

# Stakeholder Relations Report incorporating Sustainability Performance

Bell Equipment values its stakeholder relationships and appreciates the need and responsibility to create mutual value through nurturing enduring and sustainable partnerships with its stakeholders. The board retains oversight of stakeholder management, while implementation and monitoring of stakeholder engagement is devolved to the various management teams within the group. Each of the group's operations engage with their diverse range of stakeholders based on the group's core values of respect, honesty and integrity.

The Bell Equipment brand is the essence of who it is in the market place. Bell Equipment uses its brand to differentiate itself through its people-centric approach to business and by promoting the 1-BELL philosophy internally and nurturing it externally, thereby adding value to all of its stakeholders.

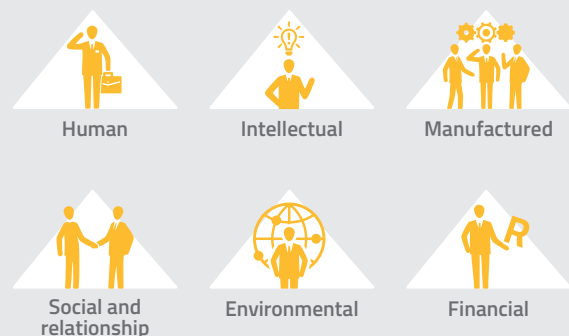
Effective stakeholder engagement is the core element of a sustainable enterprise and as such this report incorporates key sustainability elements. Bell Equipment has identified its material stakeholder groups and prioritised their concerns as part of its risk management activities. The group's stakeholder engagement strategies, systems and processes continue to be enhanced to enable Bell Equipment to better understand and respond to its stakeholders' legitimate concerns and to form collaborative partnerships to find solutions to collective challenges. By delivering products that provide long term affordability, performance, efficiency and reliability to customers, whilst decreasing negative environmental impacts and increasing economic sustainability for the group, Bell Equipment is ensuring the sustainability of its business and the success of its stakeholders.

Bell Equipment's approach to corporate sustainability has been enhanced by focusing on the six capitals and understanding the value created by the group through the use of these six capitals. Through carefully identifying the interests and expectations of each stakeholder group Bell is able to create value through the use of the relevant capital/s, thereby striving to ensure sustainability of its business.

The use of six capitals in respect of stakeholder engagement is further illustrated in the following tables and information.



## The six capitals



## EMPLOYEES



Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
Bell Equipment's people are the heart and soul of its business. Their skills and commitment determine the group's ability to realise its strategy.	<ul style="list-style-type: none"> <li>▪ Healthy working conditions.</li> <li>▪ Fairly remunerated for their service.</li> <li>▪ Recognition.</li> <li>▪ Health and safety.</li> <li>▪ Career advancement.</li> <li>▪ Employment equity.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employee forums (e.g. health and safety, employment equity committees).</li> <li>▪ Training and skills development.</li> <li>▪ Learning programmes for disabled black employees.</li> <li>▪ Information road shows about employee benefits (e.g. medical aid and pension funds).</li> <li>▪ Fraud awareness road shows.</li> <li>▪ Fraud management briefs.</li> <li>▪ Induction programmes.</li> <li>▪ Quarterly GEC feedback sessions.</li> <li>▪ Internal newsletter and intranet.</li> <li>▪ Health and safety 'toolbox talks'.</li> <li>▪ Employee wellness days.</li> <li>▪ Long service awards.</li> <li>▪ Anonymous employee hotline.</li> <li>▪ Regular engagement with trade union representatives on key issues.</li> </ul>



### Human

Bell Equipment values its human capital, the group's employees, as its most important resource and key differentiator; striving to create and nurture positive relationships and provide the necessary support structures to care for their overall mental, emotional and physical well-being.

The skills, knowledge, attitude, innovativeness, experience, diversity, efficiency and productivity of its employees enable the group to operate its facilities safely, reliably and sustainably. This, in turn, allows Bell Equipment to deliver on its growth objectives of delivering world class products and services, and on its vision to be an employer of choice.

Employee engagement through every day strengthening of its employee and union representative relationships and communication provides opportunity for increased efficiency, productivity, quality and mitigates any risks of labour action.

This is achieved by:

- building positive employee and union relationships through mutual respect;
- upholding the right to collective bargaining and freedom of association;

- driving a diversity and transformation plan and strategy that covers recruitment, development and retention of candidates from previously disadvantaged and underrepresented employment equity groups, thereby enabling gender equity and equality.

Bell Equipment continued to focus on driving the 1-BELL philosophy by improving on its communication through team feedback sessions. During the year Bell Equipment enhanced its organisational operating structures, aligning them to the group's strategy. Change management remains a key priority as Bell Equipment continues to integrate new staff into the group.

In 2017 the group employed 200 new permanent employees and promoted 100 employees internally to higher positions in the context of the total workforce of 2 744 South Africans. Of these new employments 171 were appointments that improved the group's transformation requirements. Bell Equipment had 117 employees leave during 2017 due to natural attrition.

## STAKEHOLDER RELATIONS REPORT INCORPORATING SUSTAINABILITY PERFORMANCE CONTINUED

Succession planning remains a key priority going forward as one of the group's main risks in the industry is skills shortages. During 2017 Bell Equipment took further steps towards refining employees' key performance areas in order to accurately assess each employee's performance and training needs.

In 2017 Bell Equipment provided 53 employees with education assistance, accommodated four graduates in training and had three university of technology students on in-service training programmes and another 14 in-service trainees on stipends from Merseta (Manufacturing, Engineering and Related Services Sector Education and Training Authority) and EWSETA (Energy and Water Sector Education and Training Authority) completing the Practical 1 and Practical 2 requirements to obtain their engineering diplomas.

A further 13 students were assisted with vocational work opportunities. Bell Equipment also placed 28 employees on internal employment development programmes, sent 637 employees on short courses and technical training courses, and a further 801 employees attended safety training. Bell Equipment also granted bursaries to one previously disadvantaged school child and six bursaries to previously disadvantaged university students.

During 2017 twenty trainee production supervisors were placed on an aligned OMD programme (Operations Management Development) at PMI (Production Management Institution) and all twenty employees passed the NQF4 aligned OMD programme.

Bell Equipment continues to put great emphasis on apprenticeships and learnerships as it believes that the success of its business lies in its foundation of customer support and the quality of its products/services. The apprenticeship programme is a structured four year training programme, with the main focus on practical skills and theory gained at an institutional training centre and a technical college to prepare candidates for trade testing for an artisan qualification. The apprenticeship programme in 2017 consisted of 122 earthmoving apprentices, 37 factory apprentices, and 90 employees on various learnerships.

The importance of the role of the technical services team and specifically the team of factory technical analysts (FTAs) is acknowledged by the group at the annual FTA seminar hosted by Bell.

On 3 November 2017 Bell Equipment recognised 174 dedicated employees group-wide by awarding them with long service awards. 80 of the employees were from the factory in Richards Bay, 70 were from the South African CSCs and 27 were from the international operations. Of these 174 long service recipients, 127 employees received 10 year service awards, 36 received 20 year service awards, nine received 30 year service awards and two received 40 year service awards.

Bell Equipment is committed to conducting business with honesty and integrity to ensure a stable employment environment for employees as well as the continued success of the group. The group recognises that fraud, abuse of power and the acceptance of bribes is an increasing problem in many countries. Too often, it is undetected and goes unreported, resulting in financial losses to companies, eventually to the detriment of all its stakeholders.

For this reason, Bell Equipment subscribes to a service that enables its employees, customers and suppliers, to report anonymously on unlawful activities and/or otherwise unacceptable conduct within the Bell Equipment operations. This facility involves the professional services of an audit firm and is therefore a totally independent, anonymous ethics line that is overseen by the audit committee and controlled by the board. Bell Equipment has a code of ethics and a code of business conduct which continue to be updated and communicated to staff and strategic suppliers across all business units. A fraud working committee meets on a quarterly basis to discuss reports of fraud, theft and dishonest behaviour within Bell Equipment and determine ways to combat such activities. Fraud awareness training is conducted throughout the group with all employees at all the relevant operations in South Africa, Africa and Europe. Fraud reporting and 'Tone at the Top' education is incorporated into this training to assist in the development of an ethical culture within the group.

Management of health and safety at Bell Equipment is centralised and is a function of line management to ensure adherence to the applicable health and safety legislation and specifically the Occupational Health and Safety Act in the South African operations for both the permanent and temporary employees. The group's operations continue to improve their incident frequency trend having revitalised the audit system in the operations with centralised reporting. This is supported by regular safety induction sessions to increase safety awareness. Bell Equipment encourages a safety-conscious workforce that adheres to rigorous safety standards through constant education and training throughout all of its operations.

Bell Equipment has been a loyal Technilaw client for 17 years. Technilaw is an accredited service provider that monitors and audits BESSA's compliance with the legislated safety standards and requirements. The Bell Empangeni branch was the first of its 33 branches to join Technilaw in 2000. Bell received a 5-star rating for 16 consecutive years, and has won nine Africa Awards for safety.

A wellness week was held from 5 to 12 July 2017 at the Richards Bay factory to encourage employees to take cognisance of their state of wellness and the importance of taking care of their health. At this wellness week voluntary testing for health related conditions such as HIV/AIDS, cancer, cholesterol, diabetes and other health related conditions were

## BECSA AND BESSA EMPLOYMENT EQUITY SUMMARY

Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	0	0	0	1	0	0	0	0	0	0	1
Senior management	2	0	2	9	1	0	0	3	0	0	17
Professionally qualified and experienced specialists and mid-management	19	3	27	117	4	2	2	20	0	0	194
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	150	23	126	208	22	7	18	37	0	0	591
Semi-skilled and discretionary decision making	524	34	146	61	160	21	40	63	0	0	1 049
Unskilled and defined decision making	20	1	2	4	8	1	1	2	0	0	39
<b>Total permanent</b>	<b>715</b>	<b>61</b>	<b>303</b>	<b>400</b>	<b>195</b>	<b>31</b>	<b>61</b>	<b>125</b>	<b>0</b>	<b>0</b>	<b>1 891</b>
<b>Temporary employees</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Grand total</b>	<b>716</b>	<b>62</b>	<b>303</b>	<b>401</b>	<b>197</b>	<b>31</b>	<b>61</b>	<b>125</b>	<b>0</b>	<b>0</b>	<b>1 896</b>

## BECSA AND BESSA EMPLOYMENT EQUITY SUMMARY

Employees with disabilities only Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	1	1	0	0	0	1	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	1	9	0	0	0	1	0	0	12
Semi-skilled and discretionary decision making	9	1	3	0	1	0	0	1	0	0	15
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
<b>Total permanent</b>	<b>10</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>30</b>
<b>Temporary employees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand total</b>	<b>10</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>30</b>

undertaken. Health experts were on site to give free advice and counselling to employees who were interested in, or needed these services. Over this week a total of 1 288 employees who work on site in Richards Bay attended the wellness week, and 1 005 volunteered to be tested for HIV. There were also 4 400 condoms distributed as part of the Bell HIV/AIDS prevention campaign. This was the best ever supported wellness day and the group aims to improve on this in 2018.

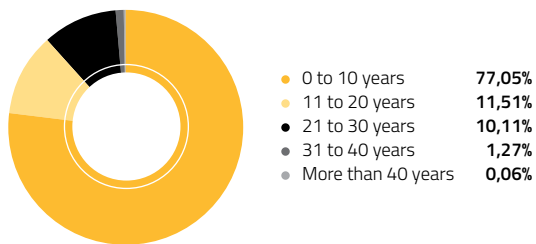
Bell Equipment believes in prioritising and planning for the future and has identified the following priorities for 2018 and beyond:

- ongoing improvement of its employee engagement practices
- further refining key performance areas in order to accurately assess employee performance
- continuing leadership development through formal and informal programmes
- focusing on strengthening the 1-BELL philosophy throughout the group
- ongoing efforts to reinforce Bell Equipment's brand as an employer of choice
- continuing with change management to drive and reach Bell Equipment's employment equity and transformation objectives
- focusing on fraud awareness and driving ethical values throughout all operations.

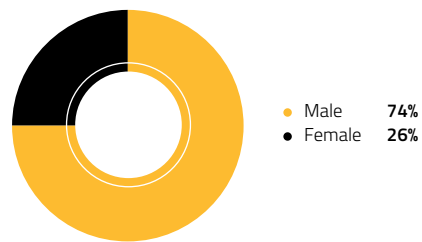
STAKEHOLDER RELATIONS REPORT  
 INCORPORATING SUSTAINABILITY PERFORMANCE **CONTINUED**

## BECSA

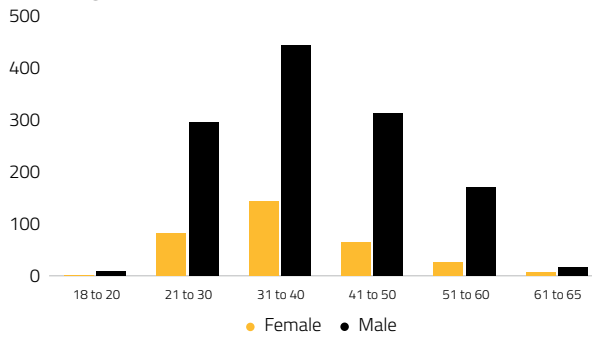
**BECSA length of service**



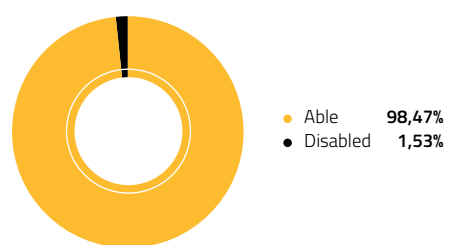
**BECSA gender split**



**BECSA age analysis**

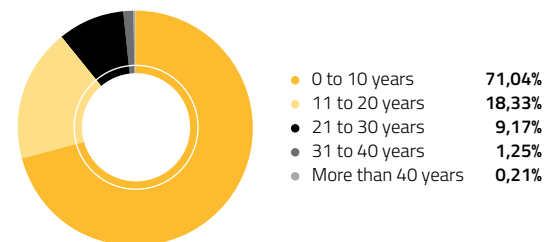


**BECSA disabled employees**

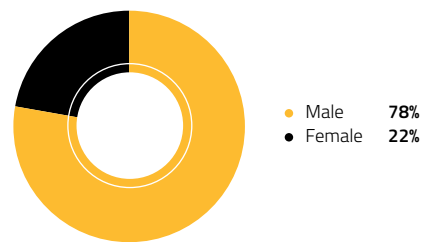


## BESSA

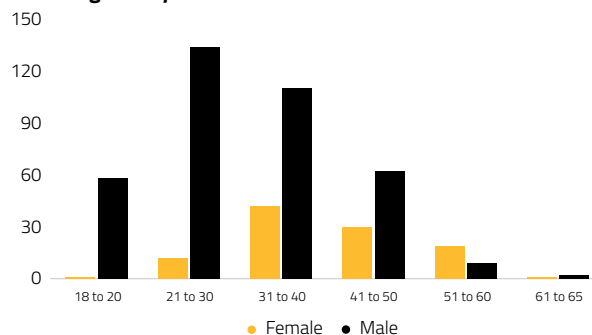
**BESSA length of service**



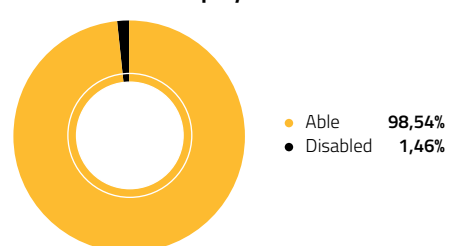
**BESSA gender split**



**BESSA age analysis**



**BESSA disabled employees**





## CUSTOMERS



Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
<ul style="list-style-type: none"> <li>To meet the group's customers' needs and build long-term loyalty.</li> <li>To enhance Bell Equipment's brand and grow market share.</li> </ul>	<ul style="list-style-type: none"> <li>Innovative products that meet operational needs.</li> <li>World class after-sales support.</li> <li>Overall value proposition.</li> <li>Personally committed and trusted advisor.</li> </ul>	<ul style="list-style-type: none"> <li>'EYE' external customer service monitoring service.</li> <li>Face-to-face engagement with sales and customer service teams.</li> <li>Trade exhibitions.</li> <li>Product launches and demonstrations.</li> <li>Ongoing research and development.</li> <li>Factory tours.</li> <li>Advertising.</li> <li>Traditional and social media including Bell Bulletin magazine and Facebook.</li> <li>Website.</li> <li>Ongoing product testing.</li> </ul>

Bell Equipment utilises the 'EYE' customer service, an external monitoring service. On a regular basis customers are contacted on a random basis on behalf of Bell Equipment in order to rate their perception of Bell Equipment's service. Calls are made by an external consultant randomly from a list of recent parts transactions. The group's service rating remains firmly in the world class range.

During 2017 Bell Equipment exhibited at the international Conexpo Show in Las Vegas, USA in March followed by Steinexpo in Germany in August 2017. These shows provided an opportunity to strengthen the Bell brand as an ADT specialist and showcase the group's latest E-series large trucks to the global market.

In addition, Bell Equipment was represented locally at various shows including the NAMPO Harvest Day in May, a renowned four-day agricultural exhibition in South Africa, where it displayed a wide variety of own and partner products that are available to Southern African customers.

In general, trade shows are an excellent means of building brand image and engaging with a large number of customers and potential customers in a short space of time in a more relaxed environment.

The conclusion of a deal in March 2017 with leading global financial solutions partner, De Lage Landen provides funding solutions to Bell Equipment customers and further builds on the competitive advantage of owning and operating Bell Equipment machinery.



## STAKEHOLDER RELATIONS REPORT INCORPORATING SUSTAINABILITY PERFORMANCE CONTINUED



Manufactured

The group's manufactured capital is the investment in its people, property, infrastructure, buildings, plant, production-oriented equipment, machines and tools that Bell relies on to efficiently enable the group to be flexible and responsive to customer demand in getting Bell products to market while utilising production processes that adhere to environmental regulatory requirements.

The group's manufacturing operation in South Africa is reliant on infrastructure stability in so far as power, water, port facilities and roads are concerned. Infrastructure reliability in South Africa is becoming more uncertain and the group continues to monitor this to mitigate any risks that could develop. Product costs and manufacturing reliability are continually benchmarked to other economies in order to guide manufacturing strategy.

Bell continues to invest in and grow its people and assets, improving skills, knowledge, know-how, productivity, efficiency and lowering the impact on the environment.

Bell is focused on continuing to strengthen its quality management as delivering on customer expectations is essential to how products are accepted in the market.

Adequate investment has been allocated to production-oriented equipment replacement and maintenance ensuring that manufacturing operations in both South Africa and Germany continue to operate sustainably. As part of continuous improvement Bell is further strengthening its quality management.

Bell Equipment Germany's new headquarters at Alsfeld, Germany was officially opened at the end of August 2017. This significant investment signals the group's continuity and commitment to its customers in the Northern Hemisphere and encompasses the German and Central European sales and distribution departments along with Bell Equipment's international parts hub, the ELC.

The property has a new facility triple the size of the previous facility and comprises modern sales, parts and administration offices, workshop and ReMan facilities and the ELC warehouse, which provides state-of-the-art commissioning and handling solutions. The new ELC plays a critical role in supplying parts to all regional logistics warehouses throughout Europe and other Northern Hemisphere markets enabling the group to improve its reaction and lead times. This is achieved through close cooperation with the company's factories and other logistics centres.



Intellectual

Bell Equipment's intellectual capital consists of its brand, know-how and the technical acumen of its research and development staff, the company culture and world class systems and processes.

Innovation has played a key role in Bell Equipment's legacy and remains critical in shaping its future. The group's strategy continues to command investment in the research and development of new technologies and products that will create value for Bell customers and uphold the reputation of the Bell brand as an innovation pioneer.

In addition to developing machines, Bell has also made headway in the field of telematics and machine management systems, enabling the group to offer customers valuable insights that improve fleet management and maximise the profitability of their operations.

Product development within the group is based on the needs and requirements of its customers, legislation, product and job site safety as well as opportunities created by new technology. In the past year the group has completed its introduction of the E-series range of ADTs into all markets. This upgrade introduced a number of innovative solutions improving energy efficiency, safety, driver comfort, productivity and performance. Additionally two new model classes, the B20E low ground pressure truck at the smaller end of the scale and the B60 heavy duty mass earthmoving truck at the higher end of the range, have received positive market response.

Bell together with its customers finds itself in a competitive landscape and global economy that presents a number of key challenges. These range from changing health and environmental legislation and growing emphasis on product and job site safety to the progressive introduction of increasingly stringent exhaust emissions standards, advancing vehicle management technology and control driving expectations in collision detection/avoidance and machine automation. Market driven operator comfort and machine noise exposure reduction are specific challenges in the African forestry and agriculture industry.







# STAKEHOLDER RELATIONS REPORT INCORPORATING SUSTAINABILITY PERFORMANCE CONTINUED



Bell Equipment is committed to the responsible use and protection of the natural environment through sustainable practices. Bell Equipment has its own operations in 12 different countries, each with its own environmental laws and regulations. Although most of these operations are low risk in terms of environmental exposure, compliance must still be ensured. The group's focus is primarily on the Richards Bay facility due to the size and nature of the operation. Other operations are monitored and managed by the individual appointed managers, and when necessary, reports are filed in terms of the applicable legislation.

Bell Equipment has a dedicated used division that offers used refurbished parts or completely refurbished machines to customers, thereby decreasing the environmental footprint of manufacturing. These parts and equipment are sold with a conditional warranty as agreed between the company and the customer.

A large portion of product development is focused on meeting the global trend of reducing engine emissions. Bell Equipment ensures that it either meets or exceeds these stringent limits in all the markets in which it operates. The current focus is on reducing NOx hydrocarbons and particulates but future trends will be focused on CO<sub>2</sub> emissions. Bell ADTs are the market leader in low fuel consumption, enabling the product to offer the lowest environmental footprint.

Bell Equipment also has full ReMan facilities in South Africa, UK and Germany that offer remanufactured machines and major components that are economical to remanufacture. Bell Equipment ReMan components are rebuilt to Bell Equipment specifications using Bell Equipment approved parts and carry the same warranty as new genuine parts.

By refurbishing parts and remanufacturing components, Bell Equipment reduces the need for additional raw materials and ultimately reduces the waste footprint.

On-site recycling is another critical aspect of its waste management process, with separation into three categories taking place at source as far as possible. Elsewhere, both hazardous and non-hazardous waste streams are monitored by type, volume and disposal method and disposed of at certified waste disposal facilities. This ensures consistency, compliance and comparability.

External audits are undertaken annually and during 2017 there was only one incident reported to the Department of Environmental Affairs (DOE) South Africa in terms of reportable incidents.

A third party compliance audit is scheduled for 2018 to monitor compliance with regards to:

- air quality
- water and waste management
- NEMA: EIA regulations
- general
- fauna and flora
- fire protection
- hazardous substance/flammable liquids/dangerous goods
- energy management
- international laws

Environmental compliance at the Eisenach-Kindel factory in Germany is controlled by the facility's quality representative in conjunction with the respective authorised organisations for environmental control and waste disposal. The environmental requirements are spelt out in the labour law and quality management system namely ISO 9001:2008. No significant incidents were reported during 2017 and the next internal audit will be conducted during 2018.

At Richards Bay a new storm water management plan has been drafted in terms of municipal by-law requirements and will be implemented during 2018. The main hydrocarbon spillage containment area at the Richards Bay factory was also upgraded to further reduce risk of spillages and contamination into the adjacent storm water stream.

Bell Equipment has initiated a programme to classify waste as per the current Waste Act Regulations. A programme on the classification of all hazardous waste has been completed during 2017. The waste management site is continuously monitored to ensure compliance and to eliminate cross contamination risks. A new service provider was appointed in 2017 and as part of their scope includes the upgrade of the waste separation and waste storage facility in line with national norms and standard guidelines.

Bell Equipment is also represented on the uMhlathuze Crisis Committee in Richards Bay. The purpose of this committee is for stakeholders to be involved in the water and environmental management plan of the local municipality and to make recommendations towards water saving initiatives and a cleaner environment.

Initial calculations, based on the proposed legislation, indicate that the Richards Bay factory will only have to report on carbon emissions but will be below the threshold for paying carbon tax. The carbon tax regulations have not yet been promulgated and further review will only commence once the draft regulations are in effect.

## LOCAL COMMUNITIES



Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
<ul style="list-style-type: none"> <li>Empowering local economies builds trust in Bell Equipment while communities benefit from social and environmental initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Socio economic empowerment.</li> <li>Community involvement on key issues.</li> <li>Employment creation.</li> <li>Environmentally responsible.</li> </ul>	<ul style="list-style-type: none"> <li>Social development through sports development: sponsorship of local sports events.</li> <li>Providing air assistance for crime fighting initiatives.</li> <li>Earthmoving equipment apprenticeship programmes.</li> <li>Trade-ins and the Bell Backed Loan Scheme for qualifying small black-owned businesses.</li> <li>Welfare projects within the communities in which the company operates.</li> <li>Support of CANSAs events.</li> </ul>



### Social and relationship

The group recognises its responsibility as a global corporate citizen to provide meaningful CSI and SED programmes and initiatives to uplift and empower its stakeholders and the communities within which it operates. In this regard the group is guided by its group CSI and SED policies, which identify priority areas, outline implementation strategies and enable the group to monitor CSI and SED expenditure and measure the impact of projects, ensuring that they are aligned to the group strategy and contribute to the group's overall mission, vision and adhere to its core values. The establishment of the Bell Foundation Trust by the group aims to assist black women with their education in the engineering and allied fields.

In addition to the societal value created through its business activities, Bell Equipment undertakes targeted community and enterprise development initiatives, creating an enabling environment for investment while developing and enhancing markets for its products. Recognising that its business activities impact on many people and communities, Bell Equipment has strategies, systems and processes in place aimed at developing positive relationships with all stakeholders and communities in which the group operates.

As part of its socio economic development BECSA made a contribution towards education in the local uMhlathuze municipal community where the Bell factory is a valuable member. Four high schools each received grants of R100 000 for projects of their choice. Three schools namely, Khula Senior School, iKhandlela Senior Secondary and Dlamvuzo High School from the Esikhaleni district and Gwejobomvu Senior Secondary from the Enseleni district were the recipients of the grants totalling R400 000. This initiative speaks to Bell Equipment's commitment to the community and its appreciation of the right to a decent education enshrined in the South African constitution. Bell Equipment employees globally are encouraged to be actively involved in community-based programmes by giving of their time and talent to assist organisations and initiatives in order to make a difference in the lives of community stakeholders.

CSI, SED and skills development spend in 2017 amounted to R12,6 million which included loans, donations, bursaries and grants, as highlighted on the following page.

## STAKEHOLDER RELATIONS REPORT INCORPORATING SUSTAINABILITY PERFORMANCE CONTINUED

### UnlockD

UnlockD is a 51% broad-based black owned company with a QSE affidavit providing level 2 BBBEE recognition in the Amended BBBEE Codes.

UnlockD is a social impact business that offers integrated impact solutions focused on delivering talent development, compliance solutions and business process outsourcing services to support client business impact imperatives. UnlockD connects employable, unskilled youth to meaningful employment while offering clients simple, cost effective solutions for their everyday back-office needs ranging from basic data entry to more complex data processing and call centre work.

Bell Equipment has partnered with UnlockD in an effort to fund and assist in training, upskilling and assisting young talent to become employable and economically self-reliable so that they are able to contribute to the country's greater economy and to their families and communities.

### Thuthukani Special School

Thuthukani Special School in Empangeni is a school for learners from multi-cultural and multi-language backgrounds, of which more than 97% are black learners, aged from six to 18 years, with severe to profound intellectual disability. The school programme aims to build learners' self-esteem and functional ability by equipping them with life skills and functional academic skills through a specially adapted curriculum, based on the National Statement (NCS) and CAPS. The objective is to ensure learners leave the school as independent as possible and equipped with skills they can use to contribute to their own, their families and their communities' well-being. In 2017 BECSA assisted Thuthukani Special School with a donation to renovate the schools bathrooms and ablutions to ensure the staff and children function in clean, hygienic and healthy school facilities.

### Tiso Foundation

Established in 2009, the Tiso Foundation Artisan Development Programme offers artisanal training to disadvantaged, talented young people, to prepare them for jobs critically required in South Africa's growing economy. The Foundation partners with the Artisan Training Institute (ATI), which provides high quality technical training for electricians, diesel mechanics, boilermakers and millwrights. Beneficiaries of the programme are black youths between the ages of 18 and 34 years. Integral to the success of the programme is partnerships with leading South African companies and Bell Equipment has been a proud partner of Tiso Foundation since 2013 and in 2017 Bell contributed R1,1 million to the Tiso Foundation.

### Enterprise and supplier development

BECSA invested R6,8 million during 2017 on ESD initiatives in the form of grants and developmental loans for the benefit of 51% black-owned EME's and/or QSE's. R4,2 million of the total spend was for suppliers.

BESSA invested R7,7 million on ESD initiatives in the form of grants and developmental loans for the benefit of 51% black-owned EME's and/or QSE's.

### Amangwe Village

BECSA is a founder member of Amangwe Village, which was established in 2002. Amangwe Village caters for early childhood development, home-based care, women empowerment, food security as well as care to orphans and vulnerable children. In 2017 BECSA assisted Amangwe Village with a donation in support of their early childhood development programme.





## GOVERNMENT



Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
<ul style="list-style-type: none"> <li>The group's relationship with government's impacts on its ability to contribute towards job creation, broader economic, social and environmental objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Socio economic growth.</li> <li>Skills development.</li> <li>Employment creation.</li> <li>Transformation.</li> <li>BBBEE.</li> </ul>	<ul style="list-style-type: none"> <li>Local design and manufacture of equipment and the use of locally produced materials.</li> <li>Employer of 2 744 South Africans.</li> <li>Senior executive meetings with officials at various levels of government.</li> <li>Participation in industry consultative bodies and public forums including:                             <ul style="list-style-type: none"> <li>National Economic Development and Labour Council;</li> <li>Business Unity South Africa;</li> <li>South African Capital Equipment Export Council;</li> <li>Steel and Engineering Industries;</li> <li>Federation of South Africa.</li> </ul> </li> <li>Economic empowerment leading to social upliftment programmes and initiatives including:                             <ul style="list-style-type: none"> <li>trade-ins and the Bell Backed Loan Scheme for qualifying small black-owned businesses;</li> <li>earthmoving equipment apprenticeship programmes.</li> </ul> </li> </ul>

In April 2017 the Bell Equipment Limited board approved a BBBEE ownership transaction for BESSA, at the time the group's wholly-owned subsidiary. BESSA provides sales and aftermarket support for Bell designed and manufactured products as well as strategic alliance partner products in South Africa. SIBI Capital Proprietary Limited represented by Bharti Harie and Sindiswe Ntombenhle Mabaso-Koyana, acquired 22,5% of the issued share capital of BESSA through a subscription by a newly incorporated private ring-fenced

company; and Bell Equipment Foundation Trust, a broad-based trust; the beneficiaries of which will be black women, acquired 7,5% respectively of the issued share capital of BESSA. Following the BBBEE transaction BESSA qualified as a 30% black women-owned entity. The transactions have been specifically structured to pursue transformation through the economic empowerment of black women and also align the BESSA business strategy with government's economic transformation policies.



# STAKEHOLDER RELATIONS REPORT INCORPORATING SUSTAINABILITY PERFORMANCE CONTINUED

## SHAREHOLDERS, INVESTORS, FINANCIERS AND INSURERS



Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
<ul style="list-style-type: none"> <li>To create an informed perception of the group and its activities.</li> </ul>	<ul style="list-style-type: none"> <li>Group strategy implementation.</li> <li>Group performance and sustained returns on investment.</li> <li>Leadership strength and management depth.</li> <li>Risk management.</li> <li>Transparent executive remuneration.</li> </ul>	<ul style="list-style-type: none"> <li>AGM.</li> <li>Integrated annual report and interim results.</li> <li>Board and executive management strategy sessions.</li> <li>SENS announcements.</li> <li>Media.</li> <li>Group website including a dedicated investor relations page.</li> <li>Employee share schemes.</li> <li>Dividend policy.</li> <li>Sound corporate governance.</li> </ul>

The Bell group strives to create value for all its stakeholders and to manage its financial capital to support the group's growth and diversification objectives in a sustainable and profitable manner.

Bell engages with its shareholders through its integrated annual report and its AGM held in May of every year. Bell Equipment continues to improve on its engagement with its shareholders, in line with King IV, by providing more and better information to its shareholders thereby ensuring good governance. This included making available an online investor presentation on Bell's investor relations website for use by shareholders, analysts, investors and employees following the release of its interim results in August of 2017. The group will continue to strive for improved interaction with these important stakeholders on an ongoing basis including interactive presentations for shareholders, investors and employees alike going forward.

In June 2017 Leon Goosen, the chief operating officer of the group and an executive director of the Bell Equipment Limited board since January 2009 was appointed as chief executive designate to succeed Gary Bell, the chief executive, once he steps down. The appointment followed extensive internal, local and international search process by an external service provider to identify candidates, who were assessed by a sub-committee of the Bell Equipment Limited board.

In order to ensure business continuity and provide the group with the benefit of a smooth handover in the chief executive's office during the transition period, it was agreed to announce Gary Bell's successor at that stage. Leon Goosen will be appointed as chief executive on 1 June 2018 and Gary Bell will step into the position of non-executive chairman with John Barton fulfilling the position of lead independent non-executive director in line with King IV, effective 1 June 2018.

## SUPPLIERS AND ALLIANCE PARTNERS



Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
<ul style="list-style-type: none"> <li>Suppliers and alliance partners are key to the group's performance and core to the group's strategic positioning.</li> </ul>	<ul style="list-style-type: none"> <li>Timely payment and fair terms.</li> <li>Future growth of the group and understanding the expectations of the group.</li> <li>Reputational consistency.</li> <li>Responsible and positive brand management.</li> </ul>	<ul style="list-style-type: none"> <li>Product launches and demonstrations.</li> <li>Trade exhibitions.</li> <li>Quest for Gold supplier improvement initiative.</li> <li>975 South African suppliers form part of Bell Equipment's supplier network.</li> <li>Ongoing regular direct engagements.</li> <li>Service level agreements and audits.</li> <li>Suppliers conference.</li> <li>Factory and site visits.</li> </ul>

Bell has a Quest for Gold Supplier Improvement programme, the objectives of which are to develop mutually beneficial and profitable relationships with Bell's suppliers, implementing quality and cost controls as well as measuring and rewarding outstanding performance. The programme is also designed to strengthen communications between Bell Equipment and its valued suppliers in order to maximise its technological offering by utilising suppliers' technical support, innovation and expertise.

Suppliers are evaluated on a quarterly basis in five key areas: quality, delivery, cost, flexibility and technical support.

As customers expect Bell to reduce or contain overall costs by decreasing its cost of quality; improving productivity and ensuring an overall competitive and responsive supply chain, Bell recognises that it must continue to work together with its suppliers to meet these ever-increasing expectations of its customers.

In June 2017 the group concluded an agreement with global excavator specialist, Kobelco Construction Machinery Co. Ltd (Kobelco), for the exclusive distribution and support of the Kobelco range of excavators in the Southern African region. With an equally proud history in manufacturing, Kobelco has 10 production centres located in Japan, China, Southeast Asia, the United States and India.

Bell will be complementing its extensive product range by developing the full range of Kobelco excavators, from the small 5,5 ton mini excavators through to the largest 85 ton units. This will offer customers options for the smallest applications as well as competitively priced and perfectly matched loading tools for Bell ADTs in the construction, quarrying and mining industries. In addition to dedicated models for waste and scrap handling, Kobelco is the benchmark with regards to excavator carriers for the forestry industry, creating opportunities for the group in this industry.

In September 2017 Bell Equipment announced its entrance into the Southern African tipper truck market through a partnership with Kamaz, a Russian-based industry leader in this market segment globally. By expanding its one-stop-shop offering to its Southern African customers, the group is able to satisfy more of the customers' needs and further its goal of being partners rather than suppliers. As a 15 time winner of the Dakar, the world's toughest off-road endurance race, there is confidence that these products have the reliability and strength required in terms of the Bell ethos of providing strong reliable machines.