



Mercedes-Benz

Annual General Meeting 2024

Position of the management on the countermotions

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

Virtual Annual General Meeting

With a majority of 90.64%, the Annual General Meeting 2023 authorized the Board of Management to hold the Annual General Meeting as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies at the venue of the Annual General Meeting for a period of two years after entry of the corresponding amendment to the Articles of Incorporation in the Company's commercial register. The Board of Management made use of this option for the Annual General Meeting 2024. The German Stock Corporation Act does not require the Supervisory Board's approval for this.

The Board of Management made its decision in favour of the virtual format taking into account the circumstances of the individual case, in particular the interests of the Company and its shareholders and, especially, the protection of shareholder rights, sustainability and cost considerations, the Agenda of the Annual General Meeting 2024 and the experience of the virtual Annual General Meeting 2023.

Shareholders' rights are also fully safeguarded in a virtual format. Duly registered shareholders or their proxies are entitled to the same rights to speak, ask questions and submit motions as at the physical Annual General Meeting, without incurring the personal effort and expense of travel. This more efficient and simplified exercise of shareholder rights corresponds to the significantly lower personnel, resource and cost expenditure of the Company when holding a virtual rather than a physical event. In addition, both the shareholders and the Company contribute to sustainability when the event is held virtually. At the same time, our Annual General Meeting 2023 showed that a significantly higher proportion of the share capital participates in the vote in the new virtual format with real-time speaking, question and motion rights compared to the physical Annual General Meetings until 2019. In 2023, Mercedes-Benz Group AG did not experience any video or audio disruptions that would have prolonged the Annual General Meeting.

The virtual holding of the Annual General Meeting 2024 is intended to take these positive aspects into account and underline the Company's claim to also hold a major position in digitalization.

Dividend policy

In line with a sustainable dividend policy, a distribution ratio of approx. 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 will propose to the Annual General Meeting that €5.30 per dividend-bearing no-par-value share be distributed to shareholders from the Mercedes-Benz Group's distributable profits for the 2023 financial year. The Board of Management and Supervisory Board propose that the remaining distributable profits be allocated to retained earnings.

Diesel-related legal proceedings

Mercedes-Benz Group AG has already taken important steps towards legal certainty in connection with various diesel-related proceedings, including the decision by the US Department of Justice to discontinue the criminal proceedings against the Company, the civil settlements in the United States from 2020 and the conclusion of the administrative offense proceedings by the Stuttgart public prosecutor's office from 2019. Mercedes-Benz has fully cooperated with the responsible authorities and will continue to do so without restrictions in the future. Other ongoing official and legal proceedings are described in the risk report. Please also refer to the Report of the Supervisory Board in the Annual Report for 2023.

In March 2024, the Stuttgart Higher Regional Court largely upheld the model declaratory action (Musterfeststellungsklage) brought by the Federation of German Consumer Organizations (Verbraucherzentrale Bundesverband e. V.) due to allegedly unlawful defeat devices in specific vehicles. The ruling is not yet final. Mercedes-Benz has appealed against the decision to the German Federal Court of Justice. Mercedes-Benz continues to consider the action to be without merit and will continue to defend itself against it.

In a ruling in March 2023, the European Court of Justice (ECJ) affirmed in principle that, under certain conditions, a vehicle buyer may be entitled to compensation even if the manufacturer acted merely negligently. Intentional improper damage or manipulative defeat devices were not the subject of the proceedings. Rulings by the German Federal Court of Justice on the implementation of the ECJ ruling are currently being discussed in numerous hearings at the German regional and higher regional courts. The courts continue to dismiss the claims in many cases. With regard to a possible "differential damage", the courts generally take factors such as mileage and residual values into account, so that often no or only very little damage is incurred. The Company continues to monitor developments very closely.

Since 2018, the German Federal Motor Transport Authority (KBA) has issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and ordered mandatory recalls as well as, in some cases, stops of the first registration. In autumn 2022 and in December 2023, the KBA issued further decisions regarding vehicles equipped with various EU6 or EU5 diesel engines. In each of those cases, it held that certain calibrations of specified functionalities are to be qualified as impermissible defeat devices. Mercedes-Benz has a contrary legal opinion on this question. Mercedes-Benz has entered objections to the aforementioned orders and findings of the KBA in good time. Insofar as the KBA has not

upheld the objections, Mercedes-Benz has filed lawsuits with the competent administrative court to have the controversial questions at issue clarified in a court of law.

The KBA's hearing with regard to the engine control software of a Mercedes E-Class 350 Blue TEC with a EU6 diesel engine (OM642) addressed three different features, one of which can be considered to be a temperature-dependent control of exhaust gas recirculation, i.e. a "temperature window". This feature is taken into account in the above-mentioned order issued by the KBA in December 2023, against which the Company has filed an objection, as previously reported. A decision by the KBA with regard to the other two features is still pending. We continue to cooperate fully with the KBA.

The Company's communication on the subject of diesel emissions corresponded to its current state of knowledge at all times. As part of its administrative offense proceedings against the Company (concluded in 2019 with a fine notice), the Stuttgart public prosecutor's office did not identify any breach of duty above department head level.

Disclosure of CO₂ emission values

Before our customers make a purchase decision, we provide them with a range of tools directly on our website to let them obtain information on realistic range expectations, charging times and operating costs depending on the proportion of electric driving. In addition, the Mercedes Eco Coach app allows every driver of a plug-in hybrid electric vehicle (PHEV) to view their own consumption data directly in comparison with other drivers of the same vehicle type and provides tips on how to use the PHEV efficiently, as maximizing the efficiency potential of our PHEV technology is also very important to us.

The credits referred to are not simple purchases of pollution certificates, but rather an offsetting between vehicle manufacturers with credit surpluses and those with credit deficits, which is explicitly provided for by law. If the net result is neutral, the overall fleet requirements of the legislator are met. In this process, we must take into account the market-specific circumstances with regard to portfolio and customer preferences. This may require the use of flexible options such as the purchase of credits to bridge a delayed market ramp-up of all-electric vehicles. In the premium segment in particular, there are many customers who still want a conventional vehicle and are not yet very open to alternative drive systems. However, we are convinced that the further expansion of our electric portfolio will enable us to offer our vehicle customers highly attractive products in all markets and all segments.

Drive system strategy

We are continuing with the systematic implementation of our strategy and remain true to our course of systematically reducing CO₂ emissions. And we are creating the necessary conditions to become all-electric.

The automotive industry, and therefore we as well, are undergoing a process of transformation. The majority of our Company's transformation still lies ahead of us. The pace of transformation is determined by market conditions and our customers' requirements. We have noticed that customer demand for all-electric vehicles is developing steadily in very many markets, but at a slower pace than initially expected. Mercedes-Benz Cars expects that the electrified vehicle (xEV) share of new car sales will reach up to 50% in the second half of

the decade. The Company is working on converting its plants to meet demand and be ready for the turning point into an all-electric era. We expect our fast-charging network to support the ramp-up of electric mobility. We will expand battery production and open a battery recycling factory to close the loop.

Human rights due diligence obligations along the automotive value chain

The Supervisory Board also monitors and advises the Board of Management on sustainability issues, including human rights due diligence in the supply chain. At regular intervals, the Supervisory Board obtains reports from the Board of Management on significant developments in this area. The Supervisory Board has also fully complied with its duty of care in this respect.

Respect for human rights is a fundamental component of responsible corporate governance at the Mercedes-Benz Group and is embedded in the sustainable business strategy. Ensuring that human rights are respected and upheld in all of our Group companies and by our suppliers is both a commitment and a goal of Mercedes-Benz Group AG. This is formulated in the 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, Mercedes-Benz Group AG has developed an approach to implementing human rights due diligence in order to live up to its commitment.

Mercedes-Benz monitors political developments very closely in the markets where the Company is active. We require human rights to be respected in our area of responsibility in accordance with our ability to exert influence. We take such reports very seriously and investigate them. Mercedes-Benz has no direct business activities in the region mentioned. We are in contact with our suppliers and press for clarification in the event of allegations. Should the allegations raised prove to be valid and verifiable, we would take appropriate measures to ensure that we comply with our Responsible Sourcing Standards. In principle, however, we do not comment on individual supplier relationships.

Luxury electric cars and the Global South

Respect for human rights is a fundamental component of responsible corporate governance at the Mercedes-Benz Group and therefore a separate area of action in our sustainable business strategy. The goal is to manufacture products without violating human rights or environmental standards. We build products for discerning customers – and do so in outstanding quality. We also want to be a pioneer and role model in the area of sustainability.

With our actions, we want to set benchmarks for tomorrow's sustainable mobility and also fulfil this quality promise in the areas of sustainability and respect for human rights. With our Human Rights Respect System, we have developed a systematic approach to preventing human rights violations in our supply chains. Mercedes-Benz takes a risk-based approach and proactively analyses potentially critical raw materials. The perspective of the local population and the dialogue with them are an important focus of our work.

The Company has conducted an analysis in which it identified a total of 24 raw materials as potentially critical. Lithium is one of them. However, this does not mean that every potential

risk is an actual violation within the supply chain. The results of the raw material assessments are successively dealt with in the Mercedes-Benz Raw Material Report and backed up with appropriate measures, including for lithium.

Together with its battery cell suppliers, Mercedes-Benz is working to ensure that in future the lithium in its battery cells comes exclusively from mines that have been independently inspected to a high standard. To achieve this, Mercedes-Benz Procurement is making the industry-wide recognized Standard for Responsible Mining of the Initiative for Responsible Mining Assurance (IRMA) a key criterion for supplier selections and contracts.

Since 2022, Mercedes-Benz has been working with the auditing and consulting company RCS Global to create transparency across the entire lithium supply chains of its battery cells and has them audited across all stages using a risk-based approach in accordance with OECD due diligence guidelines. As early as 2021, several leading companies, including Mercedes-Benz, initiated a Responsible Lithium Partnership, which is committed to the responsible use of natural resources such as lithium in Chile's Salar de Atacama. Its aim is to promote a dialogue between local stakeholder groups that is based on scientific facts, reviews them and seeks solutions in a participatory process. In a joint action plan, the participants of this multi-stakeholder platform have agreed to protect the water resources of the catchment area and manage them more sustainably. This means that one of the most important goals of the project has been achieved.

Formula 1

Our Mercedes-AMG PETRONAS F1 team has set itself the goal of becoming the most sustainable professional sports team in the world and aims to achieve verified net zero for activities within the racing team by 2030, including a reduction in CO₂ emissions in all areas. Our Formula 1 programme is an investment in global marketing and technology development for Mercedes-Benz and Mercedes-AMG. It is our most valuable global marketing platform.
