



MERCEDES-BENZ SOUTH AFRICA LIMITED

King IV™ Report 2026



Mercedes-Benz

Index

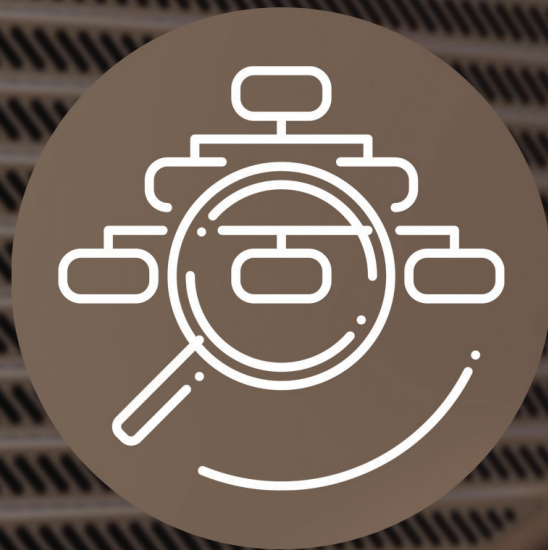
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Our Governance



Integrity Code



Directorate



Annual Financial
Statement

Burmester

Available on the corporate website of the Company

Mercedes-Benz 2026

Mercedes-Benz South Africa Ltd Overview

Mercedes-Benz Group AG is a multinational corporation, with Mercedes-Benz South Africa Ltd (“MBSA” or “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 566 vehicles in South Africa for over 65 years.

Mercedes-Benz vehicles 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 (C-Class) of the highest possible quality 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.

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 2026



Application of King IVTM

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 us in developing and maintaining 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 corporate reputation, and others.

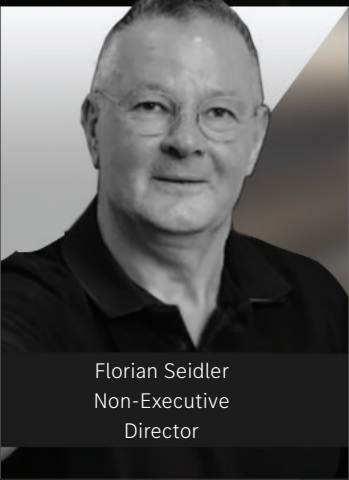
MBSA has enhanced its governance, and continues to do so through Our Integrity Code, which has the objective of reinforcing good governance in MBSA. At MBSA we aim to live integrity in all aspects of our business. Our Integrity Code governs the main principles of conduct at the Company, as it covers our corporate principles and behaviour guidelines in the following areas, among others: (i) Respect for human rights; (ii) Compliance with laws and internal regulations; (iii) appropriate conduct when dealing with stakeholders; (iv) dealing with conflicts of interest; (v) prevention of all forms of corruption; and (vi) fulfilling our social responsibilities.

In conclusion, MBSA, in this King IV principle summary report (the "Report"), provides a holistic overview of its compliance with 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.



The Board of Directors

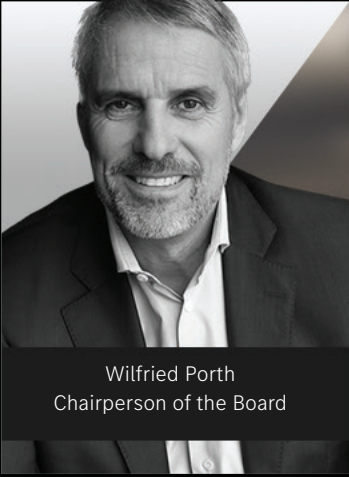
Non-Executive
Directors



Executive Directors



Independent
Non-Executive
Directors



Directors' Report

1. Nature of business

MBSA, a South African incorporated company, holds a manufacturing and distribution agreement from Mercedes-Benz AG (“MBAG”) for the importation, assembly and distribution of Mercedes-Benz, Mercedes-AMG and Mercedes-Maybach product ranges. Mercedes-Benz Financial Services South Africa (Pty) Ltd (“MBFS”), a wholly owned 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 agent 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.

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 separate 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.

Ms S Chetty replaces Mr D van der Bank 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 2025 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 recognised a net profit after tax of R 2 335 million (2024: R 2 691 million) for the year ended 31 December 2025 and, at that date, has a capital ratio of 48.75% (2024: 44.75%).

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 2026 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 2026 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, Mercedes-Benz Group AG issued a guarantee with regards to the notes issued under the DMTN programme.



Directors of 2025

Directors	Designation	Changes	Attendance Register				
Mr A Brand**	Executive (Chief Executive Officer)			Executive Committee 2025	Audit Committee 2025	Social and Ethics Committee 2025	Board 2025
Ms T Woodbridge	Executive (Chief Financial Officer)						
Mr AM Kgotle	Executive	Resigned 30 November 2025	Number of meetings for the period	6	3	2	2
Mr C Steinhoff	Executive (Co-chief Executive Officer)	Resigned 30 November 2025	A. Brand	5/6	1/3	1/2	2/2
Mr A van der Merwe	Non-executive		C. Steinhoff	6/6	N/A	N/A	2/2
Mrs S Sardien	Non-executive	Resigned 30 April 2025	T. Woodbridge	6/6	3/3	2/2	2/2
Mr F Seidler	Non-executive	Appointed 1 May 2025	A. Kgotle	5/6	N/A	2/2	1/2
Mr W Porth	Chairperson of the Board Non-executive Independent		P. Mlambo-Ngucka	N/A	N/A	2/2	2/2
Ms S Zilwa***	Non-executive Independent		F. De Buck	N/A	3/3	2/2	2/2
Ms FT De Buck***	Lead Independent Non-executive Director		N. Mbhele	N/A	2/3	N/A	2/2
Ms N Mbhele*	Non-executive Independent		S. Zilwa	N/A	3/3	2/2	2/2
Dr P Mlambo-Ngcuka**	Non-executive Independent		W. Porth	N/A	1/3	N/A	2/2
*	Member of the audit committee.		A. van der Merwe	N/A	N/A	N/A	2/2
**	Member of the social and ethics committee.		F. Seidler	N/A	N/A	N/A	2/2
***	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.							

The Committees of the Board

The Committees of the Board have been established to assist the Board in discharging its responsibilities. The Committees 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.



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 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 De Buck (Chair), Sindi Zilwa, and Nontuthuzelo Mbhele.



Audit Committee Report

This report is provided by the audit committee appointed in respect of the 2025 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 2025. 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 2025. 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. Where it refers to the audit committee it will include the board of directors who also considered matters as contained in this report.





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

The audit committee considered and assessed in 2025 the suitability of PriceWaterhouseCoopers 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 71 of 2008 of South Africa. 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, PriceWaterhouseCoopers 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. PriceWaterhouseCoopers Inc. has been the independent auditor of MBSA for two years.

The audit committee has concurred with PriceWaterhouseCoopers Inc. responses to the implemented safeguards relating to potential threats to independence.

There were no reportable irregularities identified or reported by the external auditor to 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 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor. The audit committee noted and considered the key audit matters set out in the report of the independent auditor included

in these separate 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 separate financial statements for the financial year ended 31 December 2025 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 2025 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.

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 shareholders, investors, employees, customers, communities, and business partners.



MBSA recognises that sustainable value creation is dependent on responsible corporate citizenship and meaningful engagement with the communities in which it operates. We are committed to fostering social cohesion and delivering long-term positive impact through strategic partnerships and the application of relevant expertise, ensuring that our activities contribute to ethical, inclusive, and sustainable outcomes.

Socio-Economic Development

In 2025, we supported 24 projects aligned to our Corporate Social Responsibility pillars, namely: Education, Youth Development, Disaster Relief, Community Upliftment, and Women Empowerment. An investment of R29.3 million was directed towards programmes implemented across South Africa, with a particular focus on the Eastern Cape and Gauteng provinces.

We understand that we can only be successful if we operate in an environment where the communities in which we operate are stable, prosperous, and socially cohesive. As a good corporate citizen, we actively encourage socially conscious employee participation in initiatives that uplift the communities in which we operate. Echoing this sentiment, as part of the Employee Volunteer Programme (EVP), several of MBSA's employees continue to support the beVisioneers global fellowship programme as mentors. This global fellowship provides training and scholarships to thousands of young people from around the world to implement projects in the areas of environmental sustainability. MBSA is committed to generating long-term value through responsible and sustainable practices that support the communities in which it operates. Our partnerships continue to be a beacon of corporate social responsibility, innovation, and positive social impact. Looking ahead, we will continue to integrate sustainability into our operations to ensure enduring value creation for our stakeholders and communities.

Transformation

As a company, we remain committed to driving meaningful, measurable and

sustainable transformation that advances inclusive economic participation, youth development and long-term socio-economic impact. Our transformation approach is anchored in the understanding that sustainable growth requires deliberate investment in people, skills, enterprise development, equitable procurement opportunities and community upliftment, particularly for historically underserved communities and young South Africans.

Once again, in 2025, MBSA was proud to achieve a Level 2 Broad-Based Black Economic Empowerment (BBBEE) contributor status - reflecting our sustained commitment to transformation, equity and inclusion within the automotive sector and the broader South African economy.

Central to this commitment is the development of future-ready skills and sustainable employment pathways. The Mercedes-Benz Learning Academy (MBLA) continues to serve as a leader in technical skills development and as the primary feeder of the East London manufacturing plant's technical workforce. Over the past five years, the Academy has enrolled 4,506 learners, with a near 100% absorption rate into MBSA operations and the broader automotive value chain, including suppliers within the East London Industrial Development Zone. This reflects a strong and sustainable link between education, employability and long-term economic inclusion.

Transformation is further advanced through MBSA's participation in the national YES (Youth Employment Service) Programme, also considered a sustainable talent pipeline to resource operational requirements at MBSA. Through this partnership, MBSA sponsored 4,703 quality work experiences across seven Provinces in South Africa, contributing meaningfully to youth employability and the development of a more inclusive, future-ready workforce. This commitment was recognised through MBSA being named a Top Job Contributor at the YES ESG Awards, demonstrating what purposeful ESG integration and measurable social impact look like in practice.

Beyond formal employment pathways, MBSA continues to invest in early exposure and future pipeline development through initiatives such as Bring a Child to Work

Day. This initiative empowers future generations through meaningful, firsthand exposure to the work environment of their parents and family members, providing young people with insight into professional spaces, career pathways and the world of work. By fostering aspiration, awareness and early inspiration, MBSA contributes to building long-term ambition, confidence and possibility among South Africa's youth. Furthermore, through MBSA's Enterprise and Supplier Development initiatives, MBSA invested R72 million to enable the growth and expansion of SMMEs, translating into employment creation and enhanced participation in South Africa's economy. Transformation at MBSA is therefore not viewed as a compliance exercise, but as a strategic, long-term investment in people, skills, enterprise and national development, delivering measurable socio-economic impact and sustainable value creation.

Diversity and Inclusion

Diversity and inclusion form a foundational pillar of MBSA's corporate culture, values framework and organisational strategy. In 2025, MBSA launched its new transformation strategy through the Land of Transformation initiative, marking a significant milestone in the Company's transformation journey. This launch signaled a renewed and structured commitment to embedding transformation, equity and inclusion across business operations, people strategies and community impact initiatives. In advancing diversity, equity, inclusion and belonging (DEIB), MBSA actively participated in Johannesburg Pride 2025 for the 7th consecutive year. These initiatives, championed by leadership, demonstrate MBSA's commitment to creating environments where every individual feels valued, respected and empowered. Internally, MBSA continues to strengthen inclusive culture through structured employee platforms that promote connection, wellbeing and belonging. The Women's Forum and Men's Forum, active across both operational locations, continue to serve as critical platforms for employees to grow professional networks, build community and access safe spaces for connection, dialogue and mutual support. These forums foster psychological safety, peer learning, mentorship and solidarity,

reinforcing a culture where employees feel seen, supported and empowered to thrive both personally and professionally.

Outlook

In line with its good corporate citizenship agenda, MBSA will continue to make a tangible contribution towards the common good of all stakeholders, including employees, partners, communities and society at large - investing in youth development, skills creation, enterprise growth and inclusive economic participation as part of its commitment to building a sustainable, resilient and future-ready South African economy.

Conclusion

The Social and Ethics Committee is proud and satisfied with MBSA's efforts towards the goal of operating a holistically sustainable company. Sustainability, integrity, transformation and diversity serve as the foundation of the Company's strategy and are aligned to the principles of good corporate governance as prescribed by King IV and applicable laws and regulations.

The Committee appreciates the members of the Board for their effective oversight of the business, the Chief Executive Officer, executives and their teams for their diligence and responsiveness, the staff for their commitment and loyalty, and Mercedes-Benz AG for its continued confidence in South Africa as a strategic investment destination.

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 the 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

Ms Taryn Woodbridge

CFO and Executive Director: Finance and Controlling

Ms Natasha Jardin

Vice-President: Mercedes-Benz Vans

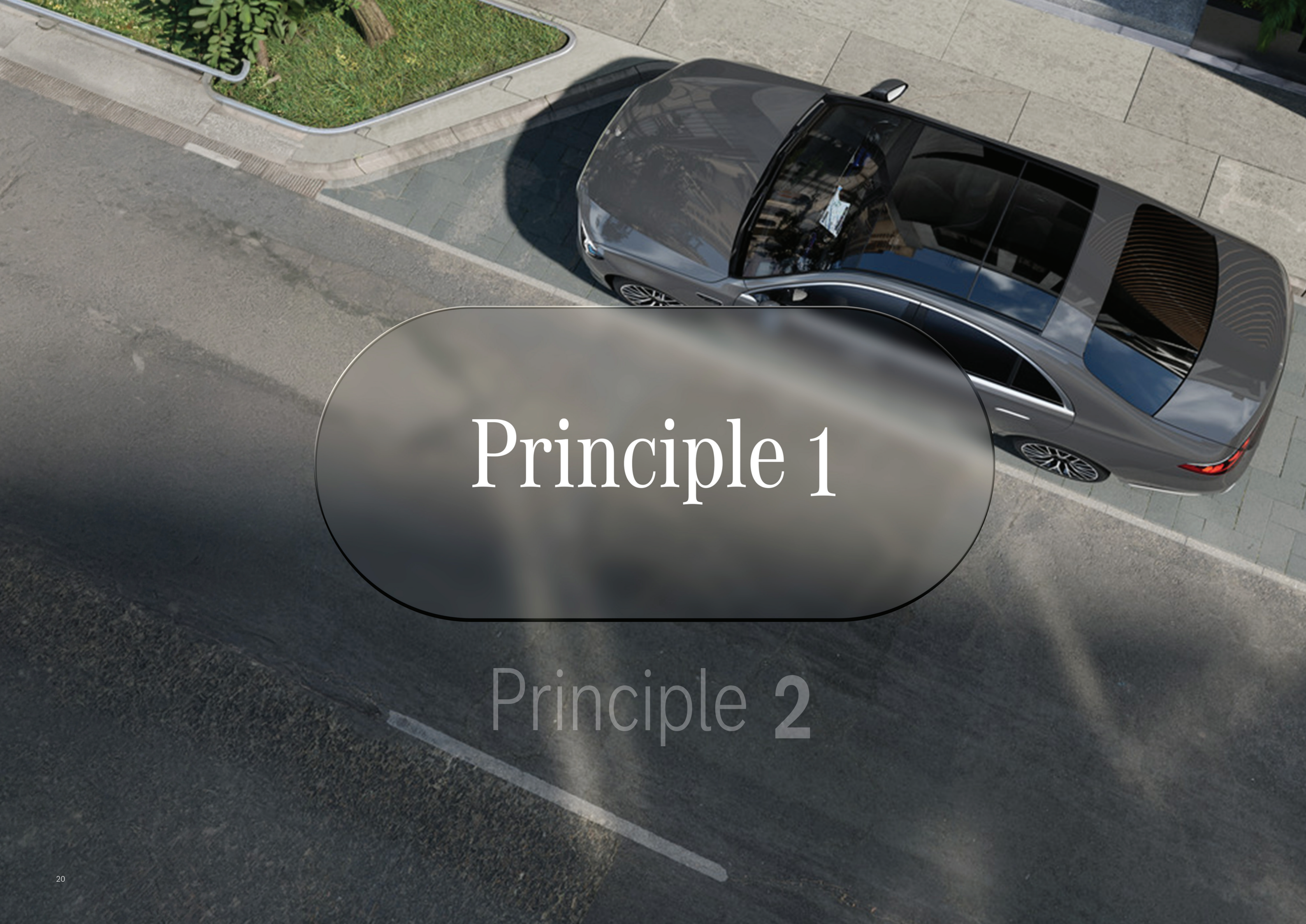
Mr Daniel Jordan

Head of Operations: South Africa



A dark green Mercedes-AMG GT is shown from a rear three-quarter view. A prominent red light bar is visible on the left side of the rear. The rear window features a 'Manufaktur' script badge. A circular graphic overlay is positioned on the right side of the image. The text 'Principles of King IV' is centered in a white serif font.

Principles of King IV



Principle 1

Principle 2

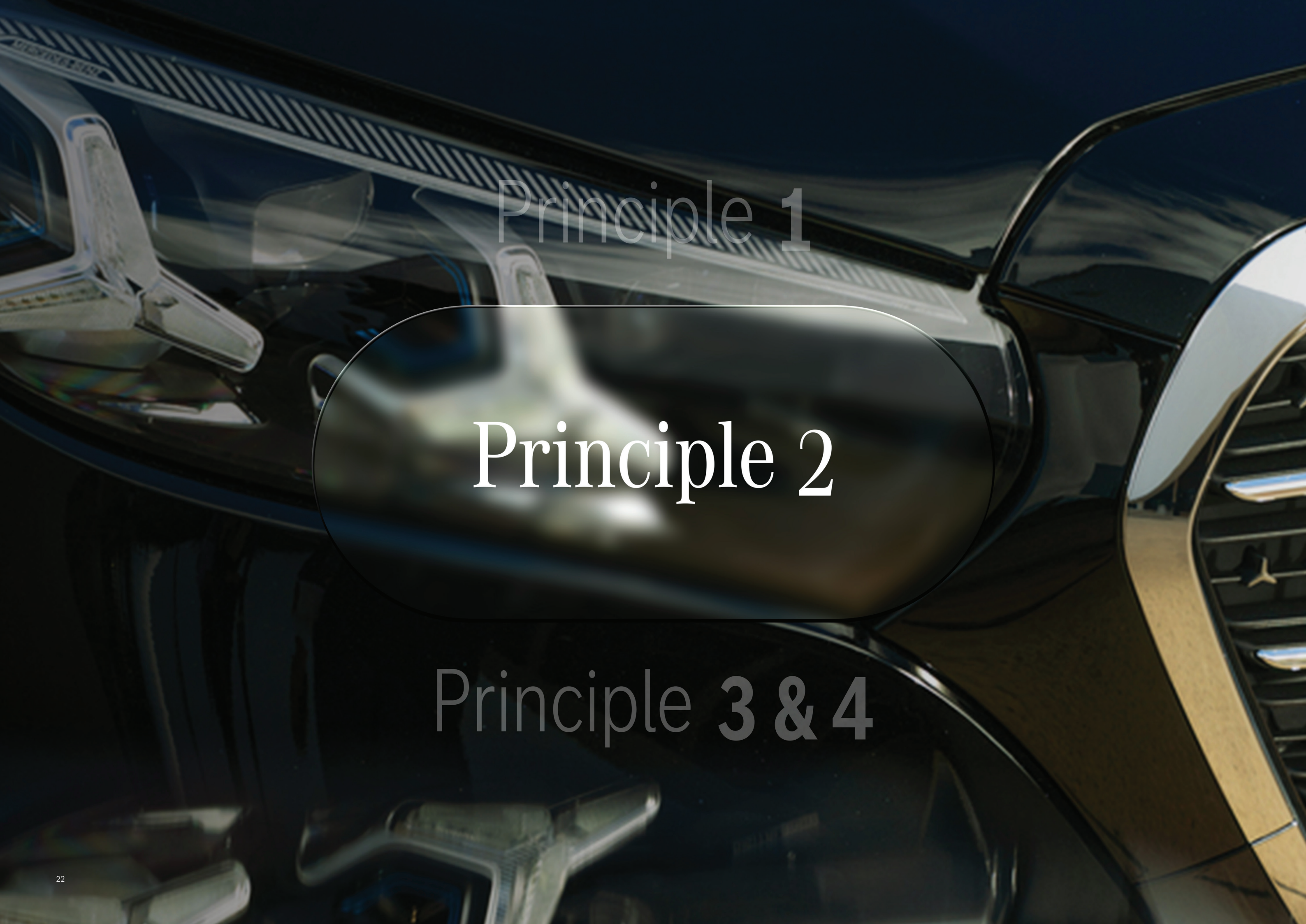


Principle 1

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, the Company has implemented robust governance structures and processes to ensure that its leadership acts with integrity, responsibility, and in alignment with the highest ethical standards. MBSA's 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 & 4

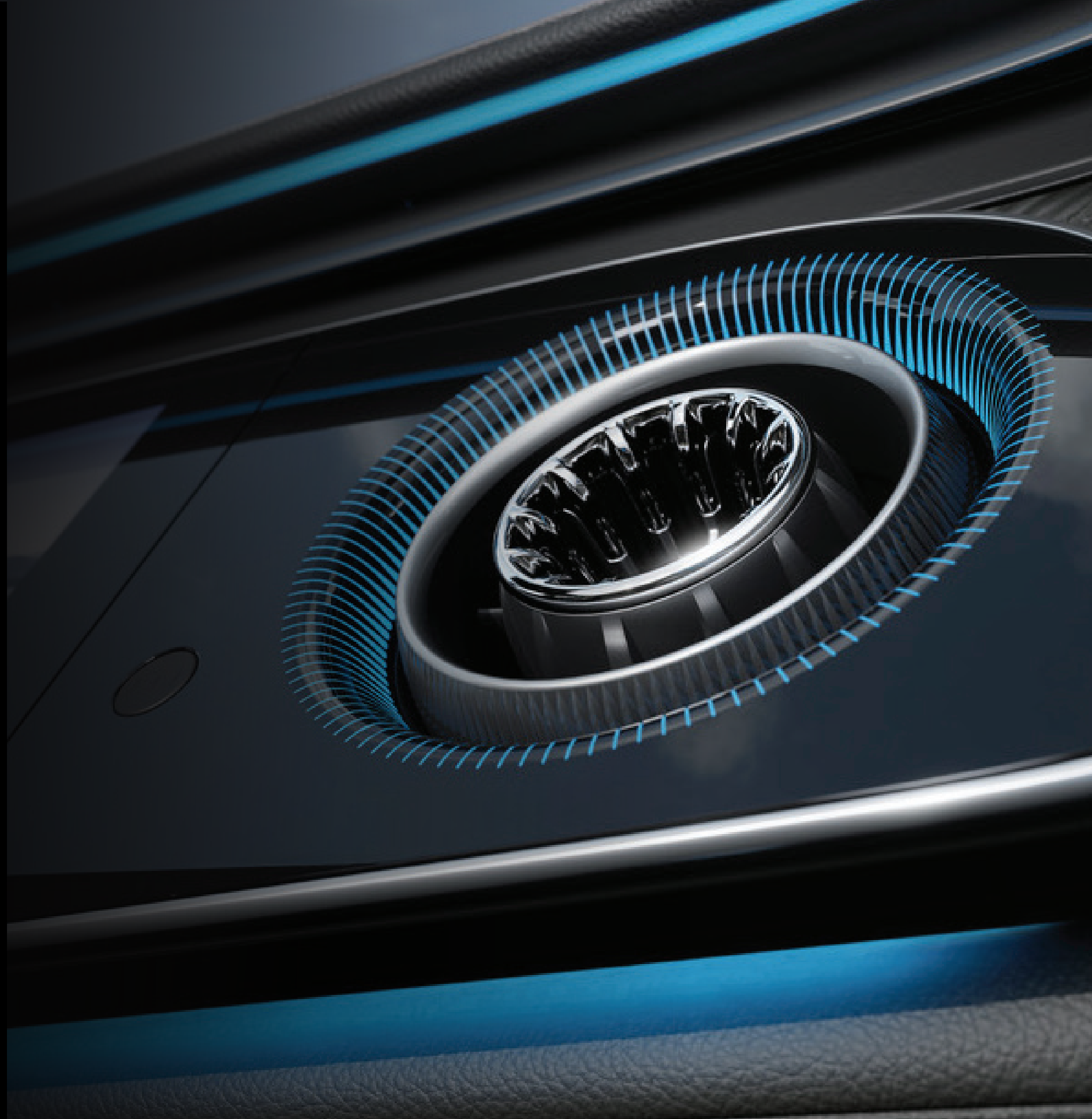
Principle 2

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

Mercedes-Benz South Africa Ltd 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 programmes 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 MBSA. 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 2

Principle 3 & 4

Principle 5 & 6



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, the Company is dedicated to advancing South Africa’s economic and social development, alongside its global commitments.	reflect a deep commitment to sustainable growth and social equity. Significantly, the Mercedes-Benz South Africa Learning Academy (MBLA) epitomizes the sustainable legacy of the company’s operations and commitment to socio-economic development. This is achieved through the 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 the Company 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, the Company not only fulfills its corporate citizenship obligations but sets a benchmark for responsible business conduct in the global automotive industry. In conclusion, the Company’s 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.
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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 the Company, 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. MBISA'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. The Board applies Principle 4 through a fully integrated approach to strategy, risk and opportunity, sustainability, and performance. The Company's governing body ensures that core purpose, business model, risks, opportunities, and long-term sustainability objectives are considered together in all strategic deliberations. The Board enhances value creation by using integrated reports from management, ensuring alignment between strategy and the Company’s sustainability commitments. Committees of the Board conduct structured biannual reviews of performance, risk, opportunity and sustainability matters, supporting the governance outcomes of ethical culture, good performance and legitimacy.
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Principle 4

Principle 5 & 6

Principle 7 & 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.

The Company, 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, the Company 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 the Company'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 the Company 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.

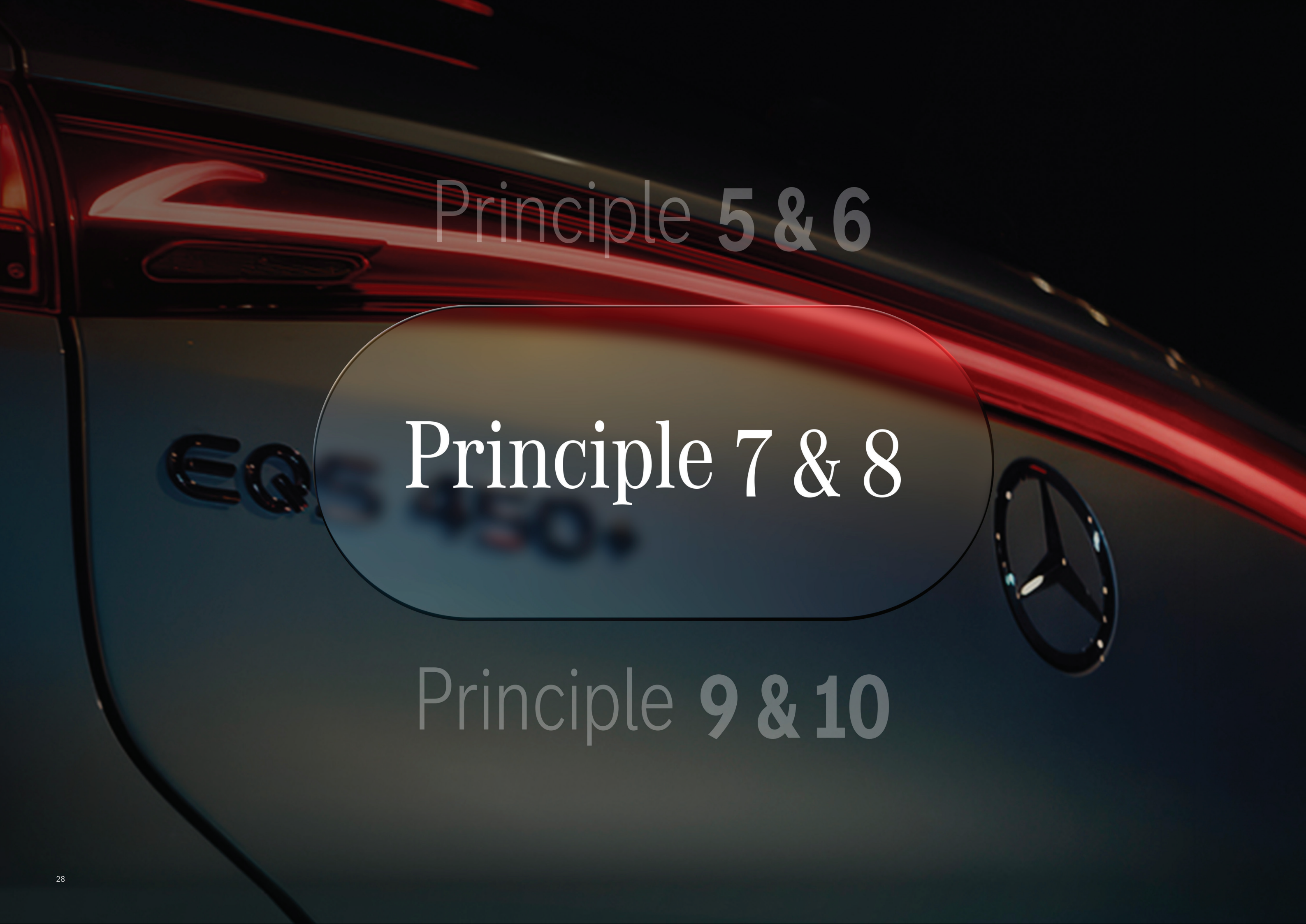
It is crucial to understand that the Board Charter acts within a larger contextual framework that includes the governance structures of Mercedes-Benz Group AG, as well as applicable laws and regulatory requirements. In scenarios where discrepancies arise, these broader guidelines take precedence over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

Acknowledging the decentralized operational model, the Company 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 MBSA 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.



Principle 5 & 6

Principle 7 & 8

Principle 9 & 10

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.

Principle 7 & 8

Principle 9 & 10

Principle 11

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.

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 MBSA. 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.



Principle 9 & 10

Principle 11

Principle 12

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 the Company'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.

The Company 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 Company. 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.

Principle **11**

Principle 12

Principle **13 & 14**



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, MBSA 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, phishing simulations, awareness campaigns 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 security, data vision, ATA culture, and Data Compliance Management System.





Principle **12**

Principle **13 & 14**

Principle **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 carries the primary responsibility for guiding and enforcing the Company's compliance policies. While the Board sets the direction, the Executive Management Committee is tasked with implementing these policies.

To ensure robust oversight, the Board relies on committees that have clearly defined compliance responsibilities.

The Social and Ethics Committee supervises the Company's ethical conduct, social governance obligations, and adherence to legal and ethical standards. The Audit Committee is responsible for monitoring the integrity of financial reporting, internal controls, and regulatory compliance risks. Both committees report regularly to the Board, providing updates on compliance performance, emerging regulatory developments, and any matters that require Board intervention. The legal and compliance departments are integral to the organizational structure. They play a vital role in ensuring that the Company adheres to legal standards and regulations. The Company has established procedures and systems to mitigate legal risks, including ongoing monitoring of the regulatory environment to effectively adapt to new legal developments. Regular engagement with the Board's Audit and Social and Ethics Committees promotes transparency and effective risk mitigation.

The Company has implemented training programs to educate

employees about compliance and legal standards. This encompasses required induction training for newly appointed staff as well as ongoing compliance training for designated personnel.

This focus on training demonstrates the Company's commitment to fostering a culture of compliance and integrity throughout the organization. Executive-led "Tone from the Top" communication reinforces these expectations and fosters a strong culture of integrity across the organisation. Furthermore, the Company's partnership with Mercedes-Benz Group AG in the areas of integrity and compliance underscores a deliberate effort to embed integrity, compliance, and legal considerations into various aspects of business operations, such as non-financial remuneration, human resources, and product development. This comprehensive approach highlights the importance of integrity in decision-making and across operational processes, from product creation to sales. The Company employs ongoing monitoring and assurance measures, including internal controls, audits, risk assessments, and a global whistleblowing platform. Significant issues are escalated to Board committees, which implement targeted corrective actions and enhanced training to address any gaps. This demonstrates a strong commitment to ethical business conduct and regulatory compliance, aligned with King IV principles.

The Company's strategic focus on compliance, integrity, and legal adherence reflects its dedication to ethical business practices. By remaining aligned with regulatory requirements and ethical standards, the Company safeguards 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 regulations 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 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 **13 & 14**

Principle 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. The Board is satisfied that the above assurance measures adopted by the Company is effective and sufficiently robust to place reliance on the integrity of the information for internal decision-making and of the organisation's external reports.

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, the Company 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, Mercedes-Benz South Africa Ltd 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 continues to develop economically and socially. This calls for a governance architecture that considers 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 the various stakeholder groups. This is done 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 interests. The corporate affairs team of the Company is 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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