

# “We will bring our strategy to life.”

Joining forces to shape the transition to a world of sustainable transportation: this strategy of the TRATON GROUP entered a new phase in 2022. Now it is time to bring the strategy to life and create new value in the process. In our interview, TRATON CEO Christian Levin explains where work on this has already begun and which tasks will become important in 2023.



## **2022 was a year of global challenges. What comes to mind when you look back on it?**

In my entire working life, I've never seen a year with so many challenges all coming together at once — from the coronavirus pandemic to disrupted supply chains causing semiconductor bottlenecks to the war in Ukraine, the energy crisis in Europe, and inflation. A key objective of the TRATON GROUP was to continue to create value regardless. Our brands are of central importance here, and there are two in particular that I'd like to highlight: Volkswagen Truck & Bus saw a considerable improvement in profitability and modernized significant parts of its product range. Likewise, Navistar made substantial progress with its product portfolio and opened a factory in San Antonio, Texas, to expand its production capacity.

## **What about the European brands Scania and MAN?**

Scania is the largest contributor to the Group's profit and workforce and had to deal with a lot of challenges, for example in its supply chains. At the same time, the brand is the first to launch our new common powertrain platform on the market. The supply structures that have been created for this purpose will bring Scania back on track for success in 2023. MAN also had a difficult year with extensive restructuring going on, but 2023 promises to show that it, too, can contribute to the Group's value creation.

## **In what ways can TRATON help the brands prosper?**

The TRATON GROUP will provide crucial support to the brands in creating value. We laid important foundations for this last year, for example with the TRATON Modular System. This shared product platform enables us to use standardized interfaces for different configurations to optimally integrate the modules for customized solutions into our brands' portfolios. This means that as time goes on, we'll see more and more joint development within the Group.

# 10,000

engineers and experts are working on the right technologies to make all our brands successful.

#### How quickly will that happen?

A development like this takes time. But to speed things up, we have restructured our organization. For example, in 2022, we set up a central research and development unit. Everyone who works in research and development is now part of a global team. We'll also be collaborating even more closely in other areas in the future, such as purchasing, logistics, and production. And last but not least, we've established a central Group Product Management unit.

#### What is the relationship between these two units?

The two units, along with our brands, have a key role to play in terms of our innovative strength. The Group Product Management strategic unit is tasked with understanding the needs of our customers — across all brands and applications. Based on this knowledge, it then works with Industrial Operations to develop specific products, services, and technical solutions that meet these needs to serve our customers. This approach ensures that our formidable research and development team, with more than 10,000 engineers and experts, is working on the right technologies to make all our customers successful — and thus also our brands.

#### Let's talk about the cultural aspect of collaboration: what role do the shared values that TRATON has defined play in this?

Our objective is that it will become completely normal for employees to work for different brands and share their expertise with all of them. So instead of working for a single brand their entire professional life, they switch brands from time to time. This means that we as a Group must have strong values that provide guidance and orientation for employees wherever they are. To jointly work on solutions and build shared platforms, we benefit from having shared values. That's why we have defined five values that apply throughout the Group: Customer First, Respect, Team Spirit, Responsibility, and Elimination of Waste.

## “We definitely need shared values and some uniform leadership principles. But I'd like to stress that we're not aiming for a uniform culture.”

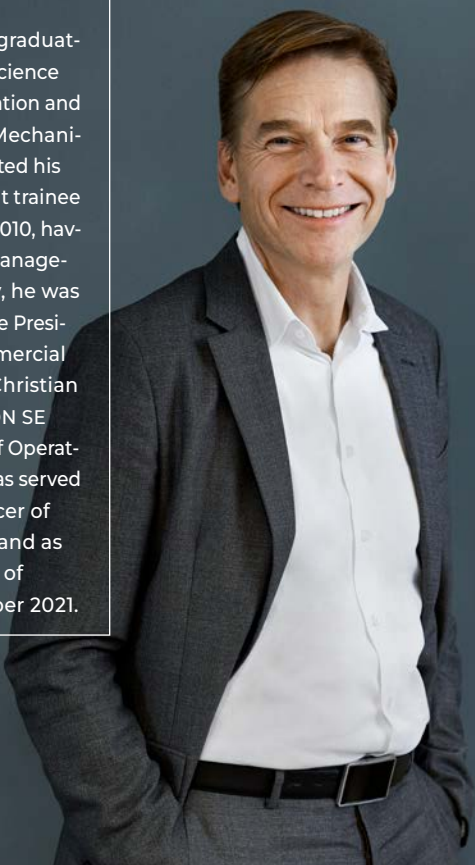
Christian Levin,  
Chief Executive Officer of TRATON SE

#### Which of these values is most important for successful collaboration in the TRATON GROUP?

I believe that the value of respect is key when it comes to collaboration within the Group. Each and every one of us must show respect for our coworkers from other company cultures and countries. We have to be curious and try to understand why our coworkers might do things differently than we do. Only when we utilize more perspectives and work closer together can we get the most out of each other. The TRATON GROUP currently has 100,000 employees — if all of them put this into practice, we will have tremendous potential. Our next step will be to develop common leadership principles in the course of 2023 based on these values.

#### Christian Levin

was born in 1967. After graduating with a Bachelor of Science in Business & Administration and a Master of Science in Mechanical Engineering, he started his career as a management trainee with Scania in 1994. In 2010, having held a number of management positions already, he was appointed Executive Vice President and Head of Commercial Operations at Scania. Christian Levin joined the TRATON SE Executive Board as Chief Operating Officer in 2019. He has served as Chief Executive Officer of Scania since May 2021 and as Chief Executive Officer of TRATON SE since October 2021.



#### Does this mean that the cultures of the brands within the Group will converge?

We definitely need shared values and some uniform leadership principles. But I'd like to stress that beyond that, we're not aiming for a uniform culture within the TRATON GROUP. After all, we want to involve our customers, and they traditionally have strong ties to the individual brands. It's not just a question of the products, but also, for example, the unique way in which a particular brand partner communicates with its customers. We certainly don't want to take anything away from this uniqueness.

#### The TRATON strategy entered a new phase in 2022, which you describe as "Execution Now." What exactly do you mean by that?

What I mean is that we're now moving from theory to practice. On paper, the TRATON strategy is excellently defined: we want to shape the transition to a world of sustainable transportation. With our leadership team in the TRATON GROUP, we're now making a promise: we will deliver. We'll bring our strategy to life by tackling the operational challenges in detail — with our shared product platform or with our joint research and development work, for example. We made great strides on this front in 2022, and we'll be stepping up our efforts even further this year.

#### How can TRATON become even more responsible as a company and how important is the electrification of the transport industry in this context?

With Scania and MAN, we have two brands that are already working with science-based targets to achieve their sustainability goals. They are thus following the path defined by the Science Based Targets initiative to reduce CO<sub>2</sub> emissions in line with the targets of the Paris Agreement. Navistar and Volkswagen Truck & Bus are preparing to follow suit in the near future. The introduction of science-based targets clearly measures and guides our work toward greater sustainability. This is a big step for the TRATON GROUP in becoming even more responsible as a company.

The topic of electrification is important because more than 95 percent of our carbon footprint comes from customers operating our trucks and buses. The solution is to introduce battery electric vehicles, and our brands already have a variety of them on offer. At the same time, we are joining forces in the development of these vehicles. We expect a significant increase in orders for electric vehicles from Scania, Navistar, and Volkswagen Truck & Bus in 2023. MAN will kick off in 2024 with the launch of its new eTruck. This will further strengthen our position as a responsible company.

More than  
**95%**  
of our carbon footprint comes from customers operating our trucks and buses.



# Race against time



The future of drive systems in the transportation sector is battery electric — and we at TRATON are convinced that it's just around the corner. Speed is of the essence, especially when it comes to solving the chicken-and-egg problem of creating a pan-European charging infrastructure. ►

**Commentary by Atif Askar, Head of  
Business Development, Strategy, and  
M&A in the TRATON GROUP**

If we were to take 10,000 long-haul diesel trucks off the road and replace them with electric vehicles, we could save up to one million tons of CO<sub>2</sub> — every year. Compared with other measures, this effect is not only huge, but also surprisingly easy to achieve. There's no need for completely new technology: batteries and axles with wound-rotor motors already exist today — so as far as the trucks are concerned, we're all set. In fact, the companies of the TRATON GROUP have electric vehicles on sale already, such as the 26-ton truck from Scania, electric buses and vans from MAN, electric school buses from IC Bus, a Navistar brand, or the 14-ton e-Delivery truck from Volkswagen Truck & Bus. Scania will be launching a 40-ton truck toward the end of 2023, and MAN's future eTruck will be available in late 2024. So the biggest problem in phasing out diesel won't be the trucks, but the charging infrastructure.

When it comes to charging, there are two main scenarios: many of our customers drive no more than 500 kilometers a day, for instance making regional deliveries, operating local public transport services, or using construction site vehicles. These kinds of vehicles can charge overnight, which means they don't even need a particularly powerful electricity supply. But the situation is different when we look at long-haul transportation and the public charging infrastructure. Here we have the classic chicken-and-egg problem: no one will buy electric trucks as long as there is no charging network, and no one will build the infrastructure as long as there are no users. That's why we have teamed up with other major commercial vehicle manufacturers and started a joint venture called Milence. Together, the manufacturers that founded Milence have a market share of 75 percent, and we plan to invest a total of half a billion euros over the next four years to build at least 1,700 high-performance charging points across Europe. That won't be enough, of course, but it's an important starting point and provides the critical mass needed to get things up and running. And it also sends a very clear signal to customers and the market: we as manufacturers are ready for the transformation.

**Batteries are the better solution**

Alongside batteries, hydrogen is often cited as a building block of a technology-open drive system mix. So what about the fuel cell as an alternative? Our customers pay very close attention to the TCO or total cost of ownership. When we look at these total costs, battery electric vehicles have a huge advantage: typically, long-haul truck customers in Europe spend around 40 percent of their total costs on the energy needed to drive the vehicle — right now, that is diesel. The truck itself only accounts for a good ten percent of the TCO over its lifetime. Electricity, however, costs only about half as much as diesel per kilometer. This means that even if the price of the truck were to more than double,

# Milence

is the name of the joint venture for a pan-European charging infrastructure.

# 1,700

high-performance charging points will be built by Milence in Europe.

# €500 million

will be invested in a charging infrastructure over the next few years.

# 75%

is the combined market share of the manufacturers who jointly founded Milence.



**“When our children look back on this time in the year 2040, they will ask us: ‘Why didn’t you recognize it sooner?’”**

**Atif Askar,**  
Head of Business Development, Strategy,  
and M&A in the TRATON GROUP

our customers would still be saving money. The same cannot be said of hydrogen trucks: a fuel cell drive consumes three times as much energy from the wind turbine to the wheel hub as a battery electric drive — there is no changing the fundamental physics behind that. Hydrogen may find a place in niche markets, but for the vast majority of applications, batteries are the better solution, since they are more resource-efficient and therefore simply cheaper. And that will remain the case even if green hydrogen should one day be extensively available in sufficient quantities. Another advantage of batteries: there’s no need to wait; we can get started on electrification today. That’s why we at TRATON are taking a very clear position: battery electric drives will be our main technology.

In terms of electrifying the transport sector, Europe and the USA are leading the way, with China not far behind. However, the basic conditions are similar all over the world. Other markets will get there later, but they will get there. What many have not yet internalized: this transformation is not a journey we will embark on sometime in the future. We at TRATON — just like many of our customers — have long since set the course. Only one question remains: how can we move forward with maximum speed? For this purpose, our policymakers too must focus all their attention on creating the right framework conditions as quickly and comprehensively as possible.

#### **Predictable disruption**

The discussion about when the last diesel vehicle will roll off the production line is taking us in the wrong direction. Whether we produce our last combustion engine vehicles in 2039 or 2040 makes little difference if we’re looking to save as much CO<sub>2</sub> as possible in the fastest possible time. A rapid ramp-up in the early years — in other words, right now — is much more important. And we do indeed anticipate that battery electric vehicles will account for half of our vehicle sales by as early as 2030. The shift is taking place in the form of a textbook S-curve — and with this kind of trajectory, the internal combustion engine will already be a thing of the past by 2040, if only for financial reasons.

When our children look back on this time in the year 2040, they might say: “That was probably the most predictable disruption imaginable. You knew that the cost of energy was critical. You knew what electricity, diesel, and hydrogen were going to cost. You knew in what relation these costs stand to each other and how they tend to behave relative to each other in the long run. What took you so long? Why didn’t you recognize it sooner?” Well, we have recognized it. Now we need to act quickly, and by that I don’t just mean us at TRATON, but also policymakers, our customers, and society.



Navistar’s IC Bus brand, the market leader for school buses in North America, already has a zero-emission vehicle in its portfolio.

**500 km**

is the most many users drive per day.

**1 million**

tons of CO<sub>2</sub> per year will be saved by replacing 10,000 long-haul diesel trucks with electric ones.



**NAVISTAR**  
IC Bus CE Electric School Bus



|                    |                      |
|--------------------|----------------------|
| Motor power:       | max. 250 kW          |
| Battery capacity:  | up to 315 kWh        |
| Range:             | up to 321 kilometers |
| Production launch: | 2021                 |

**MAN**  
eTGE



|                    |                      |
|--------------------|----------------------|
| Motor power:       | max. 100 kW          |
| Battery capacity:  | 35.8 kWh             |
| Range:             | up to 130 kilometers |
| Production launch: | 2018                 |

**NAVISTAR**  
International eMV



|                    |                |
|--------------------|----------------|
| Motor power:       | max. 250 kW    |
| Battery capacity:  | 210 kWh        |
| Range:             | 217 kilometers |
| Production launch: | 2021           |

# The future is now

The TRATON GROUP is ready for the transportation of the future — and is driving the transition to battery electric vehicles. E-vehicles from Scania, MAN, Navistar, and Volkswagen Truck & Bus are already available to buy. Today's battery-powered vans, trucks, and buses will soon be joined by others, including 40-ton trucks from Scania and MAN.

**MAN**  
eTruck



|                    |                      |
|--------------------|----------------------|
| Motor power:       | up to 350 kW         |
| Battery capacity:  | up to 500 kWh        |
| Range:             | up to 400 kilometers |
| Production launch: | 2024                 |

**MAN**  
Lion's City E



|                    |                      |
|--------------------|----------------------|
| Motor power:       | up to 320 kW         |
| Battery capacity:  | up to 640 kWh        |
| Range:             | up to 350 kilometers |
| Production launch: | 2020                 |

**MAN**  
eTGM



|                    |                      |
|--------------------|----------------------|
| Motor power:       | max. 264 kW          |
| Battery capacity:  | 185 kWh              |
| Range:             | up to 190 kilometers |
| Production launch: | 2019                 |

**SCANIA**  
BEV Regional



|                    |                      |
|--------------------|----------------------|
| Motor power:       | 450 kW               |
| Battery capacity:  | 624 kWh              |
| Range:             | up to 350 kilometers |
| Production launch: | 2023                 |

**SCANIA**  
Citywide LF



|                    |                      |
|--------------------|----------------------|
| Motor power:       | 300/250 kW           |
| Battery capacity:  | up to 330 kWh        |
| Range:             | up to 320 kilometers |
| Production launch: | 2021                 |

**VOLKSWAGEN TRUCK & BUS**  
e-Delivery



|                    |                      |
|--------------------|----------------------|
| Motor power:       | up to 300 kW         |
| Battery capacity:  | 192 kWh              |
| Range:             | up to 250 kilometers |
| Production launch: | 2021                 |

#### Annette Danielski

was born in 1965. After earning her business administration degree, she gained more than 30 years of international experience in finance and controlling. She worked at Daimler AG from 1988 to 2017 and held a variety of management roles toward the end of her time there. She served as the Head of Group Controlling at Audi AG from 2017 to 2018. She joined TRATON SE in October 2018, serving as Head of Group Finance until September 2021 before being appointed to the Company's Executive Board in October 2021.



# “We are becoming more immune to the ups and downs of the market.”

Three questions for Annette Danielski, member of TRATON SE's Executive Board responsible for Finance and Business Development

**1** TRATON's strategy emphasizes the Group's focus on achieving a sustained increase in value. What do you mean by that?

The TRATON GROUP is a company made up of brands that operate in a very cyclical market. Phases of high demand are generally followed by phases in which the market becomes more challenging, with developments often differing across the Company's individual regions. We're working hard to become more immune to those ups and downs and thus as resilient as possible in terms of our financial performance and profitability. One thing that will help us get there is tapping into new sales regions. Thanks to our Navistar acquisition, we are now successfully operating in the North American market. Another aspect is expanding our Vehicle Services business, an area that is unaffected by market fluctuations. We are also setting up TRATON Financial Services and have improved the cost structure of the entire Group.

**2** At the Capital Markets Day in May 2022, the TRATON GROUP announced its ambitious goal of generating a 9 percent return on sales in 2024. What sort of progress have you made?

There's no doubt about it: the challenges we faced in 2022 — the shortage of components, limited logistics capacity, the war in Ukraine, and rapidly rising prices for energy and a large number of raw materials — have not made it any easier for us to grow our return on sales at the desired pace. But as a Group, we've taken the measures that were needed for us to get a handle on these challenges. We remain committed to our return on sales target of 9 percent in 2024, and we are working hard to reach it. We are concentrating on our powerful brands and our opportunities. Scania will remain our profitability leader and generate a double-digit return on sales. Volkswagen Truck & Bus will leverage its exceptional position in order to maintain its leadership in Latin America. MAN is profiting from its systematic realignment and the resulting improvements in the company's cost structure. Navistar is becoming stronger thanks to the Group's state-of-the-art technology, which enables it to expand its market share and volumes while significantly increasing its margins.

**3** What do you consider to be the biggest and most effective lever in your work to further increase the Group's profitability in spite of the challenges you face?

Each of our brands has an extremely competitive portfolio and can use it to increase its market share. Our Group-wide 13-liter Common Base Engine (CBE) is helping us do exactly that. Scania has already introduced this engine platform, while Navistar's customers will be able to access it from 2023. It will then be rolled out at MAN and Volkswagen Truck & Bus in subsequent years. The CBE is a very efficient diesel engine. Our customers will benefit from its lower operating costs and high level of availability. In turn, we'll reap the benefits of improved product positioning. We're also working on our cost structure. The TRATON Modular System enables us to avoid duplication of work, something that also saves us money. Moreover, modularization will be a very effective and sustainable way of improving our profitability in the long run. This is why the Group is now introducing the TRATON Modular System across all key components.



# Strong alone, stronger together



**Two newly created organizational units in the TRATON GROUP are working to take cross-brand collaboration to a new level. Their task is to enhance both efficiency and innovative strength by leveraging synergies. At the same time, the Group's established brands are to retain their own distinctive firepower. The key to striking a balance between group spirit and individuality is smart collaboration and mutual trust.**

Take the modern steering system of a commercial vehicle, for example. Regular customers of one of the TRATON GROUP's four manufacturer brands count on being able to operate the steering wheel of a new model intuitively. That's because they have learned where to find which functions in Scania, MAN, Navistar, or Volkswagen Truck & Bus vehicles. But at the same time, they expect their vehicle to come with the best and most innovative steering technology, including all the benefits of automated driving. The great challenge for the manufacturers now lies in offering both: the familiar brand experience combined with the best possible technology.

Since May

# 2022

Catharina Modahl Nilsson and Anders Williamsson have been in charge of two newly created organizational units.

An added difficulty is that they must accomplish this in a market with tremendous dynamics of change: while the industry used to serve fairly homogeneous customer groups and the main technical focus used to be on continually optimizing the internal combustion engine, the environment today is changing radically. Electric drives and autonomous systems are gaining in importance, and with them come new competitors and a number of unanswered questions.

#### **Strengthening collaboration**

"These days, one brand alone can't keep up with all these challenges," says Anders Williamsson, Head of TRATON Group Industrial Operations. "Which is why we need to strengthen cross-brand collaboration within the Group," adds Catharina Modahl Nilsson, Head of TRATON Group Product Management. Since May 2022, the two managers have been in charge of two newly created organizational units that are tasked with intensifying and orchestrating this collaboration in the TRATON GROUP. The goal is to strike the

right balance: Scania, MAN, Navistar, and Volkswagen Truck & Bus each continue to build on their strengths and market positions, but at the same time cooperate in almost all areas, creating synergies where they previously performed duplicate work or failed to share their knowledge. Through this transformation, TRATON is solving a key strategic question, namely how to increase efficiency without giving up the individual identities of the brands. The answer is: through smart collaboration across the entire Group.

The Group Product Management unit headed by Catharina Modahl Nilsson primarily deals with strategic issues, while the Group Industrial Operations unit under the direction of Anders Williamsson focuses on operational collaboration at the plants. What this means in practice can be illustrated by the example of electric mobility. Group Product Management considers itself to be a fusion point for the needs and concerns of various stakeholders inside and outside the Group. Its strategic mission is to analyze how to align the demands of customers with the technical solutions of the TRATON GROUP.

#### Trust and respect

“Just imagine,” says Modahl Nilsson, “market research shows that there’s demand for five different types of electric motors, but our internal analysis tells us that we can’t produce that level of variety efficiently enough. Across all brands, we therefore ask ourselves: how would fewer motor types have to be designed so that they still meet all customer requirements? Once we’ve worked out a solution together with our engineers, we pass it on to the marketing department, along with the question of how customers will react to it.” This is how Group Product Management orchestrates a strategic cross-brand roadmap — “always within the bounds of financial viability, of course,” Modahl Nilsson points out.

As Head of TRATON Group Industrial Operations, Williamsson works with his organizational unit to ensure that this strategic dimension of the transformation is in keeping with the operational processes. A key to this, he says, is close communication with the engineers who are working on solutions in research and development, but also with the many people who go about their daily work at the plants. “Every successful change brings with it positive emotions,” Williamsson explains. A central factor in his opinion is that every-

# “The smartest response to change is to preserve the precious heritage of our brands and invest in a common future.”

**Catharina Modahl Nilsson,**  
Head of TRATON Group Product Management



one believes in the common cause — “because trust grows when people treat each other with respect.” In the past, there was a noticeable lack of trust in some areas of collaboration between the brands. “One of our key goals is to fix this,” adds Williamsson, “and we’ve made a lot of progress with that in recent months.” He reports that a new spirit is emerging: “We’re starting to see a community that sticks together without anyone losing their independence.”

#### New perspectives

To further strengthen this spirit, the TRATON GROUP has a new internal policy of referring to plants by the name of the location rather than by the name of the brand that manufactures commercial vehicles there. “That may sound trivial,” says Williamsson, “but it’s a big mental step for a long-time employee to say, ‘I work at the TRATON site in Munich or Södertälje’ — not at Scania or MAN.” All employees now face the task of stepping outside their comfort zone. Instead of identifying exclusively with the brand, they are





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forward.”**

**Anders Williamsson,**  
Head of TRATON Group Industrial Operations

expected to see themselves as part of a global team. Williamsson is pleasantly surprised at how quickly this change is succeeding: “I was sure that we could do it. But I expected it to be more like a two-year project — not something that would happen within a few months.” That doesn’t mean the transformation is complete yet, “but we successfully overcame some major hurdles in 2022.”

The key strategic factor behind the fast pace of transformation was another decision made by TRATON right at the start of the process: “We will introduce a modular system that is applicable to all sites,” says Catharina Modahl Nilsson. The TRATON Modular System pro-

vides standardized interfaces that allow certain components to be used across brands, such as chassis parts, electrical and software architecture, and drives. “The TRATON Modular System provides the outline, which the brands then fill in independently, so customers continue to experience the strengths of each brand,” says Modahl Nilsson. As Williamsson has experienced, combining the modular system with brand recognition is definitely a challenge for engineers. “But we can tell that our employees are looking forward to this challenge. In the past, we were only concerned with the success of a specific brand. Now the goal is to move the entire Group forward. This brings new perspectives to each person’s individual work, which is motivating for many employees.”

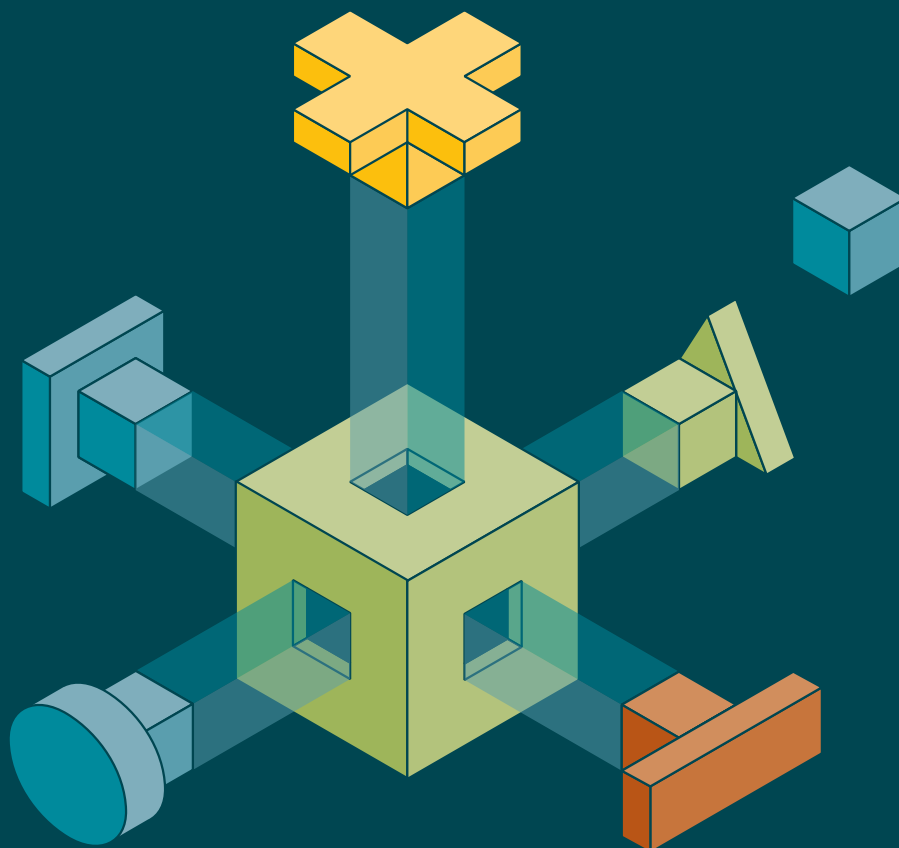
#### **Continued increase in complexity**

Williamsson stresses that the development process does not just call for engineers, but also managers: “The speed of the transformation depends on whether we manage to convince the brands’ management functions as well. If we don’t, the transformation will slow down. And we don’t want that, nor can we afford it.”

One thing is certain: the market for commercial vehicles will continue to change. It will grow in complexity, and the number and impact of global uncertainties will most likely increase as well. “The best response to this is to preserve the precious heritage of our brands and invest in a common future for the Group,” says Modahl Nilsson with conviction. “And in doing so, we must think strategically for the long term and remain agile in responding to new developments.” This, too, is a balancing act that would be overwhelming for one brand on its own. That is why the manager phrases the credo of collaboration as an appeal: “Let’s get stronger together!”



# An interface to the future



**The CBE is the TRATON GROUP's latest and best diesel engine — and also its last. Impressive in its efficiency and low in emissions, it stands on the cusp between conventional powertrains and electric mobility — and marks a shift to cross-brand modularity for the Group.**

"Our CBE is more than a base engine," explains Michael Cunningham, Head of Conventional Powertrain at TRATON. Having previously worked for Navistar, he now coordinates the Group's cross-brand lighthouse project from his office in Sweden. The 13-liter CBE — short for Common Base Engine — is special for a number of reasons:

first, its excellent performance makes it a fitting conclusion to a long line of diesel engines. And second, the CBE is a genuine team effort by the TRATON GROUP, since it was developed as a result of intense collaboration between all of the Group's brands, with Scania at the helm.

## **Lessons learned for the future**

"The CBE has ushered in a transformed way of working in the TRATON GROUP," Cunningham notes. The project serves as a blueprint for future collaborative efforts at TRATON in terms of cross-brand development, common interfaces, and production at various locations around the world. Two of the biggest challenges facing the transportation industry are electric mobility and autonomous driving. The synergies created by the CBE will free up capacity to tackle these challenges in the future. Cunningham points out that the Group can also draw a lot of benefit from the years of project experience and the lessons it learned while developing the Common Base Engine. "We've gained valuable experience, established new processes, and agreed on common goals," he says, adding: "I genuinely believe that with the CBE, we've created a great foundation for cross-brand development and production within the TRATON GROUP."

## **More than shared components**

Cunningham explains that the CBE can be expanded to meet specific needs, making it suitable for use all over the world. Thanks to a modular design principle, engines in trucks from Scania, MAN, Navistar, and Volkswagen Truck & Bus share more than 80 percent of the same components. "But there's much more to it than a few shared components that are subsequently assembled for specific regions and markets," Cunningham continues. Standardized interfaces then allow the TRATON GROUP brands to cater to the specific needs of their regions and markets using a modular approach. The engines are produced at four plants all over the world and will power the TRATON GROUP's heavy-duty commercial vehicles in Europe, North and South America, and potentially additional markets in the future.

## Södertälje/ Sweden

Production in Södertälje got off to a successful start in 2022 and is now in the ramp-up phase. The first trucks featuring the CBE are already on the road under the Swedish Super label. In addition, Scania has built a new foundry in Södertälje to produce crankcases for the CBE. Cast parts from there will also supply other sites within the Group. The first truck powered by the CBE — the Scania 460 R Highline — was crowned the winner of Europe's prestigious 1000-point test in 2022.



Scania,  
Södertälje

Scania,  
São Bernardo do Campo

## São Bernardo do Campo/ Brazil

Scania has been producing commercial vehicles in São Bernardo do Campo, Brazil, since 1957. The site is currently undergoing further expansion. The CBE will also be produced here from 2028 onward — for use in heavy-duty commercial vehicles from Volkswagen Truck & Bus.



# COMMON BASE ENGINE

## Nuremberg/ Germany

MAN is building a new production facility for the CBE at its site in Nuremberg. Construction began in September 2021, with the 23,000-square-meter hall due to be completed in the course of 2023. The first engines are scheduled to roll off the production line in 2024. With an investment of €170 million, the new production hall is one of the largest construction projects in the history of the site.



MAN,  
Nuremberg

## Huntsville/ USA

Navistar's heavy-duty trucks operate under the International brand, so the CBE that will be used here has the name International S13. At its unveiling in August 2022, the new engine was met with enthusiasm from potential customers in North America. Small-batch production kicked off at the beginning of the year, with customer production scheduled to commence in the second half of 2023.



Navistar,  
Huntsville



Find out more:  
Collaboration is  
the future

# A compass of values for all

**The TRATON GROUP is made up of Scania, MAN, Navistar, and Volkswagen Truck & Bus. Each of these strong brands has its own history and identity. New shared values are helping the Group to achieve its corporate goals even more effectively.**

The TRATON GROUP is convinced that a company's culture is key to its commercial success. And the foundation of this culture is created by corporate values that are shared by all employees. That is why the TRATON GROUP has introduced five such values: Customer First, Respect, Team Spirit, Responsibility, and Elimination of Waste. These values are dependent on each other and complement the purpose that TRATON has defined for itself: Transforming Transportation Together. For a sustainable world.

The TRATON GROUP has stepped up collaboration between its brands in order to successfully implement its strategy and realize common projects. This means that people from different companies and

cultures have to work together. A common compass of values helps guide their thoughts and actions in the same direction so that they can better achieve TRATON's goals.

Actively putting the values into practice on a day-to-day basis takes time, and a mix of cross-brand and own-brand activities will help the TRATON brands to adopt and embrace these values together. What's crucial first and foremost is that all employees understand the new values and can think about how they themselves might put them into practice and thus contribute to that TRATON Spirit that the Group is striving to create. To this end, the Company is planning Group-wide internal workshops to encourage the teams to continuously discuss the values and how they affect their way of working. Only when we truly embrace our corporate values can we strengthen the shared spirit of trust and collaboration — the TRATON Spirit.

**“Shared values create the conditions for our brands to work in an aligned and coordinated way. By joining forces, we can focus even more on putting our customers first.”**

**Fiora Cheng Gårdemyr,**  
Head of Scale up and Strategic Partnerships, Scania







**“Team Spirit** is the backbone of our processes. It means joining forces, bringing in our differences and experiences, to work on common goals. It also means challenging ourselves and learning from each other.”

**Felipe Nogueira,**  
Associate Director R&D, Volkswagen Truck & Bus



**“Acting with integrity and transparency is a natural part of our culture. We recognize our Responsibility for the environment and society as a whole and build our customers’ trust by being accountable for what we do.”**

**Lina Ankargren,**  
Head of Charging and Thermal Management System, Scania



**“Respect means acting in a socially responsible manner and harnessing the advantages of our diverse workforce to achieve better results for our customers and society as a whole.”**

**Nuno Marques,**  
Automation Manager Development, TRATON



**“Customer First** means giving our all to understand what matters most and what creates the greatest value for our customers and then exceeding those expectations.”

**Holly Coombes**

Vice President Central Sales Administration, Navistar

**“Elimination of Waste** is one of our core values and is valid for everyone and for all business areas. In production, it is essential for standardizing our common production system. It is the basis for maximizing quality and minimizing delivery time, inventory, and cost for our customers.”

**Ulrich Zimmer**

Senior Vice President Production Powertrain, MAN



# 3

questions for ...

## Bernd Osterloh

member of TRATON SE's Executive Board  
responsible for Human Resources

### Mr. Osterloh, what is the TRATON Spirit?

The TRATON Spirit is all about learning from each other and being open-minded so that, together, we can boost the business of the entire TRATON GROUP with all its brands. That's what allows us to take full advantage of our opportunities, in line with our purpose "Transforming Transportation Together. For a sustainable world." The basis for this are our shared values, which guide us as we collaborate with our colleagues in our everyday work. Ever since I joined TRATON in 2021, I've been impressed by how committed the employees around me are to the brands working together — from development and production all the way to sales. But I think my favorite example is development: when we collaborate on developing new products, it creates a team spirit that spills over into the entire Company. One result of this team spirit is the modular design philosophy we're currently pushing and applying to things like drive systems and cabs, for example.

### There are now shared corporate values for all employees in the TRATON GROUP. How are the different brands putting them into practice?

Customer First, Respect, Team Spirit, Responsibility, and Elimination of Waste: these values are the basis for our Group-wide collaboration. It's important to me that everyone identifies with these values and that they actively live by them. What shape this takes obviously varies from one brand to the next. Ultimately, however, the important thing is that we have a common understanding of the values throughout the Group, that we are guided by them and pursue major goals together — without losing sight of local circumstances and brand differences. Our customers should still be able to recognize the identity of each brand in the future.

### How does the TRATON Spirit help the Group to achieve its goals?

No brand is viable on its own without the Group, and all of our companies know that. It's TRATON's responsibility to take the best we have within the Group, the things that each brand already implements in an exemplary manner, make that expertise available to all brands, and establish it as the Group-wide standard. This is how we live up to our purpose. Despite all the setbacks in the past year — among other things, we've had to close our operations in Russia because of the war in Ukraine, and the supply of semiconductors remains problematic — we always remained on track thanks to ever stronger cross-brand collaboration and the Group-wide spirit that all our brands share.



### Bernd Osterloh

was born in 1956. He trained as an industrial business management assistant from 1973 to 1975. In 1977, he joined Volkswagen AG, where he worked until 2021. From 2005 to 2021, he was Chairman of the company's General and Group Works Councils and a member of its Supervisory Board's Executive Committee, additionally serving as a member of the Audit Committee from 2017 to 2021. He joined TRATON SE as a member of the Supervisory Board in 2018 before switching to the Executive Board on May 1, 2021, where he is responsible for Human Resources.