

DAIMLER

Annual Meeting 2017

Countermotions and election proposals from shareholders

Dear Shareholders,

As follows, you will find the countermotions and election proposals from shareholders as defined by Sections 126 and 127 of the German Stock Corporation Act on the items of the agenda of the Annual Meeting to be held on March 29, 2017.

The following motions are listed in the same order as they were received by Daimler.

Voting and issuing voting instructions on motions submitted by shareholders

You can support these countermotions by voting “No” on the corresponding items of the agenda (i.e. rejecting the proposal of the management). In case of absentee voting or authorization of a bank, a shareholders’ association or person or institution exercising the same function or the voting proxies appointed by the Company, you can support countermotions respectively by entering “No” (i.e. rejecting the proposal of the management) or by giving appropriate voting instructions on the corresponding items of the agenda in the absentee voting / voting instructions template of our e-service for shareholders or on your reply form.

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Mr. **Paul Russmann**, Stuttgart

Regarding Items 3 and 4 of the Agenda:

The actions of the members of the Board of Management and the Supervisory Board are not to be ratified.

Reason:

According to statements made in Annual Report 2016 of Daimler AG, “the ten principles of the UN Global Compact constitute a fundamental guideline for our business operations, to which we are especially committed as a founding member of and participant in the LEAD Group.” With the ten principles, the signatory companies are obliged to take action for a social and ecological world economic order. For example, Daimler AG is obliged to protect human rights and to accelerate the spread of environmentally friendly technologies.

On the other hand, Daimler AG does not say a word in its Annual Report 2016 about three darker sides of the three-pointed star, which, in the opinion of the Critical Shareholders (www.kritischeaktionaeere.de), contradict the principles of the Global Compact:

1. The supply of military vehicles to states that violate human rights.
2. The poisoning of drinking water in South Sudan by Formula One partner Petronas.
3. Indications of the grave effects on health of emissions from diesel engines.

On point 1: In financial year 2015 alone, Daimler AG exported a total of 3,465 military vehicles to 16 countries. The recipients of military Unimogs and tank transporters from the Daimler plant in Wörth, include(d) in recent years Egypt, Abu Dhabi, Algeria, Angola, Bahrain, Iraq, Israel, Jordan, Qatar, Kuwait, Libya, Morocco, Oman, Pakistan, Saudi Arabia, Syria, Tunisia, Turkey and the United Arab Emirates – countries in which human rights are trodden underfoot and which are located in crisis regions or war zones.

It is true that those exports were approved by the German government; but legality does not automatically mean ethical legitimacy. Especially as Daimler AG boasts of giving the highest priority to “respecting and maintaining human rights.” Information on Mercedes military vehicles is available only at <http://www.mb-military-vehicles.com>.

On point 2: First place in Formula 1? This dream was fulfilled for the Daimler works team “Mercedes AMG Petronas” once again in 2016 with Nico Rosberg winning the drivers’ world championship. The oil company Petronas has contaminated the drinking water of more than 180,000 people in South Sudan. Many people have already been poisoned with lead and barium and have to continue drinking poisoned water or have to drink water from swamps instead.

Daimler AG tacitly observes this from Germany. A solution would be simple: the amount of money spent on sponsoring in a single year would suffice to drill deep wells for clean water for the affected people in that area (www.keingiftwasser.de).

On point 3: Although the emissions from diesel engines cause respiratory and cardiac illnesses, Daimler AG continues to invest billions of euros in new diesel engines, also for cars. In the year 2013, according to the European Environmental Agency, 10,610 people died prematurely as a

result of nitrogen-oxide concentration in the air in Germany alone (www.eea.europa.eu/publications/air-quality-in-europe-2016).

Unfortunately, most of the brand new Euro 6 cars with diesel engines comply with the statutory NOx limit of 80 mg/km only on the test bench in a laboratory. In real operation, however, levels are measured of up to 312 mg/km with the Mercedes-Benz V250 Bluetec 2.1 (figure based on official measurements by the Federal Ministry of Transport). Daimler AG should no longer put such vehicles with excessive real emissions on the roads.

In the shadow of the three-pointed star, people have been desperately waiting for years for the fulfillment of their dreams: They are dreaming of clean air like in cities such as Stuttgart, of drinking water free of poisons in South Sudan, or of a peaceful life in numerous theaters of war on our planet. As a founding member of the *UN Global Compact for Responsible Corporate Governance*, the Critical Shareholders see the Board of Management and Supervisory Board of Daimler AG as obliged to make a contribution so that these dreams become reality.

Mr. **Jürgen Grässlin**, Freiburg

Regarding Item 3 of the Agenda:

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

Reason:

Irrespective of the fatal consequences, the Board of Management of Daimler AG under the leadership of Dr. Dieter Zetsche continues to pursue a deeply inhuman export policy of Mercedes military vehicles. This is promoted by participation in armaments trade fairs such as IDEX in Abu Dhabi in February 2017. Nonetheless, the Daimler Board of Management refers in the Annual Report 2016 to the ethical principles of the UN Global Compact (see page 208). Unfortunately, these – thoroughly important – principles of the United Nations serve solely to improve the image of the Daimler Group.

The facts:

1. Daimler AG was a leading exporter of military vehicles once again in the year 2016. On the website <http://www.mb-military-vehicles.com>, the Daimler Group advertises the sale of a broad range of vehicles in the military and armaments area. In this context, I refer to the brochure “Ready for Future Operations,” in which warnings are made of asymmetrical conflicts and new threats (“*Symmetric war scenarios have been replaced by asymmetric conflicts and new threats,*” page 9).
2. In recent years, the Daimler Board of Management under Zetsche’s leadership has practiced an uninhibited policy of exporting military vehicles even to repressive, autocratic or dictatorial regimes (see the current list of countries in the countermotion from Paul Russmann and the countermotions from the Critical Daimler Shareholders www.kritischeaktionaeere.de and www.juergengraesslin.com > Daimler/Airbus).
3. The Daimler management has learnt nothing from the military export disaster of past decades. At the armaments trade fair “International Defence Exhibition and Conference“ (IDEX) in Abu Dhabi in February 2017, Daimler – along with numerous armaments companies from all over the world – showed a strong military presence. As in the previous years, also in 2017,

Daimler advertised the sale of MB military vehicles (G-Class, Zetros etc.) in several categories (e.g. armored fighting vehicles) at the biggest armaments trade fair in the region. The Mercedes slogan emblazoned above the trade-fair stand – “Ready for Future Operations” – leaves all options open. Suitable for warfare, Daimler offers individually optimized products for special applications to many “defense” customers (“...are individually optimised to the specific mission requirements of any defence customer,” see www.idexuae.ae). With the recent sales of military vehicles, it is guaranteed that the Mercedes star will shine in blood red above the battlefields of the crisis regions and war zones of the Middle East also in the coming years.

4. Mercedes advertises unscrupulously for the sale of military vehicles such as the G-Wagon, which is advertised with the slogan “Combat proven.” What “combat proven” really means is well known due to the research of the RüstungsInformationsBüro (Armaments Information Bureau) (www.rib-ev.de): Mercedes military vehicles can be used to transport tanks (verifiably for example in the Libya war on the side of the dictator Muammar al-Gaddafi), for transporting troops and materials to the front and for transporting corpses of killed combatants and civilians.

5. According to the campaign Aktion Aufschrei – Stoppt den Waffenhandel! (Action Outcry – Stop the Armaments Trade) (www.aufschrei-waffenhandel.de) and the Deutsche Friedensgesellschaft – Vereinigte KriegsdienstgegnerInnen (German Peace Society – United Opponents of Military Service) (www.dfg-vk.de), more than 150,000 military-version Unimogs have been sold to over 80 armies all over the world. The Unimog recipient countries have so far included Egypt, Algeria, Indonesia, Iraq, Kuwait, Libya, Pakistan, Saudi Arabia, Syria, Turkey and many more (see “*Schwarzbuch Waffenhandel. Wie Deutschland am Krieg verdient*”/“*Black Book Weapons Trade. How Germany Earns from War*” published by Heyne-Verlag, pages 294 ff).

6. Anyone who exports MB vehicles to crisis countries knows that they will be used to carry out grave violations of human rights and that people will have to flee from their homes. Anyone who exports military vehicles reaps refugees – exactly that happened dramatically also in 2016.

7. Vis-à-vis the shareholders and the public, the Daimler Board of Management keeps quiet about this dark side of the Mercedes medal. Apparently, these facts are so unpleasant for the civil-military automotive company that they are presented neither in the current annual report nor on the website www.daimler.com. This procedure has nothing to do with the transparency that the Board of Management has committed to. Yet again, the values stated by Daimler – “...transparent and connected...” and “...including fairness, responsibility, mutual respect transparency...” (Annual Report 2016, pages 56 and 137) – degenerate into hollow words. The Board of Management’s credibility is sacrificed to the real export policy of armaments.

Our request:

The actions of anyone – like the Daimler Board of Management – that acts in such an inhuman way will not be ratified by the Critical Shareholders at the Annual Meeting. Please adopt our counter motions and authorize us – the Critical Shareholders* - to cast your votes for you.

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Mr. **Wilm Diedrich Mueller**, Neuenburg

Regarding Item 4 of the Agenda:

Persons, I have hereby proposed that the actions of none of the members of the Supervisory Board of the aforementioned Daimler are to be ratified for financial year 2016.

Reason:

I justify this proposal with the fact that pursuant to the invitation, it is not expressly allowed that each person attending the Annual Shareholders' Meeting of the same firm Daimler may attend the same Annual Shareholders' Meeting in species-appropriate clothing.

By species-appropriate clothing, I would understand nakedness, because the same nakedness must be that type of clothing that humans have worn for most of their evolution, to which the same humans are therefore likely to be best adapted.

I would feel it to be impermissible dictation to each shareholder by the management of his firm if the same shareholder were to be told not to wear species-appropriate clothes at his own Annual Shareholders' Meeting.

If even those animals that are only bred for the purpose of being eaten by humans are discussed as being kept in species-appropriate conditions, then species-appropriate clothing should of course be allowed for each person attending the Annual Shareholders' Meeting of the aforementioned firm Daimler.

Purely for reasons of hygiene, each naked person should naturally carry a sauna towel with him at all times, upon which the same person sits when the same person then sits down – on a chair for example.

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Mr. **Michael Unkrig**, Gaggenau

Regarding Items 3 and 4 of the Agenda:

The actions of the members of the Board of Management and the Supervisory Board are not to be ratified.

Reason:

BAFIN has initiated an investigation of Daimler due to suspicion of market manipulation, (WA 23-QB 4102-2017/0004).

1. Violations of the law and regulations by the Board of Management Member for Human Resources
 - 1.1 Systematic fraud with suggestions for improvements
 - 1.2 Psycho-terror vis-à-vis persons under protection
 - 1.3 Obsolete IT system architecture, high potential
 - 1.4 Human Resources department causes major damage
2. Permanent longstanding corruption and bribery scandals
3. Daimler rejects environmental optimization, chemical reduction with cost cutting

4. False statements on sustainability, compliance, corporate governance, the German Corporate Governance Code

- On 1.1) For 20 years, employees have not been treated according to the rules with regard to suggestions for improvements; the company agreement is often not complied with. Due to non-implementation and delayed realization, the shareholders have suffered exorbitant damage in the past 20 years. Innovation and progress have been held up. Employees have not received bonuses.
- On 1.2) In Gaggenau, dozens of employees were put under brutal psychological pressure by a departmental head for ten years; I experienced it myself. Many were ill. The Works Council undertook nothing. All employees, including disabled persons, who said anything against management staff to the benefit of the company are put under enormous pressure by the Human Resources department. The way employees and management staff are dealt with is incredible.
- On 1.3) Since 2002, Daimler has not managed to implement the old world in SAP. For 30 years, the time required to access data has not changed for a large proportion of the employees. Evidence of this has often been sent to the Board of Management in films and presentations. Industry 4.0 as Daimler publicizes on its website does not exist in many areas. Through this rejection, Daimler has suffered major damage since 2011.
- I developed a one-click system with which all data can be generated with a single click instead of time-consuming template marathons. The work of hours or days is done in a short time: an IT revolution for Daimler.
 - For approximately 600 employees / cost planning, I developed processes with which thousands of components can be calculated with a single click. It is successfully applied in the electrics in Gaggenau.
- On 1.4) The responsibility of Board of Management Member for Human Resources Wilfried Porth include: suggestions for improvements, system IT, non-compliant inadequate treatment of persons requiring protection, non-compliance with integrity.
A team leader is protected although he demonstrably caused exorbitant damage, blocked all optimizations and caused enormous damage for shareholders.
Daimler quote: *“For us, fair and trusting relations with the employees are more than an ethical and legal requirement. Without them, we could not do business successfully. Motivated and effective employees are the basis for our success.”*

All optimizations were sent to the Board of Management in 2011, 2012 and 2014 (also P3) with letters, presentations and films; the Supervisory Board was informed several times. Daimler should have set up a project to determine the potential. There will not be a system capable of efficient operation in the coming years. Despite 50% disability (8 spinal operations, 13 years as a patient suffering from pain), I was put under pressure, had to leave Daimler with a serious illness because I pointed out wrong decisions in the area of IT and worked out solutions.

- On 2) Corruption/bribery to this extent should be well known to higher hierarchies.
- 14 years of the truck cartel, price collusion, new exhaust systems were held back, a billion-euro antitrust fine.
 - 10 years of bribery payments in 22 countries, a fine of 195 million euros.
 - The Formula 1 scandal, a fine of 100 million euros.
 - The Petronas environmental scandal.
 - The health bonus is discriminatory, violates the principle of equal treatment.

- The steel-price cartel, the presumption of innocence still applies!
- The emissions scandal, statements on fuel consumption – the German environmental organization “Deutsche Umwelthilfe” wins several court cases. Transport Minister Dobrindt orders a recall also of Mercedes vehicles.

Some cases are still pending in court. If they succeed, Daimler will have to pay high compensation for damages!

On 3) With special water, chemical reductions, optimized manufacturing processes, cost reductions and so on are possible. Daimler proved this successfully in 2006; there was no implementation/examination of what I pointed out.

On 4) Daimler has published statements on sustainability, corporate governance, the German Corporate Governance Code, compliance, the WIN Charter and the UN Global Compact claiming that no violations of laws or regulations have taken place (see points 1, 2 and 3). However, incorrect statements have been made with regard to the German Corporate Governance Code and so on for many years.

Mr. **Burkhard Mosch**, Rostock

Regarding Items 3 and 4 of the Agenda:

The actions of the members of the Board of Management and the Supervisory Board are not to be ratified.

Reason:

Pursuant to the draft of the federal government, following a proposal by the Supervisory Board, the Annual Shareholders' Meeting has to decide on the remuneration of the Board of Management. The remuneration is to be capped at five million euros and is to be a multiple of the remuneration of the employees and workers.

- > The Board of Management and Supervisory Board should introduce this before a law is passed.
- > Furthermore, there is no concept for the resolution of the diesel crisis by the Board of Management.
- > And the launch of electric cars.

Regarding Item 7 of the Agenda:

Counter-motion on the adjustment of Supervisory Board remuneration

Reason:

The remuneration should not rise higher than the remuneration of the employees and workers each year and should depend on participation in Supervisory Board meetings.

Mr. **Peter Kuhles**, Düsseldorf

Regarding Items 3 and 4 of the Agenda:

The actions of the members of the Board of Management and the Supervisory Board are not to be ratified.

Reason:

By 2018, car manufacturers will have to pay a fine of five euros per car sold for the first gram of CO2 emissions above the fleet limit, 15 euros for the second gram and 25 euros for the third gram. It will be even more expensive for the fourth gram, for which 95 euros will have to be paid. If average fleet CO2 emissions of 134 g/km are measured for a brand in the EU, it will have to pay a fine of 140 euros per car for the excess of 4 grams. With sales of one million cars, that would be a negative item of 140 million euros in the financial statements.

The Board of Management and Supervisory Board have missed the boat of electrifying cars with battery power. If Daimler does not soon offer an inexpensive electric car, profit-reducing fines are to be expected with a negative impact on the company's future and its share price. The Board of Management and Supervisory Board could have observed in China how the electrification of a vehicle fleet can be accelerated. Although Daimler has invested in the electric-car companies there, it is of little benefit to car buyers in Germany.

Dr. **Bernd T. Gans**, Vaterstetten

Regarding Item 7 of the Agenda:

The resolution on the adjustment of Supervisory Board remuneration and the related amendment to the Articles of Incorporation are to be rejected.

Reason:

With this motion, the Board of Management of Daimler AG is deliberately acting contrary to the current efforts of large groups of shareholders to curb excessive remuneration at German public companies. At the Volkswagen Group, however, which is similar in terms of size, structure and public importance, the first measures is being taken: Both Board of Management remuneration and Supervisory Board remuneration are being "capped." But the Daimler Board of Management is intransigent and is attempting to forestall the expected legislation on this topic with spurious arguments.

An increase in the standard Supervisory Board remuneration from €120,000 to €144,000 within three years constitutes a rise of 20% or approximately 6.7% per annum. In view of a rate of inflation in the euro zone of less than 2% per annum, this is inappropriate and insensitive.

It is to be assumed that this supplement is regarded as compensation to allow the so-called "commitment to purchase shares each year in the amount of 20% of Supervisory Board remuneration" almost in full and without any depletion of liquidity. But exactly the opposite would be desirable in terms of a genuine orientation towards the performance of the share price. The add-on means that this mutates into a "commitment to a windfall."

The reason given that "Supervisory Board remuneration must be adjusted to maintain competitiveness to attract outstanding personalities as members of the Supervisory Board" is already void with regard to the ten members representing the employees, who are appointed

pursuant to the German Codetermination Act. They are appointed according to separate competence criteria and democratic rules. Furthermore, those persons are subject to internal mandatory or voluntary guidelines concerning the donation of remuneration received and have followed those guidelines for many years.

But it cannot be taken seriously that the members representing the shareholders, who hold influential positions in supplier companies (Siemens, Bosch, BASF, Linde, Apple), have to be “attracted” with above-average Supervisory Board remuneration, which then has to be adjusted every three years. It is correct that these nominations by the Board of Management and subsequent election by the shareholders are based on considerations of industrial policy and the mutual exchange of experience with companies in related industries.

After all, it may be assumed that the representative of the major shareholder Kuwait Investment Authority, who is to be elected at the upcoming Annual Shareholders’ Meeting, did not have to be attracted with “competitive remuneration.” It is rather the case that Daimler has at last started to tackle its deficit regarding the direct representation of shareholders’ interests in the Supervisory Board. Nonetheless, there is still a long way to go before genuine shareholder democracy is achieved.

Insofar as the members of the Supervisory Board, especially those who are also members of Supervisory Board committees and receive double or treble the standard remuneration, feel that they are inappropriately remunerated, they should describe this problem in the discussion on this item of the agenda.

Mr. **Holger Rothbauer**, Tübingen

Regarding Item 3 of the Agenda:

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

Reason:

At past Annual Shareholders’ Meetings since 1988 of the former Daimler-Benz AG, then DaimlerChrysler AG and now Daimler AG, the Critical Daimler Shareholders (KAD, Arndtstraße 31, 70193 Stuttgart) with the increasing support and sometimes the overwhelming majority of the shareholders present were able to achieve that Daimler AG converted from being the biggest German armaments company back into being a globally leading CIVIL mobility group. Following the sale of EADS and Tognum shares and other military holdings, Daimler is ALMOST free of armaments.

In particular at the Wörth plant, Daimler still produces – under the heading “Military Vehicles” – specially designed military vehicles, tank transporters etc., which are primarily destined for export to countries including those where unfortunately many crises and war zones of the world are located.

This “deadly export” is promoted with aggressive advertising and marketing activities as well as presentations at arms exhibitions such as IDEX in Abu Dhabi in February 2017, involving substantial financial outlay. Although the Board of Management explicitly refers to the ethical principles of the UN Global Compact in Annual Report 2016 (see page 208 of that report),

Daimler AG once again exported armaments to crisis regions of the world in 2016. These armaments deliveries are diametrically opposed to the spirit of the important UN Global Compact criteria.

With regard to the facts, I refer to the countermotion from the shareholder Jürgen Grässlin.

This inhumane (also according to Daimler's own principles) business practice of armaments exports by Daimler is to be terminated immediately by the Board of Management, not only for reasons of ethical coherence, but also for purely economic reasons. Major investors and funds as well as important international organizations make their financial investment decisions and purchase preferences of civil goods dependent on whether or not a company like Daimler AG is ONE-HUNDRED PERCENT armaments free.

After permanent pressure by the KAD in the past 30 years successfully and quite rightly moved the Group 99% away from armaments, it would now be foolhardy not to continue along this path of conversion to 100% CIVIL due to some military transporters, and to deliberately and damagingly forego this ENORMOUS image improvement as well as finance options. Especially as alternative production possibilities are available at the Wörth plant and sales markets exist for the civil products, so no single job would be lost.

At the Annual Shareholders' Meeting on March 29, 2017, the shareholders must strongly emphasize this clear task of 100% CIVIL Daimler by refusing to ratify the actions of the members of the Board of Management.

Furthermore, the actions of the members of the Board of Management cannot be ratified because in the Annual Report, the amounts of provisions for risks from legal disputes in connection with the so-called diesel and emissions scandal cannot be satisfactorily assessed. Similarly, the risks of permanently stating too-low fuel-consumption figures (all of which were NOT tested under real everyday conditions) were not stated realistically high enough.

Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (an association for private investors), Düsseldorf

Regarding Item 4 of the Agenda:

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

Reason:

The association for private investors Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW) recognizes the operating performance of Daimler AG in the year 2016 and thus also the performance of the Board of Management and Supervisory Board as well as the approximately 282,000 employees at the Daimler Group.

However, the Supervisory Board of Daimler AG made a decision in 2016 that, in the opinion of DSW, has such an intensive effect that despite the positive operating development, the basis for ratification of the actions of the members of the Supervisory Board for the year 2016 is to be seen critically based on the currently available information.

The background is that in mid-2016, the EU Commission imposed a record fine of 2.93 billion euros on the so-called truck cartel. The European Commission determined that

MAN, Volvo/Renault, Daimler, IVECO and DAF had violated EU antitrust regulations. Those truck manufacturers – and thus also Daimler AG – had colluded on truck prices over a period of 14 years.

The fine imposed on Daimler AG alone amounts to **1,008,766,000 euros** – the highest fine imposed in connection with the truck cartel.

Despite the cartel violation ascertained by the European Commission, the Supervisory Board of Daimler AG does not want (so far) to make any claims for damages against former or current members of the Board of Management or executives. This has been stated by the Daimler Supervisory Board, also directly after the announcement of the antitrust fine by the EU Commission in June 2016. The reason stated by the Supervisory Board is that the investigations by the EU Commission were not directed against the management or individual managers, but against the company as such.

The assessment of the Supervisory Board is absolutely incomprehensible for DSW. The Supervisory Board fails to recognize that this means the owners and thus the shareholders alone have to bear the damage that has already occurred and the follow-up damage that is to be expected.

A particular irritation is the early timing of the announcement by the Supervisory Board. And the antitrust fines are only the beginning. Cases such as thyssenkrupp unfortunately show very clearly that claims will soon be made by customers that suffered damages, which can also be measured in billions of euros.

The fact that – based on the resolutions of the Supervisory Board hitherto – solely the owners and thus the shareholders have to bear the burden of the antitrust fine and the consequential damages, is unacceptable for DSW. Antitrust violations are compliance violations that trigger liability issues either in the specific area of responsibility and/or in the area of organizational failure.

In the view of DSW, the impression must not be given that the antitrust violation is merely a trivial offence that does not trigger any sanctions at the Group.

According to page 69 of the report of the Supervisory Board to the shareholders in the annual report for the year 2016, the Supervisory Board repeatedly updated its reviews of making claims for damages against the responsible persons. However, it has so far not seen any reason to claim compensation for damages against former or active members of the Board of Management.

We therefore seriously ask ourselves which further information the Supervisory Board needs to be able to finally assess the facts, now that the antitrust fine has been announced and already paid by Daimler AG.

Also in order to avoid secondary claims, the DSW urges the Supervisory Board of Daimler AG to have another appropriate investigation carried out by an independent party on the basis of the new findings since June 2016, and resolutely to report to the shareholders on the results.

Should the Supervisory Board of Daimler AG not comply with the above demand and not agree to further investigations or reporting, we are of the opinion that a special audit pursuant to Section 142 of the German Stock Corporation Act (AktG) is advisable. We will prepare a motion to that effect and present it at the Annual Shareholders' Meeting on March 29, 2017.
