

Position of the management on the counter motions for the Annual Meeting of the Shareholders to be held on March 29, 2017

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

CO₂ emissions and electrification

The CO₂ emissions of the new car fleet of Mercedes-Benz Cars in Europe was an average of 123 grams per kilometer also in 2016, and was thus at the level of 2015. This represents average fuel consumption of 5.0 liters per 100 kilometers. This means that we have been able to reduce the CO₂ emissions of our car fleet in Europe by more than 40 percent within the last two vehicle generations. Despite a sales shift in the year 2016 towards medium-large and large automobiles, we were able to maintain our CO₂ fleet average at the prior-year level by means of technical innovations. Our goal of reducing the CO₂ emissions of our new car fleet in Europe to 125 g/km by 2016 was already overachieved in 2015. Our clear goal is to comply with all legal limits for CO₂ emissions. That applies also to the EU limit for the years 2020 and 2021.

As we have always emphasized, the market success of cars with electric drive is of crucial importance for compliance with these ambitious fleet targets. We will therefore significantly expand our range of vehicles with electric drive in the coming years: The new, fourth generation of the smart electric drive – as a two seater and for the first time as a four-seater – was launched in Germany in March 2017. Before the end of this year, we will present the next generation of a fuel-cell vehicle based on the GLC. For the first time, a fuel-cell vehicle will also be additionally equipped with plug-in-hybrid technology. The first battery-electric series-produced model of our new product brand EQ will be launched in 2019 with a range of up to 500 kilometers. It will be followed by a complete family of electric cars, ranging from compact models to the luxury segment. As well as purely electric vehicles, we will put additional plug-in hybrids on the roads. With a total of eight models, Mercedes-Benz already offers the broadest range in the premium segment. Starting this year with the model upgrade of the S-Class, Mercedes-Benz is presenting the next generation of plug-in-hybrid technology – for the first time with an electric range of more than 50 kilometers. Under the EQ brand, Mercedes-Benz Cars is developing an ecosystem with products and services all around electric mobility. By the year 2025, we intend to launch more than ten purely electric cars: in all segments, from smart to large SUVs. We are therefore making enormous investments in the electrification of the drive system.

Diesel vehicles

In our view, diesel engines definitely have a future in premium vehicles. For this reason, Daimler AG has invested approximately three billion euros in the development and production of a completely new engine family. The first member of this family – the new four-cylinder engine OM 654 – had its market launch in the E 220 d model last year. This means that Mercedes-Benz is the first manufacturer to put diesel vehicles on the market that already fulfill the stricter emission limits planned by the EU for September 2017. This has been confirmed by tests carried out by independent authorities and by the German environmental organization Deutsche Umwelthilfe.

The popularity of the diesel engine varies from region to region and from model to model. Diesel vehicles play an important role in Europe and, according to current assessments, will continue to be important in the future. In many countries of Europe, the share of diesel cars accounts for more than 50%. At Mercedes-Benz, the sale of diesel vehicles is currently stable and we continue to see positive demand for diesel engines from our customers.

While considering individual customer needs, we consistently pursue our threefold drive-system strategy in order to achieve maximum environmental compatibility across all vehicle categories – with an intelligent mix of highly efficient combustion engines, tailored (plug-in) hybrids and electric vehicles powered by batteries or fuel cells. However, some time will pass until purely electric vehicles dominate our roads. On the one hand, new technologies need time to get established in the market and to achieve the required customer acceptance. On the other hand, the success of alternative drive concepts depends to a great extent on the development of an adequate public infrastructure.

Alternative drive concepts generally offer great potential in terms of energy consumption. Nonetheless, modern combustion engines can be superior to the current stage of electric drive with regard to climate protection if one takes into consideration the mix of energy sources used to generate the required energy. This applies to diesel engines even more than to gasoline engines. With their high efficiency and comparatively low CO₂ emissions, diesel engines make a significant contribution to climate protection.

Particulate matter and other emissions come from various sources and are not only caused by road traffic. For example, heating stoves and fireplaces in private households produce just as much particulate matter as all road transport. The regulation of urban transport should aim to stabilize the traffic flow. The steady flow of traffic has a positive impact on the overall traffic situation and is an effective and inexpensive instrument for a substantial improvement in emissions from road traffic. In connection with controlling air pollution in German cities, the introduction of the Real Driving Emissions (RDE) test procedure planned for autumn 2017 is of key importance. The effective improvement of air quality in city centers requires the fast spread of cars with state-of-the-art engines and exhaust-gas aftertreatment technologies. That will help to improve air quality.

Risks from litigation

For reasons of litigation tactics, Daimler AG does not state the amounts of provisions recognized for individual risks from legal proceedings. These lawsuits are ongoing and the publication of estimates by Daimler AG could adversely affect their results. This procedure serves to protect the company's assets and is thus to the benefit of the shareholders as well.

EU antitrust investigation

In line with its responsibilities, the Supervisory Board has dealt in detail with the questions that arose concerning any responsibility of members of the Board of Management, and has obtained expert opinions from independent legal experts. On the basis of the investigations commissioned and thorough discussions taking the company's best interests into account, the Supervisory Board has so far refrained from making any claims for compensation for damages from members of the Board of Management. The Supervisory Board will regularly review and discuss whether this decision is to be maintained.

Export of military vehicles

For Daimler, the export of products in a correct manner and in conformance with the law has always been a fundamental principle of responsible business. Daimler has comprehensively regulated the issue of export controls in a Group guideline in order to effectively counteract the risk of violating export-control law. We fundamentally adhere to the strict legal restrictions for supplying military goods. We also take into consideration the German federal government's assessment of the political situation in the respective countries. We only apply for export permits when we have positive advance information. In this context, we point out that the German government applies strict standards when deciding on export permits, and accordingly does not grant any export permits for supplying military vehicles to crisis areas or war zones.

Furthermore, we have introduced internal processes for government and government-related transactions that include our own critical review. In some cases, this results in doing without transactions that could actually be performed in conformance with the law, but contravene our corporate ethics. This procedure is also in accordance with the principles of the UN Global Compact.

Military vehicles are produced by Daimler, but they are not armed. Any armoring serves to protect the occupants and is therefore neither aggressive nor offensive.

As the world's biggest manufacturer of commercial vehicles, Daimler AG participates in various trade exhibitions every year. Depending on our customers' needs, we select a number of trade exhibitions at which we present our range of commercial vehicles. They include "Bauma" for the construction industry and the IAA Commercial Vehicles Show. We present our products to public-sector customers such as the police or military authorities at IDEX, for example. The vehicles shown there are based on civil models. Our product range also includes off-road vehicles with armored cabs, which protect the occupants. We do not offer any armed vehicles.

In total, Daimler's military business is so small that it is not shown separately in the Annual Report. However, we have the website www.mb-defence-vehicles.com. This Internet address is intended to inform interested parties about the product portfolio that Daimler AG offers this group of customers. We have separate websites also for other business units such as Vans and EvoBus.

Environmental pollution in South Sudan by the Formula 1 partner Petronas

We take very seriously the accusations of environmental pollution and violations of human rights that have been made against the companies and consortia in South Sudan in which Petronas is involved. Sustainability and integrity are integral components of our corporate culture. When selecting our direct business partners, we take care that they adhere to the law and follow our ethical principles.

The fact is that Daimler did not cause the situation in South Sudan and neither do we have any direct influence on changing it. However, since hearing these accusations, we have brought our influence to bear and have initiated a continuous dialog process with all parties involved. The goal of this dialog is to forcefully express the expectations we place in all involved parties regarding behavior compatible with sustainability and the improvement of drinking water in the region.

Petronas has assured us that it will hold direct discussions with the involved and responsible parties in the region, will cooperate in clarifying the causal relations and responsibilities, and will take any required steps to improve the situation in South Sudan. According to Petronas, this process has been enormously impeded and delayed by the situation of civil war in South Sudan and the resulting need to evacuate the site of the companies in which Petronas holds shareholdings. Whether and when the political situation in the region of civil war will allow a return to the site is not yet foreseeable.

Remuneration of the Board of Management

Daimler introduced ambitiously defined limits for the individual remuneration components and set a limit for total remuneration already in 2014. Details of Board of Management remuneration including the defined limits are provided in the Annual Report on pages 142 ff. Daimler AG will of course take full account of any future changes in the legal conditions affecting remuneration.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board of Daimler AG was last adjusted in 2014. Reasonable and appropriate remuneration makes a contribution in the competition for outstanding personalities for election as members of the Supervisory Board. Against the backdrop of constantly rising requirements placed on the monitoring activities of the Supervisory Board and with a view to supervisory board remuneration at comparable companies, remuneration of members of the Daimler Supervisory Board should be adjusted so that it continues to be competitive.

Connected with the adjustment is the introduction of a commitment to buy Daimler shares in the amount of 20% of the fixed gross remuneration before taxes excluding committee remuneration and meeting fees, provided that the Supervisory Board remuneration of members representing the employees is not passed on or offset. This is intended to make Supervisory Board remuneration more closely oriented towards the company's long-term development in the future.

Accusations of Mr. Unkrig

In recent years, our Business Practices Office has repeatedly examined the accusations of Mr. Unkrig and has failed to find any evidence of his allegations and accusations. The employment contract with Mr. Unkrig was terminated by mutual consent. We hope you will understand that we cannot make any further comments concerning this former employee.

Daimler AG is unaware of any BaFin investigation that corresponds to the description provided by Mr. Unkrig.

Stuttgart, March 2017
Daimler AG