

DAIMLER

Annual Shareholders' Meeting 2019 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 May 22, 2019.

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

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Mr. **Ulrich Ruth**, Öhningen

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:

On May 7, 2018, Daimler AG donated a total of €320,000 to political parties: €100,000 to each of the CDU and SPD and €40,000 to each of the CSU, FDP and Alliance 90/The Greens. The criteria applied for the allocation of those funds is unclear.

No donation was made to the AfD. Asked about this, a spokesman pointed out that Daimler is committed to stabilizing and promoting democracy: "From our point of view, the basis for this is the free, democratic, market-economy and Europe-friendly conviction of the individual parties."

The Board of Management of Daimler AG is thus assuming the role of a substitute for the Federal Constitutional Court. But the "Federal Constitutional Court President" Dr. Ing. Dieter Zetsche is certainly acquainted with Article 5 of Germany's Constitution. Dr. Zetsche will probably not reveal how he classifies the "chirping" of The Greens member of the Bundestag Dieter Janecek, who, in connection with the NO₂ pollutant discussion defined the CDU and FDP "together with a few errant lung doctors" as being at the level of "Reich citizens," and the statements of The Greens member of the European Parliament Michael Cramer in a radio interview on Deutschlandfunk, "There are people who deny the Holocaust. There are people who deny that fine dust and particulate matter and CO₂ and nitrogen oxides are harmful to health; that's a fact."

The statement of The Greens on an AfD proposal of March 14, 2018, which essentially stated that the German Bundestag should call upon the Federal Government to bring about a new

review of the European limit of 40 µg/m³ NO₂ for public areas, should also not go unmentioned. The AfD explained that the economic damage caused by the EU limit (annual average) of 40 µg/m³ was immense; everything must therefore be done by the Federal Government to avoid burdens such as the introduction of driving bans.

The **Alliance 90/The Greens parliamentary group** stated that it was unspeakable how the AfD parliamentary group was trying in various places to discredit scientific results and question limits. For an intact environment and the health of the population, it was necessary to comply with the existing limits or to reduce them. Only because the limit is not met, it is not wrong. Today's limit is too lax rather than too strict.

The Board of Management of Daimler AG donated €40,000 to this party!

The position of the CDU/CSU on the aforementioned proposal of the AfD is also interesting. The **CDU/CSU parliamentary group** stressed that the EU limit of 40 µg/m³ NO₂ was a European Union specification. If the proposing parliamentary group wanted to initiate a serious review of this or other limits, it would have to do so at the EU level; for formal reasons alone, therefore, the proposal could not be approved. The CDU/CSU parliamentary group also pointed out that, against the background of the current public debate, a renewed discussion about the level of the limit would not be productive. On October 17, 2018, the CDU/CSU together with all other parliamentary groups rejected this proposal of the AfD and on January 31, 2019, the Federal Transport Minister Andreas Scheuer (as proposed by the AfD!) called on Brussels to re-examine the limits!

The Board of Management of Daimler AG donated a total of €140,000 to this "family of parties"!

The **SPD parliamentary group** has stated in a statement on another AfD proposal that, as already mentioned, the measurements were regulated by the 39th ordinance implementing the Federal Emissions Protection Act. If there should be deficits in air-quality measurements in other EU countries, that would in any case not justify inadequately implementing the regulations in Germany. The Europe friendliness of the SPD is therefore obviously limited to tolerating worst-case NO₂ pollutant measurements in Germany and thus endangering the free mobility of individuals and the jobs of many, and turning a blind eye when there are deficits in NO₂ pollutant measurements in other EU countries instead of, for example, initiating violation proceedings against the other member states with the EU Commission!

The Board of Management of Daimler AG donated €100,000 to this party!

The employee representatives on the Supervisory Board of Daimler AG apparently do not feel committed to the interests of the workforce, but to the **disinterest** of their party, the SPD! For this reason, too, it is necessary to refuse to ratify the actions of the Supervisory Board for the 2018 financial year!

It is not acceptable that the Board of Management of Daimler AG supports parties out of the shareholders' assets which, either directly or indirectly by granting subsidies to the DUH (German Environmental Aid), endanger the jobs of the workforce and contribute to the financial losses of Daimler's customers.

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Mr. **Rudolf Thom**, 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:

In several letters, I have explained to Prof. Weber, Dr. Zetsche and the two chairmen of the Supervisory Board that the company has caused itself great damage with highly questionable applications in diesel engines, and what the company should do in order not to damage itself further.

The entire Board of Management always emphasizes that it is “cooperating fully with the authorities,” but in reality, everything is delayed and covered up, and the only things admitted are what really can’t be denied any more, like the GLK/GLC now for example.

Anyone who promises their customers “The best or nothing” may not do such a thing.

It is only thanks to the inability of the authorities that the car manufacturers have not all been fully proven to have violated the existing emission regulations.

A CEO who interprets compliance as meaning that an employee has to refuse to accept a bottle of wine while failing to clarify an obvious breach of the law and punish the responsible persons makes himself guilty, and that’s what Dr. Zetsche has done.

Regards from the gentlemen Winterkorn and Stadler!

As a former employee, I will not do anything that harms “my Daimler,” but as a shareholder, I will no longer look on as certain gentlemen are paid millions in salaries and bonuses and ordinary employees who work properly end up having to carry the can.

I therefore propose that the Annual Shareholders’ Meeting resolves that the salaries and bonuses of the gentlemen who have been involved in and responsible for the diesel scandal since the introduction of the Euro 5 diesel standard, that is since 2010, should be frozen and secured.

Just like VW is now taking action against Messrs. Winterkorn, Neusser, Hatz, Krebs etc., Daimler/Mercedes, Audi and BMW must also take action against their own management in order to secure for the company and its customers the money that these gentlemen have received from the Group over the past nine years despite their incompetent work.

If someone needs to talk about this, please contact me.

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Mr. **Dietrich-E. Kutz**, Biberach

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:

Lack of know-how for products which do not meet the legal requirements for emission limits that have been in place for more than 20 years and which will not meet future requirements.

Lost litigation and rectification due to improper use of refrigerant R134a.

Recall due to faulty software in the exhaust systems of delivered vehicles.

No rapid implementation of the new emission test procedure (WLTP test).

Delivery delays due to various defects and their controllability (avoidability).

Lack of convincing environmentally friendly drive-system alternatives (fuel cells, electric motors (limited) etc.).

We rose to join the **club of major capital destroyers in 2018.**

We cannot and will not be satisfied with this.

What a mentality vis-à-vis the investors!

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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 fact that Daimler AG is still in the middle of the diesel emissions scandal and that it has still by no means been resolved, let alone completely cleared up internally, is shown by a series of events in the 2018 financial year.

In June 2018, the Federal Minister of Transport announced an official recall of approximately 700,000 of the Group's diesel vehicles throughout Europe, which has now been issued by the responsible Federal Motor Transport Authority (KBA). The vehicles affected by this official recall are of the Vito, C, G, E, S, ML and GLC series, all with diesel engines with the Euro 6b emissions standard. Some of them were sold as new vehicles by Daimler AG in the 2018 financial year. In addition to these recalls, Annual Report 2018 states on page 155: *"It cannot be ruled out that the KBA will issue additional orders with similar findings in the course of further investigations. Daimler has ordered a temporary suspension of the delivery and registration of certain models and is continually reviewing whether this suspension can be lifted in whole or in part."*

A dutiful Board of Management would have had to order a review of the legality of the exhaust systems of all vehicle models on sale. Only because this did not happen, even after the last Annual Shareholders' Meeting, could the sale continue of vehicles that did not comply with the law.

Last year, Daimler CEO Zetsche, who was responsible for the 2018 financial year, publicly claimed that Daimler AG had not cheated on the emissions of its diesel vehicles; these assurances were obviously false and either suggest a lack of clarity on the part of the Group's Board of Management or were deliberately false.

The renewed increase in provisions to €24 billion leads to the conclusion that the Board of Management anticipates the payment of further fines or substantial compensation for damages, not least because the US authorities still assume that Mercedes-Benz diesel vehicles are equipped with illegal defeat devices. In this regard, reference is made on page 155 of Annual Report 2018 to another automaker that has reached a number of settlements in the United States; for Daimler AG, this appears to be an attractive way of countering the consequences of violations in the USA.

Daimler still does not plan to retrofit the diesel vehicles sold by the Group in Europe in such a way that they comply with statutory nitrogen-oxide limits also when in use on the road. And the so-called "voluntary" software updates promised by the Group's Board of Management in the context of the diesel summit were probably mainly intended to prevent official recalls. The Board of Management has to accept the question of why Group funds should be invested in such supposedly voluntary campaigns involving about three million vehicles when the Group believes that they were sold at the time completely legally and with correct exhaust-gas aftertreatment. The answer is given by the official recalls that have now taken place.

The Group is leaving customers in Europe alone with current and future driving bans and the resulting loss of value of their diesel vehicles. Anyone who in good faith bought a diesel vehicle with emissions standard 5 of the Mercedes-Benz or smart brand at that time is now

confronted with proven, in some cases massive, emissions levels over the legal, vehicle-specific limits for nitrogen oxides (NOx) in real operation.

From our point of view, the fundamental principle is that the Board of Management of Daimler AG must ensure that all of the Group's vehicles are equipped, retrofitted or repaired in such a way that they comply with all statutory limits for pollutants, also when they are actually in use on the road. If necessary, retrofitting with additionally installed emission-reduction systems must be carried out at the Group's cost.

There are also major differences between the announcements made by the Board of Management and the reality of CO2 emissions from cars. Annual Report 2018, page 111f: *“In the year under review, the average CO2 emissions of the entire Mercedes-Benz Cars fleet in Europe (EU28 plus Iceland) rose to 132 g/km (2017: 125 g/km) (NEDC).”* This increase is not least due to a wrong model policy, which increasingly relies on comparatively large, heavy and powerful SUVs. It is a more than dubious strategy to want to master the challenges of climate protection and sustainability with ever larger vehicles, even if they are to drive at least partly electrically in the future. Especially vehicles with plug-in-hybrid technology are only a sham solution. The Group's Board of Management should at all costs avoid calculating these vehicles as “green.” Depending on use, the actual fuel consumption of plug-in vehicles is a multiple of the official standard consumption. This must be clearly pointed out also to customers, otherwise there is a danger of a massive loss of image.

Regarding Item 4 of the Agenda:

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

Reason:

In financial year 2018, the Supervisory Board of Daimler AG did not adequately perform its duties of advising and monitoring the Board of Management in accordance with the law, the articles of incorporation and the rules of procedure. The Supervisory Board failed completely in issues such as the full and complete clarification of the diesel scandal and compliance with arms export regulations.

Particularly in the case of the diesel scandal, the Supervisory Board should have kept in mind how important it is for the Group to regain lost trust. Instead, the Supervisory Board tolerated the tactics of the Board of Management of always admitting only those omissions that had already been proven in court. The Supervisory Board thus contributed to endangering the future of the Group.

In the case of the supply of Unimog chassis to the French arms company Nexter, the Daimler Supervisory Board should have noticed that the Board of Management was violating arms export regulations because Nexter installed its Caesar howitzers on the chassis and exported them to Saudi Arabia.

The evaluation of a video of the Sky News Arabia channel in May 2015 by the #GermanArms research alliance made it clear. The video obviously shows a howitzer of the French type Caesar. Geo-localization of the site revealed that the howitzer was firing from a location in the Saudi region near Najran, near the border with Yemen. The Caesar models exported by Nexter to Saudi Arabia use a Unimog chassis from Daimler.

In response to questions from the research alliance, a Group spokeswoman made an assurance that “supplying a German body builder with commercially available Unimog chassis was made in accordance with all applicable laws.” Daimler also assumed that “the delivery by the German body builder to its French business partner was also in compliance with the law.” (*Stern* magazine, February 26, 2019,

www.stern.de/politik/ausland/germanarms-waffentechnik-aus-deutschland-im-kriegseinsatz-im-jemen-8597442.html and Policy Brief from BICC

www.bicc.de/publications/publicationpage/publication/einsatz-deutscher-ruestungstechnik-im-jemen-fuer-ein-umfassendes-waffenembargo-gegen-die-kriegskoalition/, page 2).

This information must be subject to legal scrutiny.

At the Daimler Annual Shareholders’ Meeting in 2018, the Board of Management stated that it had exported military vehicles to Saudi Arabia and the United Arab Emirates in 2017 (see: <https://www.ohne-ruestung-leben.de/nachrichten/article/daimler-hauptversammlung-exporte-militaerfahrzeuge-2017-katar-saudi-arabien-tuerkei-232.html>).

Analysis of the war in Yemen makes it clear why arms exports are to be condemned. For four years now, a war coalition led by Saudi Arabia has been fighting in Yemen against the Shiite Houthi rebels. According to the United Nations, nearly 18,000 civilians have already died in the fighting. Independent researchers from the Armed Conflict Location and Event Data Projects (ACLED) actually speak of more than 56,000 people killed in the course of the fighting between January 2016 and October 2018 alone. Over three million Yemenis are on the run. 14 million people are acutely threatened by hunger; more than 24 million people, including 11 million children, depend on humanitarian aid. The United Nations speaks of Yemen as one of the worst humanitarian disasters in the world.

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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 are not to be ratified.

Reason:

With the exception of a single member, the members of the Board of Management have proposed a complex new Group structure without compelling reasons and with vague motivation, but with predominantly adverse effects:

- The company's level of costs, which has been too high for a long time, will again be adversely affected by a one-time expense in the billions of euros. The dividend cut in 2018 is therefore likely to be only the beginning of a declining dividend policy.
- The multi-level nature of the holding structure will lead to further permanent cost burdens in subsequent years. Three to be newly formed boards of management and supervisory boards for Daimler AG, Daimler Truck AG, Mercedes-Benz AG will lead to time-consuming reporting paths with correspondingly costly personnel and IT structures.
- The control functions of the shareholders, in particular of the small shareholders, are partitioned off by the establishment of fully autonomous subsidiaries. In the future, Daimler AG, as the sole shareholder, will approve the operations of the subsidiaries in the back room, as it were.

Overall, the proposed model fatally resembles the Group structure operated by Edzard Reuter – and which ultimately failed – in the 1980s with a so-called “managing holding company.”

The new corporate structure will not create added value for shareholders until one of the subsidiaries can be successfully listed on the stock exchange. However, due to the declining profitability of the entire vehicle business and the high expenses for electric mobility, there is unlikely to be any chance of this in the long term.

If the management really wanted to make the divisions independent, it would have been more honest to wind up Daimler AG, hand over shares in the new subsidiaries to each shareholder, and apply for their listing on the stock exchange. This model was applied convincingly in the automotive sector at FIAT/IVECO and at Volvo cars/trucks. Only in this way could it have been shown that individual parts of the Group were worth more than the Group in its current monolithic structure.

The suspicion therefore arises that it is not really a matter of creating added value for today's shareholders, but of “cementing” the influence of the outgoing Chairman of the Board of Management, Dr. Dieter Zetsche, and of the Chairman of the Supervisory Board, Dr. Manfred Bischoff. As can be seen on page 113 (last paragraph) of the invitation, Dr. Bischoff will “recommend” Dr. Zetsche, then 68 years old, as Chairman of the Supervisory Board of Daimler AG at the 2021 Annual Shareholders' Meeting. He himself, then 79 years old, is subsequently to take over as Chairman of the Supervisory Board of Mercedes-Benz AG for a further five years.

Regarding Item 4 of the Agenda:

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

Reason:

Despite repeated requests by numerous shareholders at previous Annual Shareholders' Meetings, the Supervisory Board has not yet been able to clarify the question of Dr. Zetsche's alleged co-responsibility for the truck cartel as a result of his many years of management activity in commercial-vehicle sales. The fine of more than one billion euros imposed on Daimler by the EU Commission has so far been paid solely out of the shareholders' pockets.

Furthermore, it is to be feared that the courts will award the buyers, who have suffered damages and are already taking legal action, substantial claims for damages. Here too, the Supervisory Board should make claims on Dr. Zetsche as a precautionary measure. Last but not least, the company has paid extremely high premiums for D&O insurance policies for possible misconduct by members of the Board of Management.

As a precautionary measure, the Nomination Committee of the Supervisory Board should also investigate the involvement of individual members of the Board of Management, in particular of the possible leniency applicant, in a suspected car cartel for collusion on insufficient storage tanks for AdBlue (urea) to reduce NOx emissions.

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