

Remuneration Report

Principles of Board of Management remuneration

Goals

The remuneration system for the Board of Management members aims to promote the Company's business strategy and its sustainable long-term development. When determining the total remuneration of the individual Board of Management members, Daimler takes the condition of the Company into account as well as the members' areas of activity and responsibility. This is done in line with legal requirements and with a clear focus on the competition. A balanced combination of non-performance-related (fixed) and performance-related (variable) components of remuneration that also takes into account suitably ambitious performance parameters and performance indicators provides the Board of Management with an incentive to implement the corporate strategy and ensure the Group's sustained success. In this way, Daimler reconciles the interests of all stakeholders, in particular those of the shareholders as the owners of the Company and those of the employees.

Practical implementation

For each upcoming financial year, the Presidential Committee at first prepares a review by the Supervisory Board of the system and level of remuneration on the basis of a comparison with competitors. The main focus is on checking for appropriateness, based on a horizontal and a vertical comparison.

In the horizontal comparison, the following aspects are given particular attention in relation to a group of comparable companies in Germany:

- the effects of the individual fixed and variable components, that is, the methods behind them and their performance parameters;
- the relative weighting of the components, that is, the relationship between the fixed base salary and the short, medium and long-term variable components;
- and the amount of the target remuneration consisting of a fixed base remuneration, an annual bonus as a short and medium-term variable component, and a long-term variable remuneration, also with consideration of entitlement to a retirement pension and fringe benefits.

The vertical comparison focuses on the ratio of Board of Management remuneration to the remuneration of the senior executives and the entire workforce of Daimler AG in Germany, also in terms of development over time. The Supervisory Board has defined the group of senior executives for this purpose. It consists of the Executive Vice Presidents and the management level 1 of Daimler AG in Germany.

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

In carrying out this review of the appropriateness of the remuneration system and the remuneration, the Presidential Committee and the Supervisory Board consult independent external advisors. This was also done in late 2019. The result confirmed that the remuneration system for 2019 complied with the requirements of applicable law.

If the review results in a need for changes to the remuneration system for the Board of Management, the Presidential Committee submits the relevant proposals to the entire Supervisory Board for its approval.

On the basis of the approved remuneration system, the Supervisory Board decides at the beginning of the year on the base and target remuneration for the individual members of the Board of Management as well as on total remuneration limits. It also decides on the relevant performance parameters and the respective targets that are to be used in the bonus calculations (the short and medium-term variable remuneration components) for the upcoming financial year. Furthermore, sustainability-based non-financial targets are drawn up for the Board of Management as a whole, as are transformation targets oriented toward the implementation of future-focused measures for the Group's technological and sustainable realignment. Since the 2019 financial year, the annual bonus for the Board of Management and for managers has been calculated according to uniform goals/criteria and a uniform system.

For the long-term variable component of remuneration, which is referred to as the Performance Phantom Share Plan (PPSP), the Supervisory Board sets an amount to be granted for the upcoming financial year in the form of an absolute amount in euros and sets the respective performance targets. The uniform approach for the targets/criteria and the PPSP system has been in force for the Board of Management and for managers since it was introduced in 2005.

After the end of each financial year, the amount of the annual bonus is determined by measuring the achievement of the financial, non-financial and transformation targets by the Board of Management as a whole. The Presidential Committee then calculates the annual bonus and submits its proposal to the Supervisory Board for its approval.

The amount to be paid out for the long-term variable remuneration component (PPSP) is determined at the end of the four-year plan period and approved for payment after the Presidential Committee and the Supervisory Board have been informed.

The remuneration system was approved by the Annual Shareholders' Meeting in 2019 with an approval ratio of 97.87%.

The system of Board of Management remuneration in 2019

The fixed base salary and the annual bonus each comprise approximately 30% of the target remuneration, while the variable component of remuneration with a long-term incentive effect (PPSP) makes up approximately 40% of the target remuneration. [➔ B.44](#)

As before, only 50% of the annual bonus is paid out in the March of the following financial year. The other 50% is paid out a year later (deferral) with the application of a bonus-malus rule, depending on the development of the Daimler share price compared with an automotive index (STOXX Europe Auto Index) [🔗 page 48 ff](#), which Daimler AG uses as a benchmark for the relative share-price development. Both the delayed payout of the portion of the annual bonus (with the use of the bonus-malus rule) and the variable component of remuneration from the PPSP with its link to additional, ambitious comparative parameters and to the share price reflect the recommendations of the German Corporate Governance Code as amended on February 7, 2017 and give due consideration to both positive and negative business developments.

The maximum amounts of remuneration of Board of Management members are limited, both overall and with regard to the variable components.

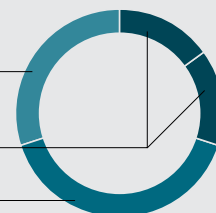
As in the prior year, the maximum amounts of remuneration (cash payments) of the members of the Board of Management were set for financial year 2019 at 1.9 times the target remuneration for its members. It was 1.5 times the target remuneration for its Chairman, who was in office until the end of the Annual Meeting 2019, and is 1.7 times the target remuneration for the new Board of Management Chairman. The target remuneration consists of the base salary, the target annual bonus and the grant value of the PPSP, excluding fringe benefits and retirement benefit commitments. With the inclusion of fringe benefits and retirement benefit commitments from the respective financial year, the maximum limit of total remuneration increases by these amounts. The possible cap on the amount exceeding the maximum limit takes place with the pay-

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Remuneration structure

Target remuneration consists of non-performance-related and performance-related components:

base salary (non-performance-related)	approx. 30%
short- and medium-term performance-related components	approx. 30%
long-term performance-related components	approx. 40%



B.45

Maximum limit of total remuneration¹ 2019 (cash payments)

Chairman of the Board of Management	1.7 times the target remuneration ¹
Other members of the Board of Management	1.9 times the target remuneration ¹

Base salary in 2019
 + target bonus = 100% of the 2019 base salary
 + PPSP value when granted for 2019

Target remuneration¹ 2019

Base salary in 2019
 + annual bonus for 2019 (50% paid out in 2020 + 50% in 2021)
 + PPSP payment for 2019 (in 2023) incl. dividend equivalent payments

Total remuneration¹ in 2019

The possible cap on the amount exceeding the maximum limit takes place with the payment of the PPSP for 2019 in 2023.

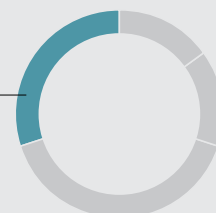
¹ Excluding fringe benefits and retirement benefit commitments in all cases.

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Base salary – fixed [🔗 page 109](#)

base salary – fixed – oriented towards the area of responsibility

base salary (non-performance-related) paid out in twelve monthly installments	approx. 30%
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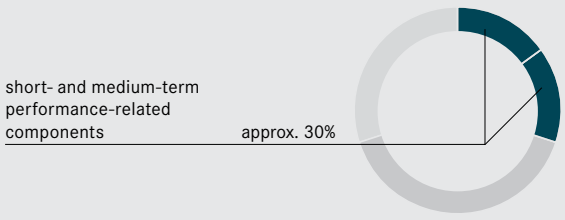
ment of the PPSP issued in the relevant financial year, i.e. for the year 2019, with payment of the PPSP 2019 in 2023. [➔ B.45](#)

The individual components of the remuneration system are as follows:

The **base salary** is fixed remuneration relating to the entire year, oriented toward the area of responsibility of each Board of Management member and paid out in twelve monthly installments. [➔ B.46](#)

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Annual bonus – short- and medium-term performance-related remuneration [page 110](#)



$$\text{annual bonus 2019} = \text{target bonus} \times \text{overall target achievement}$$

target bonus = 100% of base salary 2019	×	overall target achievement target achievement EBIT +/- target achievement for the non-financial targets +/- target achievement for the transformation targets
overall target achievement		

time of payment of annual bonus 2019
 50% of annual bonus = in March of the year after the reporting year (2020)
 50% of annual bonus (deferral) = in March of the second year after the reporting year (2021)

amount paid out deferral = 50% of annual bonus × “relative share performance”¹

¹ Depending on the development of the Daimler share price compared with the STOXX Europe Auto Index.

The **annual bonus** is a short and medium-term variable remuneration, the level of which during the reporting period is primarily linked to the operating profit of the Daimler Group (EBIT) in the form of a comparison of actual and target values. For the past financial year, the Supervisory Board has derived the target value for the annual bonus from the growth targets and the especially ambitious level of the medium-term return that is based on the competition’s performance. [➔ B.47](#)

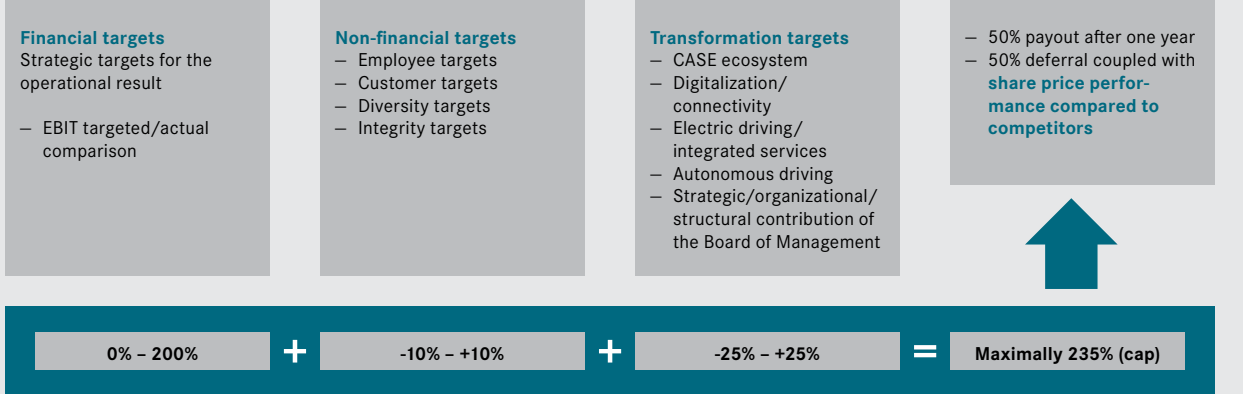
The annual bonus is also impacted by the transformation targets set by the Supervisory Board as well as by the sustainability-oriented non-financial targets for the Board of Management as a whole. These factors can raise or lower the annual bonus by up to +/-25% and +/-10%, respectively.

Primary reference parameter:
 – comparison of actual EBIT in 2019 with EBIT targeted for 2019.

Amount with 100% target achievement (target annual bonus):
 In 2019, this is equivalent to the respective base salary.

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Overview of the determination of the annual bonus from January 1, 2019



Range of possible target achievement:

Financial target

The range of possible target achievement is between 0% and 200%. The lower limit of this range is 50% of the EBIT target value; the upper limit is approximately 117% of the EBIT target value. If the actually achieved EBIT value is at or under the lower limit of the range, the target achievement degree is always 0%. The total absence of a bonus is therefore possible. If the EBIT target is achieved, the degree of target achievement amounts to 150%.

If the actually achieved EBIT value is at or above the upper limit of the range, the degree of target achievement is always the maximum 200%. The range of target achievement develops linearly within the range. ↗ **B.49**

Transformation targets

The transformation targets represent both quantitative and qualitative aspects. They can add or deduct up to 25 percentage points to/from the degree to which the financial target has been achieved.

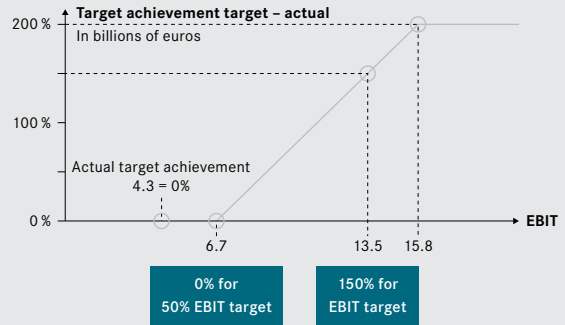
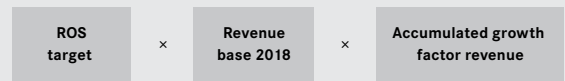
In order to take into account the implementation of the future-oriented measures for the technological and sustainable realignment of the Group, the divisions defined key performance indicators and target values at the beginning of financial year 2019 for the future-oriented CASE fields – Connected, Autonomous, Shared & Services, Electric.

This criteria-based consideration of the future-oriented CASE fields was based on assessments of the success of product-related, technical and economic activities/progress. Furthermore, the Company assessed the progress of sustainability/ Environment Social Governance (ESG) aspects and the success of strategic M&A activities. The defined key performance indicators are used for measuring the degree to which the transformation targets have been achieved. They also support the corresponding activities, corrections or implementation steps of the Group’s sustainability strategy (for example, investment volume, growth of revenue from digital services, activation and connectivity rates of digital services, proportion of alternative drive systems, emission targets, development discipline with regard to the development progress of products and digital services, number of online contracts, proportion of digital self-services, revenue from mobility services).

B.49

Financial target

Achievement of EBIT target results in 150% and is determined by



After the conclusion of financial year 2019, a comparison of the actual and target values was conducted for the transformation targets of each division. The Supervisory Board derived the Board of Management’s shared degree of target achievement from the divisions’ degrees of target achievement as well as the strategic, organizational and structural contribution of the Board of Management as a whole, taking into account the economic environment and the competitive situation and positioning of the Group. For the financial year 2019 this leads to the addition of **22%** to the degree to which the financial target has been achieved.

B.50**Integrity**

Degree of target achievement	Addition or deduction	Integrity indicator	+	Approval rate of any question
Excellent	2.5%	>80%		>74%
Good	2.0%	71-80%		65-74%
Average	1.0%	61-70%		60-64%
Low	-2.5%	≤60%		≤59%

B.51**Quality**

Degree of target achievement	Addition or deduction	Quality KPIs of all divisions
Excellent	2.5%	The addition or deduction is dependent on the respective target value, which is defined for each specific division and product.
Good	2.0%	
Average	1.0%	
Low	-2.5%	

B.52**Employee engagement**

Degree of target achievement	Addition or deduction	Employee engagement	+	Participation rate
Excellent	2.5%	>35%		>70%
Good	2.0%	31-35%		66-70%
Average	1.0%	25-30%		61-65%
Low	-2.5%	≤25%		≤60%

B.53**Diversity**

Degree of target achievement	Addition or deduction	Gender Diversity Aspirational Guidelines
Excellent	2.5%	Target overachieved ≥ 10%
Good	2.0%	Target overachieved < 10%
Average	1.0%	Target achieved
Low	-2.5%	Target not achieved

Non-financial targets

The non-financial targets, which are oriented toward sustainability and cultural aspects and have been uniform at all management levels since financial year 2019, are divided into four categories. Each category is weighted equally and receives an addition or a deduction of up to 2.5 percentage points to or from the degree of achievement of the financial target. After the end of the financial year, the degree of target achievement is calculated by comparing the target value and the actual value. On this basis, an addition to or a deduction from the degree of financial target achievement of up to a total amount of 10 percentage points is possible. The total of the addition or deduction resulting from the non-financial targets is rounded to two significant figures. For the financial year 2019 this results in an addition of **+3%** (rounded).

Specifically:

Achievement of the Group-level targets regarding the further development and permanent establishment of integrity was measured on the basis of certain standardized questions in a global employee survey. This measurement was based on the achieved approval rate of any question and the average approval rate achieved across all questions (integrity indicator). This served as the basis for determining that **+2.0%** of the target was achieved at the Group level. ↗ **B.50**

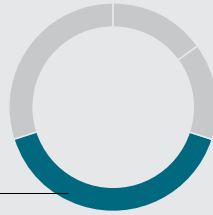
Quality and/or customer satisfaction targets (quality KPIs of all divisions) were defined by the individual divisions for the financial year. With regard to vehicles, a comparison of the target number and the actual number of claims during a pre-defined period of time (MIS xx) was carried out. With regard to services, this comparison was carried out by means of a customer satisfaction index. The degree of target achievement at the Group level (**-2.5%**) was derived as a weighted average of the individual divisional degrees of target achievement. ↗ **B.51**

The degree of the employees' commitment to the Group (employee engagement) was calculated on the basis of their answers to certain standardized questions in our global employee survey. These answers, together with the participation rate achieved in the employee survey, were used to derive a **+1.0%** degree of target achievement at the Group level for the maintenance and enhancement of a high level of satisfaction and motivation among the employees. ↗ **B.52**

A target for the proportion of women in executive positions was defined at the Group level for a period of several years on the basis of Daimler's in-house guidelines for the proportion of women in management positions (Gender Diversity Aspirational Guidelines), which go beyond the legally obligatory targets. A **+2.0%** degree of target achievement was determined for this in a comparison of actual and target values that was conducted at the end of the financial year. ↗ **B.53**

B.54**Performance Phantom Share Plan (PPSP) – long-term performance-related remuneration** [page 113](#)

long-term performance-related remuneration approx. 40%



amount when granted in euros [page 113](#) = **preliminary number of phantom shares (virtual shares)** × **price of Daimler shares when issued** × **three-year dividend entitlement**

after expiry of third plan year
preliminary number of phantom shares × performance factor = **final number of phantom shares**, dividend entitlement in fourth year

after expiry of fourth plan year
final number of phantom shares × Daimler share price at end of plan = **amount paid out**

Time of payment of Performance Phantom Share Plan 2019 in February of the year 2023

B.55**PPSP 2019**

dependent upon

Development of the performance factor

- 50% relates to the "return on sales" achieved in a three-year comparison with the defined group of competitors [page 114](#)
Bandwidth of possible target achievement: 0% – 200%¹
- 50% relates to "relative share performance," i.e. the performance of Daimler's share in a three-year comparison with the performance of the defined group of competitors (index).
Bandwidth of possible target achievement: 0% – 200%

Development of the Daimler share price Price when issued and price at the end of the plan period
Bandwidth of possible price development: maximum of 2.5 times the issue price

Maximum performance development (total cap): 2.5 times the amount granted (including dividend equivalent payments throughout the plan period)

Stock ownership guidelines

Share purchase obligation of up to 25% of the gross remuneration until the defined number of shares (between 20,000 and 75,000) has been purchased (shares to be held until the end of the term of service)

¹ Maximum of 195% if, in the event of target achievement of 195% – 200%, the strategic return target has not been reached.

Compliance

Agreements have been reached with all the members of the Board of Management allowing for the partial reduction or complete elimination of the annual bonus for any member who violates the duties of Section 93 of the German Stock Corporation Act (AktG) or in particular the principles laid down in the Company's Integrity Code. If it is not possible to reduce a future bonus payment or a payment that has yet to be made, the Board of Management member in question will be required to pay back the amount of the bonus reduction. The Supervisory Board has the final decision on all such bonus reductions.

Limit for the annual bonus

The total amount to be paid out from the annual bonus is limited to 2.35 times the base salary of the respective financial year.

The **Performance Phantom Share Plan (PPSP)** is a variable element of remuneration with long-term incentive effects. At the beginning of the plan, the Supervisory Board specifies a grant value (absolute amount in euros) in the context of setting the individual annual target remuneration. This amount is divided by the relevant average price of Daimler shares calculated over a predefined long period of time, which results in the preliminary number of phantom shares allocated.

Also at the beginning of the plan, performance targets are set for a period of three years (performance period). Depending on the achievement of these performance targets with a possible range of 0% to 200%, after three years the phantom shares allocated at the beginning of the plan are converted into the final number of phantom shares allocated. After another plan year has elapsed (retention period), the amount to be paid out is calculated from this final number of phantom shares and the applicable share price at that time. The share price relevant for the payout under this plan is also relevant for allocating the preliminary number of phantom shares for the plan newly issued in the respective year. [B.54](#) [B.55](#)

Performance parameters for Plan 2019:

- 50% relates to the Group's return on sales in a three-year comparison with a group of competitors comprising listed vehicle manufacturers with an automotive component of more than 70% by revenue and an investment-grade credit rating (BMW, Ford, GM, Honda, Hyundai, Isuzu, Kia, Mazda, Nissan, Paccar, Subaru, Suzuki, Toyota, Volvo and Volkswagen). For the measurement of success, the competitors' average return on sales is calculated over a period of three years. Target achievement occurs to the extent to which Daimler's return on sales deviates by a maximum of +/- 2 percentage points from 105% of the calculated average of the competitors.
- Target achievement of 100% only occurs when the average return on sales of the Daimler Group reaches 105% of the revenue-weighted average return on sales of the group of competitors. Maximum target achievement of 200% occurs if Daimler's return on sales exceeds 105% of the revenue-weighted average of the competitors by 2 percentage points or more. An additional limitation was implemented starting with PPSP 2015: If a target achievement of between 195% and 200% occurs, the maximum target achievement calculated from the performance parameter of return on sales compared to the group of competitors will only be deemed to be 200% if the actual return on sales for Daimler's automotive business reaches at least the strategic target for return on sales in the third year of the performance period. Otherwise, target achievement will be limited to 195%.
- Target achievement of 0% occurs if Daimler's return on sales is 2 percentage points or more lower. In the deviation range of +/- 2 percentage points, target achievement varies in proportion to the deviation.
- 50% relates to "relative share performance," i.e. the performance of Daimler's share in a three-year comparison with the performance of the defined group of competitors (index). If the performance of Daimler's share (in percent) is the same as that of the index (in percent), target achievement is deemed to be 100%. If the performance of Daimler's share price (in percent) is 50 percentage points or more below (above) the performance of the index, target achievement is deemed to be 0% (200%). In the deviation range of +/- 50 percentage points, target achievement varies in proportion to the deviation.

Range of possible target achievement:

0 to 200%, that is, the plan has an upper limit. It may also be zero.

Value upon allocation:

Determined annually by the Supervisory Board; for 2019, approximately 1.4 times the base salary.

Value of the phantom shares on payout:

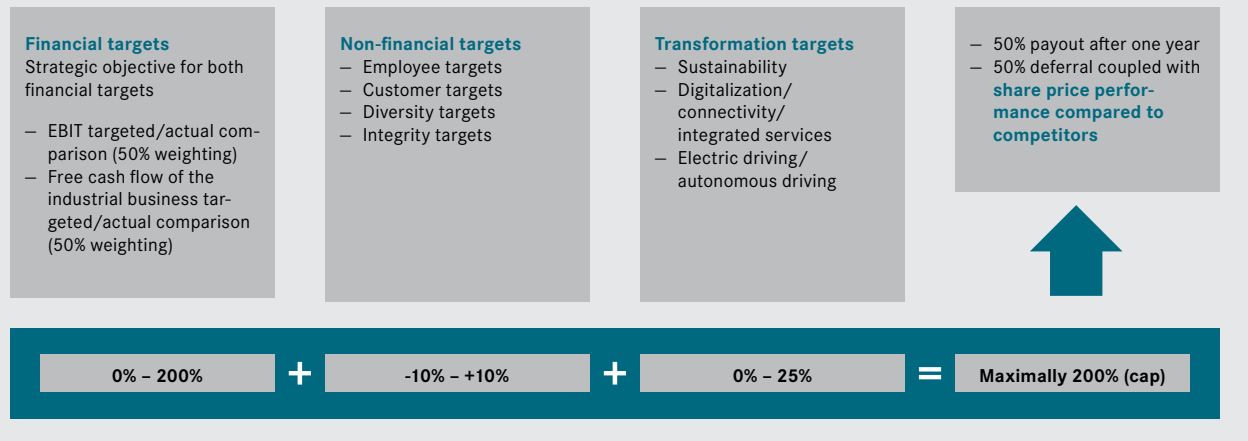
During the four-year period between the allocation of the preliminary phantom shares and the payout of the plan proceeds, the phantom shares earn a dividend equivalent in the amount of the actual dividend paid on ordinary Daimler shares.

The value of the phantom shares to be paid out after the conclusion of the plan period depends on target achievement measured according to the criteria described above and on the share price relevant for the payout. This share price is limited to 2.5 times the share price at the beginning of the plan. In addition, the amount to be paid out is limited to 2.5 times the absolute euro amount specified at the beginning of the plan, which is relevant for the preliminary number of phantom shares allocated. This maximum amount also includes the dividend equivalent paid out during the four-year plan period.

The terms governing the PPSP include a provision that allows for the partial reduction or complete elimination of the annual bonus for any member of the Board of Management who clearly violates the principles laid down in the Company's Integrity Code or any other professional obligations, prior to the payout of the plan proceeds. The Supervisory Board has the final decision on all such bonus reductions.

Policies for share ownership

As a supplement to these three components of remuneration, "Stock Ownership Policies" exist for the Board of Management. These guidelines require the members of the Board of Management to purchase Daimler shares over several years and to hold those shares until the end of their Board of Management membership. The number of shares to be held is set between 20,000 and 75,000. In fulfillment of the policies, up to 25% of the gross remuneration out of each Performance Phantom Share Plan is generally to be used to acquire ordinary shares in the Company, but the required shares can also be acquired in other ways.

B.56**Overview of the determination of the annual bonus from January 1, 2020****Further refinement of the remuneration system with effect from January 1, 2020****Change to the annual bonus as a short-term and medium-term component of the remuneration**

Effective in financial year 2019, the annual bonus was revised in view of the fundamental technological changes and the associated changes in the competitive environment in our industry, as well as changing customer behavior, the need for significant investments in new technologies, and the expectations of our shareholders. The main focus was on the implementation of the new corporate strategy and on safeguarding the Group's future by expanding our business model as an automaker and a provider of mobility services.

At the beginning of 2020, the Act on the Implementation of the Second Shareholders' Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie/ARUG II) went into effect. Subject to the implementation periods specified therein, it will extensively change the requirements regarding Board of Management remuneration. The new German Corporate Governance Code (DCGK), which is expected to come into effect in the first quarter of 2020, will also contain new recommendations regarding the remuneration of members of the Board of Management. The Supervisory Board took this opportunity to reassess the Board of Management remuneration system.

In its meeting in December 2019, the Supervisory Board decided to further refine the Board of Management remuneration system as of January 1, 2020. This decision was made on the basis of the latest conditions, Daimler's in-house corporate strategy, and the expectations of our shareholders. The changes only affect the organization of the annual bonus and are explained below.

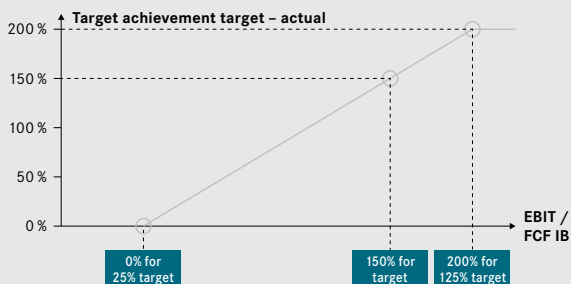
Because the Supervisory Board and the Board of Management continue to consider it important to have a uniform incentive system, the Board of Management has also decided to make a corresponding adjustment to the annual bonus for all the other management levels.

Additional financial target

In times of comprehensive transformation, it is especially important to align the incentives in the remuneration system with a responsible prioritization of the allocation of capital. As a result, the free cash flow of the industrial business will be included as an additional financial target and have equal weight to the Daimler Group's operating result (EBIT). In addition to EBIT, the free cash flow of the industrial business is one of the most important financial performance indicators for the Daimler Group's operational financial performance.

B.57**Financial targets:****EBIT and free cash flow of the industrial business (FCF IB)**

Achievement of EBIT respectively FCF IB target results in 150% target achievement



The free cash flow of the industrial business, which comprises the cash flows at the automotive business divisions and the cash flows from taxes and other reconciliation items that cannot be allocated to the divisions, is of particular importance for the financial strength of the Daimler Group.

The target value of EBIT for each financial year continues to be derived on the basis of the desired medium-term return, which is set by the Supervisory Board and is ambitious and oriented toward the competitive environment, and derived from the growth targets. The starting point of the calculation is now the revenue of the previous financial year. The target value for the free cash flow of the industrial business in the respective financial year is based on the defined target EBIT of the segments of the automobile business (which, in turn, is derived from the strategic growth and return on sales targets) as well as on a strategic target for the cash conversion rate. The cash conversion rate is the proportion of the period's result that is scheduled to flow into the Group's liquidity after the payments for the necessary investments in research, development, tangible fixed assets, and working capital are taken into account as part of the strategic growth target.

As part of the comparison of target and actual values, the actually achieved value used in determining the free cash flow target achievement is adjusted for certain factors that were already taken into account in the target achievement of the annual bonus in 2019 or earlier.

The range of possible target achievement for the two financial targets (EBIT and free cash flow of the industrial business) is between 0% and 200%. The lower limit of this range is 25% of the target value; the upper limit is 125% of the target value. If the actually achieved value is at or under the lower limit of the range, the target achievement degree is always 0%. The total absence of a bonus is therefore possible. If the actually achieved value is at or above the upper limit of the range, the target achievement degree is 200%, which is the maximum it can reach. The degree of target achievement develops linearly within the range. [↗ B.57](#)

The total amount to be paid out from the annual bonus is limited to 2 times the base salary of the respective financial year.

Non-financial targets

The non-financial targets are uniform at all management levels and continue to be divided into four equally weighted categories. Each category receives an addition or a deduction of up to 2.5 percentage points to or from the degree of achievement of the financial target.

After the end of the financial year, the degree of achievement of the non-financial targets is calculated by comparing the target values and the actual values. An addition to or deduction from the degree of target achievement of the financial targets of up to a total of 10 percentage points is possible. The relevant target tiers for financial year 2020 can be found in tables [↗ B.58](#), [↗ B.59](#), [↗ B.60](#) and [↗ B.61](#).

Transformation targets

Effective as of financial year 2019, transformation targets replaced the previous shared performance value for the Board of Management as a whole, which was derived from the Board of Management members' individual target agreements and degrees of target achievement. Especially during the transformation phase, these transformation targets refer to quantitative as well as qualitative aspects and are assessed and evaluated accordingly by the Supervisory Board. Sustainability/Environment Social Governance (ESG) aspects will play an even more explicit role for the transformation targets in the future, because sustainability is an integral part of our corporate strategy and thus an important factor in our business activities.

Against this backdrop, other performance continues to be taken into account in the transformation targets within the context of the implementation of our sustainability strategy (for example, growth of revenue from digital services, activation and connectivity rates of digital services, proportion of alternative drive systems, emission targets, development discipline, development progress of products and digital services, number of online contracts, proportion of digital self-services, revenue from mobility services). In order to further reduce the methodological complexity of the Board of Management remuneration system, the target tier of the transformation targets was aligned so that it can no longer result in a deduction from the degree of target achievement for the financial targets in the future.

Reduction of the maximum target achievement in the annual bonus (cap)

The maximum target achievement in the annual bonus (cap) will be reduced from 235% to 200% of the target bonus. In this way we are maintaining the current opportunity-risk profile of the annual bonus while at the same time taking the adjustment of the target tier of the transformation targets into account. The higher relative weighting of the non-financial targets and transformation targets in the total target achievement further underlines their significance.

No change in the other components of the remuneration system

The remainder of the remuneration system, in particular the composition of the remuneration of the Board of Management from the non-performance-related base salary, the annual bonus as a short-term and medium-term variable component with deferral and the long-term variable component PPSP, also remains unchanged, as does the relationship between the individual components of the remuneration. The current design of the PPSP, with the four-year duration of the plan, the measurement of the success targets compared to a defined and regularly monitored group of competitors that face the same strategic challenges, and the linkage with the absolute development of the share price, is already oriented toward the long-term success of the company.

B.58

Integrity

Degree of target achievement	Addition or deduction	Integrity indicator	+	Approval rate of any question
Excellent	2.5%	> 80%		> 74%
Good	2.0%	71-80%		65-74%
Average	1.0%	61-70%		60-64%
Low	-2.5%	≤ 60%		≤ 59%

B.59

Quality

Degree of target achievement	Addition or deduction	Quality KPIs of all divisions
Excellent	2.5%	The addition or deduction is dependent on the respective target value, which is defined for each specific division and product.
Good	2.0%	
Average	1.0%	
Low	-2.5%	

B.60

Employee engagement

Degree of target achievement	Addition or deduction	Employee engagement	+	Participation rate
Excellent	2.5%	> 35%		> 70%
Good	2.0%	31-35%		66-70%
Average	1.0%	25-30%		61-65%
Low	-2.5%	≤ 25%		≤ 60%

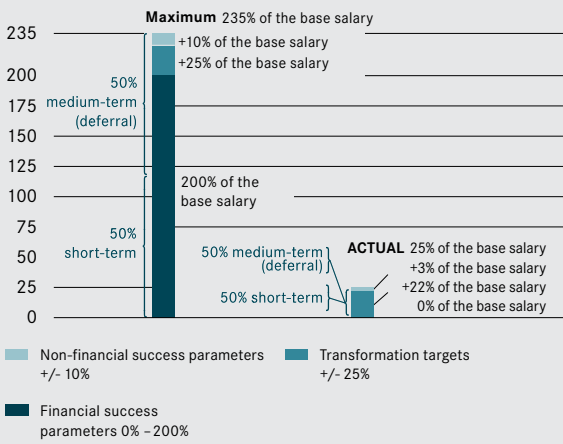
B.61

Diversity

Degree of target achievement	Addition or deduction	Gender Diversity Aspirational Guidelines
Excellent	2.5%	Target overachieved ≥ 10%
Good	2.0%	Target overachieved < 10%
Average	1.0%	Target achieved
Low	-2.5%	Target not achieved

B.62

Annual bonus (short- and medium-term variable remuneration of the Board of Management members active at year-end)



Board of Management remuneration in financial year 2019

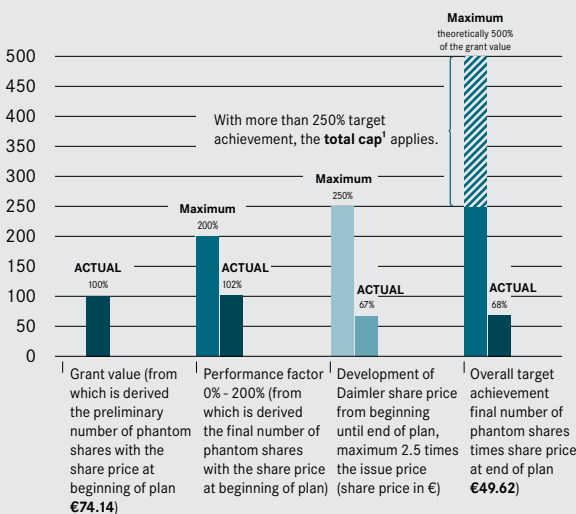
Board of Management remuneration in 2019 pursuant to Section 314 Subsection 1 No. 6 of the German Commercial Code (HGB)

The total remuneration granted by Group companies (excluding retirement benefit commitments) to the members of the Board of Management of Daimler AG is calculated as the total of the amounts of

- the base salary in 2019,
- the half of the annual bonus for 2019 payable in 2020 and measured as of the end of the reporting period,
- the half of the medium-term share-based component of the annual bonus for 2019 payable in 2021 with its value at the end of the reporting period (entitlement depending on the development of Daimler's share price compared with the STOXX Europe Auto Index),
- the value of the long-term share-based remuneration (PPSP) at the time when granted in 2019, and
- the taxable non-cash benefits in 2019.

B.63

PPSP 2015 (paid in 2019) (long-term variable remuneration ↗ B.67)



For both of the share-based components – the second 50% of the annual bonus and the PPSP with a long-term orientation – the amounts actually paid out can deviate significantly from the values described depending on the development of the Daimler share price and on the achievement of the relevant target parameters. Upward deviation is possible only as far as the maximum limits described above. Both components can also be zero.

The possible upper limits with regard to the annual bonus and the PPSP are shown in tables ↗ B.62 and ↗ B.63.

The total remuneration of the Board of Management for the financial year 2019 amounts to €24.2 million (2018: €24.7 million). Of that total, €8.9 million was fixed, that is, non-performance-related remuneration (2018: €9.5 million), €2.0 million (2018: €5.0 million) was short-term and medium-term variable performance-related remuneration (annual bonus with deferral), and €13.3 million was variable performance-related remuneration granted in the financial year 2019 with a long-term incentive effect (2018: €10.2 million). ↗ B.64

The granting of non-cash benefits in kind, primarily expenses for security precautions and the provision of company cars, resulted in taxable benefits for the members of the Board of Management in 2019 as shown in table ↗ B.65.

1 Amount paid out including dividend-equivalent payments of PPSP 2015.

B.64**Board of Management remuneration in 2019**

		Base salary	Short and medium-term variable remuneration (annual bonus)		Long-term variable remuneration (PPSP)		Total
			Short-term	Medium-term	Number	Value when granted	
In thousands of euros							
	2019						
Ola Källenius ¹	2019	1,340	168	168	36,982	1,849	3,525
	2018	832	260	260	14,896	1,045	2,397
Martin Daum	2019	832	104	104	22,169	1,108	2,148
	2018	832	260	260	14,896	1,045	2,397
Renata Jungo Brüngger	2019	832	104	104	22,169	1,108	2,148
	2018	832	260	260	14,896	1,045	2,397
Wilfried Porth	2019	832	104	104	23,177	1,159	2,199
	2018	832	260	260	15,573	1,092	2,444
Markus Schäfer ²	2019	508	64	64	17,735	887	1,523
	2018	-	-	-	-	-	-
Britta Seeger	2019	832	104	104	22,169	1,108	2,148
	2018	832	260	260	14,896	1,045	2,397
Hubertus Troska	2019	832	104	104	22,169	1,108	2,148
	2018	832	260	260	14,896	1,045	2,397
Harald Wilhelm ³	2019	638	80	80	16,627	831	1,629
	2018	-	-	-	-	-	-
Bodo Uebber ⁴	2019	379	47	47	26,502	1,325	1,798
	2018	967	302	302	17,807	1,249	2,820
Dr. Dieter Zetsche ⁴	2019	804	101	101	56,429	2,822	3,828
	2018	2,048	640	640	37,915	2,659	5,987
Total	2019	7,829	980	980	266,128	13,305	23,094
	2018	8,007	2,502	2,502	145,775	10,225	23,236

1 Board of Management remuneration paid as a member until May 21, 2019; as the Chairman from May 22, 2019.

2 Board of Management remuneration paid from May 22, 2019.

3 Board of Management remuneration paid from April 1, 2019.

4 Board of Management remuneration paid until May 22, 2019.

B.65**Taxable non-cash benefits and other fringe benefits**

	2019	2018
In thousands of euros		
Ola Källenius ¹	90	161
Martin Daum	120	121
Renata Jungo Brüngger	95	93
Wilfried Porth	87	88
Markus Schäfer ²	57	-
Britta Seeger	94	164
Hubertus Troska ³	394	494
Harald Wilhelm ⁴	62	-
Bodo Uebber ⁵	44	164
Dr. Dieter Zetsche ⁵	65	195
Total	1,108	1,480

1 Board of Management remuneration paid as a member until May 21, 2019; as the Chairman from May 22, 2019 (2018: including an anniversary bonus of €69,456.50).

2 Board of Management remuneration paid from May 22, 2019.

3 For the fulfillment of disclosure obligations pursuant to Section 285 No. 9a of the German Commercial Code (HGB), this amount is reduced by €149,366 for the financial year 2019 (2018: €182,254). The corresponding fringe benefits were granted and borne by a subsidiary and are thus not included in the remuneration to be disclosed in the annual financial statements of the parent company, Daimler AG.

4 Board of Management remuneration paid from April 1, 2019.

5 Board of Management remuneration paid until May 22, 2019.

Details of Board of Management remuneration in 2019 pursuant to the requirements of the German Corporate Governance Code

The following tables show for each individual member of the Board of Management on the one hand the benefits granted for the financial year and on the other hand the payments made in or for the reporting year and the retirement pension expense in or for the year under review in accordance with the recommendations of Clause 4.2.5 paragraph 3 of the German Corporate Governance Code as amended on February 7, 2017.

The total of “benefits granted” for financial year 2018 is calculated from

- the base salary in 2018,
- the taxable non-cash benefits and other fringe benefits in 2018,
- the half of the annual bonus paid in 2019 for 2018 at the value for target achievement of 100%,
- the half of the medium-term annual bonus payable in 2020 for 2018 at the value for target achievement of 100% (deferral),
- the value of the long-term share-based remuneration (PPSP) at the time when granted in 2018 (payable in 2022), and
- the retirement pension expense in 2018 (service costs in 2018).

The total of “benefits granted” for financial year 2019 is calculated from

- the base salary in 2019,
- the taxable non-cash benefits and other fringe benefits in 2019,
- the half of the annual bonus payable in 2020 for 2019 at the value for target achievement of 100%,
- the half of the medium-term annual bonus payable in 2021 for 2019 at the value for target achievement of 100% (deferral),
- the value of the long-term share-based remuneration (PPSP) at the time when granted in 2019 (payable in 2023), and
- the retirement pension expense in 2019 (service costs in 2019).

The total of “payments made” for financial year 2018 is calculated from

- the base salary in 2018,
- the taxable non-cash benefits and other fringe benefits in 2018,
- the half of the annual bonus paid in 2019 for 2018 at the value as of the end of the reporting period in financial year 2018,
- the half of the medium-term annual bonus paid in 2018 for 2016 (deferral),
- the value of the long-term share-based remuneration (PPSP 2014) paid in 2018,
- the dividend equivalent of the current PPSP (2015, 2016, 2017 and 2018) paid in 2018, and
- the retirement pension expense in 2018 (service costs in 2018).

The caps possible to ensure the total maximum amount shown in the table of benefits granted for financial year 2018 are implemented with the payout of PPSP 2018, which constitutes the last payment to be made of the components of remuneration granted in financial year 2018. For financial year 2018, therefore, the possible cap would take place in 2022, the year that PPSP 2018 is paid out.

The total of “payments made” for financial year 2019 is calculated from

- the base salary in 2019,
- the taxable non-cash benefits and other fringe benefits in 2019,
- the half of the annual bonus payable in 2020 for 2019 at the value as of the end of the reporting period,
- the half of the medium-term annual bonus paid in 2019 for 2017 (deferral),
- the value of the long-term share-based remuneration (PPSP 2015) paid in 2019,
- the dividend equivalent of the current PPSP (2016, 2017, 2018 and 2019) paid in 2019, and
- the retirement pension expense in 2019 (service costs in 2019).

The caps possible to ensure the total maximum amount shown in the table of benefits granted for reporting year 2019 are implemented with the payout of PPSP 2019, which constitutes the last payment to be made of the components of remuneration granted in financial year 2019. For financial year 2019, therefore, the possible cap would take place in 2023, the year that PPSP 2019 is paid out.

B.66**Benefits granted**

	Ola Källenius² Chairman of the Board of Management, Chairman of the Board of Management of Mercedes-Benz AG				Martin Daum Chairman of the Board of Management of Daimler Truck AG			
	Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31	
	2018	2019	min.	max.	2018	2019	min.	max.
In thousands of euros								
Base salary	832	1,340	1,340	1,340	832	832	832	832
Taxable non-cash benefits and other fringe benefits	161	90	90	90	121	120	120	120
Total	993	1,430	1,430	1,430	953	952	952	952
Annual variable remuneration (50% of annual bonus, short-term)	416	670	0	1,575	416	416	0	978
Deferral (50% of annual bonus, medium-term)	416	670	0	1,575	416	416	0	978
Long-term variable remuneration (plan period of 4 years)	1,045	1,849	0	4,588	1,045	1,108	0	2,750
Total	1,877	3,189	0	7,738	1,877	1,940	0	4,706
Retirement pension expense (service costs)	257	261	261	261	244	250	250	250
Total remuneration	3,127	4,880	1,691	9,429	3,074	3,142	1,202	5,908
Total limit ¹ for components of remuneration granted in the reporting year excluding:	5,252		7,878		5,252		5,252	
– Taxable non-cash benefits and other fringe benefits								
– Retirement pension expense (service costs)								

- 1 Total limit → 1.7 times for Mr. Källenius as of May 22, 2019 (1.5 times for Dr. Zetsche)/1.9 times target remuneration (base salary, target annual bonus, value when granted of PPSP, excluding fringe benefits and retirement pension commitments).
2 Board of Management remuneration paid as a member until May 21, 2019; as the Chairman from May 22, 2019.

Benefits granted

	Renata Jungo Brüngger Integrity & Legal Affairs				Wilfried Porth HR and Labor Relations Director & Mercedes-Benz Vans			
	Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31	
	2018	2019	min.	max.	2018	2019	min.	max.
In thousands of euros								
Base salary	832	832	832	832	832	832	832	832
Taxable non-cash benefits and other fringe benefits	93	95	95	95	88	87	87	87
Total	925	927	927	927	920	919	919	919
Annual variable remuneration (50% of annual bonus, short-term)	416	416	0	978	416	416	0	978
Deferral (50% of annual bonus, medium-term)	416	416	0	978	416	416	0	978
Long-term variable remuneration (plan period of 4 years)	1,045	1,108	0	2,750	1,092	1,159	0	2,875
Total	1,877	1,940	0	4,706	1,924	1,991	0	4,831
Retirement pension expense (service costs)	251	254	254	254	292	0	0	0
Total remuneration	3,053	3,121	1,181	5,887	3,136	2,910	919	5,750
Total limit ¹ for components of remuneration granted in the reporting year excluding:	5,252		5,252		5,347		5,347	
– Taxable non-cash benefits and other fringe benefits								
– Retirement pension expense (service costs)								

- 1 Total limit → 1.7 times for Mr. Källenius as of May 22, 2019 (1.5 times for Dr. Zetsche)/1.9 times target remuneration (base salary, target annual bonus, value when granted of PPSP, excluding fringe benefits and retirement pension commitments).

Benefits granted

	Markus Schäfer Group Research & Mercedes-Benz Cars Development				Britta Seeger Mercedes-Benz Cars Marketing & Sales			
	Jan. 1 – Dec. 31		May 22 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31	
	2018	2019	min.	max.	2018	2019	min.	max.
In thousands of euros								
Base salary	-	508	508	508	832	832	832	832
Taxable non-cash benefits and other fringe benefits	-	57	57	57	164	94	94	94
Total	-	565	565	565	996	926	926	926
Annual variable remuneration (50% of annual bonus, short-term)	-	254	0	597	416	416	0	978
Deferral (50% of annual bonus, medium-term)	-	254	0	597	416	416	0	978
Long-term variable remuneration (plan period of 4 years)	-	887	0	2,200	1,045	1,108	0	2,750
Total	-	1,395	0	3,394	1,877	1,940	0	4,706
Retirement pension expense (service costs)	-	155	155	155	248	254	254	254
Total remuneration	-	2,115	720	4,114	3,121	3,120	1,180	5,886
Total limit ¹ for components of remuneration granted in the reporting year excluding:	-			3,602	5,252			5,252
- Taxable non-cash benefits and other fringe benefits								
- Retirement pension expense (service costs)								

1 Total limit → 1.7 times for Mr. Källenius as of May 22, 2019 (1.5 times for Dr. Zetsche)/1.9 times target remuneration (base salary, target annual bonus, value when granted of PPSP, excluding fringe benefits and retirement pension commitments).

Benefits granted

	Hubertus Troska Greater China				Harald Wilhelm Finance & Controlling, Daimler Mobility			
	Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		April 1 – Dec. 31	
	2018	2019	min.	max.	2018	2019	min.	max.
In thousands of euros								
Base salary	832	832	832	832	-	638	638	638
Taxable non-cash benefits and other fringe benefits	494	394	394	394	-	62	62	62
Total	1,326	1,226	1,226	1,226	-	700	700	700
Annual variable remuneration (50% of annual bonus, short-term)	416	416	0	978	-	319	0	750
Deferral (50% of annual bonus, medium-term)	416	416	0	978	-	319	0	750
Long-term variable remuneration (plan period of 4 years)	1,045	1,108	0	2,750	-	831	0	2,063
Total	1,877	1,940	0	4,706	-	1,469	0	3,563
Retirement pension expense (service costs)	244	250	250	250	-	218	218	218
Total remuneration	3,447	3,416	1,476	6,182	-	2,387	918	4,481
Total limit ¹ for components of remuneration granted in the reporting year excluding:	5,252			5,252				3,990
- Taxable non-cash benefits and other fringe benefits								
- Retirement pension expense (service costs)								

1 Total limit → 1.7 times for Mr. Källenius as of May 22, 2019 (1.5 times for Dr. Zetsche)/1.9 times target remuneration (base salary, target annual bonus, value when granted of PPSP, excluding fringe benefits and retirement pension commitments).

Benefits granted

	Bodo Uebber Finance & Controlling, Daimler Financial Services				Dr. Dieter Zetsche Chairman of the Board of Management, Head of Mercedes-Benz Cars			
	Jan. 1 – Dec. 31		Jan. 1 – May 22		Jan. 1 – Dec. 31		Jan. 1 – May 22	
	2018	2019	min.	max.	2018	2019	min.	max.
In thousands of euros								
Base salary	966	379	379	379	2,048	804	804	804
Taxable non-cash benefits and other fringe benefits	164	44	44	44	195	65	65	65
Total	1,130	423	423	423	2,243	869	869	869
Annual variable remuneration (50% of annual bonus, short-term)	483	190	0	447	1,024	402	0	945
Deferral (50% of annual bonus, medium-term)	483	190	0	447	1,024	402	0	945
Long-term variable remuneration (plan period of 4 years)	1,249	1,325	0	3,288	2,659	2,822	0	7,000
Total	2,215	1,705	0	4,182	4,707	3,626	0	8,890
Retirement pension expense (service costs)	886	362	362	362	0	0	0	0
Total remuneration	4,231	2,490	785	4,967	6,950	4,495	869	9,759
Total limit ¹ for components of remuneration granted in the reporting year excluding:	6,171			3,940	10,344			6,612
– Taxable non-cash benefits and other fringe benefits								
– Retirement pension expense (service costs)								

¹ Total limit → 1.7 times for Mr. Källenius as of May 22, 2019 (1.5 times for Dr. Zetsche)/1.9 times target remuneration (base salary, target annual bonus, value when granted of PPSP, excluding fringe benefits and retirement pension commitments).

B.67**Payments made**

	Ola Källenius¹ Chairman of the Board of Management, Chairman of the Board of Management of Mercedes-Benz AG		Martin Daum² Chairman of the Board of Management of Daimler Truck AG	
	Jan. 1 – Dec. 31 2018	Jan. 1 – Dec. 31 2019	Jan. 1 – Dec. 31 2018	Jan. 1 – Dec. 31 2019
In thousands of euros				
Base salary	832	1,340	832	832
Taxable non-cash benefits and other fringe benefits	161	90	121	120
Total	993	1,430	953	952
Annual variable remuneration (50% of annual bonus, short-term)	260	168	260	104
Deferral (50% of annual bonus, medium-term)	525	728	-	607
Long-term variable remuneration				
Payment of PPSP 2014	402	-	510	-
Payment of PPSP 2015	-	751	-	277
Dividend equivalent PPSP 2015	55	-	20	-
Dividend equivalent PPSP 2016	60	40	22	16
Dividend equivalent PPSP 2017	56	50	56	50
Dividend equivalent PPSP 2018	54	48	54	48
Dividend equivalent PPSP 2019	-	120	-	72
Total	1,412	1,905	922	1,174
Retirement pension expense (service costs)	257	261	244	250
Total remuneration³	2,662	3,596	2,119	2,376
	2,784	3,337	2,161	2,162

1 Payments as a Board of Management member made up to May 21, 2019; as the Chairman from May 22, 2019.

2 Payments from the long-term variable remuneration also include amounts granted before the Board of Management membership.

3 Amount actually paid during the financial year: (The difference pertains to the annual variable remuneration paid at the beginning of the following year compared to the non-cash benefits in kind that were not paid out and the retirement pension expense).

Payments made

	Renata Jungo Brüngger ¹ Integrity & Legal Affairs		Wilfried Porth HR and Labor Relations Director & Mercedes-Benz Vans	
	Jan. 1 – Dec. 31 2018	Jan. 1 – Dec. 31 2019	Jan. 1 – Dec. 31 2018	Jan. 1 – Dec. 31 2019
In thousands of euros				
Base salary	832	832	832	832
Taxable non-cash benefits and other fringe benefits	93	95	88	87
Total	925	927	920	919
Annual variable remuneration (50% of annual bonus, short-term)	260	104	260	104
Deferral (50% of annual bonus, medium-term)	525	728	525	728
Long-term variable remuneration				
Payment of PPSP 2014	208	–	1,448	–
Payment of PPSP 2015	–	120	–	785
Dividend equivalent PPSP 2015	9	–	58	–
Dividend equivalent PPSP 2016	60	40	62	42
Dividend equivalent PPSP 2017	56	50	59	52
Dividend equivalent PPSP 2018	54	48	57	51
Dividend equivalent PPSP 2019	–	72	–	75
Total	1,172	1,162	2,469	1,837
Retirement pension expense (service costs)	251	254	292	–
Total remuneration²	2,348	2,343	3,681	2,756
1 Payments from the long-term variable remuneration also include amounts granted before the Board of Management membership.				
2 Amount actually paid out during the financial year: (The difference pertains to the annual variable remuneration paid at the beginning of the following year compared to the non-cash benefits in kind that were not paid out and the retirement pension expense).	2,544	2,150	3,841	2,825

Payments made

	Markus Schäfer ¹ Group Research & Mercedes-Benz Cars Development		Britta Seeger ¹ Mercedes-Benz Cars Marketing & Sales	
	Jan. 1 – Dec. 31 2018	May 22 – Dec. 31 2019	Jan. 1 – Dec. 31 2018	Jan. 1 – Dec. 31 2019
In thousands of euros				
Base salary	–	508	832	832
Taxable non-cash benefits and other fringe benefits	–	57	164	94
Total	–	565	996	926
Annual variable remuneration (50% of annual bonus, short-term)	–	64	260	104
Deferral (50% of annual bonus, medium-term)	–	–	–	728
Long-term variable remuneration				
Payment of PPSP 2014	–	–	56	–
Payment of PPSP 2015	–	–	–	37
Dividend equivalent PPSP 2015	–	–	3	–
Dividend equivalent PPSP 2016	–	13	6	4
Dividend equivalent PPSP 2017	–	17	56	50
Dividend equivalent PPSP 2018	–	19	54	48
Dividend equivalent PPSP 2019	–	58	–	72
Total	–	171	435	1,043
Retirement pension expense (service costs)	–	155	248	254
Total remuneration²	–	891	1,679	2,223
1 Payments from the long-term variable remuneration also include amounts granted before the Board of Management membership.				
2 Amount actually paid out during the financial year: (The difference pertains to the annual variable remuneration paid at the beginning of the following year compared to the non-cash benefits in kind that were not paid out and the retirement pension expense).	–	615	1,807	2,031

Payments made

	Hubertus Troska Greater China		Harald Wilhelm Finance & Controlling, Daimler Mobility	
	Jan. 1 – Dec. 31 2018	Jan. 1 – Dec. 31 2019	Jan. 1 – Dec. 31 2018	April 1 – Dec. 31 2019
In thousands of euros				
Base salary	832	832	-	638
Taxable non-cash benefits and other fringe benefits	494	394	-	62
Total	1,326	1,226	-	700
Annual variable remuneration (50% of annual bonus, short-term)	260	104	-	80
Deferral (50% of annual bonus, medium-term)	525	728	-	-
Long-term variable remuneration				
Payment of PPSP 2014	1,385	-	-	-
Payment of PPSP 2015	-	751	-	-
Dividend equivalent PPSP 2015	55	-	-	-
Dividend equivalent PPSP 2016	60	40	-	-
Dividend equivalent PPSP 2017	56	50	-	-
Dividend equivalent PPSP 2018	54	48	-	-
Dividend equivalent PPSP 2019	-	72	-	54
Total	2,395	1,793	-	134
Retirement pension expense (service costs)	244	250	-	218
Total remuneration¹	3,965	3,269	-	1,052
1 Amount actually paid out during the financial year: (The difference pertains to the annual variable remuneration paid at the beginning of the following year compared to the non-cash benefits in kind that were not paid out and the retirement pension expense).	3,767	2,781	-	692

Payments made

	Bodo Uebber Finance & Controlling, Daimler Financial Services		Dr. Dieter Zetsche Chairman of the Board of Management, Head of Mercedes-Benz Cars	
	Jan. 1 – Dec. 31 2018	Jan. 1 – May 22 2019	Jan. 1 – Dec. 31 2018	Jan. 1 – May 22 2019
In thousands of euros				
Base salary	967	379	2,048	804
Taxable non-cash benefits and other fringe benefits	164	44	195	65
Total	1,131	423	2,243	869
Annual variable remuneration (50% of annual bonus, short-term)	302	47	640	101
Deferral (50% of annual bonus, medium-term)	624	848	1,349	1,780
Long-term variable remuneration				
Payment of PPSP 2014	1,656	-	3,463	-
Payment of PPSP 2015	-	898	-	1,877
Dividend equivalent PPSP 2015	66	-	138	-
Dividend equivalent PPSP 2016	71	-	149	-
Dividend equivalent PPSP 2017	67	-	144	-
Dividend equivalent PPSP 2018	65	-	138	-
Dividend equivalent PPSP 2019	-	-	-	-
Total	2,851	1,793	6,021	3,758
Retirement pension expense (service costs)	886	362	-	-
Total remuneration¹	4,868	2,578	8,264	4,627
1 Amount actually paid out during the financial year: (The difference pertains to the annual variable remuneration paid at the beginning of the following year compared to the non-cash benefits in kind that were not paid out and the retirement pension expense).	4,448	2,679	9,407	5,635

Commitments upon termination of service

Retirement provision

In 2012, Daimler introduced a new company retirement benefit plan for new entrants and new appointments for employees paid according to collective bargaining wage tariffs as well as for executives: the "Daimler Pensions Plan." This retirement benefit system features the payment of annual contributions by Daimler and is oriented toward the capital market. Daimler makes a commitment to guarantee the total of contributions paid, which are invested in the capital market according to a precautionary investment concept.

The Supervisory Board of Daimler AG has approved the application of this system for all members of the Board of Management newly appointed since 2012. The amount of the annual contributions results from a fixed percentage of the base salary and the total annual bonus for the respective financial year calculated as of the balance sheet date. This percentage is 15%. This calculation takes into consideration the maximum level of retirement provision for each Board of Management member – also according to the period of membership – and the resulting annual and long-term expense for the Company. The contributions to the retirement provision are granted until the age of 62. The benefit from the pension plan is payable to surviving Board of Management members at the earliest at the age of 62, irrespective of their age upon retirement. If a member of the Board of Management retires due to disability, the benefit is paid as a disability pension, even before the age of 62.

The Pension Capital system was used from the beginning of 2006 until the end of 2011. The pension agreements of active Board of Management members that were valid until that time were modified accordingly. All Board of Management members newly appointed during that period were subject exclusively to the Pension Capital system.

Under this system, each Board of Management member is credited with a capital component each year. This capital component comprises an amount equal to 15% of the sum of the Board of Management member's fixed base salary and the total annual bonus for the respective financial year on the balance sheet date, multiplied by an age factor equivalent to a rate of return of 6% until 2015 and 5% as of 2016 (Wilfried Porth: 5% for all years). These contributions to pension plans are granted only until the age of 60. The benefit from the pension plan is payable in the committed amount (sum of the capital components credited including interest) to surviving Board of Management members at the earliest at the age of 60, irrespective of their age upon retirement. If a member of the Board of Management retires due to disability, the benefit is paid as a disability pension, even before the age of 60.

Payments under the Pension Capital system and the Daimler Pensions Plan can be made in three ways:

- as a single amount;
- in twelve annual installments, whereby interest accrues on each partial amount from the time payments commence until the payout is complete (Pension Capital 6% or 5%; Daimler Pensions Plan in accordance with applicable law);
- as an annuity with annual increases (Pension Capital 3.5% or in accordance with applicable law; Daimler Pensions Plan in accordance with applicable law).

The contracts specify that if a Board of Management member passes away before retiring for reason of age, the spouse/registered civil partner or dependent children is/are entitled to the full committed amount in the case of the Pension Capital system, and to the credit amount reached plus an imputed amount until the age of 62 in the case of the Daimler Pensions Plan. If a Board of Management member passes away after retiring for reason of age, in the case of payment of twelve annual installments the heirs are entitled to the remaining present value. In the case of a pension with benefits for surviving dependents, the spouse/registered partner or dependent children is/are entitled to 60% of the discounted terminal value (Pension Capital), or the spouse/registered civil partner is entitled to 60% of the actual pension (Daimler Pensions Plan).

Until the end of 2005, the pension agreements of Board of Management members included a commitment to an annual retirement pension, calculated as a proportion of the former base salary and depending on the number of years of service; an analogous implementation of this commitment for the corresponding hierarchical level applied to Wilfried Porth for the period prior to his serving as a member of the Board of Management. Such pension claims remained in effect after the conversion to the Pension Capital system but were frozen at the level reached at the beginning of 2006.

Payments of these pension claims start upon request when the term of service ends at or after the age of 60, or are paid as disability pensions if the term of service ends before the age of 60 due to disability. The respective agreements provide for 3.5% annual increases starting when benefits are received (with the exception that Wilfried Porth's benefits are adjusted in accordance with applicable law). The agreements include a provision by which the spouse/registered civil partner of a deceased Board of Management member is entitled to 60% of that member's pension.

That amount can increase by up to 30 percentage points depending on the number of dependent children.

Departing Board of Management members are also provided with a company car, in some cases for a defined period.

Service costs for pension obligations to Board of Management members in accordance with IFRS amounted to €2.0 million in financial year 2019 (2018: €2.4 million). The present value of the total defined benefit obligation according to IFRS amounted to €32.9 million as of December 31, 2019 (December 31, 2018: €86.0 million). Taking age and period of service into account, the individual entitlements, service costs and present values are shown in the table. [➔ B.68](#)

Early termination of service

The durations of the contracts of service of the members of the Board of Management correspond to their terms of appointment. [🔗 page 32 f](#)

In the case of unilateral early termination without an important reason, Board of Management service contracts include commitments to payment of the base salary and provision of a company car until the end of the original service period at a maximum. Such persons are only entitled to payment of the annual bonus pro rata for the period until the end of the contract of service or of the Board of Management membership takes effect. Entitlement to payment of the performance-related components 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 payments described above are subject to the provisions of the severance cap of the German Corporate Governance Code as amended on February 7, 2017, 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.

In the event of an early termination of the service contract, both the short-term and the delayed medium-term component (deferral) of the annual bonus, and the proceeds from the long-term PPSP, are paid out not when the contract is terminated but instead at the points in time agreed upon in the service contract or in the terms and conditions of the PPSP plan.

As part of the mutually agreed early termination of the Board of Management activities of Dr. Dieter Zetsche and Bodo Uebber at the conclusion of the Daimler AG Annual Shareholders' Meeting on May 22, 2019, it was agreed that the Company's service contract benefits would continue to be provided until the respective service contracts expired on December 31, 2019. For the period from May 23 to December 31, 2019 Dr. Zetsche thus received a base salary of €1,244,291 and short-term variable remuneration of €311,073 (measured as of the end of the reporting period, to be paid in 2020) as well as medium-term variable remuneration of €311,073 (measured as of the end of the reporting period, to be paid in 2021 subject to the bonus/malus rule) and fringe benefits of €142,244. The claims from long-term variable remuneration (PPSP) and the company pension scheme are paid out in accordance with the respective plan conditions.

B.68

Individual entitlements, service costs and present values for members of the Board of Management

		Annual pension (as regulated until 2005) as of age 60	Service cost (for pension, pension capital and Daimler Pensions Plan)	Present value ¹ of obligations (for pension, pension capital and Daimler Pensions Plan)
In thousands of euros				
Ola Källenius	2019	–	261	4,062
	2018	–	257	2,971
Martin Daum	2019	–	250	3,738
	2018	–	244	3,261
Renata Jungo Brüngger	2019	–	254	1,655
	2018	–	251	1,290
Wilfried Porth	2019	156	–	12,130
	2018	156	292	11,270
Markus Schäfer ²	2019	–	155	3,114
	2018	–	–	–
Britta Seeger	2019	–	254	1,995
	2018	–	248	1,467
Hubertus Troska	2019	–	250	6,028
	2018	–	244	5,285
Harald Wilhelm ³	2019	–	218	134
	2018	–	–	–
Bodo Uebber ⁴	2019	–	362	–
	2018	275	886	18,387
Dr. Dieter Zetsche	2019	–	–	–
	2018	1,050	–	42,023
Total	2019	156	2,004	32,856
	2018	1,481	2,422	85,954

¹ The amounts of the present values are primarily due to the low level of the relevant discount rate.

² Mr. Schäfer pro rata from May 22, 2019.

³ Mr. Wilhelm pro rata from April 1, 2019.

⁴ Mr Uebber pro rata until May 22, 2019.

For the period from May 23 to December 31, 2019, Mr. Uebber received a base salary of €587,166, short-term variable remuneration of €146,792 (measured as of the end of the reporting period, to be paid in 2020), medium-term variable remuneration of €146,792 (measured as of the end of the reporting period, to be paid in 2021 subject to the bonus/malus rule) and fringe benefits of €63,818. The service cost for the pension obligations to Mr. Uebber amounted to €567,696 (€490,313 pursuant to Section 285 No. 9a HGB) for the period from May 23 to December 31, 2019. The claims from long-term variable remuneration (PPSP) and the company pension scheme are also paid out in accordance with the respective plan conditions in this case.

Sideline activities of Board of Management members

The members of the Board of Management should accept management board or supervisory board positions and/or any other administrative or honorary functions outside the Group only to a limited extent. Furthermore, they require the consent of the Supervisory Board before commencing any sideline activities. This ensures that neither the time required nor the remuneration paid for such activities leads to any conflict with the members' duties to the Group. Insofar as such sideline activities are memberships of statutory supervisory boards or comparable boards of business enterprises, they are disclosed in the notes to the annual financial statements of Daimler AG, which are published on our website. In general, Board of Management members have no right to separate remuneration for board positions held at other companies of the Group.

Loans to members of the Board of Management

In 2019, no advances or loans were made or abated to members of the Board of Management of Daimler AG.

Payments made to former members of the Board of Management of Daimler AG and their survivors

Payments made in 2019 to former members of the Board of Management of Daimler AG and their survivors amounted to €19.5 million (2018: €16.2 million). Pension provisions according to IFRS for former members of the Board of Management and their survivors amounted to €355.8 million as of December 31, 2019 (2018: €270.2 million).

Remuneration of the Supervisory Board

Supervisory Board remuneration in 2019

The remuneration of the Supervisory Board is determined by the Annual Shareholders' Meeting of Daimler AG and is governed by the Company's Articles of Incorporation. The new regulations for Supervisory Board remuneration approved by the Annual Shareholders' Meeting in March 2017 and effective for the financial year beginning on January 1, 2017 specify that the members of the Supervisory Board receive, in addition to the refund of their expenses and the cost of any value-added tax incurred by them in performance of their office, fixed remuneration of €144,000 after the conclusion of the financial year. The Chairman of the Supervisory Board receives an additional €288,000 and the Deputy Chairman of the Supervisory Board receives an additional €144,000. The members of the Audit

Committee are paid an additional €72,000, the members of the Presidential Committee are paid an additional €57,600 and the members of the other committees of the Supervisory Board (such as the Legal Affairs Committee formed in 2019) are paid an additional €28,800; an exception is the Chairman of the Audit Committee, who is paid an additional €144,000. Additional payments are made for activities in a maximum of three committees; any persons who are members of more than three such committees receive additional payments for the three most highly paid functions. Members of a Supervisory Board committee are only entitled to remuneration for such membership in a financial year if the committee has actually convened to fulfill its duties in this period.

The members of the Supervisory Board and its committees receive a meeting fee of €1,100 for each Supervisory Board meeting and committee meeting that they attend. The meeting fee is paid only once if several meetings of the Supervisory Board and/or its committees are held on the same calendar day.

In connection with the remuneration adjustment in 2017, all members of the Supervisory Board have made a self-commitment to purchase Company shares in the amount of 20% of their gross annual salary (excluding committee remuneration and the meeting fee) every year and to hold these shares until the end of one year after they have left the Company's Supervisory Board (voluntary obligation in accordance with the "comply or explain" principle).

This does not apply to Supervisory Board members whose Supervisory Board remuneration is subject in a mandatory or voluntary manner to the guidelines of the German Trade Union Confederation on the transfer of supervisory board remuneration to the Hans Böckler Foundation, or to the same extent is subject to a transfer to the employer or claim to payment due to a service or employment contract. In the event that a lower amount of the Supervisory Board remuneration is transferred or credited, the voluntary commitment applies to 20% of the amount not transferred or credited. With this voluntary commitment, the members of the Supervisory Board are expressing their focus on and commitment to the long-term, sustainable success of the Company.

In financial year 2019, no remuneration was paid for services provided personally beyond the aforementioned board and committee activities, in particular for advisory or agency services, except for the remuneration paid to the members of the Supervisory Board representing the employees in accordance with their contracts of employment.

The individual remuneration of the members of the Supervisory Board is shown in the following table. [↗ B.69](#)

The total remuneration of all the activities of the members of the Supervisory Board of Daimler AG in the year 2019 was thus €4.6 million (2018: €4.2 million).

Loans to members of the Supervisory Board

No advances or loans were made or abated to members of the Supervisory Board of Daimler AG in 2019.

B.69**Supervisory Board remuneration**

Name	Function(s) remunerated	Total in 2019	thereof remuneration from subsidiaries
In euros			
Dr. Manfred Bischoff ¹	Chairman of the Supervisory Board, the Presidential Committee and the Nomination Committee as well as member of the Legal Affairs Committee	602,542	51,638
Michael Brecht ^{1, 2}	Deputy Chairman of the Supervisory Board, the Presidential Committee, the Audit Committee and the Legal Affairs Committee	499,129	47,925
Dr. Paul Achleitner	Member of the Supervisory Board and the Nomination Committee	180,500	-
Bader M. Al Saad ¹	Member of the Supervisory Board	164,833	13,133
Sari Baldauf ¹	Member of the Supervisory Board and the Nomination Committee	194,733	13,133
Michael Bettag ²	Member of the Supervisory Board	152,800	-
Dr. Clemens Börsig ¹	Member of the Supervisory Board and Chairman of the Audit Committee and the Legal Affairs Committee	331,436	13,133
Raymond Curry ³	Member of the Supervisory Board	150,600	-
Michael Häberle ^{1, 2}	Member of the Supervisory Board and the Legal Affairs Committee	185,443	15,539
Dr. Jürgen Hambrecht ¹	Member of the Supervisory Board and the Presidential Committee	237,353	20,353
Petraea Heynike ¹	Member of the Supervisory Board	167,239	15,539
Joe Kaeser ¹	Member of the Supervisory Board and the Audit Committee	240,339	14,439
Ergun Lümali ^{1, 2}	Member of the Supervisory Board and the Audit Committee	279,532	50,332
Dr. Bernd Pischetsrieder ¹	Member of the Supervisory Board	175,559	22,759
Elke Tönjes-Werner ²	Member of the Supervisory Board	152,800	-
Sibylle Wankel ^{1, 2}	Member of the Supervisory Board and the Legal Affairs Committee	185,443	15,539
Dr. Frank Weber ¹	Member of the Supervisory Board	168,339	15,539
Marie Wieck ¹	Member of the Supervisory Board and the Legal Affairs Committee	184,343	15,539
Dr. Sabine Zimmer ²	Member of the Supervisory Board	152,800	-
Roman Zitzelsberger ^{1, 2}	Member of the Supervisory Board and the Presidential Committee	236,253	19,253

1 Including remuneration as a member of the Supervisory Board of Daimler Truck AG and/or Mercedes-Benz AG.

2 The employee representatives have stated that their board remuneration is to be transferred to the Hans-Böckler Foundation, in accordance with the guidelines of the German Trade Union Federation.

3 Mr. Curry has directed that he receive no remuneration whatsoever and that his corresponding board remuneration is to be paid to the Hans-Böckler Foundation.