



Mercedes-Benz South Africa Limited

King IV™ Report 2025

Mercedes-Benz



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Our Governance



Integrity Code



Directorate



Annual Financial
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Mercedes-Benz 2025

Mercedes-Benz South Africa Ltd Overview

Mercedes-Benz Group is a multinational corporation, with Mercedes-Benz South Africa Ltd (the “Company”) as an indirectly wholly - owned subsidiary. The Company’s headquarters in South Africa is located in Pretoria, and it has a manufacturing plant in East London, in the province of the Eastern Cape. This plant has been producing and assembling vehicles in South Africa for 65 years.

Mercedes-Benz passenger cars and vans are all marketed and financed by the Company and its subsidiaries, with its main place of business in Pretoria. In East London, state-of-the-art Mercedes-Benz passenger cars of the highest possible quality (C-Class) are produced for both the domestic and international markets in both left- and right-hand drive configurations.

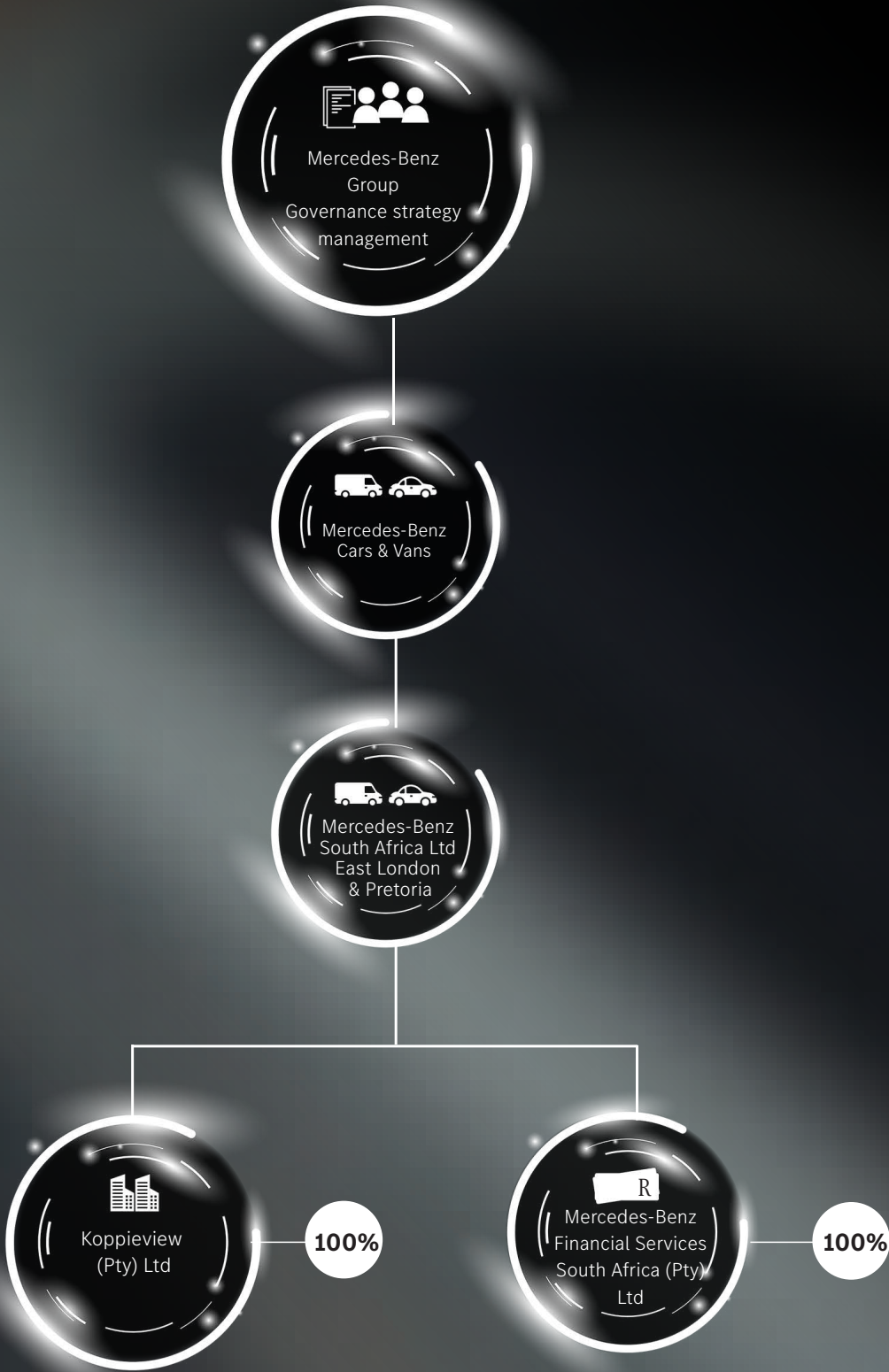
The mission of the company is to make a difference in the world through sustainable practices. This is what the Company lives for and aspires to achieve in its operations on the local level. The Company is able to translate the global imperative for sustainability by its (ultimate) parent company, Mercedes-Benz Group AG, into making an impact that is both real and long-lasting on the transformation of South Africa.

The Company is driven toward striking a balance between economic and social issues, because its culture is predicated

on the value of integrity. The Company has a history of being a good corporate citizen, and it has a vested interest in the stability and growth of the economy of South Africa. These factors combine to make the Company uniquely qualified to find this balance.

Notes are issued by the Company as part of a Domestic Medium Term Note Programme in order for the Company to raise funds locally in the country for its operations. These notes are listed as debt on the Johannesburg Stock Exchange. The Company's parent company, Mercedes-Benz Group AG, offers an unconditional and irrevocable guarantee on each and every note that is issued through the programme. The Company has released its consolidated financial statements, which is available on the corporate website of the Company.

Governance Structure 2025



View from the Board

by Mr Wilfried Porth



Dear Valued Stakeholders of Mercedes-Benz South Africa,

The performance of Mercedes-Benz South Africa in 2024 was reflective of its local and international operating environment. Globally, the year was characterised by ongoing geopolitical tensions, subdued economic activity in our leading export markets, particularly in Europe and China, political uncertainty as many countries were on the cusp of changes to their political administrations, supply chain disruptions, and inflationary pressures.

Locally, new vehicle sales performance remained under pressure in 2024, with sales below pre-pandemic levels. The sentiment at the start of the year was reflective of the expected turbulence from an election year, continued power supply disruptions, slow economic growth and constrained household incomes which affected spending on luxury items.

I am pleased that the second half of 2024 was indicative of the positive uptick in sentiment emanating from the smooth General Elections and resultant formation of the Government of National Unity, demonstrative of the maturation of the political landscape since the dawn of a democratic dispensation in 1994. In addition, the prolonged streak of uninterrupted power supply provided positive business sentiment, necessary to boost economic activity and investment into the economy. Despite the upswing in positive sentiment, this did not materialise in the improvement in new vehicle sales volumes as a tough economic climate persisted and more affordable brands continued to gain market share.

Notwithstanding the global and local economic headwinds that faced the company, Mercedes-Benz South Africa's management team managed to deliver solid results across the manufacturing, marketing and sales operations. The sales & marketing team laid the groundwork with its Mission: TakeOff strategy to improve the market position both in relative and absolute terms amidst a demanding macroeconomic environment. The key focus in 2025 will be on creating 'Mercedes Moments' for our customers through unique service offerings, compelling new products and a stringent focus on exceptional customer care together with our retail partners.

Delivering on these focus areas will support profitable volume growth and secure a more competitive positioning in the market. In the manufacturing operations, the cost discipline, restructure of the operational model and aggressive focus on quality put us in good stead to withstand future headwinds and continue to delight our customers.

Sustainability

Sustainability forms an integral part of our business operations. As a multinational corporation operating in South Africa, we are acutely aware of the role we play through our ecological, social and governance impact.

As a subsidiary of MBAG, we remain committed to advancing "Ambition 2039", wherein the Mercedes-Benz group is striving for net carbon-neutral new fleet across all stages of the value chain and the entire product life cycle. We are progressing with many of the intents of Ambition 2039 in our manufacturing plant in East London, with a focus on waste management, water conservation and continuing with the production of hybrid C-Class vehicles in right- and left-hand drive for export to international markets.

Notwithstanding the slowdown in global electric vehicle consumption, MBSA will continue to offer our elective vehicle offerings locally as awareness of electric mobility gains traction. In the year under review, we witnessed a positive uptick in demand for electric vehicles, supported by a solid electric vehicle product offering across the Top-End, Core and Entry segments and investment in electric charging stations across key national roads.

The representation of our interests is evidenced through our stakeholder engagements with representatives of government, policymakers, third party organisations and civil society. In these engagements, we ensure that the interests of MBSA are considered, prioritised and followed through to advance the sustainable business goals and the responsible transformation of the business and automotive sector.

Board Composition

During the 2024 financial year, the Board continuously addressed and met the standards of good corporate governance. The majority members of the board were reappointed in the 2024 financial year, providing consistency to the composition of the Board and oversight of the strategic direction of MBSA Ltd.

Furthermore, it has been a year since the appointment of Dr Phumzile Mlambo-Ngcuka as the member of the Mercedes-Benz Social and Ethics Committee. Under her stewardship, MBSA Ltd continues to make strides towards meeting our transformation objectives and fulfilling its corporate citizenship agenda, which are both critical mandates to secure our licence to operate.

Acknowledgements & Appreciation

As the Board of MBSA, we are grateful for your continued support during 2024. Our gratitude extends to our employees, suppliers, communities, and all stakeholders across the value chain.

I wish to also express my thanks to all our employees and the senior management teams of MBSA, across our Manufacturing, Marketing and Sales operations, for their commitment and dedication to our values and corporate purpose throughout 2024.

Outlook

South Africa’s long-term growth is highly dependent on improving capacity in energy, freight rail and ports, and on continuing to reduce structural barriers to economic activity. Structural improvements will invariably advance the competitive advantage of our manufacturing operations, coupled with supportive policies that make South Africa’s automotive industry attractive for the next phase of automotive transformation and transition.

The economic pressures noted above, compel MBSA to secure the long-term success of our company. We are confident that Next Level Performance programme (NLP) mandated by MBAG, will land us in good stead as we proactively work on ways

to be resilient and financially robust in a turbulent global economy. The NLP is a comprehensive programme for all business areas across MBAG operations, with the aim of making our company even more resilient and sustainably successful for the future.

Conclusion

As the custodian of Mercedes-Benz South Africa’s strategic aims, vision and values, the Board is satisfied that it has fulfilled its responsibilities beyond the requirements of the King Code of Corporate Governance for South Africa 2016; section 94 of the Companies Act; International Financial Reporting Standards and other applicable statutory and regulatory requirements for the financial period ended December 2024

Mr Wilfried Porth

Chairperson, MBSA Board of Directors

View from CEO

by Mr Andreas Brand

Introduction

I am pleased that we managed to deliver solid results in a very challenging environment, owing to a range of outstanding products, strict cost discipline and a focus on sustainability and our people.

As we reflect on 2024, Mercedes-Benz South Africa (MBSA) stands as a testament to the strength that comes from perseverance. Mercedes-Benz South Africa's management team delivered solid results across Manufacturing, Marketing, Sales and Aftersales operations. 2024 tested us in many ways, yet it has also shaped us, proving that resilience is not just about weathering storms but emerging stronger from them. Through every challenge and triumph, we have forged ahead with determination, innovation, and unity. I take immense pride in what we have accomplished together and the unwavering spirit that propels us forward.

East London Manufacturing Plant

The Mercedes-Benz East London plant is focused on the production of the C-Class, exporting the vehicle to over 90 markets globally. The Plant is currently one of three international Mercedes-Benz AG plants manufacturing the C-Class. The vehicles are exported from East London to all the continents in the world in right- and left-hand drive, indicating the importance of the Plant to the global supply of Mercedes Benz AG's best-selling sedan.

We are quite proud of the contribution of our award-winning manufacturing facility, located in the southern tip of Africa. During the year, MBSA successfully maintained its position as a strong partner within the Mercedes-

of all Mercedes-Benz C-Classes worldwide. To achieve our production targets at our East London Plant amidst a tough year in the manufacturing industry, we remained flexible and focused on our key performance indicators. Our agility ensured that we progressed steadily to meet the targets we set for our outstanding manufacturing operations. We set an aggressive target for ourselves to reclaim our award-winning status by instituting a strategy to increase our ranking in the coveted JD Power Awards. We did this through a strict focus on quality, believing that it is the foundation of success for a manufacturing plant, influencing every aspect of our operations, from production efficiency to customer satisfaction and brand reputation.

With regards to the JD Power Awards, the plant did exceptionally well, and our C-Class was ranked 6th overall, and we achieved 2nd best place in Mercedes-Benz globally. This clearly demonstrates our commitment to achieving superior results, upholding exceptional quality, and reinforcing our position as the world's most desirable automotive brand.

To ensure the company's future competitiveness in an increasingly uncertain world, MBSA had to take decisive action of making the company leaner, faster and stronger. To this end, MBSA embarked on a S189(A) process, due to operational requirements, that changed the operating model of the manufacturing plant resulting in a move from three-shift to two-shifts. Throughout the process, we were able to find mutually beneficial solutions to continue to deliver on our targets and still conclude the process without a single forced retrenchment. This transition, although tough for all employees, suppliers and other

stakeholders of the East London community, was smooth and attested to our years of commitment in ensuring stable labour relations at our manufacturing operations.

Customer and market requirements are constantly changing. Mercedes-Benz strives to ensure that all its production sites remain globally competitive, are on an optimal operating point and adapted to new requirements whenever necessary.

Mercedes-Benz Cars

Mercedes-Benz Cars is proud to present an exceptional brand portfolio, with a strong vehicle offensive in 2024. This was highlighted by the successful launches of the GLC Coupé, the facelifted GLE, and the GLS. Additionally, we introduced the remarkable Mercedes-AMG C63 S_E PERFORMANCE to the market. This was followed by the debut of the CLE Coupé and Cabriolet, as well as the highly anticipated new E-Class, which has already garnered multiple awards and is a finalist in the 2025 South African Car of the Year competition.

At Mercedes-Benz, we are committed to fostering long-lasting relationships with our customers. In 2024, we focused on enhancing customer loyalty by offering unique and personalized experiences, starting from the point of sale and extending throughout a seamless and premium ownership journey.

However, it is important to acknowledge the challenges facing the MBSA portfolio. The performance of Mercedes-Benz Cars was impacted by several factors, including a price-sensitive consumer market that continues to trend toward more affordable options, the emergence

of new competitors in the passenger car market, and broader economic pressures such as high inflation, rising interest rates, and increasing fuel costs.

Mercedes-Benz Cars continues to prioritise strategic thinking and data-driven decision-making. Through the implementation of targeted media interactions, focused events, and other marketing initiatives, we aim not only to attract more customers into our channels but also to create memorable 'Mercedes Moments' that resonate with our audience.

We want the journey that customers embark on with Mercedes-Benz to be a long one and to this end, 2024 saw us intensifying our customer loyalty and providing unique customer experienced from the point of sale through to delivering a consistent and premium ownership journey.

Mercedes-Benz Vans

Mercedes-Benz Vans continued to offer a quality and comprehensive van portfolio, to specifically meet the different needs of private and commercial customers. The models offered in the commercial segment comprise the large van Sprinter, the mid-size Vito and in the private segment, the V-Class, the most luxurious van available in the South African market.

The goal of Mercedes-Benz Vans is to deliver innovative, sustainable and customer-focused solutions that enhance mobility and drive growth in both the commercial and private van sectors. 2024 was no exception to this, as MBSA Vans continued to exceed expectations through strict cost discipline, an unwavering focus on profitability in all segments of operation, new product offerings and innovative customer service offerings.

Noteworthy in 2024 was the launch of the Mercedes-Benz

eSprinter, the first electric van bearing the Mercedes-Benz star in South Africa, along with the new Vito and the eagerly awaited new V-Class.

The economic landscape in South Africa presented significant hurdles, including fluctuating exchange rates, rising inflation, and low consumer confidence and cautiousness due to pivotal government elections and uncertain economic conditions. Additionally, the MBSA Vans team faced internal leadership changes, which required a concerted effort to maintain cohesion and direction. Despite these obstacles, our team demonstrated resilience and unity, ensuring that we continued to deliver exceptional results and uphold our commitment to innovation and customer satisfaction.

In 2025, we eagerly anticipate the launch of our new Vito Select model - the second-ever van to be introduced via our passenger car network. 2025 will see us targeting different segments with our conversions including the education segment, emergency medical services, tourism sector, the taxi industry, aerial surveillance, and more.

With all these products and initiatives in place, we have ambitious goals to achieve high sales volumes in 2025. We aim to increase our market share across segments, reaching our full potential as leaders within the van segment.

Sustainability

Sustainability is a fundamental principle and a firm component of the Mercedes-Benz Cars business strategy — a principle that characterises all our business activities. During 2024, we continued to give extra attention to the organisation's sustainability efforts in line with Mercedes-Benz AG's Ambition

2039 targets. It is our intention realise the Ambition 2039 targets through a focus on renewable energy.

Globally, Mercedes-Benz plans to cover more than 70 percent of the energy demand in production with renewable energies. Our investment of R100 million into the second phase of the Photovoltaic (PV) solar energy project accelerated our carbon-neutral manufacturing ambitions and are pleased that Phase 2 of the PV project has reached completion. This means that around 15 000 MWh pa of our plants' annual consumption MWh (megawatt hour) will be removed from the national grid and used to relieve pressure off of Buffalo City Municipality's grid.

This installation of solar panels offers a cost-effective energy solution and renewable energy source. The investment affirms the Company's commitment to environmental sustainability (CO² Neutral) in the effort to ensure that we safeguard the environment for generations to come.

Our water supply remains stable to support with operations. We are however, focused on putting greater measures put in place to improve our water usage.

People

The people of Mercedes-Benz are our engines of growth. They drive not only the strategy of Mercedes-Benz, but the automotive industry too through their participation in the local economy resultant multiplier effect of their employment. It is therefore a key focus of ours to offer the best human resource offerings to our employees. To this end, we are incredibly proud of our Top Employer status. The year 2024 marked MBSA's recognition as a Top Employer yet again, achieving an impressive ninth place in the coveted Top

Top Employer underscores our commitment to excellence and our dedication to fostering a positive and dynamic workplace.

Outlook

From a production standpoint, our ambition remains steadfast. We are committed to building the most desirable vehicles, designed for the global market. Our objective is to deliver exceptional value to our customers while maintaining a competitive edge in the industry, through the variety of cars we manufacture from East London or sell across Mercedes-Benz Cars and Vans. We will continue to operate with the mindset of a luxury brand, focusing on driving profitable growth and expanding our customer base through a diverse and premium product offering.

We fully recognise that achieving these strategic goals will unfold within an unprecedented global landscape. Geopolitical tensions and risks persist, while factors such as monetary policies, trade dynamics, and broader economic conditions will continue to impact MBSA. In the face of these challenges, our focus must remain firm on controlling what we can while driving revenue growth, reducing costs, improving our industrial footprint, and enhancing supply chain resilience.

In the upcoming financial year, MBSA will remain aggressive with our product portfolio, emphasizing performance across all operations. Our focus on cost control, efficiency, and sustainability will be key to navigating the volatility and challenges of the current business environment and staying competitive.

Mr Andreas Brand
Chief Executive Officer and Executive Director

Application of King IVTM

Mercedes-Benz South Africa Ltd (“MBSA”) acknowledges that governance and compliance are necessary components for the efficient, moral, and environmentally responsible operation of any business or organization. It is recognised to be a system of practices, principles, and norms that control the behaviour in our organization to ensure that it operates in the best interest of all of MBSA's stakeholders.

In South Africa, King IV offers MBSA a framework of principles on corporate governance, risk management, and sustainable practices. It guides us in fostering leadership that is both ethical and effective, and it assists MBSA to develop and maintain good governance and accountability.

MBSA encourages ethical behaviour, which is absolutely necessary for gaining the trust of various stakeholders, such as consumers, suppliers and employees. In doing business in an ethical manner, MBSA ensures that it operates within the bounds established by law and morality, thereby mitigating the risk of reputational harm and financial losses.

With the application of King IV, MBSA is building the confidence of stakeholders with a strong emphasis on openness in decision-making processes and responsibility for actions taken. The effective management of risks in this context is essential for avoiding a variety of undesirable outcomes, including monetary losses, damage to reputation, and others.

MBSA has enhanced its governance, and continues to do so, through the #wearewhatwedo campaign, which has the objective of reinforcing good governance even further in MBSA. At MBSA we aim to live integrity in all aspects of our business. For the #wearewhatwedo campaign aim to live with integrity, the objective is to instill the principles that governance is taking the high road, through the ups and downs of an ever-changing world. That it is always doing the right thing, and ensuring that we have a sense of ownership, belonging, respect and responsibility in everything we do.

The Board has taken note of the new King V report being published for comment. MBSA is committed, as with the King IV report, to commit fully to the proposed principles.

In conclusion, MBSA, in the King IV principle summary report (‘the Report’), MBSA provides a holistic overview of its compliance with the King IV. MBSA subscribes to the King IV report and the application of the 16 principles contained therein for the purpose of good outcomes-based corporate governance against a challenging economic and external environment experienced by all businesses.

Dr. D. Peterson

General Counsel and Company Secretary



The Committees of the Boards

The Committees of the Board have been established to assist the Board in discharging its responsibilities. The Committees of the Board comprise of the Audit Committee, the Social and Ethics Committee and the Executive Management Committee, collectively referred to as the “Committees”. The Committees are appropriately constituted and members are appointed by the Board, with the exception of the Audit Committee whose members are nominated by the Board, but appointed by the Shareholder.

External advisers, executive Directors and members of management attend Committee meetings by invitation. The Board is satisfied that each of the Committees have fulfilled their responsibilities in accordance with the applicable terms of reference, workplans and charters of the Committees.

Non-Executive Directors



Arno Van Der Merwe
Non-Executive Director



Florian Seidler
Non-Executive Director

Executive Directors & Executive Committee



Andreas Brand
Group CEO & Executive Director Manufacturing



Claudius Steinhoff
Co-CEO & Executive Director Mercedes-Benz Cars



Taryn Woodbridge
Chief Financial Officer & Executive Director



Abey Kgotle
Executive Director Human Resources & Corporate Affairs



Natasha Jardim
Managing Executive & Head of Sales Mercedes-Benz Vans



Davendran Naidoo
CEO MBFS SA



Dr Denis Peterson
General Counsel and Company Secretary

Independent Non-Executive Directors



Wilfried Porth
Chairperson of the Board



Dr. Phumzile Mlambo-Ngcuka
Independent Director



Sindi Zilwa
Independent Director



Nonthuthuko Mbhele
Independent Director



Fikile Dlodlu
Independent Director

- Audit Com Members
- Social and Ethics Members
- Board Member

Directors' Report



The Directors have pleasure in submitting their report on the separate financial statements of Mercedes-Benz South Africa Limited for the year ended 31 December 2024.

1. Nature of business

MBSA, a South African incorporated company, holds a manufacturing and distribution agreement from MBAG for the importation, assembly and distribution of Mercedes-Benz, Mercedes-AMG, Mercedes Benz AG ("MBAG") and Mercedes-Maybach product ranges. Mercedes-Benz Financial Services ("MBFS"), as subsidiary of MBSA, provides financing and insurance solutions for MBAG products.

A simplified group organogram has been provided, additional information on the company's operating entities is available on request.

The company's business can be best described as follows:

1.1 Wholesale and retail vehicle and aftersales operations

These operations market and sell vehicles, value-added products and spare parts in the product portfolio, primarily through the authorised agents and dealer network.

1.2 Manufacturing and component exports operations

These operations, located in East London, manufacture Mercedes-Benz C-Class sedans for both local and selected international markets. In addition, this facility also produces components for export to the international market.

1.3 Other operations

MBSA provides the following administrative services to its subsidiaries:

- Expat cost recoveries
- Service level agreements
- IT recoveries

The Mercedes-Benz IT hub, which is located in East London, South Africa, provides IT related services to MBAG and its subsidiaries.

2. Financial results for year under review

Full details of the financial position, results of operations and cash flows of the company are set out in the financial statements.

3. Corporate governance

The Board is satisfied that there is an appropriate mix of knowledge, skills, experience, diversity and independence.

Dr D Peterson is the Company Secretary of Mercedes-Benz South Africa Limited. The Board is satisfied with the competence, qualifications and experience of the Company Secretary. The Board has access to the Company Secretary and such arrangements are effective.

Mr D van der Bank is appointed as the Debt Officer.

The Board has a policy in place for the management of conflict of interests, which is the Integrity Code of the company. This Integrity Code is available on the website of the company. Board members submit, at least annually, their respective declarations concerning personal interests and is required at each meeting to indicate whether a conflict of interest may arise with a matter to be discussed. The Board can confirm that there are no material and enduring personal conflicts of interest noted from any member.



4. Going concern

The separate financial statements for the year ended 31 December 2024 have been prepared on a going concern basis, which assumes that the company will be able to meet its obligations for the foreseeable future and for at least 12 months from the date of this report. The company recognized a net profit after tax of R 2 691 million (2023: R 4 374 million) for the year ended 31 December 2024 and, at that date, has a capital ratio of 44.75% (2023: 40.68%).

Management believes that the company will be able to meet all its obligations for the next 12 months from the date of this report. Management further believes that proceeds received during 2025 will be sufficient to meet the repayment requirements. Management has performed forecasts and based on these forecasts the expectation is that the entity will continue to be profitable for the 2025 financial year. The company will therefore be solvent and liquid for at least 12 months from the date of this report.

Management has the full support of the holding company, MBAG, for its operations. This is reviewed annually and additional support is provided, if requested. To this extent, MBGAG issued a guarantee with regards to the notes issued under the DMTN programme.

5. Events after the reporting period

At the date of finalization of the financial statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognized in the financial statements.



Directors’ Report

Directors’ 2024		
Directors	Designation	Changes
Mr A Brand**	Executive (Chief Executive Officer)	
Ms T Woodbridge	Executive (Chief Financial Officer)	
Mr AM Kgotle	Executive	
Mr M Raine	Executive (Co-chief Executive Officer)	Resigned 31 August 2024
Mr C Steinhoff	Executive (Co-chief Executive Officer)	Appointed 1 September 2024
Mr A van der Merwe	Non-executive	
Mrs S Sardien	Non-executive	Resigned 30 April 2025
Mr F Seidler	Non-executive	Appointed 1 May 2025
Mr W Porth	Chairperson of the Board Non-executive Independent	
Ms S Zilwa***	Non-executive Independent	
Ms FT Dlodlu***	Non-executive Independent	
Ms N Mbhele*	Non-executive Independent	
Dr P Mlambo-Ngcuka**	Non-executive Independent	Appointed 1 February 2024
*	Member of the audit committee.	
**	Member of the social and ethics committee.	
***	Member of audit committee and social and ethics committee.	
Active Directors curriculum vitae’s are published on the website of Mercedes-Benz South Africa Limited.		

Attendance Register				
	Executive Committee 2024	Audit Committee 2024	Social and Ethics Committee 2024	Board 2024
Number of meetings for the period	5	3	2	2
A. Brand	4/5	N/A	N/A	2/2
M. Raine	3/5	N/A	1/2	1/2
C. Steinhoff	1/5	N/A	1/2	1/2
T. Woodbridge	5/5	3/3	2/2	2/2
A. Kgotle	5/5	N/A	2/2	2/2
P. Mlambo-Ngucka	N/A	N/A	2/2	2/2
F. De Buck	N/A	3/3	2/2	2/2
N. Mbhele	N/A	3/3	2/2	2/2
S. Zilwa	N/A	3/3	2/2	2/2
W. Porth	N/A	1/3*	N/A	2/2
A. van der Merwe	N/A	N/A	N/A	2/2
S. Sardien	N/A	N/A	N/A	2/2
*Not a member, attended as a guest.				

The Audit Committee

The Company is required by section 94 of the Companies Act 71 of 2008 (“Companies Act”) to have an Audit Committee. Hence, the Company has established the Audit Committee, a statutory committee, to carry out the responsibilities outlined in the Companies Act in accordance with King IV. The Audit Committee plays a crucial role in ensuring that the Company adheres to sound governance, accounting, and auditing standards. The Audit Committee has monitored the implementation of the proper controls, risk management procedures, accounting policies, accounting adjustments, and assurances offered by the combined assurance arrangements relevant to the Company. The Audit Committee closely monitors the prevailing market and its subsequent influence on business operations. This ensures that good governance remains at the forefront of the Company’s decision-making processes.

The Audit Committee discharged its accountability responsibilities through the governance framework, workplans, and charters applicable to it, to ensure that assets are safeguarded, that the Company operates with adequate systems and controls, and the Annual Financial Statements of the Company are prepared in accordance with generally accepted accounting principles, as required by the Companies Act and the International Financial Reporting Standards. The current members of the Audit Committee are Fikile Tebogo De Buck (Chair), Sindi Zilwa, and Nonthuthuko Mbhele.

Mrs Fikile De Buck

Chairperson



Audit Committee Report

This report is provided by the audit committee appointed in respect of the 2024 financial year of Mercedes-Benz South Africa Limited.

The audit committee was nominated by the Board of Directors and appointed by the Shareholder.

The audit committee met three times in the financial year ended 31 December 2024. The external auditor attended these meetings as an invitee and presented the formal reports, as required by the audit committee. All three members of the audit committee are independent, non-executive Directors, with permanent guests from the internal finance and control functions. The audit committee complied with all of its responsibilities as set out in the Companies Act, King IV and the governing charter of the audit committee.

The audit committee has complied with all of the aforementioned responsibilities for the financial year ended 31 December 2024. The audit committee, as per its mandate, provided, among others, independent oversight on the effectiveness of the company's assurance functions and services with particular focus on external assurance service providers, internal audit and controls and the finance function in general.





1. Internal controls

The audit committee is satisfied with the design and implementation of internal controls, as supported and confirmed by the management of MBSA. The design, implementation and execution of internal controls are monitored in order to ensure that any weaknesses are addressed to mitigate material loss, fraud or errors. The audit committee considered the reports from the information technology department which could have an impact on the control environment at MBSA. It is satisfied that management action plans are in place in relation to information technology controls.

The audit committee considered the reports from the MBAG corporate internal audit function and is satisfied with management action plans in response thereto. The audit committee is satisfied with the effectiveness of the internal audit arrangements in place.

2. External auditor

In accordance with group rotation requirements, 2023 was the final year with KPMG as the independent external auditors.

The audit committee considered and assessed in 2024 the suitability of PWC Inc. and Mr P Vermeulen, as per the requirements of the JSE, with regard to their appointment in terms of the Audit Committee Charter and the Companies Act. The audit committee is satisfied that the appointment of the external auditor, Mr P Vermeulen, complies with the legislative and regulatory requirements and the audit committee is satisfied with his independence. Adequate policies and controls are in place to address the provision of non-audit services by the external auditor to ensure compliance with legislation and other corporate governance guidelines or regulations. The audit committee considered the audit quality controls based on the Independent Regulatory Board for Auditors reports as well as the relevant JSE requirements.

Non-audit services were reviewed, as approved in the non-audit services catalogue of MBAG, and did not become significant to call into question the independence of the external auditor or the firm, PWC Inc.

The audit committee, in consultation with executive management, agreed to the terms of the engagement. The audit committee approved and reviewed the fees proposed by the external auditor, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope. It further, on an ongoing basis, reviewed the scope, independence and impartiality of the external auditor. PWC Inc. has been the independent auditors of MBSA for the first year.

There were no reportable irregularities identified or reported by the external auditors or the audit committee.

3. Compliance with legal and regulatory requirements

The audit committee is satisfied that, to the best of its knowledge, all regulatory and legislative requirements with regard to its function, duties and obligations has been complied with.

4. Key audit matters

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors. The audit committee noted and considered the key audit matters set out in the report of the independent auditor included in the annual financial statements. The audit committee is satisfied with the appropriateness of the key audit matters reported on by the independent auditor.

5. Separate Financial Statements

The audit committee is satisfied that, to the best of its knowledge, the

financial statements for the financial year ended 31 December 2024

fairly reflect the financial position and results of the company.

The pro-active monitoring, which was completed by the JSE was considered. The result of such monitoring was presented to the audit committee, which satisfied itself that the findings and focus areas were adequately addressed in the separate financial statements for the year ended 31 December 2024 and that all of the debt listing requirements were complied with.

6. Accounting practices

The audit committee is satisfied that the financial statements have been prepared in accordance with relevant accounting practices, the MBSA accounting policies, and are fully compliant with IFRS Accounting Standards.

The audit committee is satisfied that the company has appropriate financial reporting procedures and that these procedures are operating and being monitored.

7. Effectiveness of finance function

The audit committee is satisfied with the qualifications, effectiveness and performance of the chief financial officer and the finance function.

Chairperson of the Social and Ethics Committee

The Social and Ethics Committee (SEC) is a statutory committee of the Board, established in accordance with Section 72(4) and Regulation 43(2) of the Companies Act. The SEC plays a vital role in advising, recommending, and overseeing social and ethical matters that significantly impact Mercedes-Benz South Africa Limited and its stakeholders.

Recognising that the company is an integral part of the broader society and communities in which it operates, the SEC is committed to fostering responsible and sustainable business practices. In today's interconnected world, long-term success depends not only on financial performance but also on a steadfast commitment to sustainability, environmental stewardship, transformation, employment equity, health and safety, legal and regulatory compliance, corporate social responsibility, and ethical governance. These priorities are clearly outlined in the SEC's Work Plans and Charters.

While the SEC operates independently, it remains accountable to the Board and is dedicated to advancing socio-economic development, corporate citizenship, sustainability, and Broad-Based Black Economic Empowerment (BBBEE). The committee is currently chaired by Dr. Phumzile Mlambo-Ngcuka, with Ms. Fikile De Buck and Ms. Sindi Zilwa as its esteemed members.

Overview of purpose and mandate of the Social Ethics Committee

At a time when South Africa continues to grapple with several economic, social and political challenges, the role of businesses as agents of development and transformation becomes more important. The year in review demonstrated that the economic outlook remained precarious due to adverse global influences but also provided positive signs of encouraging improvement with political and economic shifts.

The purpose of the Social and Ethics Committee (SEC), therefore, is to ensure that MBSA operates with a strong commitment to social responsibility and ethical governance, driving sustainable practices across all aspects of its business. The SEC oversees and advises on matters related to socio-economic development, corporate citizenship, sustainability, transformation, and legal compliance, among others.

Its mandate is to safeguard the company's reputation and long-term success by fostering positive relationships with stakeholders, promoting responsible business practices, and ensuring alignment with the broader societal values in which the company operates.

Guided by the principle of good corporate citizenship, the SEC is committed to driving a sustainable business strategy that creates lasting value for all stakeholders—including stakeholders, investors, employees, customers, communities, and business partners.



Sustainability as a strategic driver of our business

The Mercedes-Benz Group aims to create value that is sustainable - economically, environmentally and socially. This is one of the core principles of the Group. It applies not only to the Group's own products and production sites but also to its entire upstream and downstream value chain. The Mercedes-Benz Group translates this approach into its sustainable business strategy and thus firmly embeds its sustainability issues into its daily business. Among other things, the goal is to fulfil the demands and expectations of the stakeholders - i.e. customers, investors, employees, business partners, non-profit organizations (NPOs) and society.

Transformation

In 2024, Mercedes-Benz South Africa (MBSA) proudly maintained its Level 2 Broad-Based Black Economic Empowerment (B-BBEE) contributor status, once again demonstrating the company's unwavering commitment to transformation.

Our investment in transformation is significant, with substantial funds directed towards organisations such as the Automotive Industry Transformation Fund (AITF). Additionally, we continue to strengthen key pillars like Skills Development, Enterprise and Supplier Development, and Socio-Economic Development.

Recognising the transformative power of youth in driving socio-economic growth, Mercedes-Benz South Africa remains a dedicated partner of the Youth Employment Service (YES) initiative. YES is focused on fostering inclusive growth by providing young South Africans with access to markets, funding, capacity development, and work opportunities. Since our first participation in 2019, 694 youth participated in the programme, further contributing to the positive impact on our communities.

Corporate Social Responsibility

Our commitment to building communities goes beyond just manufacturing cars; it's at the heart of our corporate social responsibility (CSR) efforts in South Africa. We believe that true success comes from operating responsibly and making a lasting, sustainable impact on the communities where we live and work. By forging strong partnerships and leveraging expertise, we aim to foster social cohesion and drive positive change, particularly in Gauteng and the Eastern Cape.

In 2024, we supported 26 projects across our five CSR pillars: Education, Youth Development, Community Upliftment, Women Empowerment, and Disaster Relief, investing over R26 million across South Africa. Through collaboration with governments, academia, and businesses, we promote sustainable practices that align with our goals, with our Group strategy leading efforts to integrate regulatory factors into our long-term sustainability approach.

To strengthen our CSR programme, MBSA continues to run a robust Employee Volunteering Programme (EVP), designed to encourage active participation in our initiatives. A shining example of this is our involvement in the Rally2Read initiative, which empowers communities through the transformative power of literacy. Additionally, we partnered with the Kolisi Foundation on their Power2You packs, aimed at equipping vulnerable women with the resources to take charge of their futures.

These EVP initiatives go far beyond compliance. They resonate with our employees, giving them a deeper awareness of the communities in which we operate and a meaningful sense of purpose in contributing to positive change.

Conclusion

In everything we do, Mercedes-Benz South Africa is committed to creating value that extends far beyond the products we manufacture. Our efforts in corporate social responsibility, transformation, and sustainability reflect our dedication to building a brighter, more inclusive future for the communities we serve. Through strategic partnerships, investment in key areas like education, youth development, and women's empowerment, and a focus on fostering social cohesion, we are ensuring that our business success is shared with those around us. As we continue to drive positive change, we remain steadfast in our belief that true growth is measured not only by the strength of our company but by the impact we have on the world and the people in it. Together, we are building a sustainable future—one that benefits all.

Dr. Phumzile Mlambo-Ngcuka

The Executive Committee of the Board

The Executive Management Committee (“the EMC”) is a committee of the Board. The EMC is responsible for directing, coordinating, and regulating the Company’s business activities within the framework of the established goals outlined in the Excom Charter, Board resolutions, Shareholder resolutions, governing authorities, and within Mercedes-Benz Group. The members of the EMC performed the business activities of the Company and the Group independently in accordance with their respective divisional duties. The Companies Act, the Company’s Memorandum of Incorporation, and any other law or regulatory requirement which applies to the Company, as well as the Board Charter, define the role, function, and authority of the EMC, its members, and their relationship vis-à-vis other organs of the Company.

[Current members of the Executive Management Committee:](#)

Mr Andreas Brand

CEO and Executive Director:
Manufacturing

Mr Claudius Steinhoff

Executive Director:
Mercedes-Benz Cars & Co-CEO

Ms Taryn Woodbridge

CFO and Executive Director:
Finance and Controlling

Mr Abey Kgotle

Executive Director:
Human Resources

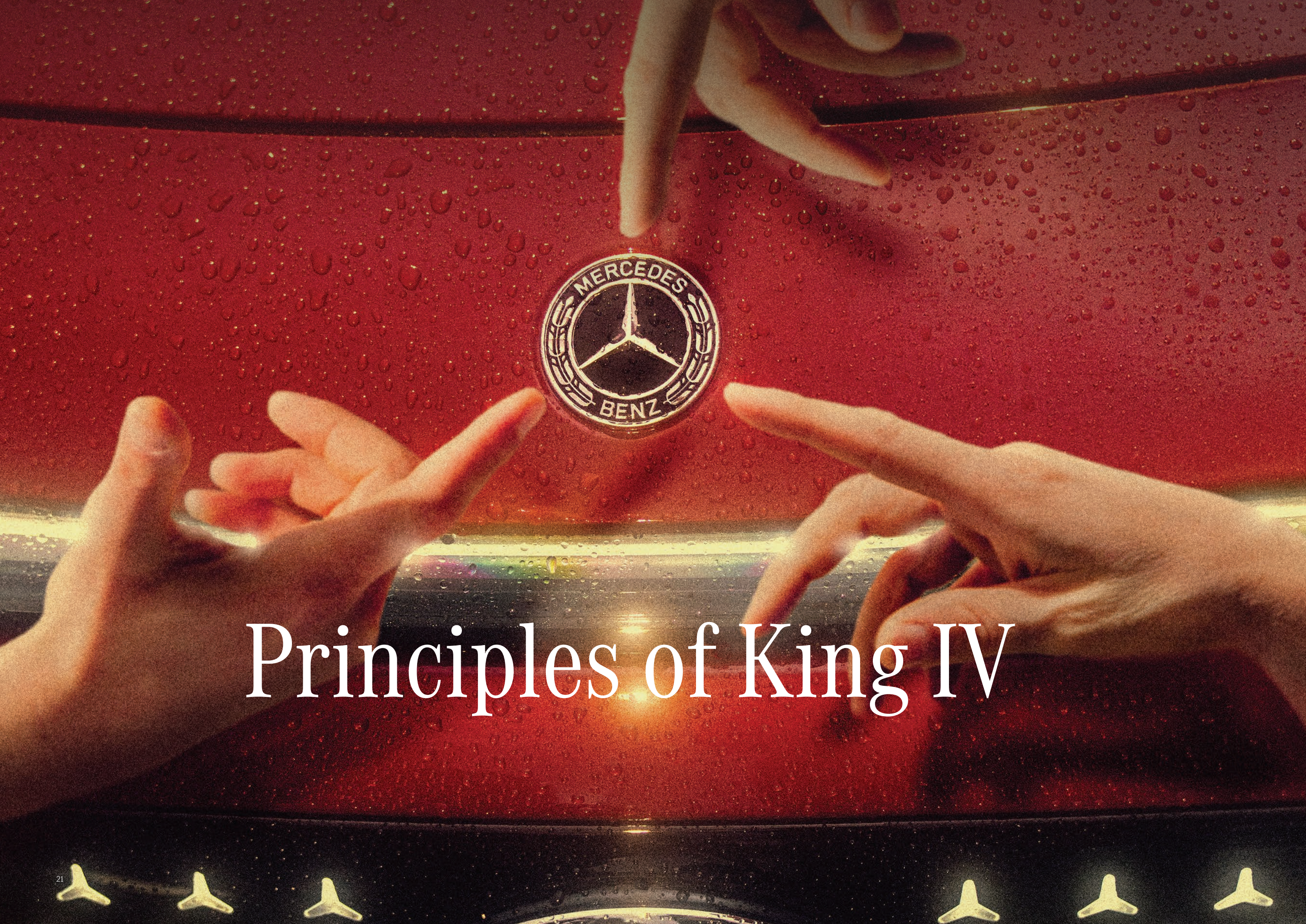
Ms Natasha Jardin

Managing Executive & Head of Sales
Mercedes-Benz Vans

Mr Davendran Naidoo

CEO Mercedes-Benz
Financial Services South Africa



A close-up photograph of a red car's hood, covered in water droplets. The Mercedes-Benz logo is centered on the hood. Three hands are visible, with fingers pointing towards the logo. The text "Principles of King IV" is overlaid in white serif font.

Principles of King IV

Principle 1

Principle 2

Principles 3 & 4





Principle 1

The governing body should lead ethically and effectively.

In accordance with the first principle of King IV, which mandates that the governing body should lead ethically and effectively, Mercedes-Benz has implemented robust governance structures and processes to ensure that our leadership acts with integrity, responsibility, and in alignment with the highest ethical standards. Our Board of Directors is committed to fostering a culture of ethical behavior and decision-making that extends throughout the organization.

Our governance framework is designed to support the Board in leading ethically and effectively. This includes policies that outlines our ethical commitments and standards, regular ethical training for our employees and leadership, and clear policies and procedures to prevent, identify, and address ethical breaches. We also have in place a transparent mechanism for stakeholders to report concerns, ensuring accountability and fostering trust.

The Board actively oversees the implementation of these practices, evaluating its effectiveness and ethical leadership through regular reviews and assessments. This continuous improvement approach ensures that our governance not only meets but exceeds the expectations set forth by King IV, demonstrating our commitment to ethical leadership and effective governance.

Principle 1

Principle 2

Principle 3

Principle 4



Principle 2

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Mercedes-Benz has taken substantial steps to embed ethical governance into the core of our operations. Our governance structures and processes are meticulously designed to ensure that ethics are at the forefront of our decision-making and strategic objectives.

The Board oversees the implementation of programs that includes defining and communicating our ethical values, conducting regular ethics training, and monitoring compliance with ethical standards. We have established a robust ethics reporting mechanism, encouraging transparency and accountability throughout the organization.

Our commitment to fostering an ethical culture is further demonstrated by the active role the Board plays in setting the tone at the top, ensuring that our ethical standards are not only communicated but also lived by everyone within MBAG. This approach reinforces our dedication to ethical leadership and supports the creation of a strong, ethical culture that aligns with the expectations of our stakeholders and the broader community



Principle 1

Principle 2

Principles 3 & 4

Principles 5 & 6

Principles 7 & 8

Principle 3

The governing body should ensure that the organisation is, and is seen, to be a responsible corporate citizen.

Mercedes-Benz, a stalwart of innovation and excellence in the automotive industry, has long recognized its role as a responsible corporate citizen, embedding ethical and sustainable practices at the core of its operations. With a strategic vision that harmonizes economic success with environmental stewardship and social responsibility, Mercedes-Benz is dedicated to advancing South Africa's economic and social development, alongside its global commitments.

The governance structure, underpinned by the King IV report principles, ensures that Mercedes-Benz operates not only with financial acumen but with a profound sense of responsibility towards all stakeholders, including employees, customers, communities, and the environment. The company's initiatives across skills development, enterprise and supplier development, preferential procurement, and corporate social responsibility (CSR) reflect a deep

commitment to sustainable growth and social equity.

Significantly, the Mercedes-Benz South Africa Learning Academy epitomizes the company's investment in addressing the critical skills gap in the automotive industry, thereby contributing to job creation and economic resilience. Furthermore, the company's adherence to sustainable practices is evident in its approach to environmental stewardship, with a focus on reducing emissions, enhancing energy efficiency, and promoting renewable energy sources across its operations.

Corporate governance at Mercedes-Benz is a testament to its commitment to integrity, accountability, and transparency. The company's governance framework ensures rigorous oversight of its social and environmental impact, aligning with the King IV report's emphasis on ethical leadership and sustainable development. Through continuous engagement

with stakeholders and investment in community development, Mercedes-Benz not only fulfills its corporate citizenship obligations but sets a benchmark for responsible business conduct in the global automotive industry.

In conclusion, Mercedes-Benz approach to responsible corporate citizenship, guided by the principles of the King IV report, demonstrates an unwavering commitment to sustainability, social responsibility, and ethical business practices. The company's efforts to integrate these principles into every facet of its operations underscore its role as a leader in driving positive change, both within South Africa and on a global scale.

Principle 4

The governing body should appreciate that the organization's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

At Mercedes-Benz, the Board's stewardship extends beyond traditional governance, recognizing the intricate weave of the company's core purpose, strategy, and sustainable development as fundamental components of its value creation process. This holistic view is anchored in the understanding that risks, opportunities, and sustainable development are not merely parallel tracks but are deeply interwoven with the company's strategic objectives and operational frameworks.

The governance framework, inspired by the King IV report's Principle 4, ensures that every facet of the company's strategy and business model is aligned with its long-term sustainability goals. By appreciating the synergy between different forms of capital—financial, manufactured, human, intellectual, natural, social, and relational—the Board and its Committees foster an environment

where strategic decisions are made with a comprehensive view of their impact on sustainable value creation.

The Board's commitment to transparency and accountability is demonstrated through rigorous reporting mechanisms and adherence to South African legislation and international best practices. This includes a biannual review process where committees report on progress, challenges, and opportunities in relation to the company's strategic direction, ensuring that all stakeholders are engaged in a meaningful dialogue about the company's performance and sustainability initiatives.

Mercedes-Benz's approach to governance and sustainability reflects a deep understanding of the interconnectedness of its business operations with the broader societal and environmental context. By prioritizing integrated thinking and strategic alignment, the company not only

upholds its commitment to responsible governance but also positions itself as a leader in sustainable development within the global automotive industry.

Principles

Principle 3

Principle 4

5 & 6

Principle 7

Principle 8



Principle 5

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.

Mercedes-Benz, adhering to Principle 5 of the King IV report, has enhanced its stakeholder engagement strategy by ensuring comprehensive, transparent reporting. The Board, supported by the Audit Committee, maintains the integrity of disclosures, including Annual Financial Statements and regulatory reports. Utilizing a combined assurance model, the company affirms the accuracy of both financial and non-financial information, aiding stakeholders in evaluating the company's performance across various time horizons.

The commitment to transparency surpasses legal obligations, embracing voluntary disclosures on its website and via the Johannesburg Stock Exchange's SENS for the Domestic Medium Term Note Programme and these disclosures undergo rigorous review for utmost precision and relevance.

Recognizing the public as a pivotal stakeholder, Mercedes-Benz leverages diverse media platforms to share information about its commercial endeavors. The Executive Management Committee ensures that communications are both strategic and consistent, further solidifying the company's pledge to keep stakeholders well-informed with clear, exhaustive, and prompt information. This expanded approach not only aligns with King IV principles but also exemplifies Mercedes-Benz's leadership in corporate transparency and stakeholder communication.

Principle 6

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The governance and leadership approach adopted by Mercedes-Benz South Africa is both detailed and methodical, foundational to enhancing its overall operational performance and strengthening its governance frameworks. At the heart of this methodology is the Board Charter, a detailed guide that outlines the roles and responsibilities of the Board.

It is crucial to understand that the Board Charter acts within a larger contextual framework that includes the governance structures of Mercedes-Benz Group AG, as well as applicable laws and regulatory requirements. In scenarios where discrepancies arise, these broader guidelines take precedence over the Charter.

The Board assumes the pivotal role of overseeing the company's strategic direction, operational efficacy, and financial health, embodying the ultimate accountability. This encompasses a commitment to the internal corporate governance standards and those set forth by Mercedes-Benz Group AG. The Board's mission is to elevate the company to the pinnacle of corporate governance, ensuring alignment with both national laws and international norms.

The Board holds the authority to make operational decisions that do not require the endorsement of Shareholders. With Mercedes-Benz AG as the sole Shareholder, the Board exercises this authority

with a deep sense of responsibility, always prioritizing the best interests of Mercedes-Benz South Africa and considering the wider stakeholder community.

Acknowledging the decentralized operational model, Mercedes-Benz South Africa operates with subsidiary companies each having their own Board of Directors. These subsidiary boards, along with their committees, are instrumental in the uniform implementation of governance standards across the group, promoting independence and equitable decision-making authority across the subsidiaries.

In summary, the Board's commitment to a rigorously defined operational framework underpins its dedication to maintaining the highest governance standards internally and in alignment with Mercedes-Benz Group AG's overarching policies. Through strategic guidance and ethical decision-making, the Board aims to lead the company towards enduring success, ensuring the safeguarding of its integrity and reputation.

Principles 3 & 4

Principles 5 & 6

7 & 8

Principles 9 & 10

Principle 11

Principles



Principle 7

The governing body should comprise the appropriate balance of knowledge, skills experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Board comprises a diverse array of individuals, fostering a broader spectrum of perspectives and impartiality in its deliberations and determinations. Mercedes-Benz Group AG assumes oversight and management of Board member succession, implementing a global rotation strategy as deemed appropriate, aligning with the recommended nine-year tenure guideline set forth by King IV. Typically, independent non-executive Directors serve for a span of four to eight years before undergoing replacement.

A pivotal commitment of the Board is to advance racial and gender diversity within its ranks and executive members. Consequently, appointments to the Board and other echelons of corporate management prioritize racial and gender inclusivity.

Each Board member possesses requisite expertise and acumen to discharge their responsibilities effectively. Furthermore, the Board has affirmed its possession of the necessary expertise, diverse perspectives, and autonomy to execute its duties as delineated in the Board Charter.

Principle 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The Board of Directors at Mercedes-Benz South Africa Limited is committed to establishing robust accountability and responsibility across all levels of the organization. To support the Board in fulfilling its obligations, a variety of committees have been instituted. Notably, the Audit Committee members are proposed by the Board and appointed by the Shareholder, ensuring a balance of power and independence in their judgements. The remaining committees are duly constituted with members appointed directly by the Board, fostering a governance climate that adheres to the highest standards.

Meetings of these committees are convened as necessary, adhering to their respective charters. This includes inviting external advisors, executive Directors, and management team members to ensure comprehensive oversight of business operations. Each subsidiary within the company's structure operates under its governance standards, overseen by the Board through its Social and Ethics Committee and Audit Committee, thereby reinforcing governance across the group.

Charters and work plans meticulously outline the duties and responsibilities of each committee and the Board, ensuring clarity in delegation and authority. This structured approach, including representation on the Executive Management Committee, allows for a holistic oversight of the company and its subsidiaries, facilitating synergy and governance compliance.

Principles 5 & 6

Principles 7 & 8

Principles 9 & 10

Principle 11

Principle 12

Principle 9

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The Board is well aware of the obligation it has to evaluate, not only its own performance, but also that of its subcommittees, Chairperson, and Company Secretary. If the Board decides to do so during a meeting that is properly constituted as a Board meeting, then these reviews may be carried out with the assistance of outside experts and advisors. There is a provision in the Board Charter that makes it the Chairperson's obligation to guarantee that performance evaluations of the Board, the Board Committees, the Audit Committee, and the Directors are carried out.

The Board actively engages in ongoing self-assessment to ensure excellence and effectiveness in its roles and responsibilities. It operates under the conviction that it maintains high performance, dedicated to meeting the highest standards in executing its duties, thereby contributing significantly to the organization's success and governance integrity. This continuous evaluation fosters an environment of self-improvement and accountability, ensuring the Board's operations align with the best interests of the stakeholders and the company's strategic objectives.

Mercedes-Benz Group AG is the entity that is responsible for carrying out the performance evaluations of the Executive Directors of Mercedes-Benz. These evaluations are carried out in accordance with group performance management and remuneration incentive programs as well as Mercedes-Benz Group AG's regulations.

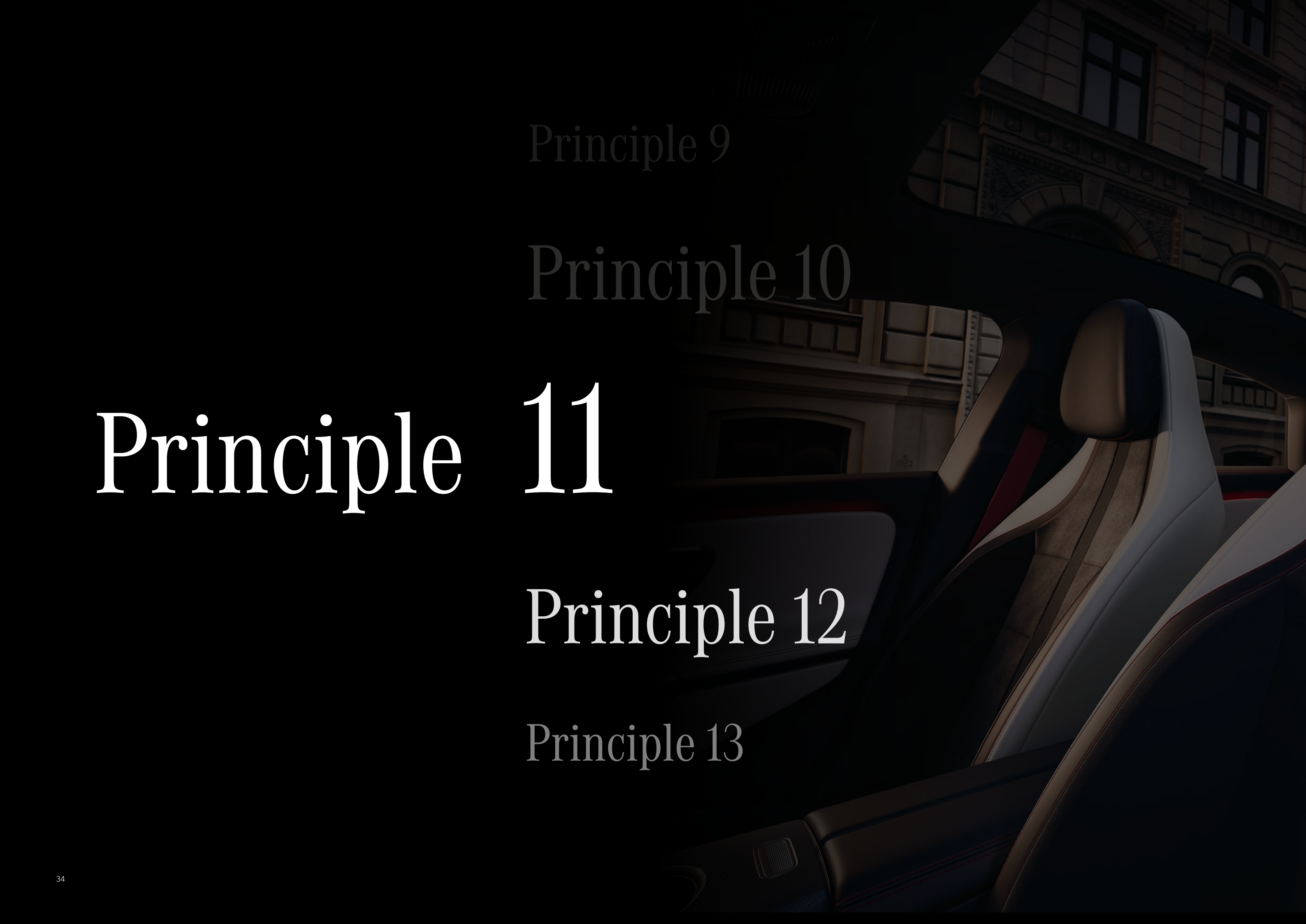
Principle 10

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The Board's strategic appointment of executive management members promotes clear delineation of roles and effective delegation within the organization. This deliberate structure, defined in the Board and Committee charters, ensures each member's responsibilities and the extent of their authority are explicitly stated, fostering a robust governance framework.

The Company Secretary plays a pivotal role in supporting the Board, guided by the Companies Act, ensuring the Board's directives and responsibilities are executed efficiently. This comprehensive approach underscores the Board's commitment to governance excellence, ensuring a coherent and effective management structure that supports the organization's objectives and operational success.



The background of the slide is a dark, low-key photograph. The lower half shows the interior of a car, specifically the front seats which are upholstered in a light-colored leather with dark stitching. The upper half shows the exterior of a classical building with multiple windows and architectural details. The overall lighting is dim, creating a sophisticated and modern aesthetic.

Principle 9

Principle 10

Principle 11

Principle 12

Principle 13

Principle 11

The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

In accordance with the terms of the Audit Committee Charter, the Board has delegated to the Audit Committee the responsibility of monitoring and assessing the effectiveness of risk management.

The overarching goal of the Audit Committee is to ascertain whether or not Mercedes-Benz South Africa's network of risk management, internal control, and governance processes, which were designed and are represented by management, is adequate and operating in such a way as to guarantee that risks are appropriately identified and managed and that operations run efficiently.

Risk management is an essential component of any company's operations in today's modern, interdependent society. Since 1998, the Boards of Management of all companies that are listed on a German stock exchange, such as the company's (ultimate) parent company Mercedes-Benz Group AG, have been required to implement a system for the early identification of risks in compliance with the legislation. This requirement has been, and is, in place.

Because of this, an Opportunity Management System has been incorporated into the Risk Management System that the company uses and into which it reports. Mercedes-Benz South Africa has, what is known as, an internal control system, which is defined as the comprehensive collection of all regulations that serve the purpose of the business (such as policies, process descriptions, procedural instructions, working instructions, and so on). This system is responsible for ensuring that the business processes operate in the appropriate manner.

Risk management is a standardized, ongoing, and methodical process that is carried

out across the entire group. Its primary objectives are to defend the existence of the company and to ensure that corporate goals are met, while also raising awareness of potential risks. The possibility for certain developments, events, or actions to occur is what we mean when we talk about risks. These are the potential hazards that could stop the business or one of its units from accomplishing their goals or putting their strategies into action. Opportunities are possible developments, events, or actions that will enable the company or one of its units to accomplish or exceed its targets. Opportunities can arise in any industry and can take many forms. Consequently, opportunity management is the process of early identification of potential opportunities within the context of business operations and the use of appropriate procedures to make the most of such opportunities in the most effective manner feasible.

As a direct result of this, the processes of risk management and opportunity management are tightly intertwined inside planning activities. Through the various business divisions, risks and opportunities are reported, and then those reports are brought up to the relevant subcommittees of the Board. An exhaustive review of the Mercedes-Benz Risk and Opportunity Management System is carried out once every twelve months. The Mercedes-Benz Group AG's risk management rules serve as the basis for establishing the framework within which risk reporting thresholds are placed. Real risk exposures are monitored and reported against these thresholds on a regular basis, and mitigating steps are implemented whenever thresholds are found to have been breached.

Throughout the time period under consideration, there were no hazards that were unexpected, uncommon, or unforeseen that exceeded the tolerance criteria. Regulatory and policy developments affecting the automotive sector, including the

future of the Automotive Production and Development Programme (APDP), economic and sociopolitical developments, technological developments and disruptions in the automotive sector, consumer trends, and cyber risk particularly affecting data privacy and protection are continuing to be focus areas.

The Board decided to adopt the Mercedes-Benz Risk and Opportunity Management System and the Internal Control System, and both of these systems have been completely implemented in accordance with the Board's decision.

Principles 9 & 10

Principle 11

Principle 12

Principles 13 & 14

Principles 15 & 16

Principle 12

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

In light of the comprehensive risk assessment, strategic objectives, and the overarching direction set forth by both Mercedes-Benz Group AG and the Company, the Board diligently oversees the management and advancement of information technology. Consequently, it formulates and monitors policies delineating the governance of information technology. Leveraging the robust internal technology management system, Mercedes-Benz South Africa synergizes with Mercedes-Benz Group AG's established international information technology governance framework.

Looking ahead, the convergence of connectivity, digitalization, and big data processing promises substantial benefits for mobility. To not only maintain leadership in the automotive sector but also to compete effectively in the digital realm and bolster our financial standing, we must prioritize enterprise transformation through digitalization. This entails subjecting our business operations and processes to rigorous scrutiny and leveraging intelligent technologies within a digital ecosystem to enhance efficiency, productivity, and agility. Such transformation must transcend departmental silos, aligning with the company's overarching strategy aimed at orchestrating enterprise-wide transformation in collaboration with stakeholders.

Enhanced connectivity in the production process enhances efficiency, while digital product planning contributes to resource conservation and waste reduction. Furthermore, Mercedes-Benz customers stand to benefit from data-driven goods and services in sales and service operations. The automotive industry is undergoing profound shifts driven by technological advancements, decarbonization initiatives, and evolving customer preferences. The challenge lies in offering vehicles that not

only excel in hardware but also provide distinctive digital services. The company's digitalization efforts are purposeful, focusing on specific areas of action. Collaborating with stakeholders and project sponsors, the company has identified four key areas to deliver tangible benefits to customers and attain a strategic competitive edge. This commitment is underscored by the Company's comprehensive data governance strategy, which not only considers legal implications but also cultural and organizational ramifications.

Central to this strategy is the responsible management of data to serve the interests of Mercedes-Benz's customers, employees, and stakeholders, alongside the prudent design of sustainable data-driven business models. To achieve these objectives, the Company employs various strategies, including staff training initiatives and comprehensive customer communications. Additionally, Mercedes-Benz Group AG has established a Group-wide Data Governance System comprising the Company's data governance structure, data vision, ATA culture, and Data Compliance Management System.



Principle 11

Principle 12

Principles 13 & 14

Principles 15 & 16

Principle 13

The governing body should govern compliance with applicable laws and adopted, nonbinding rules, codes and standards in a way that supports the organization being ethical and a good corporate citizen.

The Board holds the primary responsibility for guiding and enforcing compliance policies, delegating the implementation of these policies to the Executive Management Committee. The legal and compliance departments, embedded within the organizational structure, play a pivotal role in ensuring adherence to legal standards and regulations. The company has established procedures and systems to mitigate legal risks, including regular monitoring of the regulatory environment to adapt to new legal developments effectively.

Mercedes-Benz has also integrated training programs aimed at educating employees about compliance and legal standards, including mandatory induction training for new hires. This emphasis on training highlights the company's commitment to fostering a culture of compliance and integrity throughout the organization.

Moreover, the company's partnership with Mercedes-Benz Group AG integrity and compliance, demonstrates a concerted effort to embed integrity, compliance, and legal considerations into various aspects of business operations, including non-financial remuneration,

human resources, and product development. This holistic approach underlines the significance of integrity in the company's decision-making and operational processes, from product creation to sales.

This strategic focus on compliance, integrity, and legal adherence is indicative of Mercedes-Benz's commitment to ethical business practices, ensuring that it remains aligned with regulatory requirements and ethical standards, thereby safeguarding its reputation and operational success.

Principle 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Since 2007, Mercedes-Benz have had rules in place that govern compensation and benefits in a manner that is both comprehensive and legally binding. These policies regulate the framework for the organization and application of the company's compensation system, elements, and processes. Also, they outline the requirements for the framework that governs compensation inside the company.

These requirements ensure transparency and enhance the process reliability in the configuration and application of employee compensation and benefits arrangements in accordance with global directives that are relevant to local market conditions. Additionally, these requirements ensure that employee compensation and benefits arrangements are in line with global directives. Mercedes-Benz Group AG ensures that all of its affiliates, no matter where they are located in the world, pay their employees in accordance with the same set of principles.

Establishing the framework conditions and minimum standards for the design of the remuneration systems is the responsibility of the Corporate Compensation Policy, which applies to all employee groups and is binding on all of them. In order to provide salaries and benefits that are typical in the sector as well as the corresponding markets, it is important to take into account the conditions of the local market while adhering to the parameters that have been established. The tasks and performance of the employees, as well as their qualifications and

years of experience, are taken into consideration when determining the pay of the employees. The company does not consider factors such as gender or place of origin when determining the remuneration of its employees; rather, it is only directed by the employee's job and the responsibilities that come with it. These policies regulate the framework for the company and application of the company's compensation system, elements, and processes. Also, they outline the requirements for the framework that governs compensation inside the company.

The Board of Management of Mercedes-Benz Group AG recognized and approved the principles for the structure and application of the Mercedes-Benz Group AG remuneration system as established and outlined above. The Mercedes-Benz Group AG is the one that determines the compensation policy by laying out the compensation principles and making the decisions that are connected to how those principles are put into practice.

Principle 12

Principles 13 & 14

Principles 15 & 16

Principle 15

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The Risk and Opportunities Management System, which is linked through to the Internal Controls System, is the source of combined assurance. The building of robust control environments, the evaluation of risks, control activities, information and communication processes connected to monitoring procedures, and so on all contribute to the development of assurance layers.

Management, together with internal assurance from Mercedes-Benz Group AG Corporate Audit and numerous other Mercedes-Benz Group AG oversight organizations, is responsible for the oversight of these systems. In addition, external assurance is sought from a variety of different independent sources, such as certifying authorities like ISO as well as external auditors.

The level of assurance obtained is based on annual risk assessments that are carried out by Corporate Audit, and the results of these assessments are presented to the Audit Committee for the purposes of monitoring and oversight.

Principle 16

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

As a socially responsible organisation, MBSA undertakes several initiatives that enhance its social licence to operate. The company's mission has always been to play an active role in the sustainable impact of the communities in which it operates. The company also invests in communities to enjoy their trust, confidence and support. As a company, MBSA also drives initiatives to support the environmental sustainability and green energy. This is in line with the key pillars of our energy strategy. External Stakeholder relations also play an integral part of the operations, and we actively utilise our stakeholders' knowledge and expertise to minimise risks and leverage opportunities.

In a world where the triple context of the economy has become the norm, there is a larger expectation placed on stakeholders today to perform their duty as social activists in the present day and age. The Board, and each of its Committees, believes that it is of the utmost significance for the Company to do what it can to contribute

toward ensuring that South Africa as a whole continues to develop economically and socially. This calls for a governance architecture that takes into account all relevant stakeholders.

When making decisions that are in the best interest of the Company as a whole, the Board makes every effort to take into account the needs, interests, and expectations of all of the various stakeholder groups. This is done in order to strike a reasonable and fair balance between these factors. All of this is carried out in accordance with the general fiduciary duty to behave in a manner that is in the Company's best interest as a whole.

The internal and external corporate affairs teams of the Company are responsible for overseeing the process of engaging stakeholders and ensuring that the proper policies and escalation procedures are in place. The SEC is then informed of the results of the investigation. A continuous contact with the various stakeholders is required by EMC. When it comes to carrying out this role, the EMC is given assistance by the Company's external affairs department, which works in close collaboration with Mercedes-Benz Group AG.



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