



Mercedes-Benz

**Position of the management on the countermotions  
for the Annual General Meeting on 3 May 2023**

The Board of Management and the Supervisory Board stand by their proposed resolutions on the Agenda and comment on the countermotions as follows:

**Amendment of Art. 11 of the Articles of Incorporation to authorize the Board of Management to hold a virtual Annual General Meeting**

By virtue of the new Act on the Introduction of Virtual General Meetings, general meetings convened up to and including 31 August 2023 may be held as virtual general meetings if the Board of Management so decides with the consent of the Supervisory Board. The Board of Management and Supervisory Board of Mercedes-Benz Group AG made use of this option for the Annual General Meeting 2023.

The virtual General Meeting on the new legal basis is not comparable with a virtual General Meeting under the COVID-19 Act. On the contrary, the new legal basis transfers shareholders' rights from the physical General Meeting to the virtual world. The exercise of shareholders' rights is largely structured in the same way as in a face-to-face meeting. This is also stated in the explanatory memorandum to the Act. In particular, shareholders who have duly registered for the Annual General Meeting and who are connected to the meeting via the InvestorPortal may speak, exercise their right to information and propose motions as part of their speeches in the same way as at a face-to-face general meeting. The right to speak live via video communication opens up a communication forum comparable to that of a face-to-face general meeting.

The amendment to the Articles of Incorporation proposed under Agenda Item 11, i.e. to authorize the Board of Management to continue to hold general meetings virtually in the future, without the physical presence of shareholders or their proxies at the venue of the general meeting, does not exhaust the maximum term of the authorization of five years provided for by law. Rather, a resolution shall initially only be adopted for an authorization to hold virtual general meetings within a period of two years following entry of the amendment to the Articles of Incorporation.

For future general meetings, a separate decision shall always be made in the interests of the Company and its shareholders, taking into account the circumstances of the individual case, as to whether to make use of the authorization.

These decision-making criteria include, for example, the simplified exercise of shareholders' rights for all shareholders, sustainability considerations, external conditions such as challenges in terms of protecting the health of participants, and the ongoing digitalization of all areas of life.

If the Board of Management makes use of the authorization at its due discretion and decides to hold a general meeting virtually, it will take into account the experience gained from our and other virtual general meetings and ensure the shareholder rights from the physical general meeting shall be safeguarded in the same way as at a physical general meeting.

### Resolution on the creation of a new Approved Capital 2023

As the authorization period of the Approved Capital 2018 expired prior to the Annual General Meeting 2023, it is proposed to the Annual General Meeting in Agenda Item 10 to create a new Approved Capital 2023 with an unchanged volume of €1 billion in order to preserve the company's full range of options in future. This means that the permissible volume of 50% of the share capital existing at the time of the authorization is not exhausted.

The Conditional Capital 2020 in the amount of €0.5 billion serves the purpose of granting holders or creditors of convertible bonds and/or option bonds issued under the authorization granted by the Annual Shareholders' Meeting 2020, new registered shares if and to the extent they exercise their conversion or option right or satisfy corresponding conversion or option obligations. The exercise of conditional capital is generally more complex and time-consuming than the exercise of approved capital. The two instruments supplement one another. Neither is readily capable of replacing the other.

If Approved Capital 2023 is exercised, the new shares must in principle be offered to the shareholders for subscription. The authorization of the Board of Management, with the consent of the Supervisory Board, to exclude this subscription right is limited to the situations listed in the proposed resolution and in its amount. In addition to the statutory limit of 10% of the share capital for cash capital increases against an issue price not significantly below the stock market price, the proposed resolution provides for a further limit: the total number of shares issued against cash and/or non-cash contributions with the exclusion of shareholders' subscription rights may also not exceed 10% of the equity capital at the time when this authorization takes effect.

Compared to the Approved Capital 2018, the current proposed resolution does not contain any substantive changes regarding the determination of the issue price when using the Approved Capital against cash contributions with exclusion of subscription rights. Then as now, the issue price may not be significantly lower than the stock market price of the shares already listed. The proposed resolution for the Approved Capital 2023 only specifies the relevant point in time for determining the definitive stock exchange price at the time of the final determination of the issue price.

Neither is the current wording of the proposed resolution on the profit entitlement of new shares issued from the Approved Capital a "rather unorthodox" innovation. Approved Capital 2018 already authorized the Board of Management, with the consent of the Supervisory Board, to stipulate the other details of the implementation of capital increases out of the approved capital.

### Allocation of distributable profits

In line with a sustainable dividend policy, a distribution ratio of 40% of the net profit attributable to Mercedes-Benz Group shareholders is used as a baseline when the Mercedes-Benz Group sets the dividend. The free cash flow from the industrial business is also taken into consideration when setting the dividend. The Board of Management and Supervisory Board propose to distribute a dividend of €5.20 per no-par-value share entitled to a dividend for the financial year 2022, corresponding to a distribution ratio of just under 40%.

We consider both the distribution ratio and the absolute dividend amount to be appropriate.

### Luxury strategy and human rights

The Group meets its customers' expectations of locally emission-free mobility with forward-looking technologies and progressive luxury. We want to achieve an increase in unit sales of around five per cent per year from now until 2026. We are focusing on growth in segments that promise high and stable returns: Top-End Luxury and Core Luxury.

Studies show that luxury brands are more resilient against crises and quicker to recover from economic slowdowns. This is how we protect our Company and our jobs even in challenging times. We bear responsibility for more than 170,000 colleagues from 145 nations. This also applies to hundreds of thousands more people in indirect employment – for example at our suppliers and partners.

For the Mercedes-Benz Group, respect for human rights is a fundamental component of responsible corporate governance and a fixed part of our sustainable business strategy. We are committed to ensuring that human rights are respected and upheld in all of our Group companies and by our suppliers. We have formulated this in our Integrity Code, the Principles of Social Responsibility and Human Rights, and vis-à-vis suppliers in the Responsible Sourcing Standards.

With the Human Rights Respect System (HRRS), the Group has developed an approach to implementing human rights due diligence in order to live up to its claim. We monitor political developments very closely in the markets in which we are active. We want to promote the respect for human rights in our area of responsibility in accordance with our ability to exert influence.

That is why we take the report by Sheffield Hallam University in the UK very seriously. We ourselves are not directly active in the aforementioned region. However, we are in contact with our suppliers and are pressing for clarification of the allegations.

In general, we use a variety of measures and concepts for the sustainable management of our supply chain. This includes screening our suppliers, risk-based due diligence analyses and sustainability training. Through these measures, we support compliance with social standards and environmental requirements and achieve greater transparency in the supply chain.

The Supply Chain Act requires that risks and violations of human rights and environmental standards be adequately addressed. We are subject to a duty to use best endeavours here. Companies should not be obliged to guarantee that negative effects will be prevented or terminated in all circumstances. Rather, it is recognized that companies' ability to influence matters varies on a case-by-case basis. Companies are required to establish appropriate due diligence processes and to be able to demonstrate what we do.

### The Group's climate goals

In line with the requirements of the Paris climate agreement, the Mercedes-Benz Group has set itself ambitious targets to reduce its greenhouse gas emissions along the entire value chain. The targets are based, among other things, on the latest findings of climate research. In accordance with the requirements of the Science Based Targets initiative (SBTi), the Group has defined a specific CO<sub>2</sub> reduction path and determined the measures it intends to take to move forward along this path. The SBTi has confirmed that this plan conforms to the Paris Agreement on climate change. By joining this initiative, the Mercedes-Benz Group is underscoring its commitment to the Paris climate targets.

The Mercedes-Benz Group has set its own goals, which are consistent with this, in Ambition 2039. Accordingly, the Group aims to become net CO<sub>2</sub>-neutral across its entire new car fleet in less than 20 years. This ambition encompasses all stages of automotive value creation — from development and the extraction of raw materials to production, the vehicle use phase, and product recycling. In these efforts, the Mercedes-Benz Group also involves its partners and suppliers. Renewable sources of energy play an important role in achieving net CO<sub>2</sub>-neutrality: The Mercedes-Benz Group's manufacturing activities are already net CO<sub>2</sub>-neutral at its plants worldwide. Since 2022, all of Mercedes-Benz AG's own production plants worldwide have obtained electric power exclusively from renewable sources.

The Mercedes-Benz Group aims to cover more than 70% of the energy requirement of production — including, for example, natural gas and district heating in addition to electricity — with energy from renewable sources by 2030. Furthermore, the Group is striving to increase the amount of renewable energy generated at its own locations. By 2025, the Mercedes-Benz Group plans to invest hundreds of millions of euros in the installation of photovoltaic systems.

The Mercedes-Benz Group also plans to invest €1 billion in new power purchase agreements (PPAs) for wind power systems by 2025. In September 2022, the Group started to plan the installation of a wind farm at its test site in Papenburg. By 2025, several wind turbines are to be erected there, which, with an output of more than 100 MW, will cover more than 15% of the annual electricity requirements of Mercedes-Benz Group AG in Germany.

#### Concerning the Mercedes-Benz model policy and plug-in hybrid vehicles

We will continue to offer models that enable people to enter the world of Mercedes. However, we are reducing the variants and thus also the complexity in this segment: From seven compact models today, we are reducing the number to four.

What will change noticeably is the technology. Our future Entry Luxury models will be real drivers of innovation based on the new MMA platform. For example, we will launch the MB.OS operating system first in the Entry Luxury segment, where it will be introduced in 2024.

Although all newly introduced vehicle architectures will be purely electric from 2025, plug-in hybrids and low-emission internal combustion engines currently still play an essential role and remain indispensable as a transitional technology.

Plug-in hybrids are an important transitional technology on the road to an all-electric future. Mercedes-Benz Cars offers an efficient drive-system package for this purpose: since 2021, customers have been able to choose between more than 20 model variants. This combination of an electric drive system and a combustion engine enables locally emission-free driving. The drive system, which consists of an electric motor and a high-voltage battery, can achieve purely electric ranges sufficient for most daily trips. Ranges of over 70 km (WLTP-TML) are possible in the compact segment and, in some cases, of over 100 km (WLTP-TML) in the luxury segment. Mercedes-Benz offers this technology across its entire vehicle range — from the A-Class to the S-Class and from the GLA to the GLE.

#### Importance of job security

The Mercedes-Benz Group is aligning its sustainable business strategy to limit global warming: through the electrification of its product portfolio and the transformation of its production network.

With the strategic step from “electric first” to “electric only”, Mercedes-Benz is accelerating its transformation into an all-electric and software-driven future.

With our Ambition 2039 and the transformation of our company towards electric mobility, we are in the midst of the biggest transformation in our history. By the end of this decade, we will produce electric vehicles only — wherever market conditions allow. Our sustainable business strategy provides us with a clear direction in this regard. Associated with it is the digitalization of all areas of the Company.

These two topics will provide the Company with the foundation to still be successful 10 years from now. It is clear that some job profiles, for example in the Powertrain activities, will no longer exist. Mercedes-Benz is aware of its responsibility and, in cooperation with the social partners, will shape this personnel change in an economically successful and socially acceptable manner.

There are several ways to accomplish this. One of these is the natural employee turnover. And in certain Powertrain areas, we offer the option of a severance package, which is voluntary for both sides. In addition, some of our employees can change locations, such as from Untertürkheim to Sindelfingen, and continue to perform similar activities. This means, for example, that colleagues will no longer work in engine production, but in vehicle assembly.

Change requires security more than anything else. That’s why the Company signed an agreement that gives the employees at Mercedes-Benz Group AG, Mercedes-Benz AG and Mercedes-Benz Intellectual Property GmbH & Co. KG a job-security guarantee for the period until 2029. The agreement excludes the possibility of business-related layoffs until 31 December 2029. The most important thing for the future success of the Company and for the change in our workforce is the further training and qualification of our employees for the tasks of the future. In Germany alone, Mercedes-Benz will therefore invest a total of more than €1.3 billion in our Turn2Learn qualification offensive by 2030.

#### Donation for an aid campaign of Südwest-Rundfunk (SWR)

The donation to the charitable organization “Herzessache” was made as part of Mercedes-Benz’s corporate citizenship programme. It was professionally evaluated and approved by the relevant departments. An end-of-year donation should deliberately have a regional connection to the Company’s main location, following a number of larger cash donations during 2022 to international aid organizations in connection with the war in Ukraine. We have also donated to “Herzessache” in the past. There is no connection whatsoever between the interview and the donation. This has also been publicly confirmed by Südwestrundfunk (SWR), e.g. to the *Stuttgarter Zeitung* (article dated 6 February 2023).

The interview with Ola Källenius was arranged at the request of SWR back in September 2022 and aired on 20 December 2022. The plan to donate to “Herzessache” was not initiated until December and this was done exclusively by Mercedes-Benz employees.

Prior to the broadcast of the interview, there was no contact or communication between Mercedes-Benz employees and journalists of SWR with regard to the (planned) donation.

Stuttgart, April 2023

Mercedes-Benz Group AG