

Speech of the Chairman of the Supervisory Board

Dr. Martin Brudermüller

at the Annual General Meeting of

Mercedes-Benz Group AG

Stuttgart, May 7, 2025

Check against delivery

Environment and underlying conditions

Esteemed shareholders,

Ladies and gentlemen,

The past financial year has not been easy for the automotive industry. It is undergoing a fundamental transformation on the journey towards electric mobility and digitalisation. At the same time, demand for combustion engines – especially in Europe and North America – remains high. The transition to zero-emissions driving is taking longer in these regions than most experts, and we ourselves, had predicted a few years ago. This makes parallel investments in both technologies necessary. And it complicates long-term planning.

Currently, political and economic forecasts are even more difficult. A glance at the daily news makes that clear. One issue that has been especially unpredictable recently is tariffs. Industry as a whole, and Germany as an exporter, have benefited greatly from free trade. It is already clear that new tariffs will continue to burden our business if they remain in place in this form.

Bureaucratic and regulatory requirements have also had, and continue to have, a major impact on long-term planning. One example is the EU's adopted ban on combustion engines from 2035. Will this remain in place – or is an adjustment to market realities emerging? Either way: it has direct consequences for product planning.

In addition, volatile markets, economic uncertainties and a lack of growth triggers are making it more difficult to achieve the ambitious transformation goals. Especially noticeable was consumer restraint in China, a market of particular importance to Mercedes-Benz.

Results and thanks

Ladies and Gentlemen,

Despite this wide range of truly significant challenges and uncertainties, Mercedes-Benz performed very well in the last financial year. Mercedes-Benz remains one of the world's leading providers of premium and luxury vehicles – also in the especially competitive Chinese market. Mercedes-Benz Cars sold around 1.98 million vehicles in 2024; together with the Vans division, this brings the company's total annual sales to approximately 2.39 million vehicles. While this represents a 3 percent decrease, the decline is significantly lower in percentage terms than that of comparable competitors.

With Group EBIT of 13.6 billion euros, earnings per share of 10.20 euros and free cash flow of 9.2 billion euros, we achieved solid financial results in the 2024 financial year. This was driven by our fantastic products, but also by a rock-solid financial position. Internally, we are placing even greater emphasis on strict cost discipline and efficiency measures.

The fact remains, however, that profitability and growth declined in 2024. But it is also a fact that the result achieved under these circumstances was an outstanding team performance.

On behalf of the entire Supervisory Board, I would therefore like to sincerely thank Ola Källenius, his management team, and the entire Mercedes-Benz workforce. You have done a truly excellent job in this difficult time and made the best of the situation. Chapeau!

I would also like to express my special thanks at this point to my deputy Ergun Lümali for his unwavering support. Our working relationship is characterised by openness and great mutual respect. This applies to the entire Supervisory Board. Our dialogue and discussions have been constructive, results-oriented and respectful. From day one, that made it easy for me to find my way into my new role as Chairman of the Supervisory Board.

The employer and employee sides have different roles, but one shared goal: we all want the best for Mercedes-Benz. We all know that only a successful economic future enables good and secure jobs. It is on this basis that we want to continue our work together. We are tackling the challenges with courage, determination and confidence.

Sustainable business strategy

A key challenge is our Ambition 2039 within the framework of our sustainable business strategy. Our ambitious goal is by then to make our fleet of new vehicles net carbon neutral along the entire value chain and over the vehicles' entire lifecycle. This is our contribution to social responsibility for the planet we live on. But it also has economic reasons. We are convinced that battery-electric drivetrain is more efficient and will become the leading technology worldwide in the long term. In the transition towards this, we want and need to be at the forefront.

I know that, especially in Germany, more persuasion is still needed. And that politics has not always provided the hoped-for support to ensure that the electric car is perceived as a forward-looking form of mobility. Trust is the most important currency here. This includes a strong political will to create and maintain reliable incentive systems.

In addition, the expansion of charging infrastructure must progress more quickly so that charging does not trigger anxiety and negatively influence purchasing decisions.

At Mercedes-Benz, we are doing our homework for a sustainable future. We are currently building our own Mercedes-Benz charging infrastructure in key markets. And, with the world premiere of the CLA in Rome in March, we presented the "one-litre car of the electric age". I was able to see for myself on the ground that this car will define a new era: With a range of 792 kilometres in the WLTP and the ability to recharge up to 325 kilometres in just 10 minutes.

The CLA is also state of the art in terms of digitalisation. For the first time, it features the groundbreaking operating system MB.OS. It sets new standards in infotainment and automated driving functions. It also offers the technical foundation for Level 2++, which means partially automated driving in urban environments. Ola will elaborate on this shortly.

Our homework also includes investments in our operations. As examples, I would like to mention the openings of the eCampus in Stuttgart and the battery recycling plant in Kuppenheim, Baden. As a chemist, I am especially pleased about the latter investment.

Kuppenheim is unique in Europe due to its innovative recycling process. It is a plant for the future, both ecologically and economically. Thanks to its mechanical-hydrometallurgical process, it enables high recovery rates of more than 96 percent of valuable metals such as lithium, nickel and cobalt. These metals are essential for producing new batteries for electric vehicles, thus creating an important recycling loop for electric mobility.

Fittingly, high-performance battery cells with “Mercedes-Benz DNA” are being developed at the new eCampus competence centre in Stuttgart-Untertürkheim. In the years ahead, they could reduce battery costs for future electric vehicles by more than 30 percent.

Overall, the company has defined six focus areas of sustainability that are essential for the company. In addition to decarbonisation, resource use & circularity, these also include human rights, traffic safety, digital trust and the people at Mercedes-Benz.

Mercedes-Benz engages in charitable work beyond its own business activities: our donations to the global support programme "beVisioneers" are entering their third year. The funds come from proceeds of the auction of the most valuable automobile in history, the SLR Uhlenhaut Coupé.

Through the provision of knowledge, coaching and scholarships, the programme supports thousands of young people from around the world in the development and implementation of sustainability projects. This year, 1,000 new environmental innovators will be admitted to the support programme.

Share buyback, dividends and outlook

Ladies and Gentlemen,

Your company should also operate sustainably – it should demonstrate sound finances and offer attractive returns that are of interest to long-term investors. We on the Supervisory Board and the Board of Management, are convinced that Mercedes-Benz continues to have great potential. That is why the company made the fundamental decision in February 2024 to adopt a share buyback programme. The future free cash flow from the industrial business – exceeding the dividend payout ratio of approximately 40 percent of the previous year's net income of Mercedes-Benz Group – is to be used to finance share buybacks. The goal is to cancel these shares. The share buyback programme reflects our confidence in the strength and long-term positive development of the company.

Against this background, the company – subject to the authorisation of today's Annual General Meeting – has resolved to once again buy back its own shares worth up to 5 billion euros over a period of up to 24 months. The timing of the share buyback is to be based on the market environment and depends on the expected free cash flow generation.

Ladies and Gentlemen, in line with a dividend policy attractive to long-term investors, the Board of Management and the Supervisory Board propose, dear shareholders, to distribute **a dividend of €4.30** per dividend-entitled share. We believe this to be especially attractive in the current environment.

Although the challenges in the current year remain considerable, Mercedes-Benz is well prepared. We have reduced costs in recent years. We are working more efficiently and continuously reducing complexity. In addition, we have decided to further reduce the costs and increase flexibility. This makes us leaner, stronger and more resilient against further dark clouds on the horizon. It also strengthens us in the competition with new, fast and, in some cases, aggressive rivals, particularly from China.

Greater efficiency gives us the opportunity to invest money where it will generate future returns and contribute to fulfilling our promise to our customers: to build the most desirable cars. I don't think I'm giving too much away when I say: you can look forward to a historic product offensive.

Changes to the Board of Management

Back to the work of the Supervisory Board, which also contributed to further developing the company in 2024. On the Supervisory Board, we have laid important groundwork – such as restructuring the Board of Management. This year, we are bidding farewell to three highly esteemed members of the Board who are retiring. We are referring here to Sabine Kohleisen, Member of the Board of Management responsible for Human Resources and Labour Director; Hubertus Troska, Member of the Board of Management responsible for Greater China; and Renata Jungo Brüngger, Member of the Board of Management responsible for Integrity, Governance & Sustainability.

As architect of the personnel transformation and deep digitalisation of the HR function, Sabine Kohleisen and her team laid the foundation for Mercedes-Benz to be one of Germany's most attractive employers. Under Hubertus Troska, revenue in China more than tripled, and the local production network and R&D were massively expanded. With exceptional cultural sensitivity and diplomatic skill, he was "our" ambassador in China.

Renata Jungo Brüngger restructured the governance approach and advanced the systematic integration of sustainability into the corporate strategy. Together with her team, she firmly established a highly effective and widely respected compliance system.

To even begin to do justice to all their achievements would go beyond the scope of this event. All three have shaped the company over many years with great dedication, unparalleled loyalty and outstanding professional expertise to an extraordinary degree. We owe them a great debt of gratitude. I also thank everyone for their personal flexibility, without which the handovers would not have been possible in this way.

With the appointment of the new board members Mathias Geisen (Marketing & Sales); Oliver Thöne (Greater China); and Olaf Schick (Integrity, Governance & Sustainability), we are rejuvenating the board and simultaneously sending a clear signal to the company and the capital market that we are continuing the transformation with determination. With Mathias Geisen and Oliver Thöne, we have been able to attract two highly experienced and professionally outstanding Mercedes managers.

In their roles, they have achieved exceptional results. We are confident they will be able to provide new added value for the company in the key areas of marketing & sales and China.

Olaf Schick is also a “Mercedes-grown” talent. We successfully brought him back to the company from Continental AG, effective October 1. He has broad-ranging experience, a perspective across the entire value chain, and in-depth understanding of our suppliers. That makes him the ideal successor for the Integrity, Governance & Sustainability function.

We have also secured Britta Seeger, whose contract was extended last year until December 2029, to succeed Sabine Kohleisen as Member of the Board of Management responsible for Human Resources and Labour Director from 1 May. Ms Seeger was responsible for key strategic decisions in global marketing & sales over the past eight years. We are confident that she will also make a valuable contribution in her new role and contribute to the company’s success – particularly in the important collaboration with employee representatives.

With this competent and committed team, we are positioning the company optimally for the future. We have no doubt that they are the right people for the task. We look forward to a successful working relationship.

Collaboration, mandates and remuneration

To set the right course as a Supervisory Board, you always need to stay close to the action. I am firmly convinced of this. Only those who broaden their own expertise and look beyond their horizons can get a true feel for the situation. This cannot be done from behind a desk alone. That is why, for example, we deliberately held the Supervisory Board's strategy days in China last autumn. We had the opportunity to see on the ground what "China Speed" really means. That's also why we test-drove vehicles from new competitors which pose challenges in terms of design, quality, technology and aggressive pricing.

It's important to repeatedly gain a first-hand impression. This includes, for me, product presentations – such as the recent unveiling of the CLA in Rome – test drives of new models, the opening of production facilities and discussions with analysts and shareholders. Staying close to the action means being directly involved and well-informed even in technical product matters, such as the operating system MB.OS. I am very grateful to the Board of Management led by Ola Källenius for making this possible. This allows us to be a competent and constructively critical advisor to the Board of Management. This is the approach we wish to continue in the future.

This approach also includes reliability and continuity on the part of the Supervisory Board: I am therefore very pleased that the five members whose mandates expire at the 2025 Annual General Meeting are prepared to continue contributing with great commitment and expertise.

We propose to the Annual General Meeting the re-election of Ben van Beurden, Liz Centoni, Timotheus Höttges and Olaf Koch for a four-year term, and Prof. Dr Helene Svahn for a one-year term.

On the employee representative side, Roman Romanowski and Dr Frank Weber stepped down from the Supervisory Board as of 31 May 2024. Their successors, Sebastian Fay and Pia Simon, assumed their roles on 1 June 2024.

On 31 December 2024, Roman Zitzelsberger also stepped down. His successor, Barbara Resch, was appointed with effect from 1 January 2025. We sincerely thank the outgoing members for their many years of dedication and warmly welcome the three new Supervisory Board members to our midst.

We would also like to present this year's Annual General Meeting with an updated executive remuneration system, which is set to take effect from 2026. Until now, the annual bonus – i.e. the short-term variable remuneration – was based on three categories of performance criteria: financial performance criteria, non-financial performance criteria and transformation targets.

The new system will be clearer, more demanding and more measurable – with a strong focus on ESG goals, that is, to say Environmental, Social and Governance.

The adjustments essentially involve merging the transformation and non-financial targets for the annual bonus. The non-financial targets are given greater weight. In the future, the achievement of non-financial targets will account for 30 percent, and financial targets 70 percent weighting. It will no longer be possible to offset low performance in one category with overperformance in another.

In the future, the share of our electric and hybrid vehicles as a proportion of total sales will be accounted for among the criteria for non-financial targets. The same applies to occupational safety.

Climate protection and air quality – such as CO₂ emissions – are, in turn, included as part of the ESG performance criteria relevant to the long-term variable remuneration of the Board of Management, namely the Performance Phantom Share Plan.

During my time as CEO of BASF, decarbonisation was a matter close to my heart – and still is at Mercedes-Benz. I am convinced that the proposed changes to the remuneration system increase the incentive for the Board of Management to act even more sustainably.

Legal matters

Ladies and Gentlemen,

I would now like to address two legal matters that have been occupying our company for some time. The Supervisory Board's investigation, conducted over several years, into a possible liability of current and former board members in the "diesel emissions" matter has been concluded. The investigation found that there are no claims against board members. This outcome is in line with the findings of authorities and courts.

Antitrust matters also remain an important issue for the Supervisory Board. In the concluded proceedings of the EU Commission and the South Korean antitrust authority, the company was not fined due to its cooperation with the authorities.

Likewise, investigations by the European Commission and the UK Competition and Markets Authority (CMA) into end-of-life vehicle disposal led to no fines being imposed on the company. In each case, the company cooperated early and comprehensively with the authorities. The Supervisory Board has fully complied with its duties of oversight under stock corporation law. This was reaffirmed as recently as February 2025 through a supplementary report by Professor Dr Mathias Habersack.

Closing remarks

Esteemed shareholders,

I began by addressing the many changes and challenges that concern and affect us – not only at Mercedes-Benz. But there was also a positive constant to celebrate in the past financial year: 75 years of the Basic Law and 75 years of the Federal Republic of Germany. The values and principles of this Basic Law have shaped and made Germany successful for decades. Why is this important to me? Because we are seeing that these values cannot be taken for granted – they must be lived every day. With words and with actions.

Together with numerous other companies, Mercedes-Benz initiated the campaign “We Stand for Values” and actively advocates for human rights, openness to the world and tolerance. And, together with the works council, we have been supporting the “Respect” initiative for many years. Let us be clear: intolerance, racism and exclusion have no place at Mercedes-Benz. Only together are we strong – and we will remain so!

Ladies and Gentlemen,

Mercedes-Benz has everything it needs for a successful future: innovative technologies and products, financial strength and a focus on a profitable, sustainable and resilient business model – driven by a team that wants to win. That is why we look to the future with determination and confidence, roll up our sleeves and turn opportunities into successes.

I thank you for your trust, esteemed shareholders, and I thank the Supervisory Board and the Board of Management for a good and successful working relationship.

Thank you very much.