

DAIMLER

Position of the management on the counter motions for the Annual Meeting of the Shareholders to be held on March 31, 2021

The Board of Management and the Supervisory Board maintain their motions as presented in the Agenda and state their positions on the counter motions as follows:

Election to the Supervisory Board

The candidates proposed for election by the Supervisory Board, Elizabeth Centoni, Ben van Beurden and Dr. Martin Bruder Müller, are successful leaders in various industries. With their extensive experience in the fields of digitization and software, electrochemistry, energy and transformation, as well as their knowledge of international markets, particularly in Asia, they can cover essential fields that are crucial for the future of our Company. We are convinced that the diverse expertise of the persons nominated as Supervisory Board members optimally complements the Supervisory Board of Daimler AG as a whole.

Ben van Beurden has been Chief Executive Officer of Royal Dutch Shell since 2013. Previously, he was responsible for areas such as operations management, business development and marketing in a large number of countries. Ben van Beurden has initiated Shell's global transformation to become a net-zero company supplying its customers with CO₂-free energy. We also need this transformation experience in our Supervisory Board to constructively support the management in the upcoming transformation of Daimler.

The same applies to Dr. Martin Bruder Müller, who has been Chairman of the Board of Executive Directors of BASF SE since 2018. Before that, as a member of the Board of Executive Directors, he was Chief Technology Officer of the chemical company for five years and in charge of the Asia business for ten years. Martin Bruder Müller is not only a successful executive in many sectors of the chemical industry, but also has global experience, especially in Asia. The chemical industry is also in the middle of a transformation to a CO₂-free future. Martin Bruder Müller has played a major role in initiating this transformation.

The future Chairman of the Supervisory Board will be elected from among its members at the constituent meeting of the Supervisory Board following the Annual Meeting. Dr. Bernd Pischetsrieder has unique experience as an executive in the automotive industry and brings with him a broad knowledge of electric drive technologies and vehicle digitization. As an engineer, he has already worked closely with the Board of Management in the past and has supported it in all technological challenges. He also has extensive experience at companies subject to co-determination and can help lead the Company into the future during this important phase of transformation. With the election of Bernd Pischetsrieder, the chairmanship of the Supervisory Board would be in the best hands.

Independence of the members of the Supervisory Board representing the shareholders

The German Corporate Governance Code (the Code) as amended on December 16, 2019, which has been in force since March 20, 2020, contains several recommendations relating to the independence of the members of the Supervisory Board representing the shareholders. The decision on the assessment of independence is expressly assigned to those members of the Supervisory Board representing the shareholders. Indicators defined by the Code which may suggest a lack of independence on the part of a member, for example membership of the Supervisory Board for more than twelve years, are to be taken into account. The Code expressly states that even if one or more of the indicators to be taken into account are fulfilled, a Supervisory Board member may still be considered independent. Taking into account all relevant aspects, the members of the Supervisory Board of Daimler AG representing the shareholders have come to the conclusion that all shareholder representatives in office as of December 31, 2020 are independent within the meaning of the Code. This was substantiated in the Declaration on Corporate Governance – in particular also with regard to Dr. Bischoff and Dr. Börsig. The Code's recommendations on independence were complied with. Both gentlemen maintained the necessary critical distance to the Company and to the Board of Management of Daimler AG at all times, as well as the necessary clear, alert and critical view when monitoring the Board of Management. This is also manifested in their conduct of office, on the one hand as Chairman of the Supervisory Board, and on the other as Chairman of the Audit Committee and the Legal Affairs Committee. Moreover, with regard to both the emissions-related proceedings and the antitrust-related proceedings, independent legal experts have just recently confirmed that the Supervisory Board fully complied with its (supervisory) duties under stock corporation law in the past financial year.

Resolutions and measures of the Supervisory Board with regard to ongoing antitrust and emissions-related proceedings

In line with its responsibilities, the Supervisory Board dealt in detail with the issues raised regarding the possible liability of Board of Management members in connection with antitrust matters, and obtained expert advice on this from independent legal experts. The Legal Affairs Committee also dealt with the issue in detail and made appropriate recommendations to the Supervisory Board. In addition, the Supervisory Board again obtained an expert opinion from an independent legal expert in stock corporation law, a summary of which was made available to the shareholders in advance of the Annual Meeting and which confirms that the Supervisory Board fully complied with its obligations under stock corporation law with the measures initiated and the resolutions adopted. Similarly, the Supervisory Board and the Legal Affairs Committee dealt in detail with the emissions-related proceedings and also obtained an expert opinion on this from an independent legal counsel, a summary of which was also made available to the shareholders in advance of the Annual Meeting. This expert opinion also confirms that the Supervisory Board fully complied with its obligations under stock corporation law with the measures taken and the resolutions adopted.

Remuneration of the Supervisory Board members and corresponding amendment to the Articles of Association

The remuneration of the Supervisory Board was already approved by the 2017 Annual Meeting. In terms of content, the proposed adjustment affects only the Legal Affairs

Committee, which was newly established in 2019. This committee coordinates the exercise of the rights and duties of the Supervisory Board with regard to the ongoing emissions-related and antitrust-related proceedings against Daimler AG and companies of the Group. It prepares resolutions of the Supervisory Board in these matters and issues corresponding resolution recommendations. As part of the agreement in principle reached in the 2020 financial year with various US authorities to end regulatory proceedings concerning alleged violations of US and California environmental laws in connection with exhaust emissions, the Legal Affairs Committee was assigned further tasks and decision-making authority with regard to fulfilling the obligations assumed in the agreement in principle. Due to the associated significant increase in the scope of work to be done, the additional function-related remuneration for the chairperson and members of the Legal Affairs Committee is to be increased effective January 1, 2021. This is also in line with the recommendation of the Code to take appropriate account of increased time requirements for chairpersons and members of Supervisory Board committees when determining remuneration. The members of the Committee perform the tasks assigned to them very diligently and vigorously, as also demonstrated by the number of meetings held by the Committee in the past year.

Dividend

Like many other companies in Germany, Daimler is making use of the legally regulated possibility of short-time working to safeguard jobs.

Funding of the short-time allowance is from the social-security contributions paid in half by the companies and half by the employees. The short-time allowance is an insurance payout.

The dividend proposed by the Board of Management and the Supervisory Board takes into account the careful and prudent consideration of the interests of all stakeholders to whom the Company is committed, as well as the current business situation, liquidity and the business outlook. The employees have also received special payments for the 2020 financial year in the form of a corona bonus of €1,000 each and a profit-sharing bonus of €500 each.

For several years now, Daimler has generally aimed to pay an annual dividend of 40 percent of the distributable net profit. At the same time, the dividend should be covered by the free cash flow of the industrial business.

We are of course aware of the current discussions. But we are also aware of how important the dividend is for our shareholders as owners of our Company. Our shareholder base is international and diversified. It includes institutional investors as well as private investors, pension funds and employee shareholders.

Institutional pension funds in Germany and abroad provide for the old-age security of many people, i.e., retired persons and pensioners depend on liquidity inflows from dividends and distributions. The proposal made by the Board of Management and the Supervisory Board to the Annual Meeting of a dividend of €1.35 per share for the 2020 financial year would amount to a total distribution of €1.4 billion.

We will continue to maintain the advance expenditure that serves to safeguard the future viability of our Company. In particular, this includes our clear commitment to CO₂-neutral mobility and the implementation of electric drive systems as a top priority.

Possibility of a majority takeover

More than one billion Daimler shares are in circulation worldwide. Our largest shareholders include the Kuwait sovereign wealth fund (since 1974) and the Chinese investor Li Shufu. The latter holds the largest shareholding in Daimler through the company Tenacious Prospect Investment Limited (since 2018). In July 2019, the Chinese BAIC Group acquired 5% of the voting rights in Daimler.

It is a fact that Renault decided to sell its stake of about 1.55% in Daimler in March 2021 for financial reasons. This has no impact on the existing strategic cooperation. Nevertheless, we were informed of the sale by Renault in accordance with the applicable legal requirements. Nissan continues to hold a 1.54% stake in Daimler as part of the original cross-shareholding.

We continuously monitor the development of our shareholder base and are in constant and close contact with both external advisors and our investors.

Exhaust emissions diesel vehicles

Daimler has already taken important steps toward legal certainty in connection with various diesel proceedings; these include, in particular, the US settlements in 2020 and also the conclusion of the administrative offense proceedings by the Stuttgart district attorney's office in 2019.

The Company continues to cooperate fully with all authorities.

In the interests of our Company, we do not comment on ongoing proceedings. This is because our experience has shown that our restrained communication supports constructive dialog with the authorities.

Since 2018, Germany's **Federal Motor Transport Authority (KBA)** has repeatedly issued subsequent supplementary provisions to the EC type approvals of certain Mercedes-Benz diesel vehicles and has ordered recalls. In each case, it has taken the view that certain calibrations of more closely specified functionalities are to be assessed as impermissible defeat devices.

Daimler takes the opposite legal view on this issue. For this reason, and in order to obtain clarity for the future in the interpretation of relevant legal standards in a complex technical environment, the Company has filed an appeal and is having the issued notices of objection reviewed by the administrative court. Irrespective of the legal clarification of the matter, the Company is implementing all administrative orders issued by the KBA, is continuing to cooperate fully with the authorities and is establishing transparency.

In general, Daimler is developing **software updates** for the diesel fleet of the Euro 6b and Euro 5 emission standards in Europe that will improve nitrogen-oxide emissions on average for the vehicles in normal driving operation. The Company is thus making an important contribution to the further improvement of air quality. The software updates also stem from agreements reached by various manufacturers with the German government in the context of the National Diesel Forum in August 2017. In addition, as mentioned above, Daimler has been carrying out mandatory recalls since 2018, as instructed by the Federal Motor Transport Authority, during which software updates are also installed.

As is already known, in September 2019, the **Stuttgart district attorney's office** issued a penalty notice for negligent breach of supervisory duty with vehicle

certification in connection with deviations from regulatory requirements for certain Mercedes-Benz vehicles.

In that notice, the district attorney's office alleges a negligent breach of supervisory duty at department-head level, several hierarchical levels below the Board of Management.

It was in the best interests of the Company to conclude the penalty proceedings of the Stuttgart district attorney's office promptly and comprehensively, thus establishing legal peace.

As outlined in the 2020 Annual Report, **a large number of customers** of diesel vehicles have filed **lawsuits** claiming compensation for damages or rescission of contracts of sale.

In connection with diesel vehicles, there have been several thousand verdicts in Germany to date in regional and higher regional courts, and the vast majority of those rulings are in favor of the Company.

Sustainability in battery production

The use of energy from renewable resources for charging batteries is an important factor in the lifecycle of electric vehicles in order to avoid CO₂ emissions. That is why green charging will be integrated into Mercedes me Charge for all EQ models throughout Europe from the beginning of 2021, enabling customers to charge their vehicles' batteries at more than 175,000 public charging points.

Our own battery factories in Kamenz, Saxony, have been producing battery systems for hybrids, plug-in hybrids and electric vehicles since 2012 and 2018 respectively. They were designed from the outset as CO₂-neutral factories, combining solar energy, geothermal energy and a combined heat and power plant, among other things. Our battery factory in Jawor, Poland, like those in Kamenz, was designed from the outset for CO₂-neutral production.

For battery cells, we have a competitive set of battery-cell suppliers in various countries and regions.

These suppliers already manufacture some of the cells we require in Europe.

We are pursuing a long-term strategy of purchasing where we produce and are pushing forward with the industrialization of innovative battery technologies.

In addition, Mercedes-Benz has agreed to purchase battery cells from CO₂-neutral production within the framework of its strategic partnerships with CATL and Farasis, starting with the EQS model.

Model policy and CO₂ emissions

Our current product offering is the most successful portfolio in the Company's history. With our attractive models, Mercedes-Benz has been the world's best-selling premium brand since 2016.

At the same time, customer and market requirements are constantly changing. We therefore continuously review our products and portfolio and adapt them to changing requirements where necessary.

Our goal is, and will continue to be, zero-emission mobility: Our entire fleet of new cars is to be CO₂ neutral by 2039. We are taking every opportunity to reduce emissions quickly and sustainably. We are developing new and increasingly efficient drive technologies. As an important milestone along the way, we have set ourselves the goal of achieving more than 50% of car sales with plug-in hybrids or purely electric vehicles already in 2030. Mercedes-Benz Cars' xEV proportion increased from 2% in 2019 to 7.4% in 2020.

The existing CO₂ emission targets are undoubtedly ambitious. It is therefore all the more important to launch our rapidly growing range of attractive and highly efficient products – with a focus on electrification – in order to achieve these targets in the best possible way. At present, Mercedes-Benz Cars' portfolio includes six all-electric models. With the EQB, EQS and EQE, three more all-electric models from Mercedes-EQ will be presented this year. Furthermore, the product portfolio of Mercedes-Benz Cars will include nearly 30 model variants of the plug-in hybrids by the end of 2021. Mercedes-Benz Cars expects to increase its xEV proportion to about 13% this year.

The plug-in hybrid portfolio covers model variants from the A- to the S-Class, from the GLA to the GLE, with electric ranges of up to 100 kilometers. The new fourth-generation plug-in hybrid models, which will initially go on sale in the S-Class and C-Class this summer, will also have a range of about 100 kilometers. Models with plug-in hybrid drive combine the best of both worlds: the dynamics and efficiency of an electric motor with the range of a combustion engine. They can be driven purely electrically in city traffic, charged at home and at public charging stations, and offer the familiar convenience of short refueling times on long journeys.

Our goal is to be CO₂ compliant in the European Union in 2021 and subsequent years.

Compared to the certified standard figures, deviations may occur in real-world driving conditions. The deviations between laboratory and on-road emissions primarily result from changes in the general conditions from the legally prescribed standard condition in the laboratory, such as when a vehicle is operated under other vehicle loads (e.g., higher speed, stronger acceleration), other auxiliary equipment is switched on or other temperature conditions prevail.

Also in the case of plug-in hybrid vehicles (PHEVs), the stated fuel-consumption figures are always based on the applicable certification regulations and must be stated in the interests of transparency and comparability for customers.

The fuel consumption of individual PHEVs depends to a large extent on charging and driving behavior. For example, a driver of the current A-Class PHEV with daily charging and a commuting distance of 50 kilometers can already drive solely with battery power, and thus locally emission-free.

However, we are aware that customers in cities, for example, do not always have access to charging infrastructure and cannot charge their PHEV every day. This then leads to the vehicle's combustion engine having to be used more frequently, and fuel consumption increases accordingly.

The expansion of the charging infrastructure must keep pace with the rapidly increasing supply of vehicles and is not the sole responsibility of the manufacturers. We are playing our part to provide the best possible support for our PHEV customers and are focusing on several measures: First, we are working to continuously expand our charging offerings, such as wall boxes and access to public charging stations. Second, we are increasing the purely electric ranges of our vehicles to enable frequent, all-electric operation. Third, we are working on digital products that enable PHEV

customers to transparently compare their fuel consumption with other drivers and improve it individually.

Arms exports

Daimler also manufactures military trucks for logistical tasks, but they do not include any armaments. Any protective equipment that might be installed serves to protect the occupants.

For Daimler, the export of vehicles, components and parts in compliance with the law has always been, and continues to be, a fundamental principle of responsible corporate action. Daimler has regulated its own export controls in detail in a Group guideline in order to effectively prevent the risk of violations of export control law, especially with regard to unauthorized exports. We have export control processes that are appropriate and effective and comply with the latest standards.

All legal requirements for military deliveries are the benchmark for our actions. In addition, the German government already applies very strict standards when deciding whether to grant export licenses. Special consideration is given to respect for human rights in the country of destination and end-use. In particular, in accordance with the Political Principles of the German Federal Government, licenses are not granted for the export of war weapons and other armaments if “this is precluded by the internal situation of the country concerned, e.g., in the case of armed internal conflicts and if there is sufficient suspicion of misuse for internal repression or persistent and systematic violations of human rights.”

Daimler always follows the political line of the German government, also with transactions involving goods that do not require an export license. Furthermore, in awareness of its corporate and social responsibility, Daimler has installed internal processes for government and government-related transactions with which it carries out its own critical review of such transactions. As a result of these internal review processes, Daimler again rejected several transactions in the 2020 financial year that would have been allowed by applicable law.

Daimler Art Collection

The Daimler Art Collection comprises approximately 3,000 works of art by about 650 German and international artists.

Daimler Contemporary at Haus Huth in Berlin presents two exhibitions each year, with the exception of the pandemic phase. In addition, the works are shown in changing exhibitions at the Company’s sites in Stuttgart, Berlin, Sindelfingen and Marienfelde.

A review determined that divesting all of the art holdings would not have a significant budgetary impact, but would result in a loss of image.

The quality and value of the collection is measured according to the diverse use of the educational offerings and the positive response from a German and international audience.

Logistics center at the Hamburg plant

In November 2019, a development planning procedure (B-Plan) was launched between an investor and the City of Hamburg for the expansion of the Mercedes-Benz plant in

Hamburg to include a logistics center (Plant Consolidation Center Hamburg project). The aim of the project was to be able to organize the future logistics activities of the Hamburg plant even more efficiently and flexibly against the background of rising parts volumes due to the worldwide increase in vehicle sales by Mercedes-Benz, the growing diversity of models and variants, and the increasing electrification of powertrains.

In the course of its transformation process and against the backdrop of current developments, Mercedes-Benz AG plans to utilize the high flexibility of its global production network and adjust capacities to anticipated market developments.

The Company therefore decided in November 2020 to postpone the project for the realization of a Plant Consolidation Center for the Mercedes-Benz plant in Hamburg until further notice. The continuous further development of the Mercedes-Benz plant in Hamburg continues to be an important component of our long-term strategic planning in order to safeguard the site's competitiveness and the associated jobs. We reserve the right to restart a project of this kind at a later date.

Stuttgart, March 2021

Daimler AG