

Mercedes-Benz South Africa Limited

(Incorporated in the Republic of South Africa)

(Registration No. 1962/000271/06)

Bond Issuer code: MEC

("Mercedes-Benz" or "the Company")

("Mercedes-Benz Group AG" or "the Guarantor")

Mercedes-Benz South Africa Limited enters Section 189 consultations regarding its East London Manufacturing operations.

Mercedes-Benz South Africa Limited (MBSA) has reached the decision to enter a consultation process in accordance with Section 189(3) of the Labour Relations Act. The Section 189 consultations will involve discussions regarding the restructuring of its manufacturing operations, transitioning from the current 3-shift model to a 2-shift model.

In recent years, the automotive industry has contended with several challenges which have also impacted MBSA and its suppliers. These challenges include deteriorating macroeconomic conditions and prolonged port challenges. Overall consumer sentiment has suffered as a result of fluctuations in the exchange rate, subdued household income, rising fuel prices as well as increased energy and logistics costs.

Against these pressures, we have implemented various measures to address and improve the performance of our manufacturing operations, including cost-saving initiatives and efficiency improvements. However, despite our best efforts, the current operating environment remains challenging, necessitating further action to ensure the long-term sustainability of our manufacturing operations.

Subject to the outcome of the consultation process, the Company estimates that approximately 700 employees at the East London Manufacturing Plant could potentially be affected by these retrenchments and the transition to a 2-shift operating model. The Section 189 consultation process could see the number of employees retrenched through the implementation of early retirement, voluntary severance, and natural attrition measures.

In close collaboration with key relevant stakeholders, the Company wishes to embark on this process responsibly, transparently, with integrity and empathy whilst ensuring labour stability and continuing manufacturing operations.

Johannesburg

13 June 2024

Debt Sponsor: The Standard Bank of South Africa Limited