

# DAIMLER

## Annual Meeting 2018

### Counter motions and election proposals from shareholders

Dear 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 on the items of the agenda of the Annual Meeting to be held on April 5, 2018.

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

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Mr. **Paul Russmann**, Stuttgart

#### **Regarding Item 3 and Item 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 Annual Report 2017 of Daimler AG, “the ten principles of the UN Global Compact provide a fundamental guideline for our business operations,” to which “we are strongly committed as a founding member and part of the LEAD group.” With the ten principles, the signatory companies commit to working for a social and ecological global economic order. Daimler AG commits for example to protecting human rights.

However, Daimler AG makes no mention in its Annual Report 2017 of supplies of military vehicles to states waging war and violating human rights, which in the opinion of the Critical Shareholders [www.kritischeaktionare.de](http://www.kritischeaktionare.de) and the ecumenical action Living Without Armaments [www.ohne-ruestung-leben.de](http://www.ohne-ruestung-leben.de) contradicts the principles of the Global Compact. Information on Mercedes military vehicles can be found only at <http://www.mb-military-vehicles.com>.

Compared with the previous year, Daimler AG increased its exports of vehicles for military use in 2016 by nearly a third. 4,571 Unimogs, tank transporters and other military vehicles were delivered to 23 states (previous year: 3,465 military vehicles to 16 states). The recipient countries were Abu Dhabi, Algeria, Australia, Chile, Finland, France, Jordan, Qatar, Kuwait, Luxembourg, Malaysia, Morocco, Montenegro, Pakistan, Oman, Saudi-Arabia, Sweden, Switzerland, Serbia, South Africa, the Czech Republic and Turkey. The deliveries went primarily to states in which human rights are trodden underfoot and which are located in crisis areas or war zones. These exports were in fact approved by the German government; but legality does not automatically imply ethical legitimacy. Especially as Daimler AG boasts of giving the highest priority to “respecting and upholding human rights.”

The consequences of the production of military vehicles by Daimler AG are apparent, as for example recently in January 2018: Military transporters with the Mercedes star transported German Leopard tanks in the invasion – in contravention of international law – of Syria by the Turkish army.

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### **Dachverband der Kritischen Aktionärinnen und Aktionäre (Association of Critical Shareholders), Cologne**

#### **Regarding Item 3 of the Agenda:**

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

#### Reason:

The behavior of the Board of Management and the role of Daimler AG in connection with the emissions scandal, which has now been going on for more than two and a half years, is unacceptable in our view. Personnel changes have not been carried out with the sufficient consistency; strategic decisions lack foresight and interest in customers, as well as the long-term development of the Group.

Dieter Zetsche has in the past repeatedly publicly affirmed that Daimler AG has not cheated with regard to the emissions of its diesel vehicles. But the fact that provisions for legal risks have now been increased once again leads to the conclusion that the Board of Management anticipates paying fines or compensation in not insignificant amounts – not least because the US authorities assume, according to the information currently available, that illegal defeat devices have been installed in Mercedes-Benz diesel vehicles. Full cooperation with the US authorities, as has been promised by the Daimler Group, could mean that Daimler AG emerges from the investigations with relatively low fines although it is massively at fault, but compensation for damages and buybacks in a not insignificant volume will result in monetary losses and a loss of image.

#### **Unequal treatment of Daimler customers in the United States and Europe**

Whereas customers in the United States can count on compensation for the failings of Daimler AG, customers in Europe are to a great extent left alone with the threat of driving bans and loss in value of their vehicles. Anyone who in good faith purchased a Mercedes-Benz or Smart brand diesel vehicle of emissions stage 5 is confronted with the fact that in real operation, the legal, vehicle-specific limits for nitrogen oxide (NOx) are exceeded, in some cases massively. The threat of official recalls being imposed by the Federal Motor Transport Authority is countered with a so-called “voluntary service action,” which can be regarded as an admission of guilt. Either the changes to engine software for more than three million vehicles across Europe are necessary to prevent an official recall by the authorities, or there is no legal necessity and the measures decided upon by the Board of Management and estimated to cost more than 200 million euros have the main effect of reducing the Group’s net profit. Furthermore, customers of these vehicles continue to face the threat of driving bans and significant loss in value even after the action is taken.

**Retrofitting of Daimler vehicles: Limits must be met in real operation.**

The Board of Management of Daimler AG must guarantee that all of the Group's vehicles are retrofitted or improved so that they meet their statutory emission limits also in real operation on the road. If necessary, the retrofitting must be carried out with additionally installed nitrogen-oxide reduction systems. In addition, the Board of Management must ensure that all brand-new vehicles also fully comply with the legal requirements. This applies explicitly to all vehicles and all drive-system variants. With each additional diesel vehicle that does not meet the requirements of emissions standard Euro 6d or at least 6d-temp, the Group continues to be jointly responsible for the high nitrogen-oxide emissions of its cars' owners.

Instead of attempting to prove the harmlessness of air pollution with unworthy investigations, and thus hoping to demonstrate that the legal limits established and politically recognized for years are excessive, the goal of Daimler AG must be to comply with all vehicle-specific limits in all operating conditions or, ideally, to exceed them.

The same applies to compliance with the legal requirements for fuel consumption and thus the directly related CO<sub>2</sub> emissions of the fleet of new cars sold in Europe. Doubts expressed by the Board of Management about meeting the limits for the year 2021 show that the wrong decisions were apparently made in the past with regard to the product range or the engines used in those products. These mistakes can still be corrected, but they must be vigorously and above all swiftly tackled by the Board of Management. The fact that customers are turning away from diesel, for which the Daimler Group is partially to blame, must not be used as an excuse for accepting fines.

**Regarding Item 4 of the Agenda:**

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

Reason:

The Supervisory Board of Daimler AG lacks due care in its function and is thus jeopardizing the image and long-term success of the Daimler Group, above all of its car division. Decisions of the Board of Management that have led to massive losses in value of diesel vehicles of the brands Mercedes-Benz and Smart were not prevented. Furthermore, it can be demanded of the Supervisory Board that it primarily keeps an eye on the Group's long-term success. To that end, all occurrences in connection with the emissions scandal must be completely clarified and if necessary, must have personnel consequences for the Board of Management.

**The Supervisory Board did not take any steps to prevent cartel arrangements between Daimler and other German vehicle manufacturers.**

In the summer of 2017, the magazine *Der Spiegel* revealed how Daimler AG made cartel arrangements with other German vehicle manufacturers for two decades, including details of vehicle development, prices and suppliers. Daimler AG itself has confirmed at least some of the accusations, as it voluntarily notified the EU of such arrangements in order to avoid fines in the billions of euros through the leniency program. The outcome of the cartel proceedings that the EU Commission has since then been undertaking against Daimler AG and other vehicle manufacturers is not yet foreseeable; the investigations are continuing. Also in this respect, the Supervisory Board failed to exercise its supervisory duty to detect and prevent these arrangements, which damage both the customers and the Group.

Daimler AG is now confronted with a class action for compensation for damages by customers in the United States. The accusation: Due to the cartel arrangement, Daimler sold vehicles at prices far above their actual value. Daimler AG is threatened in this context with a costly

settlement in the billions of dollars, completely irrespective of fines being imposed by the EU Commission, which still cannot be ruled out. It is not currently apparent how the Supervisory Board intends to prevent such dishonest and damaging behavior in the future. Already in the summer of 2016, the EU antitrust authorities imposed a fine on Daimler AG of more than a billion euros, as the Group had previously cheated customers of its truck division for years by means of illegal price collusion. Then at the latest, the Supervisory Board should have taken suitable countermeasures to prevent this procedure to the detriment of customers, which is apparently usual at the Group.

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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:

The moral and ethical decline of Daimler AG's business policy continues unabated and reaches a new low with the kowtow to the dictatorial rulers in China by the Daimler Board of Management under the leadership of Dr. Dieter Zetsche.

As in recent years, Daimler's leadership once again showed its sympathy for the worst human rights abusers and dictators in financial year 2017. With the approval of the Board of Management, Daimler AG once again exported numerous Mercedes military vehicles to countries that violate human rights and are waging war (see the countermotion from Paul Russmann of the Critical Shareholders and the websites of the campaign Aktion Aufschrei - Stoppt den Waffenhandel! (Action Outcry - Stop the Armaments Trade) [www.aufschrei-waffenhandel.de](http://www.aufschrei-waffenhandel.de), of the RüstungsInformationsBüro (Armaments Information Office) [www.rib-ev.de](http://www.rib-ev.de) and of the Deutsche Friedensgesellschaft - Vereinigte KriegsdienstgegnerInnen (German Peace Society - United Opponents of Military Service) [www.dfg-vk.de](http://www.dfg-vk.de)).

The latest example of the progressive moral decline in the business practices of the Daimler Board of Management is the "kowtow to Beijing," according to the commentary in the weekly newspaper *DIE ZEIT* (February 15, 2018). The reason for this harsh and justified media criticism - which has been and is widely shared by the nationwide public - was the conduct of the Daimler leadership in the case of Daimler corporate advertising with a calendar sentence quoting the 14th Dalai Lama. Tenzin Gyatso is regarded as one of the most respected people in the world. In 1989, he was awarded the Nobel Peace Prize.

Recently, under the hashtag #Monday motivation, Daimler AG posted a quote from the 14th Dalai Lama under a picture of the new C-Class: The Tibetan leader was literally quoted: "Look at a situation from all sides and you will become more open." However, the Chinese leadership, which classifies the Dalai Lama as an enemy of the state, vehemently criticized the C-Class advertising, saying that foreign corporations "carry the stinking feet on both hands," according to the state party's *People's Newspaper*. What was obviously meant were those of the Nobel Peace Prize winner from Tibet. "How would the Germans like it if a company advertised with Hitler quotations," asked the communist *People's Newspaper*.

Instead of standing by its own advertising and supporting the Tibetan Nobel Prize Winner, Daimler AG shamefully distanced itself from the Dalai Lama. It apologized in China: “We sincerely apologize,” wrote representatives of Daimler AG. After all, the message in the advertising image was “extremely wrong.”

Apparently, the Daimler leadership was afraid of offending China's national pride, resulting in lower sales in the gigantic Chinese car market. With this pathetic apology, the Daimler Board of Management is once again sacrificing human rights in the slaughterhouse of economic interests – in this case, those of the people oppressed by military power in Tibet.

In its 2017 Annual Report, the human-rights organization Amnesty International wrote: “Members of the Tibetan ethnic group continued to be discriminated against and restricted in their rights to freedom of religion and belief, expression, association and peaceful assembly.”

For example, according to media reports, Lobsang Drakpa, a Tibetan monk, was arrested by the police and sentenced to three years in closed trial. He had held a protest demonstration alone, which is “an increasingly common form of protest in the Tibetan-inhabited areas,” according to AI.

The human-rights situation in Tibet, which is occupied by Chinese security forces, is so disastrous that in areas inhabited by Tibetans, people keep setting themselves on fire “in protest against the repressive measures of the authorities.” The number of known self-immolations since February 2009 has increased to 146, according to Amnesty International.

Once again in Daimler’s 2017 financial year, numerous people were executed by the oppressors in China: “Statistics relating to the death penalty were still regarded as state secrets, making it impossible to determine the number of death sentences passed and executed,” analyzes AI. However, it is undisputed that China ranks among the world’s top countries that imposes death sentence on alleged criminals, unpopular opponents and dissidents (<https://www.amnesty.de/jahresbericht/2017/china#section-11829>).

The actions of anyone who – like the Daimler Board of Management – behaves in such an inhuman manner will not be ratified by the Critical Shareholders. We request that additional shareholders\* adopt our countermotions and transfer their voting rights to us ([www.kritischeaktionaere.de](http://www.kritischeaktionaere.de)).

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