

DAIMLER

Annual Meeting 2020

Counter motions and election proposals from shareholders

As follows, you will find the counter motions and election proposals from shareholders as defined by Sections 126 and 127 of the German Stock Corporation Act (AktG) on the Items of the Agenda of the Annual Meeting to be held on July 8, 2020.

Dear Shareholders,

As this year's Annual Meeting will be held as a virtual Annual Meeting without the presence of shareholders and their proxies, the shareholders' right to speak at this year's Annual Meeting is precluded, in accordance with applicable law. Counter motions and election proposals as defined by Sections 126 and 127 of the German Stock Corporation Act and procedural motions can therefore not be announced at the Annual Meeting.

However, shareholders are able to submit counter motions and election proposals to the Company in advance of the Annual Meeting for publication on the Company's website, in accordance with Sections 126 and 127 of the German Stock Corporation Act.

A counter motion or election proposal to be made accessible in accordance with Sections 126 and 127 of the German Stock Corporation Act that is received before midnight on June 23, 2020 will be considered to have been submitted in the context of the virtual Annual Meeting if the submitting shareholder has duly registered for the Annual Meeting. The right of the Chairman of the Annual Meeting to have the proposals of the management voted on first remains unaffected.

Please find below, in the chronological order in which they were received, the counter motions and election proposals that have been sent to us in due time and that are to be made accessible, as well as any further motions from shareholders that we have made accessible. We have marked counter motions that do not consist solely of the rejection of a motion by the management with capital letters.

If you wish to support or reject counter motions marked in this way, please vote on the respective counter motion on the reply form sent together with the letter of invitation to the Annual Meeting or, after the deadline for submitting counter motions and election proposals that are to be made accessible, via the e-service for shareholders. As a counter motion may not be voted on if the respective management proposal achieves the required majority, please do not fail to vote also by marking a cross on the relevant Item of the Agenda.

Counter motions which consist solely of rejecting management proposals are not marked with letters. You can support these motions by voting "No" on the respective Item of the Agenda or by issuing the corresponding voting instructions.

The counter motions and their justifications reflect the views of the authors as communicated to us. Any allegations of facts have also been posted on the Internet unchanged and without verification by us.

Mr. **Daniel Seliger**, Donauwörth

Motion A

Election proposal for the Supervisory Board of Daimler AG pursuant to Section 126 Subsection 1 and Section 127 of the German Stock Corporation Act.

Countermotion to Item 7 of the Agenda

I propose that

Jürgen Richard Seliger, Donauwörth,

Engineering graduate

Nationality: German

be elected to the Supervisory Board as a representative of the shareholders with effect from the end of this Annual Meeting until the end of the Annual Meeting which votes on the ratification of his actions for the fourth financial year after the beginning of his term of office. The financial year in which his term of office begins is not counted.

Jürgen Richard Seliger was born in 1965 in Donauwörth. He completed his dual course of study of mechanical engineering with a diploma in 1989, before working as a mechanical engineer at Grenzebach GmbH. Since 2004, he has been a project manager and since 2007 head of mechanical design at Gyptech GmbH, where he has managed several successful projects.

Jürgen Richard Seliger is not a member of any other supervisory boards or comparable monitoring boards in Germany or abroad.

The proposed candidate is independent; he has no personal or business relationship with Daimler AG or any of its Group companies, with the boards or committees of Daimler AG or with any shareholder with a significant interest in Daimler AG, the disclosure of which is recommended by the German Corporate Governance Code.

Reason:

Daimler AG has an orientation problem and is increasingly destroying the value of its shareholders' shares. The steps taken by the Board of Management are insufficient and raise considerable doubts about its leadership qualities. In addition to a clear strategy, the Management Board also lacks the ability to recognize the zeitgeist of the future automotive industry with the individual needs of customers and fails to orient the stock corporation accordingly. While other vehicle manufacturers are already heralding the new era, Daimler is clinging to old virtues and does not dare to think outside the box. Due to this unsatisfactory situation, it is of the utmost importance that the Supervisory Board of Daimler AG reflects a suitable representation of the shareholders' interests in the future. The Supervisory Board must, through its control function, ensure that the Board of Management sets the course for the future.

Therefore, in my view, the management's proposal should be rejected. The person proposed for election by the management has overseen a negative share-price performance of more than 10 percent in his position as Chairman of the Board of Management of Deutsche Telekom from 2015 to February 2020. This shows that his digitization strategy was unsuccessful at Deutsche Telekom. In addition, the candidate's education and professional training has no connection with the core business of Daimler AG. Finally, it must be feared that the candidate will not be able to focus all his energy on a successful future for Daimler AG due to the other positions he holds.

Instead, what is needed is a fresh, unbiased mind that can devote its full attention to the work as a member of the Supervisory Board of Daimler AG. Due to his many years of experience in mechanical engineering, the person I propose for election has the necessary expertise and foresight to advance the activities of Daimler AG. He can represent the interests of Daimler shareholders in the best possible way and can ensure that their concerns are heard in the Supervisory Board.

Note from the Board of Management of Daimler AG pursuant to Section 127 Sentence 4 of the German Stock Corporation Act regarding the election proposal of shareholder Daniel Seliger:

In accordance with Section 96 Subsection 1 and Section 101 Subsection 1 of the German Stock Corporation Act and Section 7 Subsection 1 Sentence 1 No. 3 of the German Codetermination Act, the Supervisory Board of Daimler AG is composed of ten members representing the shareholders and ten members representing the employees; and, in accordance with Section 96 Subsection 2 Sentence 1 of the German Stock Corporation Act, at least 30% of its members are women (i.e., at least six) and at least 30% of them are men (i.e., at least six). The gender ratios are to be fulfilled by the Supervisory Board as a whole, unless the shareholder or employee representatives object to overall fulfillment in accordance with Section 96 Subsection 2 Sentence 3 of the German Stock Corporation Act. Overall fulfillment has not been objected to.

At the time of publication of the invitation to the Annual Meeting and at the time when the proposal by shareholder Daniel Seliger was made accessible, the Supervisory Board included a total of six women, three each on the shareholder side and on the employee side.

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Mr. **Paul Grünzner**, Greifswald

Motion B

Proposal for election to the Supervisory Board

To the Board of Management and the Shareholders:

In accordance with Section 127 of the German Stock Corporation Act (AktG), I would like to make the following proposal for the election of a member of the Supervisory Board.

The term of office of Dr. Paul Achleitner, a member representing the shareholders, expires at the end of the Annual Shareholders' Meeting in 2020.

I propose the election to the Supervisory Board of Paul Grünzner as a representative of the shareholders, taking effect at the end of the Annual Shareholders' Meeting on July 8, 2020.

Paul Grünzner lives in the city of Greifswald and is employed at the savings bank Sparkasse Vorpommern, the biggest savings bank in the state of Mecklenburg-Vorpommern.

He is a wealth and investment adviser at the bank. His particular specialty is securities, especially shares.

In August, he will begin his savings bank studies of savings-bank business management.

Through his private involvement in several charitable associations, Grünzner is acquainted with high-ranking persons from society and politics in the state of Mecklenburg-Vorpommern.

Mr. Grünzner is to be elected until the end of the Annual Meeting which votes on the ratification of his actions for the fourth financial year after the beginning of his term of office.

In accordance with Section 96 of the German Stock Corporation Act, the Supervisory Board of the stock corporation is composed of 20 members; 10 of the members represent the shareholders and 10 of them represent the employees. Pursuant to the German Stock Corporation Act, the Supervisory Board must consist of at least 30% women and at least 30% men.

The candidate has business management knowledge and skills.

He is a neutral representative of the shareholders and currently holds no other board positions.

Note from the Board of Management of Daimler AG pursuant to Section 127 Sentence 4 of the German Stock Corporation Act regarding the election proposal of shareholder Paul Grünzner:

In accordance with Section 96 Subsection 1 and Section 101 Subsection 1 of the German Stock Corporation Act and Section 7 Subsection 1 Sentence 1 No. 3 of the German Codetermination Act, the Supervisory Board of Daimler AG is composed of ten members representing the shareholders and ten members representing the employees; and, in accordance with Section 96 Subsection 2 Sentence 1 of the German Stock Corporation Act, at least 30% of its members are women (i.e., at least six) and at least 30% of them are men (i.e., at least six). The gender ratios are to be fulfilled by the Supervisory Board as a whole,

unless the shareholder or employee representatives object to overall fulfilment in accordance with Section 96 Subsection 2 Sentence 3 of the German Stock Corporation Act. Overall fulfilment has not been objected to.

At the time of publication of the invitation to the Annual Meeting and at the time when the proposal by shareholder Paul Grünzner was made accessible, the Supervisory Board included a total of six women, three each on the shareholder side and on the employee side.

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Mr. **Kai Zimmermann**, Berlin

Regarding Item 4 of the Agenda

The actions of the Supervisory Board are not to be ratified, because under the leadership of Dr. Bischoff, it has tolerated considerable mismanagement for many years.

Reason:

The Supervisory Board and in particular its Chairman, Dr. Bischoff, is partially responsible for the poor situation of Daimler AG. For many years, the high-handed actions of the Chairman of the Board of Management have apparently been accepted without criticism, instead of critically questioning the inadequate strategy and lack of cost awareness.

In particular Dr. Bischoff, as the longstanding Chairman of the Supervisory Board, has played a decisive role in shaping the company. It is unfortunately no coincidence that the share price has fallen by 70% over the past five years and Daimler is now considered a cheap takeover target for interested parties from China. This is an incredible financial loss for our shareholders.

As if this disastrous economic result were not enough, over many years, critical shareholders have often been dismissed as annoying troublemakers at Annual Shareholders' Meetings, whose time for speaking and asking questions should be limited as strictly as possible. If a Chairman of the Supervisory Board, who has to monitor the Board of Management on behalf of the shareholders, then tolerates the violation of the shareholders' elementary rights to receive information from the Board of Management, then things have gone too far.

With all due respect for the lifetime achievements of a 78-year-old, Dr. Bischoff has unfortunately passed the date for honorable retirement by some years. He is part of the problem of Daimler AG and it is high time to entrust the position to a suitable, younger person.

I will participate in the virtual Annual Meeting and call on the co-shareholders also to vote against ratification of the actions of the Supervisory Board.

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Mr. **Oliver Schmitt**

Regarding Item 3 of the Agenda

The actions of the Board of Management are not to be ratified, because the Chairman of the Board of Management who was in office until May 22, 2019, Dr. Zetsche, in recent years lacked any capability of a good CEO and is largely responsible for the decline in the share price of our company.

Reason in detail:

Dr. Zetsche managed not to notice almost all the relevant future topics of the industry: electrification, software and autonomous driving. The decision to sell a 9% stake in Tesla much too early for a ridiculous price of barely €1 billion fits in with this – in the meantime, Tesla is worth more than the three major German automotive groups combined.

Furthermore, under the leadership of Dr. Zetsche, the Board of Management was guilty of significant cost-management failings. Just a few weeks after taking office, the new Chairman of the Board of Management Källenius had to impose a stricter cost-management policy at the company and announce a variety of cuts in management positions in order to avoid further damage from the longstanding failings. It is no coincidence that our company has lost over 70% of its value in the past five years.

As if that weren't bad enough, at the last two Annual Meetings, Dr. Zetsche repeatedly refused to answer justified questions from shareholders on cost management and in some cases even provided false information: For example, the consulting firm that was to audit the immense media costs on behalf of Daimler AG was described by Dr. Zetsche as "independent" even though this consulting firm is proven to have done extensive other business with the media to be audited. In February 2020, this company itself then discontinued its media-auditing business unit in order to escape ongoing criticism due to the obvious conflict of interest. Of course, a board of management does not have to proactively familiarize itself with media management, but if, with such a large cost item, considerable conflicts of interest among in-house executives and the service providers involved are ignored for years, the Board of Management bears part of the blame. If, despite numerous public reports and even concrete indications of the failings, no consistent action is taken, that is inexcusable and should result in claims for damages.

Dr. Zetsche may not hold any other office at our company!

I will participate in the virtual Annual Meeting and request that the other shareholders support my counter-motion.

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Dr. Bernd T. Gans, Vaterstetten

Regarding Item 3 of the Agenda

The actions of the members of the Board of Management in the year 2019 are not to be ratified.

Reason:

The deterioration of the earnings situation feared in my countermotion to the 2019 Annual Shareholders' Meeting proved to be justified to an even greater extent with the reduction of the dividend by 72%. On the basis of serious multi-year planning, no dividend should have been paid already for 2018. The dividend of €3.25 paid out for 2018 is therefore all the more revealing as a submissive gesture towards Dieter Zetsche, the then departing Chairman of the Board of Management. The clear objective of his supporters is obviously unchanged, namely to elevate him to Chairman of the Supervisory Board despite the mistakes that have meanwhile become apparent.

With the exception of the Board of Management member for finance, Bodo Uebber, who presumably resigned due to various disputes, the actions of the members of the Board of Management, who at the time were acting in a short-term and transparent manner, are not to be ratified for the 2019 financial year.

Furthermore, from a shareholder perspective, the performance of Board of Management member Wilfried Porth is to be considered entirely unacceptable. In addition to his complex area of responsibility as head of human resources at Daimler AG, he was entrusted under the aegis of Dieter Zetsche with the van product division, which needed restructuring, and later the failed X-Class ("Daimler pickup truck"). Here, a record loss of €1.2 billion was suffered in 2019, which corresponds to a substantial negative return of 20.8%!

However, instead of accepting the consequences, as is usual in a performance-oriented company, and resigning due to operational mistakes, Mr. Porth was able to remain on the Board of Management.

The announcement of Chairman of the Supervisory Board Bischoff seems all the more disturbing in this respect: "In accordance with Wilfried Porth's own wishes, he will now concentrate entirely on the comprehensive personnel restructuring measures and the challenges of the transformation in the personnel sector. We thank him for his outstanding additional work in the Vans division."

Against this background, it would be advisable if a member of the Presidential Committee could explain at the virtual Annual Shareholders' Meeting what influence the aforementioned negative performance parameters had on the individual components of Wilfried Porth's remuneration for 2019. The remuneration report itself shows a decrease in his remuneration of only 10% compared with 2018 to €2.199 million.

It would also be illuminating for the resolution sought under Item 6 of the Agenda if a fictive presentation were to explain how the same influencing factors (negative divisional earnings, reduced Board of Management responsibility) would affect the future remuneration system.

Regarding Item 4 of the Agenda

The actions of the members of the Supervisory Board in the year 2019 are not to be ratified.

Reason:

The logic of the holding structure imposed on the company since November 2019 was already intensively questioned at the 2019 Annual Shareholders' Meeting. The fact that the Group had repeatedly had negative experiences with its various restructuring measures in recent decades, particularly under the leadership of Mr. Reuther, Mr. Schrempp and Mr. Zetsche, obviously did not present an obstacle. Neither did the one-off costs of approximately €1 billion and the ongoing expenses for additional reporting channels and coordination requirements. But the precarious earnings situation in the 2020 financial year, even before the corona pandemic, has made the Group into a permanent construction site:

Just four months after implementation of the "leadership-organizational wall-building," a kind of deconstruction was announced in February 2020 under the claim of "shorter decision paths, tighter organizational structure." Ola Källenius, as Chairman of the Board of Management, had obviously felt the ineffectiveness of the inflated holding structure resulting from numerous duplicate functions. Various control functions were therefore at least merged to provide the Chairman of the Board of Management with essential powers of intervention.

However, nothing has changed in terms of company law: With the newly established supervisory boards of Mercedes-Benz AG and Daimler Truck AG, the stages of decision-making have been significantly and permanently extended.

Chairman of the Supervisory Board Bischoff, who has been in office since 2007, comments undauntedly on the abrupt change of course after just four months: "Acting today in order to be fit for tomorrow in global competition ... The Supervisory Board is convinced that with the new structure, the company is even better positioned for the challenges of the future in a highly volatile environment.

It remains to be seen whether this partial correction will succeed in bringing the executives back onto a consistent course. The danger that the company will remain a permanent construction site has by no means been averted. The "streamlining of the financial area" and the extremely clumsy internal guidance on conducting renewed early-retirement discussions as designed by Wilfried Porth will continue to cause uncertainty.

Ratification of the actions is to be refused especially for the advocates of the splitting concept, Mr. Bischoff, Mr. Hambrecht and Mr. Kaeser, but also for the employee representatives who tolerated its implementation and approved further changes just four months later.

Despite repeated requests by numerous shareholders at previous Annual Shareholders' Meetings, the Supervisory Board has so far not been able to clarify the question of Dieter Zetsche's presumed co-responsibility for the truck cartel due to his many years of leadership in commercial vehicle sales.

Furthermore, it is to be feared that the courts will award the damaged and already suing truck customers considerable compensation. As a precaution, the Supervisory Board should also make claims against Dieter Zetsche in this matter. Not least in this connection, the company has paid extremely high premiums for D&D insurance policies for possible misconduct by members of the Board of Management. These costs as well as the already paid antitrust fine of a good €1 billion will be borne by the shareholders.

Manfred Bischoff is skillfully delaying the clarification of Dieter Zetsche's responsibility in the truck cartel – among other things by means of commissioning expert opinions – in order not to endanger his preferred candidacy to succeed him as Chairman of the Supervisory Board. Since no indication of an alternative Chairman of the Supervisory Board is apparent from either the female or the male members of the Supervisory Board, Bischoff can continue to present his plan as being without an alternative.

The fact that the Supervisory Board tolerates such maneuvering demonstrates its neglect of fundamental shareholder interests. In addition, the company's catastrophically low share price puts it at high risk of being taken over. This is all the more the case as it has not been possible to find a loyal anchor shareholder under the Chairman Manfred Bischoff, who has been in office since 2007.

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Association of Critical Shareholders, Cologne

Regarding Item 2 of the Agenda

The Association of Critical Shareholders proposes that the planned dividend of €0.90 per share should not be paid out. Instead, the distributable profit for the 2019 financial year of €962,853,702.30 is to be used to recognize a provision for:

- a) the compensation of risks from the corona pandemic,
- b) the changeover of current products away from combustion engines and towards battery electric drive,
- c) the necessary conversion measures to transform the Group from a producer of vehicles for motorized individual transport to a producer of vehicles for public transport.

Reason:

In the current crisis situation caused by covid-19, it would be negligent to distribute profits in view of declining unit sales and the looming recession. The earnings from 2019 must be used to protect jobs at the company by changing production over to alternative products.

In view of the looming climate catastrophe and the resulting social pressure on the transport sector as a major emitter of CO₂, the market for cars will undergo a lasting change in the course of the upcoming transport turnaround. The production of vehicles for motorized individual transport will become less important, while international competition will increase. At the same time, the demand for rail vehicles and electric buses for local and long-distance public transport will increase. The Board of Management has so far failed to set the strategic course for an appropriate response to these developments. It is urgently necessary to provide financial resources for the upcoming restructuring of the Group in connection with the transport turnaround. It would also be negligent to distribute profits in the current crisis situation in view of the enormous decline in unit sales and the looming deep recession. Earnings must be used to protect jobs at the company by changing production over to

alternative products, as Attac Germany, for example, is demanding as part of its campaign for a traffic turnaround.

Motorized private transport is heating up the climate

At 17.8 percent, traffic is the second largest emitter of greenhouse gases in Germany, and road traffic accounts for 38 percent of nitrogen-oxide emissions. While emission levels in other sectors have fallen in recent years, traffic-related emissions have grown by 2 percent annually since 2013. The improvements achieved in engine technology in recent years are more than offset by increases in vehicle weight. Unless there is a drastic reduction in CO2 emissions in the transport sector, the climate catastrophe can no longer be halted. Therefore, the necessary changeover in production should first of all be to stop producing the particularly heavy and particularly climate-damaging SUVs and the large luxury sedans.

Individual electric mobility is not a solution

Electric cars are not a sustainable alternative to cars with combustion engines. Their production consumes large amounts of scarce metals such as copper, nickel and lithium as well as rare earths – and also causes high CO2 emissions. Only if electric cars are used for many years and run entirely on green electricity will their CO2 footprint really be better than that of combustion engines. But the generation of electricity from renewable energies also has a negative impact on the climate and the environment – for example, through the material and land used by their production facilities. The scarce electricity from renewable energies is needed for other, more urgent social purposes. Electric cars neither conserve enough resources nor do they relieve the burden on cities overcrowded with cars.

Expansion of public transport

The massive expansion of local and long-distance public transport is essential for a sustainable transport turnaround. This realization is gradually spreading in society and politics. As a result, demand for rail vehicles and electric buses will increase in the medium term. Daimler must prepare for this development in order to offset the expected slump in the area of vehicles for individual transport by building vehicles for public transport. To this end, a conversion project must be launched quickly in order to adapt production capacities to the requirements of climate and resource protection and social developments. This project is to be financed from the provisions.

Regarding Item 3 of the Agenda

The Association of Critical Shareholders proposes that the actions of the members of the Board of Management of Daimler AG for financial year 2019 are not to be ratified.

Reason:

In the 2019 financial year, it once again became apparent that Daimler AG is still in the middle of the diesel emissions scandal and that this scandal is by no means over. Customer claims and software updates are still outstanding, and lawsuits are pending both nationally

and internationally. This is damaging the reputation, the balance sheet and also the future of the Group.

Ongoing emissions scandal

The Group does not dispute that irregularities in the exhaust aftertreatment system of up to three million diesel vehicles of Daimler AG in Europe alone make improvements necessary. But Daimler still denies that the installed defeat devices are partly illegal. In the meantime, the German Federal Motor Transport Authority (KBA) has officially ordered the recall of approximately one million vehicles due to illegal exhaust systems, including about 260,000 Sprinters and 60,000 GLKs for which official recalls were issued in the 2019 financial year.

The company still maintains its view that all exhaust systems have complied with the legal requirements at all times, and can be quoted as follows: “The clarification process with the KBA regarding engine-management functionalities for Mercedes-Benz diesel vehicles is well advanced from the company’s point of view, but not yet complete.” It therefore cannot be ruled out that further recalls will occur. This expectation and the related provisions resulted in the Group posting a loss for the second quarter of 2019.

Daimler AG was also remarkably quick to accept a fine of €870 million imposed in September 2019. The reason was a negligent breach of supervisory duties in a department working on vehicle certification. According to district attorney’s office, this led to diesel vehicles being approved although the emission of nitrogen oxides from the cars did not always comply with the regulations.

Furthermore, representatives of Daimler AG affirm that the Group did not cheat on the emission levels of their diesel vehicles; these assertions have always been obviously false and either indicate a lack of oversight by the Board of Management or were and still are deliberately false statements. Internationally, authorities continue to assume that illegal defeat devices are installed in other Mercedes-Benz diesel vehicles.

The increase in provisions for liability and litigation risks as well as official proceedings by more than double the previous year’s amount to nearly €5 billion shows that in year one after the Zetsche era, Daimler AG is still in very uncertain times.

Serious mistakes in model policy

Other serious mistakes have been made in recent years in the area of model policy. According to the Annual Report (page 100), these mistakes meant that the CO₂ fleet emissions of the new vehicles registered in Europe in 2019 did not fall as targeted, but at 137 grams per kilometer of CO₂, actually increased further compared with 2018 (132 g) and 2017 (125 g). The concentration on ever larger, heavier and more powerful models is making itself felt here. Fines for 2020 can probably still be avoided by appropriate lobbying and reference to the corona crisis. However, these fines are likely for 2021 and the related provisions will additionally reduce the Group’s earnings. Actions such as phasing out production of the X-Class after only two years are clear evidence of strategic mistakes at the top of the Group.

At the same time, the Group missed the opportunity to launch a sufficient number of all-electric models in all segments in good time. With the exception of the EQV, no new, purely electric production models were delivered to dealers in the year 2019.

Instead, Daimler AG is focusing primarily on vehicles with plug-in hybrid technology to reduce CO₂ fleet emissions, although this is not a genuine solution. The Mercedes GLE 350 de is a

good example of this, with 2.65 tons unladen weight and consuming 1.1 liters of diesel according to the WLTP standard. Its official CO₂ emissions are 28 g/km. In its own test under realistic conditions, the car magazine *AutoBild* arrives at fuel consumption of 8.3 liters/100 km, which corresponds to CO₂ emissions of 221 g/km. This example makes it clear that Daimler's plug-in hybrids are not aimed at actually putting more economical vehicles onto the road. It is primarily a matter of improving the official fuel-consumption statistics.

The Group's Board of Management should do its utmost to avoid making these vehicles seem "greener" than they are. Depending on the user's driving profile, the actual fuel consumption of plug-in vehicles is several times the official standard figure. Customers must also be clearly informed of this, otherwise there is a risk of a further massive loss of image.

Regarding Item 4 of the Agenda

The Association of Critical Shareholders proposes that the actions of the members of the Supervisory Board of Daimler AG for the financial year 2019 are not to be ratified.

Reason:

The members of the Supervisory Board did not manage to demand a complete and seamless clarification of the emissions scandal from the Board of Management. They also failed to consistently put a stop to the delivery of military vehicles to war zones and crisis regions in 2019. In general, the Supervisory Board failed to exercise due diligence in many important matters. In doing so, it endangered the reputation and long-term success of Daimler AG.

Supervisory Board tactics

With its tactics, the Supervisory Board always allowed the Board of Management to admit only those mistakes that had already been proven in court, thus jeopardizing the future of the Group. The Supervisory Board also had to be aware that the so-called voluntary software updates were at least partly intended to forestall official recalls by the regulatory authorities.

Formula 1 involvement contradicts climate neutrality

There is also the danger of image damage with Formula 1. A company that publicly propagates the goal of climate neutrality cannot continue to be active in such a racing series. Attempts to whitewash the energy and environmental footprint with the use of synthetic fuels are just as ridiculous in this context as the official standard fuel consumption of plug-in hybrids. For this reason and because of the cooperation with the more-than-dubious partner Petronas, the Supervisory Board must work towards an immediate withdrawal from Formula 1. The very short 2020 season in no way justifies the money invested and offers a good opportunity to establish Daimler AG as a credible partner in terms of climate neutrality by committing to an exit.

Tesla shares

The Supervisory Board lacks any strategic sense for important future developments. It should have prevented the Group's Board of Management from selling the shares in Tesla for €600 million in 2014. Experts assume that the value of these shares prior to the corona crisis was approximately one third of the total value of Daimler AG.

Orienting products towards climate targets

If all companies had a carbon footprint like BMW, the climate would be 3.0 degrees Celsius warmer by 2050. This is shown in a report of late 2019 by the consulting firm Right: <https://www.right-basedonscience.de/>. A fundamental problem for Daimler AG is the product range with vehicles that are excessively large and heavy and overpowered. In addition, the vehicles' true fuel consumption and thus CO2 emissions are withheld from the customers. The Supervisory Board must also influence the Board of Management in this respect: Real fuel-consumption figures must finally be stated so that customers know how expensive and harmful to the climate the operation of the respective vehicle is. This applies in particular to vehicles with plug-in hybrid technology. Here, it must be clearly shown how much fuel the vehicles consume in conjunction with which driving behavior. The official standard specifications have no significance whatsoever.

Jeopardizing the Group's future

Anyone who approves of such decisions, instead of putting all their energy into achieving a complete clarification of all aspects of the diesel emissions scandal and a customer-oriented and above all effective solution to the problems, is jeopardizing the future of the Group.

Furthermore, it is legitimate to require the Supervisory Board to focus primarily on the long-term success of the Group. The loss of image due to fines for non-compliance with the European CO2 limits in 2021 jeopardizes the future of the Group, as does the loss of image due to unrealistic fuel-consumption figures for vehicles with plug-in technology.

Deliveries of armaments to war zones and crisis regions

In the year 2018 alone, 5,467 military vehicles were exported to 26 countries. Compared with 2016 and 2017, the number of military vehicles exported in 2018 thus increased yet again (2016: 4,571 military vehicles to 23 countries, 2017: 5,310 military vehicles to 22 countries). Among the 26 recipient countries, 11 of them are classified by the Bonn International Center for Conversion (BICC) as "critical" with regard to Criterion 2 "Respect for human rights and international humanitarian law in the country of final destination" of the EU Common Position on arms export controls (<http://www.ruestungsexport.info/map>), including for example Saudi Arabia, the United Arab Emirates and Pakistan.

The Supervisory Board must work to ensure that exports of military vehicles to warring and human-rights-violating states are stopped immediately. Because even though such exports have been approved by the German Federal Government, legality does not automatically mean ethical legitimacy. Daimler must finally step on the brakes here and stop denying its responsibility. Especially since the Group emphasizes that Daimler stands by its "global responsibility" (<https://www.daimler.com/dokumente/nachhaltigkeit/integritaet/daimler-verhaltensrichtlinie.pdf>, page 5) and respect for human rights "[is] a fundamental component of responsible corporate governance" for Daimler.

(<https://www.daimler.com/dokumente/investoren/berichte/geschaeftsberichte/daimler/daimler-ir-geschaeftsbericht-2019-inkl-zusammengefasster-lagebericht-daimler-ag.pdf>, page 219)

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