men in Leadership Positions**

For supervisory boards of listed companies with equal representation, such as that of Mercedes-Benz Group AG, the German Stock Corporation Act (AktG) prescribes a mandatory quota of at least 30% women. The quota is to be met by the Supervisory Board as a whole. If the representatives of the shareholders or the representatives of the employees object to the overall fulfillment vis-à-vis the Chairman of the Supervisory Board before an election, the minimum proportion for this election is to be fulfilled separately by the shareholder side and the employee side.

As of 31 December 2021, on the shareholder side, Sari Baldauf, Liz Centoni and Professor Dr Helene Svahn make up 30% women and the remainder 70% men on the Supervisory Board of Mercedes-Benz Group AG. On the employee side, Nadine Boguslawski, Monika Tielsch

and Elke Tönjes-Werner equally make up 30% women and the remainder 70% men. Thus, the Supervisory Board as a whole also fulfils the statutory quota.

At its meeting on 23 February 2022, the Supervisory Board dealt with the specific election proposals to the 2022 Annual General Meeting and, on the recommendation of the Nomination Committee, decided to propose to the 2022 Annual General Meeting that Dame Veronica Anne ("Polly") Courtice and Marco Gobetti be elected to the Supervisory Board for the first time. In the event of the election of the proposed candidates, the statutory quota for women remains fulfilled both on the shareholder side and for the Supervisory Board as a whole.

For the composition of the Board of Management, the Supervisory Board set a target for the proportion of women of at least 25% in December 2020 and a deadline of 31 December 2025. In August 2021, the German Second Leadership Positions Act (FüPoG II) came into force. According to that legislation, at least one woman and at least one man must be a member of the Board of Management in listed companies with parity participation and more than three members. This minimum participation requirement must be complied with as of 1 August 2022 when appointing individual or multiple members of the Board of Management. As of 31 December 2021, Renata Jungo Brüngger, Sabine Kohleisen and Britta Seeger are three women on the Board of Management of the Company, which consists of a total of eight members, resulting in a female proportion of 37.5%.

Corporate governance at the Mercedes-Benz Group is explained in detail in the corporate governance declaration.

### **Work in the committees**

The **Presidential Committee** held four meetings in the past financial year. In particular, it discussed personnel matters and succession planning for appointments to the Board of Management. Furthermore, the Presidential Committee discussed the acceptance of board positions by members of the Board of Management at other companies and institutions, corporate governance issues, D&O insurance and remuneration issues.

The **Audit Committee** held five meetings in the year 2021. Details can be found in the Audit Committee's report.

The **Legal Affairs Committee** held four meetings in the year 2021. In those meetings, it was informed in detail about legal matters relating to emissions and cartels as well as the corresponding further development of compliance systems and discussed these matters in the presence of the legal advisers of the Supervisory Board. The Committee received reports on the progress of the review of potential responsibilities in connection with diesel exhaust emissions and anti-trust matters from the legal advisers engaged for this purpose by the Supervisory Board. The Committee regularly reported to the Supervisory Board on its work and, after discussing and weighing the relevant aspects, made recommendations for resolutions to the Supervisory Board, taking the Group's best interests into account. This particularly concerned the resolutions of the Supervisory Board of 23 April 2021 to approve the resolutions of the Board of Management regarding the settlement of a customer class action in Canada in connection with diesel exhaust emissions, as well as the antitrust proceedings of the European Commission regarding restraints of competition for car exhaust gas cleaning technologies. As part of the settlement reached in 2020 with various US authorities to end regulatory proceedings for alleged violations of US and Californian environmental laws in connection with diesel exhaust emissions, the Committee was assigned further tasks and decision-making powers with regard to the execution of the obligations undertaken in the settlement. The Committee also fulfilled these tasks in full and with great care.

The **Nomination Committee** held two meetings in the 2021 financial year. The Committee specifically considered the recommendations for the election proposals of the Supervisory Board to the 2021 Extraordinary General Meeting. In this context, it was guided by the interests of the Company, taking all circumstances of the individual case into account, and striving to fulfil the overall profile of requirements, including the competence profile and the diversity concept for the entire Supervisory Board.

During the reporting period, there was no reason to convene the **Mediation Committee**.

### **Changes in the Supervisory Board and the Board of Management**

At the virtual Shareholders' Meeting on 31 March 2021, the candidates proposed by the Supervisory Board, Ben van Beurden, Dr Martin Brudermüller, and Liz Centoni, were elected to the Supervisory Board to succeed Dr Manfred Bischoff, Dr Jürgen Hambrecht, and Petraea Heynike, who then retired from the Supervisory Board. In the Supervisory Board meeting that followed, Dr Bernd Pischetsrieder was elected Chairman of the Supervisory Board as successor to Dr Manfred Bischoff, who resigned from the Supervisory Board.

On the employee side, Sibylle Wankel resigned from the Supervisory Board on 31 July 2021. As her successor, Nadine Boguslawski was appointed as a member of the Supervisory Board by ruling of the Stuttgart District Court with effect from 1 August 2021. On 6 September 2021, Roman Romanowski was court-appointed to the Supervisory Board as an employee representative, following Raymond Curry's resignation from the Supervisory Board on 31 August 2021.

Olaf Koch and Prof Dr Helene Svahn, who were proposed by the Supervisory Board, were elected to the Supervisory Board as successors to Joe Kaeser and Marie Wieck, who resigned at the end of the virtual Extraordinary Shareholders' Meeting on 1 October 2021.

In connection with the spin-off and hive-down of the Daimler commercial vehicle business, Dr Sabine Zimmer resigned from the Supervisory Board on 8 December 2021. As her successor, Monika Tielsch was appointed as a member of the Supervisory Board as an employee representative by ruling of the Stuttgart District Court with effect from 9 December 2021.

At the meeting of the Supervisory Board on 23 April 2021, Harald Wilhelm was appointed as a member of the Board of Management with responsibility for “Finance & Controlling / Daimler Mobility” with effect from 1 April 2022 for a further five-year term and Martin Daum as a member of the Board of Management of Daimler AG with responsibility for “Daimler Trucks & Buses” with effect from 1 March 2022 for a further three-year term. The Supervisory Board had in mind that Martin Daum would step down from the Board of Management when the spin-off and hive-down of the Daimler commercial vehicle business had been implemented and would lead the Daimler Truck company, which would then be listed on the stock exchange.

Effective from the spin-off and hive-down, Martin Daum resigned from the Board of Management on 9 December 2021.

At the end of July 2021, the Supervisory Board resolved to appoint Sabine Kohleisen as successor to Wilfried Porth as member of the Board of Management responsible for Human Resources and Director of Labour Relations for a three-year term with effect from 1 December 2021. Wilfried Porth had previously told the Supervisory Board that he would resign from the Board of Management at his own request at the time of the restructuring of the Company through the spin-off and hive-down of the Daimler commercial vehicle business. Wilfried Porth resigned from the Board of Management on 1 December 2021.

At the meeting of the Supervisory Board on 27 October 2021, Dr Jörg Burzer was appointed as a member of the Board of Management for a three-year term with effect from 1 December 2021, with responsibility for “Production & Supply Chain Management”.

At the meeting of the Supervisory Board on 23 February 2022, the shareholder representatives resolved, on the basis of a corresponding recommendation by the Nomination Committee, to propose to the 2022 Annual General Meeting that Dame Veronica Anne (“Polly”) Courtice and Marco Gobetti be elected to the Supervisory Board.

### **Audit of the individual company and consolidated financial statements**

The financial statements of Mercedes-Benz Group AG and the combined management report for Mercedes-Benz Group AG and the Group for 2021 were duly audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, and issued with an unqualified audit opinion. This also applies to the 2021 consolidated financial statements compiled in accordance with IFRS.

In a meeting of the Supervisory Board on 23 February 2022, the preliminary key figures of the 2021 company and consolidated financial statements as well as the proposal to the 2022 Annual General Meeting for the appropriation of profits were discussed and noted with approval in the presence of representatives of the auditor. The Supervisory Board determined that there were no objections to their publication. The preliminary key figures for the 2021 financial year and the proposal for the appropriation of profits were published at the annual press conference on 24 February 2022.

At the meeting on 10 March 2022, the Supervisory Board discussed the financial statements of the Company, the consolidated financial statements and the combined management report, including the non-financial declaration for Mercedes-Benz Group AG and the Group, as well as the corporate governance declaration, the remuneration report, and the proposal for the appropriation of profits, each of which had been issued with an unqualified audit opinion by the auditor. The members of the Supervisory Board were provided with extensive documentation for their preparation, including the annual report with the consolidated financial statements compiled in accordance with IFRS, the combined management report including the non-financial declaration for Mercedes-Benz Group AG and the Group, as well as the corporate governance declaration, the remuneration report, the company financial statements of Mercedes-Benz Group AG, the proposal of the Board of Management for the appropriation of profits, the audit opinions of KPMG AG Wirtschaftsprüfungsgesellschaft for the company financial statements of Mercedes-Benz Group AG and the consolidated financial statements, in each case including the combined management report, and information on the internal control system, as well as drafts of the reports of the Supervisory Board and the Audit Committee.

The Audit Committee and the Supervisory Board reviewed these documents in detail and discussed them intensively in the presence of the auditors, who reported on the results of their audit and, in particular, addressed the key audit matters and the relevant audit procedures, including the conclusions drawn, and were available for additional questions and information. Following the final result of the review by the Audit Committee and its own review, the Supervisory Board concurred with the result of the audit by the auditor. It determined that there were no objections to be raised and adopted the financial statements prepared by the Board of Management and the combined management report, including the non-financial declaration. The 2021 company financial statements of Mercedes-Benz Group AG were thus adopted. On this basis, the Supervisory Board endorsed the proposal of the Board of Management for the appropriation of distributable profit. The Supervisory Board also adopted the report of the Supervisory Board, the corporate governance declaration and the remuneration report, as well as its proposed resolutions on the agenda items for the 2022 Annual General Meeting.

### **Appreciation**

The Supervisory Board would like to thank all employees of the Mercedes-Benz Group and the Daimler Truck Group as well as the management of the companies for their active contribution to the successful implementation of the spin-off and hive-down of the Daimler commercial vehicle business in the past financial year.

The Supervisory Board would like to thank Wilfried Porth and Martin Daum for their many years of successful service to our company.

The Supervisory Board would also like to thank Raymond Curry, Dr Jürgen Hambrecht, Petraea Heynike, Joe Kaeser, Sibylle Wankel, Marie Wieck, and Dr Sabine Zimmer, who closely supported the Company through their dedicated work on the Supervisory Board and left the Supervisory Board last year.

Special thanks go to the former chairman of the Supervisory Board, Dr Manfred Bischoff, who rendered outstanding services to the company.

Stuttgart, March 2022

The Supervisory Board



Dr Bernd Pischetsrieder  
Chairman

## A.01

### Individualised disclosure of attendance at meetings by members of the Supervisory Board of Mercedes-Benz Group AG in the 2021 financial year

2021	Meetings attended	Attendance (%)
<b>Plenary Supervisory Board</b>		
Dr Bernd Pischetsrieder (Chairman)	9/9	100
Dr Manfred Bischoff (former Chairman, until 31 March 2021)	2/2	100
Bader M. Al Saad	9/9	100
Sari Baldauf	9/9	100
Michael Bettag	9/9	100
Ben van Beurden (since 31 March 2021)	6/7	86
Nadine Boguslawski (since 1 August 2021)	3/3	100
Dr Clemens Börsig	9/9	100
Michael Brecht	9/9	100
Dr Martin Bruder Müller (since 31 March 2021)	6/7	86
Liz Centoni (since 31 March 2021)	7/7	100
Raymond Curry (until 31 August 2021)	6/6	100
Michael Häberle	9/9	100
Dr Jürgen Hambrecht (until 31 March 2021)	2/2	100
Petraea Heynike (until 31 March 2021)	2/2	100
Timotheus Höttges	9/9	100
Joe Kaeser (until 1 October 2021)	5/6	83
Olaf Koch (since 1 October 2021)	3/3	100
Ergun Lümali	9/9	100
Roman Romanowski (since 6 September 2021)	3/3	100
Prof Dr Helene Svahn (since 1 October 2021)	3/3	100
Monika Tielsch (since 9 December 2021)	0/0	N/A
Elke Tönjes-Werner	9/9	100
Sibylle Wankel (until 31 July 2021)	5/6	83
Dr Frank Weber	9/9	100
Marie Wieck (until 1 October 2021)	6/6	100
Dr Sabine Zimmer (until 8 December 2021)	9/9	100
Roman Zitzelsberger	9/9	100
<b>Presidential Committee</b>		
Dr Bernd Pischetsrieder (Chairman)	3/3	100
Dr Manfred Bischoff (former Chairman, until 31 March 2021)	1/1	100
Ben van Beurden (since 31 March 2021)	3/3	100
Michael Brecht	4/4	100
Dr Jürgen Hambrecht (until 31 March 2021)	1/1	100
Roman Zitzelsberger	4/4	100

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**Audit Committee**

Dr Clemens Börsig (Chairman)	5/5	100
Michael Brecht	5/5	100
Joe Kaeser (until 1 October 2021)	4/4	100
Olaf Koch (since 1 October 2021)	1/1	100
Ergun Lümali	5/5	100

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**Nomination Committee**

Dr Bernd Pischetsrieder (Chairman)	2/2	100
Dr Manfred Bischoff (former Chairman, until 31 March 2021)	0/0	N/A
Sari Baldauf	2/2	100
Ben van Beurden (since 31 March 2021)	2/2	100

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**Legal Affairs Committee**

Dr Clemens Börsig (Chairman)	4/4	100
Sari Baldauf (from 31 March 2021 until 1 December 2021)	3/3	100
Dr Manfred Bischoff (until 31 March 2021)	1/1	100
Michael Brecht	4/4	100
Liz Centoni (since 2 December 2021)	0/0	N/A
Michael Häberle	4/4	100
Olaf Koch (since 1 October 2021)	1/1	100
Ergun Lümali (since 1 August 2021)	1/1	100
Sibylle Wankel (until 31 July 2021)	3/3	100
Marie Wieck (until 1 October 2021)	3/3	100



# The Supervisory Board

**Dr Bernd Pischetsrieder**

Chairman of the Supervisory Board of Mercedes-Benz Group AG  
Elected until 2024

**Michael Brecht\***

Deputy Chairman of the Supervisory Board of Mercedes-Benz Group AG  
Chairman of the General Works Council of the Mercedes-Benz Group;  
Chairman of the Works Council of the Mercedes-Benz plant in Gaggenau  
Elected until 2023

**Bader M. Al Saad**

Chairman of the Board of Directors and Director General of the Arab Fund  
for Economic & Social Development  
Elected until 2022

**Sari Baldauf**

Chair of the Board of Directors of Nokia Oyj  
Elected until 2023

**Michael Bettag\***

Chairman of the Works Council of the Mercedes-Benz AG Nuremberg Own Retail Branch  
Elected until 2023

**Ben van Beurden**

Chief Executive Officer of Shell plc  
Elected until 2025  
(since 31 March 2021)

\* Employee representatives

 **Further information on the members of the Supervisory Board of Mercedes-Benz Group AG**

**Dr Clemens Börsig**

Former Chairman of the Supervisory Board of Deutsche Bank AG  
Elected until 2022

**Nadine Boguslawski\***

First Authorised Representative of IG Metall (German Metalworkers' Union) Stuttgart  
Appointed until 2023  
(since 1 August 2021)

**Dr Martin Bruder Müller**

Chairman of the Board of Executive Directors of BASF SE  
Elected until 2025  
(since 31 March 2021)

**Liz Centoni**

Chief Strategy Officer and GM, Applications Cisco, Inc.  
Elected until 2025  
(since 31 March 2021)

**Michael Häberle\***

Deputy Chairman of the General Works Council of Mercedes-Benz Group AG;  
Chairman of the Works Council at the Mercedes-Benz Untertürkheim Site  
Elected until 2023

**Timotheus Höttges**

Chairman of the Board of Management of Deutsche Telekom AG  
Elected until 2025

**Olaf Koch**

Partner and Managing Director of Zintinus GmbH  
Elected until 2025  
(since 1 October 2021)

\* Employee representatives

 **Further information on the members of the Supervisory Board of Mercedes-Benz Group AG**

**Ergun Lümali\***

Deputy Chairman of the Group Works Council of the Mercedes-Benz Group;  
Chairman of the General Works Council of Mercedes-Benz Group AG;  
Chairman of the Works Council of the Mercedes-Benz Sindelfingen Plant  
Elected until 2023

**Roman Romanowski\***

Head of the Executive Legal Department at the Board of Management of IG Metall  
(German Metalworkers' Union)  
Appointed until 2023  
(since 6 September 2021)

**Prof Dr Helene Svahn**

Professor of Nanobiotechnology at the Royal Institute of Technology, Sweden  
Elected until 2025  
(since 1 October 2021)

**Monika Tielsch\***

Member of the Works Council of the Mercedes-Benz Sindelfingen Plant (RD)  
Appointed until 2023  
(since 9 December 2021)

**Elke Tönjes-Werner\***

Deputy Chairwoman of the Works Council of the Mercedes-Benz Bremen Plant  
Elected until 2023

**Dr Frank Weber\***

Centre Manager BodyTEC, Mercedes-Benz AG;  
Chairman of the Management Representative Committee,  
Mercedes-Benz Group  
Elected until 2023

**Roman Zitzelsberger\***

District Manager of IG Metall (German Metalworkers' Union) in Baden-Württemberg  
Elected until 2023

\* Employee representatives

 **Further information on the members of the Supervisory Board of Mercedes-Benz Group AG**

## **Retired from the Supervisory Board**

### **Dr Manfred Bischoff**

Former Chairman of the Supervisory Board of Daimler AG  
Retired on 31 March 2021

### **Raymond Curry\***

President of the United Auto Workers (UAW) and Member of the International Executive Board  
Retired on 31 August 2021

### **Dr Jürgen Hambrecht**

Former Chairman of the Supervisory Board of BASF SE  
Retired on 31 March 2021

### **Petraea Heynike**

Former Executive Vice President of the Executive Board of Nestlé S.A.  
Retired on 31 March 2021

### **Joe Kaeser**

Chairman of the Supervisory Board of Siemens Energy AG  
Retired on 1 October 2021

### **Sibylle Wankel\***

First Authorised Representative IG Metall (German Metalworkers' Union) in Munich  
Retired on 31 July 2021

### **Marie Wieck**

Former General Manager of IBM Blockchain  
Retired on 1 October 2021

### **Dr Sabine Zimmer\***

Head of Training Policy Germany at the Daimler Group  
Retired on 8 December 2021

\* Employee representatives

# Objectives and Strategy

The automotive industry is currently in the middle of its biggest ever transformation. Moreover, the world as a whole is changing at an increasingly dynamic rate. Sustainability and, in particular, environmental and climate protection are among the most urgent issues of our time. Digitalisation and shifts in global trade are changing our business and our company. We firmly believe that individual mobility will remain a basic human need, and it will have to be provided in an energy-saving, low-emission and environmentally compatible manner. As a company, we also bear social responsibility. Not only do we face up to the challenges of the future; as the inventor of the automobile, we also want to set benchmarks for tomorrow's sustainable mobility.

## **New corporate structure**

New competitors have entered the automotive market with alternative drive technologies, and some of them are highly valued by the capital market. Consumers and governments are increasingly focusing on sustainability and the reduction of CO<sub>2</sub> emissions. The associated switch to new technologies has triggered strong demand for capital and requires lean organisational structures and short decision-making paths. In addition, the covid-19 pandemic has accelerated the steadily growing process of digitalisation. Most recently, it became apparent that there were fewer industrial overlaps between the car and commercial vehicle businesses than previously expected. Corporate functions generated only limited synergies.

In view of this situation, the Board of Management and the Supervisory Board of Daimler AG decided in 2021 to spin off and hive down the commercial vehicle business in the context of Project Focus. The implementation of these measures resulted in a historic realignment of the Company. The separation aims to improve conditions for the implementation of the respective strategies of the remaining Mercedes-Benz Group and the new Daimler Truck Group. Each company will develop and pursue its own independent strategy. Independently, the business activities of the two groups can be even more strongly

diversified in line with their customers, technologies, risks and markets, and the necessary processes can be adapted to the competitive environment and changing market conditions in an even more agile and targeted manner. Moreover, the separation provides the Daimler Truck Group with direct access to the capital market and thus to additional sources of funding. The spin-off and hive-down of the Daimler commercial vehicle business was approved by an overwhelming majority of 99.90% of the shareholders at the Extraordinary General Meeting on 1 October 2021.

The commercial vehicle business that is concentrated at Daimler Truck AG was separated from the Daimler Group and transferred under the umbrella of Daimler Truck Holding AG to an independent group with its own financial services company. Trading in the shares of Daimler Truck Holding AG began on the Frankfurt Stock Exchange on 10 December 2021. The shareholders of Daimler AG received, in proportion to their previously existing shareholdings, one registered no-par-value share of Daimler Truck Holding AG for each two registered no-par-value shares of Daimler AG. Mercedes-Benz Group AG initially held 35% of the share capital of Daimler Truck Holding AG. In January 2022, shares

amounting to approximately 5% of the equity capital of Daimler Truck Holding AG were transferred to the pension plan assets of Mercedes-Benz AG.

In preparation for the spin-off and hive-down, we created or expanded the necessary headquarters functions for the Daimler Truck Group and severed many of the service relationships between the Mercedes-Benz Cars & Vans and the Daimler Trucks & Buses divisions. The financial services business conducted by Mercedes-Benz Mobility AG was split between two independent financial services companies and most of the financial

services business of Daimler Truck Group were transferred to Daimler Truck AG. Additional parts will be transferred in 2022. Transitional service agreements will temporarily enable the remaining companies of the Mercedes-Benz Group to provide services to the Daimler Truck Group and vice versa for a transitional period. You can find in-depth information on Project Focus on our website [group.mercedes-benz.com/company/business-units/project-focus.html](https://group.mercedes-benz.com/company/business-units/project-focus.html).

## Project Focus: The new Mercedes-Benz Group

### Structure before implementation

#### Daimler AG



Mercedes-Benz AG



Daimler Truck AG



Daimler Mobility AG

### Structure after implementation

#### Mercedes-Benz Group AG



Mercedes-Benz AG



Mercedes-Benz  
Mobility AG

#### Daimler Truck Holding AG



Daimler Truck AG



Daimler Truck  
Financial Services  
GmbH

## **Sustainability, integrity and diversity are the basis of our conduct**

As a company, we assume responsibility for the economic, ecological and social effects of our business activity. As a founding member of the UN Global Compact, we are committed to the Compact's ten universal principles, the United Nations' Sustainable Development Goals and the Paris Agreement on climate change.

Sustainability is part of the foundation of our Mercedes-Benz strategy and thus an integral part of our corporate strategy. We want to create permanent value for our stakeholders: our customers, employees, investors, business partners and society as a whole. This requires a culture of integrity and future-oriented cooperation with our workforce and our partners in industry, government and society at large. Diversity is our driving force for ideas, renewal and inventiveness, all of which we actively strive to achieve. A central sustainability management system enables the effective planning of ambitious goals and their implementation.

For example, we have set ourselves an ambitious climate protection goal along the value chain: to make our entire new vehicle fleet CO<sub>2</sub>-neutral by 2039. It encompasses climate neutrality at our suppliers, CO<sub>2</sub>-neutral production in our production facilities worldwide and the CO<sub>2</sub>-neutrality of our vehicles during the use phase. We also want to drive forward the implementation of our climate neutrality objective at our suppliers and partners. Among other things, we are working together with all of the steel suppliers to create a green steel supply chain. Our Factory 56 is the benchmark with regard to flexibility, efficiency, digitalisation and green production for our global production network. In addition to climate protection, we take on responsibility for air quality. By 2025, we want our new car fleet to no longer have any relevant impact on nitrogen-dioxide pollution in urban areas. Another important aim is to increasingly decouple the consumption of resources per vehicle from the growth in vehicle sales. We are working to close material cycles and increase the proportion of secondary raw materials in our vehicles, as well as further improving the efficiency of our processes.

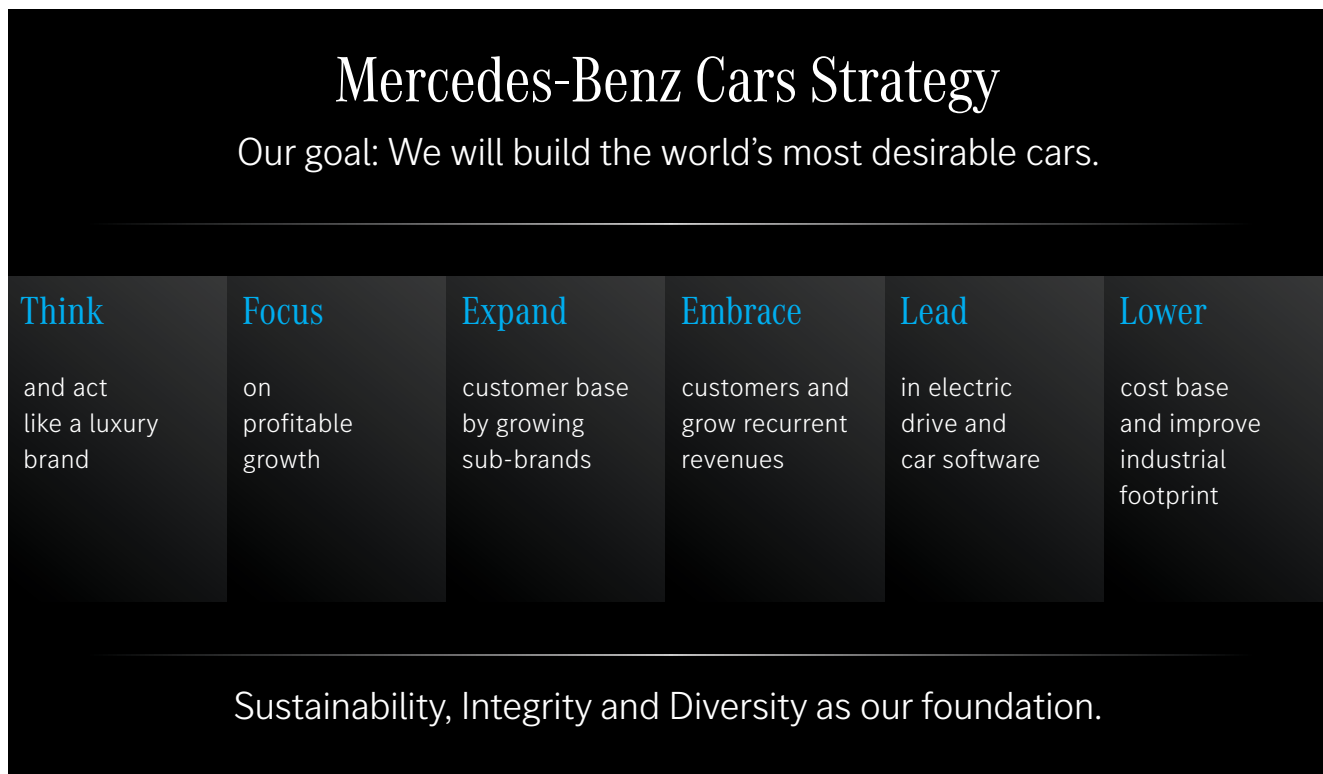
We are firmly convinced that we can only be successful over the long term if we fulfil not only our economic and environmental responsibilities but also our responsibility to society. Especially in times of change and upheaval, we need to have values that provide us with orientation. For the Mercedes-Benz Group, integrity means doing the right thing. For us, this includes adhering to external and internal rules, aligning our activities with shared values, and following our moral compass. New technologies and business models offer tremendous opportunities, but at the same time, they pose ethical and legal questions. That's why we provide our technical Compliance Management System, or tCMS for short, to help our engineers address challenging questions and unclear legal situations during the entire product development and certification process. We use our Human Rights Respect System (HRRS) to make a risk-based and systematic assessment of respect for human rights at our Group companies and in the supply chains. We summarise our many years of commitment to human rights in our Principles of Social Responsibility and Human Rights. These Principles serve as the binding foundation for the implementation of human rights standards at the Mercedes-Benz Group.

All of the divisions have formulated strategies or intensified existing ones on the basis of their earnings and growth targets, our commitment to sustainability, and CO<sub>2</sub>-neutral mobility and integrity as guiding principles.

## Mercedes-Benz Cars Strategy

In 2020, we presented our Mercedes-Benz Cars strategy, which consists of six strategic pillars. Our goal is to build the world's most desirable cars. We want to further increase our structural profitability and take the lead in shaping the successful transformation to an emission-free and software-driven future. We want to

focus on our core business and in doing so to highlight the customer experience even more strongly than before and utilise the potential of digitalisation. Sustainability, integrity and diversity serve as the foundation of our strategy. Everyone's actions are becoming increasingly important with regard to climate change. We are addressing this change and shaping the path towards sustainable mobility.





Building on the strategy we adopted for Mercedes-Benz Cars in 2020, we took an important strategic step in 2021 by switching from “Electric first” to “Electric only”. In this way, we are clearly committed to all-electric drive systems during the development of our vehicles and also accelerating the transformation towards an emission-free and software-driven future.

### **Think and act like a luxury brand**

Luxury has always been part of our DNA, but we will focus our thoughts and actions even more strongly on it in the future. Our claim as a luxury brand is to offer the most desirable vehicles in all segments and throughout all brands. Our understanding of luxury is shaped by a harmony between pioneering technologies, extraordinary aesthetics and integrated sustainability. We want to create an intuitive and individualised experience for our customers at every touchpoint with our brand — a holistic luxury experience that fascinates, offers outstanding moments, goes beyond people’s expectations and sparks desires. To this end, we are working hard on strategically realigning our products and services across all brands. For example, we are reorienting our campaign language and working closely with cooperation partners in order to jointly make tomorrow’s individual mobility visionary in scope. This includes experience platforms that showcase contemporary topics from the lives of our fans and customers and thus create approachable and unique moments. We have the complete customer journey in view here — from the first contact with our brands to the purchase and driving of our vehicles and the use of our range of services, we want to offer our customers a comfortable, individual and highly emotional experience.

### **Focus on profitable growth**

We want to make the accelerated transformation towards an all-electric future profitable and to continue our growth in the lucrative market segments. Important ways in which this can be achieved are focusing and further developing our portfolios by allocating funds to the most profitable models, and good pricing. We want to also employ these means for the systematic electrification of our models, with appealing electric vehicles throughout the entire Mercedes-Benz brand portfolio. By optimising our mix of sales channels, we also plan to target our customers even more effectively. One of the focal points here is the expansion of online commerce.

### **Expand customer base by growing sub-brands**

According to brand consultant Interbrand’s “Best Global Brands 2021” report, Mercedes-Benz has strengthened its leading position as the only European brand among the world’s Top 10. As a result, we have remained the most valuable and only luxury automotive brand among the world’s Top 10 for the sixth year in a row. Not only our outstanding S-Class luxury saloon car but also Mercedes-Benz’s entire attractive brand portfolio — in particular our exceptional Mercedes-AMG, Mercedes-Maybach and Mercedes-EQ brands, as well as our iconic G-Class product brand — contribute to this success. Our Mercedes-Benz Cars strategy is raising these brands to the next level and accelerating their development so they can unfold their full potential and achieve additional EBIT growth. To accomplish this, we will create an even stronger interrelationship between the brands Mercedes-AMG, Mercedes-Maybach and the G-Class in order to exploit synergies and address our customers even more effectively. This particularly includes the adequate care of these special customer groups online and in retail. We want our Mercedes-EQ vehicles to position us as a leading tech brand not only in the upper-range segment but also in all other vehicle classes. This has already been highlighted by the successful world premieres of the EQA, EQB, EQE and EQS in 2021.

### **Embrace customers and grow recurrent revenues**

In order to intensify and further boost customer loyalty, we are systematically creating unique customer experiences along our entire customer journey and addressing customers in an individualised and data-driven manner. The basic precondition for this is the availability of thoroughly digitalised sales processes. In this way, we can flexibly adapt and enhance all channels — online and offline, and from consulting to service — to the dynamic customer requirements.

Two of the many examples of how we are already successfully implementing this vision are the first pilot markets where our new vehicles can be bought online and the data-based campaign for the EQS. Moreover, we can provide our customers with tailored offers that enthuse them about more than just the purchase of vehicles. These include such things as after-sales services and spare parts as well as the increasing demand for over-the-air (OTA) updates and subscriptions to digital services. This enables us not only to continuously enhance the attractiveness of our products throughout their life cycles but also boost our profitability through recurring revenues.

### **Lead in electric drive and car software**

We at Mercedes-Benz want to become the leader for electric mobility and vehicle software. Our previously announced ambitious product development goals and the market launch of new emission-free and software-driven technologies have accelerated the strategic step from “Electric first” to “Electric only”. In this decade, they are thus already paving the way for an all-electric future. This means that we are preparing ourselves to become all-electric wherever market conditions allow by the end of this decade.

As an interim goal for 2022, we plan to offer battery electric vehicles in all of the segments in which the Mercedes-Benz brand is represented. Beginning in 2025, customers are to be offered an all-electric alternative for every model and all new vehicle architectures launched on the market are to be exclusively electric. In 2021 alone, we presented four new electric vehicles, and these are to be followed by SUV variants of the EQS and the EQE in 2022. The electrification will encompass the entire Mercedes-Benz brand portfolio and is to include the electric Mercedes-Maybach SUV in 2023 and an electric G-Class in 2024.

We want to further increase our expertise in the field of electric mobility and also boost vertical integration by insourcing drive-system technologies for electric vehicles. Our own electric motors are an important part of this strategy with a clear focus on the efficiency and costs of the overall system. To ensure more efficient production and promote the future development of battery cells and modules, we plan to work together with partners such as Automotive Cells Company SE (ACC) to build eight cell factories worldwide. We are working hard to prepare our global manufacturing network for the production of all-electric vehicles. Beginning in 2022, eight electric vehicles from Mercedes-Benz will drive off the assembly lines at seven locations on three continents.

The market launch of the EQS has also set new benchmarks for vehicle charging: “Plug & Charge” enables a seamless charging process without requiring additional steps for authentication and payment processing. Moreover, “Mercedes me Charge” allows our customers to access one of the world’s largest charging networks, which currently encompasses more than 690,000 direct-current and alternating-current charging points (as of January 2022). In addition, Mercedes-Benz is working together with partners on the global expansion of the charging network.

In order to underscore our claim to leadership for vehicle software, we plan to introduce our own data-based and updatable Mercedes-Benz Operating System (MB.OS), starting in 2024. We are using a proprietary system in order to meet the needs of our customers even better in the future. In this way, we want to provide our customers with a unique brand experience that includes new digital services and product features and to keep control of the interface with our customers in our Mercedes-Benz ecosystem. With our new MB.OS operating system, we want to create the basis that will enable us to respond to customer requirements even faster and more flexibly in the future, including during a product's life cycle — by means of over-the-air (OTA) updates, for example. Another aim is to create smart connectivity between the vehicle, the cloud and the IoT world (Internet of Things).

Today, we already meet the demanding legal requirements for an internationally certifiable system approval for conditional driving automation according to SAE Level 3 (pursuant to UN R157) — the first automotive company in the world to do so. Thus we can offer our customers not only enhanced ride comfort and safety, but also the luxury of reduced driver stress and the freedom to carry out certain secondary activities. The respective national road traffic regulations stipulate which secondary activities a driver may legally perform. Beginning in the first half of 2022, we want to offer our customers DRIVE PILOT for the S-Class. This system makes conditional driving automation (SAE Level 3) possible in congested traffic as well as in traffic jams on selected stretches of German motorways at speeds of up to 60 km/h.

### **Lower cost base and improve industrial footprint**

Our accelerated transformation requires us to consistently forge ahead with the pursuit of our profitability and cash-flow objectives. We want to lower our break-even point and take additional steps towards reducing the cost base and improving our industrial footprint. To this end, we are also working on further reducing fixed and variable costs as well as on lowering investment in property, plant and equipment in relation to total investment. By 2025, we want to reduce our fixed costs by more than 20% relative to the comparable actual figures for Mercedes-Benz AG in 2019. Among other things, we plan to achieve this by consistently reducing complexity along the entire value chain. By 2025, we also plan to reduce capital expenditure and investment in research and development by more than 20% compared to 2019. With its strategic step from “Electric first” to “Electric only”, Mercedes-Benz is also shifting its capital allocation. We plan to achieve further cost reductions by standardising battery platforms and creating scalable vehicle architectures. In combination with improved battery technology, we expect this to greatly reduce the battery's share of a vehicle's total cost. We are therefore sticking to our profitability targets even in an increasingly battery electric world.

## Mercedes-Benz Vans Strategy

As part of our strategy process, the Mercedes-Benz Vans Strategy, implemented in 2020, was confirmed in principle and refined in certain areas. We have accelerated our electrification strategy and firmly embedded digitalization and data-driven business as an additional guiding principle in our strategy.

The Mercedes-Benz Vans strategy consists of our goal, five strategic pillars and three guiding principles.

## “We exceed customers’ expectations with the most desirable vans and services”

Our goal is to exceed the expectations of our customers with the most desirable vans and services. Mercedes-Benz Vans builds premium vehicles that our customers consider to be far more than a capital good. We aim to continue to live up to this position by focusing our activities on impressing our customers with our vans and services.

# Mercedes-Benz Vans Strategy

Our goal: We exceed customers’ expectations with the most desirable vans and services

### Lead

in electric drive and digital solutions

### Target

premium segments

### Focus

on profitable growth

### Embrace

customers and grow recurrent revenues

### Lower

total cost base

Guided by economic, environmental and social sustainability

Accelerated by digitalization and data-driven business

Driven by a highly qualified, performance-minded and motivated team

Our strategy is based on five pillars:

### **Lead in electric drive and digital solutions**

We intend to set new standards for sustainable electric mobility and digital solutions. With the eVito Panel Van, the eVito Tourer, the eSprinter and the EQV, the Mercedes-Benz Vans portfolio is almost completely electrified. In 2022, we will complete the electrification of our van model series with the introduction of the eCitan and the electrified variant of the T-Class. In order to make our portfolio sustainable and future-proof, we are focusing on the consistent further development of high-performance electric variants. In the middle of the decade, we plan to launch VAN.EA, a new, electric-only architecture which will contribute to emission-free mobility and transportation in the future.

Beginning in the second half of 2022, we will gradually roll out a sustainable repair concept in all van segments to prolong the life cycle of high-voltage batteries installed in our vehicles. To the “three Rs” in the circular economy of “reduce”, “reuse”, “recycle”, a fourth can now be added: “repair”. To protect human rights, we will only procure battery cells containing lithium and cobalt from certified mines in the future. Furthermore, every stage of the battery cell providers’ supply chains will be inspected according to OECD guidelines. When it comes to customer-oriented digital services, we want to further strengthen our position. We aim to further expand the broad range of Mercedes me services for private and commercial customers. In addition, we continuously work on systematically connecting our vehicles.

### **Target premium segments**

Mercedes-Benz Vans is proud to have greatly shaped the vans market worldwide since the very beginning. As part of the Mercedes-Benz brand family, we want to sharpen our profile as a premium supplier of future-oriented transport solutions for commercial and private customers. For private customers, the V-Class and the EQV are already successfully established in the premium segment. With the Concept EQT, we are giving a tangible impression of our first premium vehicle in the small van segment for families and private customers keen on leisure activities. For commercial customers, Mercedes-Benz Vans offers premium vehicles in all van segments with the Sprinter, the Vito and the new Citan. In both the commercial and the private segment, Mercedes-Benz Vans stands for the highest levels of quality, reliability and sustainability.

### **Focus on profitable growth**

Another key element of our strategy is the increased focus on high-sales and high-margin markets as well as sales channels. In parallel with the expansion of our activities in Europe, we also intend to further intensify our efforts in China, the United States and Canada and to align our portfolio even more closely with the respective market requirements. An important new target group we have identified are up-and-coming sectors with great future potential such as the camper van segment. At the same time, we are focusing on reducing complexity, including the continuous review of our product portfolio.

### **Embrace customers and grow recurrent revenues**

Mercedes-Benz Vans will further intensify its cooperation with customers in order to strengthen and expand its long-term customer relationships. We aim to tailor our products and services precisely to our customers’ needs in order to increase their satisfaction and loyalty on a lasting basis. A focus here is on co-creation — the joint development of segment-specific and user-specific solutions. Our goal is to generate additional revenue potentials along the entire customer lifecycle: from customer service to sales and after-sales services. Moreover, we are pushing direct sales by implementing our Retail of the Future concept while improving our profitability.

### **Lower total cost base**

At Mercedes-Benz Vans, we aim to continuously improve our profitability and cash flow. At the same time, we want to safeguard investments in the future as well as the accelerated transformation to electric mobility. We want to continuously improve our processes, increase flexibility and reduce the cost base. For instance, we are fully unlocking the potential of digitalization in order to increase our efficiency. We are consistently examining our expenditures and evaluating the possibilities for strategic partnerships to safeguard our competitiveness. This is how we intend to significantly reduce our cost base in the long run.

Our strategic actions are guided by three principles:

### **Guided by economic, environmental and social sustainability**

As part of the Mercedes-Benz Group, Mercedes-Benz Vans has made sustainability an integral part of its strategy. At Mercedes-Benz Vans, sustainability means creating economic, environmental and social value for all of our stakeholders: customers, employees, investors, business partners and society as a whole. We have set ambitious targets for our sustainability themes.

One of our main goals, formulated in our Ambition 2039, is CO<sub>2</sub> neutrality. In this strategy, we are striving to make the fleet of new private and commercial vans (sold by Mercedes-Benz AG or by Mercedes-Benz AG as general contractor, including upfitter solutions) CO<sub>2</sub>-neutral over the entire lifecycle by 2039. As early as 2022, the production in our own Mercedes-Benz Vans plants worldwide will be CO<sub>2</sub>-neutral.

### **Accelerated by digitalization and data-driven business**

Digitalization and a business model driven by data are highly relevant for Mercedes-Benz Vans, and were thus embedded in our strategy as additional guiding principles. Our comprehensive digital strategy aims to exploit the potentials of the digital transformation as effectively as possible. Among other things, this includes the optimal design of the digital customer experience, the expansion of our digital product and service portfolio as well as the optimization of our internal business processes by means of digital technologies. In all of our activities, we aim for maximum interconnection and synergies with Mercedes-Benz Cars.

### **Driven by a highly qualified, performance-minded and motivated team**

In times of profound changes, the motivation and commitment of our employees is more important than ever. With our People Principles, we focus on our employees and define how we want to communicate, lead and collaborate. In addition, we offer our employees targeted qualification measures for future-oriented topics. We also provide new ideas for a state-of-the-art working environment, in which our employees can continue to work successfully in the future.

## Mercedes-Benz Mobility Strategy

Mercedes-Benz Mobility has a clear ambition: “Best-in-class mobility services — customer-focused, seamlessly integrated and flexible”. We want to be the company of choice for our customers — not only for financing and leasing contracts but also for fleet management and flexible rental and subscription services, as well as insurance and other vehicle-related services.

Our Mercedes-Benz Mobility 2025 strategy focuses on our customers. We know their needs, and we want to gain an even better data-based understanding of them in the future. This will boost their loyalty to the Mercedes star, lead to the development of additional vehicle-related services, and contribute to the growth of the Mercedes-Benz Group. Our service offerings here should be seamlessly integrated into the Mercedes-Benz brand environment.

Specifically, we are focusing on the following areas of action.

## We are supporting the transformation to electric mobility

When a leasing contract expires, we actively inform our customers that they can switch to an electric vehicle. Our rental and subscription services make it easier for people to use electric cars without tying them down for the long term. The switch to electric mobility is made even easier by charging and payment services.

## We make a seamlessly integrated customer experience possible

In the years ahead, Mercedes-Benz plans to sell more and more vehicles online. Our mobility services should therefore be completely integrated into the digital brand experience. As a result, customers will be able not only to buy their preferred vehicle online, but to obtain financing, leasing and insurance online as well.

# Mercedes-Benz Mobility Strategy

Our goal: Best-in-class mobility services — customer-oriented, seamlessly integrated and flexible

We support the sustainable transformation to **electric mobility** and our products generate additional **income from services**

Our services are **100% digital and seamlessly** integrated into the world of Mercedes-Benz

We **digitise** and **automate** our **processes end-to-end** with the help of strategic partnerships for technology and operations

We are becoming a **data-driven** company

We are **strengthening** our high-performance culture

**We automate and digitalise our internal processes**

Our product landscape will be harmonised internationally. In addition, we want to systematically automate our internal processes, thereby simplifying and accelerating them. In doing so, we are prioritising information technology partnerships.

**We are evolving into a data-driven company**

Luxury-class mobility services are data-based mobility services. That's why we are developing the necessary teams and skills so that we can gain an even better understanding of our customers' needs and align our services with them even more precisely.

**We are enhancing our high-performance culture**

Our values remain the lodestar for the further development of our corporate culture. The central tenets of our cooperation are openness, integrity and respect, focus on the customer, financial and social responsibility, diverse and motivated employees, the will to achieve top performance and a commitment to more sustainability.





COMBINED  
MANAGEMENT REPORT  
WITH  
NON-FINANCIAL  
DECLARATION

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# Corporate Profile

## Business model

Daimler AG was renamed as Mercedes-Benz Group AG with effect from 1 February 2022. Unless there is a specific historical context to the former company name in individual cases, the new company name is used in this Management Report and the name Mercedes-Benz Group is used for the Group. The same applies to the former Daimler Mobility AG, which was renamed as Mercedes-Benz Mobility AG on 1 February 2022.

Mercedes-Benz can look back on a tradition covering more than 135 years — a tradition that goes back to Gottlieb Daimler and Carl Benz, the inventors of the automobile, and features pioneering achievements in automotive engineering. Today, the company is a luxury vehicle manufacturer with an outstanding range of cars and vans. Its product portfolio is rounded off by a range of customised financial services and mobility services. Mercedes-Benz's goal is to continue playing a leading role in the development of products and services for the future of mobility. The automotive industry is in the process of a fundamental transformation, and we intend to play a major role in actively shaping that change. Mercedes-Benz Group AG is the parent company of the Mercedes-Benz Group and has its headquarters in Stuttgart.

With the approval of the Supervisory Board, the Board of Management of Daimler AG decided on 30 July 2021 to spin off and hive down large parts of the former Daimler Trucks & Buses segment, including the related financial services business. The shareholders approved the spin-off and hive-down agreement at the Extraordinary General Meeting of Daimler AG on 1 October 2021. The General Meeting of Daimler Truck Holding AG gave its approval on 5 November 2021. The entry of the spin-off and hive-down in the commercial register on 9 December 2021 completed the spin-off and hive-down of the Daimler commercial vehicle business and it was deconsolidated. In January 2022, Daimler AG

transferred approximately 5% of the shares of Daimler Truck Holding AG to the pension plan assets of Mercedes-Benz AG.

The spin-off and hive-down of the Daimler commercial vehicle business has changed the Group's structure. Since the conclusion of the transaction in December 2021, the business operations of the Mercedes-Benz Group have been managed by the divisions Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility. For the purposes of external reporting, the Mercedes-Benz Cars and Mercedes-Benz Vans segments have been combined into the reportable segment Mercedes-Benz Cars & Vans. The former Daimler Trucks & Buses segment is included in the statement of income and the statements of cash flows as discontinued operations until the date of its deconsolidation and is presented in the reconciliation. We use the equity method of accounting for the minority interest of 35% in Daimler Truck Holding AG that existed at the end of 2021, which is also included in the reconciliation. The financial services business that was to be placed in the Daimler commercial vehicle business in the future is included in the statement of income and the statements of cash flows until the date of its deconsolidation. Until then, it was part of the Mercedes-Benz Mobility segment. Details of the accounting method used for the spin-off and hive-down can be found in the Profitability chapter and in [Note 3](#) of the Notes to the Consolidated Financial Statements.

Mercedes-Benz Group AG is closely linked with Mercedes-Benz AG and functions as an operating unit that defines the Group's strategy. It also makes strategic decisions for business operations and, as the Group parent company, ensures the effectiveness of organisational, legal and compliance-related functions throughout the Group. Mercedes-Benz AG is responsible for the business of Mercedes-Benz Cars & Vans. Mercedes-Benz Mobility AG is responsible in particular for the Group's financing and leasing products.

This Annual Report combines the management reports for Mercedes-Benz Group AG and for the Group. The Combined Management Report has been expanded with the addition of the combined Non-Financial Declaration of Mercedes-Benz Group AG and of the Group.

With its strong brands, the Mercedes-Benz Group is active in nearly all the countries of the world. The Group has production facilities in Europe, North and South America, Asia and Africa. The global networking of research and development activities as well as of production and sales locations gives Mercedes-Benz advantages in the international competitive environment and also offers additional growth opportunities.

Mercedes-Benz Cars offers a broad product portfolio, ranging from the family of compact models to a highly varied range of C-Class and E-Class models, SUVs, roadsters, coupés and convertibles, and S-Class luxury saloons. In addition to the Mercedes-Benz brand, the product portfolio also encompasses the brands Mercedes-AMG, Mercedes-Maybach, Mercedes-EQ and smart, as well as the G-Class brand. The Mercedes me brand provides access to the digital services of Mercedes-Benz. In this way, we are expanding the Mercedes-Benz brand values through the addition of specific individual characteristics so that we can fulfil individual customer wishes even more effectively. Both our customers and the sales figures confirm that electric mobility is gaining ground, and we can meet this customer need with our Mercedes-EQ brand. The most important markets for Mercedes-Benz Cars in 2021 were China with 38% of unit sales, the United States (13%), Germany (11%), the other European markets (23%), South Korea (4%) and Japan (2%).

Mercedes-Benz Vans is a global supplier of a complete portfolio of vans. The models offered in the commercial segment comprise the Sprinter large van, the Vito mid-size van (marketed as the “Metris” in the United States) and, since the year 2021, the new Citan urban delivery van. The range of Mercedes-Benz vans in the private-customer segment consists of the V-Class full-size multi-purpose vehicle and the Marco Polo camper vans and recreational vehicles. Mercedes-Benz Vans has embedded its claim to electric mobility leadership in its strategy and is systematically electrifying all of its model series. Today, customers can already choose

## B.01




### The brand world of the Mercedes-Benz Group

Mercedes-Benz Group			
Revenue:	€168.0 billion	Employees:	172,425

Mercedes-Benz Cars & Vans		Mercedes-Benz Mobility	
Revenue:	€109.6 billion	Revenue:	€27.9 billion
Employees:	158,228	Employees:	9,531

 MAYBACH  MERCEDES-EQ Mercedes me		Mercedes-Benz Bank  Mercedes-Benz Financial Services  	
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between four battery electric vans: the eSprinter, the eVito panel van, the eVito Tourer and the EQV multi-purpose vehicle. In 2022, the product range will be supplemented by the T-Class van for private customers and its electrified variant, as well as by the eCitan. Mercedes-Benz Vans will then offer battery-electric vans in all segments. The next generation of the eSprinter has already been announced. The Mercedes-Benz Vans division has manufacturing facilities in Germany, Spain, the United States and Argentina, and also produces vehicles in the Fujian Benz Automotive Co., Ltd. joint venture in China. The production of the Citan and T-Class small vans with the respective electric variants is part of the strategic alliance with Renault-Nissan-Mitsubishi. The most important markets for Mercedes-Benz Vans in 2021 were Germany with 25% of unit sales, the remaining EU30 markets (European Union, United Kingdom, Switzerland, Norway) with 38%, the United States with 13% and China with 10%.

The Mercedes-Benz Mobility division supports the sales of the Mercedes-Benz Group's vehicle brands worldwide with tailored mobility and financial services. These services range from customised leasing and financing packages and insurance solutions to flexible subscription and rental models and fleet management services for business customers. Mercedes-Benz Mobility has approximately five million leased and financed vehicles in 35 markets for its financing, leasing and insurance business alone, which is clear proof of its ability to offer outstanding services that meet a wide range of requirements. The mobility ecosystem is rounded off by flexible-use services such as Mercedes-Benz Rent (rental vehicles), as well as by investments in companies that offer mobility services. Along with the services offered by the YOUR NOW joint ventures, Mercedes-Benz Mobility also offers premium ride-hailing services with luxury vehicles via StarRides and Blacklane.

The description of the business model of Daimler Trucks & Buses refers to the time before the spin-off and hive-down of the commercial vehicle business took effect, i.e., until 9 December 2021.

Daimler Trucks & Buses remains one of the world's biggest manufacturers of trucks of over six tons gross vehicle weight. Daimler Trucks & Buses operates a global network in which it produces trucks under the brands Mercedes-Benz, Freightliner, Western Star, FUSO and BharatBenz, and buses under the brands Mercedes-Benz, Setra, Thomas Built Buses and FUSO. Daimler Trucks & Buses has more than 40 production facilities that are located in North America, Europe, Asia and Latin America.

Daimler Trucks' product range includes light-, medium- and heavy-duty trucks for long-distance, distribution and construction-site haulage, as well as special vehicles that are used mainly in municipal applications. Due to close links in terms of production technology, the division's product range also includes buses of the Thomas Built Buses and FUSO brands. The Daimler Buses product range comprises city and inter-city buses, touring coaches and bus chassis. Whereas the European market is mainly for complete buses, the business in Latin America, Mexico, Africa and Asia focuses on the production and distribution of bus chassis.

## **Important events**

### **Supervisory Board of Daimler AG elects Bernd Pischetsrieder as its new Chairman**

The Supervisory Board of Daimler AG elected a new Chairman during its inaugural meeting directly following the virtual Annual General Meeting for the financial year 2020 on 31 March 2021. Bernd Pischetsrieder succeeded Manfred Bischoff, who stepped down after heading the Supervisory Board for 14 years.

### **Additional changes to the composition of the Supervisory Board**

A large majority of the shareholders at the virtual Annual General Meeting on 31 March 2021 elected Liz Centoni, Chief Strategy Officer and General Manager of Applications at Cisco Systems, Inc., Ben van Beurden, Chief Executive Officer at Shell plc, and Martin Brudermüller, Chairman of the Board of Executive Directors of BASF SE, as new members of the Supervisory Board. They succeeded Petraea Heynike and Jürgen Hambrecht, who, like Manfred Bischoff, also stepped down from the supervisory body. The terms of the newly elected members began after the conclusion of the Annual General Meeting in 2021 and will expire at the end of the Annual General Meeting held in 2025.

On 30 July 2021, Daimler AG announced that as a result of the Group's planned realignment, which involved the spin-off and hive-down of the truck and bus business, the former Daimler Supervisory Board members Marie Wieck and Joe Kaeser would relinquish their positions and concentrate on the Supervisory Board of Daimler Truck Holding AG in the future.

The former Daimler Supervisory Board members Marie Wieck and Joe Kaeser relinquished their positions in the course of the company's realignment and will concentrate on the Supervisory Board of Daimler Truck Holding AG in the future. A large majority of the virtual Extraordinary General Meeting on 1 October 2021 elected Helene Svahn, Professor in Nanobiotechnology at the Royal Institute of Technology, Sweden, and Olaf Koch, Partner and Managing Director of Zintinus GmbH, as their successors on the Supervisory Board of Daimler AG.

### **Changes in the Board of Management of Daimler AG**

At its meeting on 23 April 2021, the Supervisory Board of Daimler AG decided to extend the terms of Board of Management members Martin Daum and Harald Wilhelm. The appointment of Harald Wilhelm as the Daimler AG Board of Management member responsible for Finance, Controlling and Daimler Mobility was extended until 2027. Correspondingly, Harald Wilhelm was also reappointed as the Mercedes-Benz AG Board of Management member for Finance and Controlling.

On 21 July 2021, the Group announced that Wilfried Porth, the member of the Board of Management responsible for Human Resources and the Director of Labour Relations, would be stepping down in December 2021 after working for 37 years for the company and serving for 13 years on the Board of Management. Porth stepped down at his own request at the time of Daimler AG's realignment, which consisted of the spin-off and hive-down of Daimler's commercial vehicle business. The Supervisory Board of Daimler AG appointed Sabine Kohleisen to succeed Porth as the member of the Board of Management responsible for Human Resources and Director of Labour Relations.

On 27 October 2021, it was announced that in the course of the Group's split into the truck and bus business and the car and van activities, the Daimler AG Supervisory Board would appoint Jörg Burzer, the Mercedes-Benz AG Board of Management member responsible for Production and Supply Chain Management, to the Daimler AG Board of Management, effective 1 December 2021.

Markus Schäfer, the Daimler AG Board of Management member responsible for Group Research and the Chief Operating Officer of Mercedes-Benz Cars, became the Chief Technology Officer on the Daimler AG Board of Management as well as the Mercedes-Benz AG Board of Management member responsible for Development and Procurement. In this expanded position, he also took on overall responsibility for electric drive systems and vehicle software as well as for connectivity and autonomous driving.



In order to further standardise the Board of Management positions of Daimler AG and Mercedes-Benz AG, Hubertus Troska, the Daimler AG Board of Management member responsible for Greater China, was also appointed to the Board of Management of Mercedes-Benz AG.

#### **Management's recommendations approved with a large majority at the Annual General Meeting**

At the virtual Annual General Meeting on 31 March 2021, an overwhelming majority of the shareholders approved the management's recommendations. Among other things, they decided to pay a dividend of €1.35 per share (2020: €0.90) for the 2020 financial year. The total dividend amounted to €1.4 billion (previous year: €1.0 billion). The activities of the Board of Management members were approved by 97.94% of the share capital represented at the Annual General Meeting. The figure for the Supervisory Board members was 95.17%. The virtual Annual General Meeting was followed on the Internet by more than 12,000 viewers. A total of 57.21% of the share capital was represented at the meeting.

#### **Overwhelming majority at the Extraordinary General Meeting vote for the spin-off of the Daimler commercial vehicle business**

After the Supervisory Board and the Board of Management of Daimler decided on 3 February 2021 to evaluate a spin-off of the truck & bus business and make preparations for a separate stock-exchange listing of Daimler Truck, an overwhelming majority of the Daimler AG shareholders at the virtual Extraordinary General Meeting on 1 October 2021 voted to approve the company's historic realignment. A total of 99.90% of the share capital represented at the meeting approved the spin-off and hive-down of the Daimler commercial vehicle business and the subsequent listing of Daimler Truck Holding AG as a separate company on the Frankfurt Stock Exchange. An overwhelming majority (99.89%) of the share capital at the shareholders' meeting also voted in favour of changing the name of Daimler AG to Mercedes-Benz Group AG, effective 1 February 2022. The new name emphasises the company's future focus on the cars and vans of the brands Mercedes-Benz, Mercedes-AMG, Mercedes-Maybach, Mercedes-EQ and Mercedes me, as well as our iconic G-Class product brand.

#### **Daimler Truck AG and Cummins Inc. plan global cooperation for medium-duty commercial vehicle engines**

Daimler Truck AG and the American engine manufacturer Cummins Inc. announced on 23 February 2021 that they had signed a memorandum of understanding concerning a global strategic partnership for medium-duty engines.

#### **Daimler Truck AG and Volvo Group establish fuel-cell joint venture cellcentric**

On 1 March 2021, Daimler Truck AG and Volvo Group established a previously announced fuel-cell joint venture. To this end, Volvo Group purchased 50% of the shares of the existing company Daimler Truck Fuel Cell GmbH & Co. KG for approximately €0.6 billion. Daimler Truck AG and Volvo Group agreed to rename the company as cellcentric GmbH & Co. KG.

#### **Mercedes-Benz Drive Systems Campus: Stuttgart-Untertürkheim focuses on "Electric only"**

As part of Ambition 2039 (the company's path to achieving CO<sub>2</sub> neutrality), Mercedes-Benz is systematically reorganising its Mercedes-Benz Drive Systems business unit and the plant in Stuttgart-Untertürkheim in line with "Electric only". The company is investing a nine-digit amount in the transformation of the site, which in the future will focus its research, development and production on electric drive technologies. Starting in 2023, a new factory for the small-batch production of lithium-ion battery cells and an in-house battery-safety lab will complement Mercedes-Benz's existing research and development activities in the field of battery technology. Battery systems for all-electric and plug-in hybrid vehicles will be produced at the Mercedes-Benz battery factories in Hedelfingen and, in the future, Brühl. The production and assembly of electric-drive parts for future Mercedes-EQ models shall start at the end of 2024.

#### **BMW Group and Daimler Mobility sell PARK NOW to EasyPark Group**

On 9 March 2021, BMW Group and Daimler Mobility AG announced that they would be selling their joint venture PARK NOW Group to EasyPark Group. After the authorities gave their approval, the transaction was concluded on 1 June 2021.

### **Involvement in H2 Green Steel**

It was announced on 25 May 2021 that Mercedes-Benz has become the first car manufacturer to participate in the Swedish start-up H2 Green Steel (H2GS), in order to use CO<sub>2</sub>-free steel in series-produced vehicles.

Mercedes-Benz is working together with all our steel suppliers to create a green steel supply chain. To this end, the partners are intentionally not using carbon off-setting measures, but instead preventing and reducing CO<sub>2</sub> emissions. In this endeavour, the partnership with H2GS is another consistent step in the direction of CO<sub>2</sub> neutrality. With its Ambition 2039 strategy, Mercedes-Benz is striving to create a fleet of completely connected and CO<sub>2</sub>-neutral vehicles by 2039.

### **Pioneering work for electric charging infrastructure**

On 5 July 2021, it was announced that the three leading commercial vehicle manufacturers Daimler Truck, TRATON GROUP and Volvo Group have signed a memorandum of understanding regarding the creation and operation of a high-performance public charging network for heavy-duty battery-electric long-haul trucks and touring coaches in Europe. The parties aim to initiate and greatly accelerate the creation of a publicly accessible charging infrastructure. In this way, they want to increase customers' confidence in the electrification process and also make a clear contribution to the creation of a climate-neutral transport system in the European Union.

### **Mercedes-Benz presents sustainable brand experience at IAA MOBILITY**

At IAA MOBILITY in Munich (7-12 September 2021), Mercedes-Benz utilised all of the opportunities that the new concept of the International Motor Show (IAA) has to offer. Mercedes-Benz presented a wide variety of theme and experience areas within the city, on the Blue Lane and in the trade-fair hall so that visitors could emotionally experience the transformation into a sustainable, emission-free and digital future. The key message was "Lead in Electric". Mercedes-Benz showed the entire breadth of its current and future electric mobility portfolio. Seven of the ten premieres were of all-electric models, ranging from the EQB and the EQE to the Mercedes-Benz EQG and Mercedes-Maybach EQS concept vehicles.

### **Mercedes-Benz acquires interest in ACC**

As announced on 24 September 2021, Mercedes-Benz has acquired an interest in the European battery-cell manufacturer Automotive Cells Company SE (ACC) in order to promote the development and production of next-generation high-performance battery cells and modules. Together with its partners Stellantis and TotalEnergies, Mercedes-Benz intends to accelerate the development of ACC to achieve sustainable state-of-the-art cell technology, competitive costs and a cell capacity of at least 120 gigawatt-hours by the end of this decade. The partners plan to build eight cell factories worldwide, of which four will be located in Europe.

### **Mercedes-Benz and NVIDIA enter into development cooperation for automated driving**

Mercedes-Benz AG entered into a development cooperation with NVIDIA Corporation, Santa Clara, California, United States, in November 2021. The goal of the development cooperation is to develop one of the most advanced computer and software architectures in the automotive industry for use in Mercedes-Benz model series. This new architecture will enable future vehicles to be equipped with automated driving and parking functions starting in 2024.

### **Daimler Truck shares listed on the stock exchange**

Following the spin-off and hive-down of the Daimler commercial vehicle business, trading of the Daimler Truck Holding AG shares began at the Frankfurt Stock Exchange on 10 December 2021.

## Performance measurement system

### Value-based management

The performance measurement system used at the Mercedes-Benz Group is designed to ensure that our investors' interests and expectations are taken into account within the framework of a value-based management system. Value added shows the extent to which the Group and its divisions achieve or exceed the return requirements of the investors, thus creating additional value.

Value added is derived from the financial value drivers which, due to their direct relationship to ongoing business operations, are utilised as financial performance indicators for the periodic assessment of the performance of the Group and its divisions.

In this sense, value added can be calculated as the difference between the measure of operating profit (EBIT or net operating profit) and the cost of capital of the average net assets. [↗ B.02](#)

The return on net assets (RONA) is calculated from the ratio of EBIT to net assets. Value is created for our shareholders when RONA exceeds the cost of capital. The required rate of return on net assets, and hence the cost of capital rate, is derived from the minimum rates of return that equity investors and lenders expect on their invested capital. During the year under review, the cost of capital rate of the Group remained unchanged at 8% after taxes. For the automotive divisions, the cost of capital rate remained at 12% before taxes; for Mercedes-Benz Mobility, an unchanged cost of equity of 12% before taxes was applied. [↗ B.03](#)

Until the day of the spin-off and hive-down of the Daimler commercial vehicle business on 9 December 2021, the statements regarding the management system, the financial performance measures and the most meaningful performance indicators also encompassed the scope of the former segment Daimler Truck & Buses.

The quantitative development of value added and the related financial performance measures is explained in the chapter Profitability.

## B.02

### Calculation of value added

$$\text{Value added} = \text{Profit measure} - \frac{\text{Net assets} \times \text{Cost of capital (\%)}}{\text{Cost of capital}}$$

## B.03

### Cost of capital

	2021	2020
in %		
Group, after taxes	8	8
Automotive divisions, before taxes	12	12
Mercedes-Benz Mobility, before taxes	12	12

## Financial performance measures


### Profit measure

The measure of operating profit at the divisional level is EBIT (earnings before interest and income taxes). EBIT thus reflects the divisions' responsibility for profit and loss. EBIT that is calculated at the Group level takes into account centrally managed matters and eliminations. In order to provide a more transparent presentation of our ongoing business, we additionally calculate and report adjusted EBIT for both the Group and the divisions. The adjustments include individual items if they lead to material effects in a reporting year. These individual items can relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions. Group EBIT minus the centrally managed income taxes equals net operating profit. [↗ B.12](#) in the chapter Profitability

### Return on sales

As one of the main factors influencing value added, return on sales is of particular importance for assessing the profitability of the automotive divisions. Return on sales is the ratio of EBIT to revenue, whereby unit sales are the primary source of revenue. The measure of profitability for Mercedes-Benz Mobility is not return on sales but return on equity (the ratio of EBIT to average equity on a quarterly basis). On the basis of adjusted EBIT, we report an adjusted return on sales for the automotive divisions and an adjusted return on equity for Mercedes-Benz Mobility.

### Net assets

All assets, liabilities and provisions for which the automotive divisions are responsible in day-to-day operations are allocated to them. Performance measurement at Mercedes-Benz Mobility is implemented on an equity basis. Net assets at the Group level include the net operating assets of the automotive divisions and the equity of Mercedes-Benz Mobility, as well as assets and liabilities from income taxes and other reconciliation items which cannot be allocated to the divisions. Average annual net assets are calculated on the basis of average quarterly net assets.  [Profitability](#)

### Cash flow

A change in net assets — for example as a result of investments — generally leads to the application or release of liquid funds. Along with earnings, net assets thus also have a direct effect on the cash flow. Of outstanding importance for the financial strength of the Mercedes-Benz Group is the free cash flow of the industrial business, which comprises the cash flows at the automotive divisions and the cash flows from interest, taxes and other reconciliation items that cannot be allocated to the divisions. The operating cash flow before interest and taxes (CFBIT) for the automotive divisions is derived from EBIT and the change in net assets. The cash conversion rate (CCR) is the ratio of CFBIT to EBIT over a period of time and is an important measure for cash-flow management. In order to provide a more transparent presentation of our ongoing business, we additionally calculate and report the adjusted free cash flow of the industrial business and the adjusted CFBIT of the automotive divisions.

The adjustments include individual items if these items lead to material effects in a reporting period. These individual items can relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions. On the basis of adjusted CFBIT and adjusted EBIT, we report an adjusted cash conversion rate (adjusted CCR) for the automotive divisions.



### Key performance indicators

The key financial indicators for measuring the operating financial performance of the Mercedes-Benz Group, in addition to EBIT and revenue, are the free cash flow of the industrial business, investment in property, plant and equipment, and research and development expenditure. In addition, adjusted return on equity and new business are the key performance indicators for Mercedes-Benz Mobility.

In addition to the financial indicators, we use various non-financial indicators to help us manage the Group. Of particular importance in this respect are the **unit sales**, which we also use as the basis for our capacity and human resources planning. Another key performance indicator is the figure for the **CO<sub>2</sub> emissions of our fleet of new cars in Europe** (European Union, Norway and Iceland). This takes into account the indicator's great importance for the management of the Company, especially with regard to sustainability aspects.

As of the financial year 2022, the respective values from Mercedes-Benz Cars and Mercedes-Benz Vans are used as key performance indicators for unit sales, investments in property, plant and equipment and research and development expenditure instead of the aggregated Group values, as these only have an emphasised relevance as controlling factors for the automotive divisions.

## **Declaration on Corporate Governance**

The Declaration on Corporate Governance combined for the Company and the Group in accordance with Section 289f and Section 315d of the German Commercial Code can be found in the chapter  [Declaration on Corporate Governance](#) and can also be viewed on the Internet at  [group.mercedes-benz.com/dcg](https://group.mercedes-benz.com/dcg).

Pursuant to Section 317 Subsection 2 Sentence 6 of the German Commercial Code (HGB), the purpose of the audit of the statements pursuant to Section 289f Subsections 2 and 5 and Section 315d of the HGB by the auditors is limited to determining whether such statements have actually been provided.

# Economic Conditions and Business Development

## The world economy

During the reporting year, the world economy recovered strongly from the severe downturn it had suffered in 2020 as a result of the global covid-19 pandemic. At about 5.5%, it expanded at a pace last seen in the 1970s. In industrialised countries, the increasing availability of vaccines allowed many restrictions to be lifted, thus triggering a dynamic upswing in which economic output increased by approximately 5% compared to the previous year. The emerging markets were also able to more than offset the prior year's decrease, growing by around 6.5%. This situation also caused world trade to recover and expand by a good 12%. Nevertheless, the ongoing pandemic and regional restrictions led to problems — in some cases considerable — in global supply chains, and caused supply bottlenecks in many sectors of the economy. During the second half of the year in particular, this noticeably slowed down the economic recovery and led to a significant increase in inflation in many regions.

These developments also affected the United States. After the economic recovery had been driven by government stimulus measures and transfer payments in the first half of the year, the spread of the delta variant of covid-19 and the worsening supply bottlenecks caused a noticeable slowdown during the rest of the year. Moreover, the strong increase in US consumer price inflation to 7.0% in December and 4.7% for the year as a whole dampened consumer confidence and purchasing power. Nonetheless, the United States economy as a whole grew very dynamically by 5.7% in 2021 and was already able to return to its pre-crisis level in the second quarter.

In the euro zone, a severe wave of infections in the winter of 2020/21 triggered another recession and caused the economy to get off to a weak start to the year. Thanks to the lower numbers of infections, restrictions

were increasingly lifted beginning in the second quarter and completely eliminated in some areas. This led to a strong economic recovery in the summer months. Towards the end of the year, supply problems in the manufacturing sector slowed down the further recovery and a renewed flare-up of the pandemic strained the confidence of companies and consumers alike. Nonetheless, the euro zone's economy as a whole grew by 5.2% and thus returned to its pre-crisis level at the end of the year. Consumer prices also rose significantly in the euro zone, increasing by 2.6% on average compared to the prior year, although the increases differed widely between the various member states. The inflation rate actually reached 5.0% in December.

China was the first major economy to fully recover. However, the country's economic growth was considerably less dynamic later in the year due to the government's rigorous zero-covid strategy, a more restrictive monetary and fiscal policy, regulatory interventions, a slowdown of the property sector and a shortage of energy as a result of a lack of coal. But thanks to positive base effects, the gross domestic product increased strongly by 8.1% during the year as a whole.

Currency exchange rates were volatile in this environment. Against the US dollar, the euro moved between \$1.121 and \$1.234 during the year. At the end of 2021, the euro was about 8% weaker than at the end of 2020. The range of fluctuation of the Japanese yen against the euro was 125.2 to 134.1. Year-on-year, the value of the euro increased by around 3% against the yen. At the end of 2021, the value of the British pound compared to the euro was about 7% higher than at the end of the previous year. The euro lost about 1% against the Brazilian real. By contrast, it rose by almost 70% against the Turkish lira. The euro fell considerably against the Russian rouble, losing around 7% in relative value.

Following a coronavirus-related drop in 2020, demand for oil recovered during the reporting year and was temporarily boosted even further by the strong rise in the price of natural gas. At the same time, the supply of oil was restricted. As a result, the price of oil rose to over USD 80 per barrel in 2021, its highest level in three years. Oil cost approximately USD 78 per barrel at the end of the year, or around 50% more than at the end of 2020. The average price for the year as a whole was about 65% higher than that for the previous year.

### **Automotive markets**

The development of the global car market differed considerably in the first and second halves of 2021. Thanks to the strong recovery of the world economy, unit sales rose at a clearly double-digit rate in the first half of the year, compared to the low pandemic-related level of 2020. However, the scarcity of semiconductors caused supply bottlenecks to become increasingly severe later in the year. As a result, the global market contracted noticeably year-on-year despite continued high customer demand in the second half of 2021. For the year as a whole, the prior year's low level was slightly surpassed by about 5%.

This development was visible in all of the major sales regions over the year. During 2021, the Chinese market was about 6.5% above the 2020 level, having contracted much less than other regions in the previous pandemic year. During the reporting year, the European market was unable to rise above the very low level of 2020. Although the US market for cars and light trucks was also weak during the second half of the year, when it was substantially lower than in 2020, it rose slightly year-on-year, by around 3%.

Semiconductor-related supply bottlenecks also occurred in the van markets. Nevertheless, the combined market segment for mid-size and large vans recovered considerably, growing by around 10% in the EU30 region (European Union, United Kingdom, Switzerland and Norway). The development of the small-van segment was much less favourable. Following a sharp contraction in 2020, this market segment shrank in volume by an additional 12% in the EU30 region. The US market for large vans contracted by almost 5% compared with the previous year. Meanwhile, the Chinese market for mid-size vans once again greatly surpassed its volume of the previous year, increasing by almost 20%. In Brazil, sales of large vans surpassed those of the previous year by around 14%.

The dynamic macroeconomic situation was also reflected in the overall favourable development of the main sales markets for trucks. However, the development could have been even better in many areas had it not been for the semiconductor-related production bottlenecks. In North America, the market for heavy-duty trucks (Class 8) was much larger (+15%) than the crisis-impacted low level of the previous year. With an increase of 19%, the market for heavy-duty trucks also grew considerably in the EU30 region. The Brazilian market also recovered strongly, with growth of around 45%. By contrast, the Japanese market contracted slightly by 5%.

Major sales markets for heavy buses were restrained in their development. The market in the EU30 region only succeeded in reaching the previous year's low level. Following the pronounced drop in 2020, the market in Brazil also remained at about the same volume as in that year.

## Business development

### Unit sales

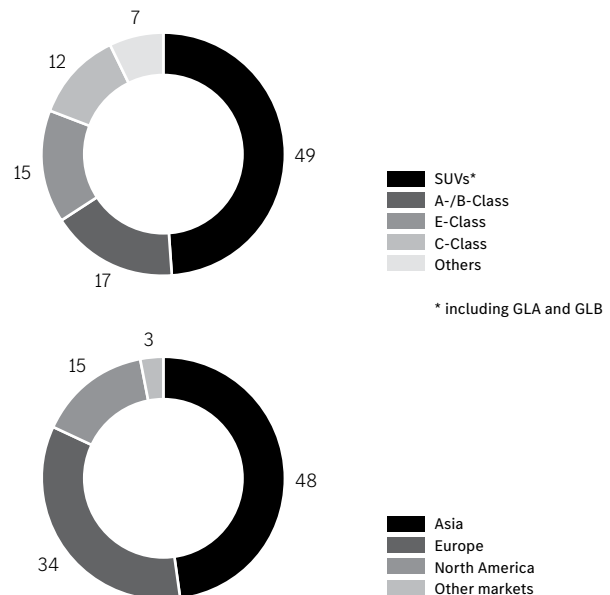
The Mercedes-Benz Group sold a total of 2.75 million vehicles in the reporting year (2020: 2.84 million). On the one hand, the sales development was boosted by the recovery of key markets from the coronavirus-related effects of the previous year. On the other hand, it was impacted by worsening supply bottlenecks for semiconductors. On balance, our automotive divisions, including Trucks & Buses until the spin-off and hive-down of Daimler's commercial vehicle business, posted unit sales that were slightly lower than in the previous year. At the beginning of 2021, we had expected sales to increase significantly. In the interim report for the third quarter, we had already adjusted the Group's forecast for total unit sales to a level slightly lower than the figure recorded in the prior year.

In 2021, Mercedes-Benz Cars sold a total of 1,943,900 units, which is slightly lower than in the previous year (2020: 2,087,200). We remain number one in the premium segment in Germany and some other key European markets, as well as in South Korea and Japan, measured by the number of new vehicle registrations. At the beginning of 2021, Mercedes-Benz Cars had still expected its unit sales to increase significantly.

The A-Class and B-Class models, including the CLA and CLA Shooting Brake, which were affected by the global supply bottlenecks for semiconductors, achieved unit sales of 322,800 vehicles (-28%). Sales of C-Class vehicles decreased by 23% to 239,000 saloons, estates, coupés and cabriolets. A total of 295,100 vehicles of the E-Class were delivered to customers (-11%). Unit sales of our sports cars (SL, SLC and AMG GT) amounted to 10,900 vehicles and were thus 39% lower than in the previous year. The growth of the SUV segment provided a boost, which caused our unit sales there to rise to 946,600 vehicles (+7%). This was partly due to electrified models such as the EQA, of which we sold 24,800 units. Global sales of the S-Class, including the top models from the Mercedes-Maybach and AMG brands, rose to 91,100 units in 2021 (+63%). We sold 38,400 fortwo and forfour vehicles of the smart brand worldwide, thus surpassing the prior year's level (2020: 35,200).

## B.04

### Unit sales structure of Mercedes-Benz Cars (in %)



The unit sales figures for Mercedes-Benz Cars provided above include our top brands: Mercedes-AMG sold 135,100 units (+12%), while sales of the G-Class increased to 40,500 units (+18%) and unit sales of Mercedes-Maybach brand vehicles rose to 16,600 (+68%).

In Europe, Mercedes-Benz Cars sold 662,300 vehicles, or 16% fewer units than in 2020. Among other things, we registered decreases in the core markets of Germany (-23%), the United Kingdom (-21%) and Spain (-21%). In China, the single largest market for Mercedes-Benz Cars, unit sales of 734,700 vehicles were achieved (2020: 758,100). At 290,600 vehicles, our unit sales in North America surpassed the previous year's level (2020: 286,800). In the region's main market, the United States, our sales rose by 1% to 251,400 units.



Mercedes-Benz Vans finished the 2021 financial year with unit sales of 386,200 vehicles worldwide (2020: 374,700). Although 2021 was impacted by a scarcity of semiconductors, unit sales were nevertheless slightly higher than in the previous year. This corresponds to the forecast that was made at the beginning of 2021. At 246,000 units, sales in the EU30 core region remained at the previous year's level (2020: 245,200). We sold 98,200 vehicles in Germany during this period (2020: 109,500). At 55,300 units, sales in North America were at the same level as in the previous year (2020: 54,400). We achieved a new record of 48,300 vehicles sold in the United States (2020: 47,500). We also achieved a new record in China of 38,500 units sold (2020: 30,500). In Latin America, our sales rose by 41% to 16,900 units.

In 2021, the business development of Mercedes-Benz Mobility was greatly affected by the spin-off and hive-down of Daimler's commercial vehicle business. The first part was separated with effect from 9 December 2021 with the remaining parts to follow in stages in 2022. The separation had substantial effects on contract volume. However, new business in 2021 still included a large proportion of the commercial vehicle business. As a result, the change with respect to the prior year's figure is less pronounced than for the contract volume.

At the beginning of the year 2021, we had still expected contract volume to remain stable. However, this assumption still included the contract volume of the spun-off and hived-down Daimler commercial vehicle business. Following the spin-off and hive-down, Mercedes-Benz Mobility had a contract volume of €133.7 billion (-11%; -15% after adjusting for currency-translation effects) at the end of 2021.

Mercedes-Benz Mobility concluded 1.6 million new financing and leasing contracts worth a total of €63.6 billion in 2021. The total value of all new contracts was thus slightly below the prior-year level (-6%; -5% after adjusting for the effects of currency translation). The effects of the supply bottlenecks for semiconductors prevented us from achieving our original forecast of a slight increase in new business. New business decreased in the United States and China in particular.

New business (€26.5 billion, -3%) and contract volume (€63.0 billion, -3%) were slightly lower in the Europe region. The fleet business, consisting of the brands Athlon and Daimler Fleet Management, had a total of 398,000 contracts at the end of the year (-1%). This corresponds to a contract volume of €6.6 billion.

The first stage of the spin-off and hive-down of the commercial vehicle business only affected the Americas region and Africa & Asia-Pacific (excluding China). This effect has to be taken into consideration for the business development in these regions, which is described below.

New financing and leasing contracts worth €20.3 billion (-7%) were concluded in the Americas. Contract volume amounted to €38.4 billion at the end of December and was thus much lower (-25%) than at the end of 2020. New business (€6.5 billion, -4%) and contract volume (€13.2 billion, -21%) were also considerably lower in the Africa & Asia-Pacific region (excluding China).

New business decreased sharply in China, where we concluded new leasing and financing contracts worth €10.3 billion (-13%) in 2021. At the end of 2021, contract volume in China amounted to €19.0 billion (+7%).

After staying at a low level in the first few months of 2021 due to covid-19, the number of transactions for the mobility services at the YOUR NOW joint ventures FREE NOW & REACH NOW, SHARE NOW and CHARGE NOW recovered significantly as covid-19-related restrictions were eased later in the year. Last year, the mobility service providers registered a total of 235 million transactions. This figure includes the transactions at PARK NOW until the joint venture was sold on 31 May 2021.

Before the spin-off and hive-down went into effect on 9 December 2021, unit sales at Daimler Trucks in 2021 were significantly above the previous year's level. In 2020, unit sales had been severely impacted by the consequences of the covid-19 pandemic. In 2021, despite supply bottlenecks for semiconductors in particular during the second half of the year, unit sales rose, largely as a result of market recoveries. Until the spin-off and hive-down went into effect on 9 December 2021, 403,900 heavy-, medium- and light-duty trucks as well as buses of the Thomas Built Buses and FUSO brands were delivered in the year under review (2020: 358,300). In financial year 2021, Daimler Buses sold 17,300 buses and bus chassis worldwide (2020: 20,200) before the spin-off and hive-down went into effect on 9 December 2021. The marked decrease was mainly influenced by the lower number of business days in the traditionally strong sales month of December.

At the beginning of 2021, we had forecast a major increase in unit sales for the Daimler Trucks & Buses segment during the whole of 2021 and we confirm this forecast at the time of the spin-off and hive-down.

### Order situation

At the end of 2021, incoming orders were at a high level at Mercedes-Benz Cars. Although the semiconductor shortage restricted the availability of some vehicle models, this did not have a substantial impact on incoming orders as a whole. On the product side, this development was primarily driven by our EQ models, SUV models and the new S-Class. Despite the restricted availability of some models due to semiconductor supply bottlenecks, Mercedes-Benz Vans set a new record for unit sales in 2021. High demand for the Sprinter, the Vito, the V-Class, the Citan and the electric vans contributed to this positive development.

## Investment and research activities

### Investments in property, plant and equipment

We intend to use our divisional strategies to shape the transformation of the automotive industry from a position of leadership in a sustainable, customer-focused, innovative and efficient manner. In view of this situation, sustainability and in particular the electrification of our product range are especially important, as is the digital networking of our products and processes along all stages of the value chain. To this end, we will have to continue to invest extensively in our global production network. In doing so, we are prioritising the projects in all of our divisions in which we will invest in the future.

During the year under review, our investments in property, plant and equipment amounted to €4.6 billion and were thus much lower than in the previous year (2020: €5.7 billion). At the beginning of the year, we expected a volume at about the same level as in 2020. One of the main reasons for this deviation was the spin-off and hive-down of the commercial vehicle business. We already adjusted our forecast accordingly when we reported on the results of the third quarter.

### B.05

#### Investments in property, plant and equipment by division

	2021	2020	21/20
In millions of euros			% change
Mercedes-Benz Group	<b>4,579</b>	5,741	-20
in % of revenue	<b>2.7</b>	3.7	
Mercedes-Benz Cars & Vans	<b>3,787</b>	4,862	-22
in % of revenue	<b>3.5</b>	4.9	
Mercedes-Benz Mobility	<b>78</b>	39	+100
in % of revenue	<b>0.3</b>	0.1	
Daimler Trucks & Buses <sup>1</sup>	<b>710</b>	789	-10
in % of revenue	<b>2.0</b>	2.3	

<sup>1</sup> Until the spin-off and hive-down took effect on 9 December 2021.

In 2021, investments in property, plant and equipment at Mercedes-Benz Cars & Vans focused on production preparations for the new C-Class and the battery electric vehicles on the EVA2 platform. In addition, we invested considerable funds in battery production. At €3.8 billion, investments in property, plant and equipment in 2021 were 22% lower than the high level of the prior year. The investments in property, plant and equipment amounted to €3.6 billion at Mercedes-Benz Cars and €0.2 billion at Mercedes-Benz Vans. At the beginning of 2021, we had still expected the total investments in property, plant and equipment at Mercedes-Benz Cars & Vans to be at the previous year's level.

Investments in property, plant and equipment at Daimler Trucks & Buses amounted to €0.7 billion until the spin-off and hive-down took effect on 9 December 2021 and were thus considerably lower than in the previous year (2020: €0.8 billion). In addition to the transformation, the focus was on the optimisation of production and the sales and spare-parts network, as well as on investments in infrastructure projects. At the beginning of 2021, we had forecast that investments in property, plant and equipment would be much higher during the whole of 2021 than in the previous year. We already adjusted this forecast to a level well below that of the prior year when we reported on the results of the third quarter of 2021. The shortening of the reporting period played a major role in this adjustment.

### **Research and development**

Our research and development expenditure amounted to €9.1 billion in 2021 and was thus slightly higher than in the previous year (2020: €8.6 billion). This amount corresponds to our forecast for the year published in the Annual Report 2020. €2.4 billion (2020: €2.5 billion) of the development costs were capitalised, which represents a capitalisation rate of 27% (2020: 29%). The amortisation of capitalised research and development expenditure totalled €2.1 billion during the year under review (2020: €1.9 billion).

Research and development expenditure at Mercedes-Benz Cars & Vans amounted to €7.7 billion (2020: €7.2 billion) and was thus slightly higher than in the previous year. The focus was on topics such as the next generation of electric vehicles and battery production. In addition, we intensified our research and development expenditure for digitalisation and automated driving. Research and development expenditure amounted to €7.2 billion at Mercedes-Benz Cars and €0.5 billion at Mercedes-Benz Vans. At the beginning of 2021, we expected the total research and development expenditure at Mercedes-Benz Cars & Vans to be slightly higher than in the previous year.

Research and development expenditure at Daimler Trucks & Buses in 2021 amounted to €1.5 billion until the spin-off and hive-down went into effect and was thus at the previous year's level (2020: €1.5 billion). The most important projects of Daimler Trucks & Buses were in the areas of emission standards and fuel efficiency, as well as customised products and technologies for important growth markets. At the beginning of 2021, we forecast that research and development expenditure in 2021 would be slightly higher than in the previous year. When we reported on the results of the third quarter of 2021, we adjusted this forecast to the previous year's level for the period until the spin-off and hive-down went into effect.

## CO<sub>2</sub> emissions of the new car fleet in Europe

In the reporting year, the average CO<sub>2</sub> emissions of our total car fleet in Europe (European Union, Norway and Iceland) as measured on the basis of legal regulations will have amounted to an estimated 115 g/km (WLTP, including vans that are registered as passenger cars). The CO<sub>2</sub> target of 125 g/km was thus achieved in Europe (European Union, Norway and Iceland) in 2021. As a result, our CO<sub>2</sub> emissions decreased significantly compared to the comparable WLTP value for 2020 of 136 g/km, as had been forecast at the beginning of 2021.

## B.06

### Research and development expenditure by division

	2021	2020	21/20
In millions of euros			% change
Mercedes-Benz Group	<b>9,105</b>	8,614	+6
thereof capitalised	<b>2,435</b>	2,498	-3
Mercedes-Benz Cars & Vans	<b>7,695</b>	7,199	+7
thereof capitalised	<b>2,262</b>	2,391	-5
Daimler Trucks & Buses <sup>1</sup>	<b>1,469</b>	1,488	-1
thereof capitalised	<b>173</b>	107	+62

<sup>1</sup> Until the spin-off and hive-down took effect on 9 December 2021.

# Profitability, Liquidity and Capital Resources, Financial Position

To provide a better insight into the Group's profitability, liquidity and capital resources, and financial position, the condensed statement of income, the condensed statement of cash flows and the condensed statement of financial position are shown for the Mercedes-Benz Group as well as for the "Industrial Business" and "Mercedes-Benz Mobility". The industrial business and Mercedes-Benz Mobility columns represent a business point of view.

Until the spin-off and hive-down of the Daimler commercial vehicle business on 9 December 2021, the industrial business comprised the vehicle segments Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. After the spin-off and hive-down, the former Daimler Trucks & Buses segment and the equity-method valuation of the investment in Daimler Truck Holding AG is shown in the reconciliation of the reportable segments to the Group.

Mercedes-Benz Mobility is identical to the Mercedes-Benz Mobility segment. In order to ensure that the EBIT of Mercedes-Benz Mobility can be compared with the previous year, the scheduled depreciation and the equity-method measurement valuation of the non-current assets classified as held for distribution or sale, which have not been recognized since 30 July 2021 from the Group's perspective, are shown in the reconciliation. In the segment reporting, the segment earnings of Mercedes-Benz Mobility are thus reported independently of the effects of the spin-off and hive-down of the Daimler commercial vehicle business.

Intra-Group eliminations between the industrial business and Mercedes-Benz Mobility are generally allocated to the industrial business. Eliminations of transactions between continuing and discontinued operations are generally included in discontinued operations. For transfers of fixed assets, the elimination is attributed to the disposed operation.

## **Spin-off and hive-down of Daimler's commercial vehicle business**

The spin-off and hive-down of the Daimler commercial vehicle business was completed with the entry of the spin-off and hive-down in the Commercial Register on 9 December 2021 and the Daimler commercial vehicle business was deconsolidated. As of 31 December 2021, the Mercedes-Benz Group held a minority interest of 35% in Daimler Truck Holding AG. The interest is accounted for using the equity method.

The criteria for classification as "discontinued operations" and as assets and liabilities "held for distribution or sale" in accordance with the IFRS 5 accounting standard have been met with the approval for the transaction of the Board of Management and the Supervisory board since 30 July 2021.

The discontinued operations, the deconsolidation of the spun-off assets and liabilities, and classifications as held for sale as of 31 December 2021 have the following effects on the consolidated statement of income, the consolidated statement of cash flows and the consolidated statement of financial position.

Continuing operations are presented in the **consolidated statement of income**; the profit or loss after tax of discontinued operations is shown in a separate line after profit of continuing operations. The previous year's figures have been adjusted accordingly.

The profit from the deconsolidation is shown in the reconciliation and relates not only to the former Daimler Trucks & Buses segment, but also to the Mercedes-Benz Mobility segment. In the course of deconsolidation, earnings were allocated to the parts of the segments to be disposed of based on the allocation of the fair value of Daimler's commercial vehicle business.

Group revenue is shown in Table [7 B.07](#) and Group EBIT is shown in Table [7 B.09](#) also for the total of continuing and discontinued operations.

In the **consolidated statement of cash flows**, the consolidated cash flows from continuing and discontinued operations are shown for the reporting period and the previous year. The free cash flow of the industrial business, net liquidity and net debt are also reported on this basis. In addition, the free cash flow of the industrial business for continuing operations is reported.

In the **consolidated statement of financial position**, those assets and liabilities of the Daimler commercial vehicle business as of 31 December 2021 are presented as assets and liabilities held for sale that are to be transferred to the Daimler Truck Group or sold to external third parties in 2022. The carrying amounts of the previous year are shown in accordance with the previous method of presentation in accordance with IFRS 5. The assets and liabilities classified as held for distribution since 30 July 2021 were deconsolidated as of 9 December 2021.

Detailed information on the spin-off and hive-down of the Daimler commercial vehicle business and the scope of the discontinued operations, the assets and liabilities spun-off as part of the deconsolidation and the assets and liabilities classified as held for sale can be found in [Note 3](#) of the Notes to the Consolidated Financial Statements.

### Adjustment of individual items

To make the presentation of the ongoing business more transparent, adjusted figures are also calculated and reported for both the Group and the segments. The adjustments include individual items insofar as they lead to significant effects in a reporting year. These individual items can relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions. Further information on the performance measure system can be found in the “Corporate Profile” section of this Annual Report.

### Profitability

#### Consolidated statement of income of the Mercedes-Benz Group

**Revenue from continuing operations** of €133.9 billion in 2021 was significantly above the prior-year figure (2020: €121.8 billion). Also adjusted for negative exchange-rate effects, it was significantly higher than in 2020. [7 B.07](#) [7 B.08](#)

The increase in revenue was primarily due to the significantly improved sales structure at the Mercedes-Benz Cars & Vans division.

**Revenue from continuing and discontinued operations** amounted to €168.0 billion (2020: €154.3 billion).

In the 2020 Group Management Report, it was forecasted that revenue in 2021 would be significantly above the prior-year level. This forecast was also confirmed in the interim report for the third quarter of 2021 for revenue from continuing and discontinued operations of the Mercedes-Benz Group. The expectation was thus met at the end of the year.

Unless otherwise stated, the following information on the consolidated statement of income of the Mercedes-Benz Group relates exclusively to continuing operations.

## B.07

### Revenue by segment and region

	2021	2020	21/20
In millions of euros			% change
Revenue from continuing operations	133,893	121,778	10
Revenue from discontinued operations	34,078	32,531	5
<b>Revenue from continuing and discontinued operations</b>	<b>167,971</b>	<b>154,309</b>	<b>9</b>
Segments <sup>1</sup>			
Mercedes-Benz Cars & Vans	109,648	98,576	11
Mercedes-Benz Mobility	27,941	27,699	1
Reconciliation <sup>2</sup>	30,382	28,034	8
Regions <sup>1</sup>			
Europe	65,924	64,226	3
thereof Germany	24,424	25,262	-3
North America	47,561	42,937	11
thereof United States	41,752	37,801	10
Asia	45,439	39,944	14
thereof China	25,437	21,343	19
Other markets	9,047	7,202	26

<sup>1</sup> Revenue by segment and region is shown for continuing and discontinued operations. The volumes of the former Daimler Trucks & Buses segment until the time of the deconsolidation are shown in the reconciliation.

<sup>2</sup> The reconciliation includes eliminations between the segments and from transactions between continuing and discontinued operations.

**Cost of sales** amounted to €103.2 billion in 2021, increasing by 1.6% compared with the previous year. Prior-year cost of sales were impacted by production and cost adjustments in response to the covid-19 pandemic. On the other hand, expenses in connection with the adjustment and realignment of capacities within the global production network at the Mercedes-Benz Cars & Vans segment adversely affected cost of sales in the previous year. At the Mercedes-Benz Mobility segment higher expenses for credit-risk provisions and the impairment of software in the context of optimising the IT architecture had a negative impact on cost of sales in the previous year. [↗ B.08](#)

Overall, **gross profit in relation to revenue** increased from 16.6% to 22.9%.

**Selling expenses** increased by €0.2 billion to €9.2 billion. In the previous year, the measures and adjustments to a pension and healthcare plan in the United States initiated as a result of the covid-19 pandemic led to a reduction in selling expenses. As a percentage of revenue, selling expenses decreased from 7.4% to 6.9%. [↗ B.08](#)

In the past financial year, **general administrative expenses** increased by €0.3 billion to €2.8 billion. The increase is partly due to the use of short-time work in Germany in 2020. As a percentage of revenue, general administrative expenses remained at the prior-year level of 2.1% (2020: 2.1%). [↗ B.08](#)

**Research and non-capitalised development expenditure** of €5.5 billion in 2021 was above the prior-year level (2020: €4.8 billion). It is mainly related to the development of new models, advance expenditure for the renewal of existing models, and the further development of fuel-efficient and environmentally friendly drive systems as well as safety technologies, automated and autonomous driving and the digital connectivity of the products. As a proportion of revenue, research and non-capitalised development costs increased from 4.0% to 4.1%. Further information on the Group's research and development is provided in the "Investment and research activities" section of this Combined Management Report. [↗ B.08](#)

**Other operating income** of €1.2 billion was below the level of the previous year (2020: €1.8 billion). Other operating income includes the share attributable to the spin-off and hive-down of the Mercedes-Benz Mobility segment. The resulting loss (after deduction of transaction costs) amounts to €782 million. The share attributable to the spin-off and hive-down of the former Daimler Trucks & Buses segment is reported in profit from discontinued operations. In March 2021, in connection with the founding of the fuel-cell joint venture Daimler Truck Fuel Cell GmbH & Co. KG (now cellcentric GmbH & Co. KG; cellcentric), there was also a positive effect on earnings of €1.2 billion, which is attributable almost equally to the Mercedes-Benz Cars & Vans segment and the former Daimler Trucks & Buses segment. Other operating income includes the share attributable to the

Mercedes-Benz Cars & Vans segment. The portion attributable to Daimler Trucks & Buses is reported in the profit/loss from discontinued operations. [↗ B.08](#)

In 2021, **profit from equity-method investments** of €1.4 billion was above the prior-year level (2020: €0.7 billion). After the previous year was strongly impacted by the covid-19 pandemic, a recovery in the markets in 2021 resulted in significantly improved profit from equity-method investments. This led to an increase of €0.2 billion in profit from the Chinese investment in Beijing Benz Automotive Co., Ltd. (BBAC) and of €0.2 billion in profit from the mobility services of the YOUR NOW group. In addition, the impairments of the carrying amounts of investments in BAIC Motor Corporation Ltd. (BAIC Motor) decreased by €0.2 billion. [↗ B.08](#)

**Other financial income** of €0.3 billion was an improvement of €0.6 billion from the prior-year expense of €0.3 billion. This resulted primarily from the increase in discount factors for non-current other provisions of €0.2 billion and the increase in the measurement of equity interests at fair value of €0.2 billion. [↗ B.08](#)

The Mercedes-Benz Group achieved **earnings before interest and taxes (EBIT)** of €16.0 billion in 2021, which is significantly higher than in the previous year (2020: €6.1 billion). Exchange-rate effects had a negative net impact. [↗ B.08](#)

**EBIT from continuing and discontinued operations** increased from €6.6 billion to €29.1 billion and was thus significantly higher than the prior-year level. [↗ B.09](#)

The forecast made in the 2020 Management Report was thus fulfilled at the end of 2021. For the Group we had forecasted a significant increase in EBIT compared with the previous year, which was particularly impacted by the covid-19 pandemic. This forecast was confirmed in the interim report for the third quarter of 2021 for the Mercedes-Benz Group, also taking into account the spin-off and hive-down at the end of 2021.

The Mercedes-Benz Group's adjusted EBIT from continuing and discontinued operations amounted to €19.2 billion (2020: €8.6 billion). The reconciliation from EBIT

from continuing and discontinued operations to adjusted EBIT from continuing and discontinued operations is shown in table [↗ B.10](#).

**Net interest expense** amounted to €0.2 billion (2020: €0.1 billion). [↗ B.08](#)

The **tax expense** of €4.8 billion (2020: €1.9 billion) recognised under income taxes increased mainly due to the increased profit before income taxes. The effective tax rate for 2021 was 30.1% (2020: 32.3%). [Note 10](#) to the Consolidated Financial Statements includes further information on the factors affecting the tax rate. [↗ B.08](#)

After income taxes, **profit from discontinued operations** amounted to €12.4 billion. This profit essentially comprises the profit from the spin-off and hive-down of the former Daimler Trucks & Buses segment of €10.0 billion (after deduction of transaction costs). In addition, profit from the ongoing business of the discontinued operations, after taxes, of €2.4 billion is also included. The portion from the spin-off and hive-down attributable to Mercedes-Benz Mobility is reported in other operating income from continuing operations. [↗ B.08](#)

**Net profit** of €23.4 billion is significantly above the prior-year figure (2020: €4.0 billion). Net profit of €0.4 billion is **attributable to non-controlling interests** (2020: €0.4 billion). Net profit **attributable to the shareholders of Daimler AG** amounts to €23.0 billion (2020: €3.6 billion), representing an increase in **earnings per share** to €21.50 (2020: €3.39). [↗ B.08](#)

The calculation of earnings per share is based on an unchanged average number of outstanding shares of 1,069.8 million.

Further information on the individual items of the consolidated statement of income is provided in [Notes 5 ff.](#) of the Notes to the Consolidated Financial Statements.



Table [7 B.09](#) shows the composition of Group EBIT from continuing operations based on the individual segments and the total of the EBIT of the Mercedes-Benz Group from continuing and discontinued operations.

## B.08

Condensed statement of income	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	2021	2020	2021	2020	2021	2020
In millions of euros						
Revenue	133,893	121,778	105,952	94,079	27,941	27,699
Cost of sales	-103,218	-101,592	-80,328	-77,024	-22,890	-24,568
<b>Gross profit</b>	<b>30,675</b>	20,186	<b>25,624</b>	17,055	<b>5,051</b>	3,131
Selling expenses	-9,194	-8,966	-8,502	-8,283	-692	-683
General administrative expenses	-2,808	-2,507	-1,908	-1,725	-900	-782
Research and non-capitalised development costs	-5,467	-4,839	-5,467	-4,839	-	-
Other operating income	1,153	1,793	973	1,632	180	161
Profit/loss on equity-method investments, net	1,352	747	1,492	1,107	-140	-360
Other financial income/expense, net	317	-323	323	-292	-6	-31
<b>EBIT</b>	<b>16,028</b>	6,091	<b>12,535</b>	4,655	<b>3,493</b>	1,436
Interest expense	-217	-134	-209	-124	-8	-10
<b>Profit from continuing operations, before income taxes</b>	<b>15,811</b>	5,957	<b>12,326</b>	4,531	<b>3,485</b>	1,426
Income taxes	-4,761	-1,926	-3,854	-1,413	-907	-513
<b>Profit from continuing operations</b>	<b>11,050</b>	4,031	<b>8,472</b>	3,118	<b>2,578</b>	913
<b>Profit/loss from discontinued operations</b>	<b>12,346</b>	-22	<b>12,346</b>	-22	<b>0</b>	0
<b>Net profit</b>	<b>23,396</b>	4,009	<b>20,818</b>	3,096	<b>2,578</b>	913
thereof attributable to non-controlling interests	390	382				
thereof attributable to shareholders of Mercedes-Benz Group AG	23,006	3,627				
thereof continuing operations	10,695	3,656				
thereof discontinued operations	12,311	-29				
<b>Earnings per share (in euros)</b>						
for profit attributable to shareholders of Mercedes-Benz Group AG						
<b>Basic</b>	<b>21.50</b>	3.39				
thereof continuing operations	10.00	3.42				
thereof discontinued operations	11.50	-0.03				
<b>Diluted</b>	<b>21.50</b>	3.39				
thereof continuing operations	10.00	3.42				
thereof discontinued operations	11.50	-0.03				

## B.09

EBIT Mercedes-Benz Group	Mercedes-Benz Group		Mercedes-Benz Cars & Vans		Mercedes-Benz Mobility		Reconciliation	
	2021	2020	2021	2020	2021	2020	2021	2020
In millions of euros								
Revenue	133,893	121,778	109,648	98,576	27,941	27,699	-3,696	-4,497
Cost of sales	-103,218	-101,592	-83,713	-81,194	-22,890	-24,568	3,385	4,170
<b>Gross profit</b>	<b>30,675</b>	<b>20,186</b>	<b>25,935</b>	<b>17,382</b>	<b>5,051</b>	<b>3,131</b>	<b>-311</b>	<b>-327</b>
Selling expenses	-9,194	-8,966	-8,632	-8,539	-692	-683	130	256
General administrative expenses	-2,808	-2,507	-1,657	-1,458	-900	-782	-251	-267
Research and non-capitalised development costs	-5,467	-4,839	-5,433	-4,808	-	-	-34	-31
Other income/expense	2,822	2,217	3,413	2,595	34	-230	-625	-148
<b>EBIT from continuing operations</b>	<b>16,028</b>	<b>6,091</b>	<b>13,626</b>	<b>5,172</b>	<b>3,493</b>	<b>1,436</b>	<b>-1,091</b>	<b>-517</b>
<b>EBIT from discontinued operations</b>	<b>13,041</b>	<b>512</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,041</b>	<b>512</b>
<b>EBIT from continuing and discontinued operations</b>	<b>29,069</b>	<b>6,603</b>	<b>13,626</b>	<b>5,172</b>	<b>3,493</b>	<b>1,436</b>	<b>11,950</b>	<b>-5</b>

### Revenue and EBIT by segment

The revenue of the **Mercedes-Benz Cars & Vans** segment increased due to a significantly improved sales structure by 11% to €109,648 million in 2021 (2020: €98,576 million). The segment's revenue was thus significantly above the level of the previous year and met the forecast for 2021.

EBIT amounted to €13,626 million (2020: €5,172 million) and adjusted EBIT amounted to €13,914 million (2020: €6,802 million). The adjusted return on sales of 12.7% was significantly higher than the adjusted prior-year figure of 6.9% and thus exceeded the forecast of an adjusted return on sales between 8% and 10% made in the 2020 Management Report. This also exceeded the changed forecast in the capital market reports of an adjusted return on sales of 10% to 12% due to the strong profitability. [↗ B.10](#)

A greatly improved sales structure, significantly improved net pricing and a favourable product mix as well as the positive development of the used-car business had a very positive impact on gross profit. On the other hand, there was a decline in unit sales, especially in the second half of 2021, caused by the worldwide shortage of semiconductor components. In addition, higher raw-material prices and negative exchange-rate effects reduced gross profit. Overall, gross profit in

relation to revenue increased from 17.6% to 23.7%. Functional costs increased in 2021, mainly due to advance expenditure for future technologies and vehicles. In the previous year, the measures introduced as a consequence of the covid-19 pandemic and adjustments to a pension and healthcare plan in the United States led to an improvement in the cost position. The increased income from the equity-method investment in Beijing Benz Automotive Co., Ltd. (BBAC) had a positive impact on earnings. There were positive effects from the discounting of non-current provisions in other financial income/expense.

Restructuring expenses of €463 million (2020: €1,476 million) had a negative impact on earnings. They included personnel-cost optimisation programmes of €463 million (2020: €605 million). In the prior-year, expenses for the adjustment and realignment of capacities within the global production network of €871 million were also included. Effects from ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles resulted in a negative impact on earnings of €333 million (2020: €154 million). The M&A items include expenses in connection with the change in the investment structure of the motorsport business of €96 million. On the other hand, income of

€604 million in connection with the establishment of the joint venture for fuel cells, cellcentric, resulted in a positive contribution to earnings.

EBIT of the **Mercedes-Benz Mobility** segment amounted to €3,493 million in 2021 (2020: €1,436 million) and adjusted EBIT amounted to €3,449 million (2020: €1,595 million). Adjusted return on equity of 22.0% was above the adjusted prior-year figure of 10.9%. The Mercedes-Benz Mobility segment thus exceeded the forecast made in the 2020 Management Report for 2021 of an adjusted return on sales of 12% to 13%. It was even able to meet the forecast that was changed in the course of the year in the context of the capital market reports to an adjusted return on equity of 20% to 22%. [➔ B.10](#)

One of the main reasons for the positive development of gross profit in relation to revenue in 2021 was primarily lower credit-risk provisions, as the previous year's figure was impacted by cost adjustments in response to the covid-19 pandemic. Further positive effects were achieved due to lower refinancing costs, the improved development of mobility and fleet services business, and lower functional costs in connection with personnel-cost optimisation programmes of €45 million (2020: €67 million). Furthermore, positive effects on earnings resulted from the reversal of a provision for legal disputes and the sale of all shares in Via Transportation Inc. of €89 million. Another positive effect resulted from the impairment of capitalised software development costs in the previous year. On the other hand, the measures introduced due to the covid-19 pandemic, including the use of short-time work in Germany, led to an improvement in the cost position in the previous year.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises gains and/or losses at the corporate level and the effects on earnings of eliminating intra-Group transactions between the divisions.

Since the spin-off and hive-down of the Daimler commercial vehicle business, both the operating results of the former Daimler Trucks & Buses segment and the results from the equity interest in Daimler Truck Holding AG have been shown in the reconciliation. The

reconciliation in particular includes the profit from the deconsolidation of the Daimler commercial vehicle business including transaction costs.

Items at the corporate level resulted in earnings of €11,940 million (2020: expenses of € 127 million).

The increase in earnings is due in particular to the profit from the spin-off of €9,216 million (after transaction costs).

In 2021 until the time of deconsolidation, the former Daimler Trucks & Buses segment had revenue of €36,219 million (2020: €34,671 million). The segment's revenue was thus slightly above the level of the previous year. In the 2020 Management Report, we had originally forecasted revenue to be significantly higher than in the previous year. This forecast could not be met. The former Daimler Trucks & Buses segment was able to exceed the forecast that was changed in the course of the year in the context of the capital market reports to revenue at prior-year level. EBIT of the former Daimler Trucks & Buses segment (including the continuing scheduled depreciation and measurement of equity-method investments, excluding financial services and in accordance with the recognition and measurement principles described in the Notes to the Consolidated Financial Statements) amounted to €2,486 million (2020: €525 million).

The disclosures for the equity-method loss of €1 million of the new Daimler Truck Group including the spun-off activities of the financial services business represent the best possible estimate for the period between 10 December and 31 December 2021. See [Note 14](#) of the Notes to the Consolidated Financial Statements regarding the equity-method measurement of the Daimler Truck Group.

Earnings for both years are reduced by impairments of the carrying amount of the investment in BAIC Motor (€120 million; 2020: €330 million).

The elimination of intra-Group transactions resulted in earnings of €10 million in 2021 (2020: €122 million).

The reconciliation from EBIT to adjusted EBIT is shown in table [B.10](#).

## B.10

Reconciliation EBIT to EBIT adjusted	Mercedes-Benz Cars & Vans		Mercedes-Benz Mobility		Reconciliation		Mercedes-Benz Group	
	2021	2020	2021	2020	2021	2020	2021	2020
In millions of euros								
<b>EBIT from continuing and discontinued operations</b>	<b>13,626</b>	5,172	<b>3,493</b>	1,436	<b>11,950</b>	-5	<b>29,069</b>	6,603
Legal proceedings (and related measures)	<b>333</b>	154	<b>0</b>	0	<b>1</b>	10	<b>334</b>	164
Restructuring measures <sup>1</sup>	<b>463</b>	1,476	<b>45</b>	159	<b>176</b>	239	<b>684</b>	1,874
M&A transactions <sup>2</sup>	<b>-508</b>	0	<b>-89</b>	0	<b>-10,260</b>	0	<b>-10,857</b>	0
<b>EBIT adjusted of continuing and discontinued operations</b>	<b>13,914</b>	6,802	<b>3,449</b>	1,595	<b>1,867</b>	244	<b>19,230</b>	8,641
<b>Return on sales/return on equity (in %)</b>	<b>12.4</b>	5.2	<b>22.3</b>	9.8				
<b>Return on sales/return on equity adjusted (in %)<sup>3</sup></b>	<b>12.7</b>	6.9	<b>22.0</b>	10.9				

<sup>1</sup> Personnel-cost optimisation programmes are included in the reconciliation restructuring measures.

<sup>2</sup> The M&A items in the reconciliation include the following topics: deconsolidation of the former Daimler Trucks & Buses segment and the Mercedes-Benz Mobility segment; discontinued scheduled depreciation and equity-method measurement of non-current assets held for distribution or sale; founding of the fuel-cell joint venture cellcentric; costs associated with the spin-off and hive-down and expenses from the measurement of the Mercedes-Benz Mobility disposal groups held for sale.

<sup>3</sup> Adjusted return on sales is calculated as the ratio of adjusted EBIT to revenue. Adjusted return on equity is calculated as the ratio of adjusted EBIT to the adjusted equity of the quarters.

## Value added

As described in the section “Performance measurement system” in chart [B.02](#), value added is calculated as the difference between the measure of earnings and the cost of capital. The measure of earnings for the reportable segments is EBIT and for the Group is net operating profit, which also includes earnings effects for which the segments are not accountable or which are attributable to the discontinued operations, such as income taxes and other reconciliation items. The cost of capital used in the calculation of value added is based on average net assets multiplied by the cost-of-capital rate.

Table [B.11](#) shows value added for the Group and for the individual segments. The reconciliation of the segments' EBIT to net operating profit as well as the average net assets are shown in tables [B.12](#) and [B.13](#). Table [B.14](#) shows how net assets are derived from the consolidated statement of financial position.

The **Mercedes-Benz Group's value added** increased by €19.5 billion to €18.9 billion in 2021, representing a return on net assets of 40.4% (2020: 7.0%). This was substantially higher than the Group's required cost of capital rate of 8%. The positive development of value added was mainly due to the increase in the segments' EBIT by €10.5 billion and in the reconciliation's EBIT by €11.8 billion, which primarily comprises the earnings from discontinued operations before income taxes. In addition, the decrease of €1.5 billion in average net assets also positively impacted value added. This was mainly attributable to the deconsolidation of the Daimler commercial vehicle business and to lower average assets and liabilities from income taxes. An opposite effect came from the increase in equity-method investments due to the inclusion of our shareholding in Daimler Truck Holding AG.

At the **Mercedes-Benz Cars & Vans segment, value added** of €9.6 billion was significantly higher than the prior-year amount of €1.2 billion, primarily due to the very positive earnings development. The increase of €1.1 billion in average net assets, which was mainly caused by lower average provisions for other risks and an increase in average equity-method investments, which were partially offset by lower average inventories, had only a slightly negative effect on value added.

At the **Mercedes-Benz Mobility segment, value added** of €1.6 billion was significantly above the prior-year level of minus €0.3 billion. The segment's return on equity amounted to 22.3% (2020: 9.8%). The growth of value added primarily reflects the increase in earnings of €2.1 billion. There was an opposing effect from the increase in average total equity, which was higher by €1.1 billion despite the deconsolidation of the financial services business of the Daimler commercial vehicle business.

## B.11

### Value added

	2021	2020	21/20
In millions of euros			Change
<b>Mercedes-Benz Group</b>	<b>18,936</b>	-591	+19,527
Mercedes-Benz Cars & Vans	<b>9,566</b>	1,239	+8,327
Mercedes-Benz Mobility	<b>1,634</b>	-316	+1,950

## B.12

### Reconciliation to net operating profit

	2021	2020	21/20
In millions of euros			Change
Mercedes-Benz Cars & Vans	<b>13,626</b>	5,172	+8,454
Mercedes-Benz Mobility	<b>3,493</b>	1,436	+2,057
<b>EBIT of the segments</b>	<b>17,119</b>	6,608	+10,511
Profit/loss from discontinued operations <sup>1</sup>	<b>12,401</b>	72	+12,329
Income taxes <sup>2</sup>	<b>-4,822</b>	-1,964	-2,858
Other reconciliation <sup>2</sup>	<b>-1,090</b>	-517	-573
<b>Net operating profit</b>			
<b>Mercedes-Benz Group</b>	<b>23,608</b>	4,199	+19,409

<sup>1</sup> Adjusted for after-tax interest income.

<sup>2</sup> To the extent not allocated to Mercedes-Benz Mobility.

## B.13

### Net assets (average)

	2021	2020	21/20
In millions of euros			% change
Mercedes-Benz Cars & Vans	<b>33,835</b>	32,768	+3
Mercedes-Benz Mobility <sup>1</sup>	<b>15,681</b>	14,601	+7
<b>Net assets of the segments</b>	<b>49,516</b>	47,369	+4
Daimler Trucks & Buses <sup>2</sup>	<b>7,625</b>	9,513	-20
Equity-method investments <sup>3</sup>	<b>1,456</b>	463	+214
Assets and liabilities from income taxes <sup>4</sup>	<b>131</b>	2,088	-94
Other reconciliation <sup>4</sup>	<b>-331</b>	436	-
<b>Net assets Mercedes-Benz Group</b>	<b>58,397</b>	59,869	-2

1 Total equity.

2 Former Daimler Trucks & Buses segment. In the fourth quarter of 2021, no amounts have been considered for the deconsolidated Daimler commercial vehicle business.

3 To the extent not allocated to the segments.

4 To the extent not allocated to Mercedes-Benz Mobility.

## B.14

### Net assets of the Mercedes-Benz Group at year-end

	2021	2020	21/20
In millions of euros			% change
Net assets <sup>1</sup>			
Intangible assets	<b>14,387</b>	15,686	-8
Property, plant and equipment	<b>27,497</b>	34,904	-21
Leased assets	<b>14,400</b>	17,949	-20
Inventories	<b>20,976</b>	25,298	-17
Trade receivables	<b>6,875</b>	9,929	-31
Less provisions for other risks	<b>-15,097</b>	-19,396	-22
Less trade payables	<b>-9,670</b>	-11,605	-17
Less other assets and liabilities	<b>-14,393</b>	-33,092	-57
Assets and liabilities from income taxes <sup>1</sup>	<b>-1,815</b>	2,116	-
Total equity of Mercedes-Benz Mobility	<b>14,448</b>	14,315	+1
<b>Mercedes-Benz Group</b>	<b>57,608</b>	56,104	+3

1 To the extent not allocated to Mercedes-Benz Mobility.

## Liquidity and capital resources

### Principles and objectives of financial management

Financial management at the Mercedes-Benz Group consists of capital structure management, cash and liquidity management, market-price risk management (foreign exchange rates and interest rates), as well as pension-asset management and credit and country risk management. Worldwide financial management is performed within the framework of legal requirements consistently for all Group entities by the Treasury department of the Mercedes-Benz Group. Financial management operates within a framework of guidelines, limits and benchmarks, and on the operational level is organisationally separate from other functions such as settlement, financial controlling, reporting and accounting.

**Capital structure management** designs the capital structure of the Mercedes-Benz Group and its subsidiaries. Decisions regarding the capitalisation of the Group's mobility, production, sales or financing companies are based on the principles of cost-optimised and risk-optimised liquidity and capital resources.

The purpose of **liquidity management** is to enable the Group to meet its payment obligations at any time. For this purpose, the Group records the cash flows from operating and financial activities in a rolling plan. The resulting financial requirements are covered by the use of appropriate instruments for liquidity management (e.g. bank credit, commercial paper and notes); liquidity surpluses are invested in the money market or the capital market taking into account risk and return expectations. Our goal is to ensure the level of liquidity regarded as necessary at optimal costs. Besides operational liquidity, the Mercedes-Benz Group maintains additional liquidity reserves which are available in the short term. Those additional financial resources include a pool of receivables from the financial services business which are available for securitisation in the capital market and a contractually confirmed syndicated credit facility. As of December 2021, the Group also has liquidity reserves in the form of its shareholding in Daimler Truck Holding AG, which can be sold if the need arises after a twelve month hard lockup period agreed in context of the spin-off and hive-down of the Daimler commercial vehicles business.

**Cash management** centrally determines the cash requirements and surpluses. By means of cash-pooling procedures, liquidity is centrally concentrated on bank accounts of the Mercedes-Benz Group in various currencies. Most of the payments between Group companies are made through internal clearing accounts so that the number of external cash flows is reduced to a minimum. The Mercedes-Benz Group has established standardised processes and systems to manage its bank accounts and internal cash-clearing accounts, and to execute automated payment transactions.

**Management of market-price risks** aims to minimise the impact of fluctuations in foreign exchange rates and interest rates on the earnings of the divisions and the Group. The Group's overall exposure to these market-price risks is determined to provide a basis for hedging decisions, which include the definition of hedging volumes and corresponding periods, as well as the selection of hedging instruments. The hedging strategy is specified at Group level and uniformly implemented in the segments. Decisions regarding the management of risks resulting from fluctuations in foreign exchange rates, as well as decisions on asset/liability management (liquidity and interest rates), are regularly made by the relevant internal committees and the superordinate Treasury Risk Management Committee.

**Management of pension assets (plan assets)** includes the investment of the assets to cover the corresponding pension obligations. The plan assets are legally separated from the Group's assets and are invested primarily in funds; they are not available for general business purposes. The plan assets are spread across various investment categories such as equities, fixed-interest securities, alternative investments and real estate, depending on the expected development of pension obligations and with the help of risk-return optimisation. The performance of asset management is measured by comparison with defined reference indices. The investment risks are limited via a Group-wide guideline. In addition, there are local regulations for risk management for the individual plan assets. Additional information on pension plans and similar obligations is provided in [Note 23](#) of the Notes to the Consolidated Financial Statements.

The risk volume that is subject to **credit risk management** includes all of the Mercedes-Benz Group's worldwide creditor positions with financial institutions, issuers of securities, and customers in the financial services business and the automotive business. Credit risks with financial institutions and issuers of securities arise primarily from investments executed as part of our liquidity management and from the application of derivative financial instruments. The management of these credit risks is mainly based on an internal limit system that reflects the creditworthiness of the respective financial institution or issuer. The credit risk with customers of our automotive business results from relationships with contracted dealerships and general agencies, other corporate customers and retail customers. In connection with the export business, general agencies that according to our creditworthiness analyses are not sufficiently creditworthy are generally required to provide collaterals such as first-class bank guarantees. The credit risk with end-customers in the financial services business is managed by Mercedes-Benz Mobility on the basis of a standardised risk-management process. In this process, minimum requirements are defined for the sales-financing and leasing business and standards are set for credit processes, as well as for the identification, measurement and management of risks. Key elements for the management of credit risks are appropriate creditworthiness assessments supported by statistical risk-classification methods, as well as structured portfolio analysis and portfolio monitoring.

**Financial country risk management** includes various aspects: the risk from investments in subsidiaries and joint ventures, the risk from the cross-border financing of Group companies in risk countries, and the risk from direct sales to customers in those countries. The Mercedes-Benz Group has an internal rating system that assigns all countries in which it operates to risk categories. Risks from cross-border receivables are partially protected with the use of letters of credit and bank guarantees in favour of Mercedes-Benz Group AG and other Group companies. In addition, an internal committee sets and restricts the level of hard-currency credits granted to Mercedes-Benz Mobility companies in risk countries.

Further information on the management of market-price risk, credit risk and liquidity risk is provided in [Note 34](#) of the Notes to the Consolidated Financial Statements.

### **Cash flows from continuing and discontinued operations**

The Group's statement of cash flows, as well as the free cash flow of the industrial business, shows the sum of continuing and discontinued operations. Discontinued operations include the cash flows of the spun-off and hived-down companies until completion of the spin-off on 9 December 2021.

**Cash provided by operating activities of continuing and discontinued operations** [↗ B.15](#) amounted to €24.5 billion in 2021 (2020: €22.3 billion). Compared to the prior year, which was strongly affected by the worldwide consequences of the covid-19 pandemic, 2021 showed a significant improvement in the overall business performance. Additional positive effects arose from the leasing and sales-financing business.

Negative effects resulted from the development of working capital, particularly due to the increase in inventory levels as a result of shortages of semiconductor components. Furthermore, income taxes paid increased in comparison to the previous year, due to the substantial improvement in the overall business performance in 2021.

Additional opposing effects resulted from payments of €0.9 billion made in March 2021 resulting from the settlement in the previous year of civil and environmental claims made by several US authorities in connection with emission-control systems used in certain diesel vehicles. During the reporting period, payments were made as part of the personnel-cost-optimisation programme resulting from the agreed measures to reduce costs and the number of employees in a socially acceptable manner. In contrast, the cash flow in the prior year was adversely affected by payments made in the context of reviewing and prioritising the product portfolio for the planned discontinuation of X-Class production during the first quarter of 2020.



Included in other non-cash expense and income is mainly the result of the deconsolidation of the spin-off and hive-down of the Daimler commercial vehicle business (€9.2 billion).

**Cash used for investing activities from continuing and discontinued operations** ↗ [B.15](#) amounted to €6.2 billion (2020: €6.4 billion). The decrease in cash outflow resulted in particular from the cash inflow from repayments of loans from the Daimler Truck Group after the spin-off and hive-down, for financing the purchases of the Financial Services business associated with the Daimler commercial vehicle business (€6.9 billion). Further positive effects resulted from decreased investments in property, plant and equipment and intangible assets, as well as from a cash inflow of €0.6 billion in connection with the partial sale of shares in cellcentric to the Volvo Group. The sale proceeds, which were received in March 2021, have been divided between the Mercedes-Benz Cars & Vans segment and the former Daimler Trucks & Buses segment. On the other hand, cash outflows resulted from the spin-off and hive-down of the Daimler commercial vehicle business (€5.5 billion), as well as from higher investments in marketable debt securities and similar investments.

**Cash used for financing activities from continuing and discontinued operations** ↗ [B.15](#) amounted to a cash outflow of €19.1 billion (2020: €10.7 billion). The increase compared to the previous year is primarily due to the lower net-increase in financing liabilities due to the positive liquidity situation and the higher dividend payment made to the shareholders of Mercedes-Benz Group AG in comparison to the previous year. Cash and cash equivalents increased by €0.1 billion compared with 31 December 2020, after taking currency-translation effects into account. Total liquidity, which also includes marketable debt securities and similar investments, increased by €1.3 billion to €30.8 billion.

## B.15

Condensed statement of cash flows <sup>1</sup>	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	2021	2020	2021	2020	2021	2020
In millions of euros						
<b>Cash and cash equivalents at beginning of period</b>	<b>23,048</b>	18,883	<b>20,344</b>	16,152	<b>2,704</b>	2,731
Profit before income taxes of continuing and discontinued operations	<b>28,775</b>	6,339	<b>25,290</b>	4,913	<b>3,485</b>	1,426
Depreciation and amortisation/impairments	<b>6,980</b>	8,957	<b>6,837</b>	8,653	<b>143</b>	304
Other non-cash expense and income and gains/losses on disposals of assets	<b>-12,198</b>	-705	<b>-12,315</b>	-1,147	<b>117</b>	442
Change in operating assets and liabilities						
Inventories	<b>-2,561</b>	2,039	<b>-3,067</b>	1,941	<b>506</b>	98
Trade receivables	<b>120</b>	1,339	<b>245</b>	901	<b>-125</b>	438
Trade payables	<b>1,574</b>	-299	<b>1,451</b>	-285	<b>123</b>	-14
Receivables from financial services	<b>3,879</b>	2,397	<b>-50</b>	-41	<b>3,929</b>	2,438
Vehicles on operating leases	<b>1,428</b>	1,822	<b>-1,615</b>	-122	<b>3,043</b>	1,944
Other operating assets and liabilities	<b>-1,261</b>	653	<b>-547</b>	1,227	<b>-714</b>	-574
Dividends received from equity-method investments	<b>1,625</b>	1,783	<b>1,625</b>	1,782	<b>-</b>	1
Income taxes paid	<b>-3,812</b>	-1,993	<b>-2,361</b>	-806	<b>-1,451</b>	-1,187
<b>Cash provided by operating activities</b>	<b>24,549</b>	22,332	<b>15,493</b>	17,016	<b>9,056</b>	5,316
Additions to property, plant and equipment and intangible assets	<b>-7,320</b>	-8,560	<b>-7,181</b>	-8,472	<b>-139</b>	-88
Investments in and disposals of shareholdings	<b>220</b>	-402	<b>-34</b>	-404	<b>254</b>	2
Acquisitions and sales of marketable debt securities and similar investments	<b>-1,309</b>	2,149	<b>-1,245</b>	1,929	<b>-64</b>	220
Repayment of financing of Daimler's commercial vehicles business	<b>6,853</b>	-	<b>6,853</b>	-	<b>-</b>	-
Cash and cash equivalents disposed of from the deconsolidation of Daimler's commercial vehicles business	<b>-5,489</b>	-	<b>-5,254</b>	-	<b>-235</b>	-
Other cash inflows	<b>819</b>	392	<b>802</b>	338	<b>17</b>	54
<b>Cash used for/provided by investing activities</b>	<b>-6,226</b>	-6,421	<b>-6,059</b>	-6,609	<b>-167</b>	188
Change in financing liabilities	<b>-17,200</b>	-9,503	<b>-13,455</b>	-12,045	<b>-3,745</b>	2,542
Dividends paid	<b>-1,810</b>	-1,245	<b>-1,775</b>	-1,231	<b>-35</b>	-14
Other transactions with shareholders	<b>-49</b>	1	<b>-49</b>	-12	<b>-</b>	13
Internal equity and financing transactions	<b>-</b>	-	<b>2,746</b>	7,966	<b>-2,746</b>	-7,966
<b>Cash used for financing activities</b>	<b>-19,059</b>	-10,747	<b>-12,533</b>	-5,322	<b>-6,526</b>	-5,425
Effect of foreign exchange-rate changes on cash and cash equivalents	<b>870</b>	-999	<b>789</b>	-893	<b>81</b>	-106
<b>Cash and cash equivalents at end of period</b>	<b>23,182</b>	23,048	<b>18,034</b>	20,344	<b>5,148</b>	2,704
thereof cash and cash equivalents classified as assets held for sale at end of period	<b>62</b>	0	<b>0</b>	0	<b>62</b>	0

<sup>1</sup> In the consolidated statement of cash flows, the consolidated cash flows from continuing and discontinued operations are presented. The cash flows from continuing and discontinued operations are shown in Note 3 to the Consolidated Financial Statements. A reconciliation from continuing and discontinued operations to profit/loss before income taxes is also included in Note 3 to the consolidated financial statements.

The parameter used by Mercedes-Benz Group AG to measure the financial capability of the industrial business is the **free cash flow of the industrial business** ➔ **B.16**, which is derived from the reported cash flows from operating and investing activities. The cash flows from sales and purchases of marketable debt securities and similar investments included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow of the industrial business. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business.

Other adjustments relate to effects from the financing of the Group's own dealerships and effects from deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash used for financing activities in connection with the acquisition or disposal of shares in subsidiaries without loss of control.

## **B.16**

### **Free cash flow of the industrial business from continuing and discontinued operations**

	<b>2021</b>	2020	21/20
In millions of euros			Change
Cash provided by operating activities	<b>15,493</b>	17,016	-1,523
Cash used for investing activities	<b>-6,059</b>	-6,609	+550
Change in marketable debt securities and similar investments	<b>1,245</b>	-1,929	+3,174
Right-of-use assets	<b>-495</b>	-351	-144
Repayment of financing of Daimler's commercial vehicles business	<b>-6,853</b>	-	-6,853
Cash and cash equivalents disposed of in the deconsolidation of Daimler's commercial vehicles business	<b>5,254</b>	-	+5,254
Other adjustments	<b>21</b>	132	-111
<b>Free cash flow of the industrial business</b>	<b>8,606</b>	8,259	+347
Legal proceedings (and related measures)	<b>1,661</b>	595	+1,066
Restructuring measures	<b>754</b>	301	+453
M&A transactions	<b>-139</b>	-	-139
<b>Free cash flow of the industrial business adjusted</b>	<b>10,882</b>	9,155	+1,727

The **free cash flow of the industrial business from continuing and discontinued operations** amounted to €8.6 billion in 2021 and as such was at the prior-year level of €8.3 billion. The free cash flow of the industrial business was thus above the forecast of significantly below the prior-year level as made in the Outlook section of the 2020 Annual Report, as well as the forecast of slightly below the prior-year level as made in the Outlook section of the quarterly report as of 30 September 2021.

The slight increase of €0.3 billion to €8.6 billion in the free cash flow of the industrial business was particularly affected by a significant improvement in the overall business performance compared with the previous year, which was greatly impacted by the worldwide consequences of the covid-19 pandemic. Furthermore, the decreased investments in property, plant and equipment and intangible assets, as well as from the cash inflow of €0.6 billion in connection with the partial sale of shares in cellcentric to the Volvo Group, had a positive effect on the free cash flow of the industrial business. Negative effects resulted from the development of working capital, particularly due to the increase in inventory levels as a result of shortages of semiconductor components. Furthermore, income taxes paid increased in comparison to the prior year, due to the substantial improvement in the overall business performance. Additional negative effects resulted from payments made in March 2021 of €0.9 billion resulting from the settlement in the previous year of civil and environmental claims made by several US authorities in connection with emission-control systems used in certain diesel vehicles, and other related payments. During the reporting period, payments were made as part of the personnel-cost-optimisation programme resulting from the agreed measures to reduce costs and the number of employees in a socially acceptable manner. The free cash flow of the industrial business in the previous year was adversely affected by payments made in the context of reviewing and prioritising the product portfolio for the planned discontinuation of X-Class production during the first quarter of 2020.

In the interest of greater transparency in reporting on the ongoing business an **adjusted free cash flow of the industrial business from continuing and discontinued operations** [↗ B.16](#) is also calculated and reported. The adjustments for legal proceedings include payments by the automotive segments in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. This relates in particular to payments made in March 2021. The adjustments for restructuring measures include payments made in connection with the personnel-cost-optimisation programme in the reporting period and for the product-portfolio review and prioritisation in the prior year. The adjustments for M&A transactions comprise payments received from the Volvo Group for the partial sale of shares in cellcentric and payments made for the purchase of the British electric motors specialist YASA Limited. The adjusted free cash flow of the industrial business led to a cash inflow of €10.9 billion (2020: €9.2 billion).

In 2021, the **free cash flow from continuing and discontinued operations of the Mercedes-Benz Group** resulted in a cash inflow of €17.6 billion (2020: €13.4 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Mercedes-Benz Group is mainly affected by the leasing and sales-financing business of Mercedes-Benz Mobility.

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, the **free cash flow of the industrial business** can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of the automotive segment. The reconciliation from the CFBIT of Mercedes-Benz Cars & Vans to the free cash flow of the industrial business also includes payments of interest and taxes for the Mercedes-Benz Cars & Vans segment. The other reconciliation items include, in addition to the items attributable to the industrial business but for which Mercedes-Benz Cars & Vans is not responsible, in particular the free cash flow of the former Daimler Trucks & Buses segment. Table [↗ B.17](#) shows the reconciliation of the CFBIT of Mercedes-Benz Cars & Vans to the free cash flow of the industrial business.

The **CFBIT of the automotive segment** is derived from EBIT and the change in net assets, and also includes additions to right-of-use assets. Table [7 B.18](#) shows the composition of CFBIT for Mercedes-Benz Cars & Vans. The line “Other” mainly comprises payments made in the reporting period for liabilities and provisions recognised in the previous years in connection with legal proceedings, as well as personnel and value-added-tax matters, and the elimination of the profit and loss effect included in EBIT from the sale of cellcentric.

Table [7 B.19](#) shows the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate**. The adjusted cash conversion rate for Mercedes-Benz Cars & Vans of 0.9 was in line with the adjusted cash conversion rate of 0.7 to 0.9 forecasted in the Management Report as of 31 December 2020 and within the slightly changed forecast of 30 September 2021, of between 0.8 and 1.0.

For the year 2021 the free cash flow of the industrial business from continuing operations amounted to €7.9 billion. It was calculated based on the CFBIT of Mercedes-Benz Cars & Vans and payments of interest and taxes related to this segment, as well as other reconciling items that are allocated to the industrial business but for which the Mercedes-Benz Cars & Vans segment is not responsible.

## B.17

### Reconciliation from CFBIT to the free cash flow of the industrial business from continuing and discontinued operations

	2021	2020
In millions of euros		
<b>CFBIT Mercedes-Benz Cars &amp; Vans</b>	<b>10,170</b>	7,048
Income taxes paid/refunded	<b>-1,870</b>	-401
Interest paid/received	<b>-164</b>	93
Other reconciling items	<b>470</b>	1,519
<b>Free cash flow of the industrial business</b>	<b>8,606</b>	8,259

## B.18

### CFBIT

	Mercedes-Benz Cars & Vans	
	2021	2020
In millions of euros		
<b>EBIT</b>	<b>13,626</b>	5,172
Change in working capital	<b>-698</b>	1,560
Net financial investments	<b>-118</b>	-301
Net investments in property, plant and equipment and intangible assets	<b>-6,095</b>	-7,567
Depreciation and amortisation/impairments	<b>6,176</b>	7,303
Other	<b>-2,721</b>	881
<b>CFBIT</b>	<b>10,170</b>	7,048

## B.19

### Reconciliation to CFBIT adjusted

	<b>Mercedes-Benz Cars &amp; Vans</b>	
	<b>2021</b>	2020
In millions of euros		
<b>CFBIT</b>	<b>10,170</b>	7,048
Legal proceedings (and related measures)	<b>1,658</b>	568
Restructuring measures	<b>557</b>	301
M&A transactions	<b>-90</b>	-
<b>CFBIT adjusted</b>	<b>12,295</b>	7,917
<b>EBIT adjusted</b>	<b>13,914</b>	6,802
<b>Adjusted cash conversion rate<sup>1</sup></b>	<b>0.9</b>	1.2

<sup>1</sup> Adjusted cash conversion rate is the ratio of adjusted CFBIT to adjusted EBIT.

The **net liquidity of the industrial business** [↗ B.20](#) is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, less 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.

## B.20

### Net liquidity of the industrial business

	<b>31 Dec. 2021</b>	31 Dec. 2020	21/20
In millions of euros			
			Change
Cash and cash equivalents	<b>18,034</b>	20,344	-2,310
Marketable debt securities and similar investments	<b>6,591</b>	5,468	+1,123
<b>Liquidity</b>	<b>24,625</b>	25,812	-1,187
Financing liabilities	<b>-3,877</b>	-9,168	+5,291
Liabilities from refinancing internal dealerships	<b>-36</b>	-	-36
Market valuation and currency hedges for financing liabilities	<b>293</b>	1,211	-918
<b>Financing liabilities (nominal)</b>	<b>-3,620</b>	-7,957	+4,337
<b>Net liquidity</b>	<b>21,005</b>	17,855	+3,150

Compared with 31 December 2020, the net liquidity of the industrial business increased by €3.2 billion to €21.0 billion. The increase is mainly due to the positive free cash flow of the industrial business and positive exchange-rate effects, which were partially offset by the dividend payment made to the shareholders of Mercedes-Benz Group AG and by the disposal of net liquidity of the industrial business of Daimler's commercial vehicle business in the amount of €5.9 billion.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, decreased compared with 31 December 2020 as a result of the spin-off and hive-down of the Daimler commercial vehicle business, by €20.4 billion to €94.8 billion.

[↗ B.21](#)

## B.21

### Net debt of the Mercedes-Benz Group

	<b>31 Dec. 2021</b>	31 Dec. 2020	21/20 Change
In millions of euros			
Cash and cash equivalents	<b>23,182</b>	23,048	+134
Marketable debt securities and similar investments	<b>7,579</b>	6,397	+1,182
<b>Liquidity</b>	<b>30,761</b>	29,445	+1,316
Financing liabilities	<b>-125,905</b>	-145,842	+19,937
Market valuation and currency hedges for financing liabilities	<b>327</b>	1,224	-897
<b>Financing liabilities (nominal)</b>	<b>-125,578</b>	-144,618	+19,040
<b>Net debt</b>	<b>-94,817</b>	-115,173	+20,356

### Contingent liabilities and other financial obligations

At 31 December 2021, the best estimate for potential obligations from contingent liabilities is €2.7 billion (2020: €2.8 billion).

In 2019, Mercedes-Benz Group AG hived down assets and liabilities of the Mercedes-Benz Cars & Vans segment into Mercedes-Benz AG and of the Daimler Trucks & Buses segment into Daimler Truck AG. The spin-off and hive-down of the Daimler commercial vehicle business results in a subsequent liability relationship outside the Group pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG).

In the context of its ordinary business operations, the Group has also entered into **other financial obligations** in addition to the liabilities shown in the consolidated statement of financial position at 31 December 2021. These financial obligations result from contractual commitments to acquire intangible assets, property, plant and equipment, and leased property, as well as irrevocable loan commitments.

Detailed information on contingent liabilities and other financial obligations is provided in [Note 32](#) of the Notes to the Consolidated Financial Statements.

## Refinancing

The funds raised by the Mercedes-Benz Group in the year 2021 primarily served to refinance the leasing and sales-financing business. For that purpose, the Mercedes-Benz Group made use of a broad spectrum of various financing instruments in various currencies and markets. They include bank loans, commercial paper in the money market, bonds with medium and long maturities, promissory-note loans, customer deposits at Mercedes-Benz Bank, and the securitisation of receivables from customers in the financial services business (asset-backed securities).

Various issuance programmes are available for raising longer-term funds in the capital market. They include the Euro Medium Term Note programme (EMTN) with a total volume of €70 billion, under which Mercedes-Benz Group AG and several subsidiaries can issue **bonds** in various currencies. Other local capital-market programmes exist, which are significantly smaller than the EMTN programme. Capital-market programmes allow flexible, repeated access to the capital markets.

The situation in the bond markets was significantly influenced by the covid-19 pandemic in the reporting year. The supporting measures taken by governments and central banks in connection with partly strong economic growth meant that risk premiums for companies with an investment-grade rating remained at a moderate level during the year.

In the reporting period, the Group covered its refinancing requirements mainly through the issuance of bonds. They include a so-called benchmark issuance (a bond with a high nominal volume) by Daimler Finance North America LLC in the US-dollar area and another by Mercedes-Benz Group AG in the form of a “green bond” in the Euro market. Further information on the “green bond” can be found in the section “Sustainability at the Mercedes-Benz Group.” [➔ B.22](#)

In the Chinese market, Daimler International Finance B.V. placed three so-called panda bonds with a total volume of CNY 12.0 billion. In addition, a large number of smaller bonds were issued in various currencies and markets.

The Mercedes-Benz Group also issued small volumes of **commercial paper** in 2021.

In the reporting year, **asset-backed securities (ABS)** were issued in nine countries worldwide. In the United States, a total refinancing volume of USD 8.2 billion was generated in five transactions. In addition, one ABS bond with a refinancing volume of €0.7 billion was issued in Germany. Furthermore, four ABS transactions with a total volume of CNY 24.9 billion were placed in China. ABS transactions were also successfully placed with investors in Canada, Australia, the United Kingdom, Japan, Italy and the Netherlands.

**Bank credit** was another important source of refinancing in 2021. Loans were provided by globally active banks as well as by banks operating nationally. The lenders also included supranational banks such as the European Investment Bank.

Since July 2018, the Mercedes-Benz Group has had at its disposal a syndicated credit facility with a volume of €11 billion from a consortium of international banks. Following the exercise of an extension option of one further year, it grants the Mercedes-Benz Group additional financial flexibility until 2025. The Mercedes-Benz Group does not currently intend to utilise this credit line.

The carrying amounts of the main refinancing instruments and the weighted average interest rates are shown in table [➔ B.23](#). At 31 December 2021, they are mainly denominated in the following currencies: 48% in

euros, 23% in US dollars, 13% in Chinese renminbi, 3% in British pounds, 3% in Canadian dollars and 2% in Japanese yen.

At 31 December 2021, the total of financing liabilities shown in the consolidated statement of financial position amounted to €125.8 billion (2020: €145.8 billion).

Detailed information on the amounts and terms of the main items of financing liabilities is provided in [Notes 25 and 34](#) of the Notes to the Consolidated Financial Statements. [Note 34](#) also provides information on the maturities of the other financial liabilities.

## B.22

### Benchmark issuances

Issuer	Volume	Month of issuance	Maturity
Daimler Finance North America LLC	USD1,500 million	Mar. 2021	Mar. 2024
Daimler Finance North America LLC	USD1,000 million	Mar. 2021	Mar. 2026
Daimler Finance North America LLC	USD500 million	Mar. 2021	Mar. 2031
Mercedes-Benz Group AG	€1,000 million	Mar. 2021	Mar. 2033

## B.23

### Refinancing instruments

	Average interest rates		Carrying amounts	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
		in %	In millions of euros	
Notes/bonds and liabilities from ABS transactions	<b>1.56</b>	1.60	<b>84,769</b>	93,230
Liabilities to financial institutions	<b>2.54</b>	2.25	<b>23,997</b>	32,391
Deposits in the direct banking business	<b>0.25</b>	0.40	<b>13,591</b>	14,516



## Credit ratings

The credit ratings of Mercedes-Benz Group AG changed in 2021 with three of the agencies we have engaged to provide ratings. S&P Global Ratings, Fitch Ratings and DBRS all raised their long-term ratings by one notch. At the same time, DBRS improved its short-term rating by one notch. The long-term and short-term credit ratings for Mercedes-Benz Group AG and its finance companies provided by Moody's Investors Service and Scope Ratings remained unchanged in 2021. At the end of the year, Moody's changed its long-term credit rating from "stable" to "positive". Mercedes-Benz Group AG thus had solid "A" rating with all five agencies at the end of the year 2021. [➔ B.24](#)

## B.24

### Credit ratings

	End of 2021	End of 2020
Long-term credit rating		
S&P	<b>A-</b>	BBB+
Moody's	<b>A3</b>	A3
Fitch	<b>A-</b>	BBB+
Scope	<b>A</b>	A
DBRS	<b>A (low)</b>	BBB (high)
Short-term credit rating		
S&P	<b>A-2</b>	A-2
Moody's	<b>P-2</b>	P-2
Fitch	<b>F1</b>	F1
Scope	<b>S-1</b>	S-1
DBRS	<b>R-1 (low)</b>	R-2 (high)

On 27 July 2021, **S&P Global Ratings** (S&P) raised its long-term rating for Mercedes-Benz Group AG from BBB+ to A- with a stable outlook. Its short-term rating remained unchanged at A-2. S&P justified these measures primarily with the better-than-expected free cash flow and the good earnings development. S&P assumes that an accelerated transition to electric vehicles at Mercedes-Benz Cars can strengthen the market position over time.

On 5 November 2021, **Fitch Ratings** (Fitch) upgraded its long-term issuer default rating for Mercedes-Benz Group AG from BBB+ to A- with a stable outlook. Its short-term rating remained unchanged at F1. Fitch stated that the upgrade reflects the Group's rapidly improving profitability and the expectation that it will strengthen sustainably. Fitch also anticipates a structural improvement in the free cash flow.

The Canadian agency **DBRS** upgraded its long-term rating for Mercedes-Benz Group AG and its rated subsidiaries from BBB (high) to A (low) with a stable outlook on 18 November 2021. At the same time, DBRS lifted its short-term rating from R-2 (high) to R-1 (low). DBRS justified this change with the improved assessment of business risk resulting from the spin-off of a majority stake in Daimler Truck. Furthermore, the assessment of the Group's financial risk has also improved due to the good earnings development.

**Moody's Investors Service** (Moody's) changed its outlook for the long-term rating from "stable" to "positive" on 7 December 2021, while affirming its long-term and short-term credit ratings for Mercedes-Benz Group AG and its rated subsidiaries at A3 and P-2. Moody's justified this with the improved margins of the car and van business, the changeover of the product portfolio to low-emission and emission-free vehicles in the context of the new corporate strategy, and reduced financial debt.

## Financial position

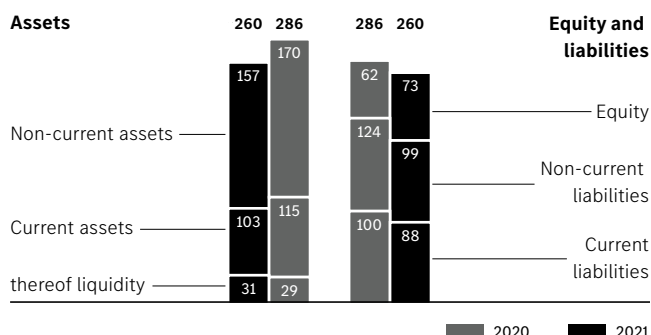
### B.25

#### Condensed statement of financial position

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	At 31 December		At 31 December		At 31 December	
	2021	2020	2021	2020	2021	2020
In millions of euros						
<b>Assets</b>						
Intangible assets	15,005	16,399	14,386	15,686	619	713
Property, plant and equipment	27,859	35,246	27,497	34,904	362	342
Equipment on operating leases	44,471	47,552	14,400	17,949	30,071	29,603
Receivables from financial services	80,625	96,185	-83	-83	80,708	96,268
Equity-method investments	13,588	5,189	13,117	4,443	471	746
Inventories	21,466	26,444	20,976	25,298	490	1,146
Trade receivables	7,673	10,649	6,875	9,929	798	720
Cash and cash equivalents	23,120	23,048	18,034	20,344	5,086	2,704
Marketable debt securities and similar investments	7,579	6,397	6,591	5,468	988	929
thereof current	6,706	5,356	6,289	5,165	417	191
thereof non-current	873	1,041	302	303	571	738
Other financial assets	6,260	6,924	-8,207	-10,862	14,467	17,786
Other assets	9,043	11,704	-152	1,396	9,195	10,308
Assets held for sale	3,142	-	201	-	2,941	-
<b>Total assets</b>	<b>259,831</b>	<b>285,737</b>	<b>113,635</b>	<b>124,472</b>	<b>146,196</b>	<b>161,265</b>
<b>Equity and liabilities</b>						
Equity	73,167	62,248	58,719	47,933	14,448	14,315
Provisions	21,321	32,520	20,385	31,323	936	1,197
Financing liabilities	125,843	145,842	3,877	9,168	121,966	136,674
thereof current	52,300	59,303	-17,893	-18,717	70,193	78,020
thereof non-current	73,543	86,539	21,770	27,885	51,773	58,654
Trade payables	10,655	12,378	9,670	11,605	985	773
Other financial liabilities	7,805	8,598	5,089	5,532	2,716	3,066
Contract and refund liabilities	9,909	12,956	9,567	12,598	342	358
Other liabilities	10,962	11,195	6,282	6,313	4,680	4,882
Liabilities held for sale	169	-	46	-	123	-
<b>Total equity and liabilities</b>	<b>259,831</b>	<b>285,737</b>	<b>113,635</b>	<b>124,472</b>	<b>146,196</b>	<b>161,265</b>

## B.26

### Balance sheet structure Mercedes-Benz Group In billions of euros



## B.27

### Disposed of assets and liabilities of the Daimler commercial vehicle business

In millions of euros

Intangible assets	1,773
Property, plant and equipment	8,058
Equipment on operating leases	3,887
Receivables from financial services	15,759
Equity-method investments	1,406
Inventories	8,132
Trade receivables	3,354
Cash and cash equivalents	5,489
Marketable debt securities and similar investments	145
Other financial assets	1,070
Other assets	2,868
Provisions for pensions and similar obligations	2,636
Provisions for other risks	4,662
Financing liabilities	7,801
Trade liabilities	3,879
Other financial liabilities	2,724
Contract and refund liabilities	3,344
Other liabilities	1,504

## B.28

### Assets and liabilities held for sale of Daimler's commercial vehicle business

At 31 December 2021

In millions of euros

Equipment on operating leases	533
Receivables from financial services	2,228
Cash and cash equivalents	62
Other financial assets	179
Other assets	140
<b>Assets held for sale</b>	<b>3,142</b>
Financial liabilities	107
Other liabilities	62
<b>Liabilities held for sale</b>	<b>169</b>

The **balance sheet total** of the Group decreased compared with 31 December 2020 from €285.7 billion to €259.8 billion. This represents a decrease of 9%. Adjusted by currency translation effects of €9.0 billion, there was a decrease of €34.9 billion. Mercedes-Benz Mobility accounted for €146.2 billion of the balance sheet total (2020: €161.3 billion), equivalent to 56% of the Group's total assets (2020: 56%).

Table [B.25](#) shows the condensed statement of financial position for the Group as well as for the industrial business and Mercedes-Benz Mobility.

Current assets account for 40% of the balance sheet total, which is at prior-year level. Current liabilities amount to 34% of total equity and liabilities, which is slightly below prior-year level (2020: 35%).

Graphic [B.26](#) shows the structure of the balance sheet by maturity.

The structural changes in the Consolidated Statement of Financial Position are primarily due to the spin-off of the Daimler commercial vehicle business as of 9 December 2021 (refer to table [B.27](#)). As of 31 December 2021, further assets and liabilities of Daimler's commercial vehicle business that will be

transferred in 2022 – as far as the criteria of IFRS 5 were met — are presented as assets and liabilities held for sale.

**Equipment on operating leases and Receivables from financial services** decreased to a total of €125.1 billion (2020: €143.7 billion). The decrease adjusted for the effects of currency translation was €24.7 billion. The leasing and sales-financing business as a proportion of 48% of total assets was lower than in the prior year (2020: 50%). As of 31 December 2021, the Group or respective Mercedes-Benz Mobility recognised €1.6 billion finance lease contracts under receivables from financial services and €1.1 billion right-of-use-assets under equipment on operating leases in connection to leasing contracts with companies of the Daimler Truck Group.

**Equity-method investments** increased to €13.6 billion (2020: €5.2 billion). The remaining minority interest of 35% in Daimler Truck Holding AG, has been accounted for using the equity method effective 10 December 2021; the carrying amount at 31 December 2021 was €8.8 billion. In addition, the equity-method investments also include the carrying amounts of our further equity interests, mainly the interest in Beijing Benz Automotive Co., Ltd.

**Marketable debt securities and similar investments** increased compared with 31 December 2020 from €6.4 billion to €7.6 billion as part of the liquidity management. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

**Inventories** decreased from €26.4 billion to €21.5 billion, mainly due to the spin-off and hive down of the Daimler commercial vehicle business. As a proportion of total assets, they were below the prior-year level at 8% (2020: 9%). Inventories decreased in particular in finished goods, parts and products held for resale by €4.8 billion and in raw materials and manufacturing supplies by €0.5 billion, while work in progress was €0.3 billion above the prior-year's level. The different development within the composition of inventories is, among other things, due to shortages in

semiconductors for vehicles of the Mercedes-Benz Cars & Vans segment, whose inventories were €2.0 billion above the prior-year's level.

The **Group's Equity** increased compared with 31 December 2020 from €62.2 billion to €73.2 billion. The positive effects of currency translation amounted to €3.0 billion. The equity increase mainly resulted from the net profit of continuing operations of €11.1 billion and the profit from discontinued operations after tax of €12.3 billion as well as from gains in connection with pension provisions recognised in other comprehensive income (€3.6 billion). Opposing effects mainly came from the spin-off and hive-down of the Daimler commercial vehicle business of €16.3 billion, the dividend of €1.4 billion paid out to the shareholders of Mercedes-Benz Group AG and from the remeasurement of derivative financial instruments of €0.9 billion recognised in other comprehensive income. Equity attributable to the shareholders of Mercedes-Benz Group AG increased accordingly to €72.0 billion (2020: €60.7 billion).

While the balance sheet total decreased, equity increased by 18% compared with the previous year. Accordingly, the Group's equity ratio of 26.1% was therefore significantly above the level at the end of 2020 (21.3%); the equity ratio for the industrial business was 47.0% (2020: 37.3%). It is necessary to consider the fact that the equity ratios at the end of 2020 and 2021 are adjusted for the paid and proposed dividend payments.

**Provisions** significantly decreased from €32.5 billion to €21.3 billion; as a proportion of the balance sheet total, they were also below the prior-year level at 8% (2020: 11%). Provisions for pensions and similar obligations decreased to €5.4 billion (2020: €12.1 billion). The present value of defined-benefit pension obligations decreased from €39.9 billion in the prior year to €28.5 billion as of 31 December 2021. With an effect of €8.1 billion, this mainly results from the spin-off and hive-down of Daimler's commercial vehicle business. The increase in discount rates also led to a decrease in the present value of defined-benefit pension obligations. The fair value of the pension-plan assets applied to finance those obligations decreased from €28.9 billion to €24.2 billion. Opposing the decrease in the plan

assets caused by the spin-off and hive-down of Daimler's commercial vehicle business was the positive yield development of the plan assets.

Provisions also relate to provisions from product warranties of €6.8 billion (2020: €8.5 billion), from personnel and social costs of €4.6 billion (2020: €4.6 billion) and from liability and litigation risks and regulatory proceedings of €2.6 billion (2020: €4.6 billion), as well as provisions for other risks of €1.9 billion (2020: €2.7 billion). In provisions for other risks, provisions for liability and litigation risks decreased from the payments made in March 2021 in particular as a result of the agreements concluded with the US authorities in the previous year to settle civil and environmental claims regarding the emission-control systems of certain diesel vehicles. In the Mercedes-Benz Cars & Vans segment, provisions for personnel and social costs increased by €1.1 billion, among other things due to the planned higher profit sharing for employees (€0.7 billion).

**Financing liabilities** of €125.8 billion were significantly below the level of the previous year (2020: €145.8 billion), among other things, as a result of a lower net-increase in bonds and liabilities to financial institutions. The financing liabilities break down 53% by bonds, 19% by liabilities to banks, 15% by liabilities from ABS transactions and 11% by deposits in the direct banking business. The financing liabilities available on 31 December 2021 relate primarily to the refinancing requirements of the leasing and sales-financing business with passenger cars.

**Trade payables** decreased primarily due to the spin-off and hive-down of the Daimler commercial vehicle business compared with 31 December 2020 to €10.7 billion (2020: €12.4 billion). In contrary, trade payables of Mercedes-Benz Cars & Vans increased by €0.8 billion.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position [↗ D.03](#), the Consolidated Statement of Changes in Equity [↗ D.05](#) and the related notes in the Notes to the Consolidated Financial Statements.

Table [↗ B.29](#) shows the derivation of net assets for the Mercedes-Benz Cars & Vans segment. They relate to the operating assets and liabilities for which the automotive segment is responsible.

## B.29

### Net Assets Mercedes-Benz Cars & Vans

	At 31 December	
	2021	2020
In millions of euros		
Intangible assets	14,374	13,991
Property, plant and equipment	27,516	26,661
Inventories	21,077	19,117
Trade receivables	6,897	6,839
Other segment assets	25,894	24,752
<b>Segment assets</b>	<b>95,758</b>	<b>91,360</b>
thereof assets held for sale	71	0
Trade payables	9,600	8,752
Other segment liabilities	50,470	51,416
<b>Segment liabilities</b>	<b>60,070</b>	<b>60,168</b>
thereof liabilities held for sale	48	0
<b>Net assets</b>	<b>35,688</b>	<b>31,192</b>

# Mercedes-Benz Group AG

Condensed version in accordance with the German Commercial Code (HGB)

In addition to reporting on the Mercedes-Benz Group, the development of Mercedes-Benz Group AG in the 2021 financial year is also described in this section.

## **Fundamentals, changes in the corporate structure and the change of the company name**

Mercedes-Benz Group AG is the parent company of the Mercedes-Benz Group and has its headquarters in Stuttgart. At the Extraordinary General Meeting on 1 October 2021, the shareholders voted in favour of changing the Company's name from Daimler AG to Mercedes-Benz Group AG. This name change was entered in the commercial register on 1 February 2022. For this reason, in addition to the name Mercedes-Benz Group AG, the name Daimler AG is also used here, depending on the respective facts and time.

As part of the Company's realignment (Project Focus) and with the approval of the Supervisory Board, the Board of Management decided on 30 July 2021 to spin off and hive down a large part of the previous Daimler Trucks & Buses segment, including the associated financial services business (Daimler commercial vehicle business). The legal basis of the reorganisation is the spin-off and hive-down agreement between Daimler AG and Daimler Truck Holding AG concluded on 6 August 2021.

The shareholders approved the spin-off and hive-down agreement at the Extraordinary General Meeting of Daimler AG on 1 October 2021. The General Meeting of Daimler Truck Holding AG gave its approval on 5 November 2021. The spin-off and hive-down were entered in the commercial register on 9 December 2021 with economic retroactive effect as of 1 January 2021 (spin-off effective date). With the spin-off and hive-down taking effect, as well as other measures provided for in the demerger agreement, Mercedes-Benz Group AG directly and indirectly holds a minority interest totalling 35% of the share capital of Daimler Truck Holding AG as of the balance sheet date, and therefore no longer exercises a controlling influence on the basis of the agreements

concluded in connection with the transaction. The control and profit-and-loss transfer agreement existing between Daimler AG and Daimler Truck AG was transferred to Daimler Truck Holding AG in the context of the spin-off with effect from 1 January 2021.

Mercedes-Benz Group AG is closely linked with Mercedes-Benz AG and functions as an operating business entity that defines the Group's strategy. It also makes strategic decisions for business operations and, as the Group's parent company, ensures the effectiveness of organisational, legal and compliance-related functions throughout the Group.

The annual financial statements of Mercedes-Benz Group AG are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). This results in some differences with regard to recognition and measurement, primarily in connection with provisions, financial instruments, the leasing business and deferred taxes.

For Mercedes-Benz Group AG net profit or loss is the main performance indicator.

## **Profitability**

**Net profit** amounted to €9.5 billion (2020: €2.1 billion) and is thus within the expected range of the previous year's forecast.

The **profitability** of Mercedes-Benz Group AG in the financial year was characterised by significantly better financial income. [B.30](#)

Mercedes-Benz Group AG generated **revenue** of €1.5 billion primarily from the provision of services to companies of the Group (2020: €1.7 billion).

**Cost of sales** amounted to €1.5 billion (2020: €1.6 billion) and primarily comprises expenses incurred for the generation of revenue from services provided to companies of the Group.

**General administrative expenses** amounted to €1.2 billion (2020: €0.9 billion), including expenses of €0.2 billion (2020: €0.0 billion) in connection with Project Focus and of €0.1 billion (2020: €0.0 billion) in connection with the transformation of the IT infrastructure.

**Other operating income** amounted to €0.1 billion (2020: €0.3 billion) and primarily comprises income from the sale of patents and brands to Daimler Truck AG. In the previous year, it included income from the sale of patents in connection with combining the Group-wide fuel-cell activities and relating to Group-internal derivatives of the vehicle business.

**Financial income** increased by €8.4 billion to €11.3 billion and is thus within the expected range of the previous year's forecast. The increase is primarily due to higher income from investments in subsidiaries and associated companies. This was the result of a positive development with profit transfers and higher dividend distributions from subsidiaries.

The **income tax expense** amounted to €0.7 billion (2020: €0.1 billion). The rise is mainly due to the substantial increase in income subject to corporate income tax as well as income subject to trade tax (2020: trade-tax loss).

The **economic situation** of Mercedes-Benz Group AG mainly depends on the development of its subsidiaries. Mercedes-Benz Group AG participates in the operating results of its subsidiaries through dividend distributions and profit-and-loss transfers. Its economic situation

## B.30

### Condensed income statement of Mercedes-Benz Group AG

	2021	2020
In millions of euros		
Revenue	1,488	1,685
Cost of sales	-1,470	-1,641
General administrative expenses	-1,237	-928
Other operating income	141	280
<b>Operating loss</b>	<b>-1,078</b>	-604
Financial income	11,271	2,878
Income taxes	-655	-141
<b>Net profit</b>	<b>9,538</b>	2,133
Offset against other retained earnings	13,879	-
Reduction in assets due to the spin-off	-13,879	-
Transfer to other retained earnings	-4,189	-689
<b>Distributable profit</b>	<b>5,349</b>	1,444

therefore corresponds with that of the Mercedes-Benz Group, which is described in the chapter Overall Assessment of the Economic Situation.

## Financial position, liquidity and capital resources

**Total assets** of €83.0 billion are €9.6 billion lower than in the previous year.

**Non-current assets** decreased during the year 2021 by €15.1 billion to €41.1 billion. This was caused by the €15.0 billion decrease in financial assets, which mainly resulted from the spin-off of 65% of the shares of Daimler Truck AG to Daimler Truck Holding AG, as well as capital repayments by Mercedes-Benz Capital Nederland B.V. (formerly Daimler International Nederland B.V.) to Mercedes-Benz Group AG.

**Receivables, securities and other assets** increased compared with December 31, 2020 by €4.1 billion to €32.6 billion. This is due to the increase of €2.1 billion in other assets which was primarily caused by the presentation of approximately 5% of the shares in Daimler Truck Holding AG due to the intra-Group sale in January 2022 as well as a higher amount of marketable securities recognised as current assets. In addition, receivables from subsidiaries increased by €1.8 billion as a result of higher financial receivables from profit-and-loss transfer agreements. This includes a decrease of €1.9 billion in receivables from subsidiaries because of the spin-off and hive-down of the Daimler commercial vehicle business.

**Cash and cash equivalents** increased from €7.7 billion to €9.0 billion.

**Gross liquidity** — defined as cash and cash equivalents and other marketable securities recognised as current assets, as well as fixed-term deposits presented under other assets — increased by €2.4 billion to €15.4 billion as of the balance sheet date. The increase in gross liquidity is primarily due to the increase in cash and cash equivalents of €1.3 billion.

**Cash provided by operating activities** amounted to €3.3 billion in 2021 (2020: €2.6 billion). The increase resulted in particular from higher dividend distributions from subsidiaries. There was an opposing, negative effect on cash provided by operating activities due to the operating loss and the higher tax expense.

**Cash flows from investing activities** resulted in a net cash outflow of €1.0 billion in 2021 (2020: inflow of €2.3 billion). Compared with the previous year, there were higher cash outflows in the area of financial assets from the corporate restructuring associated with the spin-off of the Daimler commercial vehicle business. During the reporting year, there were cash inflows as a result of capital repayments by the subsidiaries Mercedes-Benz

## B.31

### Balance sheet structure of Mercedes-Benz Group AG

	31 Dec. 2021	31 Dec. 2020
In millions of euros		
<b>Assets</b>		
<b>Non-current assets</b>	<b>41,131</b>	56,161
Receivables, securities and other assets	<b>32,583</b>	28,471
Cash and cash equivalents	<b>9,047</b>	7,658
<b>Current assets</b>	<b>41,630</b>	36,129
<b>Prepaid expenses</b>	<b>231</b>	341
	<b>82,992</b>	92,631
<b>Equity and liabilities</b>		
Share capital	<b>3,070</b>	3,070
(conditional capital, €500 million)		
Capital reserve	<b>11,480</b>	11,480
Retained earnings	<b>13,540</b>	23,230
Distributable profit	<b>5,349</b>	1,444
<b>Equity</b>	<b>33,439</b>	39,224
Provisions for pensions and similar obligations	<b>128</b>	193
Other provisions	<b>1,775</b>	1,550
<b>Provisions</b>	<b>1,903</b>	1,743
Trade payables	<b>358</b>	140
Other liabilities	<b>47,271</b>	51,487
<b>Liabilities</b>	<b>47,629</b>	51,627
<b>Deferred income</b>	<b>21</b>	37
	<b>82,992</b>	92,631

Capital Nederland B.V. (formerly Daimler International Nederland B.V.) and Mercedes-Benz Mobility AG (formerly Daimler Mobility AG) to Mercedes-Benz Group AG, as well as from the sale of subsidiaries within the Group to Daimler Truck AG. There was a cash outflow of €1.2 billion from acquisitions and disposals of securities conducted within the context of liquidity management during the reporting year.



**Cash flows from financing activities** resulted in a net cash outflow of €0.9 billion in the reporting period (2020: €0.1 billion). The change is explained by the higher dividend payment to the shareholders of Mercedes-Benz Group AG, the increased repayment of external financing liabilities and the change in receivables from and liabilities to subsidiaries from intra-Group transactions in connection with central financial and liquidity management.

**Equity** decreased in 2021 by €5.8 billion to €33.4 billion. The spin-off of 65% of the shares of Daimler Truck AG to Daimler Truck Holding AG and the capital increase at Daimler Truck AG in the context of this spin-off, as well as the contractually agreed reimbursement of the costs incurred by Daimler Truck AG, led to a decrease in equity of €13.9 billion. In addition, equity decreased by €1.4 billion due to the dividend payment to the shareholders of Mercedes-Benz Group AG. On the other hand, equity rose as a result of the net profit for 2021, of which €4.2 billion was transferred to retained earnings pursuant to Section 58 Subsection 2 of the German Stock Corporation Act (AktG). The equity ratio as of 31 December 2021 was 40.3% (31 December 2020: 42.3%). Mercedes-Benz Group AG held no treasury shares as of 31 December 2021.

**Provisions** increased by €0.2 billion to €1.9 billion. This was mainly due to the increase in provisions for income taxes.

**Liabilities** decreased by €4.0 billion to €47.6 billion. This was mainly due to the repayment of bonds in the amount of €4.9 billion. However, liabilities to subsidiaries increased by €0.5 billion. This includes the decrease of €2.3 billion in liabilities due to the spin-off and hive-down of the Daimler commercial vehicle business.

## Risks and opportunities

The business development of Mercedes-Benz Group AG mainly depends on the development of its worldwide subsidiaries and is therefore — through the profit and loss contributions from subsidiaries and associated companies — fundamentally subject to the same risks and opportunities as those of the Group. Mercedes-Benz Group AG generally participates in the risks of its subsidiaries and associated companies in line with the percentage of its respective equity interest. This is particularly the case with the shareholding in Daimler Truck Holding AG. The risks and opportunities are described in the Risk and Opportunity Report. Risks may additionally arise from relations with subsidiaries and associated companies in connection with statutory or contractual obligations (in particular with regard to financing), as well as from the impairment of investments in subsidiaries and associated companies. Based on the criteria stated in the Risk and Opportunity Report, the possible impact and probability of occurrence of the risks are assessed as medium.

Furthermore, pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG), Mercedes-Benz Group AG is jointly and severally liable for liabilities of €8.9 billion that were transferred to Mercedes-Benz AG and Daimler Truck AG within the framework of Project Future. According to the current appraisal, due to the assessment of the creditworthiness of Mercedes-Benz AG and Daimler Truck AG, an actual cash outflow for Mercedes-Benz Group AG is considered to be unlikely.

## **Outlook**

The financial position, cash flows and profitability of Mercedes-Benz Group AG depend on the business development and performance of its operating subsidiaries, in whose development it participates through profit-and-loss transfer agreements and dividend distributions.

For the year 2022, we expect Mercedes-Benz Group AG to post a significantly higher net profit than for the year 2021. In particular, we anticipate significantly improved financial income resulting from higher profit transfers and dividends from major subsidiaries.

In addition, due to the interrelations between Mercedes-Benz Group AG and its subsidiaries, we refer to the statements in the Outlook chapter, which largely reflect our expectations for the parent company as well.

# Non-Financial Declaration

We publish the non-financial declaration in accordance with the provisions of the German Commercial Code (HGB). They apply to the former Daimler AG (Sections 289b–289e HGB) and the former Daimler Group (Sections 315b, 315c HGB) — now known as Mercedes-Benz Group AG and the Mercedes-Benz Group, respectively — for the reporting period 1 January 2021 to 31 December 2021. Daimler Truck AG is only included in this non-financial declaration for the period prior to the spin-off and hive-down, i.e., 1 January to 9 December 2021. Any information about Daimler Truck that is presented below refers solely to the aforementioned time period. The non-financial declaration contains the main information on the aspects of environmental, employee and social matters, combating corruption and bribery, and respect for human rights. The information provided in this declaration is presented in conformity with the GRI Standards of the Global Reporting Initiative, insofar as this complies with applicable law. Some aspects are presented in accordance with internal guidelines and definitions. You can find additional information on our business model in the Business Model chapter, while further details of the risks connected with the aspects covered in this report can be found in the Risk and Opportunity Report.

## Sustainability as value added

At the Mercedes-Benz Group, sustainability means generating sustainable economic, environmental and social value added for our stakeholders, i.e., our customers, employees, investors, business partners and society as a whole. Sustainable development is therefore part of the brand essence of Mercedes-Benz and a guiding principle of our actions and all our interactions with our customers. This holistic strategic approach applies not only to our own products and manufacturing locations but also to our entire upstream and downstream value chain.

## Pursuing sustainable business strategies

The Mercedes-Benz Group acts in line with the sustainable business strategies adopted by the Board of Management in 2019. This means that rather than being supplements to the business strategies, sustainability issues are instead an integral component of them.

Our strategic goals are based on the UN's Sustainable Development Goals (SDGs) — especially SDGs 8 and 9 and 11 to 13 — among other factors. In addition, they take into account recognised international frameworks, the requirements of the external and internal stakeholders, and global trends. From this prioritisation, we have also derived Group-wide areas of action and areas of responsibility, as well as business-specific targets, processes and measures. Additional information: [🌐 sdgs.un.org/goals](https://sdgs.un.org/goals)

We have also formulated strategic ambitions for each of our six areas of action:

- **Climate protection & air quality:** Plans call for our new vehicle fleet to be CO<sub>2</sub>-neutral across the entire life cycle by 2039 and to no longer have any relevant impact on NO<sub>2</sub> levels in urban areas by 2025.
- **Resource conservation:** We want to decouple resource consumption from business volume growth.
- **Sustainable urban mobility:** We contribute to the improvement of the quality of life in cities through our leading mobility and transport solutions.
- **Traffic safety:** We are working to make our vision of accident-free driving a reality as we develop automated driving systems while also taking social and ethical issues into account.

- **Data responsibility:** Our future consists of sustainable, data-based business models. With these business models, we focus on the needs of our customers and the responsible handling of data.
- **Human rights:** We have assumed responsibility for respecting and upholding human rights along our automotive value chain.

We strive to cooperate in trust-based relationships with our partners in industry, government and society at large, in order to make these ambitions a reality. For more information, see the Social Issues chapter.

We also rely on the dedication and commitment of our workforce, who are helping to shape the transformation. We have defined three enablers, or principles, that are crucial for achieving success in the six areas of action: integrity, people and partnerships.

As was the case in the previous financial year, the Mercedes-Benz Group integrates the Non-Financial Declaration into the Combined Management Report of this Annual Report. Each year, we examine whether and how we should refine the integration of financial and non-financial key figures. For the year under review, the Group Sustainability Board has decided to continue to publish more in-depth information about sustainability at the Mercedes-Benz Group in a separate Sustainability Report. It will be available on the Group's website from the end of March 2022. [group.mercedes-benz.com/sustainability](https://group.mercedes-benz.com/sustainability)

### **Materiality analysis**

We conducted a comprehensive materiality analysis in 2020 in order to determine which sustainability issues are particularly relevant for the companies of the Group and its stakeholders. The results of this analysis are still being used in our current reporting at the Mercedes-Benz Group. In the reporting year, due in particular to the restructuring of the Group at the end of 2021, we started to carry out the materiality analysis for the new Mercedes-Benz-Group. This analysis is to be completed in 2022.

The materiality analysis conducted in 2020 addressed the existing strategic areas of action as well as further potentially relevant sustainability issues and trends. The

analysis consists of several components: a comprehensive analysis of competitors, media reporting, regulatory requirements, information relevant to capital markets, as well as the influence of the SDGs and an online stakeholder survey and interviews with experts.

In a subsequent step, the sustainability issues that resulted from this analysis were assessed with regard to financial position, cash flows, profitability and business development, in order to define the topics for this Non-Financial Declaration. For this reason, not all strategic areas of action are shown in this non-financial statement.

### **Managing sustainability**

We are managing our work in the strategic areas of action — alongside other tasks — by means of an internal reporting process that uses detailed scorecards. This process is supported by clear lines of responsibility in the management and organisational structures used at all of our divisions.

The Group Sustainability Board (GSB) is our central management body for all sustainability issues and reports to the Board of Management. The GSB is chaired jointly by Renata Jungo Brüngger (the Board of Management member responsible for Integrity and Legal Affairs) and Markus Schäfer (the Board of Management member responsible for Development & Procurement, who is also Chief Technology Officer). The Chairman of the Board of Management and the Board of Management members responsible for Finance, Marketing & Sales as well as representatives of additional important functions and departments are members of the GSB. The operational work is done by the Sustainability Competence Office (SCO), which consists of representatives from the units managed by the two Co-chairs of the GSB as well as additional representatives from Corporate Strategy, Finance and Corporate Communications. Besides performing its other tasks, the SCO also monitors the progress made in the six areas of action and the three enablers defined in the sustainable business strategy. The results are reported to the GSB and the Board of Management in the form of detailed scorecards at least once a year. We also use the ten principles of the UN Global Compact as a fundamental guide

for our business operations. As a founding member, the Mercedes-Benz Group is strongly committed to the UN Global Compact.

The Mercedes-Benz Group's internal principles and policies are founded on this international frame of reference and other international principles, including the Core Labour Standards of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The company bonus provides short-term and medium-term variable components of remuneration for the Board of Management and Level 1–3 executives, as well as for Level 4 managers in some cases. These components are linked not only to financial targets but also to sustainability-related transformation targets and non-financial targets that focus on customers, integrity and employee commitment and diversity. Further information can be found in the 2021 Remuneration Report.

[group.mercedes-benz.com/company/corporate-governance/declarations-reports](https://group.mercedes-benz.com/company/corporate-governance/declarations-reports)

### **Sustainable investment**

Sustainability criteria (ESG criteria) are becoming increasingly important for asset managers. This trend is also reflected by the increasing number of investors who have committed themselves to the UN Principles for Responsible Investment (PRI), which were presented in 2006.

The sustainable business strategy at the Mercedes-Benz Group requires a major amount of investment. For this reason, one of our goals is that our shares are viewed by the capital market as a sustainable investment.

In 2020, we developed a Group-wide Green Finance Framework in order to position ourselves even more effectively as a sustainable company worthy of investment and to enable us to utilise the opportunities that ESG-based capital offers for corporate development. The Green Finance Framework makes it possible for us to finance targeted investment in sustainable technologies through bonds and loans, for example. To date, we have issued green bonds with a total volume of €2 billion on this basis, in September 2020 and March 2021. The framework is based on the Green Bond Principles

and voluntary process guidelines of the International Capital Market Association (ICMA). In 2020, the Green Finance Framework was presented in a virtual roadshow and attracted a great deal of interest among investors. The framework has also received certification with the highest rating — “Dark Green” — from the respected Centre for International Climate and Environmental Research (CICERO) in 2020. [group.mercedes-benz.com/dokumente/investoren/anleihen/rating/2020-06-18-daimler-green-finance-2nd-opinion-cicero.pdf](https://group.mercedes-benz.com/dokumente/investoren/anleihen/rating/2020-06-18-daimler-green-finance-2nd-opinion-cicero.pdf)

### **EU taxonomy**

One of the important goals of the Commission Action Plan on Financing Sustainable Growth is to divert capital flows to sustainable investments as part of the European Green Deal. This is also the logic behind the EU taxonomy regulation that came into force in mid-2020. This regulation governs the establishment of a standardised and legally binding classification system that defines which economic activities in the EU are considered to be aligned with the taxonomy — and thus environmentally sustainable with regard to the six environmental objectives established by the regulation. Companies are required to apply the taxonomy regulation if they have to draw up a non-financial declaration pursuant to Article 19a or Article 29a of the EU accounting directive, which is implemented in Germany in Section 289b Subsection 1 and Section 315b Subsection 1 of the German Commercial Code (HGB). As a result, the Mercedes-Benz Group is obliged to apply the taxonomy regulation. The proportions of revenue, capital expenditure and operating expenses accounted for by environmentally sustainable economic activities are to be reported on an annual basis. These proportions are determined on the basis of IFRS amounts.

In accordance with an exemption granted by the EU for the regulation's initial application period, only the proportions of revenue, capital expenditure and operating expenses accounted for by taxonomy-eligible and taxonomy non-eligible economic activities have to be reported in the 2021 reporting year. For an economic activity to be taxonomy-eligible, that activity must be mentioned and explained in further detail in the delegated acts. In addition, only the first two environmental objectives (climate-change mitigation and climate adaptation) are relevant for the current reporting period. Descriptions of relevant activities and technical

screening criteria have already been made available via delegated acts. Climate mitigation in particular is to be regarded as the relevant environmental objective for the Mercedes-Benz Group.

From 2022, taxonomy alignment will have to be assessed alongside taxonomy eligibility.

In the future, only taxonomy-eligible activities can be considered as environmentally sustainable activities, or as being taxonomy-aligned, provided they meet certain technical screening criteria. Here, the fulfilment of certain technical screening criteria with regard to the relevant economic activities must make a substantial contribution to an environmental objective defined by the taxonomy regulation and, on the basis of defined “do no significant harm criteria”, also exclude the possibility of significant interference with another environmental objective. In addition, compliance with minimum social standards with regard to occupational safety and human rights must be ensured.

Through its descriptions of economic activities in the delegated acts, the taxonomy regulation specifies which activities are basically taxonomy-eligible. The Group used these descriptions as a basis for determining whether, and to what extent, specific economic activities are taxonomy-eligible. Activities such as manufacture of low carbon vehicles and activities in the “transport” sector involving low carbon transport solutions for people and goods were identified as being taxonomy-eligible. Thereby, outside the technical screening criteria, the taxonomy regulation does not define low carbon. In a draft document that the European Commission published on 2 February 2022 in order to clarify open interpretation questions that have arisen as a result of the EU taxonomy (“Draft 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”, hereinafter “Interpretation Document”), the Commission stated that the term “low carbon” only relates to the assessment of taxonomy alignment within the framework of the technical screening criteria and is not relevant for reporting on taxonomy eligibility in the current reporting period, and is therefore not taken into consideration by Mercedes-Benz Group AG for the depiction of the taxonomy-eligible proportions. With

regard to car manufacturers in particular, question 9 of the document shows as an example that the activity “manufacture of low carbon vehicles” also includes vehicles with combustion engines. At the same time, the document shows that reporting on taxonomy eligibility generally does not yet amount to an assessment of environmental sustainability within the framework of taxonomy alignment. For Mercedes-Benz Group AG, this clarification by the European Commission means that the manufacture of all Group vehicles is reported as taxonomy-eligible in financial year 2021.

For reasons of transparency, we are also already voluntarily reporting this year on the proportions of vehicles with emissions below 50g CO<sub>2</sub>/km per vehicle (in accordance with the WLTP) as defined in the technical screening criteria. All battery-electric vehicles and all plug-in hybrid vehicles that emit less than 50g CO<sub>2</sub>/km are accordingly considered to be low carbon vehicles. By disclosing the proportions of these low carbon vehicles, we are already adopting an important measure for taxonomy alignment reporting that will not become mandatory until 2023. Additional measures for achieving taxonomy alignment will include the reviews of compliance with the “do no significant harm criteria” and minimum social standards.

## Mandatory reporting on taxonomy eligibility

### B.32

#### Overview of the proportions of taxonomy-eligible economic activities

	Absolute total (denominator) in millions of euros	Proportion of taxonomy-eligible economic activities in % <sup>1</sup>	Proportion of non-taxonomy- eligible economic activities in % <sup>1</sup>
Revenue	133,893	99%	1%
Capital expenditure	27,946	100%	0%
Operating expenses <sup>1</sup>	6,576	100%	0%

<sup>1</sup> The key figures were audited in the form of a limited assurance.

The individual figures for revenue, capital expenditure and operating expenses are precisely allocated to a specific economic activity and environmental objective. This prevents double counting.

#### Scope of companies to be included

Generally, we include all consolidated Group companies in the calculations for Group key figures. However, companies that are included in the consolidated financial statements using the equity method are excluded here.

#### Revenue

For the share of taxonomy-eligible revenue, the taxonomy-eligible revenue is considered in relation to the total revenue of the Group.

In this process, the denominator takes into account all the revenue generated at the Group companies that are to be included in the calculations, with the exception of companies that have been separately disclosed as discontinued operations in the statement of income. This revenue, as disclosed in the consolidated statement of income, amounted to €133,893 million in the 2021 reporting year (Note 5 of the Notes to the Consolidated Financial Statements).

The numerator was calculated by examining this revenue to determine how much of it was generated in connection with manufacturing or the leasing/financing of vehicles. This applies to almost all of the revenue generated by the Mercedes-Benz Group.

#### Capital expenditure

For the share of taxonomy-eligible capital expenditure, the taxonomy-eligible capital expenditure is considered in relation to the total relevant capital expenditure of the Group.

According to the taxonomy regulation, the denominator of the key figure for capital expenditure is calculated by taking into account all additions to intangible assets, equipment on operating leases and property, plant and equipment, as well as additions to rights-of-use assets as defined in International Financial Reporting Standard (IFRS) 16 including the additions to the named assets within the framework of corporate acquisitions. Goodwill acquired is not taken into account here. If a divestment is planned, capital expenditure on non-current assets is only taken into account until the point in time at which they were first classified as available for sale or disbursement in accordance with IFRS 5. The relevant additions to the assets to be taken into account amounted to €27,946 million in the 2021 reporting year (notes 11, 12 and 13 in the Notes to the Consolidated Financial Statements).

According to the aforementioned interpretation document by the European Commission, the definition of an economic activity is characterized by the achievement of an output. In line with our business model, the numerator was therefore determined by examining whether capital expenditure is needed for the manufacture of vehicles or in connection with transport solutions for people and goods. This applies to nearly all of our capital expenditure.

#### Operating expenses

For the share of taxonomy-eligible operating expenses, taxonomy-eligible operating expenses are put in relation to the relevant operating expenses of the Group.

The operating expenses to be taken into account in the denominator include non-capitalised research and development expenditure and expenses from short-term leasing agreements. In addition, expenditure from building renovation measures and certain maintenance and repair expenses relating to property, plant and equipment in accordance with the delegated act specifying Article 8 of the taxonomy regulation are included. These components of the relevant operating

expenditure were collated exclusively from our manufacture companies on the basis of materiality considerations. The operating expenses at the Group companies that are to be taken into account are included, with the exception of companies that have been separately disclosed as discontinued operations in the statement of income.

According to the approach taken for capital expenditure, the relevant operating expenses were also examined here for the determination of the numerator on the basis of the materiality considerations mentioned above to determine whether they are related to the manufacture of vehicles. This applies to nearly all of our operating expenses.

### **Voluntary reporting on the proportions of low carbon vehicles (below the limit value of 50g CO<sub>2</sub>/km)**

#### **B.33**

	Proportion of economic activities relating to low carbon vehicles <sup>1</sup>	Proportion of economic activities relating to non low carbon vehicles <sup>1</sup>
Revenue	7%	93%
Capital expenditure	21%	79%
Operating expenses	24%	76%

<sup>1</sup> The key figures were audited in order to obtain limited assurance.

#### **Revenue**

In order to additionally calculate the proportion of economic activities relating to low carbon vehicles, revenue was examined to determine the extent to which it was generated with low carbon vehicles. For the major proportion of the revenue, in particular from the new and used-vehicle business and leasing and sales financing activities, a direct attribution was made of the amount of revenue accounted for by low carbon vehicles. With regard to other revenue components, especially revenue from the spare-parts business and service and maintenance contracts, or attribution of discounts granted for large procurement volumes, it is not possible to directly and clearly match revenue to low carbon vehicles. In these cases, suitable allocations were therefore used for the various revenue components. These classifications are based on current or historical vehicle sales data or production volume data for the fleet that is currently on the market.

By the end of this decade, Mercedes-Benz intends to be all-electric wherever market conditions allow. With the step from “Electric first” to “Electric only” we are accelerating the transformation and laying the foundation for the achievement of our climate-protection goals. Further information can be found in the Environmental Issues section. In line with this strategy and the associated planned sales figures for low-emission vehicles, we expect the share of the revenue generated by low carbon vehicles to rise considerably in the years ahead.

#### **Capital expenditure**

In order to additionally calculate the proportion of economic activities relating to low carbon vehicles, capital expenditure was examined to determine the extent to which it is associated with low carbon vehicles. For most of the capital expenditure relating to the industrial business, a direct attribution was made to all-electric or low carbon hybrid-vehicle projects. In the case of capital expenditure in assets that are used to produce both vehicles with combustion engines and low carbon vehicles, suitable allocations based on planned vehicle sales figures for the respective model series or vehicle platforms were used. Our capital expenditure on low carbon vehicles features a start of production within the deadline specified by the EU taxonomy regulation and is embedded in the investment planning approved by the Board of Management and the Supervisory Board. Capital expenditure that is not directly related to the manufacturing process was allocated on the basis of the planned sales figures for low carbon vehicles. With regard to financial services, it is possible to match the additions to the leased products directly to low carbon vehicles.

The share of capital expenditure for low carbon vehicles is mainly impacted by the additions to the equipment on operating leases. As a result, this share only partially reflects our capital expenditure in sustainable products for the future. A separate additional review of capital expenditure in capitalised research and development expenditure on low carbon vehicles, and capital expenditure in other intangible assets and property, plant and equipment of the Mercedes-Benz Group in connection with low carbon vehicles, shows much higher shares of capital expenditure in low carbon vehicles (Table [B.34](#)).



On the basis of our “Electric only” strategy, we intend to significantly increase these investments in the coming years.

### Operating expenses

In order to additionally calculate the proportion of economic activities relating to low carbon vehicles, operating expenses were examined to determine the extent to which they are associated with low carbon vehicles. The non-capitalised research and development expenditure can mostly be directly incorporated into the calculation of the numerator on the basis of its allocation to all-electric or low carbon hybrid vehicle projects. Appropriate allocations based on anticipated future sales figures of the low carbon share of the model series or the vehicle platform were used for research and development expenditure that cannot be directly allocated (model series or vehicle platforms that include plug-in hybrids as well as purely combustion engine vehicles). Table [B.34](#) shows the component of our expenditure on non-capitalised research and development expenditure for low carbon vehicles. Other components of the relevant operating expenditure were recorded exclusively at our manufacture companies on the basis of the materiality analyses. Here as well, it was not possible to achieve a direct match to low carbon vehicles. The inclusion in the numerator is based on suitable allocations of current production volumes.

### B.34

#### Voluntary additional figures on the proportion of economic activities at the Mercedes-Benz Group relating to low-carbon vehicles<sup>1</sup>

	Capital expenditure (CapEx)	Operating expenses (OpEx)
Capitalised research and development expenditure	> 40%	
Non-capitalised research and development expenditure		> 25%
Investments in property, plant and equipment as well as on other intangible assets	> 35%	

<sup>1</sup> The key figures were audited in order to obtain limited assurance.

### Tax obligation

The Mercedes-Benz Group views itself as a responsible company that endeavours to meet all global tax obligations while also wanting to fulfil our social and ethical responsibilities.

The corporate tax strategy operates according to the following principles in particular:

- By our actions, we aim to ensure that Group companies meet all of their tax obligations and integrity standards through the use of measures such as efficient, high-quality and reliable expertise, processes, systems, methods and controls.
- We live an active risk management system for the Group and its relevant employees through the application of an appropriate Tax Compliance Management System (Tax CMS).
- In line with the principle of being a “good corporate tax citizen”, we follow legal, proactive and non-aggressive tax planning activities on the basis of economic considerations (“tax follows business”). We also strive to work cooperatively, transparently and constructively with the tax authorities. In this process, we maintain our legal standpoints and defend our interests wherever we believe such actions are appropriate and legitimate.

The corporate tax strategy defines the limits of our actions here, and this strategy is further specified and implemented by means of organisational and content-related policies, guidelines and instructions.

The tax policies define the responsibilities, tasks and obligations of those individuals at the Group who deal with tax issues, and also contain specific provisions for ensuring that legal requirements are met, thus raising the awareness of tax issues among employees throughout the Group. Our company's Code of Conduct stipulates that all intentional violations of internal and/or external tax guidelines must be reported and investigated. The same applies to any failure to make corrections to procedures performed in an erroneous manner, as outlined in our internally valid Treatment of Violations Policy.

The Mercedes-Benz Group has established a Tax Compliance Management System (Tax CMS) in order to ensure effective tax compliance throughout the organisation. The Tax CMS is a separate sub-unit of our general Compliance Management System.

The Tax CMS also operates an active tax-risk management system with the task of monitoring and checking whether tax obligations are being fulfilled and of supporting their fulfilment. The goal of this consistent Group-wide risk management system is to identify and reduce tax risks at the Group, and thus the associated personal risks that may be faced by the employees active in this area. The system includes numerous measures — for example, continuous monitoring of tax risks and the incorporation of tax risk issues into the internal control system and the Group-wide risk management process in line with our risk management policies.

We did not become aware of any material violations of tax laws during the reporting year.

### **Risk and opportunity management**

Risk and opportunity management is a firm component of the Group-wide planning, controlling and reporting process. It is designed to support the sustained achievement of the corporate targets and to ensure risk awareness at the Group. Sustainability aspects are integrated into the Group-wide risk management process at the Mercedes-Benz Group. They are understood as conditions, events or developments involving environmental, social or governance factors (ESG), the occurrence of which may have an actual or potential impact on the Mercedes-Benz Group's profitability, cash flows and financial position, as well as on its reputation.

ESG-related risks and opportunities associated with the Mercedes-Benz Group's own business activities, business relationships and products and services, and which are very likely to have a serious negative impact on non-financial aspects in accordance with the CSR Directive Implementation Act (CSR-RUG), are not currently apparent.

### **Sustainability in the supply chain**

The goal of the Mercedes-Benz Group is to combine achieving business success with acting responsibly toward the environment, people and society — and doing so along the entire value chain. That is because we procure most of our raw materials indirectly, and components and services directly, from all over the world. It is therefore clear that our responsibility does not end at the gates of our plants. Beginning in 2039, we want Mercedes-Benz AG to procure only production materials that have been manufactured in a CO<sub>2</sub>-neutral fashion.

### **What we require from our suppliers**

The Mercedes-Benz Group is committed to the responsible procurement of production materials, non-production materials and services.

Our Supplier Sustainability Standards serve as the guideline for our sustainable supply chain management system. The Supplier Sustainability Standards define our requirements for working conditions, respecting and upholding internationally recognised human rights, environmental protection, safety, business ethics and

compliance, and are referenced in supplier agreements. See the Social Compliance chapter for further information.

We require that our direct suppliers recognise these sustainability standards, communicate them to their employees and to their upstream value chain suppliers, and ensure their commitment. We also expect them to check whether minimum standards are complied with.

In addition to our Supplier Sustainability Standards, our sustainability requirements are also enshrined in our contracts. For example, we now utilise special procurement terms and conditions — the Mercedes-Benz Group Special Terms — that require our suppliers to establish processes that ensure the fulfilment of human-rights due-diligence obligations in accordance with the provisions of the UN Guiding Principles on Business and Human Rights and the relevant OECD guidelines and principles. We also reserve the right to examine and audit these processes. In addition, every supplier is required to inform us of any human-rights risks and countermeasures it has identified. Suppliers must also disclose to us upon request any risk hotspots that exist along their supply chain.

### **Measures in the supply chain**

We use a variety of measures and concepts to ensure the fulfilment of our due diligence obligations in the supply chain. These include supplier screenings, audits, risk-based due diligence analyses and qualification modules for production material suppliers. These tools are intended to increase the transparency of the supply chain and ensure that the internationally recognised human rights are upheld and other social standards and environmental requirements are met. Our procurement units play a key role here. See the Social Compliance chapter for further information.

**Training suppliers and raising their awareness.** Since 2018, we have been cooperating with the “Drive Sustainability” initiative on the implementation of measures to make production material suppliers in various focus countries more aware of the importance of sustainability, and we also provide such suppliers with helpful information on this issue. We selected the countries jointly with the initiative. During the reporting year,

supplier training courses that had been scheduled to take place in India and Argentina were held as web-based events due to the covid-19 pandemic.

**Transparency in supply chains.** Mercedes-Benz Group is also cooperating with organisations such as CDP (former Carbon disclosure project) so that it can depict the environmental impact of its supply chains even more transparently. In 2021 we conducted the CDP Supply Chain Programme for the third time. As part of this programme, we ask our suppliers to report to us on their environmental impact and climate protection efforts.

Mercedes-Benz AG’s supplier network is gradually adopting the Group’s climate-protection goals as formulated in Ambition 2039. By signing the “Ambition Letter”, our suppliers assure us that they will supply the Group only with CO<sub>2</sub>-neutral products by 2039 at the latest.

### **Reports of violations and suspected violations**

We consequentially follow up on reports of violations and suspected violations in the supply chain that are received via the BPO or other reporting channels. If we become aware of a suspected violation, we first bring together all the available information and ask the suppliers to respond to the allegations. We then assess the facts of each case and take necessary corrective measures. This may mean that we work with the supplier in question to solve the problem. However, it may also mean that we terminate the business relationship with that supplier. Further information about our Compliance Programme can be found in the Integrity and Compliance chapter.

### **Environmental issues**

About one fifth of all greenhouse gas emissions in Europe are produced as a result of the transport of people and goods on streets and roads. The Mercedes-Benz Group is taking deliberate measures to counteract this trend and has made climate protection a core element of its business strategy. Our goal is to make our entire new vehicle fleet CO<sub>2</sub>-neutral across all stages of the value chain by 2039. In order to achieve this goal, we are transforming the products and services that are at the heart of our business operations. We are promoting climate protection with equal ambition in all upstream

and downstream phases of the automotive life cycle — from the supply chain and our own manufacturing operations to the use and disposal of the vehicles.

The EU has stipulated a 15% reduction in the CO<sub>2</sub> emissions of new heavy-duty commercial vehicles (>16 t) by 2025 and a 30% reduction by 2030 (as compared to 2019/2020). To this end, the European Commission worked with manufacturers, scientists and other experts to develop a standardised simulation programme known as VECTO (Vehicle Energy Consumption Calculation Tool) for all of Europe. VECTO also includes related procedures for testing and measuring CO<sub>2</sub> emissions and fuel consumption. Data are collected from all over Europe and made transparent. Daimler Truck has defined a technology roadmap with the aim of meeting the EU's requirements.

As part of the effort to decarbonise transport, Daimler Trucks & Buses relies on two complementary technologies for supplying energy to all-electric drive systems: batteries and fuel cells.

### B.35

Targets: The Mercedes-Benz Group	Target horizon
Mercedes-Benz offers battery-electric vehicles (BEVs) in all business areas in which the brand is represented.	2022
We are increasing the proportion of plug-in hybrids and all-electric vehicles to as high as 50%.	2025
All new vehicle architectures are exclusively electric.	2025
Customers are offered the choice of at least one all-electric vehicle in every segment.	2025
The CO <sub>2</sub> emissions of the Mercedes-Benz fleet of new vehicles has been reduced by more than 40% <sup>1</sup>	2030
Mercedes-Benz is all-electric — wherever market conditions allow.	By the end of this decade
A fleet of new cars and vans that are CO <sub>2</sub> -neutral along all stages of the value chain	2039

<sup>1</sup> Compared to 2018, regarding the use phase (well-to-wheel); corresponding to the target of the Science Based Targets Initiative.

For the Mercedes-Benz Group, the Paris Agreement on climate change represents more than just an obligation; our commitment to these targets stems from our fundamental convictions and we believe it is our mission to contribute to CO<sub>2</sub>-neutral mobility around the world.

In order to achieve its long-term climate-protection goal of becoming CO<sub>2</sub>-neutral by 2039, the Mercedes-Benz Group is planning the complete electrification of its product range. By the end of this decade, Mercedes-Benz wants to be all-electric wherever market conditions allow. Mercedes-Benz is accelerating the transformation to an emission-free, software-driven future with this strategic step from “Electric first” to “Electric only”. We underscored this fact during the UN Climate Change Conference in Glasgow in November 2021, when we signed the COP26 Declaration on accelerating the transition to 100% zero-emission cars and vans. In the declaration, the Mercedes-Benz Group was the only German automaker to confirm that it is working to offer only emission-free cars and vans in leading markets as of 2035.

### Responsibilities

Corporate management is responsible for setting strategic goals, including targets for reducing our CO<sub>2</sub> emissions, and for monitoring the progress made in achieving these goals. The Product Steering Board (PSB) is responsible for monitoring the development of the CO<sub>2</sub> emissions of the car fleet in markets in which such emissions are regulated. It is also responsible for providing forecasts. The CO<sub>2</sub> Project and Steering Committee (CO<sub>2</sub> PSC) does the same for the van fleet. In its evaluations, these bodies take into account a variety of factors, including the increasing degree of vehicle electrification and the changes that have been made to legal requirements, for example those related to the introduction of the new WLTP certification procedure. The PSB is assigned to the Committee for Model Policy and Product Planning, while the CO<sub>2</sub> PSC is assigned to the Van Executive Committee. They report directly to the Board of Management of Mercedes-Benz Group AG. The Board of Management then decides which measures need to be implemented. On the market side of the equation, price and volume control measures can also affect our ability to achieve our CO<sub>2</sub> targets over the short term. For this reason, such measures are also discussed with the Board of Management within the framework of regular reporting on the current state of CO<sub>2</sub> fleet compliance.

### **All-electric product range**

We want to accelerate the pace at which we are expanding our range of electric vehicles. Our commitment to research and development work is correspondingly strong. Altogether, we want to invest more than €60 billion between 2022 and 2026 for the transformation towards an emission-free and software-driven future. The expenditure of €9.1 billion on research and development includes, among other things, R&D expenditure for alternative drive systems such as battery-electric and plug-in hybrid drive, digitalisation and automated driving.

Since 2018, Mercedes-Benz has been offering battery electric vehicles under the Mercedes-EQ brand. It is continuously expanding this brand's portfolio through the addition of more models. For example, in August 2021, our car segment launched the EQS, the first all-electric luxury saloon on the market. The EQA offers all-electric driving for the compact class. The new EQB is a seven-seater that offers space for many types of families and meets a wide variety of transport needs. Plug-in hybrids are an important transitional technology on the road to CO<sub>2</sub>-neutral all-electric mobility. Mercedes-Benz offers an efficient drive-system package for this purpose: at the end of 2021, customers could choose between more than 20 model variants. Mercedes-Benz also offers a wide variety of transport solutions that do not produce local emissions for the commercial vans sector. Mercedes-Benz Trucks celebrated the world premiere of the eActros in June 2021; series production began in the autumn of 2021 at the plant in Wörth am Rhein.

### **Development of CO<sub>2</sub> emissions**

#### **Europe**

The Mercedes-Benz Group has defined the CO<sub>2</sub> emissions of its total new passenger car fleet in Europe as a significant non-financial performance indicator. For more information on how we expect the CO<sub>2</sub> emissions of our car fleet in Europe to develop, see the Outlook chapter.

In the reporting year, the average CO<sub>2</sub> emissions of our total passenger car fleet in Europe (European Union, Norway and Iceland) as measured on the basis of legal regulations decreased to an estimated 115g/km (WLTP,

including vans that are registered as cars). This means that we achieved the CO<sub>2</sub> targets in Europe (European Union, Norway and Iceland) in 2021. Since 2021, in line with the regulatory requirements, this value has been based on the WLTP certification process and is thus not comparable with the prior year's value.

#### **United States**

In the United States, fleet values are regulated by two separate standards for limiting greenhouse gases and fuel consumption in vehicle fleets: the Greenhouse Gas Standard (GHG) and the Corporate Average Fuel Economy (CAFE) standard. For the 2021 model year, the GHG fleet figure is 251g CO<sub>2</sub>/mi for the car fleet and 296g CO<sub>2</sub>/mi for the fleet of vans and SUVs registered as light trucks (on the basis of the most recent forecast). We were therefore not able to achieve our average fleet targets of 194g CO<sub>2</sub>/mi for the car fleet and 259g CO<sub>2</sub>/mi for the fleet of vans and SUVs registered as light trucks. However, the remaining difference was offset through the purchase of external credits.

#### **China**

In China, domestic and imported cars are reported separately and according to fleet consumption values, unlike in Europe and the United States. This means the figures for the imported fleet are the relevant figures for our wholly owned subsidiary Mercedes-Benz China (MBCL). The target was 7.16 l/100 km; the figure that was actually achieved was 8.24 l/100 km (preliminary fleet consumption value — the final fleet consumption value might be better if off-cycle technologies are included). Since 2021, in line with the regulatory requirements, this value has been based on the WLTP certification process and is thus not comparable with the prior year's value. We will purchase external credits at short notice in order to close consumption gaps in the fleet's target achievement. The aim of the portfolio expansion for all-electric vehicles and plug-in hybrids is to achieve the emission targets in China in the medium term, together with the joint-venture partner Beijing Benz Automotive Co., Ltd. (BBAC).

### **More environmentally friendly production**

Not only the use of resources in vehicles but also the consumption of resources in production plays an important role in the environmental compatibility of vehicles. For this reason, the Mercedes-Benz Group is working

continuously to make production more efficient and more environmentally friendly. One important lever for reaching this goal is our measures to increase our energy efficiency. By becoming more energy-efficient, we are decreasing our energy consumption and conserving resources, while reducing the CO<sub>2</sub> emissions of our production processes. We also want to reduce our water consumption, for example, by means of closed water cycles. Conserving resources also means reducing waste volumes. Accordingly, we are intensifying our efforts to use lower volumes of raw materials and other materials at our plants. We are also involving external partners to help us successfully implement our efficiency-enhancement measures.

In order to ensure efficient, high-quality, legally compliant and environmentally friendly manufacturing operations, we have established environmental management systems in accordance with EMAS or ISO 14001 at our production sites. Since 2012, we have also introduced energy management systems certified in accordance with the DIN EN ISO 50001 standard at our German production sites. These energy management systems are certified at regular intervals. We are currently also implementing ISO 50001 systems at a number of individual sites outside Germany. In accordance with the standard, we have embedded environmental and energy management within our organisation.

The effectiveness of the management systems is monitored by external auditors as part of the certification process (ISO 14001, EMAS, ISO 50001), as well in the environmental sector by internal environmental risk assessments (environmental due diligence process). We also have a standardised process in place for inspecting and assessing the Group's consolidated production sites every five years. The results of this process are reported to the respective plant and company management so that any necessary optimisations can be carried out. Travel restrictions and lockdown regulations due to the covid-19 pandemic prevented the site inspections from taking place as planned in 2020 and 2021. The inspections that had to be cancelled will now be carried out over the next few years so that the Mercedes-Benz Group can retain the five-year cycle. We are continuing the internal reporting process and our controlling of the improvement measures as before.

## B.36

Targets	Target horizon
<b>Partnership with the employees</b>	
Ensure permanently constructive cooperation between company and employee representative bodies.	Ongoing
Ensure remuneration structures in line with market rates through compliance with our global Corporate Compensation Policy.	Ongoing
Further develop our Leadership Principles and Culture in order to boost agility, increase the pace of innovation and safeguard the stability of business operations.	Ongoing
Support and enhance flexible and modern working-time arrangements in order to utilise the advantages of new forms of work. The focus this year is on hybrid work.	Ongoing
<b>Training and professional development</b>	
Ensure the high quality of our training programmes.	Ongoing
Empower employees to work successfully within the digital transformation.	Ongoing
<b>Diversity and equal opportunity</b>	
Increase the proportion of women in senior management positions <sup>1</sup> (increase of one percentage point each year).	2021
Equal opportunity for all employees in our company.	Ongoing
<b>Health and occupational safety</b>	
Curb the spread of covid-19 and keep business operations running.	2021
Ensure employees can work in a safe and healthy environment.	Ongoing
1 Management Level 3 and higher — Mercedes-Benz Group worldwide (headcounts, fully consolidated companies)	

## Employee issues

The automotive industry is undergoing a fundamental transformation that, among other things, encompasses the areas of electrification, digitalisation, automated driving, connected urban mobility and sustainability. This is not only changing the products of the Mercedes-Benz Group, it is thoroughly changing the value-creation and working processes as well as job profiles.

We know that our employees are a key element of the Group's success. A total of 172,425 employees throughout the world (as of 31 December 2021; headcounts, workforce excluding temporary workers during holidays, interns, integrated master's degree students, trainees, senior experts and working students) contribute to the

Group's development with their skills, ideas and motivation. That is why we want to treat our employees as partners.

In order to remain competitive over the long term, the Group enables its employees to develop both professionally and personally. To this end, we are steadily enhancing our qualification offers, creating new job profiles and sharpening the requirements profiles. We are also fulfilling our duty of care for our employees, because we want to provide them with a healthy and safe working environment.

We seek to promote a diverse and inclusive corporate and management culture throughout the Group. Particularly in challenging times, respectful and trust-based cooperation between the workforce and the management is extremely important. In this way, our employees can get involved and thus contribute to the successful transformation of our company.

### **Partnership with the employees**

We want to structure our decision-making processes in a manner that ensures transparency for our employees, and to enable them to participate in decision-making processes. In doing so, we respect our interests and get each other actively involved in the Group's affairs. Our policies and company agreements establish rules for how we take on responsibility in our employee relationships.

### **Entrenching work and social standards**

In 2002, Mercedes-Benz Group AG (then operating under the name DaimlerChrysler AG) issued its own Group-wide Principles of Social Responsibility, which are based on the International Labour Organization's (ILO) work and social standards. These principles were completely reworked and comprehensively extended in 2021 and republished as the Principles of Social Responsibility and Human Rights.

As early as 2006, the then Daimler AG set up the Business Practices Office (BPO) whistleblower system in order to fairly and appropriately investigate violations of legal and in-house regulations that pose a high risk for the Group and its employees. The BPO is still active and has been enhanced further since its inception. These regulations also include the aforementioned Principles.

Notifications about suspicious cases are sent to the BPO, which examines them and conducts an investigation if there is a high-risk case. High-risk rule violations include, for example, offences relating to corruption, breaches of antitrust law and violations of anti-money laundering regulations, as well as violations of binding technical provisions and environmental protection laws and severe cases of discrimination and racism.

Furthermore, the Mercedes-Benz Group also recognises its social responsibilities and the ten principles on which the UN Global Compact (UNGC) is based. As a participant in the UNGC, we commit ourselves, among other things, to respecting key employee rights ranging from the provision of equal opportunities to the right to receive equal pay for equal work.

### **Dialogue with employee representatives**

Corporate management and the employee representative body maintain an ongoing dialogue. The rights of our employees are defined, among other things, in a number of plant and company-wide agreements. These agreements address topics such as mobile working, family leave and home health care.

For example, we signed an agreement that gives the employees at Mercedes-Benz Group AG (then operating under the name Daimler AG), Mercedes-Benz AG, Daimler Truck AG, and Daimler Brand & IP Management GmbH & Co. KG a job-security guarantee for the period until 2029. The spin-off and hive-down of the Daimler commercial vehicle business does not affect the validity of the job-security guarantee until 2029. In addition to this agreement, corporate management and the employee representative body concluded a company-wide agreement in July 2020 that would make it possible to reduce labour costs in the period until the end of December 2021. This agreement was concluded in response to the various challenges associated with both the transformation of the automotive industry and the covid-19 pandemic. The company-wide agreement applies, among other things, to all employees at Mercedes-Benz Group AG, Mercedes-Benz AG, Daimler Truck AG, Daimler Brand & IP Management GmbH & Co. KG and Daimler Gastronomie GmbH in Germany.

In addition, the former Daimler AG, as well as Mercedes-Benz AG, Daimler Truck AG and Daimler Brand & IP Management GmbH & Co. KG, decided to enable all employees subject to collective bargaining agreements to participate in the success of 2020 and signed a corresponding agreement with the General Works Council. This profit-sharing bonus was paid to the workforce in April 2021 as recognition for its extraordinary performance.

### **Cooperation with trade unions**

We acknowledge our employees' right to form employee representative bodies and conduct collective bargaining in order to regulate working conditions. We also recognise their right to strike in accordance with the applicable laws. We work together intensively with the employee representative bodies and the trade unions so that they can exercise this right. Important partners here include the local works councils, the European Works Council and the World Employee Committee (WEC). Collective bargaining agreements exist for the majority of our employees throughout the Group. Such agreements apply to all employees subject to collective bargaining agreements at Mercedes-Benz Group AG and Mercedes-Benz AG and at other units at the Group.

### **Remuneration systems**

The Group remunerates work in accordance with the same principles at all companies of the Group around the world. 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. Among other things, it stipulates that the amount of the remuneration is determined on the basis of the requirements of the job profile in question (taking into account, for example, the person's knowledge, expertise, responsibilities and decision-making authority) and, where appropriate, performance. However, it does not take account of gender, origin or other personal characteristics. The internal auditing department conducts random annual internal audits to determine if selected aspects of the guideline are being complied with. In doing so, we also take into consideration local market conditions, because we want to offer our employees salaries and benefits that are customary in the industry and the respective markets.

The variable remuneration of management (Company Bonus) of Levels 1–3 and Level 4 executives is based not only on financial targets but also on transformation goals and non-financial targets. The transformation component of the 2021 Company Bonus included CO<sub>2</sub> targets, for example. Additional remuneration-related non-financial targets pertained, among other things, to integrity and diversity.

### **Further development of the management culture**

The company believes that the interplay of strategy and corporate culture offers a key competitive advantage. We therefore work constantly to improve our management culture and the way we cooperate.

The Leadership 2020 initiative that we launched back in 2016 laid the basis for the Group's future success. Working groups with a diverse composition of employees and managers agreed with the Board of Management on what we understand by good leadership (Leadership Principles) and which structural changes and tools we need in order to transform the way we work (Game Changers). Since 2020, we have been using the initiative as a basis for Leadership 20X. In doing so, we are focusing on the empowerment and the mutual networking of employees and managers during the transformation process. In this way, we are promoting a close interplay between strategy and corporate culture. The units use the shared basis of our Leadership Principles to focus on their own specific areas and develop measures to be taken.

We intend to continue this work over the long term, even though the Leadership 20X initiative was concluded in 2021. The Leadership Principles have also been incorporated as general principles of cooperation — "People Principles" — into our processes for rules and culture and are now being used as a basis for our Human Resources Strategy. To this end, we have established eight Leadership Principles as a shared guideline for the actions of all of the Group's employees: Pioneering Spirit, Agility, Purpose, Empowerment, Customer Orientation, Co-Creation, Learning and Driven to Win. These principles serve as the basis for our cooperation and help to make the company even faster, more effective and more flexible, and boost its innovative potential.



The Mercedes-Benz Group is undergoing a transformation that applies to products as well as to the organisation and the employees. To ensure that this transformation is successful in the long run, we need a cultural change as well as a technical one and a strategic one. The leadership requirements have changed in particular. That's why our Leadership Principles are key elements in our HR processes. We take them into account in order to enable managers to perform their important roles in the company's cultural and strategic transformation. Our Leadership Principles also serve as the basis for our global network, whose members act as role models tasked with promoting the changes in their respective areas and putting them into practice. This network consists of experts and volunteers, some of whom were previously active in the Leadership 2020 initiative, and who are now helping their colleagues and managers tackle the current change processes. To do this, they are developing specific formats and initiatives for the various parts of the company in order to support the Group's realignment and jointly promote its cultural and strategic transformation.

The new hybrid world of work poses different challenges for our leadership culture. We offer our managers in-class and virtual training courses about the opportunities and framework conditions of leadership in order to ensure the type of leadership that is in tune with the times.

## Results

The Group-wide employee survey is a key indicator of where we currently stand from the point of view of our employees and what we need to do to improve the Group in the future. We generally conduct the survey at least every two years. However, the covid-19 pandemic caused the 2020 employee survey to be pushed back to 2021, when it was carried out.

The covid-19 pandemic and the transformation of the economy created challenging tasks for many companies also in 2021. It has therefore become apparent how important a constructive partnership is between the workforce and the management, as well as between the Company and the employee representative body, because this is the only way that viable solutions can be found. For example, the Company and the employee representative body once again succeeded in reaching

long-term agreements during the reporting year and anchoring them in company agreements. Among other things, we agreed on a qualification offensive and on joint efforts to overcome the difficult economic situation associated with the pandemic.

As a participant in the UN Global Compact, the Group has committed itself to the compact's ten principles. As a result, we commit ourselves, among other things, to the right to equal pay for equal work. The framework for this is provided by our Corporate Compensation Policy. We did not become aware of any material violations of the Corporate Compensation Policy during the reporting year.

In 2021, the expenses for employees in the Group worldwide (including the expenses for Trucks & Buses until 9 December 2021) amounted to:

- €18.528 billion on wages and salaries
- €3.357 billion on social welfare services, and
- €1.003 billion on retirement benefits for a workforce numbering 250,768 on average (including temporary workers during holidays).

During the reporting period, an external party honoured us for our commitment to leadership measures. Specifically, the international EFMD Excellence in Practice Award 2021 was presented to us in Gold for our comprehensive manager qualification programme, Leading Transformation. This award is presented by the European Foundation for Management Development (EFMD) and recognises outstanding achievements in the domains of Leadership, Professional, Talent and Organisational Development. Moreover, the team that bears central responsibility for manager development at the Group came in second for the St. Gallen Leadership Award 2021 for its Leading Transformation initiative.

The sustained impact of the Leading Transformation initiative, which was launched in 2020, was also apparent during the reporting year. The specialist units continue to request the colleagues from the moderator and support network for their events. The content and formats are used for unit-specific events.

### **Training and professional development**

Due to electric mobility and digitalisation, we are currently experiencing the greatest ever structural change in the history of the automotive industry. This is associated with the far-reaching transformation of the Group. Job descriptions, tasks and requirements profiles are also changing as a result, which is transforming the qualifications required for many positions, affecting employees as well as managers. The knowledge and skills of our employees are the foundation of our Company's worldwide success. That is why we want to invest extensively in their training and professional development and optimise our HR development programmes. We are also further developing the range of professions in which we offer training in Germany, and are enhancing the spectrum of dual work-study programmes at German universities.

How will our workforce develop over the next ten years — and which key qualifications and skills will we need in the future in order to successfully complete the transformation? These are important questions that we are addressing with the help of the Strategic Resource Management system at Mercedes-Benz AG.

For example, Mercedes-Benz Group AG, Mercedes-Benz AG and Daimler Brand & IP Management GmbH & Co. KG in Germany control training and qualification processes through an overarching set of rules and regulations. From the Board of Management to our training and qualification units and the trainers at the plant level, we pursue the goal of safeguarding our competitiveness throughout the Group.

### **The digital transformation and professional requirements**

The digital transformation at the Group is changing many requirements profiles and making it necessary for staff in many positions to gain new expertise. Here, we are relying on a wide range of needs-based qualification measures for our employees, as well as the targeted recruitment of young talent with digital expertise.

During the covid-19 pandemic, we have comprehensively digitalised our multidisciplinary qualification programmes in Germany, as well as the specialised measures offered around the world by administrative departments such as Human Resources, IT, Finance and Controlling, Procurement. We have defined new ways of working, digitalisation, transformation and innovation as the strategic focal points for the multidisciplinary programmes in Germany.

We are also developing a management culture and organisation that are geared towards the digital transformation, and we are supporting the digital transformation by offering suitable qualification measures for the entire workforce.

### **Trainees and students**

Our Training System has standardised training content for all sites and units in Germany. A responsible body regularly checks to see that the content is user friendly and up to date and that duplication does not occur. Our goal here is to ensure the high quality and efficiency of our training programmes.

The Group also offers dual work-study programmes for internationally recognised bachelor courses of study at various Group sites throughout Germany. The lectures are supplemented by practical assignments in Germany and abroad. Because of covid-19, there were no assignments outside Germany in 2021.

Our training programmes are fundamentally needs-based and we continuously review our portfolio of training professions and courses of study in Germany.

## Results

The company seeks to ensure that its training programmes are up to date and thus of high quality. This is why we have redefined our portfolio of training professions for the Dual University in Germany for the period until 2025 and correspondingly adjusted the courses of study as well as the number of people recruited. For example, we have analysed our training programmes for IT professions and expanded them to include digital professions for IT in the commercial area, and we have also introduced a course of study that focuses on the interface between IT and electrical engineering (embedded systems). This also involves the design and launch of new internal qualification components for our trainees that address topics such as cybersecurity, programming and data-based action. These components also include extensive qualification programmes for the trainers themselves.

During the reporting year, our professional development activities focused once again on IT skills and professions as well as high-voltage and battery technology. We also further expanded our range of digital learning formats. One example of such a digital learning format is the Digital Readiness Programme, which focuses on the transformation and methodological, technical and cultural aspects of digitalisation.

In 2020, we launched a programme known as “Leading Transformation” for managers around the globe. The programme’s participants examined various challenges the transformation presents to the Group and their own areas of responsibility over a period of four months. During the reporting year, we launched an additional programme component that supports managers with issues relating to the transformation and innovation in their units and teams.

## Diversity and equal opportunity

Our workforce is as diverse as our customers, and we are convinced that diversity makes us more successful as a company, because diversity helps to find new viewpoints and acts as a driving force behind creative ideas and innovations. By means of appropriate measures and activities, we promote a working environment in which all of our employees can develop and make full use of their talent — regardless of their age, gender, sexual orientation or any other characteristic that relates to

diversity. The Mercedes-Benz Group stands for open-minded cooperation in which there is no place for discrimination. This is embedded, for example, in our Integrity Code and the Principles of Social Responsibility and Human Rights. Diversity and inclusion management is grounded in the principle of equal opportunity for all employees.

Our goal is to attract the most highly qualified specialists and managers to our company and support their professional development, regardless of their age, ethnicity, gender, sexual orientation and identity, and any physical limitations they may have.

As early as 2006, the Group set itself the goal of continuously increasing the proportion of women in executive positions.

## Active diversity management at the Group

The Mercedes-Benz Group expects its employees to treat one another in a respectful, open and fair manner. Managers serve as role models here and thus have a special responsibility for ensuring a corporate culture marked by appreciation.

Our Integrity and Diversity & Inclusion units design the framework and processes for such a culture. Diversity & Inclusion Management is a corporate function that is part of the Group’s Human Resources organisation. It defines strategic areas of action in cooperation with various departments and initiates Group-wide projects, training programmes and measures to increase awareness of the importance of diversity.

## Diversity Day

Each year, the Group devotes a day specifically to the topic of diversity: the in-house Diversity Day. Consciously experiencing diversity, taking in new perspectives and understanding how all employees can profit from diversity and inclusion management — these are central objectives of Diversity Day.

Diversity Day took place for the ninth time in the reporting year under the motto “Lots achieved, lots to do! Why diversity needs an inclusive culture.” The various events, which were held online, included discussions with the Board of Management; employees could submit questions in advance of the events.

### **Awareness-raising and qualification measures for employees**

The Mercedes-Benz Group utilises various measures to make employees around the world more aware of issues relating to diversity and inclusion. Since May 2021, for example, we have been using an e-learning tool that aims to increase awareness of the need for appreciative interaction as well as possible obstacles, and to show how each employee can contribute to this development. Through the use of case studies, the participants learn about effective methods for eliminating their own prejudices and various approaches to conflict resolution. This training programme is available to all employees worldwide and is offered in 11 languages.

### **Results**

As early as 2006, the Group set itself the target of continuously and sustainably increasing the proportion of women in executive positions at the Group to 20% by the end of 2020. This goal was achieved, and our plan for 2021 and beyond is to further increase the proportion of women in executive positions at the Group by one percentage point each year. We achieved this goal during the reporting year. As of 31 December 2021, women occupied 22.5% of the senior management positions (Level 3 and higher) at the Mercedes-Benz Group worldwide (headcounts, consolidated companies). These data are only for the Mercedes-Benz Group. Due to the spin-off and hive-down of the Daimler commercial vehicle business in December 2021 these data are not comparable with the data from the previous years. We use relevant data from our human resources reporting systems to review the progress we make in increasing the proportion of women in top management positions. The results are reported to the Board of Management in a standardised form on a regular basis.

The diversity concepts employed for the Board of Management and the Supervisory Board are presented in the Corporate Governance Report.

### **Occupational health and safety**

The company wants to ensure its employees can work in a safe and healthy environment. Our overarching goal is therefore to prevent health risks and maintain the health of all of our employees over the long term. For

example, we design our workplaces in line with ergonomic criteria and offer health maintenance programmes and occupational safety training.

The covid-19 pandemic is not the only reason why it is so important to have a sustainable occupational health and safety management system in place, as the demographic transformation and advances in technology are also leading to new challenges. To this end, we utilise a holistic occupational health and safety management system. The focus here is mainly on preventive measures that we continuously review and develop further.

### **Requirements, policies, guidelines, organisation and responsibilities**

The Mercedes-Benz Group's occupational safety strategy includes standards for the design of workplaces and work processes. Moreover, we are systematically striving to reduce occupational and health-related risks. The Group operates on the basis of globally uniform guidelines for risk prevention. The Group's occupational health and safety policy and occupational health and safety guidelines serve as overarching, internationally valid Group regulations. They are based on international standards and national laws and emphasise the managers' obligation to act responsibly. Moreover, they underscore the employees' own responsibility.

In 2019, the Group also committed itself to "Vision Zero". This global campaign aims to prevent job-related accidents and illnesses while also promoting employees' health, safety and well-being.

Occupational health and safety issues throughout the Group are managed by the Health & Safety unit, which is part of Human Resources and under the direction of the Chief Group Physician. Occupational health and safety issues are also discussed on a regular basis in various committees, such as the Occupational Safety, Environment and Health Commission, as well as with works council representatives and management representatives at the various levels of the Group. All decisions resulting from such discussions are made jointly.

### **Company health management and mental health**

The Group offers employees in Germany occupational health advice and screening as well as measures and services of our own health programme and social counselling service. We want to promote both the mental and physical health of our employees with our company health management system in Germany. This objective is promoted with the help of campaigns, counselling and qualification offerings, as well as with preventive, therapeutic and rehabilitation measures. During the reporting year, a Group-wide mental health agreement was reached for Germany with the goal of maintaining and promoting the employees' mental health. Internationally, our focus is on medical care as well as on the coordination of pandemic-related measures and prevention strategies, and ergonomics.

### **Dealing with covid-19**

In order to curb the spread of covid-19, employees at our sites were provided with information on the specific measures and rules that were put into effect in order to protect them against infection. We also implemented official recommendations, such as those issued by the Robert Koch Institute (RKI) in Germany, for example. This applies to both the reporting period and thereafter. The introduction of approved vaccines enabled us to provide eligible employees at German sites with vaccinations in line with the German government's vaccination campaign. Company doctors and medical professionals performed the vaccinations at the sites in Germany. Beginning in mid-November, the Group again offered first and second doses. Booster shots were also provided, beginning in December.

In 2020, the Group introduced a global accident and emergency documentation system which includes an integrated digital reporting process for emergencies that enables the rapid documentation of all covid-19 cases among the employees and thus a fast follow-up of possible contacts by the plant medical service and managers. In 2021, this depiction of infection chains helped to reduce the spread of covid-19 at the Group. Moreover, the system was enhanced further during the reporting year. Among other things, the data can now be evaluated and analysed even better while also complying with data protection laws. The improved functionality helps us to respond more quickly and in a more

targeted manner to unforeseen events such as another pandemic in the future, and thus to be less vulnerable to crises.

### **Risk management**

The Mercedes-Benz Group wants to prevent its employees from experiencing accidents or impaired health. The Health & Safety unit is therefore pursuing a preventive approach so that it can assess the potential risks of workplaces and work processes at an early stage. Our Group's production plants have a safety risk management system that is aligned with our Policy on Occupational Health and Safety. Instruments and risk assessment processes that are implemented at the local level have also been defined.

In order to review whether the corporate policies regarding occupational health and safety have been duly implemented, each site that generally employs more than 500 people or has a corresponding risk level is visited approximately every five years. A standardised process is used here to conduct the associated evaluations.

### **Digital risk assessment**

Risk assessments are an important tool with which the Group can evaluate potential risks. We have digitalised parts of this risk management process using an online tool that is being made available all over the world. The tool is provided by the European Agency for Safety and Health at Work (EU-OSHA) and was expanded for the Group's purposes. It shows the user-specific risks that can arise in a particular area. The user then only needs to decide whether the suggested measures suffice to reduce the risk to an acceptable level. This risk assessment is then used as a basis for automatically generating instruction documents.

### Raising awareness of occupational safety issues

The Mercedes-Benz Group is increasingly using media such as videos, various information portals and online training courses in order to make its employees more aware of ergonomics and occupational safety issues. New employees are provided with initial instructions regarding the safety-relevant aspects of their workplaces. After that, they are required to participate in safety-awareness briefings that are held on a regular basis.

### Results

An extensive package of measures, which include safety and hygiene rules, testing strategies and offers of vaccination, have been implemented in an attempt to protect our employees as well as possible. In addition, we have helped to curb the spread of the pandemic.

Some sites were unable to extend the voluntary ISO 45001 certificate due to the pandemic, among other reasons. For the protection of our workforce, the presence of external persons at the production areas was limited to the minimum necessary for their operation. Irrespective of any external certification audits, about every five years, the safety standards at the Group-owned production facilities are reviewed to check whether they comply with those of our binding corporate policy concerning occupational health and safety and whether a functioning occupational health and safety management system is in place. No routine Mercedes-Benz site audits were planned as part of our Safety Risk Management during the reporting year. As a result, there were no pandemic-related omissions that have to be made up for at a later date. The Mercedes-Benz Group utilises several accident documentation systems worldwide. These systems generate standardised statistics while taking applicable data protection regulations into account. This information is used as the basis for monthly reports of the Group's accident statistics.

### B.37

Target	Target horizon
Make lobbying activities verifiable and transparent on the basis of defined evaluation criteria	2022
Milestone: develop an evaluation concept to determine the current position	2021
Milestone: continue stakeholder interviews and derive necessary measures for future lobbying	2022

### Social issues

Human beings can only overcome the major social and environmental challenges we face, such as climate change and increasing urbanisation, by working together. The Group is making its contribution here. It is contributing its expertise to the social dialogue and is working on solutions together with representatives of governments, business and society.

The Group wishes to take part in political and public opinion-shaping processes as a trustworthy and dependable discussion partner. The overarching goal of our approach is the long-term harmonisation of the Group's interests with the interests of society at large.

### Responsible representation of our interests

The Group has defined its own principles for political dialogue and the responsible communication of our interests. These are political restraint, balance and neutrality in our dealings with political parties, members of parliament and government officials.

Various instruments are used to ensure that the political representation of our interests is carried out in accordance with applicable regulations and ethical standards. In our work as a member of industry associations and in our cooperation with other companies, we pay particular attention to antitrust regulations. Internally binding requirements have also been laid down in various documents, including the Group's Integrity Code.

In addition, our Lobbying, Political Contributions and Party Donations policy governs grants, donations to political parties, and the use of other instruments for representing our interests in the political realm. The employees can find these policies in the policy database on the intranet. The Mercedes-Benz Group is also listed (currently as Daimler AG) in the Transparency Register of the European Union and commits to the register's Code of Conduct. Furthermore, the decision of the German Bundestag to establish a lobbying register at the national level starting in 2022 was also welcomed.

The policies mentioned above also define how to address risks in connection with the political representation of our interests. These risks are also addressed through Group-wide established compliance processes. Complaints and information relating to our Group's lobbying activities can be addressed to the Business Practices Office (BPO) whistleblower system.

In order to comply with the legal requirements and in-house policies, mandatory training courses are regularly conducted for employees of Mercedes-Benz Group companies. The Integrity and Legal Affairs unit contacts the corresponding target groups that are required to complete the training courses. These training courses can usually be completed online as self-study courses. Employees who are politically active in their role — as a plant director, for example — receive additional training for their tasks.

### Central coordination office

The External Affairs and Public Policy (EA) unit is our central coordinating body for political dialogue at the national and international levels. It is located in Stuttgart and falls under the responsibility of the Chairman of the Board of Management. The EA unit shapes the Group's relations via a global network with offices in Berlin, Brussels, Beijing and Washington, as well as corporate representations in our markets.

### Thematic focal points

The Mercedes-Benz Group's specific aim in the discussions with political decision-makers is to find sustainable solutions for social challenges and thus achieve greater planning security for the company. During the reporting year, the discussions focused on the following topics:

- Achieving climate targets and improving air quality
- Making cities more liveable places
- Improving traffic safety
- Establishing standards for human-rights due diligence
- Sustainable financing
- Site-specific issues
- Free and fair trade
- Contributing to the drafting of labour legislation

For the Mercedes-Benz Group, the Paris Agreement on climate change represents more than an obligation; our commitment to its targets stems from our fundamental

## B.38

### Examples of instruments of stakeholder dialogue

Information	Dialogue	Participation
<ul style="list-style-type: none"> <li>– Sustainability Report as well as regional reports (such as the China Sustainability Report)</li> <li>– Environmental declarations by the plants</li> <li>– Press and public-relations work</li> <li>– Corporate website</li> <li>– Blogs and social media</li> <li>– Employee portal and internal communication</li> <li>– Plant tours, receptions, Mercedes-Benz Museum</li> </ul>	<ul style="list-style-type: none"> <li>– Annual "Sustainability Dialogue" (Germany/regions)</li> <li>– Local dialogue with residents and municipalities</li> <li>– Internal dialogue sessions on integrity and compliance</li> <li>– Supplier Portal</li> <li>– Membership of sustainability initiatives and networks</li> <li>– Specialist conferences on societal topics and debates</li> <li>– Topic- and project-related discussions</li> <li>– Dialogue formats on future-oriented questions: think tanks, hackathons, ideation challenges</li> </ul>	<ul style="list-style-type: none"> <li>– Stakeholder consultation in topic-related working groups</li> <li>– Advisory Board for Integrity and Sustainability</li> <li>– Peer review within the framework of sustainability initiatives such as the UN Global Compact</li> </ul>

convictions. Our political lobbying activities and partnerships are in line with this conviction and the climate-protection goals agreed upon in the Paris Agreement.

### **Party donations and political contributions**

The Group did not make any financial or non-financial contributions to political parties during the reporting period. This decision was not based on current political or economic events.

### **Evaluation concept**

During the reporting year, an evaluation concept for verifying the lobbying activities and making them transparent was developed, working in conjunction with external consultants. The concept is based on a scientific foundation. We decided to use anonymised interviews in our methodology. The target group comprises both internal and external stakeholders, including representatives of NGOs, think tanks and associations, as well as of government and administrative bodies. We interviewed the first set of stakeholders in 2021.

### **Stakeholder dialogue**

The Mercedes-Benz Group attaches great importance to continuing the dialogue with its interest groups. This enables the Group to consider various perspectives on its involvement with sustainability issues, to identify and address new trends, and to share experiences. We also want to engage in discussions of controversial topics at an early stage. We focus on conducting a dialogue that is fruitful and productive for all parties involved.

Knowledge of the stakeholders is a prerequisite for this. Stakeholders are individuals and organisations that have legal, financial, ethical or ecological claims on or expectations of the Group. Whether an individual, organisation or group is a stakeholder of the Group depends on the extent to which the Group's decisions influence it or, conversely, the extent to which it can influence the Group's decisions. Thus the primary stakeholders are customers, employees, investors and suppliers. Regular communication also takes place with groups in civil society such as non-governmental organisations, as well as associations, trade unions, the media, analysts, municipalities, residents in the communities where the Group operates and representatives of the scientific community and government.

The company also holds discussions with its stakeholders at the level of our locations. In connection with specific occasions and projects, the Group addresses questions, concerns, criticism and suggestions made by stakeholders and enters into an open-ended dialogue with them. For example, during the reporting period, we presented our considerations regarding land use measures for the Untertürkheim plant to the Stuttgart City Council and brought about measures for further development. In addition, the top-level meeting of the state government of Baden-Württemberg's strategic dialogue for the automotive industry took place in October 2021. The objective of the meeting was to facilitate an exchange between all of the institutions and companies participating in the strategic dialogue and to discuss current challenges relevant to the transformation of the automobile industry.

### **Dialogue formats**

The Group utilises various dialogue formats to engage in a dialogue with relevant stakeholders. For example, the Sustainability Dialogues are organised annually and stakeholder surveys, specialist conferences and thematic dialogue sessions are conducted. On the other hand, the latest discussions in the public sphere are followed. The Group participates in sector-specific and overarching networks and initiatives in order to determine what the associated expectations are. Studies and other scientific publications are also evaluated and media analyses are conducted. These measures help the Group to identify developments and the associated expectations in areas beyond the dialogue events that have been initiated.

**Sustainability Dialogue.** One essential tool of the dialogue with the stakeholders is the Sustainability Dialogue, which has been held annually in Stuttgart since 2008 and brings various stakeholder groups together with members of the Group's Board of Management and executive management. The participants attend a range of workshops, where they discuss selected issues related to sustainability and work together to further develop their approaches. The personnel responsible for specific topics take up the momentum generated by the participants and work together with the stakeholders to incorporate these ideas into their work. They then report at the event in the following year on the progress made in the interim.



In 2021, as in the previous year, the two-day Sustainability Dialogue was held via a digital meeting platform due to the pandemic. Five representatives of the Board of Management of Mercedes-Benz Group AG presented a report on the situation. The public section of the meeting on the first day was broadcast over the Internet for the first time. More than 700 interested viewers followed the panel discussions live and were able to join the discussion and pose questions via a platform. More than 200 external and internal participants in a total of seven working groups engaged in discussions of various topics. One of those topics was what the resolutions of the United Nations Climate Change Conference COP26 in Glasgow mean for the Group. The joint efforts necessary to achieve a more sustainable supply chain was a further topic.

As a globally operating company, the Group has set itself the goal of establishing sustainability at its business units and specialist units all over the world. For this reason, Sustainability Dialogue events are organised in other countries and regions as well. Such international dialogue events have been held in China, Japan, the United States and Argentina. During the reporting year, more than 160 stakeholders participated in the Sustainability Dialogue in Beijing (China), which was organised as a hybrid event. The participants primarily talked about road safety in connection with new technologies.

**The Advisory Board as an important source of support.** The Advisory Board for Integrity and Sustainability has been providing important support for the Group's sustainability work since 2012. The board's members are independent external specialists from the fields of science and business, as well as from civic organizations. They also possess specialised knowledge regarding environmental and social policy, the development of transport, traffic and mobility, and various human rights and ethical issues. The members of the Advisory Board accompany us with constructive criticism on questions related to integrity and corporate responsibility. The Advisory Board convenes three times a year in meetings that are chaired by the member of the Board of Management responsible for Integrity and Legal Affairs. One of these annual meetings focuses in particular on discussions with other Board of Management members and members of the Supervisory Board. A regular exchange

of information and opinions between the Advisory Board, members of the Board of Management and company managers and employees takes place in other meetings devoted to specific topics. In 2021, the body dealt with a range of issues, among them social compliance, sustainable finance and the transformation of the automotive industry, including its social aspects — for example, the balance between climate protection and the preservation of jobs.

### **Associations and initiatives**

In addition to direct dialogue with political decision-makers and other interest groups that promote sustainable development, the Group is active in various associations, committees and sustainability initiatives. Some of the most important initiatives here are the UN Global Compact, econsense — Forum Nachhaltige Entwicklung e.V. — German Business Forum for Sustainable Development, and the World Business Council for Sustainable Development. Within these initiatives, discussions are also held with representatives of civil society.

### **Traffic safety**

Accident-free driving — this vision drives Mercedes and is a fixed component of its sustainable business strategy. Innovative driver assistance systems already offer drivers and passengers a high level of safety and comfort today. These systems can help drivers avoid or safely manage critical situations on the road in order to protect vehicle occupants and other road users. System warnings and active brake applications are now increasingly preventing accidents or at least mitigating their effects.

## B.39

Target	Target horizon
Further improve accident-prevention systems.	Ongoing
Make vehicles even safer for occupants during an accident and afterwards.	Ongoing
Make vehicles even safer for other road users, such as pedestrians.	Ongoing
Increase overall traffic safety by means of safety initiatives.	Ongoing

### Holistic safety concept

The Mercedes-Benz Group utilises its holistic Integral Safety concept in its vehicle development activities. This concept was first used in the late 1990s to describe how we had divided the utilisation of safety systems into four phases: “Assistance during driving”, “Preparation for a possible accident”, “Protection during an accident” and “Help after an accident”. Our safety measures establish a bridge between active and passive safety within these four phases — i.e., between accident prevention (phases 1 and 2) and protection when an accident occurs (phases 3 and 4). One example is innovative restraint systems such as the beltbag and the rear airbag in the S-Class, which protect passengers in the rear seat.

### Integrated approach

Fewer accidents, greater traffic safety: this is one of the objectives associated with the utilisation of automated and autonomous vehicle systems. Despite all the benefits, care needs to be taken, as ethical and legal — including data-protection — risks must also be taken into account as automated driving systems are developed further. The Mercedes-Benz Group does this as early as the product development stage. We are implementing data-protection principles and standards along the entire value chain in accordance with “privacy by design”. We are also integrating social and ethical considerations into conditionally automated and highly automated driving systems through the use of our “ethics by design” concept.

The Mercedes-Benz Group uses an integrated approach to answer the technical, ethical and legal questions relating to automated driving. These questions are addressed by an interdisciplinary team of experts from research and development, product safety and quality

management, as well as specialists from the Integrity and Legal Affairs Board of Management division. We also promote a broad-based public and political dialogue on the topic of automated driving.

### Working together to further improve vehicle safety

The goal of increasing safety on the road can only be achieved through collaboration, which is why we establish partnerships and participate in research projects. Mercedes-Benz AG has been involved in the “Tech Center i-protect” strategic cooperation project since 2016. The project includes partners from business and industry, government and scientific institutes. Our activities within the project include research into new restraint systems for future vehicle interiors, for example. We are also utilising digital accident research methods and trying out new approaches, such as the use of X-ray technology in crash tests.

### Driver assistance systems ensure greater safety

Assistance and safety systems make driving both safe and comfortable. For example, Mercedes-Benz vehicles equipped with driving assistance systems support drivers when they steer, brake and accelerate (SAE Level 2). Driving assistance systems can react differently to the danger of a collision depending on the situation. The Active Brake Assist system, which comes as standard equipment, is a good example of this at Mercedes-Benz Cars: Active Brake Assist can help reduce the severity of — or even entirely prevent — accidents involving vehicles ahead or pedestrians crossing the carriageway.

### Conditionally automated and highly automated driving

With DRIVE PILOT (SAE Level 3) and INTELLIGENT PARK PILOT (SAE Level 4), Mercedes-Benz is aiming to take the decisive step toward conditionally automated and highly automated driving. The availability and use of future DRIVE PILOT functions on motorways will depend on the options, the countries in question and the existence of corresponding laws. With DRIVE PILOT, we have developed a technology that offers a currently unique and unprecedented driving experience. It also gives drivers the best gift they could ask for: time. Because in certain situations, the system allows Mercedes-Benz customers to turn the task of driving over to the vehicle systems and focus on other matters. At SAE Level 3, the automated driving system takes over certain driving

tasks. However, a human driver is still needed. The driver must be able to take control of the vehicle whenever requested to do so by the vehicle.

### Top marks and awards

Models from Mercedes-Benz Cars repeatedly earn top marks in safety tests conducted by independent institutes. Of particular note in this regard are the marks Mercedes-Benz regularly receives from the American Insurance Institute for Highway Safety (IIHS). The IIHS rating assesses crash safety and accident-prevention and lighting systems. The Mercedes-Benz C-Class, E-Class and GLE-Class received the IIHS “2021 TOP SAFETY PICK+” award for the 2021 model year, while the GLC was given the “2021 TOP SAFETY PICK” distinction. In addition, both the EQA (2019 version in the category Compact SUV) and the EQS (2021 version) were awarded five stars out of a possible five by EuroNCAP during the reporting period. The EQS was actually named “Best in Class” twice: in the Executive and Pure Electric categories, which means all EQ models launched on the market in 2021 received the highest possible ratings.

Our expenditure of €9.1 billion on research and development in 2021 includes, among other things, research and development (R&D) expenditure for our safety measures and concepts.

## Integrity and compliance

### B.40

Target	Target horizon
<b>Our integrity-related activities are designed to help us achieve the following key targets:</b>	
<ul style="list-style-type: none"><li>- Knowledge of and compliance with the Integrity Code</li></ul>	Ongoing
<ul style="list-style-type: none"><li>- All employees and managers behave and act in an ethical and responsible manner</li></ul>	
<ul style="list-style-type: none"><li>- Discussions and dialogue concerning current key integrity topics and the risks associated with unethical behaviour</li></ul>	
<ul style="list-style-type: none"><li>- Feedback from integrity analyses is incorporated into measures designed to strengthen the culture of integrity</li></ul>	
<b>Our compliance-related activities are designed to help us achieve the following key targets:</b>	
<ul style="list-style-type: none"><li>- Respect for and protection of human rights</li></ul>	Ongoing
<ul style="list-style-type: none"><li>- Compliance with corruption prevention regulations</li></ul>	
<ul style="list-style-type: none"><li>- Maintenance and promotion of fair competition</li></ul>	
<ul style="list-style-type: none"><li>- Compliance of our products with technical and regulatory requirements</li></ul>	
<ul style="list-style-type: none"><li>- Adherence to data protection laws</li></ul>	
<ul style="list-style-type: none"><li>- Compliance with sanctions</li></ul>	
<ul style="list-style-type: none"><li>- Prevention of money laundering</li></ul>	
<ul style="list-style-type: none"><li>- Prevention of the financing of terrorism</li></ul>	

Companies only stay successful if their actions are ethical and legally responsible. This is especially the case during times of turmoil and transformation. That is why integrity and compliance are top priorities at the Mercedes-Benz Group.

### A corporate culture of integrity

The automotive industry is in a state of radical change. New fields of business are developing and new technologies are raising new questions — both ethical and legal. Moreover, the covid-19 pandemic has led to profound changes all over the world. In such times of change and uncertainty, value-based action matters more than ever.

That’s why integrity is a central element of our corporate culture and an enabler that forms an integral part of our sustainable business strategy. For us, this involves more than just obeying laws and regulations. We also align all

our actions with shared principles, which particularly include fairness, responsibility, respect, openness and transparency.

### **Integrity in our daily business activities**

At the Mercedes-Benz Group, integrity, compliance and legal affairs are combined into a single Board of Management division. The Integrity and Legal Affairs division supports all of our corporate units in their efforts to embed these topics in our daily business activities.

Our Integrity Management unit works to promote and enhance integrity within our company and create a shared understanding of integrity. The goal is to avoid possible risks that can arise due to unethical behaviour and thus to contribute to our company's long-term success. The Head of Integrity Management reports directly to the member of the Board of Management responsible for Integrity and Legal Affairs.

### **Corporate principles and our Integrity Code**

Our Integrity Code is binding on all employees of the Mercedes-Benz Group and the controlled companies of the Group. It serves as our shared standard of values, defines the guidelines for all conduct and helps us make the right decisions. Employees from a variety of corporate units all over the world have helped to formulate the Integrity Code. It is available in 12 languages and includes, among other things, regulations concerning corruption prevention measures, data management, product safety and compliance with technical regulations. Our employees can view our Integrity Code, along with details on how it should be applied and other key information such as FAQs, points of contact and contact persons, in the uniform rules and policies database as well as on the intranet.

We have also formulated a special set of requirements for our managers in our Integrity Code. We expect them in particular to serve as role models through their ethical behaviour and thus offer guidance for our employees.

For example, during the reporting year, we continued to regularly inform them about our Integrity Code and its significance for our daily business activities. We also regularly addressed the topics of integrity, compliance and legal affairs in our internal media.

### **Information, dialogue and training**

Infopoint Integrity was established in 2015 in order to promote a corporate culture of integrity. It is the central point of contact for people and employees of Group companies when they have questions concerning acting with integrity. The Infopoint works together with specialists including experts in the fields of legal and HR issues, data protection, compliance, diversity and sustainability. It either provides direct support or connects employees with the appropriate contact partners.

A worldwide network of local contact persons for inquiries regarding integrity, compliance and legal issues is also available to the employees. It evaluates inquiries made by our employees and, if necessary, initiates the appropriate measures.

We expanded cooperation and activities in the Integrity Network during the reporting year. The Integrity Network consists of employees from the individual companies, divisions and functional divisions of the Group and serves as a joint platform for sharing knowledge and information with the aim of developing and implementing concrete measures. Among other things, local teams of "multipliers" have been established, and that has expanded the reach of the integrity-related measures. In order to strengthen and standardise cooperation, we have launched an Integrity Newsletter, and we also organise international multiplier dialogue events on a regular basis. The Integrity Network has also designed and utilised many other programmes ranging from dialogue sessions as well as content and inspiration for management communication to training programmes, in order to ensure that integrity remains embedded in our company's daily business over the long term.

Our employees can also access the Integrity Toolkit via our employee portal. The Toolkit contains formats for dialogue events, tools for self-reflection, case studies and further information about the topic of integrity. A new workshop method was added to the Toolkit during the year under review. Here, employees and managers were able to expand their knowledge about the Integrity Code in a workshop with the motto "Our Integrity Code — using our corporate principles to ensure we do the right thing". Concise formats have also been added, including an Integrity Calendar, for example. All of these measures are designed to help increase the focus on

integrity in daily business operations. An additional area of focus in 2021 involved the challenges presented by hybrid forms of working in terms of ethical behaviour. In order to be able to offer forms of assistance here, all of the Integrity Toolkit's formats were modified in line with requirements relating to mobile and hybrid forms of working.

We particularly focus on direct discussions, and during the reporting year we once again conducted a variety of dialogue events with employees at all levels of the hierarchy and with external stakeholders. These dialogue events were conducted virtually because of the protective measures in force due to the covid-19 pandemic. During the year under review, we also developed the Integrity Case Collection. The employees can use this collection of case studies to learn about and practise responsible behaviour in unclear situations and share ideas about "proper behaviour" in a productive dialogue.

The employees in administrative areas at Mercedes-Benz Group AG and controlled Group companies regularly complete a mandatory web-based training course about integrity that is based on the Integrity Code. Because managers serve as role models, they perform an especially important task with regard to integrity, compliance and legal matters. In order to help them as much as possible to carry out this role, the training programme also includes a special mandatory management module.

### **Employee survey**

The Group's success largely depends on a permanent commitment to integrity. That's why we are consistently working on our understanding of integrity, refining it further and continually reviewing our own actions. Surveys such as our employee survey, which we conducted once again throughout the Group in the year under review, play a key role here. In the past, we used a separate survey to analyse the way our employees view our culture of integrity, but in 2021, we integrated this analysis into our employee survey. The survey results have a direct influence on the remuneration of the management.

The results of the 2021 Employee Survey show that our culture of integrity is more firmly embedded throughout the company than was the case after the last survey, which was conducted in 2018.

The employee survey also revealed that a more open "speak-up" culture is now maintained throughout the Group. In other words, our employees are able to talk about sensitive issues in a more open manner. Equally important for us is the feedback indicating that compared to the survey results from the year 2018, our employees work in an environment based to a greater extent on trust, because only in such an environment can topics be discussed constructively.

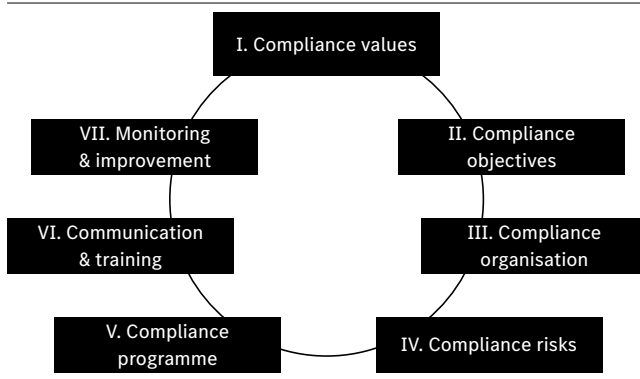
In order to implement the measures that were derived from the results reports, we restructured the Integrity Toolkit in the reporting year and adjusted its contents. We also provided training to multipliers from various divisions in order to support managers with follow-up activities relating to integrity and compliance. In addition, the Integrity Network has addressed the findings of the employee survey in order to initiate further measures for the individual divisions and functions.

### **Value-based compliance management**

Value-based compliance is an indispensable part of the Mercedes-Benz Group's daily business activities and is firmly embedded in our corporate culture. We are strongly committed to responsible conduct. We expect our employees to comply with laws, regulations and voluntary self-commitments, and to put our corporate values into practice. We have laid down these expectations in a binding form in our Integrity Code.

## B.41

### Our Compliance Management System



Through our Compliance Management System (CMS), we aim to promote compliance with laws and policies at our company and to prevent misconduct. The measures needed for this are defined by our compliance and legal organisations in a process that also takes the Company's business requirements into account in an appropriate manner.

### Focal points of the compliance management system

#### Combating corruption

We have committed ourselves to fighting corruption — because corruption is harmful to fair competition, society and our Group. Our corruption prevention measures extend beyond compliance with national laws and also encompass the guidelines from the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) and the United Nations Convention against Corruption (2003). Our Corruption Prevention Compliance Programme is based on our Group-wide CMS. In order to ensure an independent external assessment of our Corruption Prevention Compliance Programme, KPMG AG Wirtschaftsprüfungsgesellschaft audited the Compliance Management System for corruption prevention in accordance with Standard 980 of the Institute of Public Auditors in Germany. This audit, which was based on the principles of appropriateness, implementation and effectiveness, was successfully completed at the end of 2019.

#### Promoting fair competition

Our Group-wide Antitrust Compliance Programme is oriented to national and international standards for ensuring fair competition. The programme establishes a binding, globally valid Group standard that defines how matters of antitrust law are to be assessed.

By means of an advisory hotline, guidelines and practical support, we help our employees around the world to recognise situations that might be critical from an antitrust perspective and to act in compliance with all regulations. Responsibility for designing and implementing measures against antitrust risks lies primarily with the respective Group company's management. The Mercedes-Benz Group monitors the management activities of the respective Group company within the framework of Group management. To supplement this, our Compliance, Legal Product & Technology, and Corporate Audit units conduct monitoring activities at our divisions. In order to ensure an independent external assessment of our Antitrust Compliance Programme, KPMG AG Wirtschaftsprüfungsgesellschaft audited the Compliance Management System for antitrust law in accordance with the Standard 980 of the Institute of Public Auditors in Germany. This audit based on the principles of appropriateness, implementation and effectiveness was successfully completed for the second time at the end of 2021, after having been conducted in 2016 as well.

#### Compliance with technical and regulatory requirements

For Mercedes-Benz Cars & Vans, technical compliance means adhering to technical and regulatory requirements, standards and laws. In doing so, we take into account the fundamental spirit of these laws and regulations as well as internal development requirements and processes. Our objective is to identify risks within the product-creation process (product development and certification) at an early stage and to implement preventive measures. For this purpose, we have established a technical Compliance Management System (tCMS) in our automotive divisions. Its objective is to safeguard compliance with all legal and regulatory requirements throughout the entire product development and certification process. The tCMS defines values, principles, structures and processes in order to

provide our employees with guidance and orientation, especially with regard to challenging questions on how to interpret technical regulations.

To complement the Integrity Code, technical integrity management has worked together with the relevant development units to formulate the “Speak up” and “Judgement calls” commitment statements. The commitment statements provide all employees in development and certification units with a basis for a common understanding of responsible behaviour in the product-creation process.

In order to ensure an independent external assessment of our tCMS, KPMG AG Wirtschaftsprüfungsgesellschaft audited the tCMS with a focus on relevance to emissions in accordance with Standard 980 of the Institute of Public Auditors in Germany. This audit with a focus on emissions was based on the principles of appropriateness, implementation and effectiveness and was successfully completed at the end of 2020.

### **Responsible use of data**

Connectivity and digitalisation will have a major impact on mobility in the future. The responsible handling and protection of data is a top priority at the Mercedes-Benz Group.

The regulatory requirements relating to data protection have become significantly more stringent in recent years. The strict requirements of the General Data Protection Regulation (GDPR) are valid not only in the European Union but also beyond it. Meanwhile, many countries all over the world that are relevant to the Group's business operations have tightened up their local data protection laws. We are addressing the increased regulatory requirements by means of our Group-wide Data Compliance Management System (Data CMS), which, along with our data vision and our data culture, is a fundamental component of our overarching Data Governance System.

The Data CMS, which combines all Group-wide measures, processes and systems for ensuring data compliance, is based on the existing CMS. The Data CMS supports the systematic planning, implementation and monitoring of compliance with data protection requirements.

### **Preventing and combating money laundering**

Money laundering and the financing of terrorism cause tremendous damage — to the economy and society in equal measure. Even an accusation of money laundering can compromise the Group's reputation and have financial consequences for us, as well as for our shareholders and stakeholders. For this reason, the prevention of money laundering and the implementation of anti-money laundering measures have been defined as central compliance goals in our Integrity Code.

In order to effectively combat and prevent money laundering while at the same time complying with different regulatory requirements, the Mercedes-Benz Group has established a two-pillar model (trade in goods and mobility services). We use an integrated compliance approach to check applicable sanction lists and take measures for the prevention of money laundering and the financing of terrorism. On the one hand, these measures aim to prevent supranational and national sanctions and embargoes from being evaded; on the other, money laundering, the financing of terrorism, organised crime and other types of corporate crime are to be combated.

### **Compliance organisation**

The Group's compliance organisation is structured divisionally, regionally and along the value chain. As a result, it can provide effective support — for example, by means of guidelines and advice. Contact persons are available to each function, division and region. In addition, a global network of local contact persons makes sure that our compliance standards are met. The contact persons help the management at the Group companies implement our compliance programme at their respective sites.

Moreover, our Compliance Board provides guidance regarding overarching compliance topics and monitors activities to see whether our compliance measures are effective. The Board's mission is to react promptly to changes in business models and the business environment, deal with regulatory developments and continuously enhance the CMS. The Compliance Board consists of representatives of the compliance and legal affairs departments. It meets regularly four times a year and as needed, and is chaired by the Chief Compliance Officer & Vice President Legal Product & Technology.

The Chief Compliance Officer & Vice President Legal Product & Technology and the Vice President & Group General Counsel report directly to the member of the Board of Management for Integrity and Legal Affairs and to the Audit Committee of the Supervisory Board. They also report regularly to the Board of Management at regular intervals and as needed on matters such as the status of the CMS and its further development, as well as the BPO whistleblower system.

In addition, the Vice President & Group General Counsel reports to the Antitrust Steering Committee and the Group Risk Management Committee at regular intervals and as needed. The Chief Compliance Officer & Vice President Legal Product & Technical Compliance also reports to the Group Risk Management Committee. The structure of the reporting lines safeguards the compliance officers' independence from the business divisions from the Group's perspective.

### **Compliance risks**

The Company examines and evaluates our Group companies and corporate departments systematically each year in order to minimise compliance risks. In this process, we use, for example, centrally available information about the Group companies, such as revenue, business models and relations with business partners. If necessary, other locally sourced information is supplemented. The results of these analyses are the foundation of our compliance risk control.

### **Compliance programme**

The compliance programme comprises principles and measures that are designed to minimise compliance risks and prevent violations of laws and regulations. The individual measures are based on the knowledge gained through our systematic compliance risk analysis. We focus, among other things, on the following aspects: the continuous raising of awareness of compliance issues, the systematic tracking of information received regarding misconduct, and the formulation of clear standards for the behaviour of our business partners. We address all of these points in greater detail in a later section.

### **The BPO whistleblower system**

The Business Practices Office (BPO) whistleblower system enables all Group employees, as well as business partners and external whistleblowers, to report misconduct anywhere in the world. The BPO is available around the clock to receive information, which can be sent by e-mail or normal mail or by filling out a special online form. External toll-free hotlines are also available in Brazil, Japan, South Africa and the United States. Reports can also be submitted anonymously if local laws permit this. In Germany, whistleblower reports can also be submitted to an external neutral intermediary in addition to the BPO.

The information provided to the BPO whistleblower system enables us to learn about potential risks to the Group and its employees and thus to prevent damage to the Group and its reputation. A globally valid corporate policy defines BPO procedures and the corresponding responsibilities. This policy aims to ensure a fair and transparent process that takes into account the principle of proportionality for the affected parties, while also giving protection to whistleblowers. It also defines a standard for evaluating incidents of misconduct and making decisions about their consequences.

If the initial risk-based assessment of an incident categorises it as a low-risk rule violation, the BPO hands the case over to the responsible unit — for example, the HR department, Corporate Security or Corporate Data Protection. The respective unit investigates the incident and deals with the case on its own authority. Examples of rule violations with a low risk for the Group include theft, breach of trust, and undue enrichment valued at less than €100,000 — if the violation does not fall into the category of corruption.

If the BPO's risk-based initial assessment categorises an incident as a high-risk rule violation, the BPO hands the case over to an investigation unit. The BPO provides support for the subsequent investigation until the case is closed. Examples of high-risk rule violations include offences related to corruption, breaches of antitrust law and violations of anti-money-laundering regulations, as well as infringements of binding technical provisions or environmental protection regulations. Personal matters,



such as incidents of sexual harassment or human-rights violations, can also be considered high-risk rule violations.

In an effort to constantly increase trust in our whistleblower system and make it even better known to our employees, we use a variety of communication measures. For example, we provide informational materials such as country-specific information cards, pocket guides and an instructional video that is available in ten different languages. We also hold dialogue events at which we provide employees with information about the BPO. In addition, we regularly inform employees about the type and number of reported violations and make case studies available on a quarterly basis.

### **Sales partners and suppliers**

We expect not only our employees to comply with laws and regulations. We also require our sales partners and suppliers to adhere to clear compliance requirements, because we regard integrity and conformity with regulations as a precondition for trust-based cooperation. Our Business Partner Standards, which we revised in the reporting year, describe in detail exactly what we expect of our business partners.

In the selection of our direct sales partners and in our existing sales partnerships, we ensure that our business partners comply with laws and observe ethical principles. In order to monitor this, we use a globally standardised, risk-based Sales Business Partner Due Diligence Process. During the reporting year, we subjected all of the new sales partners to a due diligence audit. In addition, we audit the existing sales partners as part of the monitoring process. Our monitoring in this area is designed to ensure that we can identify possible integrity violations by our sales partners. We also reserve the right to terminate cooperation with, or terminate the selection process for, any sales partner that fails to comply with our standards. In addition, we work with our procurement units to continuously improve our processes for selecting and cooperating with suppliers.

Our Supplier Sustainability Standards also apply to our suppliers. On the basis of these standards and our Integrity Code, we make available to each of our suppliers and sales partners a specific Compliance Awareness Module developed with their activities in mind. These

modules are intended to sensitise them to current integrity and compliance requirements such as those related to anti-corruption measures and technical compliance. Through these measures, we also offer our suppliers and sales partners assistance for dealing with possible compliance risks.

### **Communication and training**

Mercedes-Benz Group AG offers an extensive range of compliance training courses that are based on its Integrity Code — for example, courses for employees in administrative areas and in the Compliance and Legal Affairs department, as well as for members of the Supervisory Board and the executive management.

The contents and topics of the training courses are tailored to the roles and functions of the respective target group. We regularly analyse the need for our training programme, expand or adapt it as necessary and conduct evaluations.

### **Audits**

Each year, the Company checks the processes and measures of the CMS and conducts analyses to find out whether the measures are appropriate and effective. This is accomplished using information about the Group companies as well as other locally collected data. We also monitor our processes regularly on the basis of key performance indicators such as the duration and quality of individual processes. To determine these indicators, we check, among other things, whether formal requirements are being met and whether the content is complete. The knowledge gained through both internal and independent external assessments is also taken into account.

If changed risks or new legal requirements call for adjustments, we adapt our CMS accordingly. The Group companies implement the respective improvement measures on their own authority. They also regularly monitor these measures to determine their effectiveness and continually inform the responsible management committees about the results of their monitoring process.

In order to ensure an independent external assessment of our compliance programme, KPMG AG Wirtschaftsprüfungsgesellschaft audited the Compliance Management Systems (CMS) for corruption prevention, antitrust and technical compliance in accordance with Standard 980 of the Institute of Public Auditors in Germany. This audit, which was based on the principles of appropriateness, implementation and effectiveness, was successfully completed for our CMS Corruption Prevention at the end of 2019, for our tCMS (focus on emissions) at the end of 2020 and for our CMS Antitrust at the end of 2021. The latter was the second such audit, with the first having been conducted in 2016.

### Reported violations

The Business Practices Office (BPO) whistleblower system enables all Group employees, as well as business partners and third parties, to report misconduct anywhere in the world. A total of 33 new cases were opened during the reporting year. Overall, 20 cases, in which 24 individuals were involved, were closed “with merit”. In these cases, the initial suspicion was confirmed. Of these cases, two were in the “Corruption” category, two were in the “Technical Compliance” category and four were in the “Reputational Damage” category. In three cases, accusations of inappropriate behaviour of employees toward third parties were confirmed. Four cases were categorised as “Damage over €100,000”. The remaining cases fell into other categories. With regard to those incidents that are closed “with merit”, the company decides on appropriate response measures in line with the principles of proportionality and fairness. The personnel measures taken in 2021 included admonitions, warnings, termination agreements and (extraordinary) dismissals.

### Social compliance

The expansion of electric mobility in particular is also further increasing public interest in respect for human rights within the automotive supply chain, because the production of battery cells requires the use of raw materials such as lithium and cobalt. These raw materials often come from countries where there is a risk that they are mined under conditions that could be critical from a human-rights standpoint. In addition to the interest expressed by consumers and civil organisations, we are also observing increasing interest in human-rights issues by shareholders, investors and rating agencies. Indeed, human-rights issues are increasingly having an influence on investment decisions.

Respect for human rights has key importance for the Mercedes-Benz Group and is an obligation as well as a mission for us. We have therefore made upholding human rights an area of action of our sustainable business strategy and have provided measurable targets and key figures for our approach to human rights.

### B.42

Target	Target horizon
Define and implement protective measures for addressing 100% of our production raw materials that pose an increased risk of human rights violations	2028
Milestone: review 40% of all raw materials that pose an increased risk	2022
Milestone: review 70% of all the production raw materials used that pose an increased risk of human rights violations and define any necessary remediation measures	2025
Review 100% of the merchandise groups from the service supply chains that we use and which pose a higher risk of human-rights violations	2026

### Policy commitment

Respect for human rights is a fundamental component of responsible corporate governance at the Group. We are committed to ensuring that human rights are respected and upheld in all of our Group companies and also by our partners and suppliers.

Our Principles of Social Responsibility and Human Rights, which were adopted in September 2021, reflect this voluntary self-commitment. The Chairman of the Board of Management and other members of the then Board of Management of Mercedes-Benz Group AG signed our Principles of Social Responsibility and Human Rights, as did the members of the General Works Council, the World Employee Committee and the IndustriALL Global Union.



### Organisational embedding

The Social Compliance department serves as our centre of competence for human rights. In order to ensure effective implementation of our human-rights due-diligence approach, which is known as the Human Rights Respect System, this department works closely with the specialist units responsible for operational implementation, and in particular with the procurement units. Group-wide activities relating to human-rights issues are managed by the Integrity and Legal Affairs Board of Management division at Mercedes-Benz Group AG.

### Human Rights Respect System (HRRS)

The Human Rights Respect System (HRRS) backs up the Company's approach to implementing its human-rights due-diligence obligations. This comprehensive due-diligence approach encompasses the identification and evaluation of our human-rights risks, the definition and implementation of measures, the handling of risks and the monitoring of measures taken. We use this system to monitor our own Group companies, our direct

suppliers (tier 1) and risk-based also the indirect suppliers beyond tier 1. For further information, see also the "Sustainability in the supply chain" chapter.

The HRRS is to be understood as a due-diligence cycle that basically consists of four phases: 1. Risk assessment, 2. Programme implementation, 3. Monitoring and 4. Reporting. It is designed to identify risks and possible and actual negative effects of our business activities on human rights early on, to systematically avoid them and, if necessary, to initiate appropriate measures.

External stakeholders are also regularly involved as we continue to expand the HRRS step by step. The stakeholders include rights holders such as our employees and their representatives, as well as local residents. We also hold talks with international NGOs and other organisations concerning the human-rights risks arising from the extraction of certain raw materials.

### Social Compliance Management System

We use our Social Compliance Management System (Social CMS) to identify and address risks that can arise at our Group companies. During the year under review, we fully integrated the issue of human rights into our central and systematic risk analysis process within the framework of the Social CMS for Group entities in which we have a majority shareholding. We then developed packages of measures for specific risks on this basis and passed these measures on to the corresponding Group companies. Like the Principles, this system is reviewed and revised regularly and as needed on the basis of the results of the HRRS.

We use the identified risk areas as a basis for an annual review of human-rights risks at Group companies and majority-owned entities. Here, we employ the two-step procedure that is described in the Compliance Management System — i.e., a preliminary classification of risks is followed by a validation process that uses data collected via surveys. This validated risk classification then serves as the basis for the assignment of appropriate measures to each Group company.

### Human rights in the supply chain of production

**materials.** The Procurement department of the Mercedes-Benz Group monitors the human-rights compliance of direct suppliers by regularly conducting risk analyses that also include on-site CSR audits and an annual database research procedure to identify possible violations of our sustainability and compliance rules at an early stage on the basis of the latest supplier data. Should the database research and/or on-site audits reveal any red flags, Mercedes-Benz Procurement initiates an extensive examination of the situation. If the supplier does not sufficiently remedy the criticised processes, we make individual decisions regarding the next steps. In especially serious cases, these decisions can also be made by management bodies. As a last resort, this can also lead to the discontinuation of our business relationship with a supplier.

We continued to conduct our audits at suppliers of production materials in 2021, when a total of 805 on-site audits were performed. Some of these audits were conducted virtually due to the covid-19 pandemic. We focus especially on critical raw materials when assessing human-rights risks in the production-material supply chain. We used a preliminary risk analysis as a basis for identifying 24 critical raw materials that will be gradually examined in more detail between now and 2028. This review basically consists of three steps:

1. Transparency: increasing transparency along the raw material supply chains — especially with regard to certain key components such as battery cells.
2. Identification of risk hotspots in these supply chains, e.g., on the basis of the specific risks in the individual mining countries, for example.
3. Definition and implementation of measures for the risk hotspots and review of whether they are effective over the long term.

**Services.** We also ensure that our service providers share responsibility for respecting human rights and for other sustainability-related aspects. For example, International Procurement Services (IPS) evaluates all new service providers in high-risk countries and critical procurement segments to determine whether they fulfil social and environmental standards, are ethical in their business operations, and properly implement policies.

We used a preliminary risk analysis as a basis for identifying 27 services that are potentially critical from a human-rights standpoint. On this basis, we cooperated with a team of experts to draw up a list of questions to be answered by service providers so that any increased human-rights risks can be identified for certain commodities and sectors. This gives us a transparent overview of the risks and enables us to initiate targeted analyses of the status quo and engage in a productive dialogue with relevant service providers. We also audit our service providers' due diligence activities. These audits focus on assessments of service providers in high-risk countries. We supplement our list of questions with document checks and database research in order to ensure the answers are plausible.

During the year under review, the on-site audits and screenings of direct service providers that were conducted by IPS discovered no specific suspected cases of child labour or forced labour, nor were there any indications of violations of the right to collective bargaining or freedom of association.

In order to make our service providers more aware of the importance of responsible behaviour with regard to human rights and to explain what we expect of them in this connection, we conduct Good Practice Sharing Workshops, which have also been held online since the spring of 2020. At the workshops, cross-functional teams from Procurement meet service providers to openly and constructively discuss various issues.

### **Complaint management**

The company offers employees and external whistleblowers various channels through which they can report suspected human-rights violations and request remedy. These channels thus also help us identify and assess human-rights risks at the Group. Both our BPO (Business Practices Office) whistleblower system and the World Employee Committee are available to receive reports of suspected human-rights violations. For further information, see also “Sustainability in the supply chain”.

### **Raising awareness of human-rights issues**

Our Integrity Code and our Principles of Social Responsibility and Human Rights provide our employees with information about basic human-rights principles and raise their awareness of human-rights risks. The provisions of the Integrity Code and the Principles are binding for all of our employees and are also communicated to them in online training courses. In addition, the employees learn about human-rights issues in function-specific training courses. [group.mercedes-benz.com/company/compliance/integrity-code.html](https://group.mercedes-benz.com/company/compliance/integrity-code.html) and [group.mercedes-benz.com/sustainability/human-rights/principles-of-social-responsibility-and-human-rights.html](https://group.mercedes-benz.com/sustainability/human-rights/principles-of-social-responsibility-and-human-rights.html)

# Overall Assessment of the Economic Situation

The main development during the past financial year was the economic recovery that followed the severe setbacks caused by the covid-19 pandemic in 2020.

Nevertheless, the 2021 financial year continued to be affected by the pandemic. The economic development was additionally hindered by supply bottlenecks for key upstream products of the automotive industry, especially semiconductors. We also continued to face challenges due to the transformation of the automotive industry and our company as we move towards a CO<sub>2</sub>-neutral future.

With the help of our active business and financial countermeasures and supported by the appeal of our products, we succeeded in meeting our expectations for the development of business in 2021 as adjusted during the year, and concluded the year stronger than before.

We are confident for the 2022 financial year. This confidence, however, is based on the assumption that the existing bottlenecks in the supply chain will gradually ease and that our important markets will not suffer additional economic setbacks as a result of a renewed flare-up of the covid-19 pandemic. The geopolitical developments also harbour uncertainties.

# Takeover-Relevant Information and Explanation

(Report pursuant to Section 315a Subsection 1 and Section 289a Subsection 1 of the German Commercial Code (HGB))

## Composition of share capital

The issued share capital of Mercedes-Benz Group AG amounted to approximately €3,070 million as of 31 December 2021. It is divided into 1,069,837,447 registered shares, each of which accounts for approximately €2.87 of the share capital. Pursuant to Section 67 Subsection 2 of the German Stock Corporation Act (AktG), rights and obligations relating to the Company exist from the shares only for those persons and entities entered in the register of shareholders. With the exception of treasury shares, from which the Company does not have any rights, all shares confer equal rights to their holders. Each share confers the right to one vote and, with the possible exception of any new shares that are not yet entitled to a dividend, to an equal share of the profits in accordance with the dividend payout approved by the Annual General Meeting. The rights and obligations arising from the shares are derived from the provisions of applicable law, in particular Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act (AktG). There were no treasury shares at 31 December 2021.

## Restrictions on voting rights and on the transfer of shares

The Company does not have any rights from treasury shares. In the cases described in Section 136 of the German Stock Corporation Act (AktG), the voting rights of treasury shares are nullified by law.

Shares in Mercedes-Benz Group AG acquired by employees within the context of the employee share programme may not be disposed of until the end of the following year. Eligible participants in the Performance Phantom Share Plans (PPSPs) of Executive Level 1 and eligible members of the Board of Management are obliged by the Plans' terms and conditions and by the Stock Ownership Guidelines to acquire the Company's shares with a part of their Plan income or out of their own funds up to a defined target volume and to hold them for the duration of their employment at the Group.

## Provisions of applicable law and of the Articles of Incorporation concerning the appointment and dismissal of members of the Board of Management and amendments to the Articles of Incorporation

Members of the Board of Management are appointed and dismissed on the basis of Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 31 of the German Codetermination Act (MitbestG). In accordance with 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 period of office of five years. Until 31 December 2020, the rules of procedure of the Supervisory Board stipulated that the initial appointment of members of the Board of Management should generally be limited to three years. Since 1 January 2021, the rules of procedure have stipulated a maximum period of three years for initial appointments. Reappointment or the extension of a period of office is permissible, in each case for a maximum of five years.

Pursuant to Section 31 of the German Codetermination Act (MitbestG), the Supervisory Board appoints the members of the Board of Management with a majority comprising at least two thirds of its members' votes. If no such majority is obtained, the Mediation Committee of the Supervisory Board has to make a suggestion for the appointment within one month of the vote by the Supervisory Board in which the required majority was not reached. The Supervisory Board then appoints the members of the Board of Management with a majority of its own members' votes. If no such majority is obtained, voting is repeated and the Chair of the Supervisory Board then has two votes. The same procedure applies for dismissals of members of the Board of Management.

In accordance with Article 5 of the Articles of Incorporation, the Board of Management has at least two members. The number of members is decided by the Supervisory Board. Pursuant to Section 84 Subsection 2 of the German Stock Corporation Act (AktG), the Supervisory Board can appoint a member of the Board of Management as the Chairperson of the Board of Management. If a required member of the Board of Management is lacking, an affected party can apply in urgent cases for that member to be appointed by the court pursuant to Section 85 Subsection 1 of the German Stock Corporation Act (AktG). Pursuant to Section 84 Subsection 3 of the German Stock Corporation Act (AktG), the Supervisory Board can revoke the appointment of a member of the Board of Management and of the Chairperson of the Board of Management if there is an important reason to do so.

Pursuant to Section 179 of the German Stock Corporation Act (AktG), the Articles of Incorporation can only be amended by a resolution of an Annual General Meeting. Unless otherwise required by applicable law or the Articles of Incorporation, resolutions of the Annual General Meeting are passed pursuant to Section 133 of the German Stock Corporation Act (AktG) and pursuant to Article 16 Sentences 1 and 2 of the Articles of Incorporation with a simple majority of the votes cast and if required with a simple majority of the share capital represented. Pursuant to Article 16 Sentence 3 of the Articles of Incorporation, the dismissal of a shareholder-elected member of the Supervisory Board 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), any amendment to the purpose of the Company requires a three-quarters majority of the share

capital represented at the General Meeting; no use is made in the Articles of Incorporation of the possibility to stipulate a larger majority of the share capital. Amendments to the Articles of Incorporation that only affect the wording can be decided upon by the Supervisory Board in accordance with Article 7 Subsection 2 of the Articles of Incorporation. Pursuant to Section 181 Subsection 3 of the German Stock Corporation Act (AktG), amendments to the Articles of Incorporation take effect upon being entered in the commercial register.

#### **Authorisation of the Board of Management to issue or buy back shares**

By resolution of the Annual General Meeting of 5 April 2018, the Board of Management was authorised, with the consent of the Supervisory Board, to increase the share capital of the Company in the period until 4 April 2023, wholly or in partial amounts, on one or several occasions, by up to €1 billion by issuing new registered shares of no par value in exchange for cash or non-cash contributions, and, with the consent of the Supervisory Board under certain conditions and within defined limits, to exclude shareholders' subscription rights (Approved Capital 2018). Subscription rights can, under these defined conditions, be excluded in the event of a capital increase against non-cash contributions for the purposes of an acquisition, and in the case of a capital increase against cash contributions, if the issue price of new shares is not significantly below the market price at the time of issue.

The total number of shares issued against cash and/or non-cash contributions under this authorisation with the exclusion of shareholders' subscription rights may not exceed 10% of the share capital at the time when this authorisation takes effect. This limit is to include shares which (i) are issued or sold during the period of this authorisation with the exclusion of subscription rights in direct or analogous application of Section 186 Subsection 3 Sentence 4 of the German Stock Corporation Act (AktG) and which (ii) are 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 authorisation takes effect with the exclusion of shareholders' subscription rights with analogous application of Section 186 Subsection 3 Sentence 4 of the German Stock Corporation Act (AktG).

No use has yet been made of Approved Capital 2018.



By resolution of the Annual General Meeting on 8 July 2020, the Board of Management was authorised, with the consent of the Supervisory Board, to issue during the period until 7 July 2025 convertible bonds and/or bonds with warrants or a combination of those instruments (commercial paper) in a total nominal amount of up to €10 billion with a maximum term of ten years, and to grant the owners/lenders of those bonds conversion or option rights to new, registered shares of no par value in the Company with a corresponding amount of the share capital of up to €500 million, in accordance with the terms and conditions of those convertible bonds or bonds with warrants. The bonds may be issued in exchange for consideration in cash, but also for consideration in kind, in particular for interests in other companies. The respective terms and conditions may also provide for mandatory conversion or an obligation to exercise the option rights. The bonds can be issued once or several times, wholly or in instalments, or simultaneously in various tranches. They can also be issued by subsidiaries of the Company pursuant to Section 15 ff. of the German Stock Corporation Act (AktG).

Among other things, the Board of Management was also authorised under certain circumstances, within certain limits and with the consent of the Supervisory Board, to exclude shareholders' subscription rights to the bonds. Subscription rights can, under these defined conditions, be excluded when bonds are issued in exchange for non-cash contributions, particularly within the framework of a merger or acquisition, and when bonds are issued in exchange for cash contributions if the issue price is not significantly below the theoretical market price of the bonds at the time of the issuance.

Any issuance of bonds with the exclusion of subscription rights may only be carried out under the authorisation if the arithmetical proportion of the share capital attributable to the total of the new shares to be issued on the basis of such a bond does not exceed 10% of the share capital at the time when this authorisation takes effect or — if this value is lower — at the time when it is exercised. If, during the period of the authorisation until it is exercised, use is made of other authorisations to issue or sell shares in the Company or to issue rights enabling or requiring subscription to shares in the Company and subscription rights are excluded, this is to be counted towards the aforementioned 10% limit.

In order to service the debt of the convertible bonds and/or bonds with warrants issued as a result of the authorisation, the Annual General Meeting of 8 July 2020 also approved a conditional increase in the share capital of up to €500 million (Conditional Capital 2020).

No use was made of this authorisation to issue convertible bonds and/or bonds with warrants during the reporting period.

By a further resolution of the Annual General Meeting on 8 July 2020, the Board of Management was authorised, with the consent of the Supervisory Board, to acquire the Company's own shares until 7 July 2025 for all legal purposes in a volume of up to 10% of the share capital at the time of the resolution of the Annual General Meeting or — if this amount is lower — at the time when the authorisation is exercised. With the consent of the Supervisory Board, the shares can be used, with the exclusion of shareholders' subscription rights, for, among other things, corporate mergers and acquisitions, or can be sold for cash to third parties at a price that is not significantly below the market price at the time of the sale. The acquired shares can also be used to service debt on convertible bonds and/or bonds with warrants, or can be issued to employees of the Company and employees and members of executive bodies of subsidiaries pursuant to Section 15 ff. of the German Stock Corporation Act (AktG). The Company's own shares can also be cancelled.

During the period of the authorisation, the total of the Company's own shares used with the exclusion of shareholders' subscription rights may not exceed 10% of the share capital at the time when the authorisation takes effect or — if this amount is lower — at the time when it is exercised. If, during the period of the authorisation until it is exercised, use is made of other authorisations to issue or sell shares in the Company or to issue rights enabling or requiring subscription to shares in the Company and subscription rights are excluded, this is to be counted towards the aforementioned 10% limit.

In a volume of up to 5% of the share capital existing at the time of the resolution of the Annual General Meeting, the Board of Management was authorised, with the consent of the Supervisory Board, to acquire the Company's own shares also with the application of derivative financial instruments (put or call options, forwards or a combination of these financial instruments), whereby the terms of the derivatives may not exceed 18 months and must be terminated at the latest on 7 July 2025.

No use was made of this authorisation to acquire the Company's own shares during the reporting period.

### **Material agreements subject to change of control**

Mercedes-Benz Group AG has concluded various material agreements, as listed below, that include clauses regulating the possible event of a change of control, as can occur as a result of a takeover bid:

- A non-utilised syndicated credit line for a total amount of €11 billion, which the lenders are entitled to terminate if (i) Mercedes-Benz Group AG becomes a subsidiary of another company, or (ii) Mercedes-Benz Group AG becomes controlled either individually or jointly by one or more persons acting together. For the purposes of the syndicated credit line, subsidiary in relation to a company means another company (i) that is controlled directly or indirectly by the first-mentioned company, (ii) of which more than 50% of the subscribed share 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 for the purposes of the syndicated credit line means (i) the right to determine the affairs of a company, (ii) the right to control the composition of the managing board or similar bodies, or (iii) the right to control the composition of the supervisory board (if elected by the shareholders).
- A credit agreement of Mercedes-Benz AG with a lender for an amount totalling €0.7 billion, for the repayment of which Mercedes-Benz Group AG is jointly and severally liable, which provides for a right of termination for the lender in the event that natural or legal persons or a group of at least two persons acting jointly acquire control of Mercedes-Benz Group AG. For the purpose of the credit agreement, a group acting jointly exists when a group acts jointly on the basis of formal or informal agreements or other arrangements. Control for the purposes of the credit agreement means (i) holding or controlling more than 50% of the voting rights in Mercedes-Benz Group AG, (ii) the right to determine or appoint the majority of the members of a decision-making body of Mercedes-Benz Group AG (for example, the management, board of management, advisory board, supervisory board), (iii) the right to receive more than 50% of the distributable dividends of Mercedes-Benz Group AG, or (iv) exercise of an otherwise comparable controlling influence on Mercedes-Benz Group AG. Control can be exercised directly or indirectly through share ownership, contractual arrangement, fiduciary status, economic circumstances, or otherwise, and through either a single person or a group acting together.
- A master cooperation agreement on wide-ranging strategic cooperation with Renault S.A., Renault-Nissan B.V. and Nissan Motor Co., Ltd., as well as with Mitsubishi Motors Corporation. In the case of a change of control of one of the parties to the agreement, each of the other parties has the right to terminate the agreement. A change of control as defined by the master cooperation agreement occurs if a third party or several third parties acting jointly acquire, legally or economically, directly or indirectly, at least 50% of the voting rights in the company in question or are authorised to appoint a majority of the members of its managing board. Under the master cooperation agreement, several cooperation agreements were concluded between Mercedes-Benz Group AG on the one side and Renault and/or Nissan on the other, which provide for the right of termination for a party to the agreement in the case of a change of control of another party. With the exception of the master cooperation agreement, the aforementioned cooperation agreements were transferred from former Daimler AG to Mercedes-Benz AG in 2019.

- An agreement with BAIC Motor Co., Ltd. related to a jointly held company for the production and distribution of cars of the Mercedes-Benz brand in China, by which BAIC Motor Co., Ltd. is given the right to terminate the agreement or exercise a put or call option in the case that a third party acquires one third or more of the voting rights in Mercedes-Benz Group AG.
- An agreement between Mercedes-Benz Group AG, BMW AG and Audi AG related to the acquisition of the companies of the HERE Group and the associated establishment of There Holding B.V. In the event of a change of control of one of the parties to the agreement, the agreement obligates the party in question to offer its shares in There Holding B.V. to the other parties to the agreement (shareholders). A change of control of Mercedes-Benz Group AG occurs if one person gains control over Mercedes-Benz Group AG, whereby control is defined as (i) having control of more than 50% of the voting rights, (ii) being able to control more than 50% of the voting rights eligible to vote at the General Meetings on all or nearly all matters, or (iii) the right to determine the majority of the members of the Board of Management or of the Supervisory Board. A change of control also occurs if competitors of the HERE Group or certain possible competitors of the HERE Group in the technology industry acquire a shareholding of at least 25% of Mercedes-Benz Group AG. If none of the other parties acquire these shares, the agreement gives them the right to dissolve There Holding B.V.
- An agreement between Mercedes-Benz Group AG and BMW AG which contains basic provisions for five joint ventures between Daimler Mobility Services GmbH and group companies of BMW AG in the field of mobility services (car sharing, ride hailing, charging, multimodal services and a joint venture holding the common brand). This agreement originally encompassed six joint ventures, but the parking joint venture (PARK NOW Group Holding B. V.) was sold in financial year 2021. A change of control is defined as the acquisition by a third party of more than 50% of the voting rights or shares, or the conclusion of a control agreement over Mercedes-Benz Group AG by a third party. As a result of a change of control, the other party may initiate a shoot-out process, which is more precisely defined in the agreement.

# Risk and Opportunity Report

The Mercedes-Benz Group is exposed to a large number of risks that are directly linked with the business activities of Mercedes-Benz Group AG and its subsidiaries or which result from external influences. A risk is understood as the danger that events, developments or actions will prevent the Group or one of its segments from achieving its targets. This includes monetary and non-monetary risks. At the same time, it is important to identify opportunities in order to safeguard and enhance the competitiveness of the Mercedes-Benz Group. An opportunity is understood as the possibility due to events, developments or actions to safeguard or to surpass the planned targets of the Group or of a segment.

In order to identify business risks and opportunities at an early stage and to assess and manage them actively, the Board of Management applies effective management and control systems, which have been brought together in an overall risk and opportunity management system. Risks and opportunities are not offset.

## C.01

### Assessment of the risks and opportunities based on the expected value for each category

Level	Expected value
Low	< €500 million
Medium	≥ €500 million to €1 billion
High	≥ €1 billion

### Risk and opportunity management system

The **risk management system** is intended to systematically and continually identify, assess, control, monitor and report on risks threatening the Mercedes-Benz Group's existence and other material risks jeopardising the Group's success, in order to support the achievement of corporate targets and to enhance risk awareness at the Group. The risk management system is integrated into the value-based management and planning

system of the Mercedes-Benz Group and is a fixed component of the overall planning, management and reporting process in the companies, segments and corporate functions.

The **opportunity management system** at the Mercedes-Benz Group is based on the risk management system. The objective of opportunity management is to recognise the possible opportunities arising in business activities resulting from positive developments at an early stage, and to use them in the best possible way for the Group by taking appropriate measures. By taking advantage of opportunities, planned targets should be met or exceeded.

In the context of the planning, risks and opportunities are considered with an observation period of up to five years. The reporting of risks and opportunities in this report generally relates to a period of one year.

The assessment of individual risks and opportunities takes place on the basis of their probability of occurrence and possible impact. Multiplying the probability of occurrence by the possible impact results in the expected monetary value, which in this reporting year for the first time also forms the basis for the classification of the risk and opportunity categories in the levels "low", "medium" or "high". The expected monetary value is also used and reported as an additional assessment dimension within the framework of internal risk and opportunity reporting. In principle, the **quantification of risks and opportunities** in this report is carried out by summarising the expected values of the individual risks and opportunities in categories [↗ C.01](#). For the first time, the assessment and reporting of the level of risks and opportunities takes into account both planned and already effective risk-reducing measures (net view) and is considered in relation to EBIT, unless otherwise indicated. Applying the described procedure to the previous year has no effect on the classification of risks and opportunities as "low", "medium," or "high" in comparison with the previous year.

In order to assess the Group's **risk-bearing capacity**, the potential effects of the risks on earnings, with consideration of correlation effects, are analysed using a Monte Carlo simulation (confidence level: 99%). In the case of symmetrical risk and opportunity profiles, the potential effects on earnings of the opportunities are also included. The aggregated risks and opportunities are compared with the reported equity of the Mercedes-Benz Group as a risk cover.

Risks and opportunities resulting from **sustainability aspects** are integrated into the Group-wide risk management process at Mercedes-Benz Group. They are understood to be conditions, events, or developments involving environmental, social or governance factors (ESG), the occurrence of which may have an actual or potential impact on the Mercedes-Benz Group's profitability, cash flows and financial position, as well as on its reputation. Climate-related risks and opportunities in connection with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) are part of the environment area and are thus also identified and assessed as part of the risk management process. 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) do not exist from today's perspective.

Risk and opportunity management is based on the principle of completeness. This means that at the level of the individual entities, all identified risks and opportunities enter the risk management process.

The scope of consolidation for risk and opportunity management generally corresponds to the scope of the consolidated financial statements. The group of companies included in the consolidation can be expanded from a risk perspective. The risks and opportunities of the segments and operating units, important associated companies, joint ventures, joint operations and 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 avoid, reduce or protect the Group against risks. Within the context of opportunity management, measures are to be taken with which opportunities can be seized, improved and (fully or partially) realised. The cost-effectiveness of a measure is assessed before its implementation. The possible impact and probability of occurrence of all risks and opportunities of the individual entities and the related measures that have been initiated are continually monitored. The management activities take place at the level of the segments based on individual risks and opportunities. Mercedes-Benz Group AG monitors implementation by the segments as part of its regulatory, legal and compliance functions.

The **organisational embedding of risk and opportunity management** takes place through the risk management organisation established at the Group. Responsibility for operational risk management and for the risk management processes lies with the segments, corporate functions, organisational entities and companies. They report on the specific risks and opportunities to the next-higher level unit on a regular basis. Significant, unexpected risks must be reported immediately. Through the segments, this information is passed on to Group Risk Management for reporting to the Board of Management, the Audit Committee and the Supervisory Board. The Group Risk Management Committee (GRMC) is responsible for the continual improvement of the risk management system and for assessing its suitability and effectiveness. The GRMC is composed of representatives of Accounting & Financial Reporting, the Legal department, Compliance, Corporate & Information Security and the members responsible for finance of the Boards of Management of Mercedes-Benz Group AG, Mercedes-Benz AG, and Mercedes-Benz Mobility AG. It is chaired by the Board of Management members of Mercedes-Benz Group AG responsible for Finance & Controlling / Mercedes-Benz Mobility and for Integrity and Legal Affairs. The Internal Auditing department contributes material findings on the internal control and risk management system.

The **internal control system with regard to the accounting process** has the objective of ensuring the correctness and effectiveness of accounting and financial reporting. It is designed in line with the internationally recognised framework for internal control systems of the Committee of Sponsoring Organisations 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 segments, corporate functions, organisational units and companies. 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 corporate accounting process. The first step consists of risk analysis and a definition of control with the objective of identifying significant control weaknesses relating to the processes of corporate accounting and financial reporting in the main companies, organisational entities and corporate functions. The controls required are then defined and documented in accordance with Group-wide guidelines. Random samples are regularly tested to assess the effectiveness of the controls. Those tests constitute the basis for self-assessment of the appropriate magnitude and effectiveness of the controls. The results of this self-assessment are documented and reported in a Group-wide IT system; identified control weaknesses are eliminated. At the end of the annual cycle, the companies, organisational entities and corporate functions under consideration confirm the suitability and effectiveness of the internal control system with regard to the corporate accounting process.

Non-accounting related controls are documented in various systems. The Group Risk Management Committee (GRMC) is responsible for the assessment of the suitability and effectiveness of the **Group-wide internal control system** with regard to the scope of business operations and the Group's risk situation. The Board of Management, Audit Committee and Supervisory Board are regularly informed about potential significant control weaknesses and the effectiveness of the control mechanisms installed.

The Audit Committee and the Supervisory Board of Mercedes-Benz Group AG and the Supervisory Boards of Mercedes-Benz AG and Mercedes-Benz Mobility AG are responsible for **monitoring the internal control and risk management system**. The Internal Auditing department monitors whether the statutory conditions and the Group's internal guidelines concerning the internal control and risk management system of the Group are adhered to. If required, measures are initiated in cooperation with the respective management. External auditors audit the system for the early identification of risks, which is integrated in the risk management system, for its general suitability to identify risks threatening the existence of the Group; in addition, in the context of the audit of the consolidated financial statements, they report to the Audit Committee and the Supervisory Board on any significant weaknesses that have been recognised in the accounting-related internal control and risk management system.

## Risks and opportunities

The following section describes risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Mercedes-Benz Group. In general, the reporting of risks and opportunities takes place in relation to the individual segments. Following the spin-off and hive-down of the Daimler commercial vehicle business, the business operations of the Mercedes-Benz Group are managed in the Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility segments. If no segment is explicitly mentioned, the risks and opportunities described relate to all the segments.

In addition to the risks and opportunities described below, risks and opportunities that are not yet known or classified as not material can also influence profitability, cash flows and financial position in the future.

Table [7 C.02](#) provides an overview of the expected monetary values of the individual categories.

## Economic conditions

Like the majority of economic research institutes, the Mercedes-Benz Group expects the growth dynamism of the **global economy in 2022** to be less pronounced than in the previous year. But with GDP growth of about 4%, the rate of expansion is still expected to be significantly above the long-term average. Growth assumptions and forecasts for the global economic development in 2022 are described in the “Outlook” section.

The economic outlook is connected with great uncertainty. The economic environment constitutes the framework conditions for the risks and opportunities listed in the following categories and is included as a premise in the quantification of these risks and opportunities.

Uncertainties for the global economy and the business development of the Mercedes-Benz Group may arise in particular from **geopolitical and trade policy** developments worldwide. The main factor in this respect is a further escalation of the Russia-Ukraine War or, in the worst case, its spread to other countries. In addition,

## C.02

Category	expected value	
	Risk	Opportunity
<b>Industry and business risks and opportunities</b>		
General market risks and opportunities	Medium	High
Risks relating to the legal and political framework	High	-
Procurement market risks and opportunities	Low	Low
<b>Company-specific risks and opportunities</b>		
Risks from research and development	Low	-
Production risks	Low	-
Risks and opportunities from purchasing and logistics	High	Low
Information technology risks	Low	-
Personnel risks	Low	-
Risks related to equity investments and partnerships	Medium	-
<b>Financial risks and opportunities</b>		
Exchange-rate risks and opportunities	Low	Low
Interest-rate risks and opportunities	Low	Low
Commodity-price risks and opportunities	Low	Low
Credit risks	Low	-
Country risks	High	-
Risks of restricted access to capital markets	Low	-
Risks and opportunities from changes in credit ratings	Low	Low
Risks and opportunities relating to pension plans	Medium	Medium

further exacerbation of tensions between the United States and China and a further deterioration of political relations between the European Union and China could lead to increased uncertainty and adversely affect both global economic prospects and the business development of the Mercedes-Benz Group.

Another significant uncertain factor is the further course of the **covid-19 pandemic** represents a significant uncertainty factor. Insufficient vaccination progress, further waves of infection and new virus variants could make even more comprehensive and drastic containment measures necessary than assumed in the Outlook section. Mobility restrictions or even further lockdowns could affect economic growth and automotive markets

regionally or even globally, causing even more pronounced disruptions in international trade routes and global supply chains. On the other hand, if the pandemic is overcome more quickly than currently assumed, this could result in a correspondingly more favourable development of the global economy and automotive markets, as well as a significant reduction in covid-19-related disruptions to global supply chains.

In addition to pandemic-related disruptions in supply chains, **bottlenecks for semiconductors and other important industrial components** also constitute uncertainties. Persistently high or even further rises in **energy and raw-material prices** can also have an impact on the risks and opportunities described in the risk categories.

High energy prices, along with other factors, are a major driver of the recent exceptionally high **inflation rates** in the United States and some European and Latin American economies. If inflation remains significantly higher than currently expected over the course of the year, private consumption, economic growth and demand for cars and vans could suffer. In addition, important central banks could see themselves forced by this development to raise interest rates excessively, which could result in turbulence on the financial markets, lower consumer demand, restraint in companies' investment and weaker economic development overall.

Further economic uncertainties are the extremely high levels of corporate debt by global standards and especially the crisis in the **real-estate sector in China**. If, instead of the expected orderly consolidation, there is an uncontrolled collapse of the real estate sector, this would have significant negative consequences for economic growth and the financial markets. Other highly indebted companies, also outside the real-estate sector, could be caught up in the crisis. In an extreme case, this could lead to a banking and financial crisis in China with possible global repercussions.

## Industry and business risks and opportunities

### General market risks and opportunities

The risks and opportunities for the economic development of automotive markets are strongly affected by the cyclical situation of the global economy. The assessment of market risks and opportunities is linked to assumptions and forecasts about the overall development of markets in the regions in which the Mercedes-Benz Group is active. The economic risks described above form the basis for the assessment of the existing risks and opportunities. The possibility of markets developing better or worse than assumed in the planning, or of changing market conditions, generally exists for all segments of the Group.

Possible declines in vehicle sales may be caused in particular by the partially unstable macroeconomic environment and in the context of political or economic uncertainties. The situation in the Chinese real-estate sector remains tense, as described above. Negative consequences for both Chinese and global economic growth cannot be ruled out. As a result of the covid-19 pandemic, risks still exist for the development of unit sales and the availability of components in the after-sales business. Rising energy and oil prices and volatile exchange rates can also lead to market uncertainty and thus to falling demand for vehicles. The lack of market acceptance for electric vehicles can also lead to **risks in the development of unit sales** – especially in the Mercedes-Benz Vans segment – and have a negative impact on earnings. Continued high inflation may lead to a weakening of purchasing power and thus to a decline of demand in the automotive sector. The development of markets, unit sales and inventories is continually analysed and monitored by the segments; if necessary, specific marketing and sales programmes are implemented.

Volatilities with regard to market developments can also lead to the overall market or regional conditions for the automotive 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. The utilisation of opportunities is supported by sales and marketing campaigns.



Due to the partly difficult financial situation of some **dealerships and vehicle importers**, support actions might become necessary to ensure the performance of the business partners. 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 demand not being fully served and lower unit sales. Taking over the costs of contract cancellations and of processing outstanding customer contracts cannot be ruled out as a result of dealer insolvencies and may have a negative impact on earnings.

The launch of new products by competitors, more aggressive pricing policies and poorer effective pricing for products such as electric vehicles can lead to increasing **competitive and price pressure** in the automotive segments and have a negative impact on profitability. The discontinuation of government subsidies for electric vehicles can also negatively affect their pricing and minimise profit margins. Continuous monitoring is carried out in order to recognise risks at an early stage. Depending on the situation, product-specific and possibly regionally different measures are taken to support weaker markets. The Mercedes-Benz Group also applies various programmes to boost sales, including financial incentives for customers.

In connection with the sale of vehicles, the Mercedes-Benz Group offers customers a wide range of **financing and leasing options**. The resulting risks for the Mercedes-Benz Mobility segment are mainly due to borrowers' worsening creditworthiness, so receivables might not be recoverable in whole or in part because of customers' insolvency (default or credit risk). The Mercedes-Benz Group counteracts credit risks by means of creditworthiness checks on the basis of standardised scoring and rating methods, the collateralisation of receivables, and effective risk management with a firm focus on monitoring both internal and macroeconomic leading indicators.

In order to take into account the credit risks related to the impact of the covid-19 pandemic on the global economy, the management of the Mercedes-Benz Mobility segment has implemented a special crisis guideline containing rules on how customers can be supported as flexibly as possible, but in a risk management-oriented manner, with payments being deferred during the crisis. On this basis, the Mercedes-Benz Mobility segment has granted selected customers improved payment terms in the form of deferrals, and deferrals have also been granted due to government support programmes. The customer support programmes offered by Mercedes-Benz Mobility largely expired in 2021, while the government support programmes continued to exist in some markets.

In connection with leasing agreements, risks and opportunities also arise if the market value of a leased vehicle at the end of the agreement term differs from the residual value that was originally calculated and forecasted at the time the agreement was concluded and used as a basis for the leasing instalments. Residual-value management processes have been defined to counteract these risks relating to **vehicles' residual values**. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales promotion measures designed to regulate vehicle inventories. The quality of market forecasts is verified by periodic comparisons of internal and external sources, and, if required, the determination of residual values is adjusted and further developed with regard to methods, processes and systems.

The level of market risks has decreased compared with the previous year due to the deconsolidation of the Daimler commercial vehicle business. Opportunities increased due to the improved expected development of demand for vehicles in the automotive segments.

### **Risks related to the legal and political framework**

The automotive industry is subject to extensive governmental regulation worldwide. Risks and opportunities from the legal and political framework have a considerable influence on the Mercedes-Benz Group's future business success. Regulations concerning vehicles' emissions, fuel consumption, safety and certification, as well as tariff aspects and taxes in connection with the sale or purchase of vehicles or vehicle parts, play an important role.

The Mercedes-Benz Group constantly monitors the development of the legal and political framework and attempts to anticipate foreseeable requirements and long-term objectives at an early stage in the product development process. In particular, changes in the legal and political framework at short notice can be associated with additional costs or higher investments. Risks related to legal and political framework increased due to Russia-Ukraine War compared to the previous year.

Many countries and regions have implemented legal limits for the fuel consumption and/or CO<sub>2</sub> emissions of car fleets, with varying target limits. Non-compliance with regulations applicable in the various markets might result in significant penalties and reputational harm, and might even mean that vehicles with conventional drive systems could not or could no longer be registered in the relevant markets. The Mercedes-Benz Group counteracts these risks by with the transformation towards electric mobility and the associated realignment of its products.

Mercedes-Benz Cars and also Mercedes-Benz Vans faces the described risks with respect to regulations on mandatory targets for the average fleet fuel consumption and CO<sub>2</sub> emissions of new vehicles especially in the markets of China, Europe and the United States. The Mercedes-Benz Group gives these targets due consideration in its product planning. The increasingly challenging target of a fully electric future requires significant proportions of actual unit sales of plug-in hybrids and cars with other types of electric drive. We assume that the ambitious statutory targets can be met, whereby in some markets, the modalities for target achievement granted by law will have to be utilised - including the acquisition of external credits. The market success of alternative drive systems is greatly influenced not only by customer acceptance but also by regional market conditions such as the battery-charging infrastructure and state support.

Far-reaching risks can result from the **Russia-Ukraine War**. The war can 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 bottleneck situations for components as well as raw materials and upstream products. Even higher cyber risk can not be ruled out. Collaboration with partners and cooperative ventures are also subject to higher risks. Outstanding trade receivables may result in higher default, country and currency risks due to restrictions on cross-border payment transactions and limited convertibility of the Russian rouble. The higher country risks mainly include potential impairments on trade receivables as well as property, plant and equipment and inventories of the automobile segments. In the Mercedes-Benz Mobility segment, negative effects may result from sanctions and a weaker economic environment for our customers in Russia and other markets, which may be reflected in increased payment arrears and credit defaults. Furthermore, as a result of higher inflation rising refinancing costs in the capital markets may lead to negative effects on the segment's interest margin as well as cost development. In addition, temporary capital bottlenecks may arise in the context of refinancing in the Russian banking market, which may result in a claim on a global guarantee in connection with outstanding financial liabilities to banks. In addition, higher risks may arise from the insolvency of subsidiaries. These risks could be

exacerbated by the potential expropriation of assets of Russian subsidiaries. Risks from the Russia-Ukraine War are being continually monitored; possible scenarios are being continually adapted to the current geopolitical situation and analysed.

Industry-specific and country-specific barriers to trade in foreign markets that are important for the Mercedes-Benz Group could have a negative impact on both production costs and the entire value chain. The conclusion or amendment of free-trade agreements can result in both risks and opportunities for the Group's profitability and liquidity.

Individual countries may attempt to defend and improve their competitiveness in the world's markets by resorting to **interventionist and protectionist measures**. For example, setting up or expanding production facilities, increasing local purchasing or the requirement to carry out local research and development can result in significantly increased investment or higher running costs. In addition, barriers to market access such as more difficult certification processes and delays to certification or very complicated tariff procedures can make it more difficult to import into those countries. Investing in those countries can limit the impact of protectionist measures.

Stricter regulations on the protection of personal data can also lead to higher costs in the event of violations of the law, for example, if the authorities prescribe measures to be taken, impose penalties and/or decide on the suspension of business licences. In order to counteract these potential risks and to identify deviations at an early stage, continuous monitoring and an analysis of these regulations are carried out.

### **Procurement market risks and opportunities**

Risks and opportunities relating to procurement have been restructured through the introduction of the new category "Risks and opportunities from purchasing and logistics", and arise for the automotive segments in particular from fluctuations in **prices of commodities, raw materials and energy**. Certain raw materials are required for the manufacture of vehicle components and vehicles, which are purchased on the world market. The level of costs depends on the price development of commodities, raw materials and energy. Price fluctuations are expected with uncertain and inconsistent trends also for the year 2022. For example, raw-material markets can be impacted by uncertainties and political crises – combined with possible supply bottlenecks – as well as by volatile demand for specific raw materials. In general, the ability to pass on the higher costs of commodities and other materials in the form of higher prices for manufactured vehicles is limited because of strong competitive pressure in the international automotive markets. Rising raw-material prices may therefore have a negative impact on the profit margins of the vehicles sold and thus lead to lower earnings in the respective segment. In order to counteract possible losses in earnings, Mercedes-Benz continuously monitors the development of raw-material and energy prices and enters into negotiations with suppliers.

### **Company-specific risks and opportunities**

#### **Risks and opportunities from research and development**

Technical developments and innovations are of key importance for the safe and sustainable mobility of the future. The transformation towards electric mobility and comprehensive digitisation have resulted in ambitious development targets and the market launch of new technologies. Through the design of the product range, technical innovations are integrated in the strategic product planning of the automotive segments. In addition to the resulting opportunities, decisions in favour of certain technologies and the continuously growing scope of emission, consumption and safety requirements to be met are associated with risks, and are presented in the new category "Risks and opportunities from research and development".

In the year 2020, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements with various US authorities to settle civil and environmental claims regarding emission control systems of certain diesel vehicles, which have taken legal effect. We refer to our further explanations under legal and tax risks and opportunities. With the settlement reached, Mercedes-Benz Group AG and MBUSA have agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles, provide extended warranties, undertake a nationwide mitigation project, take certain corporate compliance measures and make other payments. If the aforementioned obligations are not complied with, there will be the risk that cost-intensive measures will have to be taken and/or significant stipulated penalties will become due.

### **Production risks and opportunities**

Due to the increasing technical complexity and the goal of maintaining and constantly enhancing quality standards for the luxury vehicles of the Mercedes-Benz Group, risks can arise in the automotive segments in connection with, among other things, the launch and manufacture of products. Risks with a negative impact on earnings also cannot be ruled out in connection with increasing automation and networking of production facilities. Mercedes-Benz has instruments for reducing and mitigating these risks through the implementation of suitable management systems and the systematic concentration of product development and process changes. These production-related risks and opportunities, as well as the underlying measures to manage them, are summarised and described in this new category "Production risks and opportunities".

In the context of product launches – especially also with the expansion of sub-brands – the required components and equipment must be available. To avoid restrictions in this context, the related processes are continuously evaluated and improved. In order to secure and enhance the long-term future viability of production facilities in the automotive segments, modernisation, expansion, construction and restructuring measures are carried out as required. The **launch of new products** of the brands Mercedes-Benz, Mercedes-AMG, Mercedes-Maybach, Mercedes-EQ and the G-Class usually entails high investments. In addition, there may be inefficiencies in the production process and, as a result, a temporary reduction in production volumes.

Due to low plant availability or **failures of production or factory equipment**, there is a risk of internal delays in vehicle production and consequent costs being incurred. Production equipment is continuously maintained and modernised. As a precaution, spare parts are held available or, if required, spare machines are purchased for the production plants that might be at risk.

**Warranty and goodwill cases** could arise if the quality of the products or the parts installed in the products does not meet requirements despite appropriate quality assurance processes, if regulations are not fully complied with, or if support cannot be provided in the required form in the event of problems and product maintenance. The Mercedes-Benz Group recognises appropriate provisions for warranty and goodwill cases. Nevertheless, it cannot be ruled out that recalls and field measures will lead to expenses. Possible claims in connection with such risks are examined and, if necessary, the appropriate measures are initiated for the affected products.

### **Risks and opportunities from purchasing and logistics**

Interruptions in global supply chains, bottleneck situations for supplied components, and production stoppages or underutilisation of production capacities at suppliers are reported in the new category "Risks and opportunities from purchasing and logistics". **Interruptions in global supply chains**, especially caused by bottlenecks for electronic components and other important parts, as well as possible failures in supply by

energy providers, can cause bottlenecks in the automotive segments. In order to avoid such **bottleneck situations with supplied parts and components**, we place importance on being able to offset capacity bottlenecks through forward-looking planning. Supplier management is undertaken for the prevention of risks with the aim of ensuring the quantity and quality of the components required to produce the vehicles. Lack of availability and quality problems with certain vehicle parts can lead to production downtimes and cause costs.

The financial situation of some suppliers remains difficult. This can be caused by continuing uncertainty in connection with the covid-19 pandemic, higher prices of commodities, raw materials and energy as well as the lack of availability of components, but also by changed delivery schedules in connection with advancing electrification. The resulting possible **production stoppages or under-utilisation of production capacities at suppliers** can also cause disruption of the supply chain in the automotive segments and prevent vehicles from being completed and delivered to customers on time. Support measures may be necessary to ensure the continuation of suppliers' production and sales. Supplier risk management aims to identify potential financial bottlenecks for suppliers at an early stage and to initiate suitable countermeasures. Specifically, depending on the warning signals recorded and the internal classification, regular reporting dates are agreed upon for suppliers on which key performance indicators are reported to the Mercedes-Benz Group and any support measures can be determined if necessary. If suppliers cannot cover their fixed costs, there is also the risk that they may demand compensation payments. Necessary capacity expansion at suppliers' plants could also require participation in their costs.

### Information technology risks and opportunities

The systematically pursued digitisation strategy enables the Mercedes-Benz Group to utilise new opportunities to increase customer benefit and the value of the company. Nonetheless, the high penetration of information technology (IT) at all divisions also brings risks for their business and production processes, as well as for their services and products. Extensive changes in the existing system landscape, for example, the focus on strategic partnerships for the transformation of the IT infrastructure, can also lead to risks.

The ever-growing threat from cybercrime and the spread of aggressive malicious code brings 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 the misuse of sensitive data may under certain circumstances lead to a loss of reputation. In particular, stricter regulatory requirements such as the EU Data Protection Directive and related legislation may, among other things, give rise to claims by third parties and result in costly regulatory requirements and penalties with an impact on earnings.

It is essential for the globally active Mercedes-Benz Group and its wide-ranging business and production processes that information is available and can be exchanged in an up-to-date, complete and correct form. The Group's internal framework for IT security is based on international standards and its protective measures also apply industry standards and good practice. New regulatory requirements for cyber security and cyber security management systems are taken into account in the further development of processes and policies. Appropriately secure IT systems and a reliable IT infrastructure must be used to protect information. Cyber threats must be identified over the entire life cycle of applications and IT systems, and dealt in line with their seriousness. Particular attention is paid to risks that could result in the interruption of business processes due to the failure of IT systems or which could cause the loss or corruption of data. The advancing

digitisation and connectivity of production equipment is accompanied by coordinated technical and organisational security measures.

Due to growing requirements concerning the confidentiality, integrity and availability of data, the Mercedes-Benz Group has implemented various preventive and corrective measures so that the related risks are minimised and possible damage is limited. For example, the Group reduces potential interruptions of operating processes in data centres by means of mirrored data sets, decentralised data storage, outsourced data backups and IT systems designed for high availability. Emergency plans are developed and employees are trained and regularly sensitised in order to maintain operating capability. Specific threats are analysed and countermeasures are coordinated at a globally active Cyber Intelligence & Response Centre. The protection of products and services against the danger of hacking and cyber-crime is continually developed.

The level of information technology risks has decreased compared with the previous year due to the deconsolidation of the Daimler commercial vehicle business.

### **Personnel risks and opportunities**

Competition for highly qualified staff and management is still very intense in the industry and the regions in which the Mercedes-Benz Group operates. The Group's future success also depends on the extent to which it succeeds over the long term in recruiting, integrating and retaining specialist employees. The established human-resources instruments take such personnel risks into consideration. One focus of human resources management is the targeted personnel development and further training of the workforce. Among other things, employees benefit from a wide range of training opportunities and the transparency created within the framework of performance management. In order to remain successful as a company, we continuously develop the way we work together and our management culture.

In addition to the demographic development, the digital transformation also requires that the company continues to adapt to changes and derives measures such as securing a qualified next generation of specialists and managers, especially with regard to technical developments. This is addressed through various measures, including targeted qualification. We counter economic, market and competitive fluctuations with the established time and flexibility instruments to enable us to react appropriately to the situation. In order to achieve the long-term reduction in personnel costs necessary for the transformation, the Group's management and the General Works Council concluded an agreement in 2019 which includes a staff-reduction programme. Due to the covid-19 pandemic and the fact that the staff-reduction programme is voluntary for both parties, there is a risk that implementation may not be able to take place to the full extent planned. Risks also exist in particular due to upcoming negotiations on wage conditions in the metal and electrical industry and the associated possible production losses.

Personnel risks are lower than in the previous year due to the deconsolidation of the Daimler commercial vehicle business and the inclusion of significant transformation risks in the planning.

### **Risks and opportunities related to equity investments and partnerships**

Cooperation with partners in shareholdings and partnerships is of key importance to the Mercedes-Benz Group, both in the transformation towards electric mobility and comprehensive digitisation, and in connection with mobility solutions. Especially with new technologies, these shareholdings help to utilise synergies and improve cost structures in order to respond successfully to the competitive situation in the automotive industry.

The Mercedes-Benz Group generally participates in the risks and opportunities of shareholdings in line with its equity interest, and is also subject to share-price risks and opportunities if such companies are listed on a stock exchange. After the spin-off and hive-down of the Daimler commercial vehicle business, this also applies to Daimler Truck Holding AG.

The remeasurement of shareholdings in relation to its carrying value can lead to risks and opportunities for the segment to which it is allocated. Furthermore, ongoing business activities, especially the integration of employees, technologies and products, can result in risks. In addition, further financial obligations or an additional financing requirement can arise. Risks from shareholdings exist above all at Mercedes-Benz Mobility, as well as at the shareholdings directly allocated to the Group. The shareholdings are subject to a monitoring process so that, if required, decisions can be promptly made on whether or not measures can be taken to support or ensure their profitability. The recoverable value of investments in shareholdings is also regularly monitored. The risks related to equity investments and partnerships have increased as a result of the intensified geopolitical and trade policy risks compared to the previous year.

### **Financial risks and opportunities**

The following section deals with the financial risks and opportunities of the Mercedes-Benz Group. These risks and opportunities can have negative or positive effects on the profitability, cash flows and financial position of the Mercedes-Benz Group.

In principle, the Group's operating and financial risk exposures underlying its financial risks and opportunities 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 exist equally, while with the asymmetrical risk and opportunity profiles (e.g., credit and country exposures), the risks outweigh the opportunities.

The Mercedes-Benz Group is generally exposed to risks and opportunities from changes in market prices such as currency exchange rates, interest rates and commodity prices. Market price changes can have a negative or positive influence on the Group's profitability, cash flows and financial position. The Mercedes-Benz Group systematically manages and monitors market price risks and opportunities primarily directly in the context of its business operations and financing activities, and applies derivative financial instruments for hedging purposes where needed, thus limiting both market price risks and opportunities.

In addition, the Group is exposed to credit-, country- and liquidity-related risks, risks of restricted access to capital markets and risks from changes in credit ratings. As part of the risk management process, the Mercedes-Benz Group regularly assesses these risks by considering changes in key economic indicators and market information. Consideration of the pension plan assets to cover retirement and healthcare benefits is included in the section "Risks and opportunities relating to pension plans".

### **Exchange-rate risks and opportunities**

The Mercedes-Benz Group's global orientation means that its business operations and financial transactions are connected with risks and opportunities related to fluctuations in currency exchange rates. This applies in particular to fluctuations of the euro against the US dollar, Chinese renminbi, British pound and other currencies such as those of growth markets. An exchange-rate risk or opportunity arises in business operations primarily when revenue is generated in a currency different from that of the related costs (transaction risk). 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, whereby both risks and opportunities are limited. Any over-collateralisation caused by changes in exposure is generally reversed by suitable measures without delay. Exchange-rate risks and opportunities also exist in connection with the translation into euros of the net assets, revenues and expenses of the companies of the Group outside the euro zone (translation risk); these risks are not generally hedged.

### **Interest-rate risks and opportunities**

Changes in interest rates can create risks and opportunities for business operations as well as for financial transactions. The Mercedes-Benz Group employs a variety of interest-rate sensitive financial instruments to manage the cash requirements of its business operations on a day-to-day basis. Most of these financial instruments are held in connection with the financial services business of Mercedes-Benz Mobility. Interest-rate risks and opportunities arise when fixed-interest periods are not congruent between the asset and liability sides of the balance sheet. By means of refinancing coordinated with the terms of the financing agreements, the risk of maturity mismatch is minimised from both an interest-rate and a liquidity perspective. Remaining interest-rate risks are managed with the use of derivative financial instruments. The funding activities of the industrial business and the financial services business are coordinated at Group level. Derivative interest-rate instruments such as interest-rate swaps are used to achieve the desired interest-rate maturities and asset/liability structures (asset and liability management).

### **Commodity-price risks and opportunities**

As described in the section on “Procurement market risks and opportunities”, the Mercedes-Benz Group is exposed to risks arising from changes in prices of raw materials. A small proportion of the raw-material price risks, primarily relating to the purchase of precious metals, is reduced through the use of derivative financial instruments.

### **Credit risks**

Credit risk describes the risk of financial loss resulting from a counterparty failing to meet its contractual payment obligations. Credit risk includes both the direct risk of default and the risk of a deterioration in creditworthiness, as well as concentration risks.

The Group is exposed to credit risks which result primarily from its financial services activities and from the operations of its vehicle business. The risks from leasing and sales financing are dealt with in the General market risks and opportunities section.

Credit risks also arise from the Group's liquid assets. Should defaults occur, this would adversely affect the Group's financial position, cash flows and profitability. The limit methodology for liquid funds deposited with financial institutions has been continuously further developed in recent years. In connection with investment decisions, priority is placed on the borrowers' very high creditworthiness and on balanced risk diversification. Most liquid assets are held in investments with an external rating of A or better.

### **Country risks**

Country risk describes the risk of 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. The Mercedes-Benz Group is exposed to country risks that primarily result from cross-border financing or collateralisation for Group companies or customers, from investments in subsidiaries and joint ventures, and from cross-border trade receivables. Country risks also arise from cross-border cash deposits with financial institutions. The Group addresses these risks by setting country limits (e.g., for hard-currency portfolios of Mercedes-Benz Mobility companies). The Mercedes-Benz Group also has an internal rating system that divides all countries in which it operates into risk categories. The country risks have significantly increased as a result of the intensified geopolitical and trade policy risks compared to the previous year.

### **Risks of restricted access to capital markets**

Liquidity risks arise when a company is unable to fully meet its financial obligations. In the normal course of business, the Mercedes-Benz Group uses bonds, commercial paper and securitised transactions, as well as bank loans in various currencies, primarily with the aim of refinancing its leasing and sales-financing business. An increase in the cost of refinancing would have a negative impact on the competitiveness and profitability of the financial services business to the extent that the higher refinancing costs cannot be passed on to customers; a limitation of the financial services business would also have negative consequences for the vehicle business. Access to capital markets in individual countries may be limited by government regulations or by a temporary lack of absorption capacity. In addition,



pending legal proceedings as well as the Group's own business policy considerations and developments may temporarily prevent the Group from covering any liquidity requirements by means of borrowing in the capital markets. Contractually agreed credit lines are available as refinancing instruments. The risk of limited access to the capital market has decreased compared with the previous year, as both the planned refinancing volume and the probability of the risk's occurrence have decreased.

### **Risks and opportunities from changes in credit ratings**

Risks and opportunities exist in connection with potential downgrades or upgrades to credit ratings by the rating agencies, and thus to the Group's creditworthiness. Downgrades could have a negative impact on the Mercedes-Benz Group's financing if such a downgrade leads to an increase in the costs for external financing or restricts the Group's ability to obtain financing. A credit rating downgrade could also discourage investors from investing in Mercedes-Benz Group AG.

### **Risks and opportunities relating to pension plans**

The companies of the Mercedes-Benz Group grant defined-benefit pension commitments, which are largely covered by plan assets, as well as healthcare commitments to a small extent. The balance of pension obligations less plan assets constitutes the carrying amount or funded status of those employee benefit plans. The measurement of pension obligations and the calculation of net pension expense are based on certain assumptions. Even small changes in those assumptions such as a change in the discount rate or changed inflation assumptions have a negative or positive effect on funded status and Group equity in the current financial year, and lead to changes in the periodic net pension expense in the following financial year. The fair value of plan assets is determined to a large degree by developments in the capital markets. Unfavourable or favourable developments, especially relating to share prices and fixed-interest securities, reduce or increase the carrying value of plan assets. A change in the composition of plan assets can also have a positive or negative impact on the future development of the fair value of plan assets. Risk management for the plan assets takes place through broad diversification of investments, the selection of various asset managers on the basis of

quantitative and qualitative analyses, and the ongoing monitoring of returns and risks. The structure of pension obligations is taken into consideration with the determination of the investment strategy for the plan assets in order to reduce fluctuations of the funded status. Compared with the previous year, which was characterized by strong capital market fluctuations due to the coronavirus crisis, capital market volatilities have decreased significantly.

### **Legal and tax risks and opportunities**

The Group continues to be exposed to legal and tax risks. Provisions are recognised for those risks if and insofar as they are likely to be utilised and the amounts of the obligations can be reasonably estimated.

#### **Legal risks**

**Regulatory risks.** The automotive industry is subject to extensive governmental regulations worldwide. Laws in various jurisdictions govern occupant safety and the environmental impact of vehicles, including emissions levels, fuel economy and noise, as well as the emissions of the plants where vehicles or parts thereof are produced. In case regulations applicable in the different regions are not complied with, this could result in significant penalties and reputational harm or the inability to certify vehicles in the relevant markets. The cost of compliance with these regulations is considerable, and in this context, Mercedes-Benz continues to expect a significant level of costs.

**Risks from legal proceedings in general.** Mercedes-Benz Group AG and its subsidiaries are confronted with various legal proceedings and claims as well as governmental investigations and orders (legal proceedings) on a large number of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights (especially patent infringement lawsuits), warranty claims, environmental matters, antitrust matters (including actions for damages) as well as investor litigation. Product-related litigation involves claims alleging faults in vehicles. Some of these claims are asserted by way of class actions. If the outcome of such legal proceedings is detrimental to Mercedes-Benz 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. Some of these proceedings and related settlements may also have an impact on the Company's reputation.

Up until the effective date of the spin-off of a majority interest in Daimler Truck AG to Daimler Truck Holding AG on 9 December, 2021, Daimler Truck AG and its consolidated subsidiaries were group companies of Daimler AG (now Mercedes-Benz Group AG). Insofar as risks resulting from the legal proceedings mentioned above materialise, and to the extent that the facts underlying such risks relate to the aforementioned Truck & Bus group companies, Mercedes-Benz Group AG is entitled to indemnification claims. Such claims arise vis-à-vis Daimler Truck AG based on the hive-down of assets and liabilities of the former Daimler Trucks and Daimler Buses divisions to Daimler Truck AG in 2019. Vis-à-vis Daimler Truck Holding AG, such claims arise from the spin-off of the majority interest in Daimler Truck AG to Daimler Truck Holding AG in 2021.

**Risks from legal proceedings in connection with diesel exhaust-gas emissions – governmental proceedings.** Mercedes-Benz is continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions.

Several authorities and institutions worldwide were, and still are, active in the form of inquiries, investigations, procedures and/or orders. These activities particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or the interactions of Mercedes-Benz with the relevant authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal, consumer protection and antitrust laws.

In the United States, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in the third quarter of 2020 with various authorities to settle civil environmental claims regarding the emission control systems of certain diesel vehicles, which have become final and effective. The authorities take the position that Mercedes-Benz failed to disclose Auxiliary Emission Control Devices (AECDs) in certain of its US diesel vehicles and that several of these AECDs are illegal defeat devices.

As part of these settlements, Mercedes-Benz denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, Mercedes-Benz paid the civil penalties.

As already reported, in April 2016, the U.S. Department of Justice (“DOJ”) requested that Mercedes-Benz conduct an internal investigation. Mercedes-Benz conducted such internal investigation in cooperation with DOJ’s investigation; DOJ’s investigation remains open. In addition, further US state authorities have opened investigations pursuant to both state environmental and consumer protection laws and have requested documents and information.

In Canada, the Canadian environmental regulator Environment and Climate Change Canada (“ECCC”) is conducting an investigation in connection with Diesel exhaust emissions based on the suspicion of potential violations of, amongst others, the Canadian Environmental Protection Act as well as potential undisclosed AECs and defeat devices. Mercedes-Benz continues to cooperate with the investigating authorities.

In Germany, the Stuttgart public prosecutor’s office issued a fine notice against Mercedes-Benz in September 2019 based on a negligent violation of supervisory duties, which became legally binding, thereby concluding the related administrative offense proceedings against Mercedes-Benz. The Stuttgart public prosecutor’s office is still conducting criminal investigation proceedings against Mercedes-Benz employees on the suspicion of, amongst others, fraud. In July 2021, the local court of Böblingen issued penal orders against three Mercedes-Benz employees based on, amongst others, fraud, which have become final.

Between 2018 and 2020, the German Federal Motor Transport Authority (“KBA”) issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and ordered mandatory recalls as well as, in some cases, stops of the first registration. In each of those cases, it held that certain calibrations of specified functionalities are to be qualified as impermissible defeat devices. Mercedes-Benz has a contrary legal opinion on this question. Since 2018, however, it has (in view of the KBA’s interpretation of the law as a precautionary measure) implemented a temporary delivery and registration stop with respect to certain models, also covering the used-car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Mercedes-Benz has filed timely

objections against the KBA’s administrative orders mentioned above. In early 2021, the KBA issued objection orders (“Widerspruchsbescheide”) in these proceedings, thereby not following the arguments brought forward by Mercedes-Benz. Since Mercedes-Benz continues to have a different understanding of the relevant legal provisions, it has filed lawsuits with the competent administrative court to have the controversial questions at issue clarified in a court of law. Irrespective of such objections and the lawsuits that are now pending, Mercedes-Benz continues to cooperate fully with the KBA. The new calibrations requested by the KBA have been developed by Mercedes-Benz and assessed and approved by the KBA; the related recalls have been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with regard to the used-car, leasing and financing businesses. In the course of its regular market supervision, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In addition, Mercedes-Benz continues to be in a dialogue with the German Ministry for Digital and Transport (BMDV) to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the BMDV, it cannot be ruled out completely that additional administrative orders may be issued in the course of the ongoing and/or further investigations. Since 1 September 2020, this also applies to responsible authorities of other member states and the European Commission, which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval, and also to the British market surveillance authority DVSA (Driver and Vehicle Standards Agency).

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Mercedes-Benz and other automobile manufacturers in April 2019. In this context, Mercedes-Benz had filed an application for immunity from fines (leniency application) with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Mercedes-Benz Group AG cooperated closely with the European Commission, and the European Commission granted the company complete immunity from fines.

In addition to the aforementioned authorities, national cartel authorities and other authorities of various foreign States, including the South Korean Ministry of Environment, the South Korean competition authority (Korea Fair Trade Commission) and the Seoul public prosecutor's office (South Korea) are conducting various investigations and/or procedures in connection with Diesel exhaust emissions.

Mercedes-Benz continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation and in light of the past developments, it is possible that further regulatory, criminal and administrative investigative and enforcement actions and measures relating to Mercedes-Benz and/or its employees will be taken or administrative orders will be issued. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur.

In light of the legal positions taken by U.S. regulatory authorities and the KBA as well as the South-Korean Ministry of Environment, amongst others, it cannot be ruled out that, besides these authorities, one or more authorities worldwide will reach the conclusion that other passenger cars and/or commercial vehicles with the brand name Mercedes-Benz or other brand names of the Mercedes-Benz Group are equipped with impermissible defeat devices. Likewise, such authorities could take the view that certain functionalities and/or calibrations are not proper and/or were not properly disclosed. Mercedes-Benz cannot predict the outcome of the still ongoing proceedings at this time. Particularly in light of the fine notice issued by the Stuttgart public

prosecutor's office against Mercedes-Benz, the penal orders against Mercedes-Benz employees and the civil settlements with the US authorities, as well as any ongoing and potential other information requests, orders and proceedings, it cannot be ruled out that Mercedes-Benz will become subject to, as the case may be, significant additional fines and other sanctions, measures and actions. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative allegations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies – or also plaintiffs – could also adopt such allegations or findings. Thus, a negative allegation or finding in one proceeding, such as the fine notice issued by the Stuttgart public prosecutor's office, the penal orders against Mercedes-Benz employees or the allegations underlying the civil settlements with the US authorities, carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including law-suits.

In addition, the ability of Mercedes-Benz to defend itself in proceedings could be impaired by the fine notice issued by the Stuttgart public prosecutor's office, the penal orders against Mercedes-Benz employees, the civil settlements with the US authorities and by the underlying allegations and other unfavourable allegations, as well as by findings, results or developments in any of the information requests, inquiries, investigations, administrative or criminal orders, legal actions and/or proceedings discussed above.

**Risks from legal proceedings in connection with diesel exhaust gas emissions – civil court proceedings.** As previously reported, a consolidated consumer class action against Mercedes-Benz Group AG and MBUSA was pending before the U.S. District Court for New Jersey. The plaintiffs alleged that Mercedes-Benz Group AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO<sub>x</sub>) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Mercedes-Benz Group AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Mercedes-Benz Group AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. The relevant court granted final approval of the settlement and issued a final judgment in the case. The estimated costs of the settlement amount to approximately USD 700 million. In addition, Mercedes-Benz estimates further expenses of a mid-three-digit-million euro amount to fulfil requirements of this settlement and the aforementioned settlements with the US authorities.

A consumer class action making similar allegations and seeking similar remedies as to vehicles sold or leased in Canada was filed against Mercedes-Benz Group AG and other Group companies in Ontario in April 2016. In the fourth quarter of 2021, Mercedes-Benz Group AG and the other Group companies reached a settlement with plaintiffs' counsel of the consumer class action. As part of the settlement, Mercedes-Benz Group AG and the other Group companies deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to make payments to certain current and former diesel vehicle owners and lessees. The estimated costs of this settlement amount to approximately CAD 250 million (approximately equivalent to 175 million €).

In a separate lawsuit filed by the State of Arizona in January 2019, the plaintiff claims that, amongst others, Mercedes-Benz Group AG and MBUSA deliberately deceived consumers in connection with advertising Mercedes-Benz diesel vehicles. Consumer class actions containing similar allegations were filed against Mercedes-Benz Group AG and further Mercedes-Benz Group companies in the United Kingdom since May 2020, in the Netherlands in June and December 2020 as well as against Mercedes-Benz Group AG in Israel in February 2019. In a separate lawsuit filed by the Environmental Protection Commission of Hillsborough County, Florida in September 2020, the plaintiff claims that, amongst others, Mercedes-Benz Group AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emissions control systems.

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high levels of emissions or fuel consumption. They refer to, in particular, the German Federal Motor Transport Authority's recall orders mentioned above. Given the current development of case numbers, we expect a continued high number of lawsuits to be filed in this respect. In this context, the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action (Musterfeststellungsklage) against Mercedes-Benz Group AG with the Stuttgart Higher Regional Court on 7 July 2021. Such action seeks a ruling that certain preconditions of alleged consumer claims are met. Mercedes-Benz Group AG will defend itself against the federation's allegations.

Furthermore, class actions have been filed in the United States and Canada alleging anticompetitive behaviour relating to vehicle technology, costs, suppliers, markets and other competitive attributes, including diesel emissions control technology.

Mercedes-Benz Group AG and the respective other affected companies of the Group regard the lawsuits set out above as being without merit and will defend themselves against the claims, unless a settlement has already been reached as described above.

In addition, investors from Germany and abroad have filed lawsuits for damages with the Stuttgart Regional Court alleging the violation of disclosure requirements (main proceedings) and also raised out-of-court claims for damages. Mercedes-Benz Group AG regards these lawsuits and out-of-court claims as being without merit and will defend itself against them. In January 2021, the Stuttgart Regional Court issued in the context of the main proceedings an order for reference to commence model case proceedings in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG) before the Stuttgart Higher Regional Court (model case proceedings). In December 2021, the Stuttgart Higher Regional Court determined a model case plaintiff and announced the model case proceedings in the German register for model case proceedings. Thereafter, multiple investors used the possibility to register claims in a considerable amount with the model case proceedings in order to suspend the period of limitation. Mercedes-Benz Group AG remains of the view to have duly fulfilled its disclosure obligations under capital markets law and will defend itself against the investors' allegations also in these model case proceedings.

If court proceedings have an unfavourable outcome for Mercedes-Benz, this could result in significant damages and punitive damages payments, remedial works or other cost-intensive measures. Court proceedings can in part also have an adverse effect on the reputation of the Group.

Furthermore, the ability of Mercedes-Benz to defend itself in the court proceedings could be impaired by the settlements of the consumer class actions in the US and in Canada, as well as by unfavourable allegations, findings, results or developments in any of the

governmental or other court proceedings discussed above, in particular by the fine notice issued by the Stuttgart public prosecutor's office, the penal orders against Mercedes-Benz employees and the civil settlements with the US authorities.

**Risks from other legal proceedings.** Following the settlement decision by the European Commission adopted on 19 July 2016 concluding the trucks antitrust proceedings, Mercedes-Benz Group AG and Daimler Truck AG are facing customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. As set out at the beginning of the section "Legal and tax risks and opportunities", Mercedes-Benz Group AG is entitled to indemnification claims against Daimler Truck Holding AG and Daimler Truck AG, should the aforementioned claims materialise. Consequently, as Mercedes-Benz Group AG is no longer exposed to financial risks related to the damages claims described in this paragraph, it will no longer report about these proceedings.

In September 2021, individual persons associated with Deutsche Umwelthilfe e.V. ("DUH") filed a lawsuit before the Stuttgart Regional Court against Mercedes-Benz AG. They claim injunctive relief, demanding that Mercedes-Benz AG refrain from distributing passenger cars with combustion engines after November 2030 and reduce its respective sales prior to this point in time. Mercedes-Benz AG will defend itself against the plaintiffs' allegations.

As legal proceedings are fraught with a large degree of uncertainty, it is possible that after their final resolution, some of the provisions we have recognised 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 recognise a provision.

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, cash flows and financial position of the Group or any of its segments.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, Mercedes-Benz 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](#) of the Notes to the Consolidated Financial Statements.

### **Tax risks and opportunities**

Mercedes-Benz Group AG and its subsidiaries operate in many countries worldwide 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 fiscal authorities – especially in the field of cross-border transactions, may be subject to considerable uncertainty. It is therefore possible that the provisions recognised will not be sufficient, which could have negative effects on the Group's net profit and cash flows.

Positive effects on the Group's net profit and cash flows 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 fiscal authorities are continuously monitored by the tax department and measures are taken if required. The monitoring, management and avoidance of tax risks is supported by a tax-compliance management system (tax CMS).

In addition, if future taxable income is not earned or is too low, there is a risk that the tax benefit from loss carryforwards and tax-deductible temporary differences may not be recognised or may no longer be recognised in full, which could have a negative impact on net profit. However, there is an accounting opportunity that tax benefits currently not recognised in full may be utilised or recognised in future years and could thus also have a positive impact on the Group's net profit.

### **Overall assessment of the risk and opportunity situation**

The overall view of the Group's risk and opportunity situation is the sum of the described individual risks and opportunities of all risk and opportunity categories.

In addition to the risks described above, unforeseeable events can have a negative impact on the business operations and thus on the Mercedes-Benz Group's profitability, cash flows, financial position and reputation.

No risks are recognisable – neither on the balance sheet date nor at the time of preparing the consolidated financial statements – that either alone or in combination with other risks could endanger the continued existence of the Group.

# Outlook

The statements made in the Outlook chapter are based on the business plan of the Mercedes-Benz Group as approved by the Board of Management and the Supervisory Board. That plan is based on the premises we set regarding the economic situation and the development of automotive markets. It involves assessments made by the Company, which are based on analyses by various renowned economic research institutes, international organisations and industry associations, as well as on the internal market analyses of our sales companies. The prospects for our future business development as presented here reflect the targets of our divisions as well as the opportunities and risks presented by the anticipated market conditions and the competitive situation during the planning period. Against this backdrop, we adjust our expectations for business developments to reflect updated forecasts for the development of the various automotive markets.

There is a large degree of uncertainty connected with the premises regarding the economic situation and the development of automotive markets. The risks such as those connected with the ongoing course of the covid-19 pandemic or arising from geopolitical developments are elucidated in more detail in the Risk and Opportunity report. Neither the premises of our planning nor the following forecasts include the effects of the Russia-Ukraine War. We are following the developments very closely. The effects on our business development in the year 2022 and on the related key figures cannot be quantified at present. We refer to our statements made in the Risk and Opportunity Report.

## The world economy

We expect the world economy to grow somewhat more slowly in 2022 following its strong rebound in the prior year. Especially during the first few months of the year, developments will probably continue to be affected by the measures implemented to inhibit the spread of the covid-19 pandemic and the ongoing bottlenecks for upstream products and transport capacities. However, we assume that global growth will accelerate later in the year as vaccination rates continue to rise and global supply chains gradually return to normal. Moreover, many private households in the industrialised countries have accumulated unusually high levels of savings during the pandemic. The expenditure of at least part of these savings should give consumption a boost.

In the euro zone, this development should cause private consumption to become one of the main drivers of the economy in 2022. The anticipated easing of anti-covid measures is expected to kick off the recovery of the services sector in particular. In addition, the Recovery Plan for Europe will probably promote investment activity. Overall, we expect the economy to grow by about 4% compared to the previous year, and thus once again at a significantly higher rate than its potential growth.

The US economy is also expected to benefit this year from the gradual improvement of the supply situation and an increasing vaccination rate, and thus to grow by a good 3.5% during 2022 as a whole.

In China, we expect the slowdown in the course of 2021 to be followed by a slight loosening of economic policy in 2022 that will give the economy a boost later in the year. However, at about 5%, growth will probably be significantly lower than in the previous year.

In view of these developments, the global economy is likely to grow by around 4% in 2022. Although this is somewhat slower than in 2021, it will still expand at a considerably above-average rate compared to the general long-term development.



## Automotive markets

Given these macroeconomic conditions, the global car market is likely to grow once again in 2022. However, it currently looks as if the semiconductor-related supply bottlenecks will continue to affect the market. Although the situation is likely to improve gradually during the year, we anticipate only a slight increase in the global car market in 2022.

We also expect the European market to expand slightly. The volume of the US market for cars and light trucks is expected to remain at about the prior-year level. The Chinese car market should slightly surpass its previous year's volume.

The availability of semiconductors should improve also in van markets. We thus expect slight growth in the combined market segment for mid-size and large vans in the EU30 region (European Union, United Kingdom, Switzerland and Norway). We also expect the small-van segment to grow slightly in the EU30 market. A significant increase is to be expected in the US market for large vans. In China, sales of mid-size vans will probably be slightly above the level of the previous year.

As of 1 January 2022, the Mercedes-Benz Cars and Mercedes-Benz Vans segments will no longer be combined into a reportable segment. As a consequence of the transformation process, we will report these segments' most important performance indicators separately. This will increase the transparency of our reporting. In this context, the figures for unit sales, investment in property, plant and equipment, and research and development expenditure previously reported at the Group level will no longer be meaningful as Group performance measures and we will therefore no longer provide forecasts for them.

## Unit sales

There is strong demand for our vehicles at the time of publishing this Annual Report. Although the outlook for semiconductor supplies is improving, it is not currently possible to make an accurate forecast of when the supply bottlenecks will be over. We will adjust our production planning as best we can, prioritising our top models and electric vehicles in particular. We are working in close cooperation with our suppliers to improve the supply situation.

**Mercedes-Benz Cars** expects unit sales to be slightly higher in 2022 than in the previous year. This forecast is based on cautious planning premises. Our top-of-the-line models of the Mercedes-AMG and Mercedes-Maybach brands, as well as the G-Class, S-Class, EQS and GLS, will continue to be important sales drivers with planned growth of more than 10%. Moreover, our electric models should contribute to a positive development of unit sales. During 2022, Mercedes-Benz plans to offer battery-electric vehicles in all of the vehicle segments in which the brand is represented.

**Mercedes-Benz Vans** plans to increase its unit sales slightly in 2022 compared to the previous year. Our growth will probably focus on the Sprinter and the Citan successor that was launched in late 2021 and on the T-Class for private customers, which we plan to launch in the second quarter of 2022. We expect to see above-average growth for our electric vans, driven in particular by the eVito panel van.

For 2022, **Mercedes-Benz Mobility** anticipates a slight decrease in new business and contract volume. It must be taken into account that the new business with vehicles from Daimler Trucks & Buses was included in the division's new business for the year 2021 until 9 December 2021, when the spin-off and hive-down of the Daimler commercial vehicle business took effect. On the other hand, the reported contract volume as of 31 December 2021, after completion of the spin-off and hive-down, had already been adjusted for a large part of the Daimler commercial vehicle business. The influence of the parts of the commercial vehicle business still to be transferred in 2022 should therefore be relatively minor.

## **Revenue and earnings**

We expect the Mercedes-Benz Group to generate revenue in 2022 that is slightly above the level of the previous year. Our reference here is the previous year's figure from continuing operations. We assume that revenue will increase slightly at both Mercedes-Benz Cars and Mercedes-Benz Vans. The Mercedes-Benz Mobility division anticipates revenue slightly below the level of the previous year. This is because its revenue in 2021 still included the share of the spun-off and hived-down commercial vehicle business until 9 December 2021.

On the basis of our expectation of a slight increase in revenue from continuing operations, we anticipate that EBIT from continuing operations at the Mercedes-Benz Group in 2022 will be at the previous year's level. It must be taken into account that the previous year's EBIT from continuing operations includes the contribution made by Daimler's commercial vehicle business to EBIT at Mercedes-Benz Mobility. The forecast for Group EBIT in 2022 includes a lower earnings contribution from the equity-method shareholding in Daimler Truck Holding AG. The expected pro-rata net profit of Daimler Truck Holding AG will be offset by the depreciation of assets from the purchase-price allocation in approximately the same amount.

The expected adjusted returns for the individual divisions in 2022 are:

Mercedes-Benz Cars:  
adjusted return on sales of 11.5–13%

Mercedes-Benz Vans:  
adjusted return on sales of 8–10%

Mercedes-Benz Mobility:  
adjusted return on equity of 16–18%

At Mercedes-Benz Cars, we expect positive effects on the adjusted return on sales to result from slightly rising unit sales and a continued advantageous model mix. We expect the used-car business to continue contributing to earnings at a good level, although the business is likely to normalise. We anticipate a further improvement in pricing, which, however, will not fully offset rising raw-material prices.

The planned return on sales for Mercedes-Benz Vans is based on the expected growth in unit sales.

With regard to its adjusted return on equity for 2022, Mercedes-Benz Mobility expects a normalisation of credit risk costs to the pre-pandemic level, as well as lower interest income. In addition, there will be no more pro-rata EBIT contribution from the spun-off and hived-down Daimler commercial vehicle business.

## **Free cash flow and cash conversion rate**

We expect the free cash flow of the industrial business in 2022 to be slightly below the prior-year level. One of the main reasons for this is that tax payments will increase following the utilisation of tax-loss carryforwards in the previous year. Our reference figure here is the free cash flow from continuing operations of the industrial business in 2021.

In 2022, we expect the adjusted cash conversion rate for the Mercedes-Benz Cars division to be within a range of 0.8 to 1.0 and for the Mercedes-Benz Vans division to be within a range of 0.6 to 0.8.

## **Dividend**

At the Annual General Meeting to take place on 29 April 2022, the Board of Management and the Supervisory Board will propose the payment of a dividend of €5.00 per share for the 2021 financial year (previous year: €1.35). This includes a portion of the dividend of €0.70 from the Daimler commercial vehicle business. Therefore, €4.30 is to be understood as the future reference amount for the Mercedes-Benz Group. In total, this represents a distribution of €5.3 billion (previous year: €1.4 billion).

In line with a sustainable dividend policy, we set the dividend based on a distribution ratio of 40% of the net profit attributable to Mercedes-Benz Group shareholders. We also take into consideration the free cash flow from the industrial business when setting the dividend. The deconsolidation income from the spin-off and hive-down of the Daimler commercial vehicle business is not taken into account in the dividend proposal for the financial year 2021.

## **Investment and research activities**

### **Investment in property, plant and equipment**

A main feature of investment in property, plant and equipment at Mercedes-Benz Cars will be the start of production of battery-electric vehicles on the EVA2 platform and of the new GLC. In addition, we will push ahead with investment in alternative drive systems. Investment in property, plant and equipment at Mercedes-Benz Cars is expected to increase slightly compared to the previous year. The Mercedes-Benz Vans division anticipates a significant increase in investment in property, plant and equipment in 2022; investment in property, plant and equipment at Mercedes-Benz Vans was rather low in the previous year. This increase will be primarily driven by the transition to a fully electric Mercedes-Benz van fleet in the next generation, as well as “green” investment within the framework of Ambition 2039 with the goal of CO<sub>2</sub> neutrality. We also continue to move ahead with digitalisation at Mercedes-Benz Vans in order to develop additional profitable business models.

### **Research and development**

At Mercedes-Benz Cars, a large proportion of the research and development expenditure flows into the areas of digitalisation, automated driving and electric drive systems. In addition, we are investing in the renewal of the product portfolio on the basis of the new MMA and AMG.EA platforms. Research and development expenditure is expected to increase slightly in the 2022 financial year. We are also pushing ahead with the renewal and expansion of the product portfolio at Mercedes-Benz Vans. The topics of digitalisation, automated driving and electric drive systems are at the focus of our activities. On the basis of the rather low expenditure in the prior year, Mercedes-Benz Vans anticipates significantly increased research and development expenditure in the 2022 financial year.

## **CO<sub>2</sub> emissions of the new car fleet in Europe**

After we more than fulfilled the CO<sub>2</sub> requirements in 2021, we expect that our new car fleet's average CO<sub>2</sub> emissions in Europe (European Union, Norway and Iceland) in 2022 will remain at the level of the previous year, and that with the expansion of our fleet of electric vehicles, we will meet the CO<sub>2</sub> requirements in Europe once again this year.

## **Overall statement on future development**

Following the successful realignment of our Company, we are now concentrating on achieving profitable growth in the market for luxury cars and premium vans, as well as for sales financing. High advance expenditure will still be required for the necessary transformation towards a CO<sub>2</sub>-neutral future. Our goal is to achieve technology leadership in the luxury automobile segment and for premium vans. We will initially continue to face strained supply chains and bottlenecks for key upstream products for vehicle production. The further development of the covid-19 pandemic and the geopolitical developments in particular also harbour substantial uncertainties. In order to be able to successfully overcome these challenges, we will continue to rigorously implement our measures for boosting efficiency and for the related reduction in fixed costs. We remain committed to our challenging margin targets.

Against this backdrop and supported by the Group's brand strengths and innovative capabilities, we look forward with confidence to the year 2022.

### **Forward-looking statements**

This document contains forward-looking statements that reflect our current views about future events. The words "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 towards smaller, lower-margin vehicles; 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 materialises, 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 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 (components outside the company and consolidated financial statements and the combined Management Report), or to the Mercedes-Benz Group website or other reports or documents, these were not part of the external audit.



# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

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# Report of the Audit Committee

## Dear Shareholders,

As Chairman of the Audit Committee, I am pleased to report to you on the tasks and activities of this Committee in the 2021 financial year.

## Accountability

On the basis of the statutory provisions, the German Corporate Governance Code and the rules of procedure of the Supervisory Board and its committees, the Audit Committee deals in particular with issues of accounting, financial reporting and non-financial reporting. In addition, it is concerned with the audit of the financial statements and it reviews the quality, qualifications and independence of the auditor. It also discusses the effectiveness and operation of the risk management system, the internal control system, the internal audit system and the compliance management system. After the election of the auditor by the Annual General Meeting, the Audit Committee engages the auditor to conduct the annual audit and the auditor's review of interim financial statements. In addition, the Audit Committee determines the important audit issues and negotiates the audit fees with the auditor. The Audit Committee also engages the auditor to conduct the voluntary audit of the non-financial statement as part of the management report.

## Equal representation

In the 2021 financial year, as shareholder representatives on the Supervisory Board, Dr Clemens Börsig was Chairman of and Joe Kaeser sat, until departure from the Supervisory Board at the end of the Extraordinary General Meeting on 1 October 2021, on the Audit Committee. Olaf Koch was elected to the Audit Committee as the successor to Joe Kaeser. All those mentioned are independent and have expertise in the field of accounting and special knowledge and experience in relation to the audit of financial statements and in the application of internal control procedures. In the past financial year, the employees were represented by Michael Brecht as Deputy Chairman of the Committee and by Ergun Lümali as a member.

## Meetings and participants

The Audit Committee met five times in the 2021 financial year. The Chairman of the Supervisory Board attended all meetings as a permanent guest. Other permanent participants, in compliance with the statutory requirements, were the Chairman of the Board of Management, the members of the Board of Management responsible for Finance and Controlling and for Integrity and Legal Affairs, and the representatives of the auditor. Timotheus Höttges also participated in two meetings on behalf of the members of the Supervisory Board. The heads of specialist departments such as Accounting, Internal Audit, Compliance and Legal also provided information on individual items on the agenda.

In addition, the Chairman of the Audit Committee held regular individual discussions, particularly in preparation for upcoming meetings, for example with the aforementioned members of the Board of Management, the auditor, the Head of Internal Auditing, the Head of Compliance, the Head of Legal Affairs and, if required, with the heads of other specialist departments.

## Information for the Supervisory Board

The Chairman of the Audit Committee informed the Supervisory Board in each of its subsequent meetings of the activities of the Committee as well as the content of the meetings and discussions.

## Topics in the year 2021

In its meeting on 17 February 2021, the Committee reviewed and discussed the annual financial statements, the consolidated financial statements, and the combined management report including the non-financial statement for Daimler AG and the Group for the 2020 financial year, the declaration on corporate governance and the proposal for the appropriation of profit, all of which were issued with an unqualified audit opinion by the auditor. In particular, the Audit Committee discussed the key audit matters described in the respective auditor's opinion and the relevant audit procedures, including the conclusions drawn. The representatives of the auditor reported on the results of the audit and



were available for additional questions and to provide additional information. The audit opinions on the individual company and consolidated financial statements, including the combined management report, as well as on the internal control system and significant accounting matters, were discussed with the auditor. Furthermore, the Audit Committee also discussed the risk management system. After an intensive review and discussion, the Audit Committee recommended that the Supervisory Board adopt the prepared financial statements, the combined management report including the non-financial statement, the declaration on corporate governance and the proposal of the Board of Management for the payment of a dividend of €1.35 per dividend-bearing no-par-value share. The Audit Committee also adopted the report of the Audit Committee on the 2020 financial year.

In addition, in this meeting, the Committee dealt with the report on the total fees paid to the auditor for audit and non-audit services in the 2020 financial year and set the approval framework for the engagement of the auditor for non-audit services for the period from 1 January 2021 to 15 February 2022. The Committee was hereby also informed of expected changes due to the German Financial Market Integrity Strengthening Act (FISG). The Audit Committee also resolved to recommend to the Supervisory Board, and subsequently to the Annual General Meeting, that KPMG AG Wirtschaftsprüfungsgesellschaft is appointed to audit the financial statements and the consolidated financial statements, and to review the interim financial reports for the 2021 financial year, as auditor for the audit of interim financial reports for the 2022 financial year in the period up to the Annual General Meeting in the 2022 financial year, and, as a precautionary measure, as auditor of the final balance sheets of the company required pursuant to the German Transformation Act (UmwG). The discussion of the quality of the audit and the results of the independence review, which did not reveal any indications of bias or threats to independence, were taken into account. Subject to the election resolution of the Annual General Meeting, the Committee also discussed the proposal for the fee agreement to be made with the auditor for the 2021 financial year. Finally, the Audit Committee discussed the 2021 annual audit plan of the Internal Audit Department, as well as the agenda items for the 2021 Annual General Meeting that fall within the scope of its

responsibility. Furthermore, the Committee was informed of the status of the audit of the 2019 consolidated financial statements by the German Financial Reporting Enforcement Panel.

During 2021, the Audit Committee discussed the interim financial reports and the results of the audit review with the Board of Management and the auditor in the quarterly meetings prior to their publication. In addition, the Committee received reports from the Internal Audit, Compliance and Legal departments. The Board of Management also regularly reported to the Committee on the current status of material legal proceedings, including antitrust and diesel emissions-related proceedings. In addition, the Audit Committee received regular reports on possible violations of rules, which employees and external parties reported to the BPO (Business Practices Office) whistle-blowing system.

In April 2021, the Committee considered the interim financial report for the first quarter of 2021. Furthermore, the Audit Committee received reports from the Internal Audit, Compliance and Legal departments. Another item on the agenda was the fee agreement with the auditor for the 2021 financial year. In addition, the Committee discussed accounting issues relating to the spin-off and hive-down of the Daimler commercial vehicle business within the framework of Project Focus.

In its meeting in June 2021, the Audit Committee discussed aspects of the risk management system and particularly addressed its changes and further developments. Methods, processes and adjustments to the internal control system were also discussed. Another topic of the meeting was the discussion of the planning of the audit of the financial statements, including the main audit areas for the 2021 financial year. In addition, the Committee was informed in detail about Project Focus. Furthermore, the Audit Committee dealt in detail with current accounting topics, which included the new statutory requirements of the FISG, the new disclosure requirements for sustainability reporting and the accounting implications of Project Focus. In this meeting, the Committee also discussed the results of the internally conducted quality analysis of the audit of the financial statements. Finally, the Committee dealt with the Group's liquidity risk management.

At its meeting in July 2021, the Committee dealt with the results of the second quarter of 2021. In the context of risk reporting, the Audit Committee mainly discussed legal proceedings, in addition to sales and procurement risks. Another subject of the meeting was the further development of the risk management system in relation to IDW PS 340 as amended. The Board of Management then informed the Committee that the audit by the German Financial Reporting Enforcement Panel of the 2019 consolidated financial statements had been completed without any findings. Furthermore, the Committee received the quarterly reports from the Compliance, Internal Audit and Legal departments. In this context, it was informed in detail of implemented measures to realise the requirements of the German Supply Chain Sourcing Obligations Act (LkSG), which was passed in June 2021. Finally, the Audit Committee discussed the annual report of the Group Data Protection Officer with the Board of Management.

In October 2021, the Committee dealt with the interim financial report for the third quarter of 2021. Furthermore, the Committee carried out the annual review of the approved non-audit services of the auditor and decided on adjustments to the list of approved non-audit services. In addition, the Audit Committee started the tendering process for selecting the auditor of the year-end financial statements of the Group and the Company for the 2024 financial year. Finally, the Committee received the quarterly reports from the Compliance, Internal Audit and Legal departments.

### **2021 company and consolidated financial statements**

In its meeting on 23 February 2022, the Audit Committee discussed the preliminary key figures of the 2021 company and consolidated financial statements as well as the proposal of the Board of Management on the appropriation of profits. After careful review, the Committee took note and approved the figures presented, determined that there were no objections to the proposed publication and recommended that the Supervisory Board, which met afterwards, endorse this view. The preliminary key figures and the proposal for the appropriation of profits were published at the annual press conference on 24 February 2022.

In a further meeting on 10 March 2022, the Committee reviewed and discussed in detail the company financial statements, consolidated financial statements, and the combined management report, including the non-financial statement for Mercedes-Benz Group AG and the Group for the 2021 financial year, the remuneration report, the declaration on corporate governance and the proposal for the appropriation of profits, all of which were issued with an unqualified audit opinion by the auditor. The representatives of the auditor reported on the results of the audit and in particular addressed the key audit matters and the relevant audit procedures, including the conclusions drawn, and were available to answer additional questions and provide information. The audit opinions on the company and consolidated financial statements (including the key audit matters in the audit opinions) and on the internal control system, as well as significant accounting matters, were discussed together with the auditor. Furthermore, the Audit Committee also discussed the risk management system. After intensive review and discussion, the Audit Committee recommended that the Supervisory Board adopt the prepared financial statements, the combined management report including the non-financial statement, the remuneration report, the declaration on corporate governance and the proposal of the Board of Management for the payment of a dividend of € 5.00 per dividend-bearing no-par-value share. The Audit Committee also dealt with the independence of the auditor, including the non-audit fee cap for the 2021 financial year. The Audit Committee also adopted the report of the Audit Committee on the 2021 financial year.

### **Self-assessment**

The Audit Committee also conducted a self-evaluation of its activities in 2021 based on an extensive company-specific questionnaire. The results of this self-assessment, which were again very positive, were presented and discussed at the meeting on 10 March 2022.

Stuttgart, March 2022

The Audit Committee



Dr Clemens Börsig  
Chairman

# Declaration on Corporate Governance pursuant to Sections 289 f, 315d of the German Commercial Code (HGB)

In the Declaration on Corporate Governance, the Board of Management and the Supervisory Board report on the Corporate Governance of the Company in the 2021 financial year. The statements are equally applicable to the Company and the Group, unless indicated otherwise below. The Declaration on Corporate Governance is also available on the internet at [group.mercedes-benz.com/dcg](https://group.mercedes-benz.com/dcg). Pursuant to Section 317 Subsection 2 Sentence 6 of the German Commercial Code (HGB), the review of the statements by the auditor in accordance with Section 289f Subsections 2 and 5, and Section 315d of the German Commercial Code (HGB) is to be limited to whether the statements were made.

## **Declaration by the Board of Management and the Supervisory Board of Daimler AG pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code**

Daimler AG complies with the recommendations of the German Corporate Governance Code as amended on 16 December 2019 and published in the official section of the Federal Gazette on 20 March 2020, with the exception of recommendations C.4 and C.5 (maximum number of mandates of Supervisory Board) and recommendations G.8 and G.12 (subsequent change of targets and comparison parameters of variable remuneration components of the Board of Management) and has complied with the recommendations, with the exceptions mentioned, since issuing the last Declaration of Compliance in July 2021. Daimler AG shall continue to comply with the recommendations in the future subject to the aforementioned deviations.

### **Maximum number of Supervisory Board mandates (C4. and C.5)**

According to recommendation C.4, a member of the Supervisory Board who is not a member of the board of

management of a listed company shall not hold more than a total of five mandates on the supervisory boards of listed companies outside the group or comparable functions, in the course of which the chairmanship of a supervisory board shall count twice. According to recommendation C.5, members of the board of management of listed companies should not hold more than two mandates on the supervisory boards of listed companies outside the group or comparable functions and should not chair the supervisory board of a listed company outside the group.

Whether the total number of mandates held by members of the Board of Management and the Supervisory Board in non-Group listed companies and comparable functions is still deemed to be appropriate is to be assessed more properly on a case-by-case basis rather than by means of a rigid upper threshold. The individual workload to be expected from the aggregate of the mandates held does not necessarily increase in proportion to their number.

### **Targets and comparison parameters of variable components of the remuneration of the Board of Management (G.8 and G.12)**

According to recommendation G.8, a subsequent change in the target values or comparison parameters of variable components of the remuneration of the Board of Management should be excluded. According to recommendation G.12, in the event of termination of an agreement of a member of the Board of Management, the payment of outstanding variable remuneration components attributable to the period up to the termination of the agreement shall be made, inter alia, according to the originally stipulated targets and comparison parameters. On 1 October 2021, the Extraordinary General Meeting of Daimler AG approved the spin-off of a majority shareholding in Daimler Truck AG. The spin-off took effect upon entry in the commercial register of Daimler AG. This implies that the commercial vehicle business has been separated from the Daimler Group. The effects of the spin-off of a significant part of the Company are not reflected in the target values and comparison parameters for the annual bonus (short- and medium-term variable remuneration component) and the performance phantom share schemes (long-term variable remuneration component). Therefore, the target values or the comparison parameters for the annual bonuses and performance phantom share schemes not yet due at the time of the spin-off need to be adjusted. This also applies with regard to a member of the Board of Management resigning on the occasion of the spin-off and his or her variable remuneration components still outstanding at the time of resignation.

Stuttgart, December 2021

For the  
Supervisory Board  
Dr Bernd Pischetsrieder  
Chairman

For the  
Board of Management  
Ola Källenius  
Chairman

This Declaration of Compliance is, in addition to the no longer current Declarations of Compliance of the past five years, also available on the website of the Company at [group.mercedes-benz.com/dcg](https://group.mercedes-benz.com/dcg).

### **Remuneration report, remuneration system**

At [group.mercedes-benz.com/remuneration-bom](https://group.mercedes-benz.com/remuneration-bom), the applicable remuneration system for the members of the Board of Management pursuant to Section 87a Subsections 1 and 2 Sentence 1 of the German Stock Corporation Act (AktG) which was approved by the Annual General Meeting on 8 July 2020, can be accessed. The 2021 remuneration report and the opinion of the auditor pursuant to Section 162 of the German Stock Corporation Act (AktG) are also available there. The resolution adopted by the Annual General Meeting on 31 March 2021 pursuant to Section 113 Subsection 3 of the German Stock Corporation Act (AktG) on the remuneration of the members of the Supervisory Board is available at [group.mercedes-benz.com/remuneration-sb](https://group.mercedes-benz.com/remuneration-sb).

### **Essential principles and practices of corporate governance**

#### **German Corporate Governance Code**

Beyond the statutory requirements of German stock corporation, participation and capital market legislation, Mercedes-Benz Group AG has complied and continues to comply with the recommendations of the German Corporate Governance Code ("Code") subject to the exceptions stated and justified in the Declaration of Compliance.

Mercedes-Benz Group AG has fully complied and continues to comply with the suggestions of the Code. However, due to the covid-19 pandemic, participation in meetings of the Supervisory Board had to be extended to telephone and video conferencing (Code suggestion D.8).

#### **Principles of our mode of operation**

We conduct our business in accordance with Group-wide standards that go beyond the requirements of the law and the German Corporate Governance Code. Only those who act in an ethically and legally responsible manner remain successful in the long term – this is especially true in times of upheaval and change as we are currently experiencing. Hence, integrity and compliance are very important to the Mercedes-Benz Group. In order to achieve long-term and sustainable corporate success on this foundation, it is our goal to ensure that

our business operations are in harmony with the interests of the environment and society. Because as one of the world's leading car manufacturers, we also want to be at the forefront when it comes to sustainability. We have defined the most important principles in our Code of Conduct, which provides orientation for all employees of Mercedes-Benz Group AG and the Group and assists them in making the right decisions, even in difficult business situations.

### **Our Code of Conduct**

Employees from various divisions around the world were involved in the creation of our new Code of Conduct in 2019. Our policy sets out the core corporate principles for our conduct in day-to-day business, our dealings with each other within the Company, with business partners, and with customers. In addition to respect for the law and the legal system, these corporate principles also include, for example, fairness, transparency, practical diversity, and responsibility. In addition to the corporate principles, our Code of Conduct contains, inter alia, regulations regarding the respect and safeguarding of human rights as well as the handling of conflicts of interests, and prohibits corruption in any form whatsoever. The policy has binding effect for all companies and employees of the Mercedes-Benz Group worldwide. It is available on the internet at [group.mercedes-benz.com/company/compliance/integrity-code.html](https://group.mercedes-benz.com/company/compliance/integrity-code.html).

In addition, we agreed on the "Principles of Social Responsibility" with the International Works Council. They are applicable at Mercedes-Benz Group AG as well as throughout the entire Group. In it, we commit to the principles of the UN Global Compact, including the internationally recognised human and labour rights regulated therein, freedom of association, sustainable environmental protection and the prohibition of child and forced labour. In addition, Mercedes-Benz is committed to upholding equal opportunities and the principle of "equal pay for work of equal value" for employees.

### **Expectations of our business partners**

We also formulate clear requirements for our business partners, because conduct with integrity and in compliance with the rules is a prerequisite for any trust-based cooperative venture. Therefore, when selecting our direct business partners, we make sure that they

comply with the law, follow ethical principles, and in this sense also have an impact on the supply chain. For our expectations of our business partners, please also see [group.mercedes-benz.com/company/compliance/business-partners.html](https://group.mercedes-benz.com/company/compliance/business-partners.html).

### **Advisory Board for Integrity and Sustainability**

Mercedes-Benz Group AG established an Advisory Board for Integrity and Sustainability, which includes independent external experts. The Advisory Board meets three times a year under the direction of the member of the Board of Management responsible for Integrity and Legal Affairs.

One of these annual meetings specifically serves to exchange information with other members of the Board of Management and members of the Supervisory Board. The Advisory Board also holds regular meetings with members of the Board of Management, executives and employees to discuss specific topics.

As experts in the fields of environmental and social policy, transport and mobility development, and human rights and ethics, the members of the Advisory Board provide Mercedes-Benz with constructive and critical support on issues of integrity, sustainability, and corporate responsibility.

### **Risk and compliance management within the Group**

Mercedes-Benz has effective internal control, risk and compliance management systems in place that are commensurate with the size and global presence of the Company, the scope of its business operations, and its risk situation, and are geared towards the continuous and systematic management of entrepreneurial risks and opportunities.

The internal control and risk management system is part of the overall planning, control, and reporting process. This is to ensure that the executive management recognises significant risks at an early stage and can initiate countermeasures in a timely fashion.

Internal Audit monitors compliance with legal framework conditions and corporate standards with targeted audits and initiates appropriate measures, where

necessary. Further information on risk management can be found in the Risk and Opportunity Report in the 2021 Annual Report.

The aim of our Compliance Management System (CMS) is to promote compliance with legislation and regulations within the Company and among its employees, to prevent misconduct, and to systematically minimise compliance risks on the basis of our culture of integrity. Detailed information on the Mercedes-Benz Compliance Management System can be found in the Non-financial Statement chapter of the 2021 Annual Report.

At least once a year, the Audit Committee of the Supervisory Board of Mercedes-Benz Group AG discusses the effectiveness and functionality of the internal control and risk management system, the internal auditing system, and the compliance management system with the Board of Management. The chairman of the Audit Committee shall report back to the Supervisory Board about the work of the committee at the latest at the next meeting of the Supervisory Board. The Supervisory Board also deals with the risk management system on the occasion of the audit of the company and consolidated financial statements. The Chairman of the Supervisory Board maintains contact with the Board of Management between meetings of the Supervisory Board, in particular with the Chairman of the Board of Management, in order to discuss issues of risk management and compliance, in addition to the strategy and business development of the Group. In addition, the Board of Management regularly informs the Audit Committee and the Supervisory Board about significant risks to the Company and the Group. The Legal Affairs Committee of the Supervisory Board supports the Supervisory Board in the performance of its duties with regard to the complex emissions and antitrust-related proceedings with which Mercedes-Benz Group AG and its subsidiaries are confronted.

### **Accounting and auditing**

Mercedes-Benz compiles its consolidated financial statements and interim financial reports in accordance with the principles of International Financial Reporting Standards (IFRS) as applicable in the European Union. The financial statements of Mercedes-Benz Group AG are compiled in accordance with the accounting provisions of the German Commercial Code (HGB). In

addition to the half-yearly financial report, Mercedes-Benz also compiles quarterly financial reports. The consolidated financial statements and the financial statements of Mercedes-Benz Group AG are audited by an auditor, and interim financial reports are subject to review by an auditor. The consolidated financial statements and the consolidated management reports are publicly accessible on the website of the Company within 90 days, the interim financial reports within 45 days after 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 for the appointment of the auditor of the financial statements, the auditor of the consolidated financial statements, and the auditor for the review of the interim financial reports. At the Annual General Meeting on 31 March 2021, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor of the financial statements, auditor of the consolidated financial statements, and auditor for the review of interim financial reports for the 2021 financial year and of interim financial reports for the 2022 financial year in the period up to the next Annual General Meeting in the 2022 financial year. KPMG AG Wirtschaftsprüfungsgesellschaft has audited the company and consolidated financial statements of Mercedes-Benz Group AG since the 1998 financial year; Alexander Bock has been the responsible auditor since the 2021 financial year. A selection and proposal process for compliance with the duty to appoint a different audit firm will take place for the first time in accordance with the EU Statutory Audit Regulation, at the latest for the appointment of the auditor for the 2024 financial year.

Before submitting its recommendation for the election proposal to the Annual General Meeting, the Audit Committee of the Supervisory Board obtained a declaration from the proposed auditor as to whether and, if so, which business, financial or personal relationships exist between the auditor and its boards and committees and audit managers on the one hand and the Company and members of its boards and committees on the other hand that could give rise to concerns of partiality. The declaration also covers which other services were provided to the Group in the previous financial year and to what extent and which have contractually been stipulated for the following year.

The auditor informs the Chairman of the Audit Committee without delay of any and all findings and occurrences of significance for the duties of the Supervisory Board that come to the attention of the auditor during the performance of the audit of the financial statements. Furthermore, the auditor informs the Audit Committee and annotates in the audit report if, during the performance of the audit, the auditor discovers facts that reveal an inaccuracy in the Declaration of Compliance of the Board of Management and the Supervisory Board with the German Corporate Governance Code.

### **Composition and working method of the Board of Management**

Under the German Stock Corporation Act, (AktG) Mercedes-Benz Group AG has a dual management system that provides for a strict personnel and functional separation between the Board of Management as the management body and the Supervisory Board as the supervisory body (two-tier board). The Board of Management manages the Company, whilst the Supervisory Board supervises and advises the Board of Management.

### **Board of Management**

In accordance with the articles of association of Mercedes-Benz Group AG, the Board of Management consists of at least two members. The Supervisory Board shall determine the exact number. As at 31 December 2021, the Board of Management consisted of eight members. In December 2020, the Supervisory Board set a target for the proportion of women on the Board of Management in accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions and a deadline for achieving this target. In August 2021, the German Second Leadership Positions Act (FüPoG II) came into force. According to the said Act, at least one woman and at least one man must be a member of the Board of Management in listed companies with parity participation and more than three members on the Board of Management. This minimum participation requirement must be complied with as from 1 August 2022 when appointing individual or multiple members of the Board of Management. The details on the participation of women are presented in a separate section in this declaration on corporate governance. Furthermore, with regard to the composition of the Board of Management, the Supervisory Board has adopted a diversity concept embedded in an overall profile of requirements, including an age limit. Its details are also summarised in a separate section in this declaration on corporate governance.

Information in terms of the areas of responsibility as well as the curricula vitae of the members of the Board of Management are available on the website of Mercedes-Benz Group AG at [group.mercedes-benz.com/company/corporate-governance/board-of-management](https://group.mercedes-benz.com/company/corporate-governance/board-of-management).



The Board of Management manages Mercedes-Benz Group AG and the Group, in consideration of the interests of the shareholders, the employees, and the other stakeholders, with the goal of sustainable added value. With the approval of the Supervisory Board, it determines the strategic orientation of the Company, sets the corporate goals, and resolves on the corporate planning.

Without prejudice to the overall responsibility of the Board of Management, the individual members of the Board of Management shall manage their departments on their own responsibility within the framework of the guidelines adopted by the Board of Management as a whole. 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 work of the Board of Management is coordinated by the chairman of the Board of Management.

The Board of Management compiles the interim financial reports of the Company, the financial statements of Mercedes-Benz Group AG, the consolidated annual accounts, and the combined management report of the Company and the Group, including the non-financial statement. Together with the Supervisory Board, it issues an annual Declaration of Compliance with the German Corporate Governance Code. The Board of Management ensures compliance with statutory provisions, official regulations, and internal guidelines within the Company, and works to ensure that they are also observed by the Group companies (compliance). It has established an appropriate compliance management system geared to the risk situation of the Company, the basic features of which are presented in the Non-financial statement chapter of the 2021 Annual Report. This includes the BPO (Business Practices Office) whistle-blowing system, which gives employees and external whistle-blowers worldwide the opportunity to report violations of the rules.

The implementation and monitoring of an effective internal control and risk management system appropriate to the scope of the business operations and the risk situation of the Company is also part of the duties of the Board of Management.

For certain types of transactions defined by the Supervisory Board, the Board of Management requires the prior approval of the Supervisory Board. At regular intervals, the Board of Management reports to the Supervisory Board on the strategy of the business units, corporate planning, profitability, business development, and the situation of the Company, as well as on the internal control system, the risk management system, and compliance issues. The Supervisory Board has defined the information and reporting duties of the Board of Management in more detail.

There were no committees of the Board of Management during the reporting period.

The Board of Management has adopted rules of procedure, available on the website of the Company at [group.mercedes-benz.com/company/corporate-governance](https://group.mercedes-benz.com/company/corporate-governance), which, among other things, governs the procedure to be followed when adopting resolutions and contains provisions designed to avoid conflicts of interest.

### **Diversity and equal opportunities**

Diversity management has been part of the corporate strategy since 2005. We rely on the diversity and variety of our employees because for us they form the basis of an efficient and successful company. Our operations aim to bring together the right people to meet our challenges, to create a working culture that promotes the performance, motivation and satisfaction of our employees and managers, and to contribute to the development of new target groups for our products and services. Through appropriate framework conditions and specific measures – from training formats for employees and managers, workshops, conferences and guidelines to target group-specific awareness-raising and communication measures – diversity & inclusion management thus contributes significantly to the further development of our corporate culture.

The targeted promotion of women had already been a central focus of attention in diversity management before the German Act on the Equal Participation of Women and Men in Leadership Positions came into force. In compliance with the statutory requirements, the Board of Management of Mercedes-Benz Group AG has set targets for the proportion of women at the two

management levels of the Mercedes-Benz Group AG below the Board of Management and a deadline for attaining these targets. The specific details are presented in a separate section of this declaration on corporate governance. Independent of the statutory requirements, the Company had already set itself the goal in 2006 of increasing the proportion of women in senior management positions within the Group to 20% by 2020. We have achieved this goal. From 2021 onwards, we aim to further increase the proportion of women in senior management positions worldwide by one percentage point per year. This has also been achieved for 2021: at 31 December 2021, the proportion of women in senior management positions at the Mercedes-Benz Group worldwide was 22.5% (headcounts, fully consolidated companies). This data only covers the Mercedes-Benz Group. They are not comparable with previous years owing to the spin-off and hive-down of Daimler's commercial vehicle business as an independent company in December 2021.

## **Composition and working method of the Supervisory Board and its committees**

### **Supervisory Board**

In accordance with the German Co-Determination Act, (MitbestG) the Supervisory Board of Mercedes-Benz Group AG consists of 20 members. Half of them are elected by the shareholders at the Annual General Meeting and half by the employees of the German companies of the Group. Shareholder representatives and employee representatives are by law equally bound to serve the interests of the Company.

Curricula vitae of the individual members of the Supervisory Board and their other mandates are available on the internet at [group.mercedes-benz.com/company/corporate-governance/supervisory-board](https://group.mercedes-benz.com/company/corporate-governance/supervisory-board).

The Supervisory Board shall be composed in such manner that its members as a whole are familiar with the industry in which the Company operates and have the knowledge, skills, and professional experience necessary for the proper performance of their duties. According to the German Act on the Equal Participation of Women and Men in Leadership Positions, the Supervisory Board of Mercedes-Benz Group AG must be

composed of at least 30% women and at least 30% men. The specific details are presented in a separate section of this declaration on corporate governance.

In addition, the Supervisory Board has developed an overall profile of requirements for its own composition, which includes a competence profile and a diversity concept for the Board as a whole, including an age limit. The specific details of the overall profile of requirements are also summarised in a separate section of this declaration on corporate governance. The proposals of the Supervisory Board for the election of shareholder representatives by the Annual General Meeting, for which the Nomination Committee submits recommendations, aim to fulfil the overall profile of requirements for the Supervisory Board as a whole.

The members of the Supervisory Board assume responsibility for the training and further education measures required for their tasks, e.g., on issues of corporate governance and on changes in the legal framework and on new products and forward-looking technologies, and are supported in this by the Company. In an on-boarding programme, new members of the Supervisory Board have the opportunity to meet the members of the Board of Management and other executives for a bilateral exchange on current topics in respect of the relevant areas of the Board of Management and thus gain an overview of the relevant topics of the Company.

The Supervisory Board supervises and advises the Board of Management in the management of the business. At regular intervals, it obtains reports from the Board of Management on the strategy of the business units, corporate planning, turnover development, profitability, business development, and the situation of the Company, as well as on the internal control system, the risk management system, and compliance issues. The Supervisory Board has reserved the right of approval for transactions of fundamental importance. It has also specified in more detail the information and reporting duties of the Board of Management vis-à-vis the Supervisory Board, the Audit Committee and – between meetings of the Supervisory Board – vis-à-vis the Chairman of the Supervisory Board.

The duties of the Supervisory Board include the appointment and, if necessary, the dismissal of the members of the Board of Management. Initial appointments have generally been made in the past and since 2021 have always been made for a maximum of three years.

With regard to the composition of the Board of Management, the Supervisory Board observes the statutory requirements for the equal participation of women and men. The specific details are presented in a separate section of this declaration on corporate governance. Furthermore, with regard to the composition of the Board of Management, the Supervisory Board has adopted a diversity concept embedded in an overall profile of requirements. Its specific details are also summarised in a separate section of this declaration on corporate governance.

The Supervisory Board determines the system of remuneration for the Board of Management, reviews it regularly, and uses it as the basis for determining the total individual remuneration of the individual members of the Board of Management. In 2020 the Annual General Meeting approved the remuneration system for the Board of Management with a majority of 95.33%. The remuneration system of the Board of Management is available at [group.mercedes-benz.com/remuneration-bom](https://group.mercedes-benz.com/remuneration-bom). The 2021 Remuneration Report to be submitted to the 2022 Annual General Meeting for approval shall also be made available there, together with the audit opinion pursuant to Section 162 of the German Stock Corporation Act (AktG).

The Supervisory Board examines the financial statements, the consolidated financial statements, and the combined management report of the Company and the Group, as well as the proposal for the appropriation of the balance sheet profit. After discussions with the auditor and in consideration of the audit opinions of the auditor and the audit results of the Audit Committee, the Supervisory Board shall declare whether any objections are to be raised after the final result of its own review. 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 shall report

to the Annual General Meeting on the results of its own review as well as on the nature and scope of the supervision of the Board of Management during the past financial year. The report of the Supervisory Board on the 2021 financial year is available in the Annual Report and at [group.mercedes-benz.com/company/corporate-governance/supervisory-board](https://group.mercedes-benz.com/company/corporate-governance/supervisory-board).

The Supervisory Board has adopted Rules of Procedure that, in addition to its duties and responsibilities, specifically regulate the convening and preparation of its meetings as well as the procedure for the adoption of resolutions and contain provisions that are intended to avoid conflicts of interest. The Rules of Procedure of the Supervisory Board are available on the internet at [group.mercedes-benz.com/company/corporate-governance](https://group.mercedes-benz.com/company/corporate-governance)

For the meetings of the Supervisory Board during the reporting period, regular Executive Sessions were again scheduled in order to be able to discuss topics even in the absence of the Board of Management. Pursuant to the German Act on Strengthening Financial Market Integrity (FISG), which entered into force on 1 July 2021, the Board of Management does not participate in meetings of the Supervisory Board and its committees to the extent that the auditor is called in as an expert, unless the Supervisory Board or the committee deems its participation necessary.

The members of the Supervisory Board can also participate in the meetings by telephone or video conference. In view of the covid-19 pandemic, this option had to be used again to a greater extent in the 2021 financial year, although this type of participation is usually the exception.

The Supervisory Board regularly assesses how effectively the Supervisory Board and its committees perform their duties. The results of the last externally moderated self-assessment in the 2020 financial year, which the Supervisory Board discussed in its meeting on 17 February 2021, once again confirm a professional, very good cooperation within the Supervisory Board and with the Board of Management that is characterised by a high degree of trust. No fundamental need for change has emerged. Independently of the self-assessment of the Supervisory Board, the Audit Committee also

carried out a self-evaluation of its activities again in 2021 on the basis of an extensive Company-specific questionnaire. The, again, very positive results of this self-assessment were presented and discussed at the Audit Committee meeting on 10 March 2022.

As at 31 December 2021, in addition to the Mediation Committee to be established by law, there are four other committees of the Supervisory Board that perform the tasks assigned to them in the name and on behalf of the of the Supervisory Board as a whole, to the extent permitted by law. The relevant committee chairpersons shall report on the work of the committees to the plenary meeting of the Supervisory Board at the latest at the next meeting of the Supervisory Board following the committee meeting. The Supervisory Board has adopted separate rules of procedure for all its committees. They are available on the internet at [group.mercedes-benz.com/company/corporate-governance](https://group.mercedes-benz.com/company/corporate-governance). Information on the composition of the committees is available at [group.mercedes-benz.com/company/corporate-governance/supervisory-board/committees.html](https://group.mercedes-benz.com/company/corporate-governance/supervisory-board/committees.html).

### **Presidential Committee**

The Presidential Committee consists of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board, and two other members elected by the Supervisory Board. As from 31 December 2021, the Presidential Committee consists of Dr Bernd Pischetsrieder (Chairman), Michael Brecht (Deputy Chairman), Ben van Beurden, and Roman Zitzelsberger.

The Presidential Committee makes recommendations to the Supervisory Board for the appointment of members to the Board of Management, in consideration of the overall profile of requirements defined by the Supervisory Board with the diversity concept, including the requirements for the proportion of women on the Board of Management. It submits proposals to the Supervisory Board for the structure of the remuneration system for the Board of Management and for the appropriate individual total remuneration of the individual members of the Board of Management. The Presidential Committee is responsible for the contractual matters of the members of the Board of Management, it decides on the granting of approval for ancillary activities of members of the Board of Management, and once a year it submits

a complete list of the ancillary activities of each member of the Board of Management to the Supervisory Board for approval.

In addition, the Presidential Committee advises and decides on corporate governance issues, 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 scope of its responsibilities.

### **Nomination Committee**

The Nomination Committee consists of the Chairman of the Supervisory Board and two other members elected on the Supervisory Board by the shareholder representatives by a majority of the votes cast. As from 31 December 2021, they are Dr Bernd Pischetsrieder (Chairman of the Nomination Committee), Sari Baldauf, and Ben van Beurden. The Nomination Committee is the only committee of the Supervisory Board composed exclusively of shareholder representatives. It makes recommendations to the Supervisory Board for proposals to the Annual General Meeting for the election of shareholder representatives on the Supervisory Board. In this respect, it takes the statutory requirements for the equal participation of women and men in management positions into account, and strives to fulfil the overall profile of requirements for the Supervisory Board as a whole.

### **Audit Committee**

The Audit Committee consists of four members elected by the Supervisory Board by a majority of the votes cast. As from 31 December 2021, they are the shareholder representatives Dr Clemens Börsig (Chairman of the Audit Committee) and Olaf Koch as well as the employee representatives Michael Brecht (Deputy Chairman) and Ergun Lümali.

The members of the Audit Committee as a whole are very familiar with the industry in which the Company operates. Dr Clemens Börsig has special expertise in the field of accounting and specific knowledge and experience with regard to auditing and internal control procedures. This equally applies to Olaf Koch.

Both the Chairman of the Audit Committee, Dr Clemens Börsig, and the other shareholder representative on the Audit Committee, Olaf Koch, are independent. Further information on independence is summarised in the section on the overall profile of requirements for the composition of the Supervisory Board in this declaration on corporate governance.

The Audit Committee is responsible for monitoring the accounting and the accounting process, and for the audit of the financial statements, in particular the selection and independence of the auditor and the quality of the audit. At least once a year, it discusses the effectiveness and operation of the internal control and risk management system, the internal auditing system and the compliance management system with the Board of Management. It receives regular reports on the work of internal auditing and the compliance organisation. In accordance with the German Act on Strengthening Financial Market Integrity (FISG), which entered into force on 1 July 2021, each member of the Audit Committee may also obtain information directly from the heads of those corporate departments of the Company that are responsible within the Company for tasks relating to the Audit Committee in accordance with its Rules of Procedure via the Chairman of the Committee. The Chairman of the Committee shall communicate the information obtained to all members of the Audit Committee. If such information is obtained, the Board of Management shall be informed accordingly without delay.

At least quarterly, the Audit Committee receives the report of the BPO (Business Practices Office) whistle-blowing system on complaints and information on possible violations of the rules by top executives and other employees of a defined catalogue of statutory provisions. It regularly obtains information on the processing of the said complaints and information.

The Audit Committee discusses the interim financial reports with the Board of Management prior to their publication. On the basis of the opinion of the audit, the Audit Committee reviews the annual company financial statements, the annual consolidated financial statements, and the management report of the Company and the Group and discusses them together with the auditor. The Audit Committee submits its recommendations

regarding the adoption of the annual accounts of Mercedes-Benz Group AG, the approval of the consolidated annual accounts, and the proposal for the appropriation of profits to the Supervisory Board. The Committee also makes recommendations on the proposal of the Supervisory Board for the election of the auditor, assesses the suitability, qualifications, and independence of the auditor, and, after appointment by the Annual General Meeting, engages the auditor for the audit of the consolidated financial statements and the financial statements as well as for the review of interim financial reports. In this respect, it also agrees on the fee and determines the key areas of the audit. The auditor shall report to the Audit Committee on any and all accounting matters considered critical and on any material weaknesses in the internal control and risk management system relating to the accounting process identified during the audit.

Finally, the Audit Committee approves permissible services that the auditors or their affiliated companies perform for Mercedes-Benz Group AG or its Group companies and that are not directly related to the audit of the annual accounts in advance.

Transactions between the Company and related parties within the meaning of Section 111 b of the German Stock Corporation Act (AktG) require the prior approval of the Audit Committee, unless the law or a rule of the Supervisory Board stipulates that the approval of the plenary Supervisory Board or another committee is required.

### **Legal Affairs Committee**

The Committee is composed of six members elected by the Supervisory Board by a majority of the votes cast. As from 31 December 2021, the members of the Committee are the shareholder representatives Dr Clemens Börsig (Chairman), Olaf Koch, and Liz Centoni as well as the employee representatives Michael Brecht, Michael Häberle, and Ergun Lümalı. The Committee coordinates the exercising of the rights and obligations of the Supervisory Board with regard to the ongoing emission and cartel-related proceedings against the Company and Group companies. It prepares resolutions of the Supervisory Board in this regard and makes corresponding resolution recommendations. As part of the agreement in principle reached in 2020 with various US authorities to terminate civil and environmental proceedings in

connection with emission control systems of certain diesel vehicles, the Committee was assigned further tasks and decision-making competences with regard to the fulfilment of the obligations assumed in the agreement in principle. The said other tasks include, inter alia, the steering and monitoring of the Post Settlement Audit Teams that were set up in the context of the agreement in principle.

### **Mediation Committee**

By law, the Mediation Committee consists of the Chairman of the Supervisory Board, Dr Bernd Pischetsrieder, his Deputy, Michael Brecht, and two members elected by a majority of the votes cast, one by the employee representatives and one by the shareholder representatives on the Supervisory Board. As from 31 December 2021, they are Ben van Beurden for the shareholder side and Roman Zitzelsberger for the employee side. The Committee was established for the sole purpose of performing the task set out in Section 31 Subsection 3 of the German Co-Determination Act (MitbestG). As in previous years, the Mediation Committee had no reason to take action in the 2021 financial year.

### **German Act on the Equal Participation of Women and Men in Leadership Positions, as amended by the German Second Act on Leadership Positions**

The requirements of the German Equal Participation of Women and Men in Leadership Positions Act are to be fulfilled at the Company level.

The following information therefore relates to the Board of Management of Mercedes-Benz Group AG, two management levels of Mercedes-Benz Group AG below its Board of Management, and the Supervisory Board of Mercedes-Benz Group AG.

By resolution of 3 December 2020, the Supervisory Board of Mercedes-Benz Group AG set a target for the proportion of women on the Board of Management of 25% by 31 December 2025. In August 2021, the German Second Leadership Positions Act (FüPoG II) came into force. According to the said Act, at least one woman and at least one man must be a member of the Board of Management in listed companies with parity participation and more than three members on the Board of Management. This minimum participation requirement must be complied with as from 1 August 2022 when appointing individual or multiple members of the Board of Management. As from 31 December 2021, Renata Jungo Brüngger, Sabine Kohleisen, and Britta Seeger are three women on the Board of Management of Mercedes-Benz Group AG, which consists of a total of eight members, resulting in a female share of 37.5%.

With 11.8% of women at the first (2 women of a total of 17 executives) and 22.5% at the second level of management of Mercedes-Benz Group AG (16 women of a total of 71 executives) below the Board of Management at the time of the resolution, the Board of Management of Mercedes-Benz Group AG, by resolution dated 25 November 2020, set a target for the proportion of women at 20% for the first and 25% for the second level below the Board of Management by 31 December 2025. As at 31 December 2021, the first level of management of Mercedes-Benz Group AG below the Board of Management consists of 14 executives, one of whom is a woman, corresponding to a percentage of women of 7.1 % and at the second level of management of

Mercedes-Benz Group AG below the Board of Management, 14 out of a total of 56 executives are women as at 31 December 2021, corresponding to 25 %

The change in the total number of executives at the relevant management level of Mercedes-Benz Group AG between 25 November 2020 and 31 December 2021 is mainly due to the spin-off and hive-down of the Daimler commercial vehicles business that has meanwhile been carried out and the associated transfers to Daimler Truck AG. Because one woman from management level 1 has also made this change, the proportion of women at this level of Mercedes-Benz Group AG has fallen relatively sharply as of 31 December 2021 due to a small basic population.

Based on the assumption of a total of 14 executives at management level 1 of Mercedes-Benz Group AG as of 31 December 2025, the set target quota of 20% results in a target of 3 women for this level. Based on the assumption of a total of 56 executives at management level 2 of Mercedes-Benz Group AG as of 31 December 2025, the set target quota of 25% results in a target of 14 women for this level.

The Supervisory Boards of listed companies with equal representation must be composed of at least 30% women and at least 30% men. The quotas are to be met by the Supervisory Board as a whole. If the representatives of the shareholders or the representatives of the employees object to the Chairman of the Supervisory Board prior to the election then the minimum share for this election shall be fulfilled separately by the shareholders and the employees.

In the Supervisory Board of Mercedes-Benz Group AG, as of 31 December 2021, 30% of the members on the shareholder side (Sari Baldauf, Liz Centoni, and Professor Dr Helene Svahn) are women and 70% are men. The situation is the same on the employee side, with 30% women (Nadine Boguslawski, Monika Tielsch and Elke Tönjes-Werner) and 70% men. At its meeting on 23 February 2022, the Supervisory Board discussed the specific election proposals to be made at the 2022 Annual General Meeting and, on the recommendation of the Nomination Committee, resolved to propose to the 2022 Annual General Meeting that Dame Veronica Anne ("Polly") Courtice and Marco Gobetti be elected to the Supervisory Board for the first time. In the event of the election of the proposed candidates, the statutory quota for women remains fulfilled both on the shareholder side and for the Supervisory Board as a whole.

In addition to Mercedes-Benz Group AG itself, other Group companies are subject to co-determination and have set their own targets for the proportion of women on their respective Supervisory Boards and Boards of Management, and at the two levels below the Board of Management, as well as a deadline for achieving these targets, and have published them in accordance with the statutory requirements.

### **Overall profiles of requirements for the composition of the Board of Management and the Supervisory Board**

With regard to the composition of the Board of Management and the Supervisory Board, Mercedes-Benz Group AG pursues diversity concepts with regard to aspects such as age, gender, educational and professional background. The Supervisory Board has combined these diversity concepts with the requirements of the German Act on the Equal Participation of Women in Leadership Positions and other requirements regarding the competences of the members of the executive bodies in the overall profile of requirements for the Board of Management and the Supervisory Board described below. The profiles of requirements are reviewed annually and also serve as a basis for long-term succession planning.

#### **Board of Management**

The objective of the profile of requirements for the Board of Management is to ensure that the composition of the Board of Management is as diverse and complementary as possible. The Board of Management as a whole shall possess the knowledge, skills, and experience necessary for the proper performance of its duties and at the same time embody the desired management philosophy based on the various personal backgrounds and experiences of its members. The decisive factor for the decision on filling a specific board position is always the interest of the Company, taking any and all circumstances of the individual case into account.

The profile of requirements for the Board of Management in the reporting period specifically included the following aspects:

- The members of the Board of Management shall have diverse educational and professional backgrounds, preferably with at least two members with a technical background. As from 31 December 2021, the Board of Management comprises two graduate engineers, Markus Schäfer and Dr Jörg Burzer. Ola Källenius has demonstrated his technical expertise on a sustained basis since taking over the Group Research & Mercedes-Benz Cars Development department on 1 January 2017.
- On 3 December 2020, the Supervisory Board set a target for the proportion of women on the Board of Management of 25% by 31 December 2025. In August 2021, the German Second Leadership Positions Act (FüPoG II) came into force. According to the said Act, at least one woman and at least one man must be a member of the Board of Management in listed companies with parity participation and more than three members on the Board of Management. This minimum participation requirement must be complied with as from 1 August 2022 when appointing individual or multiple members of the Board of Management. As from 31 December 2021, Renata Jungo Brüngger, Sabine Kohleisen, and Britta Seeger are three women on the Board of Management of the Company, which consists of a total of eight members, resulting in a female share of 37.5%.
- For the last possible age-related appointment or reappointment of a member of the Board of Management, the 62nd year of life generally serves as a guideline, which should not yet have been reached at the time of the beginning of a (new) term of office. Upon the determination of this age limit, the Supervisory Board deliberately opted for a flexible benchmark in order to preserve the necessary leeway for appropriate decisions in individual cases. As from 31 December 2021, all eight members of the Board of Management fall below this standard age limit.
- In addition, attention shall be paid to a sufficient generational mix among the members of the Board of Management, whereby, if possible, at least three members of the Board of Management shall be 57 years of age or younger at the beginning of the relevant term of office. This applies to all members of the Board of Management in office as from 31 December 2021, with the exception of Sabine Kohleisen, and Hubertus Troska.
- In the composition of the Board of Management, attention shall also be paid to internationality in the sense of different cultural backgrounds or international experience through several years of stays abroad, whereby, if possible, at least one member of the Board of Management shall be of international origin. Notwithstanding the many years of international experience of the vast majority of the members of the



Board of Management, this goal had already been achieved by 31 December 2021, simply because of the international origins of Ola Källenius and Renata Jungo Brüngger and the focus of Mr Troska's activities in China.

- As a rule, and subject to disclosure of a deviation in the annual Declaration of Compliance with the German Corporate Governance Code, members of the Board of Management shall not hold more than two mandates on Supervisory Boards in non-Group listed companies or comparable functions and shall not chair a Supervisory Board of a non-Group listed company. For the purpose of the profile of requirements, mandates on Supervisory Boards in joint ventures, the performance of which is part of the departmental responsibility of a member of the Board of Management, are not considered to be comparable functions.

Of the non-Group memberships of Supervisory Boards and other Supervisory Bodies held by Hubertus Troska, only BAIC Motor Corporation Ltd. is listed on the stock exchange. With the exception of the mandate at Beijing Foton Daimler Automotive Co., Ltd., his other mandates outside the Group are mandates within his departmental responsibility which, in the opinion of the Supervisory Board, do not pose any requirements comparable to mandates on supervisory boards of listed companies outside the Group in terms of the requirements profile. The same applies to the non-Group mandates of Markus Schäfer with the exception of the mandate at the listed Farasis Energy (Ganzhou) Co.

Of the non-Group memberships of Supervisory Boards and other Supervisory Bodies held by Britta Seeger, only Deutsche Lufthansa AG is listed on the stock exchange. In the opinion of the Supervisory Board, the other mandates outside the Group are mandates within the scope of their departmental responsibilities that, in terms of the profile of requirements, do not pose any demands comparable to a mandate on the Supervisory Board of a listed company outside the Group.

Renata Jungo Brüngger and Harald Wilhelm each hold two mandates on Supervisory Boards in non-Group listed companies, including Daimler Truck Holding AG.

They are also both members of the Supervisory Board of Daimler Truck AG, a wholly owned subsidiary of Daimler Truck Holding AG. The shareholder representatives on the Supervisory Boards of Daimler Truck Holding AG and Daimler Truck AG are identical.

Against this background, in the opinion of the Supervisory Board, membership of the Supervisory Board of Daimler Truck AG does not impose any additional requirements comparable to the mandate at Daimler Truck Holding AG in terms of the profile of requirements. A deviation from the recommendation of the German Corporate Governance Code that members of boards of management of listed companies should not hold more than two mandates on supervisory boards in non-group listed companies or comparable functions and should not chair a supervisory board is stated and justified in the 2021 Declaration of Compliance, notwithstanding the assessments of the Supervisory Board for the purposes of the profile of requirements.

The criteria of the profile of requirements shall be taken into account when filling positions on the Board of Management. The Presidential Committee draws up a short-list of available candidates on the basis of a target profile, taking the specific qualification requirements and the job profile into account, it conducts interviews with them, and it then submits a candidate proposal to the Supervisory Board together with the reasons for its recommendation for the decision-making. The decisive factor is always the interest of the Company, in consideration of any and all circumstances of the individual case.

In the view of the Supervisory Board, fundamental individual suitability criteria for a position on the Board of Management are, in particular, personality, integrity, convincing leadership qualities, professional qualifications for the department to be taken over, past performance, knowledge of the Company, and the ability to adapt business models and processes in a changing world.

Together with the Board of Management, the Supervisory Board also ensures long-term succession planning for the Board of Management, with due consideration of the profile of requirements and the circumstances of the individual case. The Presidential Committee of the Supervisory Board regularly discusses talents and

exceptional leaders of the Company. The contract terms and renewal options of current members of the Board of Management are discussed, as well as possible successors. On the basis of a potential analysis and in consideration of the criteria of the profile of requirements, executives from the management level below the Board of Management as well as special high potentials are assessed and next development steps are discussed and determined together with the Board of Management. The process of succession planning also includes regular reporting by the Board of Management on the proportion and development of female managers, especially at the first and second management levels below the Board of Management. The Board of Management is responsible for proposing a sufficient number of suitable candidates to the Supervisory Board. Mercedes-Benz Group AG aims to predominantly fill positions on the Board of Management with managers developed within the Company. Nevertheless, potential external candidates are also evaluated and included in the selection process on a case-by-case basis, with the support of external recruitment consultancy firms.

### **Supervisory Board**

The Supervisory Board as a whole must be familiar with the industry in which the Company operates.

The aim of the profile of requirements for the Supervisory Board entirety is also to ensure that the composition of the Supervisory Board is as diverse and complementary as possible. The Supervisory Board shall, as a whole, understand the business model of the Company and possess the knowledge, skills, and experience necessary to properly provide qualified supervision and advice to the Board of Management, in particular in the areas of technology, finance, accounting, auditing, risk management, internal control procedures, and compliance. Overall, the members of the Supervisory Board shall complement each other in terms of their expertise and professional experience in such a way that the Board as a whole can draw on the broadest possible pool of experience and diverse specialist knowledge. Furthermore, the Supervisory Board considers the diversity of its members in terms of age, gender, internationality, and other personal characteristics as an important prerequisite for an effective working relationship. The decision of the Supervisory Board on the election proposal to the Annual General Meeting shall

always be based on the interests of the Company, taking any and all circumstances of the individual case into account.

The profile of requirements for the Supervisory Board in the reporting period specifically included the following aspects:

- The members of the Supervisory Board should have different educational and professional backgrounds. At least five members should have an education or profession with a technical background or specific technological knowledge, for example in the areas of information technology (including digitalisation), chemistry, mechanical or electrical engineering. The composition should also take due account of the fact that it may be necessary to acquire new competences in the course of product and market developments. Notwithstanding the specific knowledge in the aforementioned areas acquired by many members of the Supervisory Board in other functions, as from 31 December 2021 five shareholder representatives and two employee representatives, namely Dr Bernd Pischetsrieder, Ben van Beurden, Dr Martin Brudermüller, Liz Centoni, Prof. Dr Helene Svahn, Dr Frank Weber and Roman Zitzelsberger, have a relevant university degree. Three other employee representatives have completed relevant professional training.
- The gender ratio on the Supervisory Board complies with the statutory requirement of at least 30% women and 30% men. As from 31 December 2021, there are three women on both the side of the shareholders and the side of the employees. This puts the proportion of women on both sides and on the Supervisory Board as a whole at 30%.
- As a rule, only candidates who are not older than 72 years at the time of election shall be proposed for election as members of the Supervisory Board for a full term of office. Upon the establishment of this age limit, the Supervisory Board deliberately decided against a rigid maximum age limit and in favour of a flexible standard limit that preserves the necessary leeway for an appropriate assessment of the circumstances of the individual case, that defines the group of potential candidates in a sufficiently broad manner, and that also allows for re-election. None of the

members of the Supervisory Board in office on 31 December 2021 has exceeded the standard age limit at the time of their election.

- In addition, attention shall be paid to a sufficient generational mix amongst the members of the Supervisory Board. At least eight members of the Supervisory Board shall be no more than 62 years of age at the time of their election or re-election. Except for Dr Bernd Pischetsrieder and Dr Clemens Börsig, all other members of the Supervisory Board in office on 31 December 2021, i.e. 16 members, were aged 62 or younger at the time of their election for the current term of office.
- In order to ensure appropriate internationality, for example through many years of international experience, the Supervisory Board has set itself a target of at least 30% international shareholder representatives and a resulting quota of 15% in relation to the plenary board. Notwithstanding the many years of international experience of the vast majority of the shareholder representatives, this target had already been exceeded by 31 December 2021 with 50% on the side of the shareholders and thus 25% for the Supervisory Board as a whole, simply because of the international background of Bader Al Saad, Sari Baldauf, Ben van Beurden, Liz Centoni, and Professor Dr Helene Svahn.
- In order to ensure independent advice to and supervision of the Board of Management by the Supervisory Board, more than half of the shareholder representatives on the Supervisory Board shall be independent of the Company and the Board of Management, subject to the disclosure of a deviation from the corresponding recommendation of the German Corporate Governance Code in the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG). In this sense, the Supervisory Board may also include no more than two former members of the Board of Management of Mercedes-Benz Group AG and no members who hold corporate or management positions at significant competitors of the Company.

A shareholder representative on the Supervisory Board shall be independent of the Company and its Board of Management if they have no personal or

business relationship with the Company or its Board of Management that could give rise to a material and not merely temporary conflict of interests. The assessment of independence is incumbent on the shareholder representatives on the Supervisory Board themselves. In this respect, four indicators must be taken into account that may point to a lack of independence (membership of the Board of Management within the last two years prior to the appointment as a member of the Supervisory Board; significant business relationship with the Company or a company dependent on it, e.g., as a customer, supplier, lender or consultant; close family relationship to a member of the Board of Management; membership of the Supervisory Board for more than twelve years – all criteria related to both the member of the Supervisory Board and their close family members). However, the shareholder side is expressly at liberty to regard the member of the Supervisory Board in question as independent even if one or even several negative indicators are fulfilled – only this assessment should then be substantiated in the declaration on corporate governance.

On the basis of the information known today, the shareholder representatives are of the opinion that, even in consideration of the negative indicators pursuant to the German Corporate Governance Code that argue against independence, there are no specific indications of relevant personal or business relationships or circumstances on the part of any member of the Supervisory Board on the shareholder side, in particular with regard to the Company or members of the Board of Management, that could constitute a material and not merely temporary conflict of interests. In particular, the shareholder representatives Ben van Beurden, Dr Martin Brudermüller, Liz Centoni, and Timotheus Höttges do not have any such material business relationship with Mercedes-Benz Group AG or any company dependent on Mercedes-Benz Group AG (e.g., as a supplier, customer, lender or consultant), either directly or in a responsible function of a company outside the Group. The purchasing volume of Mercedes-Benz from Shell, BASF, Cisco and Deutsche Telekom is very low. This also applies to the fleet business.

No member of the Supervisory Board holds board functions or performs advisory tasks for significant competitors. Since the retirement of Dr Manfred Bischoff at the end of the 2021 Annual General Meeting, no former member of the Board of Management has been a member of the Supervisory Board.

The independence of the shareholder representative Bader Al Saad was not affected by his membership of the Board of Management and the Executive Committee of the Board of Management of the Kuwait Investment Authority, which came to an end during the reporting period. The Kuwait Investment Authority is not a controlling shareholder that would require a de facto majority at the Annual General Meeting. Other circumstances that argue against the independence of Bader Al Saad are not apparent.

Neither the patent litigation between Mercedes-Benz and Nokia, which ended in the reporting period, nor other mandates held by Dr. Bernd Pischetsrieder could be seen as constituting a material and not merely temporary conflict of interest either in respect of Sari Baldauf or in respect of Dr Bernd Pischetsrieder.

The Chairman of the Audit Committee, Dr Clemens Börsig, and Sari Baldauf have been members of the Supervisory Board for more than 12 years. Nevertheless, the shareholder representatives on the Supervisory Board are convinced that both Sari Baldauf and Dr Clemens Börsig always maintained the necessary critical distance from the Board of Management of Mercedes-Benz Group AG during the reporting period, as well as the necessary clear, alert and critical view in their supervision of the Board of Management. Their conduct in office demonstrates that they fulfil their offices as members of the Supervisory Board and Chairman or member of committees of the Supervisory Board in an exemplary manner. In addition, their many years of experience and expertise are essential for the Supervisory Board to fulfil its role as a critical overseer and at the same time an authoritative and trustworthy advisor to the Board of Management. This especially applies to Dr Clemens Börsig in his function as Chairman of the Audit Committee and the Legal Affairs Committee. Under difficult economic conditions, it is of particular importance to secure

experience, procedural and corporate knowledge in these important committees for the benefit of stability and reliability. In addition, during the reporting period, Dr Clemens Börsig, with his special experience and expertise as well as his special knowledge of the Company, made extremely valuable and significant contributions to the monitoring of the spin-off of the commercial vehicles business (Project Focus) by the Audit Committee and the Supervisory Board.

As a result, according to the assessment of the shareholders' side, as from 31 December 2021, all shareholder representatives on the Supervisory Board are to be deemed to be independent, namely Dr Bernd Pischetsrieder, Bader M. Al Saad, Sari Baldauf, Ben van Beurden, Dr Clemens Börsig, Dr Martin Bruder-müller, Liz Centoni, Timotheus Höttges, Olaf Koch and Professor Dr Helene Svahn.

- As a rule, only candidates who have not already been members of the Supervisory Board for 12 years at the time of their (re-)election shall be proposed for election to the Supervisory Board for a full term of office. On 31 December 2021, this requirement is fulfilled for all members of the Supervisory Board in office.
- Each and every candidate and each and every member of the Supervisory Board must be able to devote the expected amount of time and must be willing and able to show substantive commitment and to take part in the necessary training and further education measures. The Supervisory Board shall assure itself prior to each and every nomination that the candidates in question are able to devote the time required for the office.
- As a rule and subject to disclosure of a deviation in the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), members of the Board of Management of listed companies, including the mandate on the Supervisory Board of Mercedes-Benz Group AG, shall not hold more than two mandates on Supervisory Boards in listed companies outside the Group or comparable functions and shall not chair the Supervisory Boards of listed companies outside the Group; other members of the Supervisory Board shall, as a rule and subject to disclosure of a deviation in the Declaration of

Compliance, including the mandate on the Supervisory Board at Mercedes-Benz Group AG, not hold more than five mandates on supervisory boards at listed companies outside the Group or comparable functions, in the course of which chairmanship of a Supervisory Board counts twice. For the purposes of the profile of requirements, dual mandates of members of the Supervisory Board of Mercedes-Benz Group AG in other supervisory bodies within the Mercedes-Benz Group are not taken into account. The maximum number of mandates thus determined was not exceeded by any member of the Supervisory Board in office on 31 December 2021. Notwithstanding the above, the deviation from the recommendations of the German Corporate Governance Code on which the maximum number of mandates is based was reported and justified in the Declaration of Compliance of December 2021.

Proposals by the Supervisory Board for the election of shareholder representatives by the Annual General Meeting, for which the Nomination Committee makes recommendations, shall take the aspects outlined above into account and aim to fill the profile of requirements for the Board as a whole. The Nomination Committee shall draw up a short-list of available candidates on the basis of a target profile, taking the specific qualification requirements and the aforementioned criteria into account, hold structured discussions with them and, whilst doing so, also obtain assurances that the proposed candidate has sufficient time to be able to exercise the mandate with due diligence. Subsequently, the Nomination Committee submits a candidate proposal to the Supervisory Board together with the reasons for its recommendation for decision-making. The decision of the Supervisory Board on the election proposal to the Annual General Meeting shall always be based on the interests of the Company, taking any and all circumstances of the individual case into account.

The Supervisory Board candidates, Dame Veronica Anne ("Polly") Courtice and Marco Gobetti, who are to be proposed for election for the first time at the 2022 Annual General Meeting, fulfill and enhance the requirements profile for the Supervisory Board:

Dame Polly Courtice, Former Director of the University of Cambridge Institute for Sustainability Leadership, has a Master's degree in history and long-standing experience in the area of ESG. Marco Gobetti, Chief Executive Officer of Salvatore Ferragamo S.p.A., has a Master's degree in International Management and business experience in the luxury-goods industry. The Company's goal of gaining new competencies in the field of product and market developments is impressively fulfilled by both candidates. With the election of Dame Polly Courtice, the legal gender quota of 30% women will remain fulfilled. Both candidates are under 72 years of age and have extensive international experience. Furthermore, Dame Polly Courtice and Marco Gobetti are of international origin. Thus, if the candidates are elected, the target of 30% international shareholder representatives would be even more surpassed than it is today.

Both proposed candidates are independent of the Company and its Board of Management, and neither candidate stands in a personal or business relationship with the Company, or with a company dependent on it or its Board of Management (e.g., as a customer, supplier, finance provider or advisor) that could justify a not only temporary conflict of interests. In addition to his function as Chief Executive Officer of the listed company Salvatore Ferragamo S.p.A., Marco Gobetti is a member of the Board of Directors of the listed company Springplace One Ltd. However, apart from the proposed mandate as member of the Supervisory Board of Mercedes-Benz Group AG, he does not hold any supervisory board mandates or other comparable functions in any other non-Group listed companies. Dame Polly Courtice is a member of the Board of Directors of the listed company Jupiter Green Investment Trust PLC and of the non-listed company Anglian Water Services Ltd., but does not hold any other comparable mandates apart from the proposed mandate as member of the Supervisory Board of Mercedes-Benz Group AG. Both candidates are therefore below the upper limit of mandates specified in the requirements profile. Finally, the Supervisory Board has also ensured that the candidates are able to spend the required time on their work in the Supervisory Board at Mercedes-Benz Group AG and are willing and able to be engaged in the work and take part in any required training and further-training activities.

The terms of office of the shareholder representatives on the Supervisory Board of Mercedes-Benz Group AG end at different times (“staggered board”). Every year, the Annual General Meeting elects one or more shareholder representatives. On the one hand, the staggered board opens up the possibility of adapting the composition of the Supervisory Board more flexibly to a changing environment. On the other hand, it facilitates the search for suitable candidates because not all seats on the shareholder side have to be filled at a single Annual General Meeting. The Nomination Committee of the Supervisory Board regularly reviews which mandates end at which point in time and whether the relevant mandate holders are eligible and willing to serve a further term of office, taking the aforementioned criteria into account. In the search for new candidates, the Nomination Committee relies on independent external recruitment consultancy services.

## **Shareholders and Annual General Meeting**

The shareholders exercise their membership rights, in particular their voting rights, at the Annual General Meeting. Each and every share of Mercedes-Benz Group AG entitles to one vote. Documents and information about the Annual General Meeting are available at [group.mercedes-benz.com/am](https://group.mercedes-benz.com/am).

As part of our comprehensive investor relations and public relations work, we are in close contact with our shareholders. We inform shareholders, financial analysts, shareholder associations, the media, and the interested public comprehensively and regularly about the situation of the Company and inform them immediately of any significant changes in the business. The Chairman of the Supervisory Board is also prepared, within reason, to hold discussions with investors on topics specific to the Supervisory Board.

In addition to other communication channels, we make intensive use of the website of the Company for our investor relations work. All key information published in the 2021 financial year, including annual, quarterly and half-yearly financial reports, press releases, voting rights notifications by major shareholders, presentations and audio recordings from analyst and investor events and conference calls, as well as the financial calendar, are available at [group.mercedes-benz.com/investors](https://group.mercedes-benz.com/investors). The dates of important publications, such as the annual report and interim financial reports, as well as the dates of the Annual General Meeting, the annual press conference and analysts’ conferences are announced well in advance in the financial calendar.



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# Consolidated Statement of Income

## D.01

	Note	2021	2020
In millions of euros			
Revenue	5	133,893	121,778
Cost of sales	6	-103,218	-101,592
<b>Gross profit</b>		<b>30,675</b>	20,186
Selling expenses	6	-9,194	-8,966
General administrative expenses	6	-2,808	-2,507
Research and non-capitalised development costs	6	-5,467	-4,839
Other operating income	7	2,888	2,384
Other operating expense	7	-1,735	-591
Profit on equity-method investments, net	14	1,352	747
Other financial income/expense, net	8	317	-323
<b>Earnings before interest and taxes (EBIT)</b>	35	<b>16,028</b>	6,091
Interest income	9	212	224
Interest expense	9	-429	-358
<b>Profit of continuing operations, before taxes</b>		<b>15,811</b>	5,957
Income taxes	10	-4,761	-1,926
<b>Profit of continuing operations</b>		<b>11,050</b>	4,031
<b>Profit/loss of discontinued operations, after taxes</b>		<b>12,346</b>	-22
<b>Net profit</b>		<b>23,396</b>	4,009
thereof profit attributable to non-controlling interests		390	382
thereof profit attributable to shareholders of Mercedes-Benz Group AG		23,006	3,627
thereof continuing operations		10,695	3,656
thereof discontinued operations		12,311	-29
<b>Earnings per share (in euros)</b>			
for profit attributable to shareholders of Mercedes-Benz Group AG	37		
<b>Basic</b>		<b>21.50</b>	3.39
thereof continuing operations		10.00	3.42
thereof discontinued operations		11.50	-0.03
<b>Diluted</b>		<b>21.50</b>	3.39
thereof continuing operations		10.00	3.42
thereof discontinued operations		11.50	-0.03

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Comprehensive Income/Loss<sup>1</sup>

## D.02

	2021	2020
In millions of euros		
<b>Net profit</b>	<b>23,396</b>	4,009
Currency translation adjustments	<b>3,019</b>	-2,477
Debt instruments		
Unrealised gains/losses (pre-tax)	<b>-4</b>	5
Taxes on unrealised gains/losses and on reclassifications	<b>-</b>	-2
Debt instruments (after tax)	<b>-4</b>	3
Derivative financial instruments		
Unrealised gains/losses (pre-tax)	<b>-1,765</b>	1,271
Reclassifications to profit and loss (pre-tax)	<b>537</b>	-113
Taxes on unrealised gains/losses and on reclassifications	<b>362</b>	-345
Derivative financial instruments (after tax)	<b>-866</b>	813
<b>Items that may be reclassified to profit/loss</b>	<b>2,149</b>	-1,661
Equity instruments		
Unrealised gains/losses (pre-tax)	<b>64</b>	213
Taxes on unrealised gains/losses and on reclassifications	<b>-18</b>	-40
Equity instruments (after tax)	<b>46</b>	173
Actuarial gains/losses from pensions and similar obligations (pre-tax)	<b>4,702</b>	-2,706
Taxes on actuarial gains/losses from pensions and similar obligations	<b>-1,122</b>	841
Actuarial gains/losses from pensions and similar obligations (after tax)	<b>3,580</b>	-1,865
<b>Items that will not be reclassified to profit/loss</b>	<b>3,626</b>	-1,692
<b>Other comprehensive income/loss, net of taxes</b>	<b>5,775</b>	-3,353
thereof income/loss attributable to non-controlling interests, after taxes	<b>75</b>	-51
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes	<b>5,700</b>	-3,302
<b>Total comprehensive income</b>	<b>29,171</b>	656
thereof income/loss attributable to non-controlling interests	<b>465</b>	331
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG	<b>28,706</b>	325

<sup>1</sup> See Note 21 for other information on the Consolidated Statement of Comprehensive Income/Loss.

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Financial Position

## D.03

		At 31 December	
	Note	2021	2020
In millions of euros			
<b>Assets</b>			
Intangible assets	11	15,005	16,399
Property, plant and equipment	12	27,859	35,246
Equipment on operating leases	13	44,471	47,552
Equity-method investments	14	13,588	5,189
Receivables from financial services	15	46,955	53,709
Marketable debt securities and similar investments	16	873	1,041
Other financial assets	17	3,181	4,167
Deferred tax assets	10	3,434	6,259
Other assets	18	1,536	911
<b>Total non-current assets</b>		<b>156,902</b>	170,473
Inventories	19	21,466	26,444
Trade receivables	20	7,673	10,649
Receivables from financial services	15	33,670	42,476
Cash and cash equivalents		23,120	23,048
Marketable debt securities and similar investments	16	6,706	5,356
Other financial assets	17	3,079	2,757
Other assets	18	4,073	4,534
Assets held for sale	3	3,142	-
<b>Total current assets</b>		<b>102,929</b>	115,264
<b>Total assets</b>		<b>259,831</b>	285,737

The accompanying notes are an integral part of these Consolidated Financial Statements.

## D.03

		At 31 December	
	Note	2021	2020
In millions of euros			
<b>Equity and liabilities</b>			
Share capital		3,070	3,070
Capital reserves		11,723	11,551
Retained earnings		56,190	47,111
Other reserves		968	-1,041
<b>Equity attributable to shareholders of Mercedes-Benz Group AG</b>		<b>71,951</b>	60,691
Non-controlling interests		1,216	1,557
<b>Total equity</b>	21	<b>73,167</b>	62,248
Provisions for pensions and similar obligations	23	5,359	12,070
Provisions for other risks	24	7,909	11,116
Financing liabilities	25	73,543	86,539
Other financial liabilities	26	1,808	1,971
Deferred tax liabilities	10	4,488	3,649
Deferred income	27	1,175	1,567
Contract and refund liabilities	28	3,980	5,787
Other liabilities	29	727	981
<b>Total non-current liabilities</b>		<b>98,989</b>	123,680
Trade payables		10,655	12,378
Provisions for other risks	24	8,053	9,334
Financing liabilities	25	52,300	59,303
Other financial liabilities	26	5,997	6,627
Deferred income	27	1,486	1,594
Contract and refund liabilities	28	5,929	7,169
Other liabilities	29	3,086	3,404
Liabilities held for sale	3	169	-
<b>Total current liabilities</b>		<b>87,675</b>	99,809
<b>Total equity and liabilities</b>		<b>259,831</b>	285,737

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Cash Flows<sup>1</sup>

## D.04

	2021	2020
In millions of euros		
Profit before income taxes of continuing and discontinued operations	28,775	6,339
Depreciation and amortisation/impairments	6,980	8,957
Other non-cash expense and income	-11,503	-836
Gains (-)/losses (+) on disposals of assets	-695	131
Change in operating assets and liabilities		
Inventories	-2,561	2,039
Trade receivables	120	1,339
Trade payables	1,574	-299
Receivables from financial services	3,879	2,397
Vehicles on operating leases	1,428	1,822
Other operating assets and liabilities	-1,261	653
Dividends received from equity-method investments	1,625	1,783
Income taxes paid	-3,812	-1,993
<b>Cash provided by operating activities</b>	<b>24,549</b>	<b>22,332</b>
Additions to property, plant and equipment	-4,579	-5,741
Additions to intangible assets	-2,741	-2,819
Proceeds from disposals of property, plant and equipment and intangible assets	826	365
Investments in shareholdings	-573	-661
Proceeds from the disposal of shares in Daimler Truck Fuel Cell GmbH & Co. KG	634	-
Proceeds from disposals of shareholdings	159	259
Acquisition of marketable debt securities and similar investments	-5,694	-3,792
Proceeds from sales of marketable debt securities and similar investments	4,385	5,941
Repayment of financing of Daimler's commercial vehicles business	6,853	-
Cash and cash equivalents disposed of from the deconsolidation of Daimler's commercial vehicles business	-5,489	-
Other	-7	27
<b>Cash used for investing activities</b>	<b>-6,226</b>	<b>-6,421</b>
Change in short-term financing liabilities	1,463	-3,263
Additions to long-term financing liabilities	42,196	53,713
Repayment of long-term financing liabilities	-60,859	-59,953
Dividend paid to shareholders of Mercedes-Benz Group AG	-1,444	-963
Dividends paid to non-controlling interests	-366	-282
Proceeds from the issue of share capital	36	31
Acquisition of treasury shares	-48	-30
Acquisition of non-controlling interests in subsidiaries	-37	-
<b>Cash used for financing activities</b>	<b>-19,059</b>	<b>-10,747</b>
Effect of foreign exchange rate changes on cash and cash equivalents	870	-999
<b>Net increase in cash and cash equivalents</b>	<b>134</b>	<b>4,165</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>23,048</b>	<b>18,883</b>
<b>Cash and cash equivalents at end of period</b>	<b>23,182</b>	<b>23,048</b>
Less cash and cash equivalents classified as assets held for sale at end of period	62	-
<b>Cash and cash equivalents at end of period (Consolidated statement of financial position)</b>	<b>23,120</b>	<b>23,048</b>

<sup>1</sup> See Note 30 for other information on Consolidated Statement of Cash Flows.

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Changes in Equity<sup>1</sup>

## D.05

	Share capital	Capital reserves	Retained earnings	Currency translation	Other reserves items that may be reclassified in profit/loss Equity instruments/ debt instruments
In millions of euros					
<b>Balance at 1 January 2020</b>	3,070	11,552	46,329	909	30
Net profit	-	-	3,627	-	-
Other comprehensive income/loss before taxes	-	-	-2,707	-2,425	218
Deferred taxes on other comprehensive income	-	-	841	-	-42
Total comprehensive income/loss	-	-	1,761	-2,425	176
Dividends	-	-	-963	-	-
Changes in the consolidated group	-	-	-83	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-1	-	-	-
Other	-	-	67	-	-
<b>Balance at 31 December 2020</b>	3,070	11,551	47,111	-1,516	206
<b>Balance at 1 January 2021</b>	3,070	11,551	47,111	-1,516	206
Net profit	-	-	23,006	-	-
Other comprehensive income/loss before taxes	-	-	4,702	2,943	61
Deferred taxes on other comprehensive income	-	-	-1,122	-	-18
Total comprehensive income/loss	-	-	26,586	2,943	43
Dividends	-	-	-1,444	-	-
Changes from spin-off of Daimler's commercial vehicle business	-	-	-16,253	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	172	-	-	-
Other	-	-	190	-	-47
<b>Balance at 31 December 2021</b>	3,070	11,723	56,190	1,427	202

<sup>1</sup> See Note 21 for other information on changes in equity.

<sup>2</sup> 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.



Derivative financial instruments	Treasury share	Equity attributable to shareholders of Mercedes-Benz Group AG	Non- controlling interests	Total equity	
In millions of euros					
-546	-	61,344	1,497	62,841	<b>Balance at 1 January 2020</b>
-	-	3,627	382	4,009	Net profit
1,158	-	-3,756	-51	-3,807	Other comprehensive income/loss before taxes
-345	-	454	-	454	Deferred taxes on other comprehensive income
813	-	325	331	656	Total comprehensive income/loss
-	-	-963	-282	-1,245	Dividends
-	-	-83	2	-81	Changes in the consolidated group
-	-	-	13	13	Capital increase/Issue of new shares
-	-30	-30	-	-30	Acquisition of treasury shares
-	30	30	-	30	Issue and disposal of treasury shares
-	-	-1	-	-1	Changes in ownership interests in subsidiaries
2	-	69	-4	65	Other
269	-	60,691	1,557	62,248	<b>Balance at 31 December 2020</b>
<b>269</b>	<b>-</b>	<b>60,691</b>	<b>1,557</b>	<b>62,248</b>	<b>Balance at 1 January 2021</b>
-	-	23,006	390	23,396	Net profit
-1,228	-	6,478	75	6,553	Other comprehensive income/loss before taxes
362	-	-778	-	-778	Deferred taxes on other comprehensive income
-866	-	28,706	465	29,171	Total comprehensive income/loss
-	-	-1,444	-366	-1,810	Dividends
-	-	-16,253	-502	-16,755	Changes from spin-off of Daimler's commercial vehicle business
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-	-	172	13	185	Changes in ownership interests in subsidiaries
-64	-	79	49	128	Other
-661	-	71,951	1,216	73,167	<b>Balance at 31 December 2021</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

## 1. Significant accounting policies

### General information

The Mercedes-Benz Group is a vehicle manufacturer with a worldwide product range of premium cars. Its product portfolio is rounded off by a range of financial services and mobility services. Mercedes-Benz Group AG is the parent company of the Mercedes-Benz Group.

On 1 October 2021, the Extraordinary General Meeting approved the renaming of Daimler AG as Mercedes-Benz Group AG effective 29 January 2022. The commercial register entry took place on 1 February 2022. For this reason, in addition to the name Mercedes-Benz Group AG, the name Daimler AG is also used here, depending on the respective facts and time. On the same date, Daimler Mobility AG was renamed as Mercedes-Benz Mobility AG.

The Consolidated Financial Statements of Mercedes-Benz Group AG and its subsidiaries ("the Mercedes-Benz Group" or "the Group") have been prepared in accordance with Section 315e of the German Commercial Code (HGB) and comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Mercedes-Benz Group AG is a stock corporation organised under the laws of the Federal Republic of Germany. The Company is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 120, 70372 Stuttgart, Germany.

The Consolidated Financial Statements of Mercedes-Benz Group AG are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

The Board of Management of Mercedes-Benz Group AG authorised the Consolidated Financial Statements for publication on 10 March 2022.

### Basis of preparation

#### Applied IFRS

The accounting policies applied in the Consolidated Financial Statements comply with the IFRS required to be applied in the EU as of 31 December 2021.

#### IFRS issued, EU endorsed and initially adopted in the reporting period

In August 2020 the IASB published **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**. The amendments address issues related to the application of the reform and its effects on financial reporting for lease contracts, hedges and other financial instruments caused by replacing existing interest-rate benchmarks with alternative benchmark rates. The Mercedes-Benz Group is applying the changes for the first time for the financial year beginning on 1 January 2021. There has been no material impact on the earnings, cash flows or financial position.

In March 2021, the International Accounting Standards Board published an amendment to **IFRS 16 ("Covid-19-Related Rent Concessions beyond 30 June 2021")**, in which they extend the application period of the accounting policy choice to lessees applying the practical relief for rent concessions because of the covid-19 pandemic. The Mercedes-Benz Group does not apply this practical expedient for lessees.

#### **IFRS issued, EU endorsed and not yet adopted in the reporting period**

In May 2017, the IASB issued **IFRS 17 Insurance Contracts**. IFRS 17 will replace the currently applicable IFRS 4. It establishes more transparency and comparability with regard to the recognition, measurement, presentation and disclosure of insurance contracts with the insurer. The application of IFRS 17 is mandatory for reporting periods beginning on or after 1 January 2023. Early adoption is permitted. The Mercedes-Benz Group currently does not expect any material impacts on the Group's profitability, liquidity and capital resources or financial position due to the application of IFRS 17. Early adoption is not currently planned.

#### **Presentation**

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 realised or settled 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.

Assets and liabilities presented until the spin-off and hive-down of Daimler's commercial vehicle business as assets and liabilities held for distribution have been eliminated from the Consolidated Statement of Financial Position as part of the deconsolidation. Other assets and liabilities of Daimler's commercial vehicle business that will be transferred in 2022 are presented as assets and liabilities held for sale as of 31 December 2021. The amounts in the statement of financial position of the previous year are shown in line with the previous method of presentation, in accordance with IFRS.

The Consolidated Statement of Income is presented using the cost-of-sales method.

Continuing operations are presented in the **Consolidated Statement of Income**; the profit or loss after tax of discontinued operations is shown in a separate line. The previous year's figures have been adjusted accordingly.

Further information on the spin-off and hive-down of Daimler's commercial vehicle business is provided in [Note 3](#).

#### **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 Mercedes-Benz Group AG and the financial statements of all subsidiaries, including structured entities, which are directly or indirectly controlled by Mercedes-Benz Group AG. Control exists if the parent company has the power of decision over a subsidiary based on voting rights or other rights, if it participates in positive and negative variable returns from a subsidiary, and if it can affect these returns by its power of decision.

Structured entities which are controlled also have to be consolidated. Accordingly, the assets and liabilities are recognised in the Consolidated Statement of Financial Position. Structured entities are entities which have been designed so that voting or similar rights are not relevant in deciding who controls the entity. This is the case for example if voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The financial statements of consolidated subsidiaries which are included in the Consolidated Financial Statements are generally prepared as of the reporting date of the Consolidated Financial Statements. The financial statements of Mercedes-Benz Group AG and its subsidiaries included in the Consolidated Financial Statements are prepared using uniform recognition and measurement principles. All intra-Group assets and liabilities, equity, income and expenses as well as cash flows from transactions between consolidated entities are entirely eliminated in the course of the consolidation process.

Business combinations are accounted for using the purchase method.

Changes in equity interests in subsidiaries that reduce or increase the Mercedes-Benz Group's percentage ownership without change of control are accounted for as equity transactions between owners. If the Group loses control of a subsidiary, the difference between the carrying amounts of the transferred assets and liabilities and the consideration received is generally reported in other operating income or expense.

#### **Investments in associated companies, joint ventures or joint operations**

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Associated companies are generally accounted for using the equity method.

For entities over which the Mercedes-Benz Group has joint control together with a partner (joint arrangements), it is necessary to differentiate whether a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method has to be applied. A joint operation exists when the jointly controlling parties have direct rights to the assets and obligations for the liabilities. In this case, the prorated assets and liabilities and the prorated income and expenses are generally to be recognised (proportionate consolidation). Joint operations that have no significant impact on the Consolidated Financial Statements are generally accounted for using the equity method.

If the financial statements of associated companies, joint ventures or joint operations should not be available in good time, the Group's proportionate share of the results of operations is included in the Mercedes-Benz Group's Consolidated Financial Statements with a one to three-month time lag taking into account significant current developments. Significant events or transactions are accounted for without a time lag (see [Note 14](#)).

#### **Entities measured at amortised cost**

Subsidiaries, associated companies, joint ventures and joint operations whose business is non-active or of low volume and that individually and in sum are not material for the Group and the fair presentation of profitability, liquidity and capital resources, and financial position are generally measured at amortised cost in the Consolidated Financial Statements.

#### **Foreign currency translation**

Transactions in foreign currency are translated at the relevant foreign exchange rates prevailing at the transaction date. In subsequent periods, assets and liabilities denominated in foreign currency are translated using period-end exchange rates; gains and losses from this measurement are recognised in profit and loss (except for gains and losses resulting from the translation of equity instruments measured at fair value through other comprehensive income, which are recognised in other comprehensive income/loss).

Assets and liabilities of foreign companies for which the functional currency is not the euro are translated into euros using period-end exchange rates. The translation adjustments are presented in other comprehensive income/loss. The components of equity are translated using historical rates. The statements of income and cash flows are translated into euros using the quarterly average exchange rates during the respective periods.

The exchange rates of the US dollar, the British pound, the Japanese yen and the Chinese renminbi – the most significant foreign currencies for the Mercedes-Benz Group – are as shown in table [D.06](#).

## Hyperinflation

To determine whether a country is to be considered as in hyperinflation, the Mercedes-Benz 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 in hyperinflation, IAS 29 Financial Reporting in Hyperinflationary Economies has to be applied from the beginning of the respective reporting period, i.e., from 1 January of the respective reporting year.

As a consequence of the assessment that Argentina is in hyperinflation, the Mercedes-Benz Group applies IAS 29 to our Argentinian business. The accounting impact is included in retained earnings within the line item “Other” of the Consolidated Statement of Changes in Equity.

## D.06

### Exchange rates

	2021				2020			
	USD	GBP	JPY	CNY	USD	GBP	JPY	CNY
	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =
Average exchange rate on 31 December	<b>1.1326</b>	<b>0.8403</b>	<b>130.3800</b>	<b>7.1947</b>	1.2271	0.8990	126.4900	8.0225
Average exchange rates during the respective period								
First quarter	<b>1.2048</b>	<b>0.8739</b>	<b>127.8100</b>	<b>7.8080</b>	1.1027	0.8623	120.1000	7.6956
Second quarter	<b>1.2058</b>	<b>0.8621</b>	<b>131.9300</b>	<b>7.7840</b>	1.1014	0.8874	118.4100	7.8080
Third quarter	<b>1.1788</b>	<b>0.8553</b>	<b>129.7600</b>	<b>7.6260</b>	1.1689	0.9050	124.0500	8.0855
Fourth quarter	<b>1.1435</b>	<b>0.8479</b>	<b>130.0100</b>	<b>7.3102</b>	1.1929	0.9033	124.6100	7.9006

## Accounting policies

### Revenue recognition

Revenue from sales of vehicles, service parts and other related products is recognised when control of the

goods is transferred to the customer. This generally occurs at the time the customer takes possession of the products.

Generally, payment from sales of vehicles, service parts and other related products is made when the customer obtains control of these products.

Dealers may finance their vehicle inventory by means of dealer inventory financing provided by Mercedes-Benz Mobility. Furthermore, end-customers may be credit financed by Mercedes-Benz Mobility. Receivables from sales financing with end-customers and dealers are presented in receivables from financial services. Further information is provided in [Note 15](#).

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:

- Sales of vehicles by which the Mercedes-Benz Group is obliged to repurchase the vehicles in the future are accounted for as operating leases. This also applies to a call option that grants the Mercedes-Benz Group the right to repurchase.
- Sales of vehicles including a put option (an entity's obligation to repurchase the asset at the customer's request) are reported 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 reported. The Mercedes-Benz Group considers several factors when assessing whether the customer has a significant economic incentive to exercise his or her right. Among others, these are the relation between the agreed repurchase price and the expected future market value (at the time of repurchase) of the asset, or historical return rates.

Arrangements such as when the Mercedes-Benz Group provides customers with a guaranteed minimum resale value that they receive on resale (residual-value guarantee) do not constraint the customers in their ability to direct the use of, and obtain substantially all of the benefits from, the asset. At contract inception of a sale with a residual-value guarantee, revenue therefore has to be recognised, reduced by a potential compensation payment to the customer (revenue deferral).

Under a contract manufacturing agreement, the Mercedes-Benz Group sells assets to a third-party manufacturer from which the Mercedes-Benz 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 manufacturer, no revenue is recognised under IFRS 15.

The Group offers extended, separately priced warranties for certain products as well as service and maintenance contracts. Usual for such contracts is an advance payment or the payment of constant instalments over the term of the contract. Revenue from these contracts is deferred insofar as a customer has made an advance payment and is generally recognised over the contract period in proportion to the costs expected to be incurred based on historical information. A future loss on these contracts is recognised in the current period if the expected costs for outstanding services under the contract exceed unearned revenue.

For multiple-element arrangements, such as when vehicles are sold with free or reduced-in-price maintenance programmes 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 Mercedes-Benz Group primarily uses price lists with consideration of average price reductions granted to its customers.

Depending on the sales model, vehicles may be initially sold to non-Group dealers. Subsequently a customer decides to enter into a leasing contract with Mercedes-Benz Mobility regarding such a vehicle. The vehicle is therefore sold by the non-Group dealer to Mercedes-Benz Mobility and a leasing contract is entered into with the customer. When control of the vehicle is transferred to the non-Group dealer, the Mercedes-Benz Group recognises revenue from the sale of the vehicle.

The incremental cost of obtaining contracts is recognised as an expense when incurred if the amortisation period would be no longer than one year.

The Mercedes-Benz 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 asset 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 at Mercedes-Benz Mobility. Revenue generated from operating leases is recognised on a straight-line basis over the periods of the contracts. In addition, sales revenue is generated at the end of lease contracts from the subsequent sale of the vehicles. Revenue from receivables from financial services is recognised using the effective-interest method.

The Mercedes-Benz Group uses a variety of sales promotion programmes dependent on various market conditions in individual countries as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition, and consumer demand for the products). These programmes comprise cash offers to dealers and customers as well as lease subsidies or loans at reduced interest rates which are reported as follows:

- Revenue is recognised net of sales reductions such as cash discounts and sales incentives granted.
- When loans are issued below market rates, related receivables are recognised at present value (using market rates) and revenue is reduced for the interest incentive granted.
- If subsidised 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.

#### **Research and non-capitalised development costs**

Expenditure for research and development that does not meet the conditions for capitalisation according to IAS 38 Intangible Assets is expensed as incurred.

#### **Borrowing costs**

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction or production of a qualifying asset and are therefore part of the cost of that asset. Depreciation of the capitalised borrowing costs is presented within cost of sales.

#### **Government grants**

Government grants related to assets are deducted from the carrying amount of the asset and are recognised in earnings over the life of a depreciable asset as a reduced depreciation expense. Government grants which compensate the Group for expenses are recognised as other operating income in the same period as the expenses themselves. Cash-effective government grants are shown in cash provided by operating activities.

#### **Profit/loss on equity-method investments**

This item includes all income and expenses in connection with investments accounted for using the equity method. In addition to the prorated 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. The Mercedes-Benz Group's share of dilution gains and losses resulting from the Group's non-participation or under-proportionate participation in capital measures of companies in which shares are held and are accounted for using the equity method are also included in profit/loss on equity-method investments. 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, and which for Mercedes-Benz Mobility are included neither in revenue nor in cost of sales. For example, expense from the compounding of interest on provisions for other risks is presented in this line item.

Furthermore, income and expenses from equity interests are included in other financial income/expense, net, if such income or expenses are not presented under equity-method investments.

### **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 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.

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**

Income taxes are comprised of current income taxes and deferred taxes.

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed; however, excluding interest expenses and interest refunds and penalties on the underpayment of taxes. In cases for which it is probable that amounts declared as expenses in the tax returns might not be recognised (uncertain tax positions), a liability for income taxes is recognised. The amount is based on the

best estimate of the expected tax payment (expected amount or most likely amount). Tax-refund claims from uncertain tax positions are recognised when it is probable that they can be realised. Only in the case of tax-loss carryforwards or unused tax credits, no liability for taxes or tax claim is recognised for these uncertain tax positions. Instead, the deferred tax assets for the unused tax-loss carryforwards or tax credits are adjusted.

Changes in deferred tax assets and liabilities are generally recognised through profit and loss in deferred taxes in the Consolidated Statement of Income, except for changes recognised in other comprehensive income/loss or directly in equity.

Deferred tax assets or liabilities are calculated on the basis of temporary differences between the tax basis and the financial reporting of assets and liabilities including differences from consolidation, on unused tax-loss carryforwards and unused tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is recognised or a liability is settled. For this purpose, the tax rates and tax rules are used which have been enacted at the reporting date or are soon to be enacted. Deferred tax assets are recognised to the extent that it is probable that there will be future taxable income available against which the deductible temporary differences, tax-loss carryforwards and tax credits can be utilised. Deferred tax liabilities for taxable temporary differences in connection with investments in subsidiaries, branches, associates and interests in joint arrangements are not recognised if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.



### **Earnings per share**

Basic earnings per share are calculated by dividing profit attributable to shareholders of Mercedes-Benz Group AG by the weighted average number of shares outstanding. As nothing occurred in the years 2021 and 2020 that resulted in any dilution, diluted earnings per share were the same as basic earnings per share in those years.

### **Intangible assets**

Intangible assets are measured at acquisition or manufacturing cost less accumulated amortisation. If necessary, accumulated impairment losses are recognised.

Intangible assets with indefinite useful lives are reviewed annually to determine whether indefinite-life assessment continues to be appropriate. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

Development costs for vehicles and components are recognised if the conditions for capitalisation according to IAS 38 are met. Subsequent to initial recognition, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Capitalised development costs include all direct costs and allocable overheads and are amortised on a straight-line basis over the expected product life cycle (a maximum of ten years). Amortisation of capitalised development costs is an element of manufacturing costs and is allocated to those vehicles and components by which they were generated and is included in cost of sales when the inventory (vehicles) is sold.

Other intangible assets with finite useful lives are generally amortised on a straight-line basis over their useful lives (three to ten years). The amortisation period for intangible assets with finite useful lives is reviewed at least at each year-end. Possible impacts from the transformation of the automotive industry, such as the transition to electric drive systems, are also taken into account. Changes in expected useful lives are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recorded in functional costs.

As part of the periodic review of the useful lives of intangible assets, changes in the planned transition to fully electric vehicles made it necessary to reassess the useful lives of the capitalised development work as of year-end 2021 and to adjust them for individual vehicle projects. This change in estimates will be applied from 1 January 2022. The expected positive effect on earnings before interest and taxes (EBIT) amounts to €0.2 billion for each of the years 2022 and 2023.

With acquisitions of businesses, goodwill represents the excess of the consideration transferred over the fair values assigned to the identifiable assets proportionally acquired and liabilities assumed. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

In connection with obtaining control, non-controlling interest in the acquiree is principally recognised at the proportionate share of the acquiree's identifiable assets, which are measured at fair value.

## Property, plant and equipment

Property, plant and equipment are measured at acquisition or manufacturing costs less accumulated depreciation. If necessary, accumulated impairment losses are recognised.

The costs of internally produced equipment and facilities include all direct costs and allocable overheads. Acquisition or manufacturing costs include the estimated costs, if any, of dismantling and removing the item and restoring the site.

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 and site improvements	10 to 50 years
Technical equipment and machinery	5 to 25 years
Other equipment, factory and office equipment	3 to 30 years

The industrial business activities of the Mercedes-Benz Group have been confronted with worldwide competitive pressure and technological changes. Our continuous efforts to increase efficiency include improving the utilisation of our production facilities. Within the context of the regular review of useful lives, those for scheduled depreciation of property, plant and equipment were reassessed and partially extended at the end of 2020.

This change in estimates has been applied from 1 January 2021 and leads to a positive impact on earnings before interest and taxes (EBIT) of €0.8 billion in the reporting period. The effect is mainly included in cost of sales and is almost exclusively attributable to the reportable segment Mercedes-Benz Cars & Vans.

The expected effect for the year 2022 is €0.3 billion.

## Leasing

Leases include all contracts that transfer the right to use a specified asset for a stated period of time in exchange for consideration, even if the right to use such asset is not explicitly described in the contract. The Group is a lessee mainly of real-estate properties and a lessor of its products.

### The Mercedes-Benz Group as lessee

The Mercedes-Benz Group as a lessee recognises for generally all lease contracts right-of-use assets as well as leasing liabilities for the outstanding lease payments.

According to IFRS 16, 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 recognise a right-of-use asset and a lease liability. The Mercedes-Benz Group applies both recognition exemptions. The lease payments associated with those leases are generally recognised as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

Right-of-use assets, which are included under property, plant and equipment, are initially measured at cost. The cost of a right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received from the lessor, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. All leasing incentives already received from the lessor are deducted.

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments still to be made. The lease liabilities include the following lease payments:

- fixed payments including de facto fixed payments, less lease incentives receivables from the lessor;
- variable lease payments linked to an index or interest rate;
- amounts expected to be payable under residual-value guarantees;
- the exercise price of purchase options, when exercise is estimated to be reasonably certain, and
- contractual penalties for the termination of a lease if the lease term reflects the exercise of a termination option.

The Mercedes-Benz Group generally also applies the option for contracts comprising lease components as well as non-lease components not to split these components.

Lease payments are discounted at the rate implicit in the lease if that rate can readily be determined. Otherwise, discounting is at the incremental borrowing rate. The incremental borrowing rate, which is mainly applied at the Mercedes-Benz Group, is based on risk-adjusted interest rates and determined for the respective lease terms and currencies. As the cash-flow pattern of the reference interest rates (bullet bonds) does not correspond to the cash-flow pattern of a lease contract (annuity), we use a duration adjustment in order to account for that difference.

A right-of-use asset is subsequently measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

In the subsequent measurement of a lease liability, the carrying amount is increased to reflect interest on the lease liability and reduced to reflect the lease payments made.

According to IFRS 16, the depreciation of right-of-use assets is recognised within functional costs. The interest due on the lease liability is a component of interest expense.

Extension and termination options are part of a number of leases particularly of real estate. Such contract terms offer the Mercedes-Benz Group the greatest possible flexibility. In determining the lease term, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. In determining the lease term, those options are only considered if their exercise is reasonably certain.

#### **Sale and leaseback**

In a sale and leaseback transaction, the requirements of IFRS 15 are applied to ascertain whether the transfer of an asset has to be accounted for as a sale.

If the transfer of an asset does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the transferred asset is still recognised and a financial liability is recognised equal to the transfer proceeds in accordance with IFRS 9.

If the transfer of an asset is accounted for as a sale, the lessee accounting principles described above apply to those sold assets if the Mercedes-Benz Group leases them back from the buyer. Accordingly, only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor is recognised.

### **The Mercedes-Benz Group as lessor**

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 (so-called finance leases) or remains with the lessor (so-called operating leases).

Operating leases, i.e., by which economic ownership of the vehicle remains at the Mercedes-Benz Group, relate to vehicles that the Group produces itself and leases to third parties. Additionally, an operating lease may have to be reported with sales of vehicles for which the Group enters into a repurchase obligation:

- Sales of vehicles by which the Mercedes-Benz Group is obliged to repurchase the vehicles in the future are accounted for as operating leases. This also applies to a call option that only grants the Mercedes-Benz Group the right to repurchase.
- Sales of vehicles including a put option (an entity's obligation to repurchase the asset at the customer's request) are reported as operating leases if the customer has a significant economic incentive to exercise that right. Otherwise, a sale with a right of return is reported. The Mercedes-Benz Group considers several factors when assessing whether a customer has a significant economic incentive to exercise his or her right at contract inception. Among others, these are the relation between repurchase price and the expected future market value (at the time of repurchase) of the asset or historical return rates.

As part of the residual-value management process, especially for operating lease contracts, certain assumptions are regularly made at local and corporate levels regarding the expected level of prices, based upon which the cars to be returned in the leasing business are evaluated. If changing market developments lead to a negative deviation from assumptions, there is a risk of lower residual values of used cars. Depending on the region and the current market situation, the risk-mitigation measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales-promotion measures designed to regulate vehicle inventories. The quality of market forecasts is verified by regular comparisons of internal and external sources, and, if required, the

determination of residual values is adjusted and further developed with regard to methods, processes and systems.

In the case of accounting as an operating lease, these vehicles are capitalised at (depreciated) cost of production under leased equipment and are depreciated over the contract term on a straight-line basis with consideration of 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 relate to vehicles, primarily Group products that Mercedes-Benz Mobility acquires from non-Group dealers or other third parties and leases to end customers. These vehicles are presented at (amortised) cost of acquisition under leased equipment in the Mercedes-Benz Mobility segment. If these vehicles are Group products and are subsidised, 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 revenue received from the sale of Group products to dealers is estimated by the Group as being of the magnitude of the respective addition to leased equipment at Mercedes-Benz Mobility. In 2021, additions to leased equipment from these vehicles at Mercedes-Benz Mobility amounted to approximately €10 billion (2020: approximately €11 billion).

In the case of finance leases, the Group presents the receivables under receivables from financial services in an amount corresponding to the net investment of the lease agreements. The net investment of a lease agreement is the gross investment (future lease payments and non-guaranteed residual value) discounted at the rate upon which the lease agreement is based.

The leased equipment of the Mercedes-Benz Mobility segment includes commercial vehicles and buses (produced by Daimler Truck) which have been acquired from external dealers or other third parties not related to the Mercedes-Benz Group. Mercedes-Benz Mobility usually receives a residual-value guarantee from Daimler Truck

for this leased equipment in connection with the obligation to return the respective commercial vehicles and buses to Daimler Truck. Such leased equipment is depreciated over the contractual term on a straight-line basis to the guaranteed residual value. The residual-value guarantee does not affect classification as an operating lease as Daimler Truck is a related party to Mercedes-Benz Mobility after the spin-off.

Additionally, the Mercedes-Benz Group will continue the leasing and sales-financing business for Daimler Truck's commercial vehicles and buses in some markets. These vehicles are directly acquired from Daimler Truck and leased to the end customer. Insofar as a mandatory vehicle return has been agreed, there is a rental contract (head lease) between Mercedes-Benz Mobility and Daimler Truck. The contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect.

Accounting for and classification of a sublease depend on whether the contracts were concluded before or after the legal spin-off and hive-down of Daimler's commercial vehicle business. The leases that were concluded before the legal spin-off and hive-down are continued as operating leases. The head lease is presented under leased equipment as a right of use, which was recognised at fair value at the spin-off date and subsequently depreciated on a straight-line basis. In addition, a residual-value receivable from the companies of the Daimler Truck Group is recognised. However, the leasing contracts concluded after the legal spin-off and hive-down are classified and accounted for as finance leases. The net investment in the lease corresponds to the right-of-use asset from the head lease. In addition to the finance lease, Mercedes-Benz Mobility recognises a residual-value receivable from the Daimler Truck Group in the amount of the guaranteed residual value. The head lease is not recorded separately.

### **Equity-method investments**

The initial recognition of interests in investments accounted for using the equity method is generally made with their acquisition costs. If the Group loses control of a subsidiary and subsequently presents it at equity, the fair value of the retained shares represents the acquisition cost. On the date of acquisition, a positive difference between cost of acquisition and the Mercedes-Benz Group's share of the fair values of the identifiable assets and liabilities of the associated company or joint venture is determined and recognised 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 Mercedes-Benz Group reviews on each reporting date whether there is any objective indication of impairments or impairment reversals of equity-method investments. If such indications exist, the Group determines the impairment loss or reversal to be recognised. 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 recognised 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 recognised through profit and loss with corresponding adjustments of the investments' carrying amounts. Gains or losses from the contribution of interests in subsidiaries to investments which are measured using the equity method are also subject to elimination adjustments to the carrying amount of the investment.

### Impairment of non-current non-financial assets

The Mercedes-Benz Group assesses at each reporting date whether there is an indication that an asset may be impaired or whether there is an indication that a previously recognised impairment loss may be reversed. If such indication exists, the Mercedes-Benz 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). Goodwill and other intangible assets with indefinite useful lives 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 recognised for the difference.

The recoverable amount is the higher of fair value less costs of disposal and value in use. For cash-generating units, the Mercedes-Benz Group in a first step determines the respective recoverable amount as value in use and compares it with the respective carrying amount (including goodwill). The cash-generating units are generally defined as the segments.

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 planning, which is approved by management and which is valid at the date when the impairment test is conducted. This planning, which covers the period until 2026, is based on expectations regarding future market shares, the general development of respective markets as well as the products' profitability, taking into consideration the effects of the transformation of the automotive industry. Furthermore, in determining value in use, a risk assessment is performed, which includes for example market risks and risks related to the legal and political framework. The planning premises are checked for plausibility with regard to the historical development as well as external sources of information. The rounded risk-adjusted interest rates used to discount cash flows, which are calculated for each cash-generating unit, are unchanged from the previous year at 8% after taxes for the cash-generating units of the automotive business. For the cash-generating unit

Mercedes-Benz Mobility, a risk-adjusted interest rate of 9% after taxes is applied (unchanged from the previous year). Whereas the discount rate for the cash-generating unit Mercedes-Benz Mobility represents the cost of equity, the risk-adjusted interest rate for the cash-generating units of the automotive business is based on the weighted average cost of capital (WACC). This is calculated based on the capital asset pricing model (CAPM), taking into account current market expectations. 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 recognising a residual value (terminal value), which does not include any growth rates. In line with the detailed planning period, the derivation of the terminal value also considers expectations regarding the impacts of the transformation of the automotive industry as well as possible regulatory changes, e.g., in connection with sustainability aspects. In addition, several sensitivity analyses are conducted. These show that even in the case of more unfavourable premises for main influencing factors with respect to the original planning, no need for impairment exists. If value in use is lower than the carrying amount, fair value less costs of disposal is additionally calculated to determine the recoverable amount.

An assessment for assets other than goodwill is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may be reversed. If this is the case, the Mercedes-Benz Group records a partial or entire reversal of the impairment; 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 recognised in prior years.

### **Discontinued operations and non-current assets held for distribution or sale and disposal groups**

The Group reports discontinued operations if part of a company is held for distribution or sale or has already been disposed of and the part of a company represents a separate significant business or geographical business area. In the course of the spin-off and hive-down of Daimler's commercial vehicle business, the Daimler Trucks & Buses segment represented a separate significant business and was therefore almost entirely classified as a discontinued activity.

The continuing operations are recognised in the Consolidated Statement of Income for both the current reporting period and the comparative period.

The Mercedes-Benz Group makes use of the option to disclose the cash flows from discontinued operations not separately in the Consolidated Statement of Cash Flow, but in the Notes to the Consolidated Financial Statements.

The Group classifies non-current assets or disposal groups as held for distribution if it has committed to distribute non-current assets or disposal groups and an active plan for the execution of the sale has been decided on and started by the responsible management level and is most likely to result in a sale.

The Group classifies non-current assets or disposal groups as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. In this case, the assets or disposal groups are no longer depreciated but measured at the lower of carrying amount and fair value less costs to sell. Immediately before classification as held for sale, it is assessed if the assets are impaired based on the applicable individual regulations. If fair value less costs to sell subsequently increases, any impairment loss previously recognised is reversed. This reversal is restricted to the impairment loss previously recognised for the assets or disposal group concerned.

The Group generally discloses these assets held for distribution or sale and disposal groups separately in the Consolidated Statement of Financial Position. The prior-year figures are reported unchanged.

### **Inventories**

Inventories are measured at the lower of acquisition or manufacturing cost and net realisable value. The net realisable value is the expected sales price less estimated costs of completion and estimated costs to sell. The acquisition or manufacturing costs of inventories are generally based on the specific identification method and include costs incurred in acquiring the inventories and bringing them to their present location and condition. Acquisition or manufacturing costs for large numbers of inventories that are interchangeable are allocated under the average-cost formula. In the case of manufactured inventories and work in progress, manufacturing cost also includes production overheads based on normal capacity.

## **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognised as soon as the Mercedes-Benz Group becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets through the regular market, the Mercedes-Benz Group uses the transaction date as the date of initial recognition or derecognition.

Upon initial recognition, financial instruments are measured at fair value. For the purpose of subsequent measurement, financial instruments are allocated to one of the categories mentioned in IFRS 9 Financial Instruments (financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss). Transaction costs directly attributable to acquisition or issuance are considered when determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

## **Financial assets**

Financial assets primarily comprise receivables from financial services, trade receivables, receivables from banks, cash on hand, derivative financial assets, marketable securities and similar investments and financial investments. The classification of financial instruments is based on the business model in which these instruments are held and on their contractual cash flows.

The determination of the business model is carried out at the portfolio level and is based on management's intention and past transaction patterns. Assessments of the contractual cash flows are made on an instrument-by-instrument basis.

**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS.** Financial assets at fair value through profit or loss include financial assets with cash flows other than those of principal and interest on the nominal amount outstanding. Furthermore, financial assets that are held in a business model other than "hold to collect" or "hold to collect and sell" are included here.

In addition, derivatives, including embedded derivatives separated from the host contract, which are not classified as hedging instruments in hedge accounting, as well as financial assets acquired for the purpose of selling in the short term that are classified as held for trading, are included here. Gains or losses on these financial assets are recognised in profit or loss.

**FINANCIAL ASSETS AT AMORTISED COST.** Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding and which are held with the aim of collecting the contractual cash flows, such as receivables from financial services, trade receivables or cash and cash equivalents (business model "hold to collect"). Cash and cash equivalents consist primarily of cash on hand, cheques 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 with the classification in the Consolidated Statement of Cash Flows.

After initial recognition, financial assets at amortised cost are subsequently carried at amortised cost using the effective-interest method less any loss allowances. Gains and losses are recognised in the Consolidated Statement of Income when the financial assets at amortised cost are impaired or derecognised. Interest effects on the application of the effective-interest method are also recognised in profit or loss as well as effects from foreign currency translation.

**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME.** Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding and which are held to collect the contractual cash flows as well as to sell the financial assets, e.g., to achieve a defined liquidity target (business model "hold to collect and sell"). This category also includes equity instruments not held for trading for which the option to recognise changes in the fair value of the instrument within other comprehensive income has been applied.



After initial measurement, financial assets at fair value through other comprehensive income are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income/loss. Upon the disposal of debt instruments, the accumulated gains and losses recognised in other comprehensive income/loss resulting from measurement at fair value are recognised in profit or loss. Interest earned on financial assets at fair value through other comprehensive income is generally reported as interest income using the effective-interest method. Changes in the fair value of equity instruments measured at fair value through other comprehensive income are not recycled to profit or loss, but reclassified to retained earnings upon disposal. Dividends are recognised in profit or loss when the right to payment has been established.

### **Impairment of financial assets**

At each reporting date, a loss allowance is recognised for financial assets, loan commitments and financial guarantees other than those to be measured at fair value through profit or loss reflecting expected losses for these instruments. Expected credit losses are allocated using three stages:

Stage 1: expected credit losses within the next twelve months

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and usually includes new acquisitions and contracts with fewer than 31 days past due date. The portion of the lifetime expected credit losses resulting from default events possible within the next 12 months is recognised.

Stage 2: expected credit losses over the lifetime – not credit impaired

If a financial asset has a significant increase in credit risk since initial recognition but is not yet credit impaired, it is moved to stage 2 and measured at lifetime expected credit loss, which is defined as the expected credit loss that results from all possible default events over the expected life of a financial instrument.

Stage 3: expected credit losses over the lifetime – credit impaired

If a financial asset is defined as credit-impaired or in default, it is transferred to stage 3 and measured at lifetime expected credit loss. Objective evidence for a credit-impaired financial asset includes 91 days past due date and other information about significant financial difficulties of the debtor.

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.

A financial asset is migrated to stage 2 if the asset's credit risk has increased significantly compared to its credit risk at initial recognition. The credit risk is assessed based on the probability of default. 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 Mercedes-Benz 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.

In stage 1 and 2, the effective interest revenue is calculated based on gross carrying amounts. If a financial asset becomes credit impaired in stage 3, the effective interest revenue is calculated based on its net carrying amount (gross carrying amount adjusted for any loss allowance).

MEASUREMENT OF EXPECTED CREDIT LOSSES. Expected credit losses are measured in a way that reflects:

- a) the unbiased and probability-weighted amount;
- b) the time value of money, and
- c) reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset. For receivables from financial services, expected credit losses are mainly calculated with a statistical model using 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 reflected by the future expectation factors. 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 performed using a scenario analysis (basic scenario, optimistic scenario and pessimistic scenario). The impairment amount for trade receivables is predominantly determined on a collective basis.

A financial instrument is written off when there is no reasonable expectation of recovery, for example, at the end of insolvency proceedings or after a court decision of uncollectibility.

Significant modification of financial assets (e.g., with a change in the present value of the contractual cash flows of 10%) also leads to derecognition of the financial assets with a simultaneous recognition of new financial assets. This is expected to be rare and immaterial for receivables from financial services. If the terms of a contract are renegotiated or modified and this does not result in derecognition of the contract, then the gross carrying amount of the contract has to be recalculated and a modification gain or loss has to be recognised in profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position provided that an enforceable right currently exists to offset the amounts involved, and there is an intention either to carry out the offsetting on a net basis or to settle a liability when the related asset is sold.

### **Financial liabilities**

Financial liabilities primarily include trade payables, liabilities to banks, bonds, derivative financial liabilities and other liabilities.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective-interest method.

Insofar as the Mercedes-Benz Group enters into reverse factoring agreements in which trade receivables of a supplier are transferred to a financial intermediary, changes in the presentation of the original trade payables may occur. That would be the case if these liabilities differed in nature and function from other trade payables. As a result, these liabilities would be presented separately.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS. Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Derivatives (including embedded derivatives separated from the host contract) which are not used as hedging instruments in hedge accounting are classified as held for trading. Gains or losses on liabilities held for trading are recognised in profit or loss.

### **Derivative financial instruments and hedge accounting**

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operating or financing activities or liquidity management. These are mainly currency risks, interest-rate risks and commodity-price risks.

Embedded derivatives are principally separated from the host contract and recognised separately. However, embedded derivatives are not separated from the host contract if that host contract is a financial asset, if the Mercedes-Benz Group chooses to measure a hybrid contract at fair value through profit or loss, or if the embedded derivative is closely related to the host contract.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value of listed derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option-pricing models. Derivatives are recognised as assets if their fair value is positive and as liabilities if their fair value is negative.

If the requirements for hedge accounting set out in IFRS 9 are met, the Mercedes-Benz Group designates and documents the hedge relationship from the date a derivative contract is entered into as a fair-value hedge, a cash-flow hedge or a hedge of a net investment in a foreign business operation. In a fair-value hedge, the changes in the fair value of a recognised asset or liability or an unrecognised firm commitment are hedged. In a cash-flow hedge, the variability of cash flows to be received or paid from expected transactions related to a recognised asset or liability or a highly probable forecast transaction is hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the eligible hedging instrument and the eligible hedged item, as well as an assessment of the effectiveness requirements comprising the risk mitigating economic relationship, the absence of deteriorating effects from credit risk and the appropriate hedge ratio.

Hedging transactions are regularly assessed to determine whether the effectiveness requirements are met while they are designated.

Changes in fair value of non-designated derivatives are recognised in profit or loss. For fair-value hedges, changes in the fair value of the hedged item and the derivative are recognised in profit or loss. For cash-flow hedges, fair-value changes in the effective portion of the hedging instrument are recognised after tax in other comprehensive income.

Under IFRS 9, for cash-flow hedges in procurement transactions expected with a high degree of probability, designation can be made for separable risk components of these non-financial hedged items.

Under IFRS 9, with cash-flow hedges, amounts recognised in other comprehensive income as effective hedging gains or losses from hedging instruments are removed from the reserves for derivative financial instruments and directly included in the initial cost or carrying amount of the hedged item at initial recognition if the hedged item, e.g., forecast transaction, results in the recognition of a non-financial asset or non-financial liability.

For other cash-flow hedges, the accumulated hedging gains or losses from hedging instruments are reclassified from the reserves for derivative financial instruments to the Consolidated Statement of Income when the hedged item affects profit or loss. The ineffective portions of fair-value changes are recognised directly in profit or loss.

For derivative instruments designated in a hedge relationship, certain components can be excluded from designation and the changes in these components' fair value are then deferred in other comprehensive income under IFRS 9. This may apply for example to the time value of options, the forward element of a forward contract or cross-currency basis spreads.

Hedge relationships are to be discontinued prospectively if a particular hedge relationship ceases to meet the qualifying criteria for hedge accounting under IFRS 9. Instances that require discontinuation of hedge accounting are, among others, changes to the

designated hedged item, loss of the economic relationship between the hedged item and the hedging instrument, disposal or termination of the hedging instrument, or a revision of the documented risk-management objective of a particular hedge relationship. Accumulated hedging gains and losses from cash-flow hedges are retained and are reclassified from equity as described at maturity if the hedged future cash flows are still expected to occur. Otherwise, accumulated hedging gains and losses are immediately reclassified to profit or loss.

If derivative financial instruments do not or no longer qualify for hedge accounting because the qualifying criteria for hedge accounting are not or are no longer met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss.

### **Pensions and similar obligations**

The measurement of defined benefit plans for pensions and other post-employment benefit obligations (medical care) in accordance with IAS 19 Employee Benefits is based on the projected unit-credit method. Plan assets invested to cover defined benefit pension obligations and other post-employment benefit obligations (medical care) are measured at fair value and offset against the corresponding obligations.

The balance of defined benefit plans for pensions and other post-employment benefit obligations and plan assets (net pension obligation or net pension assets) accrues interest at the discount rate used as a basis for the measurement of the gross pension obligation. The resulting net interest expense or income is recognised in profit and loss under interest expense or interest income in the Consolidated Statement of Income. The other expenses resulting from pension obligations and other post-employment benefit obligations (medical care), which mainly result from entitlements acquired during the year under review, are taken into consideration in functional costs in the Consolidated Statement of Income. Differences between the assumptions made and actual developments as well as changes in actuarial assumptions for the measurement of defined benefit plans and similar obligations result in actuarial gains and losses, which have a direct impact on the Consolidated Statement of Financial Position.

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 corporate bonds available as a benchmark. The respective discount factors are estimated by extrapolating current market rates along the yield curve.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the curtailment or settlement occurs.

### **Provisions for other risks**

A provision is recognised when a liability to third parties has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognised as a provision represents the best estimate of the obligation at the reporting date. Provisions with an original maturity of more than one year are discounted to the present value of the expenditures expected to settle the obligation at the end of the reporting period. If the criteria of the regulations on recognition and measurement of provisions are not fulfilled and the possibility of a cash outflow upon settlement is not unlikely, the item is to be presented as a contingent liability, insofar as it is adequately measurable. The amount disclosed as a contingent liability represents the best estimate of the possible obligation at the reporting date. Provisions and contingent liabilities are regularly reviewed and adjusted as further information becomes available or circumstances change.

A provision for expected warranty costs is recognised when a product is sold or when a new warranty programme is initiated. Estimates for accrued warranty costs are primarily based on historical experience.

Restructuring provisions are set up in connection with programmes that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits and compensation payments due to the termination of agreements with suppliers and dealers. Restructuring provisions are recognised when the Group has a detailed formal plan that has either commenced implementation or been announced.

### **Contract and refund liabilities**

**CONTRACT LIABILITIES.** A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Contract liabilities occur at the Mercedes-Benz Group especially from prepaid service and maintenance contracts and extended warranties.

**REFUND LIABILITIES.** A refund liability occurs if the Mercedes-Benz 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 Mercedes-Benz Group does not expect to be entitled and is thus not included in the transaction price.

Refund liabilities occur at the Mercedes-Benz Group especially in 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.

Liability awards are measured at fair value at each balance sheet date until settlement and are classified as provisions under consideration of vesting conditions. The profit or loss of the period equals 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**

Interest paid as well as interest and dividends received are classified as cash provided by / used for operating activities. The cash flows from short-term marketable debt securities with high turnover rates and significant amounts are offset and presented within cash provided by / used for investing activities.

## **2. Accounting estimates and management judgements**

In the Consolidated Financial Statements, to a certain degree, estimates and management judgements 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 judgements are described as follows. Actual amounts may differ from the estimates. Changes in the estimates and management judgements can have a material impact on the Consolidated Financial Statements.

### **Accounting estimates and management judgements due to the covid-19 pandemic**

Due to the still not fully foreseeable global consequences of the covid-19 pandemic, especially the accounting estimates and management judgements regarding the reporting of assets and liabilities are subject to increased uncertainty.

With the update of the accounting estimates and management judgements, available information on the expected economic developments and country-specific governmental counter-measures has been included.

Effects may occur in particular on the measurement of inventories and financial assets, especially receivables from financial services and investments accounted for using the equity method, as well as on impairment tests for cash-generating units.

### **Accounting estimates and management judgements due to sustainability aspects**

The Mercedes-Benz Group is continuously working on the further development of its sustainable business strategy and has set the goal of climate neutrality by 2039 with Ambition 2039. With the strategic step from “electric first” to “electric only”, Mercedes-Benz is accelerating its transformation into an emission-free and software-driven future. The Consolidated Financial Statements take into account the main climate-related developments and risks associated with the transformation, which also include the climate targets for 2050 agreed in Paris. In this context, estimates and management judgements relate in particular to assumptions regarding future legal regulations and developments in the market environment, which are subject to high dynamics and uncertainties. Effects of changes in estimates and management judgements may relate in particular to testing for impairments, the estimated useful lives of assets and thus the amount of depreciation to be recognised annually, as well as the recognition of provisions, for example with regard to CO<sub>2</sub> certificates or penalties.

### **Recoverable amounts of cash-generating units and equity-method investments**

In the context of impairment tests for non-financial assets, estimates have to be made to determine the recoverable amounts of cash-generating units. 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 include assumptions regarding future market shares and the growth of the respective markets, as well as regarding the products' profitability. On the basis of the impairment tests carried out in 2021, the recoverable amounts are substantially larger than the net assets of the Group's cash-generating units.

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. The determination of the recoverable amount is based on assumptions regarding future business developments for the determination of the expected future cash flows of that investment. See [Note 14](#) for the presentation of carrying amounts and fair values of equity-method investments in listed companies.

### **Recoverable amount of equipment on operating leases**

The Mercedes-Benz 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 contracts.

### **Collectability of receivables from financial services**

The 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 estimated 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, e.g., in connection with the covid-19 pandemic, 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. See also [Notes 15](#) and [34](#) for further information.

### **Product warranties**

The recognition and measurement of provisions for product warranties is generally connected with estimates.

The Group provides various types of product warranties, depending on the type of product and market conditions. Provisions for product warranties are generally recognised when vehicles are sold or when new warranty programmes 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 for each model series. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. 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](#).

### **Liability and litigation risks and regulatory proceedings**

Various legal proceedings, claims and governmental investigations are pending against Mercedes-Benz Group AG and its subsidiaries on a wide range of topics. If the outcome of such legal proceedings is detrimental to the Mercedes-Benz Group, the Group may be required to pay substantial compensatory and punitive damages, to undertake service actions or recall campaigns, to pay fines or to carry out other costly actions. Litigation and governmental investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an 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 Mercedes-Benz 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 threatened proceedings will have to be adjusted due to new expected developments. Changes in estimates and premises can have a material effect on the Group's

future profitability. It is also possible that provisions recognised for some legal proceedings may turn out to be insufficient once such proceedings have ended. The Mercedes-Benz 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 Mercedes-Benz Group's earnings and cash flows for a particular reporting period, from the current assessment, the Mercedes-Benz Group does not expect this to result in any sustained impact on the Group's financial position. Further information on liability and litigation risks and regulatory proceedings is provided in [Note 31](#).

### **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. See [Note 23](#) for further information.

### **Income taxes**

The calculation of income taxes of Mercedes-Benz Group AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. Due to their complexity, the tax items presented in the Consolidated Financial Statements are possibly subject to different judgements by taxpayers on the one hand and local tax authorities on the other. Different judgements can occur especially in connection with the recognition and measurement of balance sheet items as well as in connection with the tax 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 realisation of the deferred tax assets. In this context, the Mercedes-Benz Group takes into consideration, among other things, the projected earnings from business operations, the effects on earnings of the reversal of taxable temporary differences,



and realisable tax strategies. As future business developments are uncertain and are sometimes beyond the Mercedes-Benz Group's control, the assumptions to be made in connection with accounting for deferred tax assets are connected with a substantial degree of uncertainty. On each balance sheet date, the Mercedes-Benz Group carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future financial years. Deferred tax assets are only recognised if it is probable that future tax advantages can be realised. Further information is provided in [Note 10](#).

### **3. Spin-off and hive-down of Daimler's commercial vehicle business**

On 30 July 2021, the Board of Management of Daimler AG, with the approval of the Supervisory Board, decided on the spin-off and hive-down of substantial parts of the former Daimler Trucks & Buses segment, including the related financial services business (Daimler's commercial vehicle business). The majority of the shareholders of Daimler AG approved the spin-off and hive-down agreement at the Extraordinary General Meeting on 1 October 2021.

With the completion of the spin-off and hive-down upon entry into the Commercial Register on 9 December 2021, the shareholders of Daimler AG received 65% of the shares in the newly founded Daimler Truck Holding AG. Since 10 December 2021, Daimler Truck Holding AG has been listed on the stock exchange as the parent company of the independent Daimler Truck Group.

The Mercedes-Benz Group holds a minority interest of 35% in Daimler Truck Holding AG as of 31 December 2021. On the basis of the contracts concluded in connection with the transaction, Mercedes-Benz Group AG no longer has a controlling influence on that company since the entry of the spin-off and hive-down in the Commercial Register on 9 December 2021. The shares are included in the consolidated financial statements using the equity method and are presented as an equity investment not allocated to the segments in the reconciliation of the reportable segments to the Group.

In January 2022, about 5% of the shares of Daimler Truck Holding AG were transferred to Daimler Pension Trust e.V. and contributed to the pension-plan assets. Further information is provided in the [Note 41](#).

#### **Impact of the spin-off and hive-down on reporting**

In the **Consolidated Statement of Financial Position**, the assets and liabilities classified as held for distribution until the spin-off and hive-down were disposed of in the course of deconsolidation as of 9 December 2021. As of 31 December 2021, further assets and liabilities of Daimler's commercial vehicle business that are to be transferred in 2022 are presented as assets and liabilities held for sale. The amounts in the statement of financial position of the previous year are shown in line with the previous method of presentation, in accordance with IFRS.

Continuing operations are presented in the **Consolidated Statement of Income**; the profit or loss after tax of discontinued operations is shown in a separate line, after net profit of continuing operations. The previous year's figures have been adjusted accordingly. Unless otherwise indicated, the information on the statement of income in the Notes to the Consolidated Financial Statements relates to continuing operations. In the internal management and reporting structure, the former Daimler Trucks & Buses segment is presented in the reconciliation of the reportable segments to the Group.

Eliminations of transactions between continuing and discontinued operations are allocated to the discontinued operations. In the case of transfers of non-current assets, the eliminations are allocated to the selling operations.

In the **Consolidated Statement of Cash Flows**, consolidated cash flows from continuing and discontinued operations are presented for the reporting period and the prior-year period.

#### **Assets and liabilities disposed of in connection with the deconsolidation (held for distribution)**

For substantial parts of the former Daimler Trucks & Buses segment, its equity investments or business operations were already legally assigned to Daimler Truck AG before the spin-off took effect. As part of the spin-off and hive-down, the financial services business has also been split up. A part of the financial services business that is included in Daimler's commercial vehicle business also was transferred before the spin-off and hive-down. With the consent of the Board of Management and the Supervisory Board for the transaction, these items, including most of the assets and liabilities of the former Daimler Trucks & Buses segment and parts of the Mercedes-Benz Mobility segment, were classified as held for distribution from 30 July 2021 until the date of the spin off and hive-down and were deconsolidated upon completion of the transaction.

The scheduled depreciation and amortisation and the equity-method measurement of the non-current assets classified as held for distribution were discontinued as of this date.

The fair value of 65% of the shares of Daimler Truck Holding AG (hereinafter: spin-off liabilities) has been determined by an independent expert third party (level 3 of the hierarchy level of fair values). The fair value of the spin-off liabilities totals €16,253 million. The remaining 35% of the company's shares were measured at €8,752 million. The derecognised net carrying amounts attributable to shareholders of Mercedes-Benz Group AG total €15,125 million. This includes assets and liabilities previously eliminated and now to be reported due to the deconsolidation.

The deduction of directly allocable transaction costs of €132 million and the recycling of an other comprehensive loss of €532 million (including currency translation losses of €544 million) resulted in a gain from the spin-off and hive-down of €9,216 million. The profit was allocated based on the allocation of the fair value of Daimler's commercial vehicle business to the respective parts of the segments being disposed of. The gain from the spin-off and hive-down of assets and liabilities of the former Daimler Trucks & Buses segment is included in profit of discontinued operations in the amount of €9,998 million (after transaction costs). The loss from the transfers of assets and liabilities of the Mercedes-Benz Mobility segment of €782 million (after transaction costs) is included in other operating expenses from continuing operations.

The profit attributable to the remaining 35% shareholding in Daimler Truck Holding AG amounts to €3,458 million.

The carrying amounts of derecognised consolidated assets and liabilities at the time of disposal are shown in table [D.08](#). The derecognition was presented as a non-cash transaction.

## D.08

### Disposed of assets and liabilities of Daimler's commercial vehicle business

In millions of euros

Intangible assets	1,773
Property, plant and equipment	8,058
Equipment on operating leases	3,887
Receivables from financial services	15,759
Equity-method investments	1,406
Inventories	8,132
Trade receivables	3,354
Cash and cash equivalents	5,489
Marketable debt securities and similar investments	145
Other financial assets	1,070
Other assets	2,868
Provisions for pensions and similar obligations	2,636
Provisions for other risks	4,662
Financing liabilities	7,801
Trade liabilities	3,879
Other financial liabilities	2,724
Contract and refund liabilities	3,344
Other liabilities	1,504

In connection with the deconsolidation, **cash and cash equivalents** of €5,489 million were disposed of. This includes strengthening the liquidity and share capital of the Daimler Truck Group on the basis of contractual arrangements by way of a capital increase.

### Assets and liabilities held for sale

In particular, parts of the financial services business in connection with the commercial vehicle business will not be transferred to Daimler Truck Holding AG or its subsidiaries until 2022 or subsequent years. In addition, in some countries, investments in operating entities or business operations of the former Daimler Trucks & Buses segment will not be transferred to Daimler Truck Holding AG or its subsidiaries or sold to external third parties until 2022. These business operations are reported as assets and liabilities held for sale from 30 July 2021 onwards, provided that for each transaction the criteria of IFRS 5 are met. The assets and liabilities held for sale shown in the Consolidated Statement of Financial Position at 31 December 2021 are shown in the table [D.09](#).

Scheduled depreciation and amortisation and the equity-method measurement of the non-current assets classified as held for sale since 30 July 2021 are discontinued as of the date of classification.

## D.09

### Assets and liabilities held for sale of Daimler's commercial vehicle business

At 31 December 2021

In millions of euros

Equipment on operating leases	533
Receivables from financial services	2,228
Cash and cash equivalents	62
Other financial assets	179
Other assets	140
<b>Assets held for sale</b>	<b>3,142</b>
Financial liabilities	107
Other liabilities	62
<b>Liabilities held for sale</b>	<b>169</b>

### Profit of discontinued operations

Profit after taxes of discontinued operations comprises the profit/loss of the ongoing business of the discontinued operations and the gain from the spin-off and hive-down of the discontinued operations after directly related transaction costs. Table [D.10](#) shows the composition of profit of discontinued operations, after taxes.

### Profit of the ongoing business of discontinued operations

includes income and expenses in connection with the assets and liabilities of the former Daimler Trucks & Buses segment that have been spun off or are classified as held for sale. Expenses also include costs of €132 million attributable to profit from the ongoing business of discontinued operations in connection with the spin-off and hive-down and expenses of €110 million from the recycling of currency translation losses. No amounts of other segments are included – in particular of Mercedes-Benz Mobility – as these operations do not constitute a separate significant business unit.

Income taxes are allocated to the taxable entity or in accordance with the applicable tax apportionment system. **Income taxes of the ongoing business of discontinued operations** essentially comprise the tax expenses on the pre-tax earnings of the foreign companies. Due to the applicable income-tax group, the domestic companies largely do not recognise any tax expense or benefit. The effective tax rate is 20.7% (2020: 105.7%).

The **profit/loss on the disposal of discontinued operations** includes the gain of €9,998 million in connection with the spin-off and hive-down of the assets and liabilities of the former Daimler Trucks & Buses segment, which is reduced by directly allocable transaction costs of €100 million (see line other operating income in table [D.10](#)) and by the recycling of an other comprehensive loss of €150 million. The loss from the spin-off and hive-down of the assets and liabilities of the Mercedes-Benz Mobility segment is reported in the other operating expense of continuing operations.

## D.10

### Profit of discontinued operations, after taxes

	2021	2020
In millions of euros		
Revenue <sup>1</sup>	34,078	32,531
Functional costs	-31,404	-31,525
Other operating income	10,342	-362
Other operating expense	-189	-151
Gains on equity-method investments, net	144	50
Other financial income/expense, net	70	-31
<b>Earnings before interest and taxes (EBIT)</b>	<b>13,041</b>	<b>512</b>
Interest income/expense	-77	-130
<b>Profit of discontinued operations, before taxes</b>	<b>12,964</b>	<b>382</b>
Income taxes of discontinued operations	-618	-404
<b>Profit/loss of discontinued operations, after taxes</b>	<b>12,346</b>	<b>-22</b>
Thereof profit/loss of the ongoing business of discontinued operations, before taxes <sup>2</sup>	2,966	382
Income taxes	-614	-404
<b>Thereof profit/loss of the ongoing business of discontinued operations, after taxes</b>	<b>2,352</b>	<b>-22</b>
Thereof gain on the spin-off and hive-down, after transaction costs	9,998	-
Income taxes	-4	-
<b>Thereof profit from discontinued operations, after taxes</b>	<b>9,994</b>	<b>-</b>

- 1 Revenue includes eliminations between continuing and discontinued operations. The revenue of the former Daimler Trucks & Buses segment amounts to €36,219 million.
- 2 Contrary to the EBIT of the former Daimler Trucks & Buses segment, the scheduled depreciation and the equity-method measurement were no longer included in the profit/loss of the ongoing business of discontinued operations, before taxes.

## Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows shows the total from continuing and discontinued operations. The cash flows from discontinued operations are calculated as the difference between the consolidated cash flows from continuing and discontinued operations and the consolidated cash flows from continuing operations taking into account all elimination entries between continuing and discontinued operations in the discontinued operations. In this respect, the presentation does not take into consideration the intra-Group supply of goods and services after the spin-off and hive-down.

Table [7 D.11](#) shows the reconciliation of profit/loss before income taxes of continuing operations in the Consolidated Statement of Income to profit before income taxes of continuing and discontinued operations in the Consolidated Statement of Cash Flows.

The individual cash flows are presented in table [7 D.12](#).

## D.11

### Reconciliation to profit before income taxes from continuing and discontinued operations

	2021	2020
In millions of euros		
Profit of continuing operations, before taxes	<b>15,811</b>	5,957
Profit of discontinued operations, before taxes	<b>12,964</b>	382
<b>Profit before income taxes of continuing and discontinued operations</b>	<b>28,775</b>	6,339

## D.12

### Cash flows of continuing and discontinued operations

	2021			2020		
	Cash flow of discontinued operations	Cash flow of continuing operations	Total cash flow	Cash flow of discontinued operations	Cash flow of continuing operations	Total cash flow
In millions of euros						
Cash provided by operating activities	<b>987</b>	<b>23,562</b>	<b>24,549</b>	1,891	20,441	22,332
Cash used for / provided by investing activities	<b>3,548</b>	<b>-9,774</b>	<b>-6,226</b>	-707	-5,714	-6,421
Cash used for financing activities	<b>-744</b>	<b>-18,315</b>	<b>-19,059</b>	-521	-10,226	-10,747

## 4. Consolidated Group

### Composition of the Group

Table [7 D.13](#) shows the composition of the Group. As part of the spin-off and hive-down of Daimler's commercial vehicle business 136 companies were disposed of in 2021.

The aggregate totals in the statement of financial position of the subsidiaries, associated companies, joint ventures and joint operations accounted for at amortised cost whose business is non-active or of low volume and which are not material for the Group and the fair presentation of its profitability, liquidity and capital resources, and financial position would amount to approximately 1% of the Group's total assets; the aggregate revenue and the aggregate net profit would amount to approximately 1% of the Group's revenue and net profit.

A detailed list of the companies included in the Consolidated Financial Statements and of the equity investments of the Mercedes-Benz Group pursuant to Section 313 of the German Commercial Code (HGB) is provided in the statement of investments. Further information is provided in [Note 42](#).

### Structured entities

The structured entities of the Group are rental companies, asset-backed-securities (ABS) companies and special funds. The purpose of the rental companies is primarily the acquisition, renting-out and management of assets. The ABS companies are primarily used for the Group's refinancing. The assets transferred to structured entities usually result from the Group's leasing and sales-financing business. Those entities refinance the purchase price by issuing securities. The special funds are set up in particular in order to diversify the capital-investment strategy.

At the reporting date, the Group has business relationships with 34 (2020: 27) controlled structured entities, of which all are fully consolidated. In addition, the Group has relationships with one (2020: 8) non-controlled structured entities.

### Sale of interests in Mercedes-Benz Grand Prix Ltd.

In December 2020, the Group decided to sell shares in Mercedes-Benz Grand Prix Ltd. In this context, the contractual agreements were concluded in the fourth quarter of 2021. In 2021, the entity's assets and liabilities are classified as held for sale. Due to its minor importance for the financial position of the Mercedes-Benz Group, the assets (€0.3 billion) and liabilities (€0.2 billion) held for sale are not presented separately in the Consolidated Statement of Financial Position. Due to the effectiveness of parts of the contractual arrangements entered into, the Group recognized expenses before taxes of €96 million in the year 2021, which are included in the Mercedes-Benz Cars & Vans segment.

With the remaining contractual arrangements taking effect in January 2022, the Group has given up control over Mercedes-Benz Grand Prix Ltd. and will include its remaining 33.3% equity interest in the Consolidated Financial Statements in future periods using the equity method. As a consequence, the Group expects to recognise a gain of about €0.4 billion in the first quarter of 2022, which will be allocated to the Mercedes-Benz Cars & Vans segment.

### Foundation of the fuel-cell joint venture cellcentric

In November 2020, the Volvo Group and Daimler Truck AG signed a binding agreement on the establishment of a joint venture for fuel-cell activities. They completed the transaction on 1 March 2021. In 2020, the Mercedes-Benz Group placed the assets and liabilities of the Group-wide fuel-cell activities into the Daimler Truck Fuel Cell GmbH & Co. KG, a wholly-owned subsidiary of Daimler Truck AG. Upon completion of the transaction, the Volvo Group acquired 50% of the shares in Daimler Truck Fuel Cell GmbH & Co. KG for €639 million. The two parties agreed to rename the company cellcentric GmbH & Co. KG (cellcentric) with its principal place of business in Nabern, Germany.

Upon completion of the transaction in March 2021, profit before taxes of €1,215 million, of which €624 million is accounted for in particular by the remeasurement of the interest in cellcentric that was held by Mercedes-Benz Group at that time, and a cash inflow of €634 million were recognised. €604 million is recognised in other operating income at the Mercedes-Benz Cars & Vans segment. The portion attributable to the former Daimler Trucks & Buses segment of €611 million is reported in profit/loss of discontinued operations.

### D.13

#### Composition of the Group

	At 31 December	
	2021	2020
Consolidated subsidiaries	281	381
Germany	48	62
International	233	319
Unconsolidated subsidiaries	70	82
Germany	29	37
International	41	45
Joint operations accounted for using proportionate consolidation	1	1
Germany	-	-
International	1	1
Joint operations accounted for using the equity method	-	1
Germany	-	-
International	-	1
Joint ventures accounted for using the equity method	9	15
Germany	4	4
International	5	11
Associated companies accounted for using the equity method	11	17
Germany	4	4
International	7	13
Joint operations, joint ventures, associated companies and material other investments accounted for at (amortised) cost	24	31
Germany	12	13
International	12	18
Total	396	528

## 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 [7 D.14](#). The category type of products and services corresponds to the reportable segments.

Other revenue primarily comprises revenue from the rental and leasing business of €11,915 million (2020: €12,157 million), interest from the financial services business at Mercedes-Benz Mobility in an amount of €5,171 million (2020: €5,240 million) and effects from currency hedging. Interest from the financial services business includes financial income on the net investment in leases of €914 million (2020: €1,518 million).

Revenue according to IFRS 15 includes revenue that was included in contract liabilities at 31 December 2020 in an amount of €2,434 million (2020: €2,295 million) and revenue from performance obligations fully (or partially) satisfied in previous periods in an amount of €339 million (2020: €347 million).

Revenue that is expected to be recognised within three years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to €6,170 million at 31 December 2021 (2020: €5,653 million). 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. Long-term performance obligations of minor importance to the overall contract value of a bundled contract are not considered in assessing the initial duration of the bundled contract.

The revenue of the Mercedes-Benz Group increased due in particular to a significantly improved sales structure at the Mercedes-Benz Cars & Vans segment.

Revenue by segment [7 D.92](#) and region [7 D.96](#) is presented in tables in [Note 35](#).



## D.14

### Revenue

	Mercedes-Benz Cars & Vans	Mercedes-Benz Mobility	Total segments	Others <sup>1</sup>	Mercedes-Benz Group
In millions of euros					
<b>2021</b>					
Europe	<b>43,988</b>	<b>4,725</b>	<b>48,713</b>	<b>-1,011</b>	<b>47,702</b>
North America	<b>20,623</b>	<b>6,421</b>	<b>27,044</b>	<b>-2</b>	<b>27,042</b>
Asia	<b>37,787</b>	<b>191</b>	<b>37,978</b>	<b>-25</b>	<b>37,953</b>
Other markets	<b>4,218</b>	<b>114</b>	<b>4,332</b>	<b>136</b>	<b>4,468</b>
Revenue according to IFRS 15	<b>106,616</b>	<b>11,451</b>	<b>118,067</b>	<b>-902</b>	<b>117,165</b>
Other revenue	<b>3,032</b>	<b>16,490</b>	<b>19,522</b>	<b>-2,794</b>	<b>16,728</b>
Total revenue	<b>109,648</b>	<b>27,941</b>	<b>137,589</b>	<b>-3,696</b>	<b>133,893</b>

	Mercedes-Benz Cars & Vans	Mercedes-Benz Mobility	Total segments	Others <sup>1</sup>	Mercedes-Benz Group
In millions of euros					
<b>2020</b>					
Europe	42,507	4,929	47,436	-1,276	46,160
North America	17,598	5,679	23,277	-509	22,768
Asia	31,871	174	32,045	-23	32,022
Other markets	3,468	132	3,600	167	3,767
Revenue according to IFRS 15	95,444	10,914	106,358	-1,641	104,717
Other revenue	3,132	16,785	19,917	-2,856	17,061
Total revenue	98,576	27,699	126,275	-4,497	121,778

<sup>1</sup> Others includes eliminations and the parts of Daimler's commercial vehicle business remaining after its spin-off from the Mercedes-Benz Group, which are not presented under discontinued operation. Revenue according to IFRS 15 includes €438 million (2020: €338 million) for the parts of Daimler's commercial vehicle business remaining at the Mercedes-Benz Group.

## 6. Functional costs

### Cost of sales

Items included in cost of sales are shown in table [D.15](#).

#### D.15

##### Cost of sales

	2021	2020
In millions of euros		
Expense of goods sold	-88,942	-85,017
Depreciation of equipment on operating leases	-7,448	-8,423
Refinancing costs at Mercedes-Benz Mobility	-2,009	-2,620
Impairment losses on receivables from financial services	-188	-766
Other cost of sales	-4,631	-4,766
	<b>-103,218</b>	<b>-101,592</b>

In the prior-year period, the cost of sales was primarily affected by production and cost adjustments in response to the covid-19 pandemic.

Amortisation expense of capitalised development costs in the amount of €1,945 million (2020: €1,696 million) is presented in expense of goods sold.

The expense of goods sold includes, among other expenses, expenses in connection with restructuring measures. Furthermore, it also includes cost optimisation programmes to reduce fixed costs (see table [D.16](#)).

In 2020, the expense of goods sold was affected by expenses of €871 million in connection with the adjustment and realignment of capacities within the global production network in the Mercedes-Benz Cars & Vans segment. At the Mercedes-Benz Mobility segment, cost of sales in the previous year was affected by increased expenses for credit-risk provisions and the impairment of software in the context of streamlining the IT architecture.

### Selling expenses

In 2021, selling expenses amounted to €9,194 million (2020: €8,966 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and include personnel expenses, material costs and other selling costs.

### General administrative expenses

General administrative expenses amounted to €2,808 million in 2021 (2020: €2,507 million). They consist of expenses which are not attributable to production, sales or research and development functions, and include personnel expenses, depreciation and amortisation of fixed and intangible assets, and other administrative costs.

### Research and non-capitalised development costs

Research and non-capitalised development costs were €5,467 million in 2021 (2020: €4,839 million) and primarily comprise personnel expenses and material costs.

In all functional cost areas, there were expenses from cost-optimisation programmes in connection with the measures agreed with the General Works Council of the former Daimler AG in December 2019 to reduce costs and reduce jobs in a socially responsible manner. The expenses were mainly attributable to the Mercedes-Benz Cars & Vans segment €463 million (2020: €605 million). Table [D.16](#) provides an overview of the composition of these expenses.

#### D.16

##### Expenses associated with cost optimisation programmes

	2021	2020
In millions of euros		
Cost of sales	-325	-336
Selling expenses	-121	-239
General administrative expenses	-139	-194
Research and non-capitalised development costs	-99	-142
	<b>-684</b>	<b>-911</b>

## Personnel expenses and average number of employees

Personnel expenses included in the Consolidated Statement of Income for continuing and discontinued operations amounted to €22,888 million in 2021 (2020: €21,848 million). Personnel expenses comprise wages and salaries in the amount of €18,528 million (2020: €17,622 million), social-security contributions in the amount of €3,357 million (2020: €3,523 million) and expenses from pension obligations in the amount of €1,003 million (2020: €703 million). The average numbers of people employed are shown in table [D.17](#).

### D.17

#### Average number of employees<sup>1</sup>

	2021	2020
Mercedes-Benz Cars & Vans <sup>2</sup>	160,683	165,338
Daimler Trucks & Buses <sup>3</sup>	74,186	96,895
Mercedes-Benz Mobility	10,524	11,581
Central Functions & Services	5,375	6,476
	250,768	280,290

<sup>1</sup> Average number for the active workforce. Average number for quarters 1-4. The number for the previous year has been adjusted, as amongst others trainees, temporary staff, doctoral students and interns were also included.

<sup>2</sup> Proportionally including 2,299 (2020: 2,334) employees from a proportionately consolidated company.

<sup>3</sup> Of the former Daimler Trucks & Buses segment; for the spun-off Daimler Truck business, no employees are included in the fourth quarter.

Information on the total remuneration of the active members in 2021 of the Board of Management and the Supervisory Board of Mercedes-Benz Group AG is provided in [Note 39](#).

## 7. Other operating income and expense

The composition of **other operating income** is shown in table [D.18](#).

### D.18

#### Other operating income

	2021	2020
In millions of euros		
Income from costs recharged	1,310	1,313
Government grants	141	218
Gains on sales of property, plant and equipment	259	34
Rental income not relating to sales financing	76	123
Income from company transactions	628	-
Other miscellaneous income	474	696
	2,888	2,384

Income from costs recharged to third parties includes income from licenses and patents, as well as shipping costs and other costs charged to third parties, with related expenses primarily within functional costs.

In 2021 and 2020, the use of short-time-work in Germany led to claims for reimbursement, which are included in other operating income from government grants.

In 2021, income from the fuel-cell joint venture cellcentric GmbH & Co. KG (cellcentric) had a positive effect on earnings of €604 million at the Mercedes-Benz Cars & Vans segment, which is presented in the income from company transactions. See [Note 4](#) for further information.

In 2020, the other miscellaneous income includes income of €154 million from the contribution of the smart brand to the joint venture smart Automobile Co., Ltd., which is attributed to the Mercedes-Benz Cars & Vans segment.

The composition of **other operating expense** is shown in table [D.19](#).

## D.19

### Other operating expense

	2021	2020
In millions of euros		
Losses on sales of property, plant and equipment	-170	-181
Loss from deconsolidation	-782	-
Other miscellaneous expense	-783	-410
	<b>-1,735</b>	<b>-591</b>

The increase in **other operating expense** is mainly due to the deconsolidation of assets and liabilities of the Mercedes-Benz Mobility segment in connection with the spin-off and hive-down of Daimler's commercial vehicle business. The loss from the deconsolidation of continuing operations amounts to €782 million (including transaction costs of €32 million).

In 2021, the miscellaneous other expense included significantly higher expenses in connection with ongoing governmental and legal proceedings and measures relating to Mercedes-Benz diesel vehicles in various regions. In addition, in the year 2021, an expense of €96 million is included which resulted from the fair-value measurement less transaction costs of the Mercedes-Benz Mobility disposal groups held for sale in the year 2022 to the Daimler Truck Group. Moreover, in the year 2021, an expense of €96 million resulted from the effectiveness of parts of the contractual arrangements to sell shares in Mercedes-Benz Grand Prix Ltd. See [Note 4](#) for further information.

## 8. Other financial income/expense, net

Table [D.20](#) shows the components of other financial income/expense, net.

## D.20

### Other financial income/expense, net

	2021	2020
In millions of euros		
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	95	-120
Miscellaneous other financial income/expense, net	222	-203
	<b>317</b>	<b>-323</b>

Of the increase in miscellaneous other financial income/expense, €0.2 billion resulted primarily from the measurement of equity interests at fair value.

## 9. Interest income and interest expense

Table [D.21](#) shows the components of interest income and interest expense.

## D.21

### Interest income and interest expense

	2021	2020
In millions of euros		
Interest income		
Net interest income on the net assets of defined benefit pension plans	4	3
Interest and similar income	208	221
	<b>212</b>	<b>224</b>
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-54	-87
Interest and similar expense	-375	-271
	<b>-429</b>	<b>-358</b>

## 10. Income taxes

Table [D.22](#) shows the components of income tax expense.

### D.22

#### Components of income tax expense

	2021	2020
In millions of euros		
Current taxes	-3,284	-2,091
Deferred taxes	-1,477	165
Total	-4,761	-1,926

The current tax expense includes tax benefits recognised for prior periods at German and foreign companies of €286 million (2020: €69 million).

The composition of deferred taxes is shown in table [D.23](#).

### D.23

#### Composition of deferred taxes

	2021	2020
In millions of euros		
Deferred taxes due to temporary differences	-397	419
Deferred taxes due to tax-loss carryforwards and tax credits	-1,080	-254
	-1,477	165

For German companies, in 2021 and 2020, deferred taxes were calculated using a federal corporate income tax rate of 15%, a solidarity tax surcharge of 5.5% on each year's federal corporate income taxes, and a trade tax rate of 14%. In total, the tax rate applied for the calculation of German deferred taxes in both years amounted to 29.825%. For non-German companies, the deferred taxes at period-end were calculated using the tax rates of the respective countries.

Table [D.24](#) shows a reconciliation of expected income-tax expense to actual income-tax expense determined using the unchanged applicable German combined statutory tax rate of 29.825%.

### D.24

#### Reconciliation of expected income-tax expense to actual income-tax expense

	2021	2020
In millions of euros		
Expected income-tax expense	-4,716	-1,777
Foreign tax-rate differential	353	261
Trade tax-rate differential	44	37
Tax-law changes	126	37
Change of unrecognised deferred tax assets including write-down of deferred tax assets	-307	-221
Tax-free income and non-deductible expenses	208	-305
Tax expense/income due to applicable income tax group with discontinued operations	-79	222
Other	-390	-180
Actual income-tax expense	-4,761	-1,926

The Group did not recognise the total amount of deferred tax assets in 2021 and 2020. In addition, tax-loss carryforwards expired in 2021 that were considered realisable in the past. This resulted in tax expenses and the non-recognition of deferred tax income. The respective amounts are included in the line item change of unrecognised deferred tax assets including write-down of deferred tax assets.

Tax-free income and non-deductible expenses include all reconciling items of foreign and German companies relating to tax-free income and non-deductible expenses, e.g., tax-free results of the equity-method investments. In 2021, the line item also includes the effect from the non-deductible loss on the spin-off and hive-down of assets and liabilities of the Mercedes-Benz Mobility segment.

The actual income-tax expense also includes tax expenses/income in connection with German companies that were reported as discontinued operations in the Consolidated Statement of Income. Due to the German tax group, the tax expense/income on these companies' profit or loss was largely allocated to continuing operations. The effects are summarised in line item tax expense/income due to applicable income-tax group with discontinued operations. Effects from the non-recognition of deferred tax assets at these companies of minus €398 million are included in the line item change of unrecognised deferred tax assets including write-down of deferred tax assets.

The other items include, among other things, effects from withholding taxes on dividends, patents and licenses.

Deferred tax assets and deferred tax liabilities are offset if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and if there is the right to set off current tax assets against current tax liabilities. In the presentation of deferred tax assets and liabilities in the Consolidated Statement of Financial Position, no difference is made between current and non-current. In the Consolidated Statement of Financial Position, deferred tax assets and liabilities are presented as shown in table [D.25](#).

## D.25

### Deferred tax assets and liabilities

	At 31 December	
	2021	2020
In millions of euros		
Deferred tax assets	3,434	6,259
Deferred tax liabilities	-4,488	-3,649
Deferred tax assets/Deferred tax liabilities, net	-1,054	2,610

In respect of each type of temporary difference and in respect of each type of unutilised tax-loss carryforwards and unutilised tax credits, the deferred tax assets and liabilities before offset are summarised in table [D.26](#).

## D.26

### Split of deferred tax assets and liabilities before offset

	At 31 December	
	2021	2020
In millions of euros		
Intangible assets	58	396
Property, plant and equipment	184	256
Equipment on operating leases	2,329	2,020
Inventories	1,123	944
Receivables from financial services	361	475
Miscellaneous assets, mainly other financial assets	4,356	5,342
Tax-loss carryforwards and unused tax credits	662	2,629
Provisions for pensions and similar obligations	237	510
Other provisions	1,161	1,864
Liabilities	2,541	2,949
Deferred income	357	798
Miscellaneous liabilities	-	20
	13,369	18,203
Unrecognised deferred tax assets	-263	-1,998
thereof on temporary differences	-41	-880
thereof on tax-loss carryforwards and tax credits	-222	-1,118
<b>Deferred tax assets, gross</b>	<b>13,106</b>	<b>16,205</b>
Development costs	-3,776	-3,906
Other intangible assets	-84	-120
Property, plant and equipment	-2,252	-2,666
Equipment on operating leases	-4,092	-4,574
Inventories	-28	-66
Receivables from financial services	-1,327	-810
Miscellaneous assets	-670	-426
Provisions for pensions and similar obligations	-1,385	-467
Other provisions	-215	-218
Miscellaneous liabilities	-331	-342
<b>Deferred tax liabilities, gross</b>	<b>-14,160</b>	<b>-13,595</b>
<b>Deferred tax assets/Deferred tax liabilities, net</b>	<b>-1,054</b>	<b>2,610</b>

The development of deferred tax assets and deferred tax liabilities, net, is shown in table [D.27](#).

## D.27

### Changes in deferred tax assets/deferred tax liabilities, net

	2021	2020
In millions of euros		
Deferred tax assets, net as of 1 January	2,610	1,868
Deferred tax expense/benefit of continuing operations in the Consolidated Statement of Income	-1,477	165
Deferred tax expense/benefit of discontinued operations in the Consolidated Statement of Income	-1	41
Change in deferred tax assets/liabilities on equity instruments/debt instruments included in other comprehensive income/loss	-18	-42
Change in deferred tax assets/liabilities on derivative financial instruments included in other comprehensive income/loss	362	-345
Change in deferred tax assets/liabilities on actuarial gains/losses from defined benefit pension plans included in other comprehensive income/loss	-1,122	841
Disposed of deferred tax assets/liabilities of Daimler's commercial vehicle business	-1,243	-
Other changes <sup>1</sup>	-165	82
Deferred tax assets/Deferred tax liabilities, net as of 31 December	-1,054	2,610

<sup>1</sup> The other changes primarily relate to further changes in the consolidated group and the effects of currency translation.

Taking into account the items recognised in other comprehensive income/loss (including items from equity-method investments), the expense for income taxes is comprised as shown in table [D.28](#).

## D.28

### Tax expense in equity

	2021	2020
In millions of euros		
Income tax expense of continuing operations in the Consolidated Statement of Income	-4,761	-1,926
Income tax expense of discontinued operations in the Consolidated Statement of Income	-618	-404
Income tax expense/benefit recognised in other reserves	-778	454
	-6,157	-1,876

In the Consolidated Statement of Financial Position, unrecognised deferred tax assets decreased by €1,735 million compared to 31 December 2020, although unrecognised deferred tax assets through profit and loss increased by €307 million. This decrease mainly results from changes in the consolidated group. Furthermore, deferred tax assets unrecognised in prior periods of €114 million were recognised in other comprehensive income/loss in 2021. Other changes with no impact on profit and loss resulted from, among other things, adjustments to tax-loss carryforwards from previous years, mainly due to expiration, and also from currency translation.

At 31 December 2021, unrecognised deferred tax assets in the Consolidated Statement of Financial Position relate, among other things, to corporate income-tax-loss carryforwards (€108 million). €4 million of unrecognised deferred tax assets relates to corporate income-tax-loss carryforwards which expire in 2022, €19 million relates to tax-loss carryforwards which expire at various dates from 2023 through 2026, €1 million relates to tax-loss carryforwards which expire at various dates from 2027 through 2041, and €84 million relates to tax-loss carryforwards which can be carried forward indefinitely. A large proportion of the unrecognised deferred tax assets relates to tax loss carryforwards for state and local taxes at the US companies as well as to temporary differences. The Mercedes-Benz Group believes that it is more likely than not that it will be unable to utilise those deferred tax assets or cannot reliably document that sufficient future taxable income will be available against which the deductible temporary differences, tax-loss carryforwards and tax credits can be offset.

The Group had tax losses at the German tax group in 2020 and at several subsidiaries in several countries in 2021 and prior years. After offsetting the deferred tax assets with deferred tax liabilities, the deferred tax assets recognised for those entities amounted to €23 million. The Mercedes-Benz Group believes it is more likely than not that future taxable income will be sufficient to allow utilisation of these deferred tax assets. The Group's current estimate of the amount of deferred tax assets that is considered realisable may change in the future, necessitating higher or lower unrecognised deferred tax assets.

From the current perspective, the retained earnings of non-German subsidiaries are largely intended to be reinvested in those operations. The Group did not recognise deferred tax liabilities on retained earnings which are intended to be reinvested of non-German subsidiaries of €24,892 million (2020: €25,122 million). If those earnings were paid out as dividends, an amount of 5% would be taxed under German taxation rules and, if applicable, with 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 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 for these undistributed foreign earnings.

The Group has various unresolved issues concerning open income-tax years with the tax authorities in a number of jurisdictions. The Mercedes-Benz Group believes that it has recognised adequate liabilities for any future income taxes that may be owed for all open tax years. Nevertheless, it cannot be ruled out that tax payments might exceed the liabilities recognised in the financial statements.

As a result of future adjudications or changes in the opinions of the fiscal authorities, it cannot be ruled out that the Mercedes-Benz Group might receive tax refunds for previous years. In particular, from 2012 to 2021, Mercedes-Benz Group AG incurred currency exchange rate-related losses from the financing of Group companies based abroad totalling €2.1 billion, which were compensated by corresponding hedging instruments. For the years until 2021, the German tax authorities consider that exchange rate-related losses from the financing of Group companies are generally not to be recognised, while the compensating profits from the hedging activities remain taxable. In 2021, the German Modernisation of Corporate Income Tax Act stipulated that such exchange rate losses are generally deductible. However, this will only apply from 2022. For this reason, the Company has in the meantime substantiated in detail the objections already lodged against the tax assessment notices and will take decisive action against the legal opinion of the tax authorities that has been held so far.



## **11. Intangible assets**

Intangible assets developed as shown in table [D.29](#).

At 31 December 2021, goodwill of €389 million (2020: €438 million) relates to the Mercedes-Benz Mobility segment and goodwill of €375 million (2020: €196 million) relates to the Mercedes-Benz Cars & Vans segment.

Non-amortisable intangible assets primarily relate to goodwill and development costs for projects which have not yet been completed (carrying amount at 31 December 2021: €4,201 million; 2020: €4,846 million). In addition, other intangible assets with a carrying amount of €135 million (2020: €273 million) are not amortisable. These non-amortisable intangible assets are distribution rights in the vehicle segments with indefinite useful lives. The Group plans to continue to use these assets unchanged.

## D.29

### Intangible assets

	Goodwill (acquired)	Development costs (internally generated) <sup>2</sup>	Other intangible assets (acquired)	Total
In millions of euros				
<b>Acquisition/manufacturing costs</b>				
<b>Balance at 1 January 2020</b>	1,493	20,154	4,765	26,412
Additions due to business combinations	43	-	-	43
Other additions	4	2,515	527	3,046
Reclassifications	-	-	-	-
Disposals	-	-989	-323	-1,312
Other changes <sup>1</sup>	-56	-14	-91	-161
<b>Balance at 31 December 2020</b>	1,484	21,666	4,878	28,028
Additions	171	2,378	355	2,904
Reclassifications	-	-	-	-
Reclassification to assets of the Daimler commercial vehicle business held for distribution or sale	-787	-2,770	-1,009	-4,566
Other disposals	-	-2,118	-347	-2,465
Other changes <sup>1</sup>	26	-1	-2	23
<b>Balance at 31 December 2021</b>	894	19,155	3,875	23,924
<b>Depreciation/impairment</b>				
<b>Balance at 1 January 2020</b>	276	7,629	2,529	10,434
Additions	-	1,925	639	2,564
Reclassifications	-	-	-	-
Disposals	-	-983	-288	-1,271
Other changes <sup>1</sup>	-13	-12	-73	-98
<b>Balance at 31 December 2020</b>	263	8,559	2,807	11,629
Additions	-	2,073	490	2,563
Reclassifications	-	-	-	-
Reclassification to assets of the Daimler commercial vehicle business held for distribution or sale	-139	-2,066	-682	-2,887
Other disposals	-	-2,106	-278	-2,384
Other changes <sup>1</sup>	6	-2	-6	-2
<b>Balance at 31 December 2021</b>	130	6,458	2,331	8,919
<b>Carrying amount at 31 December 2020</b>	1,221	13,107	2,071	16,399
<b>Carrying amount at 31 December 2021</b>	764	12,697	1,544	15,005

1 Primarily changes from currency translation.

2 Including capitalised borrowing costs on development costs of €45 million (2020: €43 million). Amortisation amounted to €10 million (2020: €5 million).

The goodwill reported in the line items “reclassification to assets held for distribution or sale of the Daimler commercial vehicle business” comprises the goodwill of the cash-generating units Daimler Trucks and Daimler Buses. In addition, parts of the goodwill of the cash-generating unit Mercedes-Benz Mobility are allocated, which were determined on the basis of relative values of the disposed of and remaining business operations. Before classification as held for sale or distribution, all assets and liabilities were measured in accordance with the applicable IFRS. This also included an impairment test of the cash-generating units Daimler Trucks and Daimler Buses, which did not result in any need for impairment.

Table [D.30](#) shows the line items of the Consolidated Statement of Income in which total amortisation expense for intangible assets is included.

## D.30

### Amortisation expense for intangible assets in the Consolidated Statement of Income<sup>1</sup>

	2021	2020
In millions of euros		
Cost of sales	<b>2,402</b>	2,368
Selling expenses	<b>53</b>	55
General administrative expenses	<b>75</b>	110
Research and non-capitalised development costs	<b>33</b>	31
	<b>2,563</b>	2,564

<sup>1</sup> Includes the amortisation of intangible assets of the Daimler’s commercial vehicle business until 30 July 2021 and 31 December 2020 respectively.

## 12. Property, plant and equipment

Property, plant and equipment as shown in the Consolidated Statement of Financial Position with a carrying amount of €27,859 million (31 December 2020: €35,246 million) also includes right-of-use assets, that the group has received as lessee.

Property, plant and equipment, excluding right-of-use assets, developed as shown in table [D.31](#).

In 2021, government grants of € 69 million (2020: € 17 million) were deducted from the carrying amount of property, plant and equipment.

## D.31

### Property, plant and equipment (excluding right-of-use assets)

	Land, leasehold improvements and buildings including buildings on land owned by others	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and construction in progress	Total
In millions of euros					
<b>Acquisition or manufacturing costs</b>					
<b>Balance at 1 January 2020</b>	18,940	28,683	33,072	5,073	85,768
Additions due to business acquisitions	15	37	-	5	57
Other additions	536	1,080	1,903	2,022	5,541
Reclassifications	781	1,160	855	-2,774	22
Disposals	-116	-1,875	-860	-252	-3,103
Other changes <sup>1</sup>	-188	-423	-697	-168	-1,476
<b>Balance at 31 December 2020</b>	19,968	28,662	34,273	3,906	86,809
Additions	164	640	1,424	1,802	4,030
Reclassifications	517	1,277	668	-2,462	-
Reclassification to assets of the Daimler commercial vehicle business held for distribution or sale	-4,821	-6,704	-6,934	-627	-19,086
Disposals	-282	-836	-1,394	-252	-2,764
Other changes <sup>1</sup>	-141	-221	357	-172	-177
<b>Balance at 31 December 2021</b>	15,405	22,818	28,394	2,195	68,812
<b>Depreciation/impairment</b>					
<b>Balance at 1 January 2020</b>	9,081	18,570	25,208	-	52,859
Additions depreciation	458	1,885	2,838	9	5,190
Additions from impairment losses <sup>2</sup>	141	103	-	214	458
Reclassifications	-	-	-	-	-
Disposals	-64	-1,789	-762	-	-2,615
Other changes <sup>1</sup>	31	-181	-469	-	-619
<b>Balance at 31 December 2020</b>	9,647	18,588	26,815	223	55,273
Additions	418	1,657	1,638	2	3,715
Reclassifications	-	3	-3	-	-
Reclassification to assets of the Daimler commercial vehicle business held for distribution or sale	-2,415	-4,869	-5,375	-10	-12,669
Disposals	-179	-767	-1,223	-	-2,169
Other changes <sup>1</sup>	-291	-255	275	-215	-486
<b>Balance at 31 December 2021</b>	7,180	14,357	22,127	-	43,664
<b>Carrying amount at 31 December 2020</b>	10,321	10,074	7,458	3,683	31,536
<b>Carrying amount at 31 December 2021</b>	8,225	8,461	6,267	2,195	25,148

<sup>1</sup> Primarily changes from currency translation. In 2021, there were opposing effects from the deconsolidation of property, plant and equipment at the segment Mercedes-Benz Cars & Vans, which was impaired in 2020. They amounted to approximately €1.0 billion before depreciation and impairment.

<sup>2</sup> Comprises impairments in the amount of €0.5 billion connected with the adjustment and realignment of capacities within the global production network at the Mercedes-Benz Cars & Vans segment.

Table [7 D.32](#) shows the composition of the right-of-use assets.

### D.32

#### Right-of-use assets

	31 December	
	2021	2020
In millions of euros		
Land, leasehold improvements and buildings	2,320	3,449
Technical equipment and machinery	356	193
Other equipment, factory and office equipment	35	68
	2,711	3,710

The tables [7 D.33](#), [7 D.34](#) and [7 D.35](#) show additional disclosures related to lessee accounting.

### D.33

#### Additions and depreciations for right-of-use assets

	2021	2020 <sup>1</sup>
In millions of euros		
Additions to right-of-use assets	918	658
Depreciation for		
Land, leasehold improvements and buildings	573	669
Technical equipment and machinery	112	38
Other equipment, factory and office equipment	30	43
	715	750

<sup>1</sup> The spin-off of Daimler's commercial vehicle business is included in calculation of the amounts.

### D.34

#### Expenses related to lessee accounting

	2021	2020
In millions of euros		
Interest expense from lease transactions	51	61
Expenses from short-term leases	31	32
Expenses from leases of low-value assets	14	12
Expenses from variable lease payments	15	41

### D.35

#### Cash outflows related to lessee accounting

	2021	2020
In millions of euros		
Total cash outflow for lease contracts <sup>1</sup>	868	945
Future cash outflows that are not reflected in the lease liabilities	608	562

<sup>1</sup> The spin-off of Daimler's commercial vehicle business is included in calculation of the amounts in 2020.

Further information on lessee accounting is provided in [Notes 1, 25 and 34](#).

### 13. Equipment on operating leases

The development of equipment on operating leases is shown in table [D.36](#).

#### D.36

##### Equipment on operating leases

In millions of euros

##### Acquisition/manufacturing costs

<b>Balance at 1 January 2020</b>	66,372
Additions due to business acquisitions	-
Additions	21,998
Reclassifications	-
Disposals	-23,024
Other changes <sup>1</sup>	-2,742
<b>Balance at 31 December 2020</b>	62,604
Additions due to business acquisitions	-
Additions	20,265
Reclassifications	-
Reclassification to assets of the Daimler commercial vehicle business held for distribution or sale	-6,748
Disposals	-21,864
Other changes <sup>3</sup>	3,350
<b>Balance at 31 December 2021</b>	57,607

##### Depreciation/impairment

<b>Balance at 1 January 2020</b>	14,890
Additions <sup>2</sup>	9,181
Reclassifications	-
Disposals	-8,323
Other changes <sup>1</sup>	-696
<b>Balance at 31 December 2020</b>	15,052
Additions	8,073
Reclassifications	-
Reclassification to assets of the Daimler commercial vehicle business held for distribution or sale	-2,479
Disposals	-8,040
Other changes <sup>1</sup>	530
<b>Balance at 31 December 2021</b>	13,136

**Carrying amount at 31 December 2020** 47,552

**Carrying amount at 31 December 2021** 44,471

<sup>1</sup> Primarily changes from currency translation.

<sup>2</sup> Includes impairments of €0.3 billion arising primarily in connection with the covid-19 crises.

<sup>3</sup> Primarily comprises changes from currency translation of €2.5 billion and leased right-of-use assets from recognised head leases with the Daimler Truck Group of €1.1 billion.

At 31 December 2021, equipment on operating leases with a carrying amount of €12,915 million was pledged as security for liabilities from ABS transactions related to a securitisation transaction of future lease payments on leased vehicles (31 December 2020: €10,737 million) (see also [Note 25](#)).

### Leasing payments

Non-cancellable future lease payments to the Mercedes-Benz 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 31 December	
	2021	2020 <sup>1</sup>
In millions of euros		
Maturing		
Within one year	8,092	8,134
Between one and two years	5,343	5,654
Between two and three years	2,962	3,163
Between three and four years	1,167	1,207
Between four and five years	246	291
Later than five years	89	69
<b>Total minimum lease payments</b>	<b>17,899</b>	<b>18,518</b>

<sup>1</sup> The spin-off of Daimler's commercial vehicle business is included in calculation of the amounts.

## 14. Equity-method investments

Table [D.38](#) shows the carrying amounts and profits/losses from equity-method investments.

Table [D.39](#) presents key figures on interests in associated companies accounted for using the equity method in the Group's Consolidated Financial Statements.

Table [D.40](#) presents key figures on interests in joint ventures accounted for using the equity method in the Group's Consolidated Financial Statements.

### D.38

#### Summarised carrying amounts and profits/losses from equity-method investments

	Associated companies	Joint ventures	Joint operations	Total
In millions of euros				
<b>At 31 December 2021</b>				
Equity investment <sup>1</sup>	12,652	936	-	13,588
Equity profit/loss <sup>1</sup>	1,539	-187	-	1,352
<b>At 31 December 2020</b>				
Equity investment <sup>1</sup>	3,757	1,419	13	5,189
Equity profit/loss <sup>1</sup>	1,077	-330	-	747

<sup>1</sup> Including investor-level adjustments.

### D.39

#### Key figures on interests in associated companies accounted for using the equity method

	Daimler Truck <sup>3</sup>	BBAC	BAIC Motor <sup>4</sup>	THBV (HERE)	Others	Total
In millions of euros						
<b>At 31 December 2021</b>						
Equity interest (in %)	35.0	49.0	9.6	29.7		
Stock-market price <sup>1</sup>	9,301	-	290	-		
Equity investment <sup>2</sup>	8,762	2,753	300	324	513	12,652
Equity profit/loss <sup>2</sup>	-1	1,553	-92	-32	111	1,539
Dividend to Mercedes-Benz Group	-	1,533	8	-		
<b>At 31 December 2020</b>						
Equity interest (in %)	-	49.0	9.6	29.7		
Stock-market price <sup>1</sup>	-	-	231	-		
Equity investment <sup>2</sup>	-	2,431	331	361	634	3,757
Equity profit/loss <sup>2</sup>	-	1,335	-303	61	-16	1,077
Dividend to Mercedes-Benz Group	-	1,718	16	-		

<sup>1</sup> Proportionate stock-market prices.

<sup>2</sup> Including investor-level adjustments.

<sup>3</sup> Figures for the equity method profit/loss of Daimler Truck are best possible estimates for the period of 10 December to 31 December 2021 and are based on the reported Q1-3 figures for Daimler Truck including provisional investor-level adjustments.

<sup>4</sup> Proportionate earnings of BAIC Motor Corporation Ltd. (BAIC Motor) are included in the Mercedes-Benz Group's Consolidated Financial Statements with a three-month time lag.

## D.40

### Key figures on interests in joint ventures accounted for using the equity method

	YOUR NOW <sup>2</sup>	Others	Total
In millions of euros			
<b>At 31 December 2021</b>			
Equity interest (in %)	50.0		
Stock-market price	-		
Equity investment <sup>1</sup>	383	553	936
Equity profit/loss <sup>1</sup>	-166	-21	-187
Dividend to Mercedes-Benz Group	-		
<b>At 31 December 2020</b>			
Equity interest (in %)	50.0		
Stock-market price	-		
Equity investment <sup>1</sup>	544	875	1,419
Equity profit/loss <sup>1</sup>	-317	-13	-330
Dividend to Mercedes-Benz Group	-		

<sup>1</sup> Including investor-level adjustments.

<sup>2</sup> Proportionate earnings of YOUR NOW Holding GmbH (YOUR NOW) are included in the Mercedes-Benz Group's Consolidated Financial Statements with a one-month time lag.

### Daimler Truck

With completion of the spin-off and hive-down of the Daimler Truck business, Mercedes-Benz Group holds a minority interest of 35% in Daimler Truck Holding AG as of 31 December 2021. The shares are included in the Consolidated Financial Statements after the spin-off as an associated company using the equity method and are presented as an equity investment allocated to the reconciliation of the reportable segments to the Group. Further information is provided in [Note 3](#), [38](#) and [41](#).

The Daimler Truck Group is one of the world's largest commercial vehicle manufacturers. Its product portfolio comprises light-, medium- and heavy-duty trucks, city buses and intercity buses, coaches and bus chassis. In addition, financial services aligned to the product portfolio are offered.

### BBAC

Beijing Benz Automotive Co., Ltd. (BBAC) produces and distributes Mercedes-Benz cars and spare parts in China. The investment and the proportionate share in the results of BBAC are allocated to the Mercedes-Benz Cars & Vans segment.

In the third quarter of 2021, the shareholders of BBAC approved the payout of a dividend of €732 million for the second half of the 2020 financial year. The distribution of a further dividend for the current financial year 2021 of €801 million was approved in the fourth quarter. The distributions reduced the carrying amount of the investment accordingly. The payout of the dividends led to a cash inflow in 2021 of €1,523 million.

The Mercedes-Benz Group plans to contribute additional equity of in total €0.1 billion in accordance with its shareholding ratio in the years 2022 and 2023.



### **BAIC Motor**

BAIC Motor Corporation Ltd. (BAIC Motor) is the passenger car division of BAIC Group, one of the leading automotive companies in China. Directly or via subsidiaries, BAIC Motor is engaged in the business of researching, developing, manufacturing, selling, marketing and servicing automotive vehicles and related parts and components and all related services. Due to Mercedes-Benz Group's representation on the board of directors of BAIC Motor and other contractual arrangements, Mercedes-Benz Group classifies this investment as an investment in an associate, to be accounted for using the equity method; in the segment reporting, the investment's carrying amount and its proportionate share of profit or loss are presented in the reconciliation of total segment's assets to Group assets and total segments' EBIT to Group EBIT, respectively.

Due to the business development, the Group recognised an impairment of €120 million on the carrying amount of its investment in BAIC Motor in the fourth quarter of 2021. Already in 2020, in particular in light of the covid-19 pandemic and its effects, a total impairment of €330 million was recognised. The losses are included in the line item profit on equity-method investments, net.

### **THBV (HERE)**

There Holding B.V. (THBV) holds an interest in HERE International B.V. (HERE). HERE is one of the biggest manufacturers of digital roadmaps for navigation systems worldwide. Future expected high-resolution maps will be one of the fundamentals for future autonomous driving. THBV is accounted for in the Consolidated Financial Statements of Mercedes-Benz Group AG as an associated company using the equity method, and is allocated to the Mercedes-Benz Cars & Vans segment.

In December 2019, THBV and HERE and other companies signed an agreement on the basis of which 30% of the shares in HERE are to be sold to a joint venture between Mitsubishi Corporation and Nippon Telegraph and Telephone Corporation. The transaction was completed on 29 May 2020 after receiving the approval of the relevant authorities and led to a gain at THBV. The amount of €105 million attributable to Mercedes-Benz Group is included in the line item profit on equity-method investments, net.

Tables [D.41](#) and [D.42](#) show summarised IFRS financial information after purchase price allocation for the significant associated companies, which was the basis for equity-method accounting in the Group's Consolidated Financial Statements.

### **YOUR NOW**

YOUR NOW Holding GmbH is a company based in Munich, Germany and is part of the Mercedes-Benz Mobility segment. The object of YOUR NOW Holding GmbH is to hold interests in mobility service providers in order to offer customers a comprehensive mobility ecosystem that is intelligent, seamlessly connected and available at the touch of a fingertip.

In terms of business operations, mobility services were offered in the areas of FREE NOW (ride hailing), SHARE NOW (car sharing), CHARGE NOW (charging), PARK NOW (parking) and REACH NOW (on-demand mobility and multimodality). In 2021, YOUR NOW Holding GmbH sold the interest in PARK NOW in the second quarter of 2021.

In 2020, the profit/loss from investments accounted for using the equity-method included impairment losses of €92 million, primarily resulting from changes in earnings forecasts.

Table [D.43](#) shows summarised IFRS financial information after purchase price allocation for the significant joint ventures which were the basis for equity-method accounting in the Group's Consolidated Financial Statements.

### Other joint ventures accounted for using the equity method

In March 2021, Daimler Financial Services Investment Company LLC sold all its shares in **Via Transportation Inc.**, USA to external shareholders. The sale resulted in income before taxes of €89 million, which is reported in the line item profit/loss on equity-method investments, net. The company had been allocated to the Mercedes-Benz Mobility segment.

Mercedes-Benz Group plans to contribute additional equity of €0.1 billion to **Shenzhen DENZA New Energy Automotive Co. Ltd. (DENZA)** in accordance with its shareholding of currently 50% in the first half of 2022. In the fourth quarter of 2021, the shareholders Daimler Greater China Ltd. and BYD Automotive Industry Co., Ltd. (BYD) signed a contract on the structural realignment of the joint venture. It is intended that the Group will transfer shares of DENZA to BYD in mid-2022. After the equity transfer, Mercedes-Benz Group will hold an equity interest of 10% while BYD will hold 90%. The equity transfer is subject to regulatory approvals. The company is allocated to the Mercedes-Benz Cars & Vans segment.

Table [D.44](#) shows summarised aggregated financial information for the 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](#).

## D.41

### Summarised IFRS financial information on significant associated companies accounted for using the equity method (1)

	Daimler Truck <sup>1</sup>		BBAC <sup>2</sup>	
	2021	2020	2021	2020
In millions of euros				
<b>Information on the statement of income</b>				
Revenue	28,418	-	21,288	21,774
Profit/loss from continuing operations after taxes	2,265	-	3,205	2,900
Other comprehensive income/loss	1,196	-	-34	3
Total comprehensive income/loss	3,461	-	3,171	2,903
<b>Information on the statement of financial position and reconciliation to equity-method carrying amounts</b>				
Non-current assets	33,561	-	7,179	6,434
Current assets	28,370	-	8,197	8,562
Non-current liabilities	17,962	-	1,112	1,010
Current liabilities	18,816	-	8,116	8,585
Equity (including non-controlling interests)	25,153	-	6,148	5,401
Equity (excluding non-controlling interests) attributable to the Group	8,579	-	3,013	2,647
Unrealised profit (-)/loss (+) on sales to/purchases from	-	-	-258	-215
Other reconciling items including equity-method goodwill and impairments on the investment	183	-	-2	-1
Carrying amount of equity-method investment	8,762	-	2,753	2,431

1 Daimler Truck:

Figures for the statement of income relate to the period of 1 January to 30 September 2021 not including investor level adjustments.

Figures for the statement of financial position relate to the initial recognition as of 10 December including provisional investor level adjustments without the goodwill included in other reconciling items.

Figures for the reconciliation to equity-method carrying amounts relate to the balance sheet date of 31 December 2021.

2 BBAC:

Figures for the statement of income relate to the period of 1 January to 31 December.

Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date of 31 December.

## D.42

### Summarised IFRS financial information on significant associated companies accounted for using the equity method (2)

	BAIC Motor <sup>1</sup>		THBV <sup>2</sup> (HERE)	
	2021	2020	2021	2020
In millions of euros				
<b>Information on the statement of income</b>				
Revenue	22,809	22,681	-	-
Profit/loss from continuing operations after taxes	1,868	1,685	-108	206
Other comprehensive income/loss	298	-32	-17	10
Total comprehensive income/loss	2,166	1,653	-125	216
<b>Information on the statement of financial position and reconciliation to equity-method carrying amounts</b>				
Non-current assets	16,492	14,550	1,175	1,190
Current assets	10,492	11,762	2	24
Non-current liabilities	2,784	2,566	87	-
Current liabilities	11,367	13,047	-	-
Equity (including non-controlling interests)	12,833	10,699	1,090	1,214
Equity (excluding non-controlling interests) attributable to the Group	892	745	324	361
Unrealised profit (-)/ loss (+) on sales to/ purchases from	-29	-17	-	-
Other reconciling items including equity-method goodwill and impairments on the investment	-563	-397	-	-
Carrying amount of equity-method investment	300	331	324	361

**1 BAIC Motor:**

The Mercedes-Benz Group recognises its proportionate share of profits or losses of BAIC Motor Corporation Ltd. (BAIC Motor) with a three-month time lag. Figures for the statement of income relate to the period of 1 October to 30 September.

Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date of 30 September.

**2 THBV:**

Figures for the statement of income relate to the period of 1 January to 31 December.

Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date of 31 December.

## D.43

### Summarised IFRS financial information on significant joint ventures accounted for using the equity method

	YOUR NOW <sup>1</sup>	
	2021	2020
In millions of euros		
<b>Information on the statement of income</b>		
Revenue	260	333
Depreciation and amortisation	-26	-114
Interest income	-	-
Interest expense	-26	-6
Income taxes	-3	-1
Profit/loss from continuing operations after taxes	-333	-546
Profit/loss from discontinued operations after taxes	-	-91
Other comprehensive income/loss	4	-
Total comprehensive income/loss	-329	-637
<b>Information on the statement of financial position and reconciliation to equity-method carrying amounts</b>		
Non-current assets	325	651
Current assets	801	1,004
thereof cash and cash equivalents	553	373
Non-current liabilities	110	149
thereof non-current financial liabilities	-	2
Current liabilities	309	395
thereof current financial liabilities	22	12
Equity (including non-controlling interests)	707	1,111
Equity (excluding non-controlling interests) attributable to the Group	353	556
Unrealised profit (-)/loss (+) on sales to/purchases from	-	-
Other reconciling items including equity-method goodwill and impairments on the investment	30	-12
Carrying amount of equity-method investment	383	544

1 The Mercedes-Benz Group recognises its proportionate share of profits or losses of the YOUR NOW joint ventures with a one-month time lag.  
Figures for the statement of income relate to the period of 1 December to 30 November.  
Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date of 30 November.

## D.44

### Summarised aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2021	2020	2021	2020
In millions of euros				
Summarised aggregated financial information (pro rata)				
Profit/loss from continuing operations after taxes	26	-11	33	35
Profit/loss from discontinued operations after taxes	-	-	-	-
Other comprehensive income/loss	14	8	-	-
Total comprehensive income/loss	40	-3	33	35

## 15. Receivables from financial services

Table [D.45](#) shows the components of receivables from financial services.

### Types of receivables

Receivables from sales financing with customers include receivables from credit financing for customers who purchased their vehicle either from a dealer or directly from the Mercedes-Benz Group.

Receivables from sales financing with dealers represent loans for floor financing programmes for vehicles sold by the Group's automotive businesses to dealers or loans for assets purchased by dealers from third parties, primarily, used vehicles traded in by dealers' customers or dealers' real estate financing.

Receivables from finance-lease contracts consist of receivables from leasing contracts for which all substantial risks and rewards incidental to the leasing objects are transferred to the lessee.

All cash-flow effects attributable to receivables from financial services are presented within cash provided by for operating activities in the Consolidated Statement of Cash Flows.

Table [D.46](#) shows the maturities of the future contractual lease payments and the development of lease payments to the carrying amounts of receivables from finance-lease contracts.

In 2021, the Mercedes-Benz Group recognised a gain of €203 million (2020: €336 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, which result in a finance-lease).

### Loss allowances

The development of loss allowances for receivables from financial services due to expected credit losses is shown in table [D.47](#).

At 31 December 2020, €0.4 billion of the loss allowances related to the increase in the allowance for credit losses recognised at the Mercedes-Benz Mobility segment through profit and loss as a result of the economic development in connection with the covid-19 pandemic. In addition, the decrease of the loss allowances compared to 2020 is attributable to the spin-off and hive-down of Daimler's commercial vehicle business.

The carrying amounts of receivables from financial services based on modified contracts that are shown in stages 2 and 3, amounted to €392 million at 31 December 2021 (31 December 2020: €2,440 million). In addition, carrying amounts of €210 million (31 December 2020: €473 million) in connection with contractual modifications were reclassified from stages 2 and 3 into stage 1.

### Credit risks

Information on credit risks included in receivables from financial services is shown in table [D.48](#).

Longer overdue periods regularly lead to higher allowances.

At the beginning of the contracts, collaterals of usually at least 100% of the carrying amounts were agreed, which are backed by the vehicles based on the underlying contracts. Over the contract terms, the amounts of the collaterals are included in the calculation of the risk provisioning, so the carrying amounts of the credit-impaired contracts are primarily backed by the underlying vehicles.

Further information on financial risks and the nature of risks is provided in [Note 34](#).

At 31 December 2021, receivables from financial services with a carrying amount of €10,378 million (31 December 2020: €11,463 million) were pledged mostly as collateral for liabilities from ABS transactions (see also [Note 25](#)).

## D.45

### Receivables from financial services

	At 31 December 2021			At 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	18,463	32,055	50,518	20,853	37,133	57,986
Sales financing with dealers	7,726	2,432	10,158	13,701	3,171	16,872
Finance-lease contracts	7,327	12,117	19,444	8,606	14,319	22,925
Residual-value receivables	550	914	1,464	-	-	-
Gross carrying amount	34,066	47,518	81,584	43,160	54,623	97,783
Loss allowances	-396	-563	-959	-684	-914	-1,598
Net carrying amount	33,670	46,955	80,625	42,476	53,709	96,185

## D.46

### Development of the finance-lease contracts

	At 31 December	
	2021	2020
In millions of euros		
Contractual future lease payments	17,060	20,950
thereof due		
within one year	6,808	7,934
between one and two years	4,737	5,797
between two and three years	2,540	3,253
between three and four years	1,733	2,347
between four and five years	965	1,261
later than five years	277	358
Unguaranteed residual values	4,011	3,996
Gross investment	21,071	24,946
Unearned finance income	-1,627	-2,021
Gross carrying amount	19,444	22,925
Loss allowances	-259	-445
Net carrying amount	19,185	22,480

## D.47

### Development of loss allowances for receivables from financial services due to expected credit losses

	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				
<b>Balance at 1 January 2020</b>	463	219	627	1,309
Additions	200	70	277	547
Remeasurement changes	14	144	472	630
Utilisation	-28	-23	-171	-222
Reversals	-217	-70	-285	-572
Change in measurement methods	-	-	-	-
Transfer to stage 1	101	-85	-16	-
Transfer to stage 2	-49	62	-13	-
Transfer to stage 3	-5	-48	53	-
Currency translation and other changes	-26	-15	-53	-94
<b>Balance at 31 December 2020</b>	453	254	891	1,598
Additions	<b>204</b>	<b>46</b>	<b>253</b>	<b>503</b>
Remeasurement changes	<b>-47</b>	<b>68</b>	<b>318</b>	<b>339</b>
Utilisation	<b>-20</b>	<b>-18</b>	<b>-211</b>	<b>-249</b>
Reversals	<b>-275</b>	<b>-118</b>	<b>-419</b>	<b>-812</b>
Change in measurement methods	-	-	-	-
Transfer to stage 1	<b>135</b>	<b>-89</b>	<b>-46</b>	-
Transfer to stage 2	<b>-34</b>	<b>59</b>	<b>-25</b>	-
Transfer to stage 3	<b>-5</b>	<b>-38</b>	<b>43</b>	-
Assets of the Daimler commercial vehicle business held for distribution	<b>-91</b>	<b>-33</b>	<b>-269</b>	<b>-393</b>
Currency translation and other changes	<b>19</b>	<b>11</b>	<b>21</b>	<b>51</b>
<b>Balance at 31 December 2021<sup>1</sup></b>	<b>339</b>	<b>142</b>	<b>556</b>	<b>1,037</b>

1 Including the part of allowances that was reclassified to the "Assets held for sale" item of the Consolidated Statement of Financial Position.



## D.48

### 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				
<b>At 31 December 2021<sup>1</sup></b>				
<b>Gross carrying amount</b>	<b>79,271</b>	<b>3,053</b>	<b>1,566</b>	<b>83,890</b>
thereof				
not past due	78,742	2,033	353	81,128
past due 30 days and less	521	394	93	1,008
past due 31 to 60 days	8	430	54	492
past due 61 to 90 days	-	194	50	244
past due 91 to 180 days	-	2	368	370
past due more than 180 days	-	-	648	648
<b>At 31 December 2020</b>				
<b>Gross carrying amount</b>	<b>90,399</b>	<b>5,308</b>	<b>2,076</b>	<b>97,783</b>
thereof				
not past due	89,742	3,853	469	94,064
past due 30 days and less	641	696	97	1,434
past due 31 to 60 days	16	557	129	702
past due 61 to 90 days	-	202	134	336
past due 91 to 180 days	-	-	472	472
past due more than 180 days	-	-	775	775

<sup>1</sup> Including the part of allowances that was reclassified to the "Assets held for sale" item of the Consolidated Statement of Financial Position.

## 16. Marketable debt securities and similar investments

The marketable debt securities and similar investments with a carrying amount of €7,579 million (2020: €6,397 million) are part of the Group's liquidity management and comprise financial instruments recognised at fair value through other comprehensive income, at fair value through profit or loss, or at amortised cost.

When a short-term liquidity requirement is covered with quoted securities, those securities are presented as current assets.

At 31 December 2021, the Group held securities in the amount of €0.4 billion (2020: €0.8 billion) which can be used as collateral for open-market transactions with the Deutsche Bundesbank.

Further information on marketable debt securities and similar investments is provided in [Note 33](#).

## 17. Other financial assets

The line item other financial assets presented in the Consolidated Statement of Financial Position is comprised as shown in table [D.49](#).

Other financial assets recognised at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

At 31 December 2021, receivables with a carrying amount of €908 million (2020: €529) million were pledged as collateral for liabilities.

Further information on other financial assets is provided in [Note 33](#).

### D.49

#### Other financial assets

	At 31 December 2021			At 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Equity instruments and debt instruments	-	1,576	1,576	-	1,311	1,311
recognised at fair value through other comprehensive income	-	911	911	-	942	942
recognised at fair value through profit or loss	-	665	665	-	369	369
Derivative financial instruments used in hedge accounting	128	892	1,020	423	1,722	2,145
Other financial assets recognised at fair value through profit or loss	38	23	61	47	27	74
Other receivables and miscellaneous other financial assets	2,913	690	3,603	2,287	1,107	3,394
	3,079	3,181	6,260	2,757	4,167	6,924

## 18. Other assets

Non-financial other assets are comprised as shown in table [D.50](#).

Other expected reimbursements predominantly relate to recovery claims from our suppliers in connection with issued product warranties.

### D.50

#### Other assets

	31 December 2021			31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Reimbursements due to income tax refunds	591	398	989	527	234	761
Reimbursements due to other tax refunds	2,282	40	2,322	2,545	79	2,624
Other expected reimbursements	187	155	342	198	179	377
Prepaid expenses	445	121	566	670	91	761
Others	568	822	1,390	594	328	922
	4,073	1,536	5,609	4,534	911	5,445

## 19. Inventories

Inventories are comprised as shown in table [D.51](#).

### D.51

#### Inventories

	At 31 December	
	2021	2020
In millions of euros		
Raw materials and manufacturing supplies	2,488	3,010
Work in progress	3,969	3,629
Finished goods, parts and products held for resale	14,829	19,675
Advance payments to suppliers	180	130
	21,466	26,444

The amount of write-down of inventories to net realisable value recognised as an expense in cost of sales was €231 million 2021 (2020: €294 million). Inventories that are expected to be recovered or settled after more than twelve months amounted to €755 million at 31 December 2021 (31 December 2020: €977 million) and are primarily spare parts.

As collateral for certain vested employee benefits in Germany, the value of company cars and demonstration cars of the Mercedes-Benz Cars & Vans segment included in inventories is pledged as collateral to the Daimler Pension Trust e.V. in an amount of €791 million at 31 December 2021 (31 December 2020: €909 million).

In addition, inventories with a carrying amount of €12 million at 31 December 2021 (31 December 2020: €275 million) were pledged as collateral for liabilities from ABS transactions (see also [Note 25](#)).

## 20. Trade receivables

Trade receivables are comprised as shown in table [D.52](#).

### D.52

#### Trade receivables

	At 31 December	
	2021	2020
In millions of euros		
Gross carrying amount	7,818	10,873
Loss allowances	-145	-224
Net carrying amount	7,673	10,649

At 31 December 2021, €32 million of the trade receivables mature after more than one year (31 December 2020: €35 million).

Trade receivables are receivables from contracts with customers within the scope of IFRS 15.

#### Loss allowances

The development of loss allowances due to expected credit losses for trade receivables is shown in table [D.53](#).

## D.53

### 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			
<b>Balance at 1 January 2020</b>	98	145	243
Additions	26	86	112
Remeasurement changes	8	2	10
Utilisation	-9	-38	-47
Reversals	-18	-58	-76
Change in measurement methods	-	-	-
Transfer to stage 2	1	-1	-
Transfer to stage 3	-1	1	-
Currency translation and other effects	-4	-14	-18
<b>Balance at 31 December 2020</b>	101	123	224
Additions	17	44	61
Remeasurement changes	-	6	6
Utilisation	-15	-14	-29
Reversals	-19	-46	-65
Change in measurement methods	-	-	-
Transfer to stage 2	-4	4	-
Transfer to stage 3	-	-	-
Assets of the Daimler commercial vehicle business held for distribution	-26	-28	-54
Currency translation and other effects	2	-	2
<b>Balance at 31 December 2021</b>	56	89	145

## Credit risks

Information on credit risks included in trade receivables is shown in table [D.54](#).

### D.54

#### Credit risks included in trade receivables

	Lifetime expected credit loss		Total
	not credit impaired  (Stage 2)	credit impaired  (Stage 3)	
In millions of euros			
<b>At 31 December 2021<sup>1</sup></b>			
<b>Gross carrying amount</b>	<b>7,731</b>	<b>117</b>	<b>7,848</b>
thereof			
not past due	<b>6,788</b>	<b>2</b>	<b>6,790</b>
past due 30 days and less	<b>566</b>	<b>1</b>	<b>567</b>
past due 31 to 60 days	<b>102</b>	<b>-</b>	<b>102</b>
past due 61 to 90 days	<b>36</b>	<b>1</b>	<b>37</b>
past due 91 to 180 days	<b>56</b>	<b>36</b>	<b>92</b>
past due more than 180 days	<b>183</b>	<b>77</b>	<b>260</b>
<b>At 31 December 2020</b>			
<b>Gross carrying amount</b>	<b>10,589</b>	<b>284</b>	<b>10,873</b>
thereof			
not past due	<b>8,755</b>	<b>93</b>	<b>8,848</b>
past due 30 days and less	<b>976</b>	<b>9</b>	<b>985</b>
past due 31 to 60 days	<b>198</b>	<b>4</b>	<b>202</b>
past due 61 to 90 days	<b>111</b>	<b>1</b>	<b>112</b>
past due 91 to 180 days	<b>170</b>	<b>42</b>	<b>212</b>
past due more than 180 days	<b>379</b>	<b>135</b>	<b>514</b>

<sup>1</sup> Including the part of allowances that was reclassified to the "Assets held for sale" item of the Consolidated Statement of Financial Position.

Further information on financial risk and types of risk is provided in [Note 34](#).

## 21. Equity

See also the Consolidated Statement of Changes in Equity [➔ D.05](#).

### Share capital

The share capital (authorised capital) is divided into no-par-value shares. All shares are fully paid up. Each share confers the right to one vote at the Annual Shareholders' Meeting of Mercedes-Benz Group AG and, if applicable, with the exception of any new shares potentially not entitled to dividends, to an equal portion of the profits as defined by the dividend distribution decided upon at the Annual Shareholders' Meeting. Each share represents a proportionate amount of approximately €2.87 of the share capital.

Since 1 January 2020, there has been no change in the number of shares outstanding/issued. The number at 31 December 2021 is 1,070 million, unchanged from 31 December 2020.

### Approved capital

The Annual Shareholders' Meeting held on 5 April 2018 authorised the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until 4 April 2023, by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2018). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). Among other things, the Board of Management was authorised with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Approved Capital 2018 has not yet been utilised.

### Conditional capital

By resolution of the Annual Shareholders' Meeting on 8 July 2020, the Board of Management is authorised, with the consent of the Supervisory Board, until 7 July 2025 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in instalments, or simultaneously in various tranches as well as by subsidiaries of the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management is authorised with the consent of the Supervisory Board to exclude shareholders' subscription rights for the bonds under certain conditions and within defined constraints.

In order to fulfil the conditions of the above-mentioned authorisation, the Annual Shareholders' Meeting on 8 July 2020 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2020).

The new authorisation to issue convertible and/or warrant bonds was not utilised in the reporting period.

### **Treasury shares**

By resolution of the Annual Shareholders' Meeting on 8 July 2020, the Board of Management is authorised, with the consent of the Supervisory Board, until 7 July 2025 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution or – if this is lower – of the share capital existing at the time of the authorisation being exercised, to be used for all permissible purposes. The shares can be used, among other things, with the exclusion of shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfil 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 the Company's subsidiaries pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be cancelled.

In a volume up to 5% of the share capital issued as of the day of the resolution of the Annual Shareholders' Meeting, the Board of Management is authorised, with the consent of the Supervisory Board, to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereby the term of a derivative must not exceed 18 months and must not end later than 7 July 2025.

The authorisation to acquire treasury shares was not utilised in the reporting period.

### **Employee share purchase plan**

In the first quarter of 2021, as in the previous year pursuant to Section 71 Subsection 1 No. 2, of the German Stock Corporation Act (AktG) without utilising the authorisation to acquire treasury shares granted by the Annual Shareholders' Meeting on 8 July 2020, 0.7 million Daimler shares representing €1.9 million or 0.06% of the share capital were purchased for a price of €48 million and reissued to employees (2020: 1.1 million Daimler shares representing €3.0 million or 0.10% of the share capital were purchased for a price of €30 million).

### **Capital reserves**

Capital reserves primarily comprise premiums arising on the issue of shares as well as expenses relating to the exercise of the up to 2014 exercisable stock option plans and the issue of employee shares, effects from changes in ownership interests in consolidated entities and directly attributable related transaction costs.

### **Retained earnings**

Retained earnings comprise the accumulated net profits and losses of all companies included in Mercedes-Benz Group's Consolidated Financial Statements, less any profits distributed. In addition, the effects of remeasuring defined benefit plans as well as the related deferred taxes are presented within retained earnings.

### **Dividend**

Under the German Stock Corporation Act (AktG), the dividend is paid out of the distributable profit reported in the annual financial statements of Mercedes-Benz Group AG (parent company only) in accordance with the German Commercial Code (HGB). For the year ended 31 December 2021, the management will propose to the shareholders at the Annual Shareholders' Meeting to pay out €5,349 million of the distributable profit of Mercedes-Benz Group AG as a dividend to the shareholders, equivalent to €5.00 per no-par-value share entitled to a dividend (2020: €1,444 million and €1.35 per no-par-value share entitled to a dividend respectively).

### **Other reserves**

Other reserves comprise accumulated unrealised gains/losses from currency translation of the financial statements of the consolidated foreign companies and accumulated unrealised gains/losses on financial assets, derivative financial instruments and equity-method investments.

Table [D.02](#) shows the details of changes in other reserves in other comprehensive income/loss.



## 22. Share-based payment

At 31 December 2021, the Group has the 2018-2021 Performance Phantom Share Plans (PPSP) outstanding. The PPSP are cash-settled share-based payment instruments and are measured at their respective fair values at the balance sheet date. The PPSP are paid out at the end of the stipulated holding period; earlier, pro-rated payout is possible in the case of beneficiaries leaving the Group only if certain defined conditions are met. PPSP 2017 was paid out as planned in the first quarter of 2021.

Moreover, 50% of the annual bonus of the members of the Board of Management is paid out after a waiting period of one year. The actual payout is determined by the development of Mercedes-Benz Group shares compared to an automobile-related index (Auto-STOXX). The fair value of this medium-term annual bonus, which depends on that development, is measured by using the intrinsic value at the reporting date.

The pre-tax effects of share-based payment arrangements for the executives of the Group and the members of the Board of Management of Mercedes-Benz Group AG on the Consolidated Statement of Income and Consolidated Statement of Financial Position are shown in table [D.55](#).

Table [D.55](#) shows expenses in the Consolidated Statement of Income resulting from the rights of current members of the Board of Management.

The details shown in table [D.55](#) do not represent any paid or committed remuneration, but refer to expenses calculated according to IFRS. Details of the remuneration of the members of the Board of Management in 2021 can be found in the Remuneration Report.

## D.55

### Effects of share-based payment from continuing operations

	Expense		Provision	
	2021	2020	At 31 December 2021	At 31 December 2020
In millions of euros				
PPSP	-427	-79	515	141
thereof PPSP of the members of the Board of Management	-20	-6	28	11
Medium-term component of annual bonus of the members of the Board of Management	-7	-5	12	6
	-434	-84	527	147

### Performance Phantom Share Plans

In 2021, the Group adopted a Performance Phantom Share Plan (PPSP), similar to those used in previous years, under which eligible employees are granted phantom shares entitling them to receive cash payments after four years. During the four-year period between the allocation of the preliminary phantom shares and the payout of the plan at the end of the term, the phantom shares earn a dividend equivalent to the amount of the actual dividend paid on ordinary Mercedes-Benz Group shares. The amount of cash paid to eligible employees at the end of the holding period is based on the number of vested phantom shares (determined over a three-year performance period) multiplied by the quoted price of the Mercedes-Benz Group's ordinary shares (calculated as an average price over a specified period at the end of the four-year plan period). The vesting period is therefore four years. For the existing plans, the quoted price of the Mercedes-Benz Group's ordinary shares to be used for the payout is limited to 2.5 times the Mercedes-Benz Group share price at the date of grant. Furthermore, the payout for the members of the Board of Management is also limited to 2.5 times the allotment value used to determine the preliminary number of phantom shares. The limitation of the payout for the members of the Board of Management also includes the dividend equivalent.

The number of phantom shares that vest of the PPSPs granted is based on the relative share performance, which measures the performance development of a performance index based on shares of a peer group including Mercedes-Benz Group, and the return on sales (RoS) of the Mercedes-Benz Group compared with the average RoS of a competitor group. In addition, beginning with plan PPSP 2018, the average RoS of the competitor group is revenue-weighted.

Special rules apply for the members of the Board of Management: the Mercedes-Benz Group's RoS must be not equal to but higher than that of the competitors in order to obtain the same target achievement as the other plan participants. Furthermore, an additional limit on target achievement was agreed upon for the reference parameter RoS for the members of the Board of Management. In the case of target achievement between 195% and 200%, an additional comparison is made on the basis of the RoS achieved in absolute terms. If the actual RoS for the automotive business is below the strategic target in the third year of the performance period, target achievement is limited to 195%.

The Group recognises a provision for awarding the PPSP in the Consolidated Statement of Financial Position. Since payment per vested phantom share depends on the quoted price of Mercedes-Benz Group AG's ordinary shares, that quoted price essentially represents the fair value of each phantom share. The proportionate remuneration expenses from the PPSP recognised in the individual years are measured based on the price of Mercedes-Benz Group AG ordinary shares and the estimated target achievement.

With the completion of the spin-off and hive-down of the Daimler commercial vehicle business, the outstanding PPSP plans will be continued as Group-specific plans. In this context, the plan conditions for the PPSP 2018 to PPSP 2021 that are still outstanding have been adjusted as explained below.

#### AMENDED TERMS OF THE PPSP 2018

The term of the PPSP 2018 ends on 31 December 2021 and the final number of phantom shares has been determined. In contrast to the original plan conditions, the rate by which the (final) number of vested phantom

shares is multiplied, is determined on the basis of the average share prices of Mercedes-Benz Group AG and Daimler Truck Holding AG within a specific period at the beginning of 2022, taking into account the allocation ratio defined for the shareholders, in which each shareholder received one Daimler Truck Holding AG share for every two Mercedes-Benz Group AG shares.

#### AMENDED TERMS OF THE PPSP 2019 TO 2021

With the PPSP 2019 to 2021, further adjustments are necessary in order to continue the respective plans after the spin-off on a Group-specific basis. The number of phantom shares granted is adjusted using a conversion factor. The conversion factor increases the number of (preliminary) granted Mercedes-Benz Group AG phantom shares by exchanging the notional allocation of phantom shares in Daimler Truck Holding AG for additional Mercedes-Benz Group AG phantom shares on the basis of the allocation ratio defined for the shareholders. The increase in the number of (preliminary) granted Mercedes-Benz Group AG phantom shares represents equivalent compensation for the loss in value from the spin-off. The exchange takes place based on the average of the prices of the Mercedes-Benz Group AG shares and the shares of Daimler Truck Holding AG within a specific period in December 2021. The cash payment after the spin-off is determined on the basis of the specific performance factors of the Mercedes-Benz Group.

The payment of a dividend equivalent will be based in the future on the adjusted number of performance phantom shares and the actual dividend paid on ordinary shares of Mercedes-Benz Group AG.

In the case that participants have been transferred from a company of the Mercedes-Benz Group to a company of Daimler Truck Group or vice versa, the provision has also been transferred against a compensation payment to the extent possible. The PPSP is ultimately paid out by the new employer company. In the case that the provision could not be transferred, a reimbursement agreement is in place for the portion of the PPSP that was earned in a company of the respective other group prior to the spin-off.

## 23. Pensions and similar obligations

Table [D.56](#) shows the composition of provisions for pension benefit plans and similar obligations.

### D.56

#### Composition of provisions for pensions and similar obligations

	31 December	
	2021	2020 <sup>1</sup>
In millions of euros		
Provision for pension benefits	<b>4,914</b>	11,047
Provision for other post-employment benefits	<b>445</b>	1,023
	<b>5,359</b>	12,070

<sup>1</sup> The spin-off of Daimler's commercial vehicle business is included in the amounts as of 31 December 2020.

At the Mercedes-Benz Group, defined benefit pension plans exist as well as defined contribution pension plans, specific to the various countries. In addition, to a smaller extent healthcare benefit obligations are recognised outside Germany.

#### Defined benefit pension plans

Provisions for pension obligations are made for defined commitments to active and former employees of the Mercedes-Benz Group and their survivors. The defined benefit pension plans provided by the Mercedes-Benz Group generally vary according to the economic, tax and legal circumstances of the country concerned. Most of the defined benefit pension plans also provide benefits in the case of invalidity and death.

The Group's main German and non-German 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 Company 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 to retirement benefits 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 to retirement benefits made as of 2011, the Company 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 instalments, 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 earnings-conversion models.

Most of the pension obligations in Germany relating to defined benefit pension plans are funded by investment funds. Contractual trust arrangements (CTA) exist between Mercedes-Benz Group as well as some subsidiaries in Germany and the Daimler Pension Trust e.V. The Daimler Pension Trust e.V. acts as a collateral trust fund.

In 2018, Mercedes-Benz Group AG transferred certain defined benefit obligations and plan assets of retired employees to Daimler Pensionsfonds AG (pension fund). These benefits are administered by that non-insurance-like pension fund, which falls under the scope of the Act on the Supervision of Insurance Undertakings and is therefore subject to the oversight of the Federal Financial Supervisory Agency (BaFin). Insofar as in the future, BaFin rules that a deficit has occurred in the pension fund, a supplementary contribution will be required from Mercedes-Benz Group AG.

In Germany, there are normally no statutory or regulatory minimum funding requirements.

### Non-German pension plans and pension plan assets

Outside Germany, there are plans relating to final salaries as well plans relating to 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 with Group-wide validity. 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 company of the 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 Mercedes-Benz 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 German 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. Unfavourable developments, especially of equity prices and fixed-interest securities, could reduce that fair value. The diversification of investment funds, the engagement of asset managers using quantitative and qualitative analyses, and the continual monitoring of performance and risk help to reduce the associated investment risk. The Group regularly makes additional contributions to the plan assets in order to cover future obligations from defined benefit pension plans.

As a general principle, it is the 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.

### Other post-employment benefits

Certain foreign subsidiaries of the Mercedes-Benz 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. Table [D.57](#) shows key data for other post-employment benefits. The decrease in the present value of defined benefit obligations results from the disposal of the obligations in the context of the deconsolidation of the Daimler commercial vehicle business. The effect from the adjustment of the future contributions to other post-employment benefits of one plan in the United States is included in the net periodic cost for other post-employment benefits in 2020.

### D.57

#### Key data for other post-employment benefits

	2021	2020 <sup>1</sup>
In millions of euros		
Present value of defined benefit obligations	445	1,023
Fair value of reimbursement rights	-	-
Funded status	-445	-1,023
Net periodic cost for other post-employment benefits	-25	117

<sup>1</sup> The spin-off of Daimler's commercial vehicle business is included in the amounts as of 31 December 2020.

### **Reconciliation of the net obligation from defined benefit pension plans**

The development of the present value of the defined benefit obligations and of the fair value of plan assets is shown in table [7 D.58](#). This includes effects of the Daimler commercial vehicle business until the date of deconsolidation. The table thus presents continuing and discontinued operations.

### **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 Group's pension plan assets is shown in table [7 D.59](#).

Market prices are usually available for equities and bonds due to their listing in active markets. Most of the bonds have investment grade ratings. They include government bonds of very good creditworthiness.

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. The investment strategy for the pension plan assets is generally oriented towards the structure of the pension obligations.

## D.58

### Present value of defined benefit pension obligations and fair value of plan assets

	2021			2020		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
<b>Present value of the defined benefit obligation at 1 January</b>	<b>39,846</b>	<b>35,484</b>	<b>4,362</b>	36,195	31,770	4,425
Current service cost	823	744	79	795	686	109
Interest cost	258	145	113	444	309	135
Contributions by plan participants	31	26	5	30	25	5
Actuarial gains (-)/losses from changes in demographic assumptions	-14	-2	-12	-50	10	-60
Actuarial gains (-)/losses from changes in financial assumptions	-3,573	-3,488	-85	3,830	3,494	336
Actuarial gains (-)/losses from experience adjustments	-31	-4	-27	4	-1	5
Actuarial gains (-)/losses	-3,618	-3,494	-124	3,784	3,503	281
Past service cost, curtailments and settlements	7	-	7	-104	-	-104
Pension benefits paid	-1,077	-863	-214	-1,023	-821	-202
Reduction of the present value of the defined benefit obligations resulting from the spin-off of Daimler's commercial vehicle business	-8,094	-5,542	-2,552	-	-	-
Currency exchange-rate changes and other changes	328	80	248	-275	12	-287
<b>Present value of the defined benefit obligation at 31 December</b>	<b>28,504</b>	<b>26,580</b>	<b>1,924</b>	39,846	35,484	4,362
<b>Fair value of plan assets at 1 January</b>	<b>28,870</b>	<b>25,400</b>	<b>3,470</b>	27,760	24,454	3,306
Interest income from plan assets	188	101	87	328	233	95
Actuarial gains/losses (-)	1,055	886	169	1,148	800	348
Actual result on plan assets	1,243	987	256	1,476	1,033	443
Contributions by the employer	852	742	110	788	663	125
Contributions by plan participants	30	26	4	30	25	5
Pension benefits paid	-1,014	-830	-184	-964	-786	-178
Reduction of the fair value of plan assets resulting from the spin-off of Daimler's commercial vehicle business	-6,097	-4,021	-2,076	-	-	-
Currency exchange-rate changes and other changes	328	88	240	-220	11	-231
<b>Fair value of plan assets at 31 December</b>	<b>24,212</b>	<b>22,392</b>	<b>1,820</b>	28,870	25,400	3,470
<b>Funded status at 31 December</b>	<b>-4,292</b>	<b>-4,188</b>	<b>-104</b>	-10,976	-10,084	-892
actuarial loss due to asset ceiling	-14	-	-14	-3	-	-3
<b>Net defined benefit liability at 31 December</b>	<b>-4,306</b>	<b>-4,188</b>	<b>-118</b>	-10,979	-10,084	-895
thereof recognised in other assets	608	469	139	68	-	68
thereof recognised in provisions for pensions and similar obligations	-4,914	-4,657	-257	-11,047	-10,084	-963

## D.59

### Composition of plan assets

	31 December 2021			31 December 2020 <sup>1</sup>		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Equities <sup>2</sup>	7,124	6,791	333	8,170	7,092	1,078
Government bonds	4,219	3,583	636	4,738	3,991	747
Corporate bonds	10,221	9,696	525	11,940	10,759	1,181
Securitised bonds	183	77	106	70	61	9
Bonds	14,623	13,356	1,267	16,748	14,811	1,937
Other exchange-traded instruments	22	16	6	10	3	7
<b>Exchange-traded instruments</b>	<b>21,769</b>	<b>20,163</b>	<b>1,606</b>	<b>24,928</b>	<b>21,906</b>	<b>3,022</b>
Alternative investments and other non-exchange-traded instruments	592	503	89	1,213	980	233
Real estate	570	506	64	482	381	101
Cash and cash equivalents	1,281	1,220	61	2,247	2,133	114
<b>Non-exchange-traded instruments</b>	<b>2,443</b>	<b>2,229</b>	<b>214</b>	<b>3,942</b>	<b>3,494</b>	<b>448</b>
<b>Fair value of plan assets</b>	<b>24,212</b>	<b>22,392</b>	<b>1,820</b>	<b>28,870</b>	<b>25,400</b>	<b>3,470</b>

<sup>1</sup> The plan assets of Daimler's spun-off of commercial vehicle business are included in the plan assets as of 31 December 2020.

<sup>2</sup> Including the shares in Nissan in the amount of €497 million; including the shares in Renault and Nissan of €983 million in total as of 31 December 2020.

## Pension cost

The components of pension cost for continuing operations included in the Consolidated Statement of Income are shown in table [D.60](#). The gain shown in 2020 as past service cost results from the freeze of a defined benefit pension plan in the United States.

## D.60

### Pension cost

	2021			2020		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Current service cost	-604	-581	-23	-584	-533	-51
Past service cost, curtailments and settlements	-9	-	-9	105	-	105
Net interest expense	-41	-33	-8	-70	-57	-13
Net interest income	4	-	4	3	-	3
	<b>-650</b>	<b>-614</b>	<b>-36</b>	<b>-546</b>	<b>-590</b>	<b>44</b>

### Measurement assumptions

The measurement date for the Group's defined benefit pension obligations and plan assets is generally 31 December. The measurement date for the Group's net periodic pension cost is generally 1 January. 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 uses life expectancy for the German plans based on the 2018 G Heubeck-mortality tables. Comparable country-specific calculation methods are used for non-German plans.

Table [D.61](#) 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.62](#).

The calculations carried out by actuaries were done in isolation for the evaluation parameters regarded as important. 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 life expectancy one year higher or one year lower is arrived at.

### Effect on future cash flows

In January 2022, around 5% of the shares in Daimler Truck Holding AG were contributed into German pension plan assets, which are held on trust by Daimler Pension Trust e.V.. The contribution is a non-cash transaction and amounted to €1.3 billion. For the year 2022, the Mercedes-Benz Group will decide in the fourth quarter of the year whether or not and in which amount to make further contributions in addition to contributing the shares in Daimler Truck Holding AG. The pensions benefits paid are expected to amount to €0.9 billion in 2022.

The weighted average duration of the defined benefit obligations is shown in table [D.63](#).

### Defined contribution pension plans

Under defined contribution pension plans, the Mercedes-Benz Group makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks for the Mercedes-Benz Group in excess of the defined contributions. The Group also pays contributions to governmental pension schemes. In 2021, the total cost from defined contribution plans amounted to €1.5 billion (2020: €1.6 billion). Of those payments, €1.3 billion (2020: €1.5 billion) was related to governmental pension plans.



## D.61

### Significant factors for the calculation of pension benefit obligations

	31 December		31 December	
	2021	2020 <sup>1</sup>	2021	2020 <sup>1</sup>
	German Plans	German Plans	Non-German Plans	Non-German Plans
In percent				
Discount rates	<b>1.1</b>	0.4	<b>2.7</b>	2.5
Expected increase in cost of living <sup>2</sup>	<b>1.8</b>	1.8	-	-

1 The spin-off of Daimler's commercial vehicle business is included in the amounts as of 31 December 2020.

2 For German plans, expected increases in cost of living may affect – depending on the design of the pension plan – the obligation to the 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.62

### Sensitivity analysis for the present value of defined benefit pension obligations<sup>1</sup>

		31 December 2021			31 December 2020 <sup>1</sup>		
		Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros							
Sensitivity for discount rates	+ 0.25%	<b>-1,046</b>	<b>-971</b>	<b>-75</b>	-1,611	-1,448	-163
Sensitivity for discount rates	- 0.25%	<b>1,112</b>	<b>1,033</b>	<b>79</b>	1,719	1,549	170
Sensitivity for expected increases in cost of living	+ 0.10%	<b>88</b>	<b>73</b>	<b>15</b>	118	102	16
Sensitivity for expected increases in cost of living	- 0.10%	<b>-88</b>	<b>-72</b>	<b>-16</b>	-121	-102	-19
Sensitivity for life expectancy	+ 1 year	<b>467</b>	<b>432</b>	<b>35</b>	627	522	105
Sensitivity for life expectancy	- 1 year	<b>-411</b>	<b>-377</b>	<b>-34</b>	-563	-454	-109

1 The spin-off of Daimler's commercial vehicle business is included in the amounts as of 31 December 2020.

## D.63

### Weighted average duration of the defined benefit obligations

	2021	2020 <sup>1</sup>
In years		
German plans	<b>16</b>	17
Non-German plans	<b>16</b>	16

1 The spin-off of Daimler's commercial vehicle business is included in the amounts as of 31 December 2020.

## 24. Provisions for other risks

The development of provisions for other risks is summarised in table [D.64](#).

### Product warranties

The Mercedes-Benz 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 recall campaigns. This also includes measures relating to Mercedes-Benz diesel vehicles in various regions as well as recalls, in particular for an extended recall of Takata airbags. The utilisation date of product warranties depends on the incidence of the warranty claims and can span the entire term of the product warranties. The cash outflow for non-current product warranties are primarily expected within a period until 2024.

### Personnel and social costs

Provisions for personnel and social costs primarily comprise expected expenses of the Group for employee anniversary bonuses, profit sharing arrangements and management bonuses as well as early-retirement and partial-retirement plans. The additions recorded to the provisions for profit sharing and management bonuses in the reporting year usually result in cash outflows in the following year. The cash outflows for non-current provisions for personnel and social costs are primarily expected within a period until 2032.

### 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. They primarily include risks from litigation and regulatory proceedings in relation to Mercedes-Benz diesel vehicles. The cash outflows in relation to non-current provisions are primarily expected within a period until 2023.

Further information on liability and litigation risks and regulatory proceedings is provided in [Note 31](#).

### Other

Provisions for other risks primarily comprise expected costs for provisions for environmental protection, other taxes and charges related to income taxes. They also include provisions for anticipated losses on contracts and various other risks which cannot be allocated to any other class of provision.

## D.64

### Provisions for other risks

	Product warranties	Personnel and social costs	Litigation risks and regulatory proceedings	Other	Total
In millions of euros					
<b>Balance at 31 December 2020</b>	8,476	4,638	4,625	2,711	20,450
thereof current	3,995	1,624	1,578	2,137	9,334
thereof non-current	4,481	3,014	3,047	574	11,116
Additions	<b>4,147</b>	<b>3,196</b>	<b>358</b>	<b>1,331</b>	<b>9,032</b>
Utilisations	<b>-3,837</b>	<b>-1,448</b>	<b>-1,200</b>	<b>-1,054</b>	<b>-7,539</b>
Reversals	<b>-435</b>	<b>-144</b>	<b>-96</b>	<b>-669</b>	<b>-1,344</b>
Compounding and effects from changes in discount rates	<b>1</b>	<b>-124</b>	<b>5</b>	<b>-2</b>	<b>-120</b>
Currency translation and other changes <sup>1</sup>	<b>-1,566</b>	<b>-1,497</b>	<b>-1,054</b>	<b>-400</b>	<b>-4,517</b>
<b>Balance at 31 December 2021</b>	<b>6,786</b>	<b>4,621</b>	<b>2,638</b>	<b>1,917</b>	<b>15,962</b>
thereof current	<b>3,438</b>	<b>1,996</b>	<b>1,139</b>	<b>1,480</b>	<b>8,053</b>
thereof non-current	<b>3,348</b>	<b>2,625</b>	<b>1,499</b>	<b>437</b>	<b>7,909</b>

<sup>1</sup> Including the provisions disposed of as part of the deconsolidation of the Daimler commercial vehicle business.

## 25. Financing liabilities

The composition of financing liabilities is shown in table [D.65](#).

Information on the maturities of lease liabilities as of 31 December 2021 is provided in [Note 34](#).

### D.65

#### Financing liabilities

	At 31 December 2021			At 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	15,141	51,225	66,366	17,806	58,857	76,663
Commercial paper	57	-	57	664	-	664
Liabilities to financial institutions	14,897	9,100	23,997	19,703	12,688	32,391
Deposits in the direct banking business	11,559	2,032	13,591	10,868	3,648	14,516
Liabilities from ABS transactions	9,572	8,831	18,403	8,819	7,748	16,567
Lease liabilities	496	2,066	2,562	678	3,069	3,747
Loans, other financing liabilities	578	289	867	765	529	1,294
	52,300	73,543	125,843	59,303	86,539	145,842

## 26. Other financial liabilities

The composition of other financial liabilities is shown in table [D.66](#).

Financial liabilities measured at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

Further information on other financial liabilities is provided in [Note 33](#).

## D.66

### Other financial liabilities

	At 31 December 2021			At 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Derivative financial instruments used in hedge accounting	333	1,087	1,420	115	252	367
Financial liabilities recognised at fair value through profit or loss	104	26	130	26	14	40
Liabilities from residual value guarantees	653	212	865	929	820	1,749
Liabilities from wages and salaries	1,045	10	1,055	1,565	42	1,607
Accrued interest expenses	741	–	741	885	–	885
Deposits received	264	408	672	501	511	1,012
Other	2,857	65	2,922	2,606	332	2,938
Miscellaneous other financial liabilities	5,560	695	6,255	6,486	1,705	8,191
	5,997	1,808	7,805	6,627	1,971	8,598

## 27. Deferred income

The composition of deferred income is shown in table [D.67](#).

## D.67

### Deferred income

	At 31 December 2021			At 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Deferral of sales revenue received from sales with residual-value guarantees	86	90	176	288	560	848
Deferral of advance rental payments received from operating lease arrangements	1,132	957	2,089	975	890	1,865
Other deferred income	268	128	396	331	117	448
	1,486	1,175	2,661	1,594	1,567	3,161

## 28. Contract and refund liabilities

Table [D.68](#) shows the composition of contract and refund liabilities.

### D.68

#### Contract and refund liabilities

	At 31 December	
	2021	2020
In millions of euros		
Service and maintenance contracts and extended warranties	4,171	6,166
Other contract liabilities	1,638	1,678
Contract liabilities	5,809	7,844
Obligations from sales transactions	3,857	4,627
Other refund liabilities	243	485
Refund liabilities	4,100	5,112
Contract and refund liabilities	9,909	12,956
thereof non-current	3,980	5,787
thereof current	5,929	7,169

The decrease in contract liabilities includes €2,840 million from the spin-off and hive-down of Daimler's commercial vehicle business.

## 29. Other liabilities

Table [D.69](#) shows the composition of other liabilities.

### D.69

#### Other liabilities

	At 31 December 2021			At 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax liabilities	1,457	722	2,179	1,001	953	1,954
Other tax liabilities	1,473	1	1,474	2,214	1	2,215
Miscellaneous other liabilities	156	4	160	189	27	216
	3,086	727	3,813	3,404	981	4,385

## 30. Consolidated Statement of Cash Flows

### Calculation of funds

At December 31, 2021, cash and cash equivalents included restricted funds of €36 (2020: € 133 million). The restricted funds primarily relate to subsidiaries where exchange controls apply so that the Group has restricted access to the funds.

### Cash provided by operating activities

Changes in other operating assets and liabilities are shown in table [D.70](#).

The decrease of the miscellaneous other assets and liabilities in comparison to the prior year period was related to financial and non-financial assets and liabilities. Major negative effects resulted from tax rebates and liabilities in connection with VAT due to the improved overall business performance in the year 2021, whereas in the prior year the business performance was highly negative affected by the worldwide consequences of the covid-19 pandemic. Further major negative effects were primarily related to financial assets.

Table [D.71](#) shows cash flows included in cash provided by operating activities.

The line item other non-cash expense and income within the reconciliation of profit before income taxes to cash provided by operating activities in the reporting year primarily comprised of the deconsolidation of the spin-off and hive-down of the Daimler commercial vehicle business, the result from the Group's share in the profit/loss of companies accounted for using the equity method and the remeasurement of the interest in Daimler Truck Fuel Cell GmbH & Co. KG, that is still held by the Mercedes-Benz Group. In the prior year, the line item primarily comprised the Group's share in the profit/loss of companies accounted for using the equity method as well as an impairment loss with respect to its investment in BAIC Motor due to a reassessment of the business development in light of the covid-19 pandemic.

### Cash used for financing activities

Cash used for financing activities includes cash flows from hedging the currency risks of financial liabilities. Cash used for financing activities included payments for the reduction of outstanding leasing liabilities of €743 million (2020: €729 million).

Table [7 D.72](#) includes changes in liabilities arising from financing activities, divided into cash and non-cash components.

#### D.70

##### Changes in other operating assets and liabilities

	2021	2020
In millions of euros		
Provisions	-100	-323
Financial instruments	-29	-31
Miscellaneous other assets and liabilities	-1,132	1,007
	-1,261	653

#### D.71

##### Cash flows included in cash provided by operating activities

	2021	2020
In millions of euros		
Interest paid	-367	-158
Interest received	154	179
Dividends received from equity-method investments	1,625	1,783
Dividends received from other shareholdings	28	25

#### D.72

##### Changes in liabilities arising from financing activities

	2021	2020
In millions of euros		
Cash flows	-17,200	-9,503
Deconsolidation of Daimler's commercial vehicles business	-7,801	-
Changes in foreign exchange rates	4,634	-7,023
Fair value changes	255	-584
Other changes	304	997

### 31. Legal proceedings

Mercedes-Benz Group AG and its subsidiaries are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights (including but not limited to patent infringement actions), warranty claims, environmental matters, antitrust matters (including actions for damages) as well as investor litigation. Product-related litigation involves claims alleging faults in vehicles. Some of these claims are asserted by way of class actions. If the outcome of such legal proceedings is detrimental to Mercedes-Benz 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, which would adversely affect the earnings of Mercedes-Benz Group AG. Legal proceedings and related settlements may also have an impact on the Company's reputation.

Up until the effective date of the spin-off of a majority interest in Daimler Truck AG to Daimler Truck Holding AG on 9 December 2021, Daimler Truck AG and its consolidated subsidiaries were group companies of Daimler AG (now Mercedes-Benz Group AG). Insofar as risks resulting from the legal proceedings mentioned above materialise, and to the extent that the facts underlying such risks relate to the aforementioned Truck & Bus companies, Mercedes-Benz Group AG is entitled to indemnification claims. Such claims arise vis-à-vis Daimler Truck AG based on the hive-down of assets and liabilities of the former Daimler Trucks and Daimler Buses divisions to Daimler Truck AG in 2019. Vis-à-vis Daimler Truck Holding AG, such claims arise from the spin-off of the majority interest in Daimler Truck AG to Daimler Truck Holding AG in 2021.



### **Diesel emission behaviour: governmental proceedings**

As already reported, several authorities and institutions worldwide were, and still are, active in the form of inquiries, investigations, procedures and/or orders. These activities particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or the interactions of Mercedes-Benz with the relevant authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal, consumer protection and antitrust laws.

In the United States, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in the third quarter of 2020 with various authorities to settle civil environmental claims regarding the emission control systems of certain diesel vehicles, which have become final and effective. The authorities take the position that Mercedes-Benz failed to disclose Auxiliary Emission Control Devices (AECDs) in certain of its US diesel vehicles and that several of these AECDs are illegal defeat devices.

As part of these settlements, Mercedes-Benz denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, Mercedes-Benz paid the civil penalties, provisions have been recognised for the emission modification programme and other measures.

As already reported, in April 2016, the U.S. Department of Justice ("DOJ") requested that Mercedes-Benz conduct an internal investigation. Mercedes-Benz conducted such internal investigation in cooperation with DOJ's investigation; DOJ's investigation remains open. In addition, further US state authorities have opened investigations pursuant to both state environmental and consumer protection laws and have requested documents and information.

In Canada, the Canadian environmental regulator Environment and Climate Change Canada ("ECCC") is conducting an investigation in connection with Diesel

exhaust emissions based on the suspicion of potential violations of, amongst others, the Canadian Environmental Protection Act, as well as undisclosed AECDs and defeat devices. Mercedes-Benz continues to cooperate with the investigating authorities.

In Germany, the Stuttgart public prosecutor's office issued a fine notice against Mercedes-Benz in September 2019 based on a negligent violation of supervisory duties, which became legally binding, thereby concluding the related administrative offense proceedings against Mercedes-Benz. The Stuttgart public prosecutor's office is still conducting criminal investigation proceedings against Mercedes-Benz employees on the suspicion of, amongst others, fraud. In July 2021, the local court of Böblingen issued penal orders against three Mercedes-Benz employees with the local court of Böblingen based on, amongst others, fraud, which have become final.

Between 2018 and 2020, the German Federal Motor Transport Authority ("KBA") issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and ordered mandatory recalls as well as, in some cases, stops of the first registration. In each of those cases, it held that certain calibrations of specified functionalities are to be qualified as impermissible defeat devices. Mercedes-Benz has a contrary legal opinion on this question. Since 2018, however, it has (in view of the KBA's interpretation of the law as a precautionary measure) implemented a temporary delivery and registration stop with respect to certain models, also covering the used car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Mercedes-Benz has filed timely objections against the KBA's administrative orders mentioned above. In early 2021, the KBA issued objection orders ("Widerspruchsbescheide") in these proceedings, thereby not following the arguments brought forward by Mercedes-Benz. Since Mercedes-Benz continues to have a different understanding of the relevant legal provisions, it has filed lawsuits with the competent administrative court to have the controversial questions at issue clarified in a court of law. Irrespective of such objections and the lawsuits that are now pending, Mercedes-Benz continues to cooperate fully with the KBA. The new calibrations requested by KBA have been

developed by Mercedes-Benz and assessed and approved by the KBA; the related recalls have been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with regard to the used car, leasing and financing businesses. In the course of its regular market supervision, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In addition, Mercedes-Benz continues to be in a dialogue with the German Ministry for Digital and Transport (BMDV) to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the BMDV, it cannot be ruled out completely that additional administrative orders may be issued in the course of the ongoing and/or further investigations. Since 1 September 2020, this also applies to other responsible authorities of other member states and the European Commission, which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval, and also to the British market surveillance authority DVSA (Driver and Vehicle Standards Agency).

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Mercedes-Benz and other automobile manufacturers in April 2019. In this context, Mercedes-Benz had filed an application for immunity from fines (leniency application) with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Mercedes-Benz Group AG cooperated closely with the European Commission, and the European Commission granted the company complete immunity from fines.

In addition to the abovementioned authorities, national cartel authorities and other authorities of various foreign States, including the South Korean Ministry of Environment, the South Korean competition authority (Korea Fair Trade Commission) and the Seoul public prosecutor's office (South Korea) are conducting various investigations and/or procedures in connection with Diesel exhaust emissions.

Mercedes-Benz continues to fully cooperate with the authorities and institutions.

**Diesel emission behaviour: consumer actions and other lawsuits in the United States, Canada, Germany and other states**

As previously reported, a consolidated class action against Mercedes-Benz Group AG and MBUSA was pending before the US District Court for New Jersey. The plaintiffs alleged that Mercedes-Benz Group AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO<sub>x</sub>) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Mercedes-Benz Group AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Mercedes-Benz Group AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. The relevant court has granted final approval of the settlement and issued a final judgment in the case. The estimated costs of the settlement amount to approximately USD 700 million. In addition, Mercedes-Benz estimates further expenses of a mid-three-digit-million euro amount to fulfil the requirements of this settlement and the aforementioned settlements with the US authorities. Provisions have been recognised accordingly.

A consumer class action making similar allegations and seeking similar remedies as to vehicles sold or leased in Canada was filed against Mercedes-Benz Group AG and other Group companies in Ontario in April 2016. In the fourth quarter of 2021, Mercedes-Benz Group AG and the other Group companies reached a settlement with plaintiffs' counsel of the consumer class action. As part of the settlement, Mercedes-Benz Group AG and the other Group companies deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to make payments to certain current and former diesel vehicle owners and lessees. The estimated costs for this settlement amount to approximately CAD 250 million (equivalent to approximately €175 million).

In a separate lawsuit filed by the State of Arizona in January 2019, the plaintiff claims that, amongst others, Mercedes-Benz Group AG and MBUSA deliberately deceived consumers in connection with advertising Mercedes-Benz diesel vehicles. Consumer class actions containing similar allegations were filed against Mercedes-Benz Group AG and further Group companies in the United Kingdom since May 2020 as well as against Mercedes-Benz Group AG in Israel in February 2019. In a separate lawsuit filed by the Environmental Protection Commission of Hillsborough County, Florida in September 2020, the plaintiff claims that, amongst others, Mercedes-Benz Group AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emissions control systems.

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high emission or consumption values. They refer to, in particular, the German Federal Motor Transport Authority's recall orders (see above). Given the current development of case numbers, we expect a continued high number of lawsuits to be filed in this respect. In this context, the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action (Musterfeststellungsklage) against Mercedes-Benz Group AG with the Stuttgart Higher Regional Court on 7 July 2021. Such action seeks

a ruling that certain preconditions of alleged consumer claims are met. Mercedes-Benz Group AG will defend itself against the federation's allegations.

Furthermore, a class action against Mercedes-Benz Group AG and other Group companies was filed in the Netherlands on 23 June 2020. The class action makes allegations comparable to the aforementioned US and Canadian class actions relating to all Euro 5 and 6 diesel vehicles sold in the EU between 2009 and 2019. The plaintiff, a foundation under the laws of the Netherlands, is representing Dutch claimants and seeks certification of an opt-out Netherlands class (Dutch claimants are participating in the class action by law). In the course of the proceedings, other claimants who bought such vehicles in the EU market have the option to declare participation in the class action (opt-in). Furthermore, the plaintiff is seeking declarations of law concerning the customers' entitlement to nullify or rescind their vehicle purchase contracts, to demand replacement of their vehicle and/or to demand damages. After the extension of the deadline granted by court, two further foundations filed statements of claim in court on 30 December 2020. The court has still to determine the lead plaintiff.

Mercedes-Benz Group AG and the respective other affected companies of the Group regard the lawsuits set out before as being without merit and will defend itself against the claims, unless a settlement has already been reached as described above.

In addition, investors from Germany and abroad have filed lawsuits for damages with the Stuttgart Regional Court alleging the violation of disclosure requirements (main proceedings) and also raised out-of-court claims for damages. The investors allege that Mercedes-Benz Group AG did not immediately disclose inside information in connection with the emission behaviour of its diesel vehicles and that it had made false and misleading public statements. They further claim that the purchase price of the financial instruments acquired by them (in particular Mercedes-Benz shares, formerly Daimler AG shares) would have been lower if Mercedes-Benz Group AG had complied with its disclosure obligations. Mercedes-Benz Group AG regards these allegations and claims as being without merit and will defend itself against them. In January 2021, the Stuttgart Regional Court issued in the context of the main

proceedings an order for reference to commence model case proceedings in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG) before the Stuttgart Higher Regional Court (model case proceedings). The purpose of the model case proceedings is to reach a decision that is binding for the main proceedings regarding common factual and legal questions. The main proceedings before the Stuttgart Regional Court will be suspended until a decision is reached on the questions submitted, insofar as they cannot be dismissed independently of the questions to be decided in the model case proceedings. The decision in the model case proceedings is binding for the suspended main proceedings. In December 2021, the Stuttgart Higher Regional Court determined a model case plaintiff and announced the model case proceedings in the German register for model case proceedings. Thereafter, multiple investors used the possibility to register claims in a considerable amount with the model case proceedings in order to suspend the period of limitation. Mercedes-Benz Group AG remains of the view to have duly fulfilled its disclosure obligations under capital markets law and will defend itself against the investors' allegations also in these model case proceedings.

#### **Accounting assessment of the legal proceedings in connection with diesel emission behaviour**

With respect to the legal proceedings described in the two preceding chapters, in accordance with IAS 37.92 no further information is disclosed with respect to whether, or to what extent, provisions have been recognised and/or contingent liabilities have been disclosed, so as not to prejudice Mercedes-Benz's position. For recognised provisions, this does not apply to the extent a settlement has been reached or a proceeding has been concluded. A contingent liability from the class actions in the Netherlands cannot currently be measured.

#### **Antitrust law proceedings (including actions for damages)**

Starting in July 2017, a number of class actions were filed in the United States and Canada against Mercedes-Benz Group AG and other manufacturers of automobiles as well as various of their North American subsidiaries. Plaintiffs allege to have suffered damages because defendants engaged in anticompetitive behaviour relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology, since the 1990s. All pending US class actions were centralised in one proceeding by the Judicial Panel on multidistrict litigation and transferred to the U.S. District Court for the Northern District of California. In 2018, plaintiffs in the US antitrust class action amended and consolidated their complaints into two pleadings, one on behalf of consumers and the other on behalf of dealers. On 23 October 2020, the court granted motions to dismiss the complaints in their entirety, with prejudice, ending the litigation in the US district court. On 30 August 2021, the consumer plaintiffs withdrew the appeal they had filed, ending their case. On 26 October 2021, the US Court of Appeals for the Ninth Circuit affirmed the dismissal of the dealer plaintiffs' claims. Mercedes-Benz Group AG and MBUSA regard the US and Canadian lawsuits as being without merit, and will continue to defend themselves against the claims. This contingent liability cannot currently be measured.

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Mercedes-Benz and other automobile manufacturers in April 2019. In this context, Mercedes-Benz had filed a leniency application with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Mercedes-Benz Group AG cooperated closely with the European Commission, and the European Commission granted the company complete immunity from fines.

Following the settlement decision by the European Commission adopted on 19 July 2016, concluding the trucks antitrust proceedings, Mercedes-Benz Group AG and Daimler Truck AG are facing customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. As set out at the beginning of the note "Legal Proceedings", Mercedes-Benz Group AG is entitled to indemnification claims against Daimler Truck Holding AG and Daimler Truck AG, should the aforementioned claims materialise. Consequently, as Mercedes-Benz Group AG is no longer exposed to financial risks related to the damages claims described in this paragraph, it will no longer report about these proceedings.

#### **Other legal proceedings**

As already reported, class actions in connection with Takata airbags are pending in Canada, the United States, Israel, and Argentina. The lawsuits are based on allegations that, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, Mercedes-Benz entities and others were allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to warn consumers about a potential defect and/or to provide an adequate replacement airbag inflator. One of the complaints in the United States also asserts claims by automotive recyclers who allege injury because they are not able to re-sell salvaged airbag inflators that are subject to the Takata recall. Mercedes-Benz Group AG continues to regard all these claims as being without merit, and the Mercedes-Benz Group affiliates respectively affected will further defend themselves against the claims. Contingent liabilities were disclosed to a low extent for this topic.

On 18 October 2021 a number of Australian Mercedes-Benz dealers lodged a claim against Mercedes-Benz Australia/Pacific Pty Ltd ("MBAuP") with a Federal Court in Australia. They allege that MBAuP forced the dealers to accept a change in their business model from a dealership model to an agency model and thus deprived them of the goodwill they created through their investments in the Australian Mercedes-Benz dealership network. They seek reinstatement of the dealership model or, alternatively, compensation for the damage they allegedly incurred. MBAuP considers those claims to be without merit and will defend itself against the claims.

#### **Accounting estimates and management judgments relating to all legal proceedings**

Mercedes-Benz Group AG and its subsidiaries recognise provisions in connection with pending or threatened proceedings to the extent a loss is probable and can be reasonably estimated. Such provisions are recognised in the Group's consolidated financial statements and are based on estimates. If quantifiable, contingent liabilities in connection with legal proceedings are disclosed in the Group's consolidated financial statements. Risks resulting from legal proceedings sometimes cannot be assessed reliably or only to a limited extent. Consequently, provisions recognised for some legal proceedings may turn out to be insufficient once such proceedings have ended. Mercedes-Benz may also become liable for payments in legal proceedings for which no provisions were recognised 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 Mercedes-Benz's operating results and cash flows for a particular reporting period, Mercedes-Benz believes that it should not exert a sustained influence on the Group's financial position.

## **32. Contingent liabilities and other financial obligations**

### **Contingent liabilities**

At 31 December 2021, the best estimate for obligations from **contingent liabilities** was €2,747 million (2020: €2,832 million). The contingent liabilities are mainly related to the legal proceedings described in [Note 31](#).

In 2019, Mercedes-Benz Group AG hived down assets and liabilities of the Mercedes-Benz Cars & Vans segment into Mercedes-Benz AG and of the Daimler Trucks & Buses segment into Daimler Truck AG. The spin-off and hive-down of the Daimler commercial vehicle business results in a subsequent liability relationship outside the Group pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG). See [Note 38](#) for further information.

### **Other financial obligations**

At 31 December 2021, other financial obligations exist from the **acquisition of intangible assets, property, plant and equipment and lease property** of €4,098 million (2020: €3,698 million).

In addition, the Mercedes-Benz Group had issued **irrevocable loan commitments** at 31 December 2021. These loan commitments had not been utilised as of that date. Further information with respect to these commitments is provided in [Note 34](#).

### 33. Financial instruments

The carrying amounts and fair values of financial instruments presented in the following tables refer to Group amounts, including assets and liabilities held for sale. Figures for gains or losses and changes in financial instruments refer to continuing and discontinued activities.

### Carrying amounts and fair values of financial instruments

Table [D.73](#) shows the carrying amounts and fair values of the respective classes of the Group's financial instruments.

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.

### D.73

#### Carrying amounts and fair values of financial instruments

	At 31 December 2021		At 31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	82,853	84,386	96,185	98,115
Trade receivables	7,703	7,703	10,649	10,649
Cash and cash equivalents	23,182	23,182	23,048	23,048
Marketable debt securities and similar investments	7,579	7,579	6,397	6,397
Recognised at fair value through other comprehensive income	2,364	2,364	3,314	3,314
Recognised at fair value through profit or loss	4,937	4,937	2,657	2,657
Measured at cost	278	278	426	426
Other financial assets				
Equity instruments and debt instruments	1,707	1,707	1,311	1,311
Recognised at fair value through other comprehensive income	1,042	1,042	942	942
Recognised at fair value through profit or loss	665	665	369	369
Other financial assets recognised at fair value through profit or loss	61	61	74	74
Derivative financial instruments used in hedge accounting	1,020	1,020	2,145	2,145
Other receivables and miscellaneous other financial assets	3,258	3,258	2,942	2,942
	127,363	128,896	142,751	144,681
Financial liabilities				
Financing liabilities	123,343	125,737	142,095	144,972
Trade payables	10,682	10,682	12,378	12,378
Other financial liabilities				
Financial liabilities recognised at fair value through profit or loss	130	130	40	40
Derivative financial instruments used in hedge accounting	1,420	1,420	367	367
Miscellaneous other financial liabilities	6,264	6,264	8,065	8,065
Contract and refund liabilities				
Obligations from sales transactions	3,860	3,860	4,627	4,627
	145,699	148,093	167,572	170,449

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and premises were used:

#### **Receivables from financial services**

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 31 December 2021 and 31 December 2020.

#### **Trade receivables and cash and cash equivalents**

Due to the short terms of these financial instruments and the fundamentally lower credit risk, it is assumed that their fair values are equal to the carrying amounts.

#### **Marketable debt securities and similar investments, other financial assets**

MARKETABLE DEBT SECURITIES are recognised at fair value through other comprehensive income or at fair value through profit or loss. Similar investments are measured at amortised cost and are not included in the measurement hierarchy, as their carrying amounts are a reasonable approximation of fair value due to the short terms of these financial instruments and the fundamentally lower credit risk.

EQUITY INSTRUMENTS are recognised at fair value through other comprehensive income or at fair value through profit or loss.

EQUITY INSTRUMENTS recognised through other comprehensive income are included in table [D.73](#) and primarily comprise the shares in Sila Nanotechnologies Inc., the tranche of shares in Aston Martin Lagonda Global Holdings plc, which is recognised at fair value through other comprehensive income, and the investments in BAIC BluePark New Energy Technology Co., Ltd. and Farasis Energy (Ganzhou) Co., Ltd. The remaining

investments recognised at fair value through other comprehensive income comprise further investments not material on an individual basis.

Marketable debt securities and equity instruments recognised at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices are not available for these debt and equity instruments, fair value measurement is based on inputs that are either directly or indirectly observable in active markets. Fair values are calculated using recognised financial valuation models such as discounted cash-flow models or multiples.

OTHER FINANCIAL ASSETS RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS include derivative financial instruments not used in hedge accounting. These financial instruments as well as DERIVATIVE FINANCIAL INSTRUMENTS USED IN HEDGE ACCOUNTING comprise:

- derivative currency hedging contracts; the fair values of cross-currency interest-rate swaps are determined on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options are measured with option-pricing models using market data.
- derivative interest-rate hedging contracts; the fair values of interest-rate hedging instruments (e.g., interest-rate swaps) are calculated on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g., commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts and default risks.



OTHER FINANCIAL RECEIVABLES AND OTHER FINANCIAL ASSETS are carried at amortised cost. Because of the predominantly short maturities and the fundamentally lower credit risk of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

### Financing liabilities

The fair values of bonds, loans, commercial paper, deposits in the direct banking business and liabilities from ABS transactions are calculated as present values of the estimated future cash flows (taking account of credit premiums and credit risks). Market interest rates for the appropriate terms are used for discounting.

### Trade payables

Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Reverse factoring agreements did not change the relevant characteristics of a trade payable for the Group for the liabilities concerned. As a result, there were no reclassifications of these trade payables to financing liabilities.

### Contract and refund liabilities

Contract and refund liabilities include obligations from sales transactions that qualify as financial instruments.

Obligations from sales transactions should generally be regarded as short term. Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to their carrying amounts.

### Other financial liabilities

FINANCIAL LIABILITIES RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS comprise derivative financial instruments not used in hedge accounting. For information regarding these financial instruments as well as DERIVATIVE FINANCIAL INSTRUMENTS USED IN HEDGE ACCOUNTING, see the notes above under marketable debt securities and similar investments, other financial assets.

MISCELLANEOUS OTHER FINANCIAL LIABILITIES are carried at amortised cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

### Offsetting of financial instruments

The 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.74](#) 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.

### Measurement hierarchy

Table [D.75](#) provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognised at fair value (according to IFRS 13).

At the end of each reporting period, the Group reviews the necessity of reclassification between the measurement hierarchies. In 2021 the investment in ChargePoint, Inc. which is recognised at fair value through profit or loss has been reclassified from Level 2 to Level 1 as a result of the initial public offering of this company.

For the determination of the credit risk from derivative financial instruments which are allocated to Level 2 measurement hierarchy, portfolios managed on basis of net exposure are applied.

Table [7 D.76](#) shows into which measurement hierarchies (according to IFRS 13) the fair values of the financial assets and liabilities are classified which are not recognised at fair value in the Consolidated Statement of Financial Position.

#### D.74

##### Disclosure for recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement

	31 December 2021			31 December 2020		
	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 <sup>1</sup>	1,081	-477	604	2,219	-270	1,949
Other financial liabilities <sup>2</sup>	1,550	-477	1,073	407	-270	137

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 recognised at fair value through profit or loss (see Note 17).

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 recognised at fair value through profit or loss (see Note 26).

## D.75

### Measurement hierarchy of financial assets and liabilities recognised at fair value

	At 31 December 2021				At 31 December 2020			
	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>
In millions of euros								
Financial assets recognised at fair value								
Marketable debt securities	7,301	6,395	906	-	5,971	4,243	1,728	-
Recognised at fair value through other comprehensive income	2,364	1,468	896	-	3,314	1,590	1,724	-
Recognised at fair value through profit or loss	4,937	4,927	10	-	2,657	2,653	4	-
Equity instruments and debt instruments	1,707	850	227	630	1,311	736	276	299
Recognised at fair value through other comprehensive income	1,042	643	145	254	942	665	156	121
Recognised at fair value through profit or loss	665	207	82	376	369	71	120	178
Other financial assets recognised at fair value through profit or loss	61	-	60	1	74	-	73	1
Derivative financial instruments used in hedge accounting	1,020	-	1,020	-	2,145	-	2,145	-
	10,089	7,245	2,213	631	9,501	4,979	4,222	300
Financial liabilities recognised at fair value								
Financial liabilities recognised at fair value through profit or loss	130	-	130	-	40	-	40	-
Derivative financial instruments used in hedge accounting	1,420	-	1,420	-	367	-	367	-
	1,550	-	1,550	-	407	-	407	-

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 is based on inputs for which no observable market data is available.

## D.76

### Measurement hierarchy of financial assets and liabilities not recognised at fair value

	At 31 December 2021				At 31 December 2020			
	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>
In millions of euros								
Fair values of financial assets measured at cost								
Receivables from financial services	84,386	-	84,386	-	98,115	-	98,115	-
Fair values of financial liabilities measured at cost								
Financing liabilities	125,737	60,702	65,035	-	144,972	69,468	75,504	-
thereof bonds	68,645	60,157	8,488	-	79,254	69,083	10,171	-
thereof liabilities from ABS transactions	18,425	545	17,880	-	16,727	385	16,342	-
thereof other financing liabilities	38,667	-	38,667	-	48,991	-	48,991	-

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 is based on inputs for which no observable market data is available.

## Measurement categories

The carrying amounts of financial instruments according to measurement categories are shown in table [D.77](#).

### D.77

#### Carrying amounts of financial instruments according to measurement categories

	At 31 December	
	2021	2020
In millions of euros		
<b>Assets</b>		
Financial assets measured at (amortised) cost	<b>96,955</b>	103,308
Receivables from financial services <sup>1</sup>	<b>62,534</b>	66,243
Trade receivables	<b>7,703</b>	10,649
Cash and cash equivalents	<b>23,182</b>	23,048
Marketable debt securities and similar investments	<b>278</b>	426
Other receivables and miscellaneous other financial assets	<b>3,258</b>	2,942
Financial assets recognised at fair value through other comprehensive income	<b>3,406</b>	4,256
Marketable debt securities and similar investments	<b>2,364</b>	3,314
Equity and debt instruments	<b>1,042</b>	942
Financial assets recognised at fair value through profit or loss	<b>5,663</b>	3,100
Marketable debt securities and similar investments	<b>4,937</b>	2,657
Equity and debt instruments	<b>665</b>	369
Other financial assets recognised at fair value through profit or loss <sup>2</sup>	<b>61</b>	74
<b>Liabilities</b>		
Financial liabilities measured at (amortised) cost	<b>144,134</b>	166,066
Trade payables	<b>10,682</b>	12,378
Financing liabilities <sup>3</sup>	<b>123,343</b>	142,095
Miscellaneous other financial liabilities <sup>4</sup>	<b>6,249</b>	7,966
Obligations from sales transactions	<b>3,860</b>	4,627
Financial liabilities recognised at fair value through profit or loss <sup>2</sup>	<b>130</b>	40

1 This does not include lease receivables of €20,319 million (2020: €29,942 million) as these are not assigned to a measurement category.

2 Financial instruments classified as held for trading purposes. These figures comprise financial instruments that are not used in hedge accounting.

3 This does not include liabilities from lease transactions of €2,562 million (2020: €3,747 million) as these are not assigned to a measurement category.

4 This does not include liabilities from financial guarantees of €15 million (2020: €99 million) as these are not assigned to a measurement category.

The table [D.77](#) does not include the carrying amounts of derivative financial instruments used in hedge accounting as these financial instruments are not assigned to a measurement category.

### Net gains or losses

Table [D.78](#) shows the net gains/losses on financial instruments included in the Consolidated Statement of Income for the continuing and discontinued operations (excluding derivative financial instruments used in hedge accounting).

Net gains/losses on equity and debt instruments recognised 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 recognised at fair value through profit or loss comprise gains and losses attributable to changes in their fair values.

Net gains/losses on equity instruments recognised at fair value through other comprehensive income primarily comprise dividend payments.

Net gains/losses on other financial assets recognised at fair value through other comprehensive income are primarily attributable to the effects of currency translation.

Net gains/losses on financial assets measured at (amortised) cost (excluding the interest income/expense shown below) primarily comprise impairment losses (including reversals of impairment losses) of minus €223 million (2020: minus €824 million) that are charged to cost of sales, selling expenses and other financial income/expense, net. Foreign currency gains and losses are also included.

Net gains/losses on financial liabilities measured at (amortised) cost (excluding the interest income/expense shown below) primarily comprise the effects of currency translation.

## D.78

### Net gains/losses

	2021	2020
In millions of euros		
Equity and debt instruments recognised at fair value through profit or loss	205	-30
Other financial assets and financial liabilities recognised at fair value through profit or loss <sup>1</sup>	27	182
Equity instruments recognised at fair value through other comprehensive income	3	1
Other financial assets recognised at fair value through other comprehensive income	-8	-1
Financial assets measured at (amortised) cost	66	-1,219
Financial liabilities measured at (amortised) cost	152	-103

<sup>1</sup> Financial instruments classified as held for trading; these amounts relate to financial instruments that are not used in hedge accounting.

### Total interest income and total interest expense

Total interest income and total interest expense of the continuing and discontinued operations for financial assets or financial liabilities that are not recognised at fair value through profit or loss are shown in table [D.79](#).

See [Note 1](#) for qualitative descriptions of accounting for and presentation of financial instruments (including derivative financial instruments).

## D.79

### Total interest income and total interest expense

	2021	2020
In millions of euros		
Total interest income	5,106	5,261
thereof from financial assets and liabilities measured at (amortised) costs	5,093	5,210
thereof from financial assets recognised at fair value through other comprehensive income	13	51
Total interest expense	-2,279	-2,658
thereof from financial assets and liabilities measured at (amortised) costs	-2,279	-2,658
thereof from financial assets recognised at fair value through other comprehensive income	-	-

### Information on derivative financial instruments

#### Use of derivatives

The Mercedes-Benz 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 mainly interest-rate risks, currency risks and commodity-price risks, which have been defined as risk categories. For these hedging purposes, the Group mainly uses currency forward transactions, cross-currency interest-rate swaps, interest-rate swaps, options and commodity forwards.

Table [D.80](#) shows the amounts for the transactions designated as hedging instruments.

## D.80

### Amounts for the transactions designated as hedging instruments

	Foreign-currency risk		Interest-rate risk		Commodity risk
	Cash-flow hedges <sup>1</sup>	Hedges of net investments in foreign operations	Cash-flow hedges <sup>2</sup>	Fair-value hedges <sup>2</sup>	Cash-flow hedges <sup>1</sup>
In millions of euros					
<b>31 December 2021</b>					
<b>Carrying amount of the hedging instruments</b>					
Other financial assets current	53	-	46	24	5
Other financial assets non-current	140	-	200	551	1
Other financial liabilities current	277	-	46	10	-
Other financial liabilities non-current	1,042	-	37	8	-
<b>Fair value changes<sup>3</sup></b>	<b>-1,763</b>	<b>-</b>	<b>266</b>	<b>-717</b>	<b>-</b>
<b>31 December 2020</b>					
<b>Carrying amount of the hedging instruments</b>					
Other financial assets current	264	-	14	122	23
Other financial assets non-current	392	-	67	1,249	14
Other financial liabilities current	51	-	51	11	2
Other financial liabilities non-current	107	-	125	20	-
<b>Fair value changes<sup>3</sup></b>	<b>1,230</b>	<b>-</b>	<b>72</b>	<b>709</b>	<b>29</b>

1 Includes the following instrument types: currency forwards, currency options, currency swaps, commodity forwards.

2 Includes the following instrument types: interest-rate swaps, cross-currency interest-rate swaps.

3 Gains and losses from hedging instruments used for recognising hedge ineffectiveness.

## Fair-value hedges

The 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.81](#).

The amounts relating to hedge ineffectiveness for items designated as fair-value hedges are shown in table [D.82](#).

## D.81

### Fair-value hedges

	Interest-rate risk	
	2021	2020
In millions of euros		
Carrying amounts of the hedged items		
Financing liabilities current	4,433	12,424
Financing liabilities non-current	20,404	18,856
thereof hedge adjustments		
Financing liabilities current	8	300
Financing liabilities non-current	558	882
Fair-value changes of the hedged items <sup>1</sup>	717	-712
Accumulated amount of hedge adjustments from inactive hedges remaining in the statement of financial position	-31	26

1 Fair-value changes of the hedged items used for recognising hedge ineffectiveness.

## D.82

### Ineffectiveness of fair-value hedges

	Interest-rate risk	
	2021	2020
In millions of euros		
Cost of sales	-	-
Interest expense	-	-3

## Cash-flow hedges and hedges of net investments in foreign operations

The Group uses cash-flow hedges for hedging currency risks, interest-rate risks and commodity-price risks.

The Group also partially hedges the foreign-currency risk of selected investments with the application of derivative or non-derivative financial instruments.

The amounts related to items designated as cash-flow hedges and as hedges of net investments in foreign operations are shown in table [D.83](#).

The gains and losses on items designated as cash-flow hedges as well as the amounts relating to hedge ineffectiveness are included in table [D.84](#).



## D.83

### Cash-flow hedges and hedges of net investments in foreign operations

	2021			2020		
	Foreign- currency risk	Interest- rate risk	Commodity risk	Foreign- currency risk	Interest- rate risk	Commodity risk
In millions of euros						
Fair-value changes of the hedged items <sup>1</sup>	<b>1,755</b>	<b>-266</b>	-	-1,192	-72	-30
Thereof hedges of net investments in foreign operations	-			-		
Balance of the reserves for derivative financial instruments (before taxes)						
Continuing hedges	<b>-959</b>	<b>162</b>	<b>5</b>	491	-124	38
Thereof hedges of currency risks in the automotive business <sup>2</sup>	-	-	<b>2</b>	-28	-	-5
Discontinued/terminated hedges	<b>-268</b>	<b>-10</b>	-	-270	-	-
Thereof hedges of net investments in foreign operations	<b>-270</b>			-270		

<sup>1</sup> Fair-value changes of the hedged items used for recognising hedge ineffectiveness.

<sup>2</sup> Further information is provided in the section on exchange-rate risk in Note 34.

## D.84

### Gains and losses on cash-flow hedges and hedges of net investments in foreign operations

	Foreign-currency risk			Interest-rate risk		Commodity risk
In millions of euros						
Line item in the Statement of Income in which the ineffectiveness and the reclassifications are included	Revenues	Cost of sales	Other financial income/expense, net	Cost of sales	Interest expense	Cost of sales
<b>2021</b>						
Gains and losses recognised in other comprehensive income	-1,676	-79	-	102	164	-
Hedge ineffectiveness recognised in the Statement of Income	-8	-	-	-	-	-
Reclassification of hedge effectiveness from other comprehensive income to the Statement of Income						
For hedges for which the hedged future cash flows are no longer expected to occur	-1	-1	-	-	-	-
For hedges that have been transferred because the hedged item has affected profit or loss	34	341	-	-14	42	-
<b>2020</b>						
Gains and losses recognised in other comprehensive income	918	20	244	53	19	30
Hedge ineffectiveness recognised in the Statement of Income	44	4	-	-	-	-1
Reclassification of hedge effectiveness from other comprehensive income to the Statement of Income						
For hedges for which the hedged future cash flows are no longer expected to occur	24	1	-	-	-	1
For hedges that have been transferred because the hedged item has affected profit or loss	250	-29	-244	-64	-52	-

In 2020, cash-flow hedges with a nominal volume of €4,325 million were de-designated because the cash flows secured with these instruments could no longer be classified as highly probable. The de-designation of these derivatives, which is largely attributable to the covid-19 pandemic, mainly relates to cash flows in US dollars, British pounds and Canadian dollars, and led to reclassification from the reserves for derivative financial instruments to revenue of €26 million (losses) and to cost of sales of €2 million (gains).

Table [D.85](#) shows the reconciliation of the reserves for derivative instruments (excluding reserves for hedges of net investments in foreign operations).

## D.85

### Reconciliation of reserves for derivative financial instruments

In millions of euros

	Reserves for derivative financial instruments	Thereof reserves for hedge costs
<b>Balance at 1 January 2020</b>	-546	-
Changes in fair values (before taxes)	1,266	-10
Foreign-currency risk	1,163	-10
Interest-rate risk	72	-
Commodity-price risk – inventory purchases	31	-
Reclassification to profit and loss (before taxes)	-117	-
Foreign-currency risk	-1	-
Interest-rate risk	-116	-
Reclassification to cost of acquisition of non-financial assets (before taxes)	6	-
Foreign-currency risk – procurement	43	-
Commodity-price risk – inventory purchases	-37	-
Other	4	-
Taxes on changes in fair values and reclassifications	-347	3
<b>Balance at 31 December 2020</b>	266	-7
Changes in fair values (before taxes)	-1,711	-227
Foreign-currency risk	-1,981	-227
Interest-rate risk	270	-
Commodity-price risk – inventory purchases	-	-
Reclassification to profit and loss (before taxes)	537	133
Foreign-currency risk	509	133
Interest-rate risk	28	-
Reclassification to cost of acquisition of non-financial assets (before taxes)	-101	-10
Foreign-currency risk – procurement	-69	-10
Commodity-price risk – inventory purchases	-32	-
Disposal due to spin-off of the Daimler commercial vehicle business (before taxes)	-23	8
Other	-2	1
Taxes on changes in fair values and reclassifications	392	28
<b>Balance at 31 December 2021</b>	-642	-74

At 31 December 2021, the balance of reserves for hedges of net investments in foreign operations amounted to €189 million (2020: €189 million).

The maturities of the derivative financial instruments generally correspond with those of the underlying transactions. The realisation of the underlying transactions of the cash-flow hedges is expected to correspond with the maturities of the hedging transactions shown in table [D.86](#).

At 31 December 2021, the Mercedes-Benz Group utilised derivative instruments with a maximum maturity of 35 months (2020: 38 months) as hedges for currency risks arising from future transactions.

### Nominal values of derivative financial instruments

Table [D.86](#) shows the nominal values of derivative financial instruments entered into for the purpose of hedging currency risks, interest-rate risks and commodity-price risks that arise from the Group's operating and/or financing activities.

The average prices for derivative financial instruments classified by risk categories for the main risks are included in table [D.87](#).

Most of the transactions for which the effects from the measurement of the hedging instrument and the underlying transaction to a large extent offset each other in the Consolidated Statement of Income do not classify for hedge accounting.

Even if derivative financial instruments do not or no longer qualify for hedge accounting, these instruments still serve to hedge financial risks from business operations. A hedging instrument is terminated when the hedged transaction no longer exists or is no longer expected to occur.

Explanations of the hedging of exchange-rate risks, interest-rate risks and commodity-price risks can be found in [Note 34](#) in the sub-item finance market risk.

## D.86

### Nominal amounts of derivative financial instruments

	31 December 2021				31 December 2020			
	Maturity of nominal amounts				Maturity of nominal amounts			
	<1 year	1 year up to 5 years	>5 years	Total	<1 year	1 year up to 5 years	>5 years	Total
In millions of euros								
Foreign-currency risk	25,057	11,878	-	36,935	22,985	7,349	-	30,334
Interest-rate risk	13,927	26,944	6,701	47,572	14,999	32,673	8,249	55,921
Fair-value hedges	5,113	16,214	3,444	24,771	8,710	16,836	7,457	33,003
thereof major derivative financial instruments affected by the reform of the interest-rate benchmark								
in the currency USD	2,031	3,775	1,257	7,063	5,273	4,869	1,772	11,914
in the currency GBP	-	-	-	-	-	2,002	-	2,002
Cash-flow hedges	8,814	10,730	3,257	22,801	6,289	15,837	792	22,918
thereof major derivative financial instruments affected by the reform of the interest-rate benchmark <sup>1</sup>								
in the currency USD	5,236	4,589	1,258	11,083	2,331	7,818	672	10,821
in the currency GBP	-	-	-	-	501	1,612	-	2,113
Commodity risk	48	9	-	57	159	69	-	228

<sup>1</sup> The volumes of risk exposure in cash-flow hedges directly affected by the reform of the interest-rate benchmark are generally in line with the reported volumes of the hedging instruments because of the basic hedging ratio of 1. Further information on the reform of the interest-rate benchmark is provided in Note 34.

## D.87

### Average prices of hedging instruments for the major risks

	31 December 2021	31 December 2020
Foreign-currency risk		
USD per €	1,18	1,15
CNY per €	7,90	8,06
GBP per €	0,87	0,90
Interest-rate risk		
Fair-value hedges		
Average interest rate – €	1,07%	0.98%
Average interest rate – USD	2,43%	1.97%
Cash-flow hedges		
Average interest rate – €	-0,18%	-0.23%
Average interest rate – USD	-0,51%	-1.00%
Commodity risk		
Platinum (in € per troy ounce)	893	905
Palladium (in € per troy ounce)	1,577	1,980

## 34. Management of financial risks

### General information on financial risks

As a result of its businesses and the global nature of its operations, the Mercedes-Benz Group is exposed to market risks from changes in foreign currency exchange rates and interest rates, while commodity price risks arise from procurement. An equity price risk results from investments in listed companies. In addition, the Group is exposed to credit risks from its leasing and financing activities and from its business operations (trade receivables). Furthermore, the 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 materialise, they could adversely affect the Mercedes-Benz Group's profitability, liquidity and capital resources and financial position.

The Mercedes-Benz Group has established internal guidelines 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 Group's risk management processes for financial risks are based are designed to identify and analyse these risks throughout the 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 Group manages and monitors these risks primarily through its operating and financing activities and, if required, through the use of derivative financial instruments. The Mercedes-Benz Group uses derivative financial instruments exclusively for hedging financial risks that arise from its business operations or refinancing activities or liquidity management. Without these derivative financial instruments, the Group would be exposed to higher financial risks. Additional information on financial instruments and especially on the volumes of the derivative financial instruments used is included in [Note 33](#). The Mercedes-Benz 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 healthcare benefits, are not included in the following quantitative and qualitative analysis. See [Note 23](#) for additional information on the Mercedes-Benz Group's pension and other post-employment benefits.

### 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 utilised 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.88](#) shows the maximum risk positions at the balance sheet date.

### **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 mainly held at financial institutions within and outside Europe with high creditworthiness, as bonds issued by German federal states and as 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 utilisations are reassessed continuously. In this assessment, the Mercedes-Benz Group also considers the credit risk assessment of its counterparties by the capital markets. In line with the Group's risk policy, most liquid assets are held in investments with an external rating of "A" or better. Liquid assets are thus not subject to a material credit risk and are allocated to stage 1 of the impairment model under IFRS, which is based on expected credit risk.

### **Receivables from financial services**

The Mercedes-Benz Group's financing and leasing activities are primarily focused on supporting the sales of the Group's automotive products. As a consequence of these activities, the Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. The Mercedes-Benz Group manages its credit risk irrespective of whether it is related to a financing contract or to an operating lease or a finance lease contract. For this reason, statements concerning the credit risk of Mercedes-Benz Mobility 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 wholesale and retail receivables from financial services and the portion of the operating lease portfolio that is subject to credit risk. Receivables from financial services comprise claims arising from finance lease contracts and repayment claims from financing loans. The operating lease portfolio is reported under equipment on operating leases in the Group's Consolidated

Financial Statements. Overdue lease payments from operating lease contracts are recognised in receivables from financial services.

The Mercedes-Benz Mobility segment has guidelines 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 customer exposures. To comply with these limits, Mercedes-Benz Mobility applies approval standards and measures to avoid concentration risks. Only two customers were granted credit lines in relation to a large loan. The Mercedes-Benz Mobility portfolio consists of a large number of small and medium-sized enterprises and private customers from more than 30 countries. At 31 December 2021, this segment accounted for 78% of the portfolio.

With respect to its financing and lease activities, the Group holds collateral for customer transactions limiting actual credit risk through its fair value. The value of collateral generally depends on the amount of the financed assets. The financed vehicles usually serve as collateral. Furthermore, Mercedes-Benz Mobility 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.

## D.88

### Maximum risk positions of financial assets, irrevocable loan commitments and financial guarantees<sup>1</sup>

	Note	Maximum risk position 2021	Maximum risk position 2020
In millions of euros			
Liquid assets		<b>30,761</b>	29,445
Receivables from financial services		<b>82,853</b>	96,185
Trade receivables		<b>7,703</b>	10,649
Derivative financial instruments used in hedge accounting (assets only)	17	<b>1,020</b>	2,145
Derivative financial instruments not used in hedge accounting (assets only)	17	<b>61</b>	74
Other receivables and financial assets		<b>3,258</b>	2,942
Irrevocable loan commitments		<b>3,044</b>	2,109
Financial guarantees		<b>829</b>	563

<sup>1</sup> The information on the maximum risk position presented in the table represents the Group values, including assets and liabilities held for sale.

If, in connection with contracts, a worsening of payment behaviour or other causes of a credit risk are recognised, collection procedures are initiated by claims management to obtain the overdue payments of 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. Due to the covid-19 pandemic, government support programmes for customers still existed in some markets in 2021, which led to modifications of financial assets for receivables from financial services. Most of the customer support programmes offered by Mercedes-Benz Mobility expired in 2021. The design of the programmes meant that these modifications were, however, classified as insignificant and that they did not lead to significantly increased bad-debt losses.

The allowance ratio decreased slightly compared to the previous year due to the low payment defaults, positive economic forecasts at 31 December 2021 and the reduction of the allowance components formed in the previous year in response to the covid-19 crisis.

For information on credit risks included in receivables from financial services, see [Note 15](#). Information on the measurement of expected credit losses is provided in [Note 1](#).

### Trade receivables

Trade receivables are mostly receivables from world-wide sales of vehicles and spare parts. The credit risk from trade receivables encompasses the default risk of customers, e.g., dealers and general distribution companies, as well as other corporate and private customers. In order to identify credit risks, the Mercedes-Benz Group assesses the creditworthiness of customers. The Mercedes-Benz Group manages its credit risk from trade receivables using appropriate IT applications and databases on the basis of internal guidelines 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 Mercedes-Benz 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 creditworthiness of the customers, the Mercedes-Benz Group usually 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 impairments of trade receivables, the simplified approach is applied, whereby these receivables are allocated to stage 2. Credit losses until maturity for these trade receivables are recognised upon initial recognition.

Further information on trade receivables and the status of impairments recognised is provided in [Note 20](#).

### **Derivative financial instruments**

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operational business, financing activities or liquidity management. The Mercedes-Benz 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 Mercedes-Benz 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, most derivatives are contracted with counterparties which have an external rating of "A" or better.

### **Other receivables and financial assets**

With respect to other receivables and financial assets included in other financial assets in 2021 and 2020, the Mercedes-Benz Group is exposed to credit risk only to a small extent.

### **Irrevocable loan commitments**

The Mercedes-Benz Mobility segment in particular is exposed to credit risk from irrevocable loan commitments to end customers and retailers. At 31 December 2021, irrevocable loan commitments amounted to €3,044 (2020: €2,109) million. These loan commitments had a maturity of less than one year and are not subject to a material credit risk based on the current state of knowledge.

### **Financial guarantees**

The maximum potential obligations resulting from financial guarantees amount to €829 million at 31 December 2021 (2020: €563 million) and include liabilities recognised at 31 December 2021 in the amount of €15 million (2020: €99 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 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 Mercedes-Benz 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 possibility to securitise receivables of the financial services business (ABS transactions) also reduces the Group's liquidity risk. Liquid assets comprise cash and cash equivalents and marketable debt securities and similar investments. The Group can dispose of these liquid assets at short notice.



Insofar as reverse factoring agreements are entered into, they have no influence on the liquidity risk of the Mercedes-Benz Group, as they relate to a large number of investors and have no impact on the payment terms of the trade payables concerned.

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the lease and financing business and unexpected liquidity needs. In accordance with internal guidelines, the refunding of the lease 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 31 December 2021, liquidity amounted to €30.8 billion (2020: €29.4 billion). In 2021, significant cash inflows resulted from the operations of the industrial business. Furthermore, dividend payments received from Beijing Benz Automotive Co., Ltd. had a positive effect on liquidity. There were also positive effects from the leasing and sales financing business at Mercedes-Benz Mobility as well as from the repayment by the Daimler Truck Group of the loan granted to finance the purchase prices of the parts of the financial services business included in Daimler's commercial vehicle business that were transferred before the spin-off. Cash outflows resulted in particular from the repayment of financing obligations due to the positive liquidity situation and the outgoing net liquidity of Daimler's commercial vehicle business. In addition, the investments made in intangible assets and property, plant and equipment and the income taxes paid, as well as the higher dividend payment to the shareholders of Mercedes-Benz Group AG compared to the previous year, had an impact and reduced liquidity.

From an operating point of view, the management of the Group's liquidity exposures is centralised by a daily cash-pooling process. This process enables the Mercedes-Benz Group to manage its liquidity surplus and liquidity requirements according to the actual needs of the Group and each subsidiary. The 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 Mercedes-Benz Group makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, the Mercedes-Benz Group issues commercial paper, bonds (including green bonds), debt obligations and financial instruments secured by receivables in various currencies. Bank credit facilities are also used to cover financing requirements. Potential downgrades of the Mercedes-Benz Group's credit ratings could have a negative impact on the Group's financing. Since July 2018, the Mercedes-Benz Group has had a syndicated credit facility with a volume of €11 billion with a consortium of international banks at its disposal. Exercising an optional extension of one year grants additional financial flexibility for the Mercedes-Benz Group until 2025. As of 31 December 2021, this credit line had not been utilised.

In addition, customer deposits at Mercedes-Benz Bank are used as a further source of refinancing.

cash flows from liabilities, financial guarantees and irrevocable loan commitments as of 31 December 2021.

Table [D.89](#) provides an overview of how the future liquidity situation of the Group can be affected by the

Information on the Group's financing liabilities is also provided in [Note 25](#).

## D.89

### Liquidity runoff for liabilities and financial guarantees<sup>1</sup>

	Total	2022	2023	2024	2025	2026	≥ 2027
In millions of euros							
Financing liabilities <sup>2</sup>	133,452	54,369	28,304	16,300	7,807	6,042	20,630
thereof lease liabilities	3,899	652	551	440	383	312	1,561
Derivative financial instruments <sup>3</sup>	1,995	1,421	496	73	-2	-3	10
thereof with gross settlement	1,892	1,346	473	66	-1	-2	10
Cash outflows	38,684	26,987	9,484	2,093	-	-	120
Cash inflows	-36,792	-25,641	-9,011	-2,027	-1	-2	-110
thereof with net settlement	103	75	23	7	-1	-1	-
Cash outflows	103	75	23	7	-1	-1	-
Trade payables <sup>4</sup>	10,655	10,617	24	11	3	-	-
Miscellaneous other financial liabilities excluding accrued interest and liabilities from financial guarantees	5,499	4,815	320	218	77	28	41
Obligations from sales	3,860	3,860	-	-	-	-	-
Irrevocable loan commitments <sup>5</sup>	3,044	3,044	-	-	-	-	-
Financial guarantees <sup>6</sup>	829	829	-	-	-	-	-
	159,334	78,955	29,144	16,602	7,885	6,067	20,681

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 date on which the Mercedes-Benz Group can be required to pay. The customer deposits of Mercedes-Benz Bank are mostly considered in this analysis to mature within the first year.

(b) The cash flows of floating-interest financial instruments are estimated on the basis of forward rates.

2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.

This includes the part of the carrying amount that was reclassified to "Assets held for sale" in the Consolidated Statement of Financial Position.

3 The undiscounted sum of the cash flows of the derivative financial liabilities is shown for the respective year.

4 The cash outflows of trade payables are 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 Mercedes-Benz Group is exposed to country risk mainly resulting from cross-border funding or collateralisation of Group companies and customers, 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 Mercedes-Benz 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 the Mercedes-Benz Group's risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of capital market indications of country risks.

### **Finance-market risks**

The global nature of its businesses exposes the Mercedes-Benz Group to significant market risks resulting from fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group is also exposed to equity price risk in connection with its investments in listed companies.

The Mercedes-Benz Group manages market risks to minimise the impact of fluctuations in foreign exchange rates and interest rates on the earnings of the Group and its segments. The 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. The hedging strategy is specified at Group level and uniformly implemented in the segments. 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 Mercedes-Benz Group risk management committees. Net-exposures are the basis for the hedging strategies and are updated regularly.

The Mercedes-Benz Group usually counteracts the risk of short-term fluctuations in raw material prices by means of price escalation clauses in the supply contracts. To a lesser extent, derivative financial instruments are used to hedge precious metal purchases.

Certain existing benchmark interest rates including those of the London Interbank Offer Rate (for USD, GBP, CHF and JPY) were comprehensively and internationally reformed by the end of 2021. 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 regard to their structure, methodology and period of publication.

Despite market uncertainty, the existing benchmark interest rates for USD, for example, are still applied as reference rates in financial markets and have an impact on the valuation of financial transactions. This also applies for financial instruments in hedging relationships with a maturity beyond the end of 2021. With EURIBOR as well as GBP, CHF and JPY LIBOR reform already implemented, the contractual adjustment of financial instruments with a corresponding interest rate risk reference was made by 31 December 2021. The material share of interest rate risk hedging relationships that is still affected by the benchmark reform is based on the USD currency.

The Mercedes-Benz Group expects the conversion of the outstanding reference rates of hedging instruments and their underlying transactions to be identical and without any material delay. The Mercedes-Benz Group continues to consider the economic relationship and thus the continuation of hedge accounting to be still existing as of 31 December 2021.

The nominal values of the affected derivative financial instruments that are included in hedge accounting can be found in table [D.86](#). The nominal values, which are not designated in a hedging relationship, amount to €12 billion in 2021 for derivatives used to hedge interest rate risks (2020: €14 billion), €8 billion (2020: €5 billion) for derivatives used to hedge exchange rate risks and €17 million (2020: €0 million) for derivatives used to hedge commodity price risks.

## D.90

### Unreformed contracts in the course of the IBOR-reform

	USD LIBOR
	Total amount of unreformed contracts
In millions of euros	
	<b>31 December 2021</b>
Financial assets	-
Financial liabilities	<b>7,635</b>
Derivatives	<b>18,146</b>

The effect of the application of the new interest rates on the Consolidated Financial Statements is being reviewed on an ongoing basis. In order to conduct financial transactions based on the new indices, the Mercedes-Benz Group is preparing its IT-systems accordingly. Uncertainty still exists about future market standards with interest conventions for individual financial products (cash products and interest derivatives) that reference the new risk-free rates. Contracts that have not been converted are shown in table [D.90](#).

As part of its risk management system, the Mercedes-Benz Group employs value-at-risk analyses. In performing these analyses, the Mercedes-Benz Group quantifies its market risk due to changes in foreign currency exchange rates and interest rates and certain commodity prices on a regular basis by predicting the potential loss over a target time horizon (holding period) and confidence level.

The value-at-risk calculations employed:

- express potential losses in fair values, and
- assume a 99% confidence level and a holding period of five days.

At the Group level, the Mercedes-Benz Group calculates the value at risk for exchange rate and interest rate risk according to the variance-covariance approach. The value-at-risk calculation method for commodity hedging instruments is based on a Monte Carlo simulation.

When calculating value at risk using the variance-covariance approach, the Mercedes-Benz 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.

The Monte Carlo simulation uses random numbers to generate possible changes in market risk factors consistent with current market volatilities. The changes in market risk factors allow the calculation of a possible change in the portfolio value over the holding period. Running multiple iterations of this simulation leads to a distribution of portfolio value changes. The value at risk can be determined based on this distribution as the portfolio value loss which is reached or exceeded with a probability of 1%.

## Exchange-rate risk

**TRANSACTION RISK AND CURRENCY RISK MANAGEMENT.** The global nature of the Mercedes-Benz Group's businesses exposes cash flows to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the euro and the US dollar, the Chinese renminbi, the British pound and other currencies such as currencies of growth markets. In the operating vehicle business, the Group's exchange rate risk primarily arises when revenue is generated in a currency that is different from the currency in which the costs of revenue are incurred, it may be inadequate to cover the costs if the value of the currency in which the revenue is generated declined in the interim relative to the value of the currency in which the costs were incurred. This risk exposure serves as a basis for analysing exchange rate risks at Group level. In addition, the Group is indirectly exposed to transaction risk from its equity-method investments.

The 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 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 Mercedes-Benz Group generally strives to increase cash outflows in the same currencies in which the Group has a net excess inflow.

In order to mitigate the impact of currency exchange rate fluctuations for the business operations (future transactions), the Mercedes-Benz Group continually assesses its exposure to exchange rate risks and hedges a portion of those risks by using derivative financial instruments. A committee manages the Group's exchange rate risk and its hedging transactions through currency derivatives. The committee consists of representatives of the relevant segments and central functions. The Corporate Treasury department aggregates foreign currency exposures from the Mercedes-Benz Group's subsidiaries and operational units and implements the committee's decisions concerning 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. In the case of over hedges, designated hedging relations are reviewed with respect to any requirements to discontinue hedge accounting.

The Group's targeted hedge ratios for forecasted operating cash flows in foreign currency are generally indicated by a step-by-step method. Depending on the nature of the underlying risks, the hedging rates decrease the further the expected cash flows are in the future. 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 step-by-step method aims to limit risks for the Group from unfavourable movements in exchange rates while preserving some flexibility to participate in favourable developments. Based on this step-by-step method and depending on the market outlook, the committee determines the hedging horizon, which usually varies from one to five years, as well as the average hedge ratios. Reflecting the character of the underlying risks, the hedge ratios decrease with increasing maturities. At year-end 2021, foreign exchange management showed an unhedged position in the automotive business in calendar year 2022 for the underlying forecasted cash flows in US dollars of 45%, for the underlying forecasted cash flows in Chinese renminbi of 31% and for the underlying forecasted cash flows in British pounds of 13%.

To cover foreign currency exposure risks of the vehicle business operations forward foreign exchange contracts and currency options are primarily used. The Mercedes-Benz Group's guidelines call for a mixture of these instruments depending 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.91](#) shows the period-end, high, low and average value-at-risk figures of the exchange rate risk for the 2021 and 2020 portfolios of derivative financial instruments, which were entered into primarily in connection with the vehicle business operations. Average exposure has been computed on an end-of-quarter basis. The offsetting transactions underlying the derivative financial instruments are not included in the following value-at-risk presentation, since they primarily comprise forecasted cash-flows. See also table [D.86](#).

**HEDGE ACCOUNTING.** When designating derivative financial instruments, a hedge ratio of 1 is applied. In addition, the respective volume and currency of the hedge and the underlying transaction as well as maturity dates are matched. The Group ensures an economic relationship between the underlying transaction and the hedging transaction by ensuring consistency of currency, volume and maturity. Option premiums and – since mid-2020 for newly designated hedge relationships – also forward components are not designated into the hedge relationship, but the hedging costs are deferred in other comprehensive income and recognised in profit or loss at the due date of the underlying transaction or recognised as adjustment of acquisition cost of non-financial assets. The effectiveness of the hedge is

assessed at the beginning and during the economic relationship. Possible sources of ineffectiveness of the hedge relationship are:

- Effects of the credit risk on the fair value of the used derivative instrument which are not reflected in the change of the hedged currency risk.
- Changes in the timing of the hedged transactions.

In the context of focusing on the divisional perspective, the designation of hedge relationships for foreign currency risk existing from the Group perspective from expected future cash flows from business operations, primarily from vehicle sales, have been assigned to Mercedes-Benz Cars & Vans and to Daimler Trucks & Buses starting with 2019. Accordingly, the documentation required under IFRS with regard to this further differentiation of expected cash flows (i.e., the risk management objectives) has been revised for a large proportion of the already designated hedge relationships for foreign currency risk, although there has been no change in the overall Group risk management strategy for foreign currency risk. Further information can be found in table [D.83](#). There were no material effects on earnings in 2021 and 2020.

## D.91

### Value at risk for exchange rate risk, interest rate risk and commodity price risk

	2021							2020
	Period-end	High	Low	Average	Period-end	High	Low	Average
In millions of euros								
Exchange rate risk (from derivative financial instruments)	512	512	326	381	328	897	328	522
Interest rate risk	202	217	149	188	129	368	121	192
Commodity price risk (from derivative financial instruments)	4	12	4	8	12	100	12	38

In 2021, the development of the value at risk from foreign currency hedging was mainly driven by a strong increase in the volume of hedges in the second half of the year. Rising hedge volumes reflect the revenue increases after temporary decreases due to the pandemic. The calculation of the averages includes the derivative hedging transactions of the Daimler commercial vehicle business. The hedging volumes disposed of as part of the deconsolidation of the Daimler commercial vehicle business have no significant effect on the value at risk from foreign currency hedges.

The Group's investments in liquid assets or refinancing activities are generally selected so that possible currency risks are minimised. Transaction risks arising from liquid assets or payables in foreign currencies that result from the 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 Mercedes-Benz Group's internal guidelines. The Group uses appropriate derivative financial instruments (e.g., cross-currency interest rate swaps) to hedge against currency risk.

Since currency risks arising from the 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.** For purposes of Mercedes-Benz Group's Consolidated Financial Statements, the income and expenses and the assets and liabilities of subsidiaries located outside the euro zone 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 Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates. In general, the Mercedes-Benz Group does not hedge against exchange rate translation risk.

### **Interest-rate risk**

The Mercedes-Benz Group uses a variety of interest rate sensitive financial instruments to manage the liquidity needs of the Group. A substantial volume of interest rate sensitive assets and liabilities results from the leasing and sales financing business operated by the Mercedes-Benz Mobility segment. The Mercedes-Benz Mobility companies enter into transactions with customers that primarily result in fixed-rate receivables. The Mercedes-Benz 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, Mercedes-Benz Mobility does not match funding in terms of maturities in order to take advantage of market opportunities. As a result, the Mercedes-Benz Group is exposed to risks due to changes in interest rates.

An asset/liability committee consisting of members of the Mercedes-Benz Mobility, Mercedes-Benz Cars & Vans segments and the Corporate Treasury department manages the interest rate risk by setting targets for the interest rate risk position. The Treasury Risk Management department and the local Mercedes-Benz Group companies are jointly responsible for achieving these targets. As separate functions, the Treasury Controlling and the Mercedes-Benz Mobility Controlling & Reporting department monitor target achievement on a monthly basis. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, the Mercedes-Benz Group also uses derivative financial instruments such as interest rate swaps. The Mercedes-Benz 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 automotive segments and liquidity management. The Mercedes-Benz Group steers the funding activities of the automotive and financial services businesses at Group level.

Table [7 D.91](#) shows the period-end, high, low and average value-at-risk figures of the interest rate risk for the 2021 and 2020 portfolios of interest rate sensitive financial instruments and derivative financial instruments of the Group, including the financial instruments of the leasing and sales financing business. Lease liabilities are not included in the value at risk of the interest rate risk. These leasing liabilities have a fixed interest rate and changes in interest rates therefore have no effect on the Group's net profit. The average values have been computed on an end-of-quarter basis.

In the course of 2021, changes in the value at risk of interest rate sensitive financial instruments were primarily determined by the development of interest rate volatilities. The calculation of the averages includes the exposures and the derivative hedging transactions of the Daimler commercial vehicle business. The hedging volumes disposed of as part of the deconsolidation of the Daimler commercial vehicle business have no significant effect on the value at risk of interest rate sensitive financial instruments.

**HEDGE ACCOUNTING.** When designating derivative financial instruments, a hedge ratio of 1 is generally applied. The respective volumes, interest curves, currencies and maturity dates are generally 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 recognised in profit or loss over the hedge term. The Group ensures an economic relationship between the underlying transaction and the hedging instrument by ensuring consistency of interest rates, maturity terms and nominal amounts. In the case of hedging for ABS transactions of private placements, the risk of the market interest rate component is partly protected, which historically covers on average more than 70% of the change in value of the total interest rate. 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:

- Effects of the credit risk on the fair value of the derivative instrument in use which are not reflected in the change in the hedged interest rate risk.
- No perfect match for individual parameters of the underlying hedged transactions and the hedging instruments used.
- Premiums on hedging instruments for hedging ABS transactions.

There were no material effects on earnings in the years 2021 and 2020.

### **Commodity-price risk**

The Mercedes-Benz Group is exposed to the risk of changes in commodity prices in connection with procuring raw materials and manufacturing supplies used in production. The Mercedes-Benz Group usually counteracts the risk of short-term fluctuations in raw-material prices by means of sliding-price clauses in the supply contracts. A small portion of the raw-material price risk relating to the forecasted procurement of precious metals is hedged with the use of derivative financial instruments. The Mercedes-Benz Group has decided to suspend these hedging strategies for precious metals until further notice and to phase out existing hedges.

Table [7 D.91](#) shows the period-end, high, low and average value-at-risk figures for the 2021 and 2020 portfolio of derivative financial instruments used to hedge raw material price risk. Average exposure has been computed on an end-of-quarter basis. The transactions underlying the derivative financial instruments are not included in the value-at-risk presentation. See also table [7 D.86](#).



In 2021, the decrease of the value at risk from commodity hedging was caused by a decrease in the hedging volume. The calculation of the averages includes the derivative hedging transactions of the Daimler commercial vehicle business. The hedging volumes disposed of as part of the deconsolidation of the Daimler commercial vehicle business have no significant effect on the value at risk from commodity hedging.

**HEDGE ACCOUNTING.** When designating currency derivative financial instruments, the Mercedes-Benz Group generally applies a hedge ratio of 1. 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 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:

- Effects of the credit risk on the fair value 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.

### **Equity-price risk**

The Mercedes-Benz 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, such as BAIC Motor. This also includes the share in Daimler Truck Holding AG. These investments are not included in a market risk assessment by the Group.

## **35. Segment reporting**

### **Reportable segments**

As of 31 December 2021, the Group comprises the segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility (formerly Daimler Mobility). With the spin-off and hive-down on 9 December 2021, the former Daimler Trucks & Buses segment is mainly presented in the reconciliation. The segment figures for 2020 have been adjusted accordingly. The Mercedes-Benz Mobility segment includes the assets and liabilities of Daimler's commercial vehicle business until the time of the spin-off and hive-down. The breakdown of segments corresponds to the internal organisational and reporting structure.

The Mercedes-Benz Cars and Mercedes-Benz Vans segments are aggregated into one reportable segment due to their comparable long-term average return on sales as well as their comparable revenue development and capital intensity. In addition, both segments are comparable with regard to the nature of the products and services offered as well as their brands, sales channels and customer profiles. As a result of the transformation process, the two segments will no longer be aggregated from 1 January 2022.

The Mercedes-Benz Cars & Vans reportable segment develops, manufactures and sells cars comprising premium and luxury vehicles of the Mercedes-Benz brand including the brands Mercedes-AMG, Mercedes-Maybach and Mercedes-EQ as well as small cars under the smart brand. Corresponding spare parts and accessories are also sold. The Mercedes me brand comprises the ecosystem of Mercedes-Benz. The vans are sold under the Mercedes-Benz brand.

The Mercedes-Benz Mobility segment supports the sales of the Group's vehicle segments worldwide. Its product portfolio primarily comprises tailored financing and leasing packages for end-customers and dealers, brokering of automotive insurance and banking services. The segment also provides services such as fleet management in Europe, which primarily takes place through the Athlon brand. Furthermore, Mercedes-Benz Mobility is active in the area of innovative mobility services.

### **Internal management and reporting structure**

The internal management and reporting structure at the Mercedes-Benz Group is principally based on the accounting policies that are described in [Note 1](#) in the summary of significant accounting policies according to IFRS.

The measure of the Group's profit or loss used by the Mercedes-Benz Group's management and reporting structure is referred to as "EBIT". EBIT comprises gross profit, selling and general administrative expenses, research and non-capitalised development costs, other operating income/expense, and the profit/loss on equity-method investments, net, as well as other financial income/expense, net.

Intersegment revenue is generally recorded at prices that approximate market terms.

Transactions between the segments are generally eliminated in the reconciliation. The elimination of effects connected with intra-Group transfers of equity investments takes place in the segments involved. The effects on earnings at the Group are recognised upon completion of the external transaction in the corresponding segment. Some simplifications have been made in the segment reporting with regard to accounting for leases in connection with intra-Group transactions.

Segment assets principally comprise all assets. The Mercedes-Benz Cars & Vans segment's assets exclude income-tax assets, assets from defined-benefit pension plans and other post-employment benefit plans, and certain financial assets (including liquidity). Segment liabilities principally comprise all liabilities. The Mercedes-Benz Cars & Vans segment's liabilities exclude income-tax liabilities, liabilities from defined benefit pension plans and other post-employment benefit plans, and certain financial liabilities (including financing liabilities).

The residual-value risks associated with the Group's operating leases and finance-lease receivables are generally borne by Mercedes-Benz Cars & Vans, which manufactured the leased equipment. Risk sharing is based on agreements between Mercedes-Benz Cars & Vans and Mercedes-Benz Mobility; the terms vary by vehicle segment and geographic region.

Non-current assets consist of intangible assets, property, plant and equipment and equipment on operating leases.

Capital expenditures for intangible assets and property, plant and equipment reflect the cash-effective additions to these intangible assets and property, plant and equipment insofar as they do not relate to capitalised borrowing costs or goodwill.

Depreciation and amortisation may also include impairments insofar as they do not relate to goodwill impairment according to IAS 36.

Amortisation of capitalised borrowing costs is not included in the amortisation of intangible assets or depreciation of property, plant and equipment.

### **Reconciliation**

The reconciliation includes functions and services provided by the Group's headquarters as well as by other companies of the Group not allocated to the segments. In addition, the reconciliation includes gains and/or losses at the corporate level and the effects on earnings of eliminating intra-Group transactions between the segments.

Since the spin-off and hive-down of the Daimler commercial vehicle business, both the operating profit or loss of the former Daimler Trucks & Buses segment until to 9 December 2021 and the profit or loss from the equity interest in Daimler Truck Holding AG have been shown in the reconciliation. The reconciliation also includes the profit or loss from the deconsolidation of the Daimler commercial vehicle business.

Table [7 D.92](#) presents segment information at and for the years ended 31 December 2021 and 2020 for continuing and discontinued operations.

## D.92

### Segment information

	Mercedes-Benz Cars & Vans	Mercedes-Benz Mobility	Total Segments	Recon- ciliation	Mercedes-Benz Group
In millions of euros					
<b>2021</b>					
External revenue	<b>106,373</b>	<b>26,800</b>	<b>133,173</b>	<b>34,798</b>	<b>167,971</b>
Intersegment revenue	<b>3,275</b>	<b>1,141</b>	<b>4,416</b>	<b>-4,416</b>	<b>-</b>
Total revenue from continuing and discontinued operations	<b>109,648</b>	<b>27,941</b>	<b>137,589</b>	<b>30,382</b>	<b>167,971</b>
Segment profit/loss (EBIT) from continuing and discontinued operations	<b>13,626</b>	<b>3,493</b>	<b>17,119</b>	<b>11,950</b>	<b>29,069</b>
thereof profit/loss on equity-method investments	<b>1,584</b>	<b>-140</b>	<b>1,444</b>	<b>52</b>	<b>1,496</b>
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	<b>96</b>	<b>-2</b>	<b>94</b>	<b>27</b>	<b>121</b>
Segment assets	<b>95,758</b>	<b>146,196</b>	<b>241,954</b>	<b>-8,538</b>	<b>233,416</b>
thereof carrying amounts of equity-method investments	<b>4,056</b>	<b>471</b>	<b>4,527</b>	<b>9,061</b>	<b>13,588</b>
Segment liabilities	<b>60,070</b>	<b>131,748</b>	<b>191,818</b>	<b>-16,011</b>	<b>175,807</b>
Additions to non-current assets	<b>14,222</b>	<b>13,125</b>	<b>27,347</b>	<b>2,119</b>	<b>29,466</b>
thereof investments in intangible assets	<b>2,456</b>	<b>61</b>	<b>2,517</b>	<b>224</b>	<b>2,741</b>
thereof investments in property, plant and equipment	<b>3,787</b>	<b>78</b>	<b>3,865</b>	<b>714</b>	<b>4,579</b>
Depreciation and amortisation of non-current assets	<b>7,878</b>	<b>6,183</b>	<b>14,061</b>	<b>1,005</b>	<b>15,066</b>
thereof amortisation of intangible assets	<b>2,312</b>	<b>79</b>	<b>2,391</b>	<b>161</b>	<b>2,552</b>
thereof depreciation of property, plant and equipment	<b>3,868</b>	<b>64</b>	<b>3,932</b>	<b>498</b>	<b>4,430</b>

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	Mercedes-Benz Cars & Vans	Mercedes-Benz Mobility	Total Segments	Recon- ciliation <sup>1</sup>	Mercedes-Benz Group
In millions of euros					
<b>2020</b>					
External revenue	95,247	25,816	121,063	33,246	154,309
Intersegment revenue	3,329	1,883	5,212	-5,212	-
Total revenue from continuing and discontinued operations	98,576	27,699	126,275	28,034	154,309
Segment profit/loss (EBIT) from continuing and discontinued operations	5,172	1,436	6,608	-5	6,603
thereof profit/loss on equity-method investments	1,410	-360	1,050	-253	797
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-117	-2	-119	-49	-168
Segment assets	91,360	161,265	252,625	5,149	257,774
thereof carrying amounts of equity-method investments	3,586	746	4,332	857	5,189
Segment liabilities	60,168	146,950	207,118	-5,448	201,670
Additions to non-current assets	15,965	13,264	29,229	2,014	31,243
thereof investments in intangible assets	2,611	49	2,660	159	2,819
thereof investments in property, plant and equipment	4,862	39	4,901	840	5,741
Depreciation and amortisation of non-current assets	8,893	7,204	16,097	2,046	18,143
thereof amortisation of intangible assets	2,038	227	2,265	294	2,559
thereof depreciation of property, plant and equipment	5,265	77	5,342	1,056	6,398

<sup>1</sup> The segment assets and segment liabilities as well as the additions to non-current assets of the former Daimler Trucks & Buses segment are also shown in the reconciliation in 2020.

## Reconciliation

Tables [D.93](#) and [D.94](#) show the reconciliation of revenue and EBIT according to segment reporting to the Consolidated Statement of Income.

The reconciliation of segment amounts to relevant amounts for the Group is shown in table [D.94](#) and table [D.95](#).

In the **profit/loss from equity-method investments** the disclosures for the equity-method loss of €1 million of the new Daimler Truck Group including the spun-off activities of the financial services business, represent the best possible estimates for the period between 10 December and 31 December 2021. In addition, earnings are reduced in both years by impairments of the carrying amount of the investment in BAIC Motor (of €120 million in 2021 and €330 million in 2020).

In the line item **other reconciliation items** the earnings of the former Daimler Trucks & Buses segment of €2,486 million until 9 December 2021 are included (including continued scheduled depreciation and measurement of equity-method investments, excluding the profit or loss of financial services and in accordance with the recognition and measurement principles described in [Note 1](#) of the Notes to the Consolidated Financial Statements). The depreciation and amortisation no longer to be recognised in accordance with IFRS 5 are also included in this line item and the equity-method measurement of the non-current assets disposed in the course of the deconsolidation and the non-current assets held for sale of the Mercedes-Benz Mobility segment are also reported in the reconciliation. In contrast, the expenses from the measurement of the Mercedes-Benz Mobility disposal groups held for sale are included at fair value less costs to sell. In addition, the costs associated with the spin-off and hive-down attributable to the ongoing business of discontinued operations are reported in this line items.

## D.93

### Reconciliation of revenue to Group figures

	2021	2020
In millions of euros		
Revenue as shown in segment reporting	<b>167,971</b>	154,309
less revenue from discontinued operations <sup>1</sup>	<b>-34,078</b>	-32,531
Total revenue as shown in the Consolidated Statement of Income/Loss	<b>133,893</b>	121,778

<sup>1</sup> Revenue includes eliminations between continuing and discontinued operations. The revenue of the former Daimler Trucks & Buses segment amounts to €36,219 million.

## D.94

### Reconciliation of EBIT to Group figures

	2021	2020
In millions of euros		
Total of segments' profit/loss (EBIT)	<b>17,119</b>	6,608
Profit from spin-off and hive-down (after transaction costs)	<b>9,216</b>	-
Profit/loss on equity-method investments from continuing operations	<b>-93</b>	-303
Other reconciliation items	<b>2,817</b>	176
Eliminations	<b>10</b>	122
EBIT as shown in segment reporting	<b>29,069</b>	6,603
less EBIT from discontinued operations	<b>-13,041</b>	-512
EBIT as shown in the Consolidated Statement of Income/Loss	<b>16,028</b>	6,091

## D.95

### Reconciliation segment assets and liabilities to Group figures

	2021	2020
In millions of euros		
Total of segments' assets	<b>241,954</b>	252,625
Equity-method investment in DTHAG	<b>8,762</b>	-
Other equity-method investments <sup>1</sup>	<b>299</b>	330
Segment assets Daimler Trucks & Buses <sup>2</sup>	-	24,830
Income-tax assets <sup>3</sup>	<b>2,906</b>	5,615
Other reconciliation items and eliminations	<b>-20,505</b>	-25,626
Segment assets Group	<b>233,416</b>	257,774
Unallocated financial assets (including liquidity) and assets from pensions and similar obligations <sup>3</sup>	<b>26,415</b>	27,963
Total assets Group	<b>259,831</b>	285,737
Total of segments' liabilities	<b>191,818</b>	207,118
Segment liabilities Daimler Trucks & Buses <sup>2</sup>	-	17,000
Income-tax liabilities <sup>3</sup>	<b>4,721</b>	3,499
Other reconciliation items and eliminations	<b>-20,732</b>	-25,947
Segment liabilities Group	<b>175,807</b>	201,670
Unallocated financial liabilities and liabilities from pensions and similar obligations <sup>3</sup>	<b>10,857</b>	21,819
Total equity Group	<b>73,167</b>	62,248
Total equity and liabilities Group	<b>259,831</b>	285,737

1 This mainly comprises the carrying amount of the investment in BAIC Motor.

2 The former Daimler Trucks & Buses segment.

3 Unless these are attributable to Mercedes-Benz Mobility.

## Revenue and non-current assets by region

With respect to information on geographical regions, revenue from continuing operations 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.96](#).

## D.96

### Revenue and non-current assets by region

	2021	Revenue 2020	Non-current assets 2021	Non-current assets 2020
In millions of euros				
Europe	<b>55,697</b>	54,184	<b>62,401</b>	68,456
thereof Germany	<b>20,733</b>	21,301	<b>44,421</b>	49,819
North America	<b>33,105</b>	29,281	<b>22,181</b>	24,764
thereof United States	<b>29,284</b>	25,900	<b>20,010</b>	21,979
Asia	<b>40,126</b>	33,995	<b>1,660</b>	4,189
thereof China	<b>25,173</b>	20,746	<b>564</b>	474
Other markets	<b>4,965</b>	4,318	<b>1,093</b>	1,788
	<b>133,893</b>	121,778	<b>87,335</b>	99,197

### 36. Capital management

Net assets and value added represent the basis for capital management at the Mercedes-Benz Group. The assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of net assets at Group level. Mercedes-Benz Cars and Mercedes-Benz Vans are accountable for the net operating assets; all assets, liabilities and provisions for which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Mercedes-Benz Mobility is on an equity basis, in line with the usual practice in the banking business. Net assets at Group level additionally include assets and liabilities from income taxes as well as other corporate items and eliminations.

The average annual net assets are calculated from the average quarterly net assets. The average quarterly net assets are calculated as an average of the net assets at the beginning and the end of the quarter and are shown in table [D.97](#).

#### D.97

##### Average net assets

	2021	2020
In millions of euros		
Mercedes-Benz Cars & Vans	33,835	32,768
Mercedes-Benz Mobility <sup>1</sup>	15,681	14,601
Net assets of the segments	49,516	47,369
Daimler Trucks & Buses <sup>2</sup>	7,625	9,513
Equity-method investments <sup>3</sup>	1,456	463
Assets and liabilities from income taxes <sup>4</sup>	131	2,088
Other corporate items and eliminations <sup>4</sup>	-331	436
Net assets of the Mercedes-Benz Group	58,397	59,869

1 Equity.

2 The former Daimler Trucks & Buses segment.

3 Unless allocated to the segments.

4 Unless allocated to Mercedes-Benz Mobility.

The cost of capital of the Group's average net assets is reflected in value added. Value added shows the extent to which the Group achieves or exceeds the minimum return requirements of the shareholders and creditors, thus creating additional value. The required rate of return on net assets, and thus the cost of capital, are derived from the minimum rates of return that investors expect on their invested capital. The Group's cost of capital comprises the cost of equity as well as the costs of debt and pension obligations unless these are allocated to Mercedes-Benz Mobility; in addition, the expected returns on liquidity and on the plan assets of the pension funds which are not allocated to Mercedes-Benz Mobility are considered with the opposite sign. In the reporting period, the cost of capital used for our internal capital management amounted to 8% after taxes.

The objective of capital management is to increase value added, among other things, by optimising the cost of capital. This is achieved on the one hand by the management of the net assets, e.g., by optimising working capital, which is within the operational responsibility of the segments. In addition, taking into account legal regulations, the Mercedes-Benz Group strives to optimise the costs and risks of its capital structure and, consequently, the cost of capital, with due consideration of applicable law. Examples of this include a balanced relationship between equity and financial liabilities as well as an appropriate level of liquidity, oriented towards the operational requirements.

### 37. Earnings per share

The calculation of basic and diluted earnings per share is based on net profit attributable to shareholders of Mercedes-Benz Group AG. Following the expiration of the stock option plan in 2014, dilutive effects no longer exist. The profit attributable to shareholders of Mercedes-Benz Group AG (basic and diluted) amounts to €23,006 million (2020: €3,627 million). The weighted average number of shares outstanding (basic and diluted) amounts to 1,069.8 million (2020: 1,069.8 million).

### 38. Related-party disclosures

Related parties (companies or persons) are deemed to be associated companies, joint ventures and unconsolidated subsidiaries, as well as persons who exercise a significant influence on the financial and business policy of the Mercedes-Benz Group. The latter category includes all persons in key positions and their close family members. At the Mercedes-Benz Group, those persons are the members of the Board of Management and of the Supervisory Board.

#### Related companies

Business transactions with related companies are generally carried out at market terms. Most of the goods and services supplied between the Group and related companies comprise transactions with associated companies and joint ventures and are shown in table [D.98](#).

#### Associated companies

As shown in Table [D.98](#), the business relationships with associated companies mainly relate to Daimler Truck Holding AG (Daimler Truck), which is allocated to the reconciliation, and to LSH Auto International Limited (LSHAI) and Beijing Benz Automotive Co., Ltd. (BBAC), which are allocated to the Mercedes-Benz Cars & Vans segment.

Upon the spin-off taking effect, Daimler Truck Holding AG is reported as an associated company. There are numerous relationships in the scope of ordinary business between the Mercedes-Benz Group and Daimler Truck, for example, the purchase and sale of goods and services, leasing agreements and the interim provision of services by corporate functions such as IT and Human Resources. After completion of the spin-off, loans of the Daimler Truck Group of €6.9 billion for financing of purchase prices of parts of the financial services business included in the Daimler commercial vehicle business and transferred before the spin-off and hive-down were repaid to the Mercedes-Benz Group in December. Further assets and liabilities of the Daimler commercial vehicle business will be transferred in 2022.

The leased equipment of the Mercedes-Benz Mobility segment includes commercial vehicles produced by Daimler Truck which have been acquired from external

dealers or other third parties not related to the Mercedes-Benz Group. Mercedes-Benz Mobility usually receives a residual-value guarantee from Daimler Truck for this leased equipment in connection with the obligation to return the respective commercial vehicles to Daimler Truck. At 31 December 2021 this guarantee was €685 million.

Additionally, the Mercedes-Benz Group will continue the leasing and sales-financing business for Daimler Truck's commercial vehicles and buses in some markets. These vehicles are directly acquired from Daimler Truck and leased to the end customer. Insofar as a mandatory vehicle return has been agreed, there is a rental contract (head lease) between Mercedes-Benz Mobility and Daimler Truck. The contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect. The receivables and right-of-use assets shown in Table [D.98](#) therefore include receivables from residual-value guarantees of €1,617 million shown in receivables from financial services and right-of-use assets of €1,060 million vis-à-vis Daimler Truck shown in leased assets. Furthermore, Table [D.98](#) shows right-of-use-assets of Daimler Greater China Ltd. vis-à-vis BBAC of €103 million resulting from a leasing contract.

In addition, the Mercedes-Benz Group holds a minority interest of €209 million in real estate companies controlled by Daimler Truck Group, which is shown as debt instruments in other financial assets.

Off-balance-sheet guarantees amounted to €568 million for associated companies (2020: €0 million) thereof €568 million vis-à-vis Daimler Truck.

#### Joint ventures

In business relationships with joint ventures, significant sales of goods and services took place with Fujian Benz Automotive Co., Ltd. (FBAC), which is allocated to the Mercedes-Benz Cars & Vans segment. In addition, other operating income of €154 million resulted in the year 2020 from the contribution of the smart brand to the joint venture smart Automobile Co., Ltd.



[Note 14](#) provides further details of the business operations of the significant associated companies and joint ventures, as well as of the significant transactions in the years 2021 and 2020.

### **Contributions to plan assets**

Daimler Pension Trust e.V. manages the plan assets on a fiduciary basis to cover pension obligations in Germany and is therefore a related company of the Mercedes-Benz Group. Another related company is Daimler Pensionsfonds AG. Mercedes-Benz Group AG bears non-significant expenses and provides services for both companies. See also [Note 23](#) and [Note 41](#) for further information.

### **Subsequent liability**

In 2019, Mercedes-Benz Group AG hived down assets and liabilities of the Mercedes-Benz Cars & Vans segment into Mercedes-Benz AG and of the Daimler Trucks & Buses segment into Daimler Truck AG. As legal entities involved in the hive-down, Mercedes-Benz Group AG, Mercedes-Benz AG and Daimler Truck AG are jointly and severally liable pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG) for the liabilities of Mercedes-Benz Group AG incurred prior to the effective date of the hive-down. Those of the aforementioned legal entities to which the relevant liabilities are not assigned under the hive-down agreement are liable, however, only for those liabilities if they fall due within five years of the announcement of the entry of the hive-down in the commercial register of Mercedes-Benz Group AG and claims therefrom are established in court or in another manner as described in Section 133 of the German Transformation Act (UmwG). The spin-off and hive-down of the Daimler commercial vehicle business results in a subsequent liability relationship outside the Group.

The provisions existing in this context, in particular the procedure for regulating the internal settlements between the participating legal entities, are regulated in the hive-down agreement of 25 March 2019.

The aforementioned period is ten years for pension obligations based on the German Company Pensions Act (BetrAVG) that existed before the hive-down took effect. Mercedes-Benz Group AG and Mercedes-Benz AG do not expect any outflow of liquidity from the respective other legal entity due to the plan assets available in a sufficient volume.

The potential obligations for the Mercedes-Benz Group resulting from Section 133 of the German Transformation Act (UmwG) amount to €1,692 million as of 31 December 2021, thereof €447 million due in 2022 (2020: €2,582 million, thereof €967 million due in 2021). According to the current appraisal, an actual claim against Mercedes-Benz Group AG or Mercedes-Benz AG is considered to be unlikely.

### **Related persons**

Throughout the world, the Group has business relationships with numerous entities that are customers and/or suppliers of the Group. Those customers and/or suppliers include companies that have a connection with some of the members of the Board of Management or of the Supervisory Board and close family members of those board members of Mercedes-Benz Group AG or of its subsidiaries.

Board of Management and Supervisory Board members and close family members of those board members may also purchase goods and services from Mercedes-Benz Group AG or its subsidiaries as customers. When such business relationships exist, transactions are concluded at market terms.

See [Note 39](#) for information on the remuneration of the board members.

## D.98

### Transactions with related companies

	Sales of goods and services and other income <sup>1</sup>		Purchase of goods and services and other expense <sup>1</sup>		Receivables and right-of-use-assets at 31 December <sup>2</sup>		Payables at 31 December <sup>3</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020
In millions of euros								
Associated companies	15,466	13,826	968	791	6,027	2,946	723	101
thereof Daimler Truck <sup>4</sup>	80	-	123	-	3,426	-	533	-
thereof LSHAI	8,465	6,988	535	500	565	713	21	17
thereof BBAC	6,573	6,477	294	274	2,007	2,178	168	76
Joint ventures	1,737	1,296	872	439	153	273	139	131

<sup>1</sup> Transactions of the hived-down Daimler commercial vehicle business with related companies are included until 9 December 2021.

<sup>2</sup> After total loss allowances of €22 million (31 December 2020: €70 million).

<sup>3</sup> Including liabilities from default risks from guarantees for related parties.

<sup>4</sup> Since 10 December 2021, Daimler Truck Holding AG is a related company for the Mercedes-Benz Group.

### 39. Remuneration of the members of the Board of Management and the Supervisory Board

Remuneration granted in 2021 to the members of the Board of Management and the Supervisory Board who were active in 2021 is shown in table [D.99](#).

Expenses for variable remuneration of the Board of Management with a long-term incentive effect, as shown in table [D.99](#), result from the ongoing measurement at fair value at each balance sheet date of all rights granted and not yet due under the Performance Phantom Share Plans (PPSP), i.e., for the plans of the years 2018 to 2021. In 2021, the active members of the Board of Management were granted 170,670 (2020: 215,743) phantom shares in connection with the PPSP; the fair value of these phantom shares at the grant date was €11.1 million (2020: €9.2 million). See [Note 22](#) for additional information on share-based payment of the members of the Board of Management.

According to Section 314 Subsection 1 No. 6a of the German Commercial Code (HGB), the overall remuneration granted to the members of the Board of Management, excluding service cost resulting from entitlements to post-employment benefits, amounted to €35.2 million (2020: €28.1 million).

The members of the Supervisory Board 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 in 2021 for services provided personally beyond board and committee activities, in particular for advisory or agency services. The remuneration for 2020 of the Supervisory Board reflects the voluntary waiver of 20% of the fixed remuneration and the attendance fee between 1 April 2020 and 31 December 2020.

The members of the Board of Management do not receive any remuneration for their board activities in the boards of the subsidiaries. These activities are remunerated with the remuneration at Mercedes-Benz Group AG.

No advance payments or loans were made or abated to members of the Board of Management or to the members of the Supervisory Board of Mercedes-Benz Group AG in 2021.

The payments made in 2021 to former members of the Board of Management of Mercedes-Benz Group AG and their survivors amounted to €19.1 million (2020: €26.0 million). The pension provisions for former

members of the Board of Management and their survivors amounted to €334.3 million as of 31 December 2021 (2020: €362.5 million).

Individualised information on the remuneration of the members of the Board of Management and the Supervisory Board of Mercedes-Benz Group AG is presented in the Remuneration Report.

## D.99

### Remuneration of the members of the Board of Management and the Supervisory Board

	2021	2020
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration (base salary) <sup>1</sup>	9.1	7.8
Short-term variable remuneration (50% of annual bonus)	7.5	5.6
Mid-term variable remuneration (50% of annual bonus, "deferral")	7.5	5.5
Variable remuneration with a long-term incentive effect (PPSP)	22.9	7.3
Post-employment benefits (service cost)	2.1	2.1
Termination benefits	–	–
	49.1	28.3
Remuneration of the Supervisory Board <sup>2</sup>		
	6.2	5.5
	55.3	33.8

1 With consideration of the voluntary waiver by the Board of Management of 20% of the fixed remuneration from 1 April to 31 December 2020.

2 With consideration of the voluntary waiver by the Supervisory Board of 20% of the fixed remuneration and of the attendance fee from 1 April to 31 December 2020 and including remuneration for the members of the Supervisory Boards of Mercedes-Benz AG and of Daimler Truck AG pursuant to Section 314 Subsection 1 No. 6a of the German Commercial Code (HGB).

## 40. Auditor fees

The shareholders of the former Daimler AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the external auditor at the Annual General Meeting held on 31 March 2021. Table [D.100](#) shows the fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft and the companies of the worldwide KPMG network to Mercedes-Benz Group AG, the consolidated subsidiaries and joint operations. These also include the fees of the companies of the former Daimler Trucks & Buses segment incurred until the date of the spin-off and hive-down of the Daimler commercial vehicle business.

Audit services relate to the audit of Mercedes-Benz Group's Consolidated Financial Statements and the year-end financial statements, 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 particularly provided for voluntary project-supporting reviews of IT systems and processes, reviews in connection with compliance management systems, or the issuance of comfort letters as well as for services within the scope of the spin-off and hive-down.

Tax services primarily relate to value-added tax advisory.

Other services were mainly commissioned in connection with IT and process consulting and quality assurance not relevant to accounting.

The increase in auditor fees compared with the previous year is mainly due to expenses in connection with the spin-off and hive-down.

## D.100

### Auditor fees

	2021	2020
In millions of euros		
Audit services	40	42
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	25	23
Other attestation services	19	7
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	17	5
Tax services	2	2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1	-
Other services	2	1
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1	1
	63	52

## 41. Events after the reporting period

### Contribution of shares in Daimler Truck Holding AG in pension plan assets

In January 2022, around 5% of the shares in Daimler Truck Holding AG were contributed into the German pension plan assets. Until the contribution date, 35% of the company's shares were disclosed under investments accounted for using the equity method.

The extraordinary contribution of €1,309 million into pension plan assets corresponds to the fair value of the contributed assets at the contribution date. The gain of €56 million from the contribution is not cash effective and is presented under earnings from equity-method investments, which is a part of the reconciliation.

### Russia-Ukraine War

Russia has been at war with Ukraine since end of February 2022 ("Russia-Ukraine War"). The effects of the Russia-Ukraine War represent a value-affecting event after the reporting period and therefore have no impact on the recognition and measurement of assets and liabilities as at the reporting date. On 2 March 2022, the Mercedes-Benz Group decided to discontinue the export of cars and vans to Russia as well as local production in Russia until further notice. Effects on

profitability, cash flows and financial position in 2022 cannot be ruled out at this time. Due to the volatile geopolitical situation, the effects cannot be quantified at present.

At 31 December 2021, the Russian subsidiaries had total assets of approximately €2 billion. In addition, Russian subsidiaries have liabilities to banks of approximately €1 billion, for which the Group has issued a global guarantee.

The increased risks resulting from the Russia-Ukraine War are described in the Risk and Opportunity Report. Among other things, the default, country and currency risks described in [Note 34](#) have increased. The increased country risks mainly relate to potential impairments of trade receivables, property, plant and equipment, and inventories. In addition, higher risks may arise from the insolvency of subsidiaries. These risks would be exacerbated by the potential expropriation of assets of Russian subsidiaries. Risks from the Russia-Ukraine War are being continually monitored; possible scenarios are being continually adapted to the current geopolitical situation and analysed.

### Sale of retail activities in Canada

In 2021, the Group decided to sell its own retail activities in Canada. The respective contractual agreements were signed in December 2021. The transaction became effective in February 2022 and the Group recognised a gain of a mid-three-digit euro amount, which is mainly allocated to the Mercedes-Benz Cars segment. The cash flow at the Group is expected to be in the low three-digit million euro range. At 31 December 2021, the respective assets and liabilities are classified as held for sale. Due to its minor importance for the financial position of the Mercedes-Benz Group, the assets (€123 million) and liabilities (€14 million) held for sale are not presented separately in the Consolidated Statement of Financial Position. The assets held for sale mainly consist of property, plant and equipment and inventories.

## **42. Additional information**

### **German Corporate Governance Code**

The Board of Management and the Supervisory Board of Mercedes-Benz Group AG have issued a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) and have made it permanently available to their shareholders on Mercedes-Benz Group's website at [group.mercedes-benz.com/documents/company/corporate-governance/declarations/daimler-entsprechenserklaerung-en-12-2021.pdf](https://group.mercedes-benz.com/documents/company/corporate-governance/declarations/daimler-entsprechenserklaerung-en-12-2021.pdf).

### **Information on investments**

The statement of investments of the Mercedes-Benz Group pursuant to Section 313 Subsection 2 Nos. 1-6 of the German Commercial Code (HGB) is presented in table [➔ D.101](#). In general, cooperations without an equity interest are not reported. Information on equity and earnings and information on investments pursuant to Section 313 Subsection 2 No. 4 of the German Commercial Code is omitted insofar as, pursuant 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 Mercedes-Benz Group. In addition, the statement of investments indicates which consolidated companies make use of the exemption pursuant to Section 264 Subsection 3 of the HGB and/or Section 264b of the HGB. The Consolidated Financial Statements of Mercedes-Benz Group AG release those subsidiaries from the requirements that would otherwise apply. On 1 February 2022, Daimler AG was renamed as Mercedes-Benz Group AG. From that date, further name changes of Group companies will take place. The statement of investments shows the companies with their company names as of 31 December 2021.

**D.101**

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
<b>I. Consolidated subsidiaries</b>			
Accumotive GmbH & Co. KG	Kamenz, Germany	100.00	5
Athlon Beheer International B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Belgium N.V.	Machelen, Belgium	100.00	
Athlon Car Lease International B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Italy S.R.L.	Rome, Italy	100.00	
Athlon Car Lease Nederland B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Polska Sp. z o.o.	Warsaw, Poland	100.00	
Athlon Car Lease Portugal, Ida	Oeiras, Portugal	100.00	
Athlon Car Lease Rental Services B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Rental Services Belgium N.V.	Machelen, Belgium	100.00	
Athlon Car Lease S.A.S.	Le Bourget, France	100.00	
Athlon Car Lease Spain, S.A.	Alcobendas, Spain	100.00	
Athlon France S.A.S.	Le Bourget, France	100.00	
Athlon Germany GmbH	Düsseldorf, Germany	100.00	
Athlon Mobility Consultancy N.V.	Machelen, Belgium	100.00	
Athlon Mobility Services UK Limited	Milton Keynes, United Kingdom	100.00	
Athlon Rental Germany GmbH	Düsseldorf, Germany	100.00	
Athlon Sweden AB	Malmö, Sweden	100.00	
Athlon Switzerland AG i.L.	Schlieren, Switzerland	100.00	4
Brooklands Estates Management Limited	Milton Keynes, United Kingdom	100.00	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	5
CLIDET NO 1048 (Proprietary) Limited	Centurion, South Africa	100.00	
DA Investments Co. LLC	Wilmington, USA	100.00	
DAF Investments, Ltd.	Wilmington, USA	100.00	
Daimler AG & Co. Anlagenverwaltung OHG	Schönefeld, Germany	100.00	5, 7
Daimler Australia/Pacific Pty. Ltd.	Melbourne, Australia	100.00	
Daimler Brand & IP Management GmbH & Co. KG	Stuttgart, Germany	100.00	5
Daimler Canada Finance Inc.	Montreal, Canada	100.00	
Daimler Capital Services LLC	Wilmington, USA	100.00	
Daimler Compra y Manufactura Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler Finance North America LLC	Wilmington, USA	100.00	
Daimler Financial Services Africa & Asia Pacific Ltd.	Singapore, Singapore	100.00	
Daimler Financial Services India Private Limited	Chennai, India	100.00	
Daimler Financial Services Investment Company LLC	Wilmington, USA	100.00	
Daimler Fleet Management GmbH	Stuttgart, Germany	100.00	5
Daimler Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	
Daimler Fleet Management South Africa (Pty.) Ltd. i. L.	Centurion, South Africa	65.00	4
Daimler Fleet Services A.S.	Istanbul, Turkey	100.00	
Daimler Greater China Ltd.	Beijing, China	100.00	

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Daimler Grund Services GmbH	Schönefeld, Germany	100.00	5
Daimler Insurance Agency LLC	Wilmington, USA	100.00	
Daimler Insurance Services GmbH	Stuttgart, Germany	100.00	5
Daimler Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	
Daimler International Finance B.V.	Utrecht, Netherlands	100.00	
Daimler International Nederland B.V.	Utrecht, Netherlands	100.00	
Daimler Investments US LLC	Wilmington, USA	100.00	
Daimler Ladungsträger GmbH	Böblingen, Germany	100.00	5
Daimler Mobility & Technology Service Co., Ltd.	Beijing, China	100.00	
Daimler Mobility AG	Stuttgart, Germany	100.00	5
DAIMLER MOBILITY AUSTRALIA PTY LTD	Melbourne, Australia	100.00	
Daimler Mobility Services GmbH	Leinfelden-Echterdingen, Germany	100.00	5
Daimler Mobility Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Daimler Nederland B.V.	Utrecht, Netherlands	100.00	
Daimler Nederland Holding B.V.	Utrecht, Netherlands	100.00	
Daimler North America Corporation	Wilmington, USA	100.00	
Daimler North America Finance Corporation	Newark, USA	100.00	
Daimler Northeast Asia Parts Trading and Services Co., Ltd.	Beijing, China	100.00	
Daimler Parts Brand GmbH	Stuttgart, Germany	100.00	5
Daimler Re Insurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	
Daimler Real Estate GmbH	Berlin, Germany	100.00	5
Daimler Retail Receivables LLC	Farmington Hills, USA	100.00	
Daimler South East Asia Pte. Ltd.	Singapore, Singapore	100.00	
Daimler Truck Financial Services Belgium N.V./S.A.	Brussels, Belgium	100.00	
Daimler Truck Financial Services Italia S.p.A	Rome, Italy	100.00	
Daimler Truck Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	
Daimler Trust Holdings LLC	Farmington Hills, USA	100.00	
Daimler Trust Leasing Conduit LLC	Wilmington, USA	100.00	
Daimler Trust Leasing LLC	Farmington Hills, USA	100.00	
Daimler UK Limited	Milton Keynes, United Kingdom	100.00	
Daimler Vans Hong Kong Limited	Hong Kong, China	67.55	
Daimler Vans USA, LLC	Wilmington, USA	100.00	
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Daimler Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	5
Daimler Vorsorge und Versicherungsdienst GmbH	Berlin, Germany	100.00	5
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	5
FOTIC - MB Leasing No.1 Single Fund Trust	Beijing, China	0.00	3
FOTIC - MB Leasing No.2 Single Fund Trust	Beijing, China	0.00	3
FOTIC - MB LEASING NO.3 SINGLE FUND TRUST	Beijing, China	0.00	3
Friesland Lease B.V.	Drachten, Netherlands	51.11	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 1 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 2 OHG	Schönefeld, Germany	100.00	5, 7

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 3 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 4 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 5 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 6 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 7 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Delta OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Epsilon OHG	Schönefeld, Germany	100.00	5, 7
Interleasing Luxembourg S.A.	Windhof, Luxembourg	100.00	
Koppieview Property (Pty) Ltd	Zwartkop, South Africa	100.00	
LBBW AM – Daimler Re Insurance	Luxembourg, Luxembourg	0.00	3
LBBW AM – MBVEXW	Stuttgart, Germany	0.00	3
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	
MDC Power GmbH	Kölleda, Germany	100.00	5
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	
Mercedes Benz Kamyon Finansman A.S.	Istanbul, Turkey	100.00	
Mercedes Benz Otomotiv Ticaret ve Hizmetler A.S.	Istanbul, Turkey	66.91	
Mercedes pay GmbH	Stuttgart, Germany	100.00	5
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	5
Mercedes-Benz - Aluguer de Veículos, Lda.	Mem Martins, Portugal	100.00	
Mercedes-Benz (China) Ltd.	Beijing, China	75.00	
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	
Mercedes-Benz AG	Stuttgart, Germany	100.00	5
Mercedes-Benz Antwerpen N.V.	Antwerp, Belgium	100.00	
Mercedes-Benz Argentina S.A.U.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Assuradeuren B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	
Mercedes-Benz Auto Finance Ltd.	Beijing, China	100.00	
Mercedes-Benz Auto Lease Trust 2019-B	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2020-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2020-A	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2020-B	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2021-A	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2021-B	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2018-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2019-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2020-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2020-A	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2021-1	Wilmington, USA	0.00	3
Mercedes-Benz Automotive Mobility GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	
Mercedes-Benz Bank GmbH	Eugendorf, Austria	100.00	



Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Mercedes-Benz Bank Polska S.A.	Warsaw, Poland	100.00	
Mercedes-Benz Bank Rus OOO	Moscow, Russian Federation	100.00	
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	5
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	
Mercedes-Benz Bordeaux S.A.S.	Begles, France	100.00	
Mercedes-Benz Broker Argentina S.A.	Buenos Aires, Argentina	99.00	
Mercedes-Benz Broker Biztosítási Alkusz Hungary Kft.	Budapest, Hungary	100.00	
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Canada Inc.	Mississauga, Canada	100.00	
Mercedes-Benz Capital Rus OOO	Moscow, Russian Federation	100.00	
Mercedes-Benz Cars & Vans Brasil - Indústria e Comércio De Veículos Ltda.	São Bernardo do Campo, Brazil	100.00	
Mercedes-Benz Cars UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Česká republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Connectivity Services GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz CPH A/S	Horsholm, Denmark	100.00	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	
Mercedes-Benz Customer Solutions GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00	
Mercedes-Benz Drogenbos N.V.	Drogenbos, Belgium	100.00	
Mercedes-Benz Espana, S.A.U.	Alcobendas, Spain	100.00	
Mercedes-Benz Europa NV/SA	Woluwe-Saint-Lambert, Belgium	100.00	
Mercedes-Benz ExTra LLC	Wilmington, USA	100.00	
Mercedes-Benz Finance Co., Ltd.	Tokyo, Japan	95.11	
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	
Mercedes-Benz Financial Services Austria GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	
Mercedes-Benz Financial Services Česká republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, China	80.00	
Mercedes-Benz Financial Services Italia S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	
Mercedes-Benz Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	
Mercedes-Benz Financial Services Portugal - Sociedade Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	
Mercedes-Benz Financial Services Rus OOO	Moscow, Russian Federation	100.00	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Centurion, South Africa	100.00	
Mercedes-Benz Financial Services Sp. zo.o.	Warsaw, Poland	100.00	
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan, China	51.00	
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Financial Services USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	
Mercedes-Benz Finansal Kiralama Türk A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Formula E Limited	Brackley, United Kingdom	100.00	
Mercedes-Benz Försäljnings AB	Malmö, Sweden	100.00	
Mercedes-Benz France S.A.S.	Montigny-le Bretonneux, France	100.00	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	70.00	
Mercedes-Benz Hellas Single-Member S.A.	Kifissia, Greece	100.00	
Mercedes-Benz Hong Kong Limited	Hong Kong, China	100.00	
Mercedes-Benz India Private Limited	Pune, India	100.00	
Mercedes-Benz Insurance Agency (Beijing) Co., Ltd.	Beijing, China	100.00	
Mercedes-Benz Insurance Broker S.R.L.	Voluntari, Romania	100.00	
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan, China	100.00	
Mercedes-Benz Investment Company LLC	Wilmington, USA	100.00	
Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Japan Co., Ltd.	Tokyo, Japan	100.00	
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	
Mercedes-Benz Lease Italia S.r.l.	Trento, Italy	100.00	
Mercedes-Benz Leasing (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	
Mercedes-Benz Leasing Co., Ltd.	Beijing, China	65.00	
Mercedes-Benz Leasing Deutschland GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Leasing Hrvatska d.o.o.	Zagreb, Croatia	100.00	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	5
Mercedes-Benz Malaysia Sdn. Bhd.	Puchong, Malaysia	100.00	
Mercedes-Benz Manhattan, Inc.	Wilmington, USA	100.00	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00	
Mercedes-Benz Manufacturing Poland sp. z o. o.	Jawor, Poland	100.00	
Mercedes-Benz Master Owner Trust	Wilmington, USA	0.00	3
Mercedes-Benz Mechelen N.V.	Mechelen, Belgium	100.00	

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Mercedes-Benz Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Mobility Korea Ltd.	Seoul, South Korea	100.00	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	
Mercedes-Benz Österreich GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Paris SAS	Port-Marly, France	100.00	
Mercedes-Benz Parts Logistics Ibérica, S.L.U.	Azuqueca de Henares, Spain	100.00	
Mercedes-Benz Parts Logistics UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Parts Manufacturing & Services Ltd.	Shanghai, China	100.00	
Mercedes-Benz Polska Sp. z o.o	Warsaw, Poland	100.00	
Mercedes-Benz Portugal, S.A.	Sintra, Portugal	100.00	
Mercedes-Benz PRAHA s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Research & Development North America, Inc.	Wilmington, USA	100.00	
Mercedes-Benz Retail Belgium NV/SA	Woluwe-Saint-Lambert, Belgium	100.00	
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Retail, S.A.	Madrid, Spain	100.00	
Mercedes-Benz Retail, Unipessoal Lda.	Mem Martins, Portugal	100.00	
Mercedes-Benz Risk Solutions South Africa (Pty.) Ltd.	Centurion, South Africa	100.00	
Mercedes-Benz Roma S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Russia AO	Moscow, Russian Federation	100.00	
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Service Leasing S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Services Correduria de Seguros, S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Services Malaysia Sdn Bhd	Selangor, Malaysia	100.00	
Mercedes-Benz Servicios S.A.U	Buenos Aires, Argentina	100.00	
Mercedes-Benz Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Sosnowiec Sp. z o.o.	Sosnowiec, Poland	100.00	
Mercedes-Benz South Africa Ltd	Pretoria, South Africa	100.00	
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan, China	51.00	
Mercedes-Benz U.S. International, Inc.	Vance, USA	100.00	
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz USA, LLC	Wilmington, USA	100.00	
Mercedes-Benz Vans UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Vans, LLC	Wilmington, USA	100.00	
Mercedes-Benz Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Versicherung AG	Stuttgart, Germany	100.00	
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Mercedes-Benz Waterloo S.A.	Braine-L'Alleud, Belgium	100.00	
Mercedes-Benz Wavre S.A.	Wavre, Belgium	100.00	
Mercedes-Benz Wemmel N.V.	Wemmel, Belgium	100.00	
Mercedes-Benz Wholesale Receivables LLC	Wilmington, USA	100.00	
Multifleet G.I.E	Le Bourget, France	50.10	7
P.T. Mercedes-Benz Indonesia	Bogor, Indonesia	100.00	
PT Mercedes-Benz Distribution Indonesia	Jakarta, Indonesia	100.00	
Sandown Motor Holdings (Pty) Ltd	Bryanston, South Africa	100.00	
Silver Arrow Athlon NL 2021-1	Utrecht, Netherlands	0.00	3
Silver Arrow Australia 2019-1	Melbourne, Australia	0.00	3
Silver Arrow Australia Trust 2019-1	Melbourne, Australia	0.00	3
Silver Arrow Australia Trust 2020-1	Melbourne, Australia	0.00	3
Silver Arrow Canada GP Inc.	Mississauga, Canada	100.00	
Silver Arrow Canada LP	Mississauga, Canada	100.00	7
SILVER ARROW CHINA 2020-2 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2021-1 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2021-2 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA MBLC 2021-2 ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
Silver Arrow China Mercedes-Benz Leasing Co., Ltd. 2020-1	Beijing, China	0.00	3
Silver Arrow China Mercedes-Benz Leasing Co., Ltd. 2021-1	Beijing, China	0.00	3
Silver Arrow France 2020-1	Saint-Denis, France	0.00	3
Silver Arrow Japan 2021-1	Tokyo, Japan	0.00	3
Silver Arrow Korea 2020-1	Seoul, South Korea	0.00	3
Silver Arrow Lease Facility Trust	Wilmington, USA	0.00	3
Silver Arrow Merfina 2019-1 S.r.l.	Milan, Italy	0.00	3
Silver Arrow Merfina 2021-1 S.r.l.	Milan, Italy	0.00	3
Silver Arrow S.A.	Luxembourg, Luxembourg	0.00	3
Star Assembly SRL	Sebes, Romania	100.00	
Ucafleet S.A.S	Le Bourget, France	65.00	
Vierzehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	5
YASA Limited	Kidlington, United Kingdom	100.00	
Zuidlease B.V.	Sittard, Netherlands	51.00	

## II. Unconsolidated subsidiaries<sup>2</sup>

Accumotive Verwaltungs-GmbH	Kamen, Germany	100.00	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	68.84	
Cúspide GmbH	Stuttgart, Germany	100.00	
Daimler Brand & IP Management Verwaltung GmbH	Stuttgart, Germany	100.00	
Daimler Financial Services UK Trustees Ltd.	Milton Keynes, United Kingdom	100.00	
Daimler Gastronomie GmbH	Stuttgart, Germany	100.00	

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Daimler Group Services Berlin GmbH	Berlin, Germany	100.00	
Daimler Group Services Madrid, S.A.U.	San Sebastián de los Reyes, Spain	100.00	
Daimler International Assignment Services USA, LLC	Wilmington, USA	100.00	
Daimler Pensionsfonds AG	Stuttgart, Germany	100.00	6
Daimler Protics GmbH	Leinfelden-Echterdingen, Germany	100.00	
Daimler Purchasing Coordination Corp.	Wilmington, USA	100.00	
Daimler Trucks Retail Italia S.r.l.	Rome, Italy	100.00	
Daimler TSS GmbH	Ulm, Germany	100.00	
Daimler UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	
Daimler UK Trustees Limited	Milton Keynes, United Kingdom	100.00	
Daimler Unterstützungskasse GmbH	Stuttgart, Germany	100.00	
Dreizehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	
LEONIE DMS DVB GmbH	Stuttgart, Germany	100.00	
LICULAR GmbH	Kuppenheim, Germany	100.00	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	
MBition GmbH	Berlin, Germany	100.00	
MBition Sofia EOOD	Sofia, Bulgaria	100.00	
Mercedes pay AG	Zug, Switzerland	100.00	
Mercedes pay S.A. – in liquidation	Luxembourg, Luxembourg	100.00	4
Mercedes pay USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Cars Middle East FZE	Dubai, United Arab Emirates	100.00	
Mercedes-Benz Consulting GmbH	Leinfelden-Echterdingen, Germany	100.00	
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	
Mercedes-Benz Egypt S.A.E.	New Cairo, Egypt	100.00	
Mercedes-Benz Energy GmbH	Kamenz, Germany	100.00	
MERCEDES-BENZ FINANCIAL SERVICES MEXICO S. de R.L. de C.V	Mexico City, Mexico	100.00	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	
Mercedes-Benz Group Services Phils., Inc.	Cebu City, Philippines	100.00	
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	
Mercedes-Benz IDC Europe S.A.S.	Valbonne, France	100.00	
Mercedes-Benz Logistics and Distribution Egypt LLC	New Cairo, Egypt	100.00	
Mercedes-Benz Manufacturing and Import Egypt	New Cairo, Egypt	100.00	
Mercedes-Benz Manufacturing Rus Ltd	Moscow, Russian Federation	80.00	
Mercedes-Benz Motorsport Limited	Brackley, United Kingdom	100.00	
Mercedes-Benz Museum GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz OD GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Parts Logistics Asia Pacific Sdn. Bhd.	Puchong, Malaysia	100.00	
Mercedes-Benz Research & Development Tel Aviv Ltd.	Tel Aviv, Israel	100.00	
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	100.00	

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Mercedes-Benz Subscription Services USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Vans Mobility, S.L.U.	Alcobendas, Spain	100.00	
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	
Mercedes-Benz.io GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz.io Portugal Unipessoal Lda.	Lisbon, Portugal	100.00	
Montajes y Estampaciones Metálicas, S.L.	Esparraguera, Spain	51.00	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	7
Power Supply Systems GmbH	Stuttgart, Germany	100.00	
R.T.C. Management Company Limited	Banbury, United Kingdom	88.89	
Sechste Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	
SMART MOBILITY PTE. LTD.	Singapore, Singapore	100.00	
Star Transmission srl	Cugir, Romania	100.00	
STARKOM, proizvodnja in trgovina d.o.o.	Maribor, Slovenia	100.00	
Vierte Vermögensverwaltung PV GmbH	Stuttgart, Germany	100.00	
YASA Automotive Limited	Kidlington, United Kingdom	100.00	
YASA Marine Limited	Kidlington, United Kingdom	100.00	
YASA Motors Limited	Kidlington, United Kingdom	100.00	
Zweite Vermögensverwaltung PV GmbH	Stuttgart, Germany	100.00	
Zweite Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	
<b>III. Joint operations accounted for using proportionate consolidation</b>			
Cooperation Manufacturing Plant Aguascalientes, S.A.P.I de C.V.	Aguascalientes, Mexico	54.01	
<b>IV. Joint ventures accounted for using the equity method</b>			
Enbase Power GmbH	Munich, Germany	25.10	
Fujian Benz Automotive Co., Ltd.	Fuzhou, China	50.00	
IONITY Holding GmbH & Co. KG	Munich, Germany	20.00	
MB Service Japan Co., Ltd.	Hitachi, Japan	33.40	
Movinx GmbH	Berlin, Germany	50.00	
Shenzhen DENZA New Energy Automotive Co. Ltd.	Shenzhen, China	50.00	
smart Automobile Co., Ltd.	Ningbo, China	50.00	
Wei Xing Tech. Co., Ltd.	Hangzhou, China	50.00	
YOUR NOW Holding GmbH	Munich, Germany	50.00	
<b>V. Associated companies accounted for using the equity method</b>			
BAIC Motor Corporation Ltd.	Beijing, China	9.55	
Beijing Benz Automotive Co., Ltd.	Beijing, China	49.00	
Blacklane GmbH	Berlin, Germany	29.17	
Bolt Technology OÜ	Tallinn, Estonia	7.45	
Daimler Truck Holding AG	Leinfelden-Echterdingen, Germany	35.00	
LSH Auto International Limited	Hong Kong, China	15.00	

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Footnote
Mobility Trader Holding GmbH	Berlin, Germany	9.18	
RS Holdings Inc.	Wilmington, USA	65.32	
There Holding B.V.	Rijswijk, Netherlands	29.74	
Verimi GmbH	Berlin, Germany	2.60	
Wagenplan B.V.	Almere, Netherlands	50.00	

**VI. Joint operations, joint ventures, associated companies and substantial other investments accounted for at (amortized) cost<sup>2</sup>**

AFCC Automotive Fuel Cell Cooperation Corp.	Burnaby, Canada	50.10	4
Aston Martin Lagonda Global Holdings Plc	Gaydon, United Kingdom	11.69	
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, China	51.00	
carwow Ltd.	London, United Kingdom	5.08	
Earlybird DWES Fund VI GmbH & Co. KG	Munich, Germany	6.45	
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	
European Center for Information and Communication Technologies - EICT GmbH	Berlin, Germany	25.00	
Factorial Inc.	Woodbury, USA	9.56	
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 1 OHG	Schönefeld, Germany	10.10	7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 2 OHG	Schönefeld, Germany	10.10	7
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	10.10	7
hap2U SAS	Pontcharra, France	34.59	
KAMAZ PAO	Naberezhnye Chelny, Russian Federation	15.00	
PDB - Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	7
Sila Nanotechnologies Inc.	Dover, USA	8.96	
SK Gaming Beteiligungs GmbH	Cologne, Germany	33.33	
smart-BRABUS GmbH	Bottrop, Germany	50.00	
STARCAM s.r.o.	Most, Czech Republic	51.00	
The Mobility House AG	Zurich, Switzerland	11.07	
VfB Stuttgart 1893 AG	Stuttgart, Germany	11.75	
Volocopter GmbH	Bruchsal, Germany	6.48	
what3words Ltd.	London, United Kingdom	8.25	

<sup>1</sup> Shareholding pursuant to Section 16 of the German Stock Corporation Act (AktG)

<sup>2</sup> For the accounting of unconsolidated subsidiaries, joint operations, joint ventures and associated companies, we refer to Note 1.

<sup>3</sup> Control due to economic circumstances

<sup>4</sup> In liquidation

<sup>5</sup> Qualification for exemption pursuant to Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB)

<sup>6</sup> Control over the investment of the assets. No consolidation of the assets due to the contractual situation.

<sup>7</sup> Mercedes-Benz Group AG or one or several consolidated subsidiaries is/are the partner(s) with unlimited liability.

Furthermore, Mercedes-Benz Group AG or one or several consolidated subsidiaries is/are the partner(s) with unlimited liability in:

Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 3 OHG, Schönefeld (Germany)

Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 4 OHG, Schönefeld (Germany)





# FURTHER INFORMATION

## FURTHER INFORMATION

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- 346 Key Figures for the Divisions**
- 347 Information on the Internet**

# Responsibility Statement of the Legal Representatives

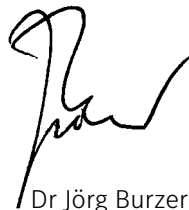
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the Group, and the Group management report, which has been combined with the management report for the Mercedes-Benz Group AG, includes a fair review of the development and performance of the

business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

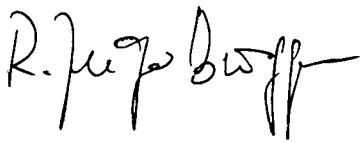
Stuttgart, 10 March 2022



Ola Källenius



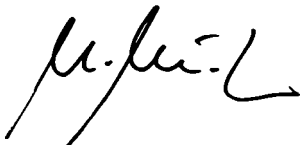
Dr Jörg Burzer



Renata Jungo Brüngger



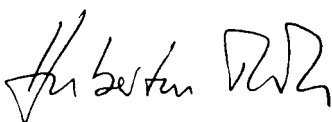
Sabine Kohleisen



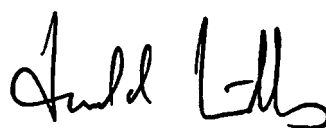
Markus Schäfer



Britta Seeger



Hubertus Troska



Harald Wilhelm

# Independent Auditor's Report

**To Mercedes-Benz Group AG (until February 1, 2022  
Daimler 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 Mercedes-Benz Group AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2021, 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, 2021, as well as notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report, which is combined with the management report of Mercedes-Benz Group AG (combined management report), including the combined non-financial declaration pursuant to Sections 289b paragraph 1, 289c, 315b paragraph 1 and 315c HGB (Handelsgesetzbuch: German Commercial Code) for the financial year from January 1 to December 31, 2021. In accordance with the German legal regulations, we have not audited the content of the elements of the combined management report referred to in the "Other information" section of our auditor's report.

The combined management report includes cross-references not foreseen by law that are marked as unaudited. In accordance with the German legal regulations, we have not audited the content of these cross-references and the information to which these cross-references relate.

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, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021 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. The combined management report includes cross-references not foreseen by law that are marked as unaudited. Our opinion does not cover these cross-references and the information to which these cross-references relate.

Pursuant to Section 322 paragraph 3 sentence 1 HGB, 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.

### **Bases 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). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). 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.

### **Note on the emphasis of a particular matter**

We refer to the comments of the legal representatives in the section on “EU Taxonomy” in the section entitled “non-financial statement” that is included in the combined management report in accordance with Sections 289b paragraph 1, 289c, 315b paragraph 1 and 315c HGB. There it is stated that the EU Taxonomy Regulation and the delegated acts promulgated for this includes wording and terms that are subject to considerable uncertainty with regard to their interpretation and for which clarifications have not yet been published in all cases. The legal representatives describe how they have carried out the necessary interpretation of the EU Taxonomy Regulation and the delegated acts promulgated for this. On account of the immanent risk that certain abstract legal terms are subject to interpretation, the

conformity of the interpretation with the law is subject to uncertainty. Our opinion on the combined management report has not been modified in this regard.

### **Key Audit Matters in the Audit of the Consolidated Financial Statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. 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.

### **Reflection in the financial statements of the spin-off and hive-down of the Daimler commercial vehicle business**

We refer with regard to the description of the facts to the notes to the consolidated financial statements in the section entitled “Spin-off and hive-down of the Daimler commercial vehicle business”. We refer with regard to the accounting and measurement methods applied to the notes to the consolidated financial statements in [Note 1](#) “Significant accounting policies” and in [Note 2](#) “Accounting estimates and management judgments”. Further disclosures on the reflection in the financial statements of the deconsolidation of the Daimler commercial vehicle business and the presentation of the Daimler Trucks & Buses business area segment as a discontinued operation can be found in the notes to the consolidated financial statements, in particular in [Note 3](#) “Spin-off and hive-down of the Daimler commercial vehicle business”.

### **The Risk for the Consolidated Financial Statements**

On August 6, 2021, Mercedes-Benz Group AG, as the transferor legal entity, concluded a spin-off and hive-down agreement (Spin-off Agreement) with Daimler Truck Holding AG as the transferee legal entity. In this agreement, various transactions under corporate transformation law carried out during the financial year and other transactions in connection with the former Daimler Trucks & Buses segment including the related financial services business (hereinafter: Daimler

commercial vehicles business) were agreed between the parties.

Prior to the effectiveness of the transaction, significant parts of the former Daimler Trucks & Buses segment were presented as discontinued operations. On the effectiveness of the transaction, the Daimler commercial vehicles business was deconsolidated and the remaining investment in Daimler Truck Holding AG is included in the consolidated financial statements at equity. The Mercedes-Benz Group is reporting a post-tax gain on discontinued operations for the financial year 2021 of € 12,346 million.

The initial measurement of the investment in Daimler Truck Holding AG was carried out at a fair value of € 8,752 million. The fair value was determined by an external appraiser.

The fair value on initial recognition was then offset in an auxiliary calculation against the proportionate assets and liabilities reflected in the course of a purchase price allocation reported with the at-equity-carrying amount. Mercedes-Benz Group AG involved an external appraiser in the allocation of the purchase price.

The agreement providing the basis for the transactions is complex.

The classification and therefore the recognition of the main elements of the former Daimler Trucks & Buses segment as discontinued operations in accordance with IFRS 5 is complex.

The determination of the value for the initial recording of the at-equity participation at fair value and the allocation of the purchase price in the course of the first-time at-equity measurement are complex and are based on a number of discretionary assumptions. The main assumptions relate to the expected development of revenue and the margins, the royalty rates applied and the capital costs.

The risk for the consolidated financial statements is that discontinued operations were improperly classified so that the disclosure of the discontinued operations in the consolidated income statement is erroneous and that the disclosure required by IFRS 5 in the notes to the

consolidated financial statements are not sufficiently detailed and incorrect. In addition, there is a risk that the measurement of the initial recording of the at-equity participation in the consolidated financial statements is inappropriate. There is furthermore a risk that the allocation of the purchase price in the course of the initial at-equity measurement was incorrect.

### **Our Audit Approach**

We first of all assessed the arrangements made in the Spin-off Agreement, especially their treatment by the transferor legal entity and obtained an understanding of the individual transactions and the reflection in the financial statements of the transaction as a whole.

In the course of the audit, we obtained an understanding of the effects on the financial statements of the standardized measures in the Spin-off Agreement. In this context, we also evaluated the legal execution of the hive-down and spin-off with regard to whether the criteria under corporate transformation and company law were fulfilled.

We furthermore evaluated whether the classification of significant parts of the former Daimler Trucks & Buses segment as discontinued operations in accordance with IFRS 5 was carried out appropriately. To this end, we interrogated the legal representatives and evaluated the internal and external reporting in the context of the classification criteria under IFRS 5. In addition, we assessed whether the allocation of the income and expenses to the discontinued operations was carried out correctly.

Moreover, we evaluated with the help of our valuation specialists the appropriateness of the initial recognition of the at-equity measurement as of the transaction date at fair value, the appropriateness of the purchase price allocation in the course of first time at-equity-measurement and the principal assumptions and data and the valuation methods of the external appraiser, whose expertise provided the basis for the recording.

We assessed the professional competence, capabilities, impartiality and the working results of the appraiser engaged by Mercedes-Benz Group AG.

For the assessment of the appropriateness of the valuation of the first-time recording of the at-equity participation and the purchase price allocation, we first of all analyzed whether the measurement methods applied are consistent with the accounting regulations. We then assessed, with the help of our valuation specialists, the principal measurement assumptions applied. To this end, we discussed the expected cash flows and the assumed long-term growth rates with those responsible for the planning. In addition, we carried out reconciliations with other forecasts available internally for instance for tax purposes and with the budget prepared by the legal representatives and approved by the Supervisory Board. We furthermore evaluated the consistency of the assumptions with external industry-specific and general market estimations.

We compared the royalty rates referred to for the measurement of the intangible assets with reference amounts from relevant databases.

We compared the assumptions and parameters providing the basis for the costs of capital, especially the risk-free interest rate, the market risk premium and the Beta factor, with our own assumptions and publicly available data. To take account of the existing forecast uncertainty, we in addition investigated the impact of possible changes in the capitalization interest rate, the expected cash flows and the long-term growth rates on the fair value, by calculating alternative scenarios and compared them with the company's measurement results (sensitivity analysis). To ensure the arithmetical correctness of the valuation method applied, we obtained an understanding of the company's calculations on the basis of selected risk-oriented elements.

In addition, we obtained an understanding of the presentation of the discontinued operations in the income statement. Finally, we evaluated whether the disclosures in the notes to the consolidated financial statements on the spin-off and hive-down, including the presentation as discontinued operations, and the further measures foreseen by the Spin-off Agreement, in the notes to the consolidated financial statements of Mercedes-Benz Group AG are sufficiently detailed and correct.

### **Our Observations**

The classification of significant elements of the former Daimler Trucks & Buses segment as discontinued operations in accordance with IFRS 5 is appropriate.

The measurement methods providing the basis for the first-time at-equity measurement and the determination of the value for the purchase price allocation of the retained shares in Daimler Truck Holding AG are appropriate and consistent with the accounting and measurement principles that are to be applied.

The main assumptions and parameters for the measurement and the subsequent purchase price allocation are appropriate.

The fundamental approach to the reflection of the impacts in the financial statements of the Spin-off Agreement between Mercedes-Benz Group AG and Daimler Truck Holding AG is appropriate and consistent with the accounting and measurement principles that are to be applied.

The disclosures required by IFRS for the presentation as discontinued operations and the disclosures on the spin-off and hive-down in the notes to the consolidated financial statements are sufficiently detailed and correct.

### **Impairment Risk on Operating Leases**

Please refer with regard to the accounting policies and methods applied to the notes to the consolidated financial statements in [Note 1](#) “Significant accounting policies” and [Note 2](#) “Accounting estimates and management judgments”. Further information on the operating leases can be found in the notes to the consolidated financial statements in [Note 13](#) “Equipment on operating leases” and in the comments in the combined management report in the section entitled “Industry and business risks and opportunities”.

### **The Risk for the Consolidated Financial Statements**

The statement of financial position caption “Equipment on operating leases” (€ 44,471 million) includes among other things Mercedes-Benz passenger cars, which are purchased by non-group dealers or other third parties and are the subject of an operating lease with the Mercedes-Benz Group. An impairment risk exists with regard to these vehicles that is primarily dependent on the residual value achievable at the end of the lease. These future residual values are dependent on the situation in the used vehicle markets prevailing when the vehicles are returned. The future-oriented valuation is based on a number of discretionary assumptions. The risk for the financial statements is that any impairment losses will not be recognized or that the amounts recognized will be inadequate.



### Our Audit Approach

We audited the recoverability of the Mercedes-Benz passenger cars purchased externally in the statement of financial position caption “Equipment on operating leases”. We investigated and appraised the indications assumed by the Group for any need for an impairment loss and where necessary obtained an understanding of the write-downs calculated by the Mercedes-Benz Group. We have assessed the Mercedes-Benz Group’s evaluation with regard to the residual values achievable by the end of the terms of the leases. In this connection, we in particular critically reviewed the main influencing factors, such as the expected number of returns from leasing, the current marketing results in order to assess the accuracy of the estimates and future vehicle model changes. For significant markets we furthermore also audited the consistency of the assumptions made by the Mercedes-Benz Group with residual value forecasts by independent expert third parties.

### Our Observations

The assumptions and assessments providing the basis for the assessment of the recoverability of the externally purchased Mercedes-Benz passenger cars in the statement of financial position caption “Equipment on operating leases” and the recorded impairment losses are appropriate.

### 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 2](#) “Accounting estimates and management judgments”. Further information on allowances on receivables from financial services can be found in the notes to the consolidated financial statements in [Note 1](#) “Significant Accounting Policies”, in [Note 15](#) “Receivables from financial services”, in [Note 34](#) “Management of financial risks” and in the combined management report in the section entitled “Industry and business risks and opportunities”.

### The Risk for the Consolidated Financial Statements

Receivables from financial services (€ 80,625 million) resulting from the Group’s financing and leasing activities include receivables from sales financing with customers, receivables from sales financing with dealers and receivables from finance lease contracts. The loss allowances on these receivables amounted at the reporting date to € 959 million.

The calculation of the loss allowances is based on expected credit losses and therefore also includes expectations regarding the future. Recognition of the expected credit losses is carried out 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. Furthermore, macroeconomic scenarios (basis scenarios, optimistic and pessimistic scenarios) flow into the calculation, which also include Covid-19 effects, the identification of which to a high degree includes discretionary judgments and uncertainties. Further external information, for instance in connection with the Covid-19 pandemic which cannot be depicted through the scenarios, are included in the measurement, to the extent necessary, by downstream adjustments. The risk for the financial statements is that the creditworthiness of customers and future cash flows is misjudged or that

the calculation of the risk provision parameters is incorrect, so that loss allowances are not recognized 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 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 and the determination of default probabilities and loss rates that are derived from historical data. We took into account the impact of Covid-19 in conjunction with the audit of the macroeconomic scenarios and the downstream adjustments. We obtained an understanding of this 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 Mercedes-Benz Mobility 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 and methods applied to the notes to the consolidated financial statements in [Note 1](#) “Significant accounting policies” and [Note 2](#) “Accounting estimates and management judgments”. Further information on the guarantees and product warranties can be found in the notes to the consolidated financial statements in [Note 24](#) “provisions for other risks” and in the comments in the combined management report in the section entitled “Company-specific risks and opportunities – Warranty and goodwill cases”.

### **The Risk for the Consolidated Financial Statements**

The provision for product warranties amounts to €6,786 million and is included in the provisions for other risks.

The Mercedes-Benz Group faces various claims under product guarantees, or grants various kinds of product warranties, which are entered into for the error-free functioning of a Mercedes-Benz Group product sold 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 analyzed 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 future loss event. 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 appropriate.

## Reflection in the Financial Statements of Legal Proceedings

Please refer with regard to the accounting policies and methods applied to the notes to the consolidated financial statements [Note 1](#) “Significant accounting policies” and [Note 2](#) “Accounting estimates and management judgments”. Further information on the legal proceedings can be found in the notes to the consolidated financial statements in [Note 24](#) “Provisions for other risks”, [Note 31](#) “Legal proceedings” and in the combined management report in the section entitled “Legal and tax risks and opportunities – legal risks”.

### The Risk for the Consolidated Financial Statements

Mercedes-Benz Group AG and its subsidiaries face various legal proceedings, claims and governmental investigations and administrative orders (legal proceedings) on a wide range of topics, including for example vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, product warranties, environmental matters, antitrust matters (including actions for damages) and shareholder matters. Legal proceedings relating to products deal with claims on account of alleged vehicle defects, some of which are asserted by way of a class action lawsuit. If the outcome of such legal proceedings is detrimental to the Mercedes-Benz Group, the Group may be required to pay substantial compensatory and punitive damages or fines. In addition, service actions, recall campaigns or other costly actions may have to be undertaken.

Whether the recognition of a provision and, if so, in what amount it is necessary on account of legal proceedings is dependent to a high degree on discretionary estimates and assumptions by the legal representatives. In view of this and the monetary amounts involved with regard to the risks, the following legal proceedings of the Mercedes-Benz Group are in our opinion of particular importance.

a) Diesel emission behavior: class action and other lawsuits in the USA, Canada, Germany and other countries in the Mercedes-Benz Cars & Vans segment

The allegation is raised in class actions in various jurisdictions, including the USA, Canada or the Netherlands, against the Mercedes-Benz Group and individual subsidiaries that devices are used in Mercedes-Benz diesel vehicles that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO<sub>x</sub>) emissions and cause excessive emissions. In addition, the plaintiffs contend that consumers were deliberately misled in connection with the advertising for Mercedes-Benz diesel vehicles.

In Germany, a large number of customers of diesel vehicles have filed claims for damages or the reversal of purchase agreements. They contend that the vehicles are equipped with impermissible defeat devices and/or report impermissibly high emission or consumption figures.

Furthermore, investors in Germany have filed claims on account of the alleged violation of disclosure requirements. The investors contend among other things that the Mercedes-Benz Group failed to publish insider knowledge in connection with the emissions behavior of its Mercedes-Benz diesel vehicles immediately, and moreover made erroneous and misleading claims. In addition, they allege that the purchase price of the financial instruments of Mercedes-Benz Group AG (especially shares) acquired by them would have been lower if Mercedes-Benz Group had reported in accordance with its obligations.

b) Diesel emissions behavior: administrative proceedings in the Mercedes-Benz Cars & Vans segment

Various federal and state authorities and further institutions worldwide are proceeding actively against the Mercedes-Benz Group in the form of inquiries, investigations, proceedings and/or directives. These activities relate in particular to test results and emission control systems in Mercedes-Benz-diesel vehicles and/or the interactions of the Mercedes-Benz Group with the relevant authorities and related legal questions and implications, for instance also under applicable environmental, criminal and antitrust law.

The Mercedes-Benz Group recognized provisions for legal proceedings as of December 31, 2021. The recognition of provisions for legal proceedings is conditional on the existence of a present external obligation, which will probably lead to an outflow of resources embodying economic benefits and can be reliably estimated. The amount provided is thereby determined in accordance with the best possible estimate of the settlement amount. The recognition and measurement of the recognized provisions for legal proceedings are based on discretionary assessments and assumptions by the legal representatives.

The risk for the consolidated financial statements is that provisions for legal proceedings are not set up or are inadequate.

#### **Our Audit Approach**

Our audit procedures comprised firstly an evaluation of the process established by the Company to ensure the recording of the risks, the estimation of the outcome of the proceedings and the reflection in the financial statements of the legal proceedings. Secondly, we held discussions with the internal legal department and with further departments familiar with the matters under dispute, and with the Company's external advisors and attorneys, in order to obtain explanations on the developments and the reasons that had led to the respective estimations. In addition, we evaluated the underlying documents and minutes and the calculations for the respective provisions. The assessments of the legal representatives regarding the developments in the areas referred to were made available to us by the Company in writing. In addition, we interviewed the Company's legal representatives. As of the reporting date, assessments were available from external attorneys on the relevant proceedings, which support the assessment of the risks by the legal representatives.

Where agreement has been reached in the meantime regarding individual matters, we compared the amounts originally estimated with the final obligations and in this way obtained an impression of the quality of the estimates.

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 appropriate.

### **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 combined declaration on corporate management, which is referred to in the combined management report.
- the disclosures in the combined management report on EU taxonomy extraneous to management reports in the tables [↗ B.32](#), [↗ B.33](#) and [↗ B.34](#) and marked as unaudited are marked as having been reviewed with limited certainty.

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 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 management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### **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 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 are also responsible 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 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 (IDW) and supplementary compliance with the 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 judgment and maintain professional skepticism 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 for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 management and the reasonableness of estimates made by management 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 overall 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB.

- 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 combined 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 related safeguards.

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 in accordance with Section 317 paragraph 3a HGB on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes**

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 “mercedesbenzgroupag-2021-12-31-de.zip” (SHA256-Hashwert: 37ee71a1116a6c3a33141653c960a9e58618b174e9ab351626d6190610bb77da), and prepared for publication purposes complies in all material respects with the requirements of Section 328 paragraph 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance only extends 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 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, 2021 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 report contained in the file and identified 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 (10.2021)) 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 IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

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 controls 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 preparation of 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 skepticism 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 electronic 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 group 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 by the Annual Shareholders' Meeting on March 31, 2021. We were engaged by the Supervisory Board on July 16, 2021. We have been the group auditor of Mercedes-Benz Group AG without interruption since the financial year 1998.

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 (long-form 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 combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette (Bundesanzeiger) – 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**

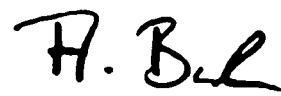
The German Public Auditor responsible for the engagement is Alexander Bock.

Stuttgart, March 10, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
(Original German version signed by:)



Sailer  
Wirtschaftsprüfer  
(German Public Auditor)



Bock  
Wirtschaftsprüfer  
(German Public Auditor)

# Key Figures Mercedes-Benz Group

(Continuing and discontinued operations)

	2021	2020	2021/2020
€ amounts in millions			% change
Unit sales	<b>2,751,366</b>	2,840,402	<b>-3</b>
Revenue	<b>167,971</b>	154,309	<b>+9<sup>1</sup></b>
EBIT	<b>29,069</b>	6,603	<b>+340</b>
Adjusted EBIT	<b>19,230</b>	8,641	<b>+123</b>
Net profit	<b>23,396</b>	4,009	<b>+484</b>
Earnings per share (in €) <sup>2</sup>	<b>21.50</b>	3.39	<b>+534</b>
Dividend per share (in €)	<b>5.00</b>	1.35	<b>+270</b>
Free cash flow of the industrial business	<b>8,606</b>	8,259	<b>+4</b>
Adjusted free cash flow of the industrial business	<b>10,882</b>	9,155	<b>+19</b>
Net liquidity of the industrial business (December 31)	<b>21,005</b>	17,855	<b>+18</b>
Investments in property, plant and equipment	<b>4,579</b>	5,741	<b>-20</b>
Research and development expenditure	<b>9,105</b>	8,614	<b>+6</b>
Employees (December 31) <sup>3</sup>	<b>172,425</b>	275,943	<b>-38</b>

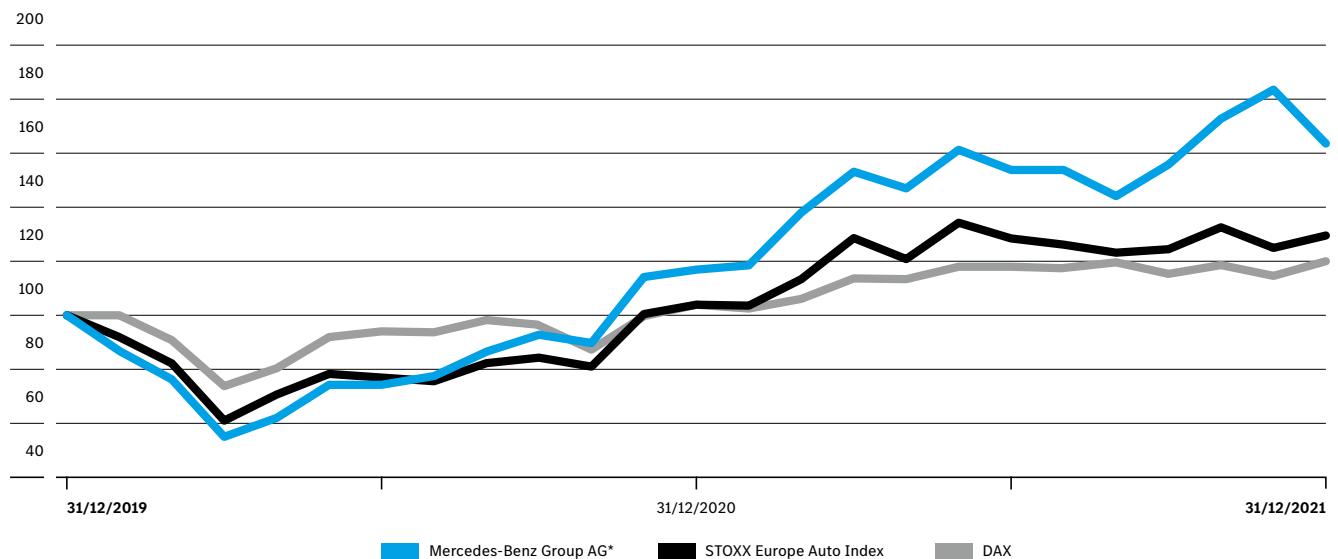
1 Adjusted for exchange rate effects, increase in revenue from continuing operations by 11 %.

2 Based on net profit attributable to shareholders of Mercedes-Benz Group AG.

3 Active workforce without holiday workers; as at 31/12/2021 excluding employees of the spun-off Daimler commercial vehicle business.

## E.01

### Share price index



\* When the spin-off and hive-down of the Daimler commercial vehicle business took effect, the historical share prices were retroactively adjusted by a factor of 0.83945 for the period until December 9, 2021.

# Key Figures for the Divisions

	2021	2020	2021/2020
€ amounts in millions			% change
<b>Mercedes-Benz Cars &amp; Vans</b>			
Unit sales	2,330,169	2,461,884	-5
Revenue	109,648	98,576	+11
EBIT	13,626	5,172	+163
Adjusted EBIT	13,914	6,802	+105
Return on sales (in %)	12.4	5.2	.
Adjusted return on sales (in %)	12.7	6.9	.
CFBIT	10,170	7,048	+44
Adjusted CFBIT	12,295	7,917	+55
Adjusted cash conversion rate <sup>1</sup>	0.9	1.2	.
Investments in property, plant and equipment	3,787	4,862	-22
Research and development expenditure	7,695	7,199	+7
thereof capitalised development costs	2,262	2,391	-5
CO <sub>2</sub> emissions of the new car fleet in Europe in accordance with WLTP (in g/km)	115	136	-15
Employees (December 31) <sup>2</sup>	158,228	162,120	-2
<b>Mercedes-Benz Mobility</b>			
Revenue	27,941	27,699	+1
EBIT	3,493	1,436	+143
Adjusted EBIT	3,449	1,595	+116
Return on equity (in %)	22.3	9.8	.
Adjusted return on equity (in %)	22.0	10.9	.
New business	63,631	67,786	-6
Contract volume (December 31)	133,687	150,553	-11
Investments in property, plant and equipment	78	39	+100
Employees (December 31) <sup>2</sup>	9,531	11,253	-15

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

2 Active workforce without holiday workers.

# Information on the Internet

Further information about the **Mercedes-Benz share** can be found in the Investors section at

 [group.mercedes-benz.com/investors](https://group.mercedes-benz.com/investors)

Annual and interim reports as well as company financial statements are available there. In addition, you can find the latest news, the financial calendar, presentations, various overviews of key figures, information on the share price and additional services.

We make all annual and interim reports only available online to download as PDF files.

 [group.mercedes-benz.com/investors/reports-news](https://group.mercedes-benz.com/investors/reports-news)

Further information is available at

 [group.mercedes-benz.com/en](https://group.mercedes-benz.com/en)

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## **Design and content**

Mercedes-Benz Group AG

Investor Relations







# Annual Financial Statements 2021

Mercedes-Benz Group AG





#### **Cover photo**

Mercedes-Benz is taking the next step with the VISION EQXX. According to internal, digital simulations, it can be assumed that the technology carrier will travel over 1,000 kilometres<sup>1</sup> in real road traffic on a single battery charge. This corresponds to an energy consumption of less than 10 kWh per 100 kilometres or an energy efficiency of more than six miles per kWh. In addition to increased efficiency, resource conservation and the best possible environmental compatibility were equally important development goals. The interdisciplinary project team therefore chose a holistic approach. This started with improving all the components of the state-of-the-art electric powertrain and the use of lightweight and sustainable materials, supplemented with further efficiency measures - from tyres with extremely low rolling resistance to sophisticated aerodynamics (cW 0.17) and the latest software. The result is that the VISION EQXX breaks through previous technological limits and sets the new benchmark for energy efficiency.

<sup>1</sup> The range figures are provisional and are based on digital simulations in real traffic. The VISION EQXX has not undergone a type-approval/homologation procedure.

# Mercedes-Benz Group AG

## Annual Financial Statements 2021

(Daimler AG until 1 February 2022)

The Management Report of Mercedes-Benz Group AG is combined with the Group Management Report in accordance with Section 315 Subsection 5 of the German Commercial Code (HGB) and is published in the Mercedes-Benz Group's Annual Report 2021.

The Annual Financial Statements and the combined Management Report for Mercedes-Benz Group AG and the Mercedes-Benz Group for the year 2021 are filed with the operator of the German Federal Gazette and published in the German Federal Gazette.

The Annual Financial Statements of Mercedes-Benz Group AG and the Annual Report on the year 2021 can also be found on our website at

 [group.mercedes-benz.com/investors/reports-news/](https://group.mercedes-benz.com/investors/reports-news/).



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BALANCE SHEET OF MERCEDES-BENZ GROUP AG

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INDEPENDENT AUDITOR'S REPORT

# Balance Sheet of Mercedes-Benz Group AG

(Daimler AG until 1 February 2022)

## Assets

	Note	31 Dec. 2021	31 Dec. 2020
In millions of euros			
<b>Non-current assets</b>			
Intangible assets	(1)	39	62
Property, plant and equipment	(2)	76	147
Financial assets	(3)	41,016	55,952
		<b>41,131</b>	56,161
<b>Current assets</b>			
Trade receivables	(4)	41	4
Receivables from subsidiaries	(4)	24,037	22,166
Other receivables and other assets	(4)	2,452	1,397
Securities	(5)	6,053	4,904
Cash and cash equivalents	(6)	9,047	7,658
		<b>41,630</b>	36,129
<b>Prepaid expenses</b>	(7)	231	341
		<b>82,992</b>	92,631

**Equity and liabilities**

Note **31 Dec. 2021** 31 Dec. 2020

In millions of euros

**Equity**

Share capital	(8)	<b>3,070</b>	3,070
(Conditional capital €500 million)			
Capital reserve	(8)	<b>11,480</b>	11,480
Retained earnings	(8)	<b>13,540</b>	23,230
Distributable profit	(8)	<b>5,349</b>	1,444
		<b>33,439</b>	39,224

**Provisions**

Provisions for pensions and similar obligations	(9)	<b>128</b>	193
Other provisions	(10)	<b>1,775</b>	1,550
		<b>1,903</b>	1,743

**Liabilities**

Trade payables	(11)	<b>358</b>	140
Liabilities to subsidiaries	(11)	<b>27,018</b>	26,511
Other liabilities	(11)	<b>20,253</b>	24,976
		<b>47,629</b>	51,627

**Deferred income**

	(12)	<b>21</b>	37
		<b>82,992</b>	92,631

# Income Statement of Mercedes-Benz Group AG

(Daimler AG until 1 February 2022)

	Note	2021	2020
In millions of euros			
<b>Revenue</b>	(13)	<b>1,488</b>	1,685
Cost of sales	(14)	<b>-1,470</b>	-1,641
<b>Gross profit</b>		<b>18</b>	44
General administrative expenses	(14)	<b>-1,237</b>	-928
Other operating income	(15)	<b>241</b>	407
Other operating expenses	(16)	<b>-100</b>	-127
Income/expense from investments in subsidiaries and associated companies, net	(17)	<b>11,840</b>	3,119
Interest income/expense, net	(18)	<b>-453</b>	-176
Other financial income/expense, net	(19)	<b>-116</b>	-65
Income taxes	(20)	<b>-655</b>	-141
<b>Profit after taxes</b>	(21)	<b>9,538</b>	2,133
Offset against other retained earnings		<b>13,879</b>	-
Asset reduction due to spin-off		<b>-13,879</b>	-
Transfer to other retained earnings		<b>-4,189</b>	-689
<b>Distributable profit</b>		<b>5,349</b>	1,444

# Notes to the Financial Statements of Mercedes-Benz Group AG

(Daimler AG until 1 February 2022)

## **Accounting policies and methods as well as changes in the corporate structure and renaming of the company from Daimler AG to Mercedes-Benz Group AG**

Mercedes-Benz Group AG is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 120, 70372 Stuttgart, Germany.

On 1 October 2021, the Extraordinary General Meeting approved the change of name from Daimler AG to Mercedes-Benz Group AG. The entry in the Commercial Register took place on 1 February 2022. For this reason, in addition to the name Mercedes-Benz Group AG, the name Daimler AG is also used here, depending on the respective facts and time.

In the context of the company's realignment (Project Focus), the Board of Management, with the consent of the Supervisory Board, resolved on 30 July 2021 to spin off and hive down significant parts of the former Daimler Trucks & Buses segment, including the related financial services business (Daimler commercial vehicle business). The legal basis for the restructuring is the spin-off and hive-down agreement concluded between Daimler AG and Daimler Truck Holding AG on 6 August 2021.

At the Extraordinary General Meeting of Daimler AG on 1 October 2021, the shareholders approved the spin-off and hive-down agreement. The approval of the Annual General Meeting of Daimler Truck Holding AG was given on 5 November 2021. The spin-off and hive-down were entered in the Commercial Register on 9 December 2021 with economic effect as of 1 January 2021 (spin-off date). With the spin-off and hive-down taking effect, as well as other measures provided for in the demerger agreement, Mercedes-Benz Group AG directly and indirectly

holds a minority interest totalling 35% of the share capital of Daimler Truck Holding AG as of the balance sheet date, and therefore no longer exercises a controlling influence on the basis of the agreements concluded in connection with the transaction. A detailed description of the effects on shareholdings of the spin-off and hive-down is provided in the "Financial assets" section. The control and profit-and-loss-transfer agreement existing between Daimler AG (now Mercedes-Benz Group AG) and Daimler Truck AG has been transferred to Daimler Truck Holding AG by way of the spin-off effective 1 January 2021.

Closely linked to Mercedes-Benz AG, Mercedes-Benz Group AG functions as an operating business unit that decides on the Group's strategy. In addition, it decides on matters of strategic importance for business operations and, as the Group parent company, is responsible for the regulatory, legal and compliance functions throughout the Group.

The financial statements of Mercedes-Benz Group AG have been prepared in accordance with the accounting principles of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG); the amounts shown are in millions of euros (€) and the comparable figures for the year ended 31 December 2020 are also shown.

The items summarised in the balance sheet and the income statement are listed individually and explained in these notes.

For the sake of materiality, clarity and transparency, the system of presentation has been modified in accordance with Section 266 of the HGB. Other receivables and other assets include in particular receivables from associated companies. Other provisions comprise



provisions for taxes and miscellaneous provisions. Other liabilities comprise liabilities to associated companies, loans and bonds, liabilities to banks and miscellaneous liabilities.

The income statement has been prepared according to the internationally predominant cost-of-sales method. The system of presentation according to Section 275 of the HGB has been modified to improve clarity with regard to financial activities.

Financial activities are presented as net income/expense from investments in subsidiaries and associated companies, net interest income/expense and net other financial income/expense.

Due to the existing control and profit-and-loss-transfer agreements, the profits and losses arising in particular at Mercedes-Benz AG is taken over by Mercedes-Benz Group AG.

### **Recognition and measurement**

INTANGIBLE ASSETS are measured at cost of acquisition, reduced by systematic straight-line amortisation. They have a useful life of 4 to 15 years.

The capitalisation option for self-produced intangible assets is not utilised.

PROPERTY, PLANT AND EQUIPMENT are measured at cost of acquisition or production, reduced by systematic depreciation.

The production costs of self-constructed assets comprise direct costs as well as prorated material and production overheads, including depreciation, to the extent that they are caused by the production process.

Systematic straight-line depreciation for technical equipment and machinery, other equipment, and factory and office equipment is based on a useful life of 3 to 23 years.

Impairments are recognised if an asset has to be measured at a lower value.

Assets with costs of acquisition or production of up to €1,000 are immediately expensed.

The assets included separately under leased assets in the previous year are shown under factory and office equipment as of the year under review for reasons of materiality, clarity and transparency.

SHARES IN SUBSIDIARIES and ASSOCIATED COMPANIES AND OTHER FINANCIAL ASSETS are measured at cost of acquisition, or, if there is an indication of permanent impairment, at the lower fair value. If the reasons for permanent impairment are no longer given, the impairment is reversed. Loans bearing low interest or no interest are measured at their present values. In accounting for non-cash contributions, the exchange principles are generally applied and the newly acquired shares are measured at the carrying amount of the shares contributed.

RECEIVABLES and OTHER ASSETS are measured at their nominal values with consideration of all recognisable risks. If they have a residual period of more than one year and are non-interest bearing, they are discounted to their present value on the balance sheet date. General allowances are recognised to reflect general credit risks. Receivables and other assets with a residual term of less than one year which are denominated in foreign currencies are translated at the spot rates on the balance sheet date. Non-current assets denominated in foreign currencies are translated at the spot rates on the date when booked or at the lower rate on the balance sheet date.

SECURITIES PRESENTED UNDER CURRENT ASSETS are measured at the lower of cost of acquisition or fair value on the balance sheet date.

Payments made prior to the balance sheet date that constitute expenses for a specific period after that date are reported as PREPAID EXPENSES. Any difference between the settlement amount and the lower issue amount of a liability is capitalised and amortised systematically over the period of the liability.

DEFERRED TAXES are calculated on temporary differences in the measurement of assets, liabilities, accruals and deferrals between the tax basis and financial reporting according to HGB, as well as on tax-loss carryforwards. Tax-loss carryforwards can only be taken into account if they can be offset against taxable income within the statutory period of five years. Deferred taxes are measured based on the combined tax rate of 29.825% for the income-tax fiscal unity of Mercedes-Benz Group AG. The combined tax rate includes corporate income tax, trade tax and the solidarity surcharge. Deferred tax assets and deferred tax liabilities are netted. Any resulting tax liability is recognised as a deferred tax liability in the balance sheet. Any resulting tax asset is not recognised in the balance sheet, as no use is made of the capitalisation option.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS for pension plans result from the offsetting of pension obligations and assets that are not available to all other creditors and serve exclusively to settle pension obligations (special-purpose assets).

Retirement benefit obligations from pension plans that provide for a predefined benefit in old age are recognised at the settlement amount required according to reasonable business judgment. Measurement is based on the actuarial projected unit credit method. Discounting of pension obligations is based on the average market interest rate of the past ten financial years as published on 31 December 2021 by the German central bank (Deutsche Bundesbank) for an assumed residual period of 15 years.

Provisions for retirement benefit obligations which at least guarantee the contributions paid in are recognised at the fair value of the related assets, as this exceeds the guaranteed minimum amount. Future claims are related to the fair value of the assets (securities or comparable assets).

The offset assets are measured at fair value.

Expenses and income resulting from discounting the retirement benefit obligations are offset against the expenses and income of the offset assets under net interest income/ expense. All other components of pension expenses are presented under functional costs.

OTHER PROVISIONS are recognised at the required settlement amounts in accordance with reasonable commercial judgment. Expected future increases in prices and costs until settlement of the liabilities are taken into consideration. Provisions with a residual period of more than one year are discounted according to the net method over that period using the average market interest rate of the past seven financial years as published by the German central bank (Deutsche Bundesbank). Changes in the discount rate or interest effects of a changed estimate of the residual period are presented under interest income/ expense.

Other provisions also include provisions for taxes. In particular for the case that the amounts stated in the tax returns might not be realised (uncertain tax positions), the provisions are based on the best estimate of the expected tax payments. Tax refund claims are only recognised in the balance sheet if they are sufficiently certain.

In accordance with Section 254 of the HGB, DERIVATIVE FINANCIAL TRANSACTIONS are linked as a hedging relationship with an underlying transaction, provided there is a direct hedging context between the financial transaction and the underlying transaction. Financial transactions for which no units of valuation are formed are measured individually at fair value. Any resulting unrealised losses are expensed.

LIABILITIES are measured at their settlement amounts. Liabilities denominated in foreign currencies with a residual period of up to one year are translated at the spot rates on the balance sheet date. Non-current liabilities denominated in foreign currencies are translated at the spot rates on the date when booked or at the higher rate on the balance sheet date.

Payments received prior to the balance sheet date that constitute income for a specific period after that date are reported as DEFERRED INCOME.

## Schedule of non-current assets

	Cost of acquisition or production						Depreciation/Amortization/Write-ups				Carrying amount		
	01.01. 2021	Addi- tions	Reclas- sifica- tions	Dis- posals	31.12. 2021	01.01. 2021	Addi- tions	Write- ups	Reclas- sifica- tions	Dis- posals	31.12. 2021	31.12. 2021	31.12. 2020
In millions of euros													
Intangible assets													
Purchased concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	181	12	2	43	152	125	26	-	-	38	113	39	56
Advance payments made	6	.	-2	4	.	-	-	-	-	-	-	.	6
	187	12	-	47	152	125	26	-	-	38	113	39	62
Property, plant and equipment													
Technical equipment and machinery	45	1	.	6	40	20	3	-	-	4	19	21	25
Other equipment, factory and office equipment <sup>1)</sup>	439	8	4	257	194	326	34	-	-	214	146	48	113
Advance payments made and construction in progress	9	4	-4	2	7	-	-	-	-	-	-	7	9
	493	13	-	265	241	346	37	-	-	218	165	76	147
Financial assets													
Shares in subsidiaries	54,324	6,406	137	27,438	33,429	1,439	-	-	-	1,116	323	33,106	52,885
Loans to subsidiaries	1,559	20	-137	130	1,312	-	-	-	-	-	-	1,312	1,559
Shares in associated companies	1,677	5,145	.	19	6,803	290	49	-	-	12	327	6,476	1,387
Securities presented as non-current assets	120	-	-	-	120	-	.	-	-	-	.	120	120
Other loans	1	1	-	-	2	-	-	-	-	-	-	2	1
	57,681	11,572	-	27,587	41,666	1,729	49	-	-	1,128	650	41,016	55,952
Non-current assets													
	58,361	11,597	-	27,899	42,059	2,200	112	-	-	1,384	928	41,131	56,161

<sup>1</sup> The assets included separately under leased assets in the previous year are shown under factory and office equipment as of the year under review for reasons of materiality, clarity and transparency.

# Notes to the Balance Sheet

## 1. Intangible assets

The intangible assets of Mercedes-Benz Group AG in the amount of €39 million primarily comprise purchased licenses. Systematic amortisation amounts to €26 million (2020: €29 million). No unscheduled depreciation was recognised in 2021 (2020: €0 million).

## 2. Property, plant and equipment

The property, plant and equipment of Mercedes-Benz Group AG primarily consists of other equipment, factory and office equipment, and technical equipment and machinery.

Additions in 2021 relate solely to movable assets. Systematic depreciation of property, plant and equipment amounts to €37 million (2020: €64 million). No unscheduled depreciation was recognised in 2021 (2020: €0 million).

Disposals of assets include disposals of €37 million in connection with an external relocation of IT functions.

## 3. Financial assets

Shares in subsidiaries and associated companies decreased by €14,690 million to €39,582 million (2020: €54,272 million).

The development of financial assets in the year under review was significantly affected by the accounting treatment of the spin-off and hive-down of shares in Daimler Truck AG. On the one hand, significant effects result from the spin-off of 65.00% of the increased share capital of Daimler Truck AG to Daimler Truck Holding AG in exchange for the granting of shares in Daimler Truck Holding AG to the shareholders of Mercedes-Benz Group AG. On the other hand, the hive-down of approximately 28.43% of the increased share capital of Daimler Truck AG to Daimler Truck Holding AG in exchange for the granting of shares in Daimler Truck Holding AG to Mercedes-Benz Group AG had a material effect on the financial statements. Due to the contribution of various real-estate companies from Daimler Verwaltungsgesellschaft für Grundbesitz mbH to Daimler Truck AG, Daimler Verwaltungsgesellschaft für Grundbesitz mbH held an interest of approximately 6.57% in the increased share capital of Daimler Truck AG before the spin-off became effective. The measurement of the shareholding ratio is the result of company valuations by an external expert. The percentage shareholding of Mercedes-Benz Group AG in Daimler Truck AG was reduced accordingly prior to the completion of the spin-off; from the perspective of Mercedes-Benz Group AG, no further effects result from the latter transaction.

The additions to investments in subsidiaries result in particular from the capital contribution from Mercedes-Benz Group AG to Daimler Truck AG in the amount of €5,380 million in the reporting year to strengthen the equity base of Daimler Truck AG prior to the completion of the spin-off. The equity strengthening also led to an increase in the carrying amount of the investment in the subsidiary Daimler Verwaltungsgesellschaft für Grundbesitz mbH after completion of the spin-off in line with its shareholding in Daimler Truck Holding AG.

Furthermore, Mercedes-Benz Group AG carried out capital increases at Daimler Grund Services GmbH and Mercedes-Benz Mobility AG (formerly Daimler Mobility AG) as well as a debt-equity swap at Daimler India Commercial Vehicles Private Limited in the year under review. Finally, the contributions in kind of Mercedes-Benz France S.A.S. and Mercedes-Benz Portugal, S.A. to Mercedes-Benz AG increased the carrying amount of the investment in Mercedes-Benz AG.

The disposals of shares in subsidiaries are mainly due to spin-off and hive-down effects. Due to the spin-off of 65.00% of the increased share capital of Daimler Truck AG and the hive-down of approximately 28.43% of the increased share capital of Daimler Truck AG to Daimler Truck Holding AG with economic effect as of 1 January 2021 (spin-off date), the carrying amount of the investment in Daimler Truck AG was fully derecognised as of the spin-off date. In addition, the carrying amount of the investment in Daimler Truck AG, which was increased during the year by the equity strengthening, was also derecognised at the time of completion of the demerger. The other disposals of shares in subsidiaries are mainly due to capital repayments by Mercedes-Benz Capital Nederland B.V. (formerly Daimler International Nederland B.V.) and Mercedes-Benz Mobility AG (formerly Daimler Mobility AG) to Mercedes-Benz Group AG, and the sale of shares in Daimler Trucks Finance Canada Inc. and Daimler India Commercial Vehicles Private Limited to Daimler Truck AG. Finally, the shares in Mercedes-Benz France S.A.S. and Mercedes-Benz Portugal, S.A. were contributed to Mercedes-Benz AG by way of contributions in kind.

The additions to investments in associated companies mainly result from the hive-off of the increased share capital of Daimler Truck AG to Daimler Truck Holding AG. The carrying amount of the investment in Daimler Truck AG was derecognized pro rata and the shares in Daimler Truck Holding AG received in the course of the exchange transaction were recognized under investments in associated companies with an ownership interest of approximately 23.44%. The further shares received in Daimler Truck Holding AG amounting to an interest of approximately 4.99% were recognized directly in other assets due to the short-term holding intention. These were sold within the Group to Mercedes-Benz AG in January 2022. In addition, the capital contribution by Mercedes-Benz Group AG into Daimler Truck AG during the year following completion of the spin-off and hive-down led to an increase in the carrying amount of the investment in Daimler Truck Holding AG and in other assets in the amount of Mercedes-Benz Group AG's shareholding in Daimler Truck Holding AG. Finally, the intra-Group acquisition of the shares in KAMAZ PAO resulted in a further addition to investments in associated companies.

In 2021, shares in subsidiaries and associated companies were impaired by an amount of €49 million (2020: €373 million). This relates to BAIC Motor Corporation Ltd. (2020: €279 million).

No write-ups of shares in subsidiaries or associated companies took place in 2021 (2020: €0 million).

#### 4. Receivables and other assets [↗ C.01](#)

Receivables from subsidiaries (€24,037 million, 2020: €22,166 million) comprise receivables that originally arose from the Group's internal transactions in connection with central finance and liquidity management (€16,775 million, 2020: €21,043 million), from profit transfers from subsidiaries (€7,040 million, 2020: €897 million) and from the supply of goods and services to German and foreign companies (€222 million, 2020: €226 million).

In connection with the spin-off and hive-down of the Daimler commercial vehicle business, receivables from subsidiaries were settled in the amount of €1,898 million.

Receivables from associated companies are receivables arising from the supply of goods and services to German and foreign associated companies (€51 million, 2020: €5 million) and from intra-Group clearing transactions in the context of central financial and liquidity management (€14 million, 2020: €18 million).

Due to the spin-off and hive-down of the Daimler commercial vehicle business, Mercedes-Benz Group AG reports receivables from Daimler Truck Holding AG and its subsidiaries as receivables from associated companies at the balance sheet date.

Other assets include approximately 4.99% of the shares in Daimler Truck Holding AG due to the intra-Group sale in January 2022 (€1,067 million, 2020: €0 million), tax-refund claims (€859 million, 2020: €726 million), fixed-term deposits (€250 million, 2020: 400 million) and accrued interest (€123 million, 2020: €132 million).

#### 5. Securities presented as current assets

Securities presented as current assets consist solely of miscellaneous securities, which include fixed or variable-interest marketable debt securities as well as money-market funds.

The increase of €1,149 million to €6,053 million (2020: €4,904 million) is due in particular to the acquisition of shares in money-market funds amounting to €2,236

#### C.01

##### Receivables and other assets

	31 Dec. 2021	31 Dec. 2020
In millions of euros		
Trade receivables	41	4
thereof more than 1 year until maturity	-	-
Receivables from subsidiaries	24,037	22,166
thereof more than 1 year until maturity	4,534	5,119
Receivables from associated companies	65	23
thereof more than 1 year until maturity	-	-
Other assets	2,387	1,374
thereof more than 1 year until maturity	42	57
<b>Receivables and other assets</b>	<b>26,530</b>	<b>23,567</b>
thereof more than 1 year until maturity	<b>4,576</b>	<b>5,176</b>

million. This was partially offset by disposals, mainly from the repayment of loans in an amount of €987 million.

#### 6. Cash and cash equivalents

Cash and cash equivalents amount to €9,047 million at the end of the year (2020: €7,658 million) and consist of bank balances, cash in hand and checks. As well as cash and cash equivalents, liquidity also includes securities presented as current assets (€6,053 million, 2020: €4,904 million) and fixed-term deposits (€250 million, 2020: €400 million), which are presented under other assets.

#### 7. Prepaid expenses

Prepaid expenses include discount amounts of €94 million (2020: €122 million). They result from the difference between the settlement amount and the lower issue amount of liabilities.

## 8. Equity [↗ C.02](#)

### Share capital

The share capital (authorised capital) is divided into no-par-value shares. All shares are fully paid up. Each share confers the right to one vote at the Annual General Meeting of Mercedes-Benz Group AG and, if applicable, with the exception of any new shares potentially not entitled to dividends, to an equal portion of the profits as defined by the dividend distribution resolved at the Annual General Meeting. Each share represents a proportionate amount of approximately €2.87 of the share capital. The number of shares outstanding/issued at 31 December 2021 is 1,070 million, unchanged from 31 December 2020.

### Treasury shares

By resolution of the Annual Shareholders' Meeting held on 8 July 2020, the Board of Management was again authorised, with the consent of the Supervisory Board, until 7 July 2025 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution, or – if this is less – as of the day of exercising the authorisation, to be used for all legal purposes. The shares can be used, among other things, with the exclusion of shareholders' subscription rights, for business combinations or to acquire companies, or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfil 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 the Company's subsidiaries pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be cancelled. In a volume up to 5% of the share capital issued as of the day of the resolution of the Annual Shareholders' Meeting, the Company was authorised to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereby the term of a derivative must not exceed 18 months and must not end later than 7 July 2025.

## C.02

### Equity

	31. Dec. 2021	31 Dec. 2020
In millions of euros		
Share capital	3,070	3,070
Capital reserve	11,480	11,480
Retained earnings	13,540	23,230
Distributable profit	5,349	1,444
<b>Equity</b>	<b>33,439</b>	<b>39,224</b>

## C.03

### Number of shares

	2021	2020
<b>Shares outstanding/issued at 1 January</b>	<b>1,069,837,447</b>	<b>1,069,837,447</b>
Shares reacquired in the context of employee share programs and not cancelled	-664,078	-1,052,569
Sale of treasury shares to employees in the context of employee share programs	664,078	1,052,569
<b>Shares outstanding/issued at 31 December</b>	<b>1,069,837,447</b>	<b>1,069,837,447</b>

The authorisation to acquire treasury shares was not utilised in the reporting period. As at 31 December 2020, no treasury shares were held by Mercedes-Benz Group AG at 31 December 2021. [↗ C.03.](#)

### **Employee share purchase plan**

In the first quarter of 2021, pursuant to Section 71 Subsection 1 No. 2 of the German Stock Corporation Act (AktG) in connection with the employee share programmes, without utilising the authorisation to acquire treasury shares granted by the Annual General Meeting on 8 July 2020, Mercedes-Benz Group AG acquired 664,078 Mercedes-Benz Group shares (2020: 1,052,569 Daimler shares) and reissued them to employees. The employee shares represent €1.91 million or 0.06% of the share capital; they were acquired for an average price of €72.07 per share and reissued to employees for an average price of €53.95 per share. The proportionate loss arising for Mercedes-Benz Group AG of €12.03 million was recognised through profit and loss as a personnel expense in 2021. The proportionate loss of €11.33 million from the sale of employee shares to entitled employees of Group companies was charged by Mercedes-Benz Group AG to the respective companies of the Group.

### **Approved capital**

The Annual General Meeting held on 5 April 2018 authorised the Board of Management, with the consent of the Supervisory Board, to increase the share capital of the Mercedes-Benz Group AG in the period until 4 April 2023 by a total of €1,000 million in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2018). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). The Board of Management was also authorised, among other things, with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits. Approved Capital 2018 has not yet been utilised.

### **Conditional capital**

By resolution of the Annual General Meeting on 8 July 2020, the Board of Management was authorised, with the consent of the Supervisory Board, until 7 July 2025 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10,000 million and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Mercedes-Benz Group AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in instalments, or simultaneously in various tranches, as well as by subsidiaries of Mercedes-Benz Group AG within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management was authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights for the bonds under certain conditions and within defined limits.

In order to fulfil the conditions of the above-mentioned authorisation, the Annual General Meeting on 8 July 2020 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2020).

The new authorisation to issue convertible and/or warrant bonds has not yet been utilised.

### **Capital reserve**

The capital reserve amounts to €11,480 million at 31 December 2021 (2020: €11,480 million).



### Retained earnings

At 31 December 2021, other retained earnings amount to €13,540 million (2020: €23,230). The spin-off of 65% of the shares in Daimler Truck AG to Daimler Truck Holding AG and the equity strengthening carried out to the benefit of Daimler Truck AG in the context of this spin-off, as well as the contractually agreed reimbursement by Mercedes-Benz Group AG of the costs incurred by Daimler Truck AG in connection with the spin-off, resulted in a decrease of €13,879 million in other retained earnings. [↗ C.04](#).

### Distributable profit

Distributable profit for the 2021 financial year is calculated in accordance with Section 158 Subsection 1 of the German Stock Corporation Act (AktG) and amounts to €5,349 million. [↗ C.05](#)

### Information on amounts that may not be distributed

The difference between the recognition of the retirement benefit obligations with the average market interest rate of the past ten financial years and the recognition of the retirement benefit obligations with the average market interest rate of the past seven financial years amounts to €116 million and may not be distributed. The measurement at fair value of assets offset against retirement benefit obligations resulted in an amount of €158 million that may not be distributed.

On the other hand, retained earnings exist which may be freely disposed of in the amount of €13,540 million. Therefore, the distributable profit of €5,349 million is in fact fully distributable.

### Dividend

Under the German Stock Corporation Act (AktG), the dividend is paid out of the distributable profit reported in the annual financial statements of Mercedes-Benz Group AG (parent company only) in accordance with the German Commercial Code (HGB). For the year ended 31 December 2021, the Daimler management will propose to the shareholders at the Annual General Meeting the payment of €5,349 million of the distributable profit of Mercedes-Benz Group AG as a dividend to the shareholders, equivalent to €5.00 per no-par-value share entitled to a dividend (2020: €1,444 million and €1.35 per no-par-value share entitled to a dividend, respectively).

### C.04

#### Other retained earnings

	2021	2020
In millions of euros		
<b>Balance at 1 January</b>	<b>23,230</b>	22,541
Purchase of treasury shares	-	-
Allocated by the Annual Shareholders' Meeting	-	-
Transfer from net profit	<b>4,189</b>	689
Transfer from retained earnings	-	-
Spin-off of the Daimler commercial vehicle business	<b>-13,879</b>	
<b>Balance at 31 December</b>	<b>13,540</b>	23,230
thereof treasury shares	-	-

### C.05

#### Distributable profit

	2021
In millions of euros	
<b>Balance at 1 January</b>	<b>1,444</b>
Dividend distribution	<b>-1,444</b>
Net profit 2021	<b>9,538</b>
Transfer from retained earnings	<b>-4,189</b>
<b>Balance at 31 December</b>	<b>5,349</b>

### Share-based payment

As of 31 December 2021, Mercedes-Benz Group AG has Performance Phantom Share Plans (PPSP) 2018 through 2021 in operation. As instruments of share-based payment with cash settlement, the PPSP are measured at their fair values on the balance sheet date. They are paid out at the end of their contractually defined periods; an earlier, proportionate payout is only possible under certain conditions when a beneficiary leaves the company. PPSP 2017 was paid out as planned in the first quarter of 2021.

### **Performance Phantom Share Plans**

In 2021, Mercedes-Benz Group AG adopted a Performance Phantom Share Plan similar to that used in prior years, under which eligible board members and employees are granted phantom shares entitling them to receive cash payments provided that predefined targets are met in the three-year performance period. The amount of cash paid to eligible persons is based on the number of vested phantom shares (determined depending on target achievement over a three-year performance period) multiplied by the quoted price of Mercedes-Benz Group's ordinary shares (calculated as an average price over a specified period at the end of the four-year plan period). The determination of target achievement is based on relative share performance, which measures the performance development of Mercedes-Benz Group shares compared with the development of a performance index based on a group of competitors including the Mercedes-Benz Group, and the return on sales (RoS) of the Mercedes-Benz Group compared with the average RoS of a group of competitors.

Since PPSP 2018, the average RoS of the group of competitors is additionally revenue weighted. In this context, special regulations apply to the members of the Board of Management to the extent that the Mercedes-Benz Group has to achieve a higher RoS than the average of its competitors in order to obtain the same target achievement that the other plan participants obtain in the case of a RoS equal to the average of the competitors.

With the completion of the spin-off and hive-down of the Daimler commercial vehicle business, the outstanding PPSP plans will be continued as Group-specific plans. In this context, the plan conditions for the outstanding PPSP 2018 to PPSP 2021 plans have been adjusted as explained below.

#### **CHANGES TO THE CONDITIONS for PPSP 2018**

For PPSP 2018, the term ends on 31 December 2021 and the final number of phantom shares earned is fixed. Unlike the original plan conditions, the price by which the (finally) earned number of phantom shares is multiplied is determined on the basis of the average prices of Mercedes-Benz Group shares and Daimler Truck Holding shares within a defined period at the beginning of 2022, taking into account the allocation ratio defined for the shareholders, under which each shareholder receives one Daimler Truck Holding share for every two Mercedes-Benz Group shares.

#### **CHANGES TO THE TERMS AND CONDITIONS FOR PPSP 2019 TO 2021**

For PPSP 2019 to PPSP 2021, further adjustments are necessary in order to continue the respective plans after the spin-off in a Group-specific manner. Here, the number of phantom shares granted is adjusted with the help of a conversion factor. The conversion factor increases the number of (provisionally) granted Mercedes-Benz Group AG phantom shares by converting the notional allocation of Daimler Truck Holding AG phantom shares into additional Mercedes Group AG phantom shares on the basis of the allocation ratio defined for the shareholders. The increase in the number of (provisionally) allocated Mercedes-Benz Group AG phantom shares represents equivalent remuneration for the loss in value resulting from the spin-off. The exchange takes place on the basis of the average of the prices of Mercedes-Benz Group AG shares and Daimler Truck Holding AG shares within a defined period in December 2021. The amount paid out will be measured from the spin-off onwards on the basis of the specific success factors of the Mercedes-Benz Group.

The payment of a dividend equivalent will be based in the future on the adjusted number of performance phantom shares and the actual dividend paid on ordinary shares of Mercedes-Benz Group AG.

If plan participants have been transferred from a company of the Mercedes-Benz Group to a company of the Daimler Truck Group or vice versa, the provision has been transferred as far as possible. Payment of the PPSP is ultimately made by the new employer company. If the provision could not be transferred, a reimbursement agreement exists for the portion of the PPSP that was earned in a company of the respective other group prior to the spin-off.

## 9. Provisions for pensions and similar obligations

Provisions for pensions and similar obligations amount to €128 million at 31 December 2021 (2020: €193 million). [↗ C.06](#)

The settlement amount for obligations that provide for a defined benefit during retirement is €1,440 million (2020: €1,455 million). In connection with the spin-off and hive-down of significant parts of the former Daimler Trucks & Buses segment as well as further transfers of operations and other group transfers to Mercedes-Benz AG and Daimler Truck AG, obligations amounting to €121 million were disposed of. There were opposing effects in a total of €118 million from the decrease in the actuarial interest rate and from the compounding of the obligations.

The measurement of the pension obligations is based on an interest rate of 1.87% (2020: 2.30%). Life expectancy is calculated on the basis of the 2018 Heubeck mortality tables. The mortality tables take into account the latest statistics of the statutory pension insurance and the Federal Statistical Office. In addition, the measurement is based on annual increases in the cost of living and annual increases in future entitlements of 1.80% (2020: 1.80%) and expected annual wage and salary increases of 3.00% (2020: 3.00%).

These obligations are offset against the special-purpose assets, which as at 31 December 2021 have a fair value of €1,312 million (2020: €1,262 million) and cost of acquisition of €1,238 million (2020: €1,211 million).

## C.06

### Provisions for pensions and similar obligations

	31 Dec. 2021	31 Dec. 2020
In millions of euros		
Settlement amount of obligations from defined-benefit plans	1,440	1,455
Fair value of related special-purpose assets for obligations from defined-benefit plans	-1,312	-1,262
Settlement amount for obligations from plans with commitments backed by securities	98	92
Fair value of related special-purpose assets for obligations from plans with commitments backed by securities	-98	-92
<b>Provisions for pensions and similar obligations</b>	<b>128</b>	<b>193</b>

The obligations for the pension plans, the amounts of which are determined by the fair value of securities or comparable assets, are recognised with the fair value of those assets at 31 December 2021 of €98 million (2020: €92 million), as this exceeds the guaranteed minimum value of the obligations at 31 December 2021. There is then an offset with those special-purpose assets that have original costs of acquisition of €90 million (2020: €89 million). As a result, this leads to the full offsetting of the obligations with the related special purpose assets.

The assets offset at 31 December 2021 include the shares shown in Table [7 C.07](#) in foreign funds in the form of shares in an investment-fund company with variable equity of more than 10% pursuant to Sections 108 to 123 of the German Capital Investment Act (KAGB). This is a private equity fund with an international focus that reflects individual investor needs. There are no restrictions on the possibility of returning the shares on stock-exchange trading days. The return of shares can be temporarily suspended under unusual circumstances that make suspension seem necessary under consideration of the interests of the investors.

## 10. Other provisions [7 C.08](#)

Provisions for taxes relate primarily to income taxes for years not yet finally assessed.

Mercedes-Benz Group AG is the controlling company within the fiscal unity. All provisions for income taxes are recognised at Mercedes-Benz Group AG.

Other provisions primarily relate to personnel and social obligations as well as impending losses from derivative transactions.

As part of Project Focus, employees of Mercedes-Benz Group AG were transferred to Daimler Truck AG. This resulted in a decrease in personnel provisions of €20 million.

## 11. Liabilities [7 C.09](#)

Notes, bonds and commercial paper are primarily European medium-term notes in the amount of €18,884 million (2020: €22,367 million).

Liabilities to banks of €48 million (2020: €25 million) primarily comprise loans of €25 million (2020: €25 million).

Liabilities to subsidiaries (€27,018 million, 2020: €26,511 million) are liabilities that originally arose from transactions within the Group in the context of central finance and liquidity management (€26,905 million, 2020: €26,183 million), from the supply of goods and

## C.07

### Shares in investment funds at 31 December 2021

	Private equity funds
In millions of euros	
Carrying value/fair value	42
Cost of acquisition	38
Difference	4
Dividend for the year	18
Daily return possible	Yes

## C.08

### Other provisions

	31 Dec. 2021	31 Dec. 2020
In millions of euros		
Provisions for taxes	1,252	1,070
Miscellaneous provisions	523	480
	1,775	1,550

services with German and foreign companies of the Group (€105 million, 2020: €31 million), and from profit-and-loss transfers from subsidiaries (€8 million, 2020: €297 million).

Liabilities to subsidiaries in the amount of €2,341 million were settled as part of the spin-off and hive-down of the Daimler commercial vehicle business.

Liabilities to associated companies are liabilities that originally arose from the supply of goods and services with German and foreign associated companies (€59 million, 2020: €1 million) and from intra-Group settlement transactions in the context of central finance and liquidity management (€34 million, 2020: €0 million).

Due to the spin-off and hive-down of the Daimler commercial vehicle business, Mercedes-Benz Group AG reports liabilities to Daimler Truck Holding AG and its subsidiaries as liabilities to associated companies at the reporting date.

Miscellaneous liabilities of €460 million (2020: €396 million) mainly comprise accrued and deferred interest, tax liabilities and liabilities from wages and salaries.

## 12. Deferred income

The deferred income of €21 million existing at 31 December 2021 comprises earnings effects from payments made in the charging-on of software to companies of the Group and to associated companies.

## C.09

### Liabilities recognized

	31 Dec. 2021	31 Dec. 2020
In millions of euros		
Notes/bonds and commercial paper	19,652	24,554
of which due in less than 1 year	1,591	3,172
of which due in 1 year to 5 years	7,072	8,140
of which due in more than 5 years	10,989	13,242
Liabilities to banks	48	25
of which due in less than 1 year	48	-
of which due in 1 year to 5 years	-	25
of which due in more than 5 years	-	-
Trade payables	358	140
of which due in less than 1 year	358	140
of which due in 1 year to 5 years	-	-
of which due in more than 5 years	-	-
Liabilities due to subsidiaries	27,018	26,511
of which due in less than 1 year	25,518	20,796
of which due in 1 year to 5 years	1,500	5,715
of which due in more than 5 years	-	-
Liabilities due to associated companies	93	1
of which due in less than 1 year	93	1
of which due in 1 year to 5 years	-	-
of which due in more than 5 years	-	-
Other liabilities	460	396
of which due in less than 1 year	431	396
of which due in 1 year to 5 years	27	-
of which due in more than 5 years	2	-
of which tax liabilities	112	14
of which obligations concerning social security	1	3
<b>Total of liabilities</b>	<b>47,629</b>	<b>51,627</b>
of which due in less than 1 year	<b>28,039</b>	<b>24,505</b>
of which due in 1 year to 5 years	<b>8,599</b>	<b>13,880</b>
of which due in more than 5 years	<b>10,991</b>	<b>13,242</b>

# Notes to the Income Statement

## 13. Revenue

The Company generates revenue primarily from the provision of internal services of corporate functions, which are charged to the companies of the Group.

In the past financial year, Mercedes-Benz Group AG generated revenue of €1,470 million (2020: €1,560 million) from the provision of services by corporate functions within the Group and revenue of €18 million from the provision of services to Daimler Truck Holding AG and its subsidiaries.

Due to legal restrictions, Mercedes-Benz Group AG was used for specific sales of Mercedes-Benz AG and Daimler Truck AG until August 2020 and generated revenue from the vehicle business in the amount of €125 million in the period 1 January to 30 August 2020.

Domestic revenue (€1,271 million) accounts for 85% of total revenue, with 15% coming from abroad (€217 million). The revenue generated outside Germany is attributable in particular to America (€84 million), Asia (€64 million) and Europe (€60 million).

## 14. Functional costs

Functional costs are broken down in the income statement into cost of sales and general administrative expenses.

Cost of sales includes the expenses incurred to generate sales revenue. These are mainly personnel expenses, the cost of purchased services, IT expenses, depreciation, and rental and lease expenses. Cost of sales of €1,470 million was lower than in the previous year (2020: €1,641 million).

General administrative expenses primarily comprise personnel expenses, IT costs and fees for expertise and consulting. The increase in administrative expenses primarily resulted from expenses in connection with the spin-off and hive-down of the Daimler commercial vehicle business in the amount of €238 million (2020: €0 million) as well as expenses for the transformation of the IT infrastructure of €78 million (2020: €0 million). On the other hand, there were lower expenses of €41 million (2020: €86 million) for cost-optimisation programmes resulting from a general works agreement concluded in January 2020. This agreement includes voluntary termination agreements for employees working in administrative and production-related areas.

The expenses for consulting include auditor fees. The shareholders of the former Daimler AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the external auditor at the Annual General Meeting held on 31 March 2021.

Table [7 C.10](#) shows the fees of KPMG AG Wirtschaftsprüfungsgesellschaft recognised as expenses for services provided to Mercedes-Benz Group AG and its subsidiaries in the respective financial year. These also include the fees of the companies of the former Daimler Truck & Buses segment incurred until the date of the spin-off and hive-down of the Daimler commercial vehicle business. Audit services relate to the audit of the consolidated financial statements and the year-end financial statements, as well as to all services required for the audit, including the reviews of the 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 particularly provided for voluntary project-supporting reviews of IT systems and processes, reviews in connection with compliance management systems, the issuing of comfort letters as well as for services within the scope of the spin-off and hive-down. Tax services primarily relate to value-added tax advisory. Other services were mainly commissioned in connection with IT and process consulting and quality assurance not relevant to accounting. The increase in auditor fees compared to the previous year is mainly due to expenses in connection with the spin-off and hive-down.

## 15. Other operating income

Of the other operating income of €241 million (2020: €407 million), €183 million (2020: €239 million) is attributable to the period under review. In connection with Project Focus, patents and trademarks were sold to Daimler Truck AG; Mercedes-Benz Group AG generated other operating income of €102 million from this sale.

The decrease in other operating income resulted primarily from the sale of patents to Daimler Truck AG in the previous year in connection with the Group-wide concentration of fuel-cell activities at Daimler Truck Fuel Cell GmbH & Co. KG, a wholly owned sub-subsidiary of Daimler Truck AG.

Other operating income of €58 million (2020: €168 million) is attributable to other reporting periods and relates mostly to income from the release of provisions

## C.10

### Auditor fees

	2021	2020
In millions of euros		
Audit services	25	23
Other attestation services	17	5
Tax services	1	.
Other services	1	1
	44	29

and accruals and deferrals. The decrease was primarily the result of the release of provisions for derivatives in the vehicle business in the previous year, which had been recognised in connection with the Project Future.

## 16. Other operating expenses

Other operating expenses amount to €100 million (2020: €127 million) and include expenses relating to the central procurement of lateral-flow tests and protective masks.

Other operating expenses of €9 million (2020: €14 million) are attributable to other periods.

## 17. Income/expense from investments in subsidiaries and associated companies, net [↗ C.11](#)

Income from subsidiaries and associated companies increased primarily due to higher income from profit transfers and higher income from subsidiaries.

The increased income from profit transfers resulted in particular from a higher profit transfer from Mercedes-Benz AG to Mercedes-Benz Group AG.

The higher income from subsidiaries is the result of increased dividend payments by subsidiaries. The increase is mainly due to a higher dividend paid to Mercedes-Benz Group AG by Mercedes-Benz Capital Nederland B.V. (formerly Daimler International Nederland B.V.) of €3,076 million (2020: €0 million).

Income from associated companies primarily comprises dividends from the equity investment in Beijing Benz Automotive Co., Ltd. (€1,211 million, 2020: €1,351 million).

Dividends from subsidiaries transferred to Mercedes-Benz AG in previous years in the context of Project Future are included in the profit transfer to Mercedes-Benz Group AG and consequently in income from profit transfers.

Impairments of investments in subsidiaries and associated companies relate to BAIC Motor Corporation Ltd. (€49 million). In the previous year, impairments of investments in subsidiaries and associated companies also primarily related to BAIC Motor Corporation Ltd. (€279 million).

## 18. Interest income/expense, net [↗ C.12](#)

The earnings components of the special-purpose assets are uniformly recognised under interest income/expense, net and are offset against the interest component of the retirement benefit obligation.

The interest expense from the measurement of retirement benefit obligations amounts to €127 million (2020: €120 million). The income from the special-purpose assets amounts to €79 million (2020: €29 million).

## C.11

### Income/expense from investments in subsidiaries and associated companies, net

	2021	2020
In millions of euros		
Income from profit transfers	7,040	914
Expenses from loss transfers	-8	-310
Income from subsidiaries	3,629	1,559
Income from associated companies	1,220	1,367
Impairments of investments in subsidiaries and associated companies	-49	-373
Write-ups on investments in subsidiaries and associated companies	-	-
Gains on disposals of investments in subsidiaries and associated companies	46	-
Losses on the disposal of shares in subsidiaries and associated companies	.	-16
Other expenses from investments in subsidiaries and associated companies	-38	-22
	11,840	3,119

## C.12

### Interest income/expense, net

	2021	2020
In millions of euros		
Income from other securities and loans of financial assets	20	36
thereof from subsidiaries	20	36
Other interest and similar income	663	815
thereof from subsidiaries	266	357
Interest and similar expenses	-1,136	-1,027
thereof to subsidiaries	-540	-200
	-453	-176

The compounding of provisions with an original maturity of more than one year results in an interest expense of €13 million (2020: €14 million).

The increase in interest expense to subsidiaries primarily resulted from a bond transfer to Mercedes-Benz International Finance B.V. (formerly Daimler International Finance B.V.).



## 19. Other financial income/expense, net [↗ C.13](#)

Other financial income/expense, net includes items from the ongoing Group financing.

Other financial income/expense includes a net loss on currency translation of €240 million (2020: net gain of €95 million). This includes currency gains of €1,043 million (2020: €2,162 million) and currency losses of €1,283 million (2020: €2,067 million).

Miscellaneous income includes the Group's internal provisions for warranty and guarantee obligations of €108 million (2020: €118 million). Miscellaneous expenses include expenses for Group financing of €50 million (2020: €196 million).

## 20. Income taxes

As the parent company, Mercedes-Benz Group AG is the taxpayer with respect to those subsidiaries with which it has concluded profit-and-loss-transfer agreements. The individual companies are listed in the [👁 "Statement of investments"](#) pursuant to Section 285 of the German Commercial Code (HGB) and are marked with a separate footnote.

The expense from taxes on income amounts to €655 million (2020: benefit of €141 million). It comprises an expense of €737 million for the year 2021 (2020: €111 million) as well as a benefit of €82 million for previous years (2020: expense of €30 million).

The €514 million increase in tax expense compared with the previous year is due to the significant increase in taxable income for corporate income-tax purposes and in taxable income for trade-tax purposes (2020: taxable loss for trade-tax purposes). This resulted in a tax expense for corporate income tax, solidarity surcharge and trade tax of €637 million in 2021 (2020: €24 million). In addition, as in the previous year, withholding taxes were paid mainly on dividend distributions from foreign subsidiaries as well as on income in connection with interest and the use of rights.

## C.13

### Other financial income/expense, net

	2021	2020
In millions of euros		
Currency income/expense, net	-240	95
Miscellaneous income	177	120
Miscellaneous expenses	-53	-280
	-116	-65

Deferred taxes are not included in this item because the option of capitalising deferred tax assets was not exercised. Future tax relief mainly arises from temporary accounting differences in connection with pensions and other provisions and from the tax-loss carryforward.

## 21. Net profit

Net profit for the year 2021 amounts to €9,538 million (2020: €2,133 million). The decrease in assets of €13,897 million resulting from the spin-off of Daimler Truck AG was offset against other retained earnings. Following the transfer to retained earnings of €4,189 million pursuant to Section 58 Subsection 2 of the German Stock Corporation Act (AktG), the distributable profit of Mercedes-Benz Group AG amounts to €5,349 million.

# Other Notes

## Personnel expenses / Employees [↗ C.14](#)

Wages and salaries include salaries, severance payments, holiday bonuses, special bonuses and expenses resulting from personnel provisions.

Social-security contributions primarily comprise the employer's share of contributions to pension, unemployment, nursing-care and medical insurance plans.

Expenses for pensions include service costs and contributions to the German Pension Insurance Association, which are included in the functional costs in the income statement.

In the context of Project Focus, corporate functions were transferred to Daimler Truck AG. In addition, there was a reorganisation of the corporate departments at the Mercedes-Benz Group, which significantly reduced the number of employees at Mercedes-Benz Group AG. This only affected personnel expenses proportionately because most of the transfers took place at the end of the year.

The average number of employees of 5,535 (2020: 6,628) as shown in Table [↗ C.14](#) reflects the entire financial year. At 31 December 2021, Mercedes-Benz Group AG had 4,678 employees (2020: 6,403).

## Cost of materials [↗ C.15](#)

Cost of materials primarily comprises expenses for purchased services as well as, to a smaller extent, expenses for raw materials, manufacturing supplies and purchased goods.

Among other things, cost of materials includes expenses of €238 million in connection with the spin-off and hive-down of the Daimler commercial vehicle business.

## C.14

### Personnel expenses

	2021	2020
In millions of euros		
Wages and salaries	706	690
Social security contributions	74	91
Pension costs	70	55
	850	836

### Employees

	2021	2020
Annual average numbers		
Manual workers	63	80
Salaried employees	5,186	6,166
	5,249	6,246
Trainees/apprentices/interns	286	382
<b>Total (average for the year)</b>	<b>5,535</b>	<b>6,628</b>
<b>Total (at end of year)</b>	<b>4,678</b>	<b>6,403</b>

## C.15

### Cost of materials

	2021	2020
In millions of euros		
Cost of raw materials, manufacturing supplies and purchased goods	35	159
Cost of purchased services	1,179	850
	1,214	1,009

## Derivative financial instruments and valuation units

As part of its centralised Group financing, Mercedes-Benz Group AG concludes derivative financial instruments with external financial institutions. These financial instruments serve solely to hedge risks relating to foreign exchange rates and interest rates and to hedge commodity prices. They cover the underlying transactions of the companies of the Mercedes-Benz Group and the original financial transactions (underlying transactions) and are placed together with them as far as possible in valuation units.

The derivative financial instruments held by Mercedes-Benz Group AG have the nominal values at the end of the reporting year and the prior year as shown in table [C.16](#). The nominal values are the totals of the basic values of all purchase and sale contracts without offsetting.

The currency hedging contracts primarily comprise currency forwards, most of which are charged on to companies of the Group through internal derivatives. In addition, forward exchange contracts and currency swaps are held to hedge financial receivables and liabilities from Group financing. The interest rate hedging

contracts include interest rate swaps and interest rate/currency swaps. They are primarily used to minimise the risk of changes in interest rates. The commodity forwards currently comprise commodity swaps, most of which are charged on to companies of the Group through internal derivatives.

The carrying amounts and fair values of derivative financial instruments at the end of the reporting year and the prior year are shown in table [C.17](#).

The carrying amounts are taken from the items of the balance sheet and primarily relate to other provisions. Other amounts relate to other assets, other liabilities and prepaid expenses and deferred income.

### C.16

#### Derivative financial instruments: nominal amounts

	31 Dec. 2021	31 Dec. 2020
In millions of euros		
Foreign exchange contracts	83,758	64,986
Interest rate contracts	60,473	57,709
Commodity forward contracts	131	456
	144,362	123,151

### C.17

#### Derivative financial instruments: carrying amounts/fair values

	31 Dec. 2021		31. Dec. 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
<b>Assets</b>				
Foreign exchange contracts	13	1,578	18	836
Interest rate contracts	41	826	60	935
Commodity forward contracts	2	6	5	39
	56	2,410	83	1,810
<b>Liabilities</b>				
Foreign exchange contracts	-107	-1,628	-58	-859
Interest rate contracts	-29	-247	-118	-499
Commodity forward contracts	-1	-6	-5	-39
	-137	-1,881	-181	-1,397
<b>Balance</b>	<b>-81</b>	<b>529</b>	<b>-98</b>	<b>413</b>

## C.18

## Derivative financial instruments: valuation units

				31 Dec. 2021
Type of risk	Type of hedge	Hedged volume	Positive fair value	Negative fair value
In millions of euros				
Exchange-rate risk / interest-rate risk	Liability hedges	3,075	78	-3
	Opposing derivative hedges	12,490	59	-155
	Macrohedges	5,918 <sup>1</sup>	19	-147
Exchange-rate risk	Asset and liability hedges	-	-	-
	Opposing derivative hedges	37,884	1,322	-199
Commodity-price risk	Opposing derivative hedges	65	-	-6
		59,432	1,478	-510

1 Hedges in a total nominal amount of €13,989 million are designated in macrohedges.

Interest-rate hedges result in other assets from prematurely terminated valuation units. In addition, other assets and other liabilities result from advance payments made and received for interest-rate/currency swaps. Other provisions also include negative fair values and fair-value changes of derivatives not included in valuation units as well as negative ineffectiveness from valuation units.

The fair values of currency forwards are determined on the basis of current ECB reference rates with consideration of forward premiums or discounts. The fair values of interest-rate contracts are determined on the basis of discounted expected future cash flows with the use of the market interest rates applicable for the remaining time until maturity of the financial instruments. The fair values of commodity forwards are determined on the basis of current spot rates on commodity exchanges with consideration of forward premiums or discounts.

Of the derivative financial instruments held on the balance sheet date in a nominal amount of €144,362 million, financial instruments in a total amount of €59,432 million serve as hedging instruments in valuation units. Of that total, €37,884 million is accounted for by foreign-exchange contracts, €21,483 million by interest-rate contracts and €65 million by commodity forward contracts.

Table [C.18](#) shows the hedged exchange-rate, interest-rate and commodity-price risks included in valuation units.

If derivative financial instruments are included in valuation units with the related underlying transactions, an effectiveness measurement is carried out both at the beginning of the hedging period and on each following balance sheet date upon which the hedge exists.

In connection with the hedging of exchange-rate risks of assets and liabilities, the conditions and parameters of the underlying transaction and the hedging transaction are compared with each other. With the hedging of mirror derivatives, effectiveness is automatically ensured due to the mirroring. The risk management system at the Mercedes-Benz Group monitors the effectiveness of hedges.

Mercedes-Benz Group AG generally applies the net hedge presentation method for its valuation units. Insofar as changes in fair value resulting from the measurement of open hedges are offset by changes in the value of the underlying transactions, these derivatives are not recognized in the balance sheet; the corresponding offsetting changes in the value of hedges and underlying transactions are therefore not recognized in profit or loss for the period. Provisions are recognized for any additional changes in the value of hedges in the event of losses.

**Foreign-exchange contracts**

Mercedes-Benz Group AG uses derivative financial instruments for currency hedging. In addition, opposing intra-Group hedging contracts are concluded with subsidiaries, which are based on the same hedging rates as the external derivatives. These external and internal derivatives are combined to form valuation units (microhedges). In economic terms, the positive or negative effects from currency hedging thus largely occur at other companies of the Group.

In connection with the spin-off and hive-down of the Daimler commercial vehicle business, intra-Group hedging contracts of Mercedes-Benz Group AG with Daimler Truck companies were terminated prematurely, while opposing transactions were concluded for most of the related hedges outside the Group.

Forward exchange contracts for financing activities outside the Group are combined with opposing hedges concluded to form valuation units (microhedges). Provided that the documentation requirements are fulfilled, currency forwards with Group-external counterparties that are not matched by corresponding hedges within the Group can be included in valuation units (microhedges) with the related financial receivables and liabilities. The hedging period is generally one to four years.

**Interest rate contracts**

Valuation units (microhedges) are formed for interest swaps and interest/currency swaps which have opposing hedges concluded with subsidiaries. Interest-rate contracts that are not opposed by any corresponding hedges are included in valuation units with the related financial receivables and liabilities, provided that the documentation requirements are fulfilled (microhedges). If groups of derivatives are in an economic relationship with a risk-offsetting effect, they are combined - if applicable with a related financial receivable or liability - in valuation units (macrohedges), for example, in the case of volume- or time-proportionate smoothing of existing derivatives. The hedging period is one to a maximum of twelve years.

**Commodity forward contracts**

Mercedes-Benz Group AG concludes Group-external derivative financial instruments for raw-material hedging. In addition, opposing intra-Group hedging contracts

are concluded with subsidiaries, which are based on the same hedging rates as the external derivatives. These external and internal derivatives are combined to form valuation units (microhedges) and are shown in the balance sheet using the net hedge presentation method. In economic terms, the positive or negative effects from raw-material hedging thus occur at other companies of the Group. In connection with the spin-off and hive-down of the Daimler commercial vehicle business, intra-Group hedging contracts of Mercedes-Benz Group AG with Daimler Truck companies were terminated prematurely, while opposing hedges were concluded for the related hedging contracts outside the Group.

**Contingent liabilities**

Contingent liabilities relate to potential future events, the occurrence of which would lead to an obligation. At the balance sheet date, the contingent liabilities of Mercedes-Benz Group AG were reviewed with consideration of available knowledge about the financial position, cash flows and profitability of business partners with regard to the risk situation. Mercedes-Benz Group AG assesses the risk of possible claims on all the listed obligations as unlikely. At 31 December 2021, contingent liabilities amount to €71,802 million (2020: €86,813 million), primarily consisting of sureties and guarantees. They include sureties and guarantees to domestic and foreign subsidiaries amounting to €71,179 million (2020: €86,773 million), which primarily comprise guarantees provided to creditors of subsidiaries of Mercedes-Benz Group AG, for example, for loans they have taken out and bonds they have issued and liabilities to banks.

Contingent liabilities include global guarantees to banks for liabilities of Russian companies of the Group in the amount of €971 million.

As a result of the spin-off and hive-down of the Daimler commercial vehicle business, sureties and guarantees for associated companies amount to €571 million as of 31 December 2021.

Sureties and guarantees were issued to third parties in a total amount of €52 million (2020: €41 million).

**Subsequent liability**

As legal entities involved in the hive-down that took place in 2019, Mercedes-Benz Group AG, Mercedes-Benz AG and Daimler Truck AG are jointly and severally liable pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG) for the liabilities of Mercedes-Benz Group AG (formerly Daimler AG) incurred prior to the effective date of the hive-down. Those of the aforementioned legal entities to which the relevant liabilities are not assigned under the hive-down agreement are liable, however, only for those liabilities if they fall due within five years of the announcement of the entry of the hive-down in the commercial register of Mercedes-Benz Group AG and claims therefrom are established in court or in another manner as described in Section 133 of the German Transformation Act (UmwG).

The provisions existing in this context, in particular the procedure for regulating the internal settlements between the participating legal entities, are regulated in the hive-down agreement of 25 March 2019.

The aforementioned period is ten years for pension obligations based on the Company Pensions Act that existed before the hive-down took effect. Mercedes-Benz Group AG does not expect any outflow of liquidity from the other two legal entities due to the special-purpose assets available in a sufficient volume.

The potential obligations from subsequent liability pursuant to Section 133 of the German Transformation Act (UmwG) and from the risks from the internal settlement between Mercedes-Benz Group AG and Mercedes-Benz AG and Daimler Truck AG amount to €8,924 million for Mercedes-Benz Group AG (thereof due in 2022: €4,410 million).

According to the current appraisal, an actual cash outflow from Mercedes-Benz Group AG is considered to be unlikely due to the assessments of the creditworthiness of Mercedes-Benz AG and Daimler Truck AG.

**Other financial obligations**

Other financial obligations total €3,540 million (thereof due in 2022: €2,565 million). Such obligations to subsidiaries amount to €1,867 million (thereof due in 2022: €1,847 million) and to associated companies amount to €1 million (thereof due in 2022: €1 million).

Other financial obligations resulting from rental and leasing agreements amount to €33 million (thereof due in 2022: €10 million). Of that total, €15 million relates to subsidiaries (thereof due in 2022 €5 million).

The remaining financial obligations, in particular purchase commitments, are of a magnitude typical for the industry.

## Related party disclosures pursuant to Section 285 No. 21 of the German Commercial Code (HGB)

### Subsidiaries and associated companies

Most of the services supplied within the ordinary course of business between Mercedes-Benz Group AG and related parties comprise transactions with subsidiaries and associated companies and are included in table [C.19](#).

### Board members

Throughout the world, Mercedes-Benz Group AG has business relationships with numerous entities that are also customers and/or suppliers of Mercedes-Benz Group AG. Those customers and/or suppliers include companies that have a connection with some of the members of the Supervisory Board or Board of Management of Mercedes-Benz Group AG or its subsidiaries.

### Events after the reporting period

#### Sale and contribution of shares in Daimler Truck Holding AG to the pension plan assets

Since the spin-off and hive-down of the shares in Daimler Truck AG described above became effective, Mercedes-Benz Group AG holds approximately 28.43% of the shares in the listed Daimler Truck Holding AG. At the end of January 2022, Mercedes-Benz Group AG sold approximately 4.99% of its shares in Daimler Truck Holding AG to Mercedes-Benz AG at the market price on that date. Mercedes-Benz AG in turn immediately transferred the acquired shares to the pension plan assets of Mercedes-Benz AG (trustee: Daimler Pension Trust e.V.). The extraordinary contribution to the pension plan assets corresponds to the fair value of the contributed assets at the time of the contribution and amounts to €1,309 million.

#### Transfer of bonds to Mercedes-Benz International Finance B.V. (formerly Daimler International Finance B.V.)

At the beginning of March 2022, Mercedes-Benz Group AG transferred issued bonds in a volume of €5 billion to Mercedes-Benz International Finance B.V. (formerly Daimler International Finance B.V.). This had no significant impact on earnings.

## C.19

### Business between Mercedes-Benz Group AG and related parties

	Subsidiaries	Associated companies
In millions of euros		
Sales of service and other income in 2021	54	26
Purchase of goods and services and other expenses in 2021	183	35
Trade receivables at 31 December 2021	14	43
Financial receivables at 31 December 2021	289	28
Trade payables at 31 December 2021	20	63
Financial liabilities at 31 December 2021	287	47

### Russia-Ukraine War

Russia has been at war with Ukraine since 24 February 2022 ("Russia-Ukraine War"). On 2 March 2022, Mercedes-Benz decided to discontinue the export of cars and vans to Russia as well as local production in Russia until further notice. The effects of the Russia-Ukraine War represent a value-affecting event after the reporting period and therefore have no impact on the recognition and measurement of assets and liabilities as at the reporting date. The impact on financial position, cash flows and profitability in 2022 cannot be quantified at this time.

### Legal proceedings

Mercedes-Benz Group AG and its subsidiaries are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights (including but not limited to patent infringement actions), warranty claims, environmental matters, antitrust matters (including actions for damages) as well as investor litigation. Product-related

litigation involves claims alleging faults in vehicles. Some of these claims are asserted by way of class actions. If the outcome of such legal proceedings is detrimental to Mercedes-Benz 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, which would adversely affect the earnings of Mercedes-Benz Group AG. Legal proceedings and related settlements may also have an impact on the Company's reputation.

Up until the effective date of the spin-off of a majority interest in Daimler Truck AG to Daimler Truck Holding AG on 9 December, 2021, Daimler Truck AG and its consolidated subsidiaries were group companies of Daimler AG (now Mercedes-Benz Group AG). Insofar as risks resulting from the legal proceedings mentioned above materialise, and to the extent that the facts underlying such risks relate to the aforementioned Truck & Bus companies, Mercedes-Benz Group AG is entitled to indemnification claims. Such claims arise vis-à-vis Daimler Truck AG based on the hive-down of assets and liabilities of the former Daimler Trucks and Daimler Buses divisions to Daimler Truck AG in 2019. Vis-à-vis Daimler Truck Holding AG, such claims arise from the spin-off of the majority interest in Daimler Truck AG to Daimler Truck Holding AG in 2021.

#### **Diesel emission behaviour: governmental proceedings**

As already reported, several authorities and institutions worldwide were, and still are, active in the form of inquiries, investigations, procedures and/or orders. These activities particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or the interactions of Mercedes-Benz with the relevant authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal, consumer protection and antitrust laws.

In the United States, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in the third quarter of 2020 with various authorities to settle civil environmental claims regarding the emission control systems of certain diesel vehicles, which have become final and effective. The authorities take the

position that Mercedes-Benz failed to disclose Auxiliary Emission Control Devices (AECDs) in certain of its US diesel vehicles and that several of these AECDs are illegal defeat devices.

As part of these settlements, Mercedes-Benz denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, Mercedes-Benz paid the civil penalties, provisions have been recognised for the emission modification programme and other measures.

As already reported, in April 2016, the U.S. Department of Justice ("DOJ") requested that Mercedes-Benz conduct an internal investigation. Mercedes-Benz conducted such internal investigation in cooperation with DOJ's investigation; DOJ's investigation remains open. In addition, further US state authorities have opened investigations pursuant to both state environmental and consumer protection laws and have requested documents and information.

In Canada, the Canadian environmental regulator Environment and Climate Change Canada ("ECCC") is conducting an investigation in connection with Diesel exhaust emissions based on the suspicion of potential violations of, amongst others, the Canadian Environmental Protection Act, as well as undisclosed AECDs and defeat devices. Mercedes-Benz continues to cooperate with the investigating authorities.

In Germany, the Stuttgart public prosecutor's office issued a fine notice against Mercedes-Benz in September 2019 based on a negligent violation of supervisory duties, which became legally binding, thereby concluding the related administrative offense proceedings against Mercedes-Benz. The Stuttgart public prosecutor's office is still conducting criminal investigation proceedings against Mercedes-Benz employees on the suspicion of, amongst others, fraud. In July 2021, the local court of Böblingen issued penal orders against three Mercedes-Benz employees with the local court of Böblingen based on, amongst others, fraud, which have become final.



Between 2018 and 2020, the German Federal Motor Transport Authority (“KBA”) issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and ordered mandatory recalls as well as, in some cases, stops of the first registration. In each of those cases, it held that certain calibrations of specified functionalities are to be qualified as impermissible defeat devices. Mercedes-Benz has a contrary legal opinion on this question. Since 2018, however, it has (in view of the KBA’s interpretation of the law as a precautionary measure) implemented a temporary delivery and registration stop with respect to certain models, also covering the used car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Mercedes-Benz has filed timely objections against the KBA’s administrative orders mentioned above. In early 2021, the KBA issued objection orders (“Widerspruchsbescheide”) in these proceedings, thereby not following the arguments brought forward by Mercedes-Benz. Since Mercedes-Benz continues to have a different understanding of the relevant legal provisions, it has filed lawsuits with the competent administrative court to have the controversial questions at issue clarified in a court of law. Irrespective of such objections and the lawsuits that are now pending, Mercedes-Benz continues to cooperate fully with the KBA. The new calibrations requested by KBA have been developed by Mercedes-Benz and assessed and approved by the KBA; the related recalls have been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with regard to the used car, leasing and financing businesses. In the course of its regular market supervision, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In addition, Mercedes-Benz continues to be in a dialogue with the German Ministry for Digital and Transport (BMDV) to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the BMDV, it cannot be ruled out completely that additional administrative orders may be issued in the course of the ongoing and/or further

investigations. Since 1 September 2020, this also applies to other responsible authorities of other member states and the European Commission, which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval, and also to the British market surveillance authority DVSA (Driver and Vehicle Standards Agency).

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Mercedes-Benz and other automobile manufacturers in April 2019. In this context, Mercedes-Benz had filed an application for immunity from fines (leniency application) with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Mercedes-Benz Group AG cooperated closely with the European Commission, and the European Commission granted the company complete immunity from fines.

In addition to the abovementioned authorities, national cartel authorities and other authorities of various foreign States, including the South Korean Ministry of Environment, the South Korean competition authority (Korea Fair Trade Commission) and the Seoul public prosecutor’s office (South Korea) are conducting various investigations and/or procedures in connection with Diesel exhaust emissions.

Mercedes-Benz continues to fully cooperate with the authorities and institutions.

#### **Diesel emission behaviour: consumer actions and other lawsuits in the United States, Canada, Germany and other states**

As previously reported, a consolidated class action against Mercedes-Benz Group AG and MBUSA was pending before the US District Court for New Jersey. The plaintiffs alleged that Mercedes-Benz Group AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO<sub>x</sub>) emissions and which cause excessive emissions from vehicles with diesel engines. In

addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Mercedes-Benz Group AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Mercedes-Benz Group AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. The relevant court has granted final approval of the settlement and issued a final judgment in the case. The estimated costs of the settlement amount to approximately USD 700 million. In addition, Mercedes-Benz estimates further expenses of a mid three-digit-million euro amount to fulfil the requirements of this settlement and the aforementioned settlements with the US authorities.

A consumer class action making similar allegations and seeking similar remedies as to vehicles sold or leased in Canada was filed against Mercedes-Benz Group AG and other Group companies in Ontario in April 2016. In the fourth quarter of 2021, Mercedes-Benz Group AG and the other Group companies reached a settlement with plaintiffs' counsel of the consumer class action. As part of the settlement, Mercedes-Benz Group AG and the other Group companies deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to make payments to certain current and former diesel vehicle owners and lessees. The estimated costs for this settlement amount to approximately CAD250 million (equivalent to approximately €175 million).

In a separate lawsuit filed by the State of Arizona in January 2019, the plaintiff claims that, amongst others, Mercedes-Benz Group AG and MBUSA deliberately deceived consumers in connection with advertising Mercedes-Benz diesel vehicles. Consumer class actions containing similar allegations were filed against Mercedes-Benz Group AG and further Group companies in the United Kingdom since May 2020 as well as against Mercedes-Benz Group AG in Israel in February 2019. In a separate lawsuit filed by the Environmental Protection Commission of Hillsborough County, Florida in September 2020, the plaintiff claims that, amongst

others, Mercedes-Benz Group AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emissions control systems.

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high emission or consumption values. They refer to, in particular, the German Federal Motor Transport Authority's recall orders (see above). Given the current development of case numbers, we expect a continued high number of lawsuits to be filed in this respect. In this context, the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action ("Musterfeststellungsklage") against Mercedes-Benz Group AG with the Stuttgart Higher Regional Court on 7 July 2021. Such action seeks a ruling that certain preconditions of alleged consumer claims are met. Mercedes-Benz Group AG will defend itself against the federation's allegations.

Furthermore, a class action against Mercedes-Benz Group AG and other Group companies was filed in the Netherlands on 23 June 2020. The class action makes allegations comparable to the aforementioned US and Canadian class actions relating to all Euro 5 and 6 diesel vehicles sold in the EU between 2009 and 2019. The plaintiff, a foundation under the laws of the Netherlands, is representing Dutch claimants and seeks certification of an opt-out Netherlands class (Dutch claimants are participating in the class action by law). In the course of the proceedings, other claimants who bought such vehicles in the EU market have the option to declare participation in the class action (opt-in). Furthermore, the plaintiff is seeking declarations of law concerning the customers' entitlement to nullify or rescind their vehicle purchase contracts, to demand replacement of their vehicle and/or to demand damages. After the extension of the deadline granted by court, two further foundations filed statements of claim in court on 30 December 2020. The court has still to determine the lead plaintiff.

Mercedes-Benz Group AG and the respective other affected companies of the Group regard the lawsuits set out before as being without merit and will defend itself against the claims, unless a settlement has already been reached as described above.

In addition, investors from Germany and abroad have filed lawsuits for damages with the Stuttgart Regional Court alleging the violation of disclosure requirements (main proceedings) and also raised out-of-court claims for damages. The investors allege that Mercedes-Benz Group AG did not immediately disclose inside information in connection with the emission behaviour of its diesel vehicles and that it had made false and misleading public statements. They further claim that the purchase price of the financial instruments acquired by them (in particular Mercedes-Benz shares, formerly Daimler AG shares) would have been lower if Mercedes-Benz Group AG had complied with its disclosure obligations. Mercedes-Benz Group AG regards these allegations and claims as being without merit and will defend itself against them. In January 2021, the Stuttgart Regional Court issued in the context of the main proceedings an order for reference to commence model case proceedings in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG) before the Stuttgart Higher Regional Court (model case proceedings). The purpose of the model case proceedings is to reach a decision that is binding for the main proceedings regarding common factual and legal questions. The main proceedings before the Stuttgart Regional Court will be suspended until a decision is reached on the questions submitted, insofar as they cannot be dismissed independently of the questions to be decided in the model case proceedings. The decision in the model case proceedings is binding for the suspended main proceedings. In December 2021, the Stuttgart Higher Regional Court determined a model case plaintiff and announced the model case proceedings in the German register for model case proceedings. Thereafter, multiple investors used the possibility to register claims in a considerable amount with the model case proceedings in order to suspend the period of limitation. Mercedes-Benz Group AG remains of the view to have duly fulfilled its disclosure obligations under capital markets law and will defend itself against the investors' allegations also in these model case proceedings.

### **Antitrust law proceedings (including actions for damages)**

Starting in July 2017, a number of class actions were filed in the United States and Canada against Mercedes-Benz Group AG and other manufacturers of automobiles as well as various of their North American subsidiaries. Plaintiffs allege to have suffered damages because defendants engaged in anticompetitive behaviour relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology, since the 1990s. All pending US class actions were centralised in one proceeding by the Judicial Panel on multidistrict litigation and transferred to the U.S. District Court for the Northern District of California. In 2018, plaintiffs in the US antitrust class action amended and consolidated their complaints into two pleadings, one on behalf of consumers and the other on behalf of dealers. On 23 October 2020, the court granted motions to dismiss the complaints in their entirety, with prejudice, ending the litigation in the US district court. On 30 August 2021, the consumer plaintiffs withdrew the appeal they had filed, ending their case. On 26 October 2021, the US Court of Appeals for the Ninth Circuit affirmed the dismissal of the dealer plaintiffs' claims. Mercedes-Benz Group AG and MBUSA regard the US and Canadian lawsuits as being without merit, and will continue to defend themselves against the claims.

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Mercedes-Benz and other automobile manufacturers in April 2019. In this context, Mercedes-Benz had filed a leniency application with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Mercedes-Benz Group AG cooperated closely with the European Commission, and the European Commission granted the company complete immunity from fines.

Following the settlement decision by the European Commission adopted on 19 July 2016, concluding the trucks antitrust proceedings, Mercedes-Benz Group AG and Daimler Truck AG are facing customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress

have been initiated in various states in and outside of Europe and should further be expected. As set out at the beginning of the note “Legal Proceedings”, Mercedes-Benz Group AG is entitled to indemnification claims against Daimler Truck Holding AG and Daimler Truck AG, should the aforementioned claims materialise. Consequently, as Mercedes-Benz Group AG is no longer exposed to financial risks related to the damages claims described in this paragraph, it will no longer report about these proceedings.

### **Other legal proceedings**

As already reported, class actions in connection with Takata airbags are pending in Canada, the United States, Israel, and Argentina. The lawsuits are based on allegations that, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, Mercedes-Benz entities and others were allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to warn consumers about a potential defect and/or to provide an adequate replacement airbag inflator. One of the complaints in the United States also asserts claims by automotive recyclers who allege injury because they are not able to re-sell salvaged airbag inflators that are subject to the Takata recall. Mercedes-Benz Group AG continues to regard all these claims as being without merit, and the Mercedes-Benz Group affiliates respectively affected will further defend themselves against the claims.

### **Accounting estimates and management judgments relating to all legal proceedings**

Mercedes-Benz Group AG and its subsidiaries recognise provisions in connection with pending or threatened proceedings to the extent a loss is probable and can be reasonably estimated. These provisions are taken into account in the annual financial statements and are based on estimates. Some of the risks arising from legal proceedings cannot be estimated or can only be estimated to a limited extent. It is therefore possible that the amounts of provisions recognised may prove to be insufficient after the conclusion of some of these proceedings or that Mercedes-Benz may be obliged to make payments in legal proceedings for which no provisions have been recognised and which, in the case of subsidiaries, may negatively affect the earnings of Mercedes-Benz Group AG through profit-and-loss-transfer agreements. Uncertainties exist regarding the amounts or due dates of possible cash outflows. Although the final outcome of such proceedings may have a material impact on the earnings and cash flows of Mercedes-Benz Group AG in a certain reporting period, we do not believe that the resulting possible obligations will have a lasting impact on the Company's financial position.


## Remuneration of the members of the Board of Management and the Supervisory Board

Individualised information on the remuneration of the members of the Board of Management and of the Supervisory Board of Mercedes-Benz AG is disclosed in the Remuneration Report .

### Board of Management remuneration

The total remuneration (excluding retirement benefit commitments) granted to the members of the Board of Management of Mercedes-Benz Group AG pursuant to Section 285 No. 9 of the German Commercial Code (HGB) is calculated as the total of the amounts of

- the base salary in 2021,
- the short-term half of the annual bonus for 2021 payable in 2022 with its value at the balance sheet date,
- the half of the medium-term share-based component of the annual bonus for 2021 (“deferral”) payable in 2023 with its value at the balance sheet date 2022 (entitlement depending on the development of Mercedes-Benz Group share price compared with the STOXX Europe Auto Index),
- the value of the long-term share-based remuneration (Performance Phantom Share Plan – PPSP) at the time when granted in 2021 (payable in 2025), and
- taxable non-cash benefits in 2021 and other fringe benefits.

For both of the share-based components of remuneration – the deferred payment of the second 50% of the annual bonus (deferral) and the PPSP with a long-term orientation – the amounts to be paid out can deviate significantly from the values described, depending on the development of the Mercedes-Benz Group share price and on the achievement of the relevant target parameters. Upward deviation is limited. Both components can also be zero. Further information on share-based remuneration is provided in the  **Equity** chapter and in the Remuneration Report.

In 2021, €8.8 million (2020: €7.6 million) is attributable to fixed, i.e., non-performance-related remuneration, €15.0 million (2020: €11.1 million) to short- and medium-term performance-related variable remuneration (annual bonus with deferral) and €11.1 million (PPSP: 170,670 phantom shares at €65.27 each) to variable performance-related remuneration with a long-term incentive effect granted in the year under review (2020: €9.2 million. €, 215,743 phantom shares at €42.73). This adds up to a total of €34.9 million for 2021 (2020: €27.9 million). The amounts for 2020 reflect the voluntary waiver by the Board of management of 20% of the basic remuneration in the period of 1 April to 31 December 2020. The members of the Board of Management are entitled to a company pension. The system upon which that pension is based was last adjusted by the Supervisory Board for members newly appointed as of 2012. Service cost and present value have been calculated with consideration of the parameters used to calculate the pension obligation. The service cost of the pension obligation in 2021 was €2.1 million (2020: €2.1 million). The present value of the total obligation at 31 December 2021 was €16.3 million (2020: €26.9 million).

In the case of early termination of a service contract without an important reason, Board of Management service contracts include commitments to payment of the base salary and pro-vision of a company car until the end of the original service period at a maximum. However, entitlement to the payment of the annual bonus exists only pro rata for the time until the termination of the service contract. Entitlement to payment of the performance-related component of remuneration with a long-term incentive effect (PPSP) that has already been allocated is defined by the conditions of the respective plans. To the extent that the benefits described above are subject to the provisions of the so-called severance cap of the German Corporate Governance Code, their total including fringe benefits is limited to double the annual remuneration and may not exceed the total remuneration for the remaining period of the service contract.

Payments made in 2021 to former members of the Board of Management of Mercedes-Benz Group AG and their survivors amounted to a total of €19.1 million (2020: €26.0 million). Pension obligations for former

members of the Board of Management and their survivors amounted to €303.7 million at 31 December 2021 (2020: €291.8 million).

In 2021, no advances or loans were made to members of the Board of Management of Mercedes-Benz Group AG.

### Supervisory Board remuneration

The total remuneration for the members of the Supervisory Board of Mercedes-Benz Group AG in 2021 was €4.6 million (2020: €3.7 million). The amount for 2020 reflects the voluntary waiver by the Supervisory Board of 20% of the fixed remuneration and of the meeting attendance fees in the period from 1 April to 31 December 2021. The remuneration of the members of the Supervisory Board does not include any performance-related variable components.

With the exception of the remuneration paid to the members of the Supervisory Board representing the employees in accordance with their contracts of employment, no remuneration was paid to the members of the Supervisory Board for services provided personally beyond their board and committee activities in 2021, in particular for advisory or agency services.

In 2021, no advances or loans were made to members of the Supervisory Board of Mercedes-Benz Group AG.

### Disclosures pursuant to Section 160 Subsection 1 No. 8 of the German Stock Corporation Act (AktG)

At the balance sheet date of 31 December 2021, shareholdings in the Company exist that were communicated pursuant to Section 33 Subsection 1 and Section 21 Subsection 1 of the German Securities Trading Act (WpHG, old version) and disclosed pursuant to Section 40 Subsection 1 and Section 26 Subsection 1 of the WpHG (old version) as follows:

On 30 December 2021, **Bank of America Corporation**, Wilmington, Delaware, USA, notified us pursuant to Section 33 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former] Daimler AG, Mercedesstr. 120, 70372 Stuttgart, Germany, fell below the threshold of 3% on 28 December 2021 and as of that date amounted to 1.81%

(19,364,922 voting rights, thereof 333,024 voting rights equal to 0.03% from American Depositary receipts, out of a total of 1,069,837,447 voting rights). Thereof, 1.81% (19,364,922 voting rights) are attributable to Bank of America, Wilmington, Delaware, USA, at that date pursuant to Section 34 of the WpHG.

On 9 December 2021, **BlackRock, Inc.**, Wilmington, Delaware, USA, notified us pursuant to Section 33 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former] Daimler AG, Mercedesstr. 120, 70372 Stuttgart, Germany, exceeded the threshold of 5% on 6 December 2021 and as of that date amounted to 5.35% (57,205,993 voting rights, thereof 48,797 voting rights equal to 0.005% from American Depositary receipts, out of a total of 1,069,837,447 voting rights). Thereof, 5.35% (57,205,993 voting rights) are attributable to BlackRock, Inc., Wilmington, Delaware, USA at that date pursuant to Section 34 of the WpHG.

On 17 March 2021, **Nissan Motor Co. Ltd.**, Yokohama, Japan, notified us pursuant to Section 33 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former] Daimler AG, Mercedesstr. 120, 70372 Stuttgart, Germany, fell below the threshold of 3% on 12 March 2021 and as of that date amounted to 1.54% (16,448,378 voting rights out of a total of 1,069,837,447 voting rights). Thereof, 1.54% (16,448,378 voting rights) are directly held by Nissan Motor Co. Ltd. Yokohama, Japan, at that date.

On 16 March 2021, **Renault S. A.**, Boulogne-Billancourt, France, notified us pursuant to Section 33 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former] Daimler AG, Mercedesstr. 120, 70372 Stuttgart, Germany, fell below the threshold of 3% on 12 March 2021 and as of that date amounted to 1.5374% (16,448,378 voting rights out of a total of 1,069,837,447 voting rights). Thereof, 1.5374% (16,448,378 voting rights) are attributable to Renault S.A., Boulogne-Billancourt, France, at that date pursuant to Section 34 of the WpHG.

On 9 August 2019, the **People's Republic of China**, Beijing, China, notified us pursuant to Section 33 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former]

Daimler AG, [then] Mercedesstr. 137, 70372 Stuttgart, Germany, reached the threshold of 5% on 7 August 2019 and as of that date amounted to 5.00% (53,491,873 voting rights out of a total of 1,069,837,447 voting rights). Thereof, 5.00% (53,491,873 voting rights) are attributable to the People's Republic of China pursuant to Section 34 of the WpHG. 3% or more of the voting rights (5%) are held directly by Investment Global Co., Ltd., an indirect subsidiary of Beijing Automotive Group Co., Ltd. On 17 December 2021, BAIC International Development Co., Ltd, Beijing, China, notified us pursuant to Section 33 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former] Daimler AG, Mercedesstr. 120, 70372 Stuttgart, Germany, had fallen below the threshold of 5% on 9 August 2019 and as of that date amounted to 0.00% (corresponding to 0 of a total of 1,069,837,447 voting rights). Due to organisational changes within Beijing Automotive Group Co., Ltd. on 9 August 2019, BAIC International Development Co., Ltd. is no longer part of the chain of controlled companies with regard to the People's Republic of China's shareholding in [the former] Daimler AG. The percentage of voting rights of Investment Global Co. amounted to 9.98% as of 17 December 2021.

On 5 December 2018, **Li Shufu**, notified us pursuant to Section 33 Subsection 1 in conjunction with Section 37 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former] Daimler AG, [then] Mercedesstr. 137, 70372 Stuttgart, Germany, exceeded the threshold of 5% on 3 December 2018 and as of that date amounted to 9.69% (103,619,340 voting rights out of a total of 1,069,837,447 voting rights). Thereof, 9.69% (103,619,340 voting rights) are attributable to Li Shufu pursuant to Section 34 of the WpHG. 3% or more of the voting rights (9.69%) are held directly by Tenaciou3 Prospect Investment Limited as of that date. The notification was made on the occasion of reaching a threshold at subsidiary level as a result of a change in the holding structure.

The **Kuwait Investment Authority** as Agent for the Government of the State of Kuwait, Kuwait City, State of Kuwait, notified us pursuant to Section 21 Subsection 1 of the German Securities Trading Act (WpHG, [old version]) that the voting rights of the State of Kuwait in [the former] Daimler AG, [then] Mercedesstr. 137, 70372

Stuttgart, Germany, exceeded the threshold of 5% on 22 April 2010 and that it held 5.33% (56,589,320 voting rights) as of that date. The notification states that all voting rights are directly held.

After the balance sheet date of 31 December 2021, the company received further notifications which, pursuant to Section 40 Subsection 1 of the German Securities Trading Act (WpHG), were disclosed as follows:

On 13 January 2022, **Bank of America Corporation**, Wilmington, Delaware, USA, notified us pursuant to Section 33 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former] Daimler AG, Mercedesstr. 120, 70372 Stuttgart, Germany, fell below the threshold of 3% on 10 January 2022 and as of that date amounted to 1.75% (18,771,892 voting rights, thereof 333,857 voting rights equal to 0.03% from American Depositary receipts, out of a total of 1,069,837,447 voting rights). Thereof, 1.75% (18,771,892 voting rights) are attributable to Bank of America, Wilmington, Delaware, USA, at that date pursuant to Section 34 of the WpHG.

On 12 January 2022, **BlackRock, Inc.**, Wilmington, Delaware, USA, notified us pursuant to Section 33 Subsection 1 of the German Securities Trading Act (WpHG) that its percentage of voting rights in [the former] Daimler AG, Mercedesstr. 120, 70372 Stuttgart, Germany, exceeded the threshold of 5% on 7 January 2022 and as of that date amounted to 5.42% (58,007,435 voting rights, thereof 45,349 voting rights equal to 0.004% from American Depositary receipts, out of a total of 1,069,837,447 voting rights). Thereof, 5.42% (58,007,435 voting rights) are attributable to BlackRock, Inc., Wilmington, Delaware, USA at that date pursuant to Section 34 of the WpHG.

#### Declaration of Compliance with the German Corporate Governance Code

The mandatory statement pursuant to Section 161 of the German Stock Corporation Act (AktG) has been issued by the Board of Management and the Supervisory Board and is permanently accessible at [group.mercedes-benz.com/company/corporate-governance/declarations-reports/](https://group.mercedes-benz.com/company/corporate-governance/declarations-reports/).

## Members of the Board of Management and their mandates

Members of the Board of Management	Supervisory board memberships/directorships
<b>Ola Källenius</b> Chairman of the Board of Management Appointed until May 2024	INTERNAL DIRECTORSHIPS Daimler Truck AG – Chairman (until 10 November 2021)  EXTERNAL DIRECTORSHIPS Tetra Laval Group
<b>Dr. Jörg Burzer</b> Production & Supply Chain Management (since 1 December 2021) Appointed until November 2024	INTERNAL DIRECTORSHIPS Mercedes-Benz South Africa Ltd. Beijing Benz Automotive Co., Ltd. Mercedes-Benz U.S. International
<b>Martin Daum</b> Daimler Trucks & Buses Membership ended on 9 December 2021	INTERNAL DIRECTORSHIPS None  EXTERNAL DIRECTORSHIPS Beijing Foton Daimler Automotive Co., Ltd. Cellcentric GmbH & Co. KG
<b>Renata Jungo Brüngger</b> Integrity and Legal Affairs Appointed until December 2023	INTERNAL DIRECTORSHIPS Daimler Truck AG <sup>1</sup> (since 29 July 2021)  EXTERNAL DIRECTORSHIPS Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in Munich Daimler Truck Holding AG (since 10 December 2021)
<b>Sabine Kohleisen</b> Human Resources and Director of Labour Relations (since 1 December 2021) Appointed until November 2024	INTERNAL DIRECTORSHIPS Daimler Truck AG (until 10 November 2021) Mercedes-Benz U.S. International
<b>Wilfried Porth</b> Human Resources and Director of Labour Relations Membership ended on 30 November 2021	INTERNAL DIRECTORSHIPS Mercedes-Benz AG (until 1 October 2021) Daimler Truck AG (until 10 November 2021)  EXTERNAL DIRECTORSHIPS VfB Stuttgart 1893 AG – Vice Chairman (until 19 July 2021)

<sup>1</sup> External directorship since 9 December 2021



**Members of the Board of Management****Markus Schäfer**

Chief Technology Officer, Development &  
Procurement

Appointed until May 2024

**Supervisory board memberships/directorships**

## INTERNAL DIRECTORSHIPS

Mercedes AMG High Performance Powertrains Ltd.

Mercedes AMG GmbH (since 5 November 2021)

Mercedes-Benz Grand Prix Ltd.<sup>2</sup> – Chairman

Mercedes-Benz Formula E Ltd. – Chairman

## EXTERNAL DIRECTORSHIPS

Shenzhen DENZA New Energy Automotive Co., Ltd.

smart Automobile Co., Ltd.

Farasis Energy (Ganzhou) Co., Ltd. (since 23 July 2021)

**Britta Seeger**

Sales

Appointed until December 2024

## INTERNAL DIRECTORSHIPS

Mercedes-Benz Mobility AG (formerly Daimler Mobility AG)

Mercedes-Benz AMG GmbH (since 5 November 2021)

Mercedes-Benz (China) Ltd. – Vice Chairwoman

Mercedes-Benz Formula E Ltd.

Mercedes-Benz Grand Prix Ltd. (until 1 March 2021)

Mercedes-Benz South Africa Ltd.

## EXTERNAL DIRECTORSHIPS

Beijing Mercedes-Benz Sales Service Co., Ltd.

smart Automobile Co., Ltd.

Deutsche Lufthansa AG (since 4 May 2021)

<sup>2</sup> External directorship since 25 January 2022

**Members of the Board of Management****Hubertus Troska**

Greater China

Appointed until December 2025

**Supervisory board memberships/directorships**

## INTERNAL DIRECTORSHIPS

Daimler Truck AG (until 10 November 2021)

Daimler Greater China Ltd. – Chairman

Daimler Truck China Limited – Chairman (until 30 November 2021)

Daimler Trucks and Buses (China) Ltd.<sup>1</sup> – Chairman

Mercedes-Benz Hong Kong Ltd. (formerly Daimler Vans Hong Kong Ltd.) – Chairman

Mercedes-Benz Leasing Co., Ltd.

Mercedes-Benz (China) Ltd.

Mercedes-Benz Hong Kong Ltd.

Mercedes-Benz Taiwan Ltd.

## EXTERNAL DIRECTORSHIPS

BAIC Motor Corporation Ltd.

Beijing Mercedes-Benz Sales Service Co., Ltd. – Chairman

Beijing Benz Automotive Co., Ltd. – Vice Chairman

Beijing Foton Daimler Automotive Co., Ltd.

Fujian Benz Automotive Co., Ltd. – Vice Chairman

Shenzhen DENZA New Energy Automotive Co., Ltd. – Chairman

smart Automobile Co., Ltd. – Vice Chairman

**Harald Wilhelm**Finance & Controlling / Mercedes-Benz  
Mobility

Appointed until March 2027

## INTERNAL DIRECTORSHIPS

Mercedes-Benz Mobility AG (formerly Daimler Mobility AG) – Chairman

Daimler Truck AG<sup>1</sup>

Mercedes-AMG GmbH (since 5 November 2021)

## EXTERNAL DIRECTORSHIPS

BAIC Motor Corporation Ltd.

Daimler Truck Holding AG (since 9 December 2021)

<sup>1</sup> External directorship since 9 December 2021

## Members of the Supervisory Board and their mandates

Members of the Supervisory Board	Other supervisory board memberships/directorships
<b>Dr. Bernd Pischetsrieder</b> Chairman of the Supervisory Board of Mercedes-Benz Group AG Elected until 2024	Mercedes-Benz AG – Chairman**
<b>Michael Brecht*</b> Deputy Chairman of the Supervisory Board of Mercedes-Benz Group AG; Chairman of the General Works Council, Mercedes-Benz Group; Chairman of the Works Council at the Mercedes-Benz plant in Gaggenau Elected until 2023	Mercedes-Benz AG** (until 31 October 2021) Daimler Truck Holding AG** (since 9 December 2021) Daimler Truck AG** <sup>1</sup>
<b>Bader M. Al Saad</b> Chairman of the Board of Directors and Director General of the Arab Fund for Economic & Social Development Elected until 2022	Mercedes-Benz AG** (since 29 July 2021) Daimler Truck AG** (until 29 July 2021) Kuwait Investment Authority (until 17 April 2021) Kuwait Fund for Arab Economic Development (until 8 July 2021) BlackRock Inc.
<b>Sari Baldauf</b> Chair of the Board of Directors of Nokia Oyj Elected until 2023	Mercedes-Benz AG** (until 1 October 2021) Daimler Truck AG** (until 10 November 2021) Vexve Armatury Group – Chairwoman (until 30 June 2021) Nokia Oyj – Chairwoman
<b>Michael Bettag*</b> Chairman of the Works Council at the Mercedes-Benz Nuremberg Own Retail Branch Elected until 2023	
<b>Ben van Beurden</b> Chief Executive Officer of Shell plc Elected until 2025 (since 31 March 2021)	Mercedes-Benz AG** (since 22 April 2021)

<sup>1</sup> External directorship since 9 December 2021

\* Employee representative \*\* Group mandate

**Members of the Supervisory Board****Nadine Boguslawski\***

First Authorised Representative of IG Metall (German Metalworkers' Union)  
Stuttgart  
Appointed until 2023  
(since 1 August 2021)

**Other supervisory board memberships/directorships**

Mercedes-Benz AG\*\*

Robert Bosch GmbH

**Dr. Clemens Börsig**

Former Chairman of the Supervisory Board of Deutsche Bank AG  
Elected until 2022

Mercedes-Benz AG\*\* (since 1 October 2021)

Daimler Truck AG\*\* (until 10 November 2021)

Linde plc (until 1 March 2022)

Emerson Electric Co. (until 1 February 2022)

**Dr. Martin Brudermüller**

Chairman of the Board of Executive Directors of BASF SE  
Elected until 2025  
(since 31 March 2021)

Mercedes-Benz AG\*\* (since 22 April 2021)

**Liz Centoni**

Chief Strategy Officer and GM, Applications Cisco, Inc.  
Elected until 2025  
(since 31 March 2021)

Mercedes-Benz AG\*\* (since 29 July 2021)

Ingersoll Rand Inc.

**Michael Häberle\***

Deputy Chairman of the General Works Council at Mercedes-Benz Group AG;  
Chairman of the Works Council at the Mercedes-Benz Untertürkheim Site  
Elected until 2023

Mercedes-Benz AG\*\*

**Timotheus Höttges**

Chairman of the Board of Management of Deutsche Telekom AG  
Elected until 2025

Mercedes-Benz AG\*\* (since 1 October 2021)

Henkel AG & Co. KGaA (until 30 September 2021)

FC Bayern AG (until 30 August 2021)

Telekom Deutschland GmbH – Chairman (until 2 July 2021)

T-Mobile US, Inc., USA – Chairman

**Olaf Koch**

Partner and Managing Director Zintinus GmbH  
Elected until 2025  
(since 1 October 2021)

Mercedes-Benz AG\*\*

<sup>1</sup> External directorship since 9 December 2021

\* Employee representative \*\* Group mandate

**Members of the Supervisory Board****Ergun Lümali\***

Deputy Chairman of the Group Works Council at the Mercedes-Benz Group; Chairman of the General Works Council at Mercedes-Benz Group AG; Chairman of the Works Council at the Mercedes-Benz plant in Sindelfingen  
Elected until 2023

**Other supervisory board memberships/directorships**

Mercedes-Benz AG\*\*

Daimler Truck AG\*\* (until 31 October 2021)

**Roman Romanowski\***

Head of the Executive Legal Department at the Board of Management of IG Metall (German Metalworkers' Union)  
Appointed until 2023  
(since 6 September 2021)

Mercedes-Benz AG\*\* (since 1 August 2021)

**Prof. Dr. Helene Svahn**

Professor of Nanobiotechnology at the Royal Institute of Technology, Sweden  
Elected until 2025  
(since 1 October 2021)

Mercedes-Benz AG\*\*

Axel Johnson International AB

**Monika Tielsch\***

Member of the Labour Council at the Mercedes-Benz Sindelfingen Plant (RD)  
Elected until 2023  
(since 9 December 2021)

**Elke Tönjes-Werner\***

Deputy Chairwoman of the Works Council at the Mercedes-Benz Bremen Plant  
Elected until 2023

**Dr. Frank Weber\***

Centre Manager BodyTEC, Mercedes-Benz AG; Chairman of the Management Representatives Committee, Mercedes-Benz Group  
Elected until 2023

Mercedes-Benz AG\*\*

**Roman Zitzelsberger\***

District Manager of IG Metall (German Metalworkers' Union) in Baden-Württemberg  
Elected until 2023

Daimler Truck AG\*\*<sup>1</sup>

Daimler Truck Holding AG (since 9 December 2021)  
ZF Friedrichshafen AG

<sup>1</sup> External directorship since 9 December 2021

\* Employee representative \*\* Group mandate

**Stepped down from the Supervisory Board:**

Dr. Manfred Bischoff  
 Raymond Curry\*  
 Dr. Jürgen Hambrecht  
 Petraea Heynike  
 Joe Kaeser  
 Sibylle Wankel\*  
 Marie Wieck  
 Dr. Sabine Zimmer\*

**Legal Affairs Committee**

Dr. Clemens Börsig – Chairman  
 Sari Baldauf (since 31 March 2021 until  
 1 December 2021)  
 Dr. Manfred Bischoff (until 31 March 2021)  
 Michael Brecht\*  
 Liz Centoni (since 2 December 2021)  
 Michael Häberle\*  
 Olaf Koch (since 1 October 2021)  
 Ergun Lümali\* (since 1 August 2021)  
 Sibylle Wankel\* (until 31 July 2021)  
 Marie Wieck (until 1 October 2021)

**Committees of the Supervisory Board:****Committee pursuant to Section 27 Subsection 3 of the German Codetermination Act (MitbestG)**

Dr. Manfred Bischoff – Chairman  
 (until 31 March 2021)  
 Dr. Bernd Pischetsrieder – Chairman  
 (since 31 March 2021)  
 Ben van Beurden (since 31 March 2021)  
 Michael Brecht\*  
 Dr. Jürgen Hambrecht (until 31 March 2021)  
 Roman Zitzelsberger\*

**Presidential Committee**

Dr. Manfred Bischoff – Chairman (until 31 March 2021)  
 Dr. Bernd Pischetsrieder – Chairman (since 31 March  
 2021)  
 Michael Brecht\*  
 Dr. Jürgen Hambrecht (until 31 March 2021)  
 Ben van Beurden (since 31 March 2021)  
 Roman Zitzelsberger\*

**Audit Committee**

Dr. Clemens Börsig – Chairman  
 Michael Brecht\*  
 Joe Kaeser (until 1 October 2021)  
 Olaf Koch (since 1 October 2021)  
 Ergun Lümali\*

**Nomination Committee**

Dr. Manfred Bischoff – Chairman  
 (until 31 March 2021)  
 Dr. Bernd Pischetsrieder – Chairman  
 (since 31 March 2021)  
 Ben van Beurden (since 31 March 2021)  
 Sari Baldauf

\* Employee representative

\*\* Group mandate

# Statement of Investments

pursuant to Section 285 of the German Commercial Code (HGB) in conjunction with Section 286 Subsection 3 Sentence 1 No. 1 and Subsection 3 Sentence 2 of the German Commercial Code (HGB)

The statement of investments of Mercedes-Benz Group AG pursuant to Section 285 of the German Commercial Code (HGB) is presented as follows. For information regarding equity and earnings, IFRS values are generally used for fully consolidated companies. Information on equity and earnings and on other investments is omitted pursuant to Section 286 Subsection 3 Sentence 1 No. 1 of the HGB if such information is of minor relevance for

a fair presentation of the financial position, cash flows and profitability of Mercedes-Benz Group. On 1 February 2022, Daimler AG was renamed as Mercedes-Benz Group AG. From that date, further name changes of Group companies will take place. The statement of investments shows the companies with their company names as of 31 December 2021.

## C.20

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/loss in millions of euros	Footnote
<b>I. Subsidiaries (consolidated in the Consolidated Financial Statements)</b>					
Accumotive GmbH & Co. KG	Kamenitz, Germany	100.00	214	29	
Athlon Beheer International B.V.	Schiphol, Netherlands	100.00	-	-	
Athlon Car Lease Belgium N.V.	Machelen, Belgium	100.00	-	-	
Athlon Car Lease International B.V.	Schiphol, Netherlands	100.00	527	13	4
Athlon Car Lease Italy S.R.L.	Rome, Italy	100.00	-	-	
Athlon Car Lease Nederland B.V.	Schiphol, Netherlands	100.00	128	31	4
Athlon Car Lease Polska Sp. z o.o.	Warsaw, Poland	100.00	-	-	
Athlon Car Lease Portugal, lda	Oeiras, Portugal	100.00	-	-	
Athlon Car Lease Rental Services B.V.	Schiphol, Netherlands	100.00	-	-	
Athlon Car Lease Rental Services Belgium N.V.	Machelen, Belgium	100.00	-	-	
Athlon Car Lease S.A.S.	Le Bourget, France	100.00	58	12	
Athlon Car Lease Spain, S.A.	Alcobendas, Spain	100.00	-	-	
Athlon France S.A.S.	Le Bourget, France	100.00	-	-	
Athlon Germany GmbH	Düsseldorf, Germany	100.00	145	18	
Athlon Mobility Consultancy N.V.	Machelen, Belgium	100.00	-	-	
Athlon Mobility Services UK Limited	Milton Keynes, United Kingdom	100.00	57	19	
Athlon Rental Germany GmbH	Düsseldorf, Germany	100.00	-	-	
Athlon Sweden AB	Malmö, Sweden	100.00	-	-	
Athlon Switzerland AG i.L.	Schlieren, Switzerland	100.00	-	-	2
Brooklands Estates Management Limited	Milton Keynes, United Kingdom	100.00	-	-	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	-	-	3
CLIDET NO 1048 (Proprietary) Limited	Centurion, South Africa	100.00	-	-	
DA Investments Co. LLC	Wilmington, USA	100.00	166	42	
DAF Investments, Ltd.	Wilmington, USA	100.00	-	-	

## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/loss in millions of euros	Footnote
Daimler AG & Co. Anlagenverwaltung OHG	Schönefeld, Germany	100.00	-	-	
Daimler Australia/Pacific Pty. Ltd.	Melbourne, Australia	100.00	125	40	
Daimler Brand & IP Management GmbH & Co. KG	Stuttgart, Germany	100.00	23	21	
Daimler Canada Finance Inc.	Montreal, Canada	100.00	282	12	
Daimler Capital Services LLC	Wilmington, USA	100.00	72	18	4
Daimler Compra y Manufactura Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	377	61	
Daimler Finance North America LLC	Wilmington, USA	100.00	-	-	
Daimler Financial Services Africa & Asia Pacific Ltd.	Singapore, Singapore	100.00	48	10	4
Daimler Financial Services India Private Limited	Chennai, India	100.00	216	33	
Daimler Financial Services Investment Company LLC	Wilmington, USA	100.00	72	48	
Daimler Fleet Management GmbH	Stuttgart, Germany	100.00	5	-	3
Daimler Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	-	-	
Daimler Fleet Management South Africa (Pty.) Ltd. i. L.	Centurion, South Africa	65.00	-	-	2
Daimler Fleet Services A.S.	Istanbul, Turkey	100.00	-	-	
Daimler Greater China Ltd.	Beijing, China	100.00	5,692	1,331	
Daimler Grund Services GmbH	Schönefeld, Germany	100.00	203	-	3
Daimler Insurance Agency LLC	Wilmington, USA	100.00	-	-	
Daimler Insurance Services GmbH	Stuttgart, Germany	100.00	17	-	3
Daimler Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	-	-	
Daimler International Finance B.V.	Utrecht, Netherlands	100.00	566	-46	
Daimler International Nederland B.V.	Utrecht, Netherlands	100.00	9,988	2,121	
Daimler Investments US LLC	Wilmington, USA	100.00	-	-	
Daimler Ladungsträger GmbH	Böblingen, Germany	100.00	61	-	3
Daimler Mobility & Technology Service Co., Ltd.	Beijing, China	100.00	-	-	
Daimler Mobility AG	Stuttgart, Germany	100.00	2,607	-	3, 4
DAIMLER MOBILITY AUSTRALIA PTY LTD	Melbourne, Australia	100.00	63	47	
Daimler Mobility Services GmbH	Leinfelden-Echterdingen, Germany	100.00	242	-	3
Daimler Mobility Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	-	-	3
Daimler Nederland B.V.	Utrecht, Netherlands	100.00	827	314	
Daimler Nederland Holding B.V.	Utrecht, Netherlands	100.00	506	11	
Daimler North America Corporation	Wilmington, USA	100.00	5,960	1,982	4
Daimler North America Finance Corporation	Newark, USA	100.00	-	-	
Daimler Northeast Asia Parts Trading and Services Co., Ltd.	Beijing, China	100.00	189	152	
Daimler Parts Brand GmbH	Stuttgart, Germany	100.00	-	-	3
Daimler Re Insurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	103	14	
Daimler Real Estate GmbH	Berlin, Germany	100.00	-	-	
Daimler Retail Receivables LLC	Farmington Hills, USA	100.00	-	-	
Daimler South East Asia Pte. Ltd.	Singapore, Singapore	100.00	91	54	
Daimler Truck Financial Services Belgium N.V./S.A.	Brussels, Belgium	100.00	-	-	
Daimler Truck Financial Services Italia S.p.A	Rome, Italy	100.00	-	-	
Daimler Truck Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	-	-	



## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/ loss in millions of euros	Footnote
Daimler Trust Holdings LLC	Farmington Hills, USA	100.00	-	-	
Daimler Trust Leasing Conduit LLC	Wilmington, USA	100.00	-	-	
Daimler Trust Leasing LLC	Farmington Hills, USA	100.00	-	-	
Daimler UK Limited	Milton Keynes, United Kingdom	100.00	865	-159	
Daimler Vans Hong Kong Limited	Hong Kong, China	67.55	144	43	
Daimler Vans USA, LLC	Wilmington, USA	100.00	-	-	
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	1,202	-	3
Daimler Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	5,210	-	3
Daimler Vorsorge und Versicherungsdienst GmbH	Berlin, Germany	100.00	-	-	3
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	1,151	-	3
Friesland Lease B.V.	Drachten, Netherlands	51.11	-	-	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 1 OHG	Schönefeld, Germany	100.00	3,743	362	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 2 OHG	Schönefeld, Germany	100.00	-	-	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 3 OHG	Schönefeld, Germany	100.00	-	-	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 4 OHG	Schönefeld, Germany	100.00	740	58	4
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 5 OHG	Schönefeld, Germany	100.00	698	103	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 6 OHG	Schönefeld, Germany	100.00	206	12	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 7 OHG	Schönefeld, Germany	100.00	45	17	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Delta OHG	Schönefeld, Germany	100.00	231	23	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Epsilon OHG	Schönefeld, Germany	100.00	252	18	
Interleasing Luxembourg S.A.	Windhof, Luxembourg	100.00	-	-	
Koppieview Property (Pty) Ltd	Zwartkop, South Africa	100.00	-	-	
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	-	-	
MDC Power GmbH	Kölleda, Germany	100.00	86	-	3
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	-	-	
Mercedes Benz Kamyon Finansman A.S.	Istanbul, Turkey	100.00	-	-	
Mercedes Benz Otomotiv Ticaret ve Hizmetler A.S.	Istanbul, Turkey	66.91	76	29	
Mercedes pay GmbH	Stuttgart, Germany	100.00	-	-	3
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	1,295	-	3
Mercedes-Benz - Aluguer de Veículos, Lda.	Mem Martins, Portugal	100.00	-	-	
Mercedes-Benz (China) Ltd.	Beijing, China	75.00	1,173	873	
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	195	103	4
Mercedes-Benz AG	Stuttgart, Germany	100.00	25,956	-	3
Mercedes-Benz Antwerpen N.V.	Antwerp, Belgium	100.00	-	-	
Mercedes-Benz Argentina S.A.U.	Buenos Aires, Argentina	100.00	277	9	
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	223	-	3
Mercedes-Benz Assuradeuren B.V.	Utrecht, Netherlands	100.00	-	-	
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	466	43	
Mercedes-Benz Auto Finance Ltd.	Beijing, China	100.00	2,084	372	4
Mercedes-Benz Automotive Mobility GmbH	Berlin, Germany	100.00	-	-	3
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	3,296	-	3

## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/loss in millions of euros	Footnote
Mercedes-Benz Bank GmbH	Eugendorf, Austria	100.00	-	-	
Mercedes-Benz Bank Polska S.A.	Warsaw, Poland	100.00	-	-	
Mercedes-Benz Bank Rus OOO	Moscow, Russian Federation	100.00	-	-	
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	-	-	3
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	-	-	3
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	85	18	
Mercedes-Benz Bordeaux S.A.S.	Begles, France	100.00	-	-	
Mercedes-Benz Broker Argentina S.A.	Buenos Aires, Argentina	99.00	-	-	
Mercedes-Benz Broker Biztosítási Alkusz Hungary Kft.	Budapest, Hungary	100.00	-	-	
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	-	-	
Mercedes-Benz Canada Inc.	Mississauga, Canada	100.00	29	94	
Mercedes-Benz Capital Rus OOO	Moscow, Russian Federation	100.00	-	-	
Mercedes-Benz Cars & Vans Brasil - Indústria e Comércio De Veículos Ltda.	São Bernardo do Campo, Brazil	100.00	19	30	
Mercedes-Benz Cars UK Limited	Milton Keynes, United Kingdom	100.00	211	81	4
Mercedes-Benz Česká republika s.r.o.	Prague, Czech Republic	100.00	72	13	4
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	-	-	
Mercedes-Benz Connectivity Services GmbH	Stuttgart, Germany	100.00	-	-	3
Mercedes-Benz CPH A/S	Horsholm, Denmark	100.00	-	-	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	-	-	
Mercedes-Benz Customer Solutions GmbH	Stuttgart, Germany	100.00	-	-	4
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	181	16	4
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00	-	-	
Mercedes-Benz Drogenbos N.V.	Drogenbos, Belgium	100.00	-	-	
Mercedes-Benz Espana, S.A.U.	Alcobendas, Spain	100.00	277	43	
Mercedes-Benz Europa NV/SA	Woluwe-Saint-Lambert, Belgium	100.00	-	-	
Mercedes-Benz ExTra LLC	Wilmington, USA	100.00	-	-	
Mercedes-Benz Finance Co., Ltd.	Tokyo, Japan	95.11	646	54	4
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	218	60	4
Mercedes-Benz Financial Services Austria GmbH	Eugendorf, Austria	100.00	-	-	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	100	19	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	283	82	4
Mercedes-Benz Financial Services Česká republika s.r.o.	Prague, Czech Republic	100.00	-	-	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	240	38	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	635	94	4
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, China	80.00	-	-	
Mercedes-Benz Financial Services Italia S.p.A.	Rome, Italy	100.00	453	72	4
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	393	32	4
Mercedes-Benz Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	117	23	4
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	-	-	

## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/loss in millions of euros	Footnote
Mercedes-Benz Financial Services Portugal - Sociedade Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	88	11	4
Mercedes-Benz Financial Services Rus OOO	Moscow, Russian Federation	100.00	86	16	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	167	48	
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	-	-	
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Centurion, South Africa	100.00	74	10	4
Mercedes-Benz Financial Services Sp. zo.o.	Warsaw, Poland	100.00	-	-	
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan, China	51.00	60	10	4
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	509	373	4
Mercedes-Benz Financial Services USA LLC	Wilmington, USA	100.00	1,834	731	4
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	47	11	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	58	12	
Mercedes-Benz Finansal Kiralama Türk A.S.	Istanbul, Turkey	100.00	-	-	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	87	14	4
Mercedes-Benz Formula E Limited	Brackley, United Kingdom	100.00	-	-	
Mercedes-Benz Försäljnings AB	Malmö, Sweden	100.00	-	-	
Mercedes-Benz France S.A.S.	Montigny-le Bretonneux, France	100.00	491	59	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	70.00	192	107	
Mercedes-Benz Hellas Single-Member S.A.	Kifissia, Greece	100.00	-	-	
Mercedes-Benz Hong Kong Limited	Hong Kong, China	100.00	34	12	
Mercedes-Benz India Private Limited	Pune, India	100.00	365	29	
Mercedes-Benz Insurance Agency (Beijing) Co., Ltd.	Beijing, China	100.00	-	-	
Mercedes-Benz Insurance Broker S.R.L.	Voluntari, Romania	100.00	-	-	
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	-	-	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan, China	100.00	-	-	
Mercedes-Benz Investment Company LLC	Wilmington, USA	100.00	487	85	
Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	177	47	
Mercedes-Benz Japan Co., Ltd.	Tokyo, Japan	100.00	276	74	
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	289	99	
Mercedes-Benz Lease Italia S.r.l.	Trento, Italy	100.00	-	-	
Mercedes-Benz Leasing (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	107	18	
Mercedes-Benz Leasing Co., Ltd.	Beijing, China	65.00	1,222	213	4
Mercedes-Benz Leasing Deutschland GmbH	Stuttgart, Germany	100.00	.	-	3
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	-45	-	3
Mercedes-Benz Leasing Hrvatska d.o.o.	Zagreb, Croatia	100.00	-	-	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	34	10	4
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	-	-	4
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	148	19	4
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	-	-	3
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	-	-	3
Mercedes-Benz Malaysia Sdn. Bhd.	Puchong, Malaysia	100.00	91	46	

## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/loss in millions of euros	Footnote
Mercedes-Benz Manhattan, Inc.	Wilmington, USA	100.00	-	-	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	-	-	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00	490	66	
Mercedes-Benz Manufacturing Poland sp. z o. o.	Jawor, Poland	100.00	201	43	
Mercedes-Benz Mechelen N.V.	Mechelen, Belgium	100.00	-	-	
Mercedes-Benz Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	31	11	
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	4	-	3
Mercedes-Benz Mobility Korea Ltd.	Seoul, South Korea	100.00	-	-	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	38	15	4
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	-	-	
Mercedes-Benz Österreich GmbH	Eugendorf, Austria	100.00	39	17	
Mercedes-Benz Paris SAS	Port-Marly, France	100.00	-	-	4
Mercedes-Benz Parts Logistics Ibérica, S.L.U.	Azuqueca de Henares, Spain	100.00	-	-	
Mercedes-Benz Parts Logistics UK Limited	Milton Keynes, United Kingdom	100.00	-	-	
Mercedes-Benz Parts Manufacturing & Services Ltd.	Shanghai, China	100.00	-	-	
Mercedes-Benz Polska Sp. z o.o	Warsaw, Poland	100.00	69	28	
Mercedes-Benz Portugal, S.A.	Sintra, Portugal	100.00	-	-	
Mercedes-Benz PRAHA s.r.o.	Prague, Czech Republic	100.00	-	-	
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	-	-	
Mercedes-Benz Research & Development North America, Inc.	Wilmington, USA	100.00	47	11	
Mercedes-Benz Retail Belgium NV/SA	Woluwe-Saint-Lambert, Belgium	100.00	-	-	4
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	45	-11	
Mercedes-Benz Retail, S.A.	Madrid, Spain	100.00	39	17	
Mercedes-Benz Retail, Unipessoal Lda.	Mem Martins, Portugal	100.00	-	-	
Mercedes-Benz Risk Solutions South Africa (Pty.) Ltd.	Centurion, South Africa	100.00	-	-	
Mercedes-Benz Roma S.p.A.	Rome, Italy	100.00	-	-	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	-	-	
Mercedes-Benz Russia AO	Moscow, Russian Federation	100.00	353	113	
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	76	21	
Mercedes-Benz Service Leasing S.R.L.	Bucharest, Romania	100.00	-	-	
Mercedes-Benz Services Correduría de Seguros, S.A.	Alcobendas, Spain	100.00	-	-	
Mercedes-Benz Services Malaysia Sdn Bhd	Selangor, Malaysia	100.00	-	-	
Mercedes-Benz Servicios S.A.U	Buenos Aires, Argentina	100.00	-	-	
Mercedes-Benz Sigorta Aracılık Hizmetleri A.S.	Istanbul, Turkey	100.00	-	-	
Mercedes-Benz Sosnowiec Sp. z o.o.	Sosnowiec, Poland	100.00	-	-	
Mercedes-Benz South Africa Ltd	Pretoria, South Africa	100.00	935	23	
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	107	20	4
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan, China	51.00	165	81	
Mercedes-Benz U.S. International, Inc.	Vance, USA	100.00	467	121	
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	-	-	
Mercedes-Benz USA, LLC	Wilmington, USA	100.00	376	327	4

## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/ loss in millions of euros	Footnote
Mercedes-Benz Vans UK Limited	Milton Keynes, United Kingdom	100.00	76	22	
Mercedes-Benz Vans, LLC	Wilmington, USA	100.00	117	26	
Mercedes-Benz Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	-	-	3
Mercedes-Benz Versicherung AG	Stuttgart, Germany	100.00	56	-	3
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	103	27	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	-	-	4
Mercedes-Benz Waterloo S.A.	Braine-L'Alleud, Belgium	100.00	-	-	
Mercedes-Benz Wavre S.A.	Wavre, Belgium	100.00	-	-	
Mercedes-Benz Wemmel N.V.	Wemmel, Belgium	100.00	-	-	
Mercedes-Benz Wholesale Receivables LLC	Wilmington, USA	100.00	-	-	
Multifleet G.I.E	Le Bourget, France	50.10	-	-	
P.T. Mercedes-Benz Indonesia	Bogor, Indonesia	100.00	-	-	
PT Mercedes-Benz Distribution Indonesia	Jakarta, Indonesia	100.00	-	-	
Sandown Motor Holdings (Pty) Ltd	Bryanston, South Africa	100.00	-	-	
Silver Arrow Canada GP Inc.	Mississauga, Canada	100.00	-	-	
Silver Arrow Canada LP	Mississauga, Canada	100.00	-	-	
Star Assembly SRL	Sebes, Romania	100.00	274	87	
Ucafleet S.A.S	Le Bourget, France	65.00	-	-	
Vierzehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	-	-	3
YASA Limited	Kidlington, United Kingdom	100.00	229	-9	
Zuidlease B.V.	Sittard, Netherlands	51.00	-	-	

## II. Subsidiaries (not consolidated in the Consolidated Financial Statements)

Accumotive Verwaltungs-GmbH	Kamen, Germany	100.00	-	-	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	-	-	3
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	-	-	3
Círculo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	68.84	-	-	
Cúspide GmbH	Stuttgart, Germany	100.00	-	-	
Daimler Brand & IP Management Verwaltung GmbH	Stuttgart, Germany	100.00	-	-	3
Daimler Financial Services UK Trustees Ltd.	Milton Keynes, United Kingdom	100.00	-	-	
Daimler Gastronomie GmbH	Stuttgart, Germany	100.00	-	-	3
Daimler Group Services Berlin GmbH	Berlin, Germany	100.00	-	-	3
Daimler Group Services Madrid, S.A.U.	San Sebastián de los Reyes, Spain	100.00	-	-	
Daimler International Assignment Services USA, LLC	Wilmington, USA	100.00	-	-	
Daimler Pensionsfonds AG	Stuttgart, Germany	100.00	-	-	11
Daimler Protics GmbH	Leinfelden-Echterdingen, Germany	100.00	-	-	3
Daimler Purchasing Coordination Corp.	Wilmington, USA	100.00	-	-	
Daimler Trucks Retail Italia S.r.l.	Rome, Italy	100.00	-	-	
Daimler TSS GmbH	Ulm, Germany	100.00	2	-	3, 5
Daimler UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	-	-	
Daimler UK Trustees Limited	Milton Keynes, United Kingdom	100.00	-	-	

## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/loss in millions of euros	Footnote
Daimler Unterstützungskasse GmbH	Stuttgart, Germany	100.00	-	-	
Dreizehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	-	-	3
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	-	-	
LEONIE DMS DVB GmbH	Stuttgart, Germany	100.00	-	-	3
LICULAR GmbH	Kuppenheim, Germany	100.00	-	-	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	-	-	3
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	.	-	3, 5
MBition GmbH	Berlin, Germany	100.00	-	-	3
MBition Sofia EOOD	Sofia, Bulgaria	100.00	-	-	
Mercedes pay AG	Zug, Switzerland	100.00	-	-	
Mercedes pay S.A. – in liquidation	Luxembourg, Luxembourg	100.00	-	-	2
Mercedes pay USA LLC	Wilmington, USA	100.00	-	-	
Mercedes-Benz Cars Middle East FZE	Dubai, United Arab Emirates	100.00	-	-	
Mercedes-Benz Consulting GmbH	Leinfelden-Echterdingen, Germany	100.00	-	-	3
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	-	-	
Mercedes-Benz Egypt S.A.E.	New Cairo, Egypt	100.00	70	12	5
Mercedes-Benz Energy GmbH	Kamenz, Germany	100.00	-	-	3
MERCEDES-BENZ FINANCIAL SERVICES MEXICO S. de R.L. de C.V	Mexico City, Mexico	100.00	-	-	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	-	-	
Mercedes-Benz Group Services Phils., Inc.	Cebu City, Philippines	100.00	-	-	
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	-	-	
Mercedes-Benz IDC Europe S.A.S.	Valbonne, France	100.00	-	-	
Mercedes-Benz Logistics and Distribution Egypt LLC	New Cairo, Egypt	100.00	-	-	
Mercedes-Benz Manufacturing and Import Egypt	New Cairo, Egypt	100.00	-	-	
Mercedes-Benz Manufacturing Rus Ltd	Moscow, Russian Federation	80.00	-	-	
Mercedes-Benz Motorsport Limited	Brackley, United Kingdom	100.00	-	-	
Mercedes-Benz Museum GmbH	Stuttgart, Germany	100.00	-	-	3
Mercedes-Benz OD GmbH	Stuttgart, Germany	100.00	-	-	
Mercedes-Benz Parts Logistics Asia Pacific Sdn. Bhd.	Puchong, Malaysia	100.00	-	-	
Mercedes-Benz Research & Development Tel Aviv Ltd.	Tel Aviv, Israel	100.00	-	-	
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	264	104	6
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	100.00	-	-	
Mercedes-Benz Subscription Services USA LLC	Wilmington, USA	100.00	-	-	
Mercedes-Benz Vans Mobility, S.L.U.	Alcobendas, Spain	100.00	-	-	
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	-	-	
Mercedes-Benz.io GmbH	Stuttgart, Germany	100.00	-	-	3
Mercedes-Benz.io Portugal Unipessoal Lda.	Lisbon, Portugal	100.00	-	-	
Montajes y Estampaciones Metálicas, S.L.	Esparraguera, Spain	51.00	-	-	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	-	-	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	-	-	

## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/ loss in millions of euros	Footnote
Power Supply Systems GmbH	Stuttgart, Germany	100.00	-	-	
R.T.C. Management Company Limited	Banbury, United Kingdom	88.89	-	-	
Sechste Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	-	-	
SMART MOBILITY PTE. LTD.	Singapore, Singapore	100.00	-	-	
Star Transmission srl	Cugir, Romania	100.00	-	-	
STARKOM, proizvodnja in trgovina d.o.o.	Maribor, Slovenia	100.00	-	-	
Vierte Vermögensverwaltung PV GmbH	Stuttgart, Germany	100.00	-	-	3
YASA Automotive Limited	Kidlington, United Kingdom	100.00	-	-	
YASA Marine Limited	Kidlington, United Kingdom	100.00	-	-	
YASA Motors Limited	Kidlington, United Kingdom	100.00	-	-	
Zweite Vermögensverwaltung PV GmbH	Stuttgart, Germany	100.00	-	-	3
Zweite Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	-	-	3
<b>III. Joint operations (accounted for using proportionate consolidation in the Consolidated Financial Statements)</b>					
Cooperation Manufacturing Plant Aguascalientes, S.A.P.I de C.V.	Aguascalientes, Mexico	54.01	663	19	7
<b>IV. Joint ventures (accounted for using the equity method in the Consolidated Financial Statements)</b>					
Enbase Power GmbH	Munich, Germany	25.10	-	-	
Fujian Benz Automotive Co., Ltd.	Fuzhou, China	50.00	689	228	7
IONITY Holding GmbH & Co. KG	Munich, Germany	20.00	228	-42	6
MB Service Japan Co., Ltd.	Hitachi, Japan	33.40	-	-	
Movinx GmbH	Berlin, Germany	50.00	-	-	
Shenzhen DENZA New Energy Automotive Co. Ltd.	Shenzhen, China	50.00	61	-54	6
smart Automobile Co., Ltd.	Ningbo, China	50.00	675	-65	4, 7
Wei Xing Tech. Co., Ltd.	Hangzhou, China	50.00	47	-22	4, 7
YOUR NOW Holding GmbH	Munich, Germany	50.00	707	-333	4, 9, 12
<b>V. Associated companies (accounted for using the equity method in the Consolidated Financial Statements)</b>					
BAIC Motor Corporation Ltd.	Beijing, China	9.55	12,833	1,868	4, 10, 12
Beijing Benz Automotive Co., Ltd.	Beijing, China	49.00	6,148	3,205	7, 12
Blacklane GmbH	Berlin, Germany	29.17	4	-17	6
Bolt Technology OÜ	Tallinn, Estonia	7.45	145	-45	4, 8
Daimler Truck Holding AG	Leinfelden-Echterdingen, Germany	35.00	25,153	2,265	4, 13
LSH Auto International Limited	Hong Kong, China	15.00	-	-	
Mobility Trader Holding GmbH	Berlin, Germany	9.18	382	-9	5
RS Holdings Inc.	Wilmington, USA	65.32	-16	-28	6
There Holding B.V.	Rijswijk, Netherlands	29.74	1,090	-108	7, 12
Verimi GmbH	Berlin, Germany	2.60	15	-19	6
Wagenplan B.V.	Almere, Netherlands	50.00	-	-	

## Other Notes

Name of the company	Domicile, country/region	Equity interest in percent <sup>1</sup>	Total equity in millions of euros	Net profit/loss in millions of euros	Footnote
<b>VI. Joint operations, joint ventures, associated companies and substantial other investments (accounted for at (amortised) cost in the Consolidated Financial Statements)</b>					
AFCC Automotive Fuel Cell Cooperation Corp.	Burnaby, Canada	50.10	-	-	2
Aston Martin Lagonda Global Holdings Plc	Gaydon, United Kingdom	11.69	894	-461	4, 8
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	-	-	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, China	51.00	46	11	6
carwow Ltd.	London, United Kingdom	5.08	-	-	4
Earlybird DWES Fund VI GmbH & Co. KG	Munich, Germany	6.45	-	-	
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	-	-	
European Center for Information and Communication Technologies - EICT GmbH	Berlin, Germany	25.00	-	-	
Factorial Inc.	Woodbury, USA	9.56	-	-	
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	-	-	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 1 OHG	Schönefeld, Germany	10.10	-	-	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 2 OHG	Schönefeld, Germany	10.10	-	-	
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	10.10	-	-	
hap2U SAS	Pontcharra, France	34.59	-	-	
KAMAZ PAO	Naberezhnye Chelny, Russian Federation	15.00	549	34	4, 8
PDB - Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	-	-	
Sila Nanotechnologies Inc.	Dover, USA	8.96	-	-	
SK Gaming Beteiligungs GmbH	Cologne, Germany	33.33	-	-	
smart-BRABUS GmbH	Bottrop, Germany	50.00	-	-	
STARCAM s.r.o.	Most, Czech Republic	51.00	-	-	
The Mobility House AG	Zurich, Switzerland	11.07	-	-	
VfB Stuttgart 1893 AG	Stuttgart, Germany	11.75	24	-28	6
Volocopter GmbH	Bruchsal, Germany	6.48	29	-54	8
what3words Ltd.	London, United Kingdom	8.25	23	-18	4, 6

1 Shareholding pursuant to Section 16 of the German Stock Corporation Act (AktG)

2 In liquidation

3 Profit-and-loss transfer agreement with Mercedes-Benz Group AG (direct or indirect)

4 Pre-consolidating company

5 Financial statements according to local GAAP 2021

6 Financial statements according to local GAAP 2020

7 Financial statements according to IFRS 2021

8 Financial statements according to IFRS 2020

9 Financial statements according to IFRS of 30 November 2021. Statement of income for the period of 1 December 2020 to 30 November 2021.

Mercedes-Benz Group recognises its proportionate share of profits or losses with a one-month time lag.

10 Financial statements according to IFRS of 30 September 2021. Statement of income for the period of 1 October 2020 to 30 September 2021.

Mercedes-Benz Group recognises its proportionate share of profits or losses with a three-month time lag.

11 Control over the investment of the assets. No consolidation of the assets due to the contractual situation.

12 Including investor-level adjustments.

13 Figures for the statement of income relate to the period of 1 January to 30 September 2021, not including investor level adjustments.

Figures for the statement of financial position relate to the initial recognition as of 10 December 2021, including provisional investor level adjustments without goodwill.

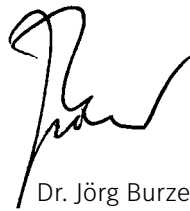


# Board of Management

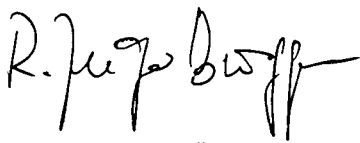
Stuttgart, 10 March 2022



Ola Källenius



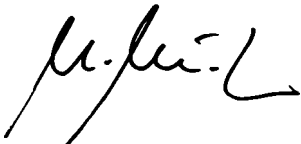
Dr. Jörg Burzer



Renata Jungo Brüngger



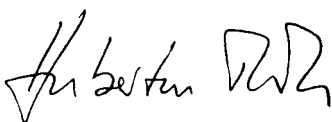
Sabine Kohleisen



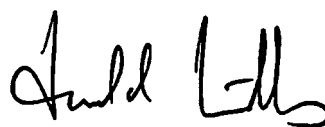
Markus Schäfer



Britta Seeger



Hubertus Troska



Harald Wilhelm

# Responsibility Statement

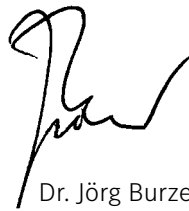
To the best of our knowledge, and in accordance with applicable reporting principles, the financial statements give a true and fair view of the financial position, cash flows and profit or loss of Mercedes-Benz Group AG, and the management report, which has been combined with the Group management report, includes a fair review of the development and performance of the

business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of Mercedes-Benz Group AG.

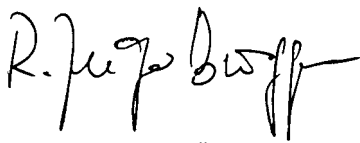
Stuttgart, 10 March 2022



Ola Källenius



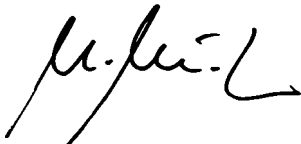
Dr. Jörg Burzer



Renata Jungo Brüngger



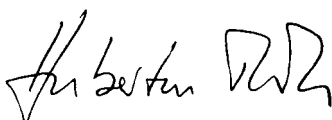
Sabine Kohleisen



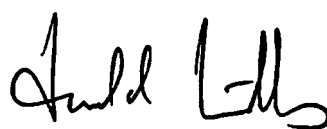
Markus Schäfer



Britta Seeger



Hubertus Troska



Harald Wilhelm

# Independent Auditor's Report

To Mercedes-Benz Group AG (until February 1, 2022  
Daimler AG), Stuttgart

Report on the Audit of the Annual Financial Statements  
and of the Combined Management Report

## **Opinions**

We have audited the annual financial statements of Mercedes-Benz Group AG (until February 1, 2022: Daimler AG), Stuttgart (the Company), which comprise the balance sheet as of December 31, 2021 and the income statement for the financial year from January 1 to December 31, 2021 as well as the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of the entity and the group (combined management report) of Mercedes-Benz Group AG including the combined non-financial statement of the entity and the group pursuant to Sections 289 paragraph 1, 289c, 315b paragraph 1 and 315c HGB for the financial year from January 1 to December 31, 2021.

In accordance with the German legal regulations, we have not audited the content of the elements of the combined management report referred to in the "Other information" section of our auditor's report.

The combined management report includes cross-references not foreseen by law that are marked as unaudited. In accordance with the German legal regulations, we have not audited the content of these cross-references and the information to which these cross-references relate.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, the combined management report is consistent with the annual 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. The combined management report includes cross-references not foreseen by law that are marked as unaudited. Our opinion does not cover these cross-references and the information to which these cross-references relate.

Pursuant to Section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

## **Basis for the Opinions**

We conducted our audit of the annual 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 and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and the Combined Management Report" section of our auditor's report. We are independent of the Company 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 any 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 annual financial statements and the combined management report.

#### **Note on the emphasis of a particular matter**

We refer to the comments of the legal representatives in the section on "EU Taxonomy" in the section entitled "non-financial statement" that is included in the combined management report in accordance with Sections 289b paragraph 1, 289c, 315b paragraph 1, 315c HGB. There it is stated that 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. The legal representatives have disclosed their interpretations of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties. Our opinion on the combined management report has not been modified in this regard.

#### **Key Audit Matters in the Audit of the Annual Financial Statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

#### **Non-impairment of shares in subsidiaries and financial receivables from subsidiaries**

Please refer with regard to the accounting policies and methods applied to the notes to the financial statements in the section entitled "Accounting policies and methods". Further information on the shares in subsidiaries and associated companies can be found in the notes to the financial statements under Note 3 "Financial assets" and on the financial receivables from subsidiaries and associated companies in Note 4 "Receivables and other assets" in the section entitled "Notes to the balance sheet" and in the combined management report in the chapter entitled "Mercedes-Benz Group AG (condensed version according to HGB)" in the subsection entitled "Risk and Opportunity Report".

#### **THE RISK FOR THE ANNUAL FINANCIAL STATEMENTS**

Mercedes-Benz Group AG is reporting shares in subsidiaries of € 33,106 million (PY: € 52,885 million) and financial receivables from subsidiaries of € 16,775 million (PY: € 21,043 million) as of December 31, 2021. The shares in subsidiaries and financial receivables from subsidiaries amount proportionately to 39.9% and 20.2% respectively of the total assets and therefore have a significant influence on the Company's assets and liabilities.

Shares in subsidiaries are measured at cost of acquisition or, in the event of probable permanent impairment, at the lower fair values. Receivables are measured at their nominal values, taking into account all foreseeable risks.

The lower fair value as the benchmark for impairment of shares in subsidiaries is primarily measured in the absence of market values at the discretionary future earnings value. If the fair value is lower than the carrying amount, it is investigated on the basis of qualitative and quantitative criteria whether impairment is expected to be permanent. In the case of financial receivables from subsidiaries, the credit rating of the debtor is also based on the future earnings value for the individual company. The assessment of the impairment of shares in subsidiaries including the calculation of the fair value via the future earnings value is complex and, as regards the assumptions made, dependent to a high degree on estimations and assessments by the

Company. This applies among other things in particular to the estimation of the future cash flows and long-term growth rates and the determination of the capitalization rates.

There is primarily a risk, that the shares in subsidiaries and financial receivables from subsidiaries are impaired.

#### **OUR AUDIT APPROACH**

We first of all evaluated the process for identifying indications of possible impairment and assessed, on the basis of the information obtained in the course of our audit, for which shares in subsidiaries and financial receivables from subsidiaries there is an indication of the need to recognize an impairment loss. To this end, we appraised in particular the impairment test documentation and reviewed the forecasts on the future development of the revenue and earnings or the expected future cash flows of the individual companies and discussed this with those responsible for the planning.

Our audit procedures on the valuation of the, in our opinion, principal shares in subsidiaries and financial receivables from subsidiaries that are at risk consisted in particular of the assessment of whether the underlying forecasts of the future cash flows are based on appropriate and reasonable assumptions. Hereby we evaluated the explanations of the legal representatives regarding the principal assumptions used in the planning, the strategic expectations and the operative measures with regard to their impact on the forecasts of the future cash flows. We then assessed the appropriateness of the key assumptions and the valuation methods used by the Company. In order to evaluate the appropriateness of the capitalization rates with regard to the determination of the lower fair value and to audit the mathematical correctness of the discounted cash flows, we in some cases involved our own valuation specialists. To this end we among other things compared the underlying assumptions and data providing the basis for the capitalization rate, in particular the risk-free interest rate, the market risk premium and the Beta factor, with our own assumptions and publicly available data. In order to take into account the existing forecast uncertainty, we furthermore investigated the impact on fair value of possible changes for instance in the capitalization rate and the long-term growth rate in

that we calculated alternative scenarios and compared these with the Company's valuation results (sensitivity analysis).

In order to ensure the arithmetical correctness of the valuation method used, we walked through the Company's calculations on the basis of the available budget data.

#### **OUR OBSERVATIONS**

The approach providing the basis for the impairment tests on the shares in subsidiaries and financial receivables from subsidiaries is appropriate and is consistent with the valuation principles. The Company's assumptions and data are appropriate.

#### **Impact on the financial statements of the Spin-off Agreement between Mercedes-Benz Group AG and Daimler Truck Holding AG**

Please refer with regard to a description of this matter to the notes to the financial statements in the section entitled "Accounting policies and methods as well as changes in the corporate structure and renaming of the Company from Daimler AG to Mercedes-Benz Group AG". Disclosures on the impact on the financial statements of the Spin-off Agreement concluded on August 6, 2021 between Mercedes-Benz Group AG and Daimler Truck Holding AG, Stuttgart, (Spin-off Agreement), can be found in the notes to the financial statements, in particular in Note 3 "Financial assets" and in Note 8 "Equity" in the section entitled "Notes to the Balance Sheet".

## THE RISK FOR THE ANNUAL FINANCIAL STATEMENTS

Mercedes-Benz Group AG (until February 1, 2022: Daimler AG) as the transferor legal entity concluded a Spin-off Agreement on August 6, 2021 with Daimler Truck Holding AG as the transferee legal entity. In this agreement, various transactions under corporate transformation law carried out during the financial year and other transactions in connection with the Daimler commercial vehicles business were agreed between the parties.

With the effectiveness of the transactions, total financial assets were reduced compared with the previous year-end by a net amount of € 9,490 million, whereby shares in subsidiaries and associated companies were reduced by € 14,494 million and in particular the participating interests were increased in the opposite direction by € 5,004 million. Furthermore, retained earnings were reduced by € 13,879 million and cash and cash equivalents by € 5,456 million. Following the completion of the transactions, Mercedes-Benz Group AG held a direct investment of 28.43% and an indirect investment of 6.57% in the capital stock of Daimler Truck Holding AG as of December 31, 2021.

The agreement providing the basis for the transactions is complex.

In order to determine the participation ratio based on corporate valuations, Mercedes-Benz Group AG involved an external appraiser. The corporate valuations necessary for the determination of the participation ratio are complex and are based on a number of discretionary assumptions. The principal assumptions relate to the expected development of the revenue and margins and the capitalization rates.

The risk for the annual financial statements is that the development of the shares in subsidiaries and associated companies, the participating interests and equity is inappropriate.

There is furthermore a risk that the corporate valuations performed to define the participation ratio are inappropriate.

## OUR AUDIT APPROACH

We first of all assessed the arrangements made in the Spin-off Agreement, especially their treatment by the transferor legal entity, and obtained an understanding of the individual transactions and the reflection in the financial statements of the transaction as a whole.

In the course of the audit, we obtained an understanding of the effects on the financial statements of the standardized measures in the Spin-off Agreement. In this context, we also evaluated the legal execution of the hive-down and spin-off with regard to whether the criteria under corporate transformation and company law were fulfilled.

With the help of our valuation specialists, we furthermore assessed the appropriateness of the principal assumptions and the valuation methods in the corporate valuations performed by an external appraiser in order to define the participation ratios.

We assessed the professional competence, capabilities, impartiality and the working results of the independent appraiser engaged by Mercedes-Benz Group AG.

In the evaluation of the appropriateness of the corporate valuations, we first of all analyzed whether the valuation methods applied are consistent with the accounting regulations. We then evaluated the principal valuation assumptions, with the help of our valuation specialists. For this purpose, we discussed the expected cash flows and the assumed long-term growth rates with those responsible for the planning. In addition, we performed reconciliations with other forecasts internally available, for instance for tax purposes, and with the budget prepared by the legal representatives and approved by the Supervisory Board. In addition, we assessed the consistency of the assumptions with external sector-specific and general market estimates.

We compared the assumptions and parameters, especially the risk-free interest rate, the market risk premium and the Beta factor, providing the basis for the capitalization rates, with our own assumptions and publicly available data. To take account of the existing forecast uncertainty, we in addition investigated the impact of possible changes in the capitalization rates, revenue planning and the development of the long-term growth

rates on the fair value by calculating alternative scenarios and compared them with the Company's measurement results (sensitivity analysis).

To ensure the arithmetical correctness of the valuation method applied, we obtained an understanding of the Company's calculations on the basis of selected risk-oriented elements.

### **OUR OBSERVATIONS**

The disclosure of the impacts on the financial statements of the Spin-off Agreement between Mercedes-Benz Group AG and Daimler Truck Holding AG is appropriate and is consistent with the accounting and valuation principles that are to be applied.

The valuation methods for the definition of the participation ratios are appropriate and are consistent with the accounting and valuation principles that are to be applied. The principal assumptions and data for the corporate valuations performed to determine the participation ratio are appropriate.

### **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 combined declaration on corporate management, which is referred to in the combined management report, and
- the disclosures in the combined management report on EU Taxonomy extraneous to management reports in the tables [B.32](#), [B.33](#) and [B.34](#), which are marked as audited with limited assurance.

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 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 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 Annual Financial Statements and the Combined Management Report**

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the legal representatives are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible 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, provided no actual or legal circumstances conflict therewith.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 for providing sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the combined management report.

#### **Auditor's Responsibilities for the Audit of the Annual Financial Statements and the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and 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) 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 annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual 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 for 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 annual 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 of the Company.



- 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 Company'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 annual financial statements and 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 Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company'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 related safeguards.

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 in accordance with Section 317 paragraph 3a HGB on the Electronic Rendering of the Annual Financial Statements and the Combined Management Report Prepared for Publication Purposes**

We have performed assurance work in accordance with Section 317 paragraph 3a HGB to obtain reasonable assurance about whether the rendering of the annual 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, »mercedesbenzgroupag-2021-12-31.zip« (SHA256-Hashwert: 0b387d4ceffea020be9c9a71380c9e1972e9e5866c393af5daea902a4ff2bdf), and prepared for publication purposes complies in all material respects with the requirements of Section 328 paragraph 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends 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 any other information contained in the file identified above.

In our opinion, the rendering of the annual 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, 2021 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 annual financial statements and of the combined management report 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 AuS 410 (10.2021)) 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 IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's legal representatives are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the combined management report in accordance with Section 328 paragraph 1 sentence 4 item 1 HGB.

In addition, the Company's legal representatives are responsible for such internal controls 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 preparation of 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 judgment and maintain professional skepticism throughout the assurance work. We also

- identify and assess the risks of material non-compliance with the requirements of Section 328 paragraph 1 HGB, 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 audit opinion.

- obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file in the version applicable on the reporting date.
- evaluate whether the ESEF documents provide a content-equivalent XHTML rendering of the audited annual financial statements and the audited combined management report.

#### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor by the Annual Shareholders' Meeting on March 31, 2021. We were engaged by the Supervisory Board on July 16, 2021. We have been the group auditor of Mercedes-Benz Group AG without interruption since the financial year 1998.

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 (long-form audit report).

#### **Other matter – Use of the Auditor's Report**

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as the examined ESEF documents. The annual financial statements and combined management report converted to the ESEF format - including the versions to be published in the German Federal Gazette [Bundesanzeiger] - are merely electronic renderings of the audited annual 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 Alexander Bock.

Stuttgart, March 10, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

[signature] Sailer  
Wirtschaftsprüfer  
(German Public Auditor)

[signature] Bock  
Wirtschaftsprüfer  
(German Public Auditor)

## **Forward-looking statements:**

This document contains forward-looking statements that reflect our current views about future events. The words "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 and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization 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 we describe under the heading "Risk and Opportunity Report" in the current 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.

These documents constitute the English translation of the German "Jahresabschluss," which is the sole authoritative version.

