

Corporate governance report

The group remains committed to the highest standards of governance, ethics and integrity through an ethical culture, competitive performance, effective control and legitimacy in order to create sustainable value and enhance long term equity performance. The board continues to provide prudent and ethical leadership and continues to exercise appropriate governance oversight in this regard.

The directors are ultimately responsible for ensuring compliance with all relevant laws, regulations and codes throughout the group, which compliance is monitored and reported on at both committee and board level. The board and its committees continue to monitor closely the implementation of Bell Equipment's legal compliance processes and improve upon them to mitigate the risk of non-compliance with the laws in the various jurisdictions in which it does business. The group has an established and comprehensive group approvals framework that is reviewed annually and is aimed at clarifying the various limits of authority in place within the group. The board recognises that delegating authority does not reduce the responsibility of directors to discharge their statutory and common law fiduciary duties. As a parent company Bell Equipment Limited strives to exercise appropriate governance oversight over its subsidiaries while acknowledging their independence and the legal and governance responsibilities that apply to each subsidiary.

King IV principles

Bell Equipment supports the governance outcomes, principles and practices of King IV. The group views developments and governance trends as opportunities to continuously improve and entrench its own standards. Bell Equipment has considered its application of and adherence to the King IV principles and the group materially complies with the principles of King IV and continues to identify areas where the recommended practices can be applied, enhanced and entrenched in its governance structures, systems, processes and procedures so that they support and give effect to the aspiration as expressed in those principles. Practices are scaled in accordance with proportionality considerations and are interpreted and applied in a way that is appropriate for the group and the sector in which it operates. Bell Equipment's report on the application of the King IV principles is available on its website www.bellir.co.za.

Ethics

Through the code of ethics and code of business conduct, the group confirms its commitment to high ethical and legal standards in dealing with its stakeholders. The board accepts responsibility for ensuring that the group's business is conducted honestly, fairly, legally, reasonably and transparently. Management is driving this leadership culture of ethical conduct by establishing the correct tone at the top in respect of the group's corporate culture by ensuring it is based on the 1-Bell philosophy and aligning it to evolving best practice.

Corruption is a risk that is managed on an ongoing basis, particularly in the diverse areas in which the group operates. Ongoing awareness training on the prevention of fraud and commercial crimes and the entrenchment of applicable policies set stringent standards relating to fraud and the prosecution of offenders, the acceptance of gifts from third parties and declarations of potential conflicts of interest.

The annual submission by employees of their electronic employee governance declarations confirming their compliance to the group codes and policies; their declaration of any potential conflicts of interest as set out in the conflicts of interest policy as well as their disclosure of any approved outside

activities, continue to be undertaken. Any non-compliance with policies or perceived material conflicts of interest is reviewed and addressed by the GEC.

The established fraud working group meets quarterly or more regularly when required and monitors and oversees the investigation of all fraud related and unethical matters and reassesses the adequacy of the internal control environment (particularly those controls directly impacting on the incidents).

The fraud working group provides strategic guidance to different departments on fraud and unethical behaviour detection and preventative actions. Fraud awareness training in prevention and detection of fraud in the workplace is ongoing and the staff are encouraged to report suspected fraudulent or unethical behaviour on a confidential basis via the anonymous tip off reporting line. Awareness of this facility is created through presentations, newsletters and encouragement of staff to report such incidents before significant losses are incurred. All matters reported through the anonymous tip off reporting line are also assessed by the fraud working group and meetings are set up with the internal auditors and investigators to ensure matters are effectively investigated in terms of the group prevention of fraud and commercial crime policy.

Financial statements and external review

As a part of Bell Equipment's corporate governance policy, the implemented standards and systems of internal controls continue to be improved by management to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for shareholder investments and group assets.

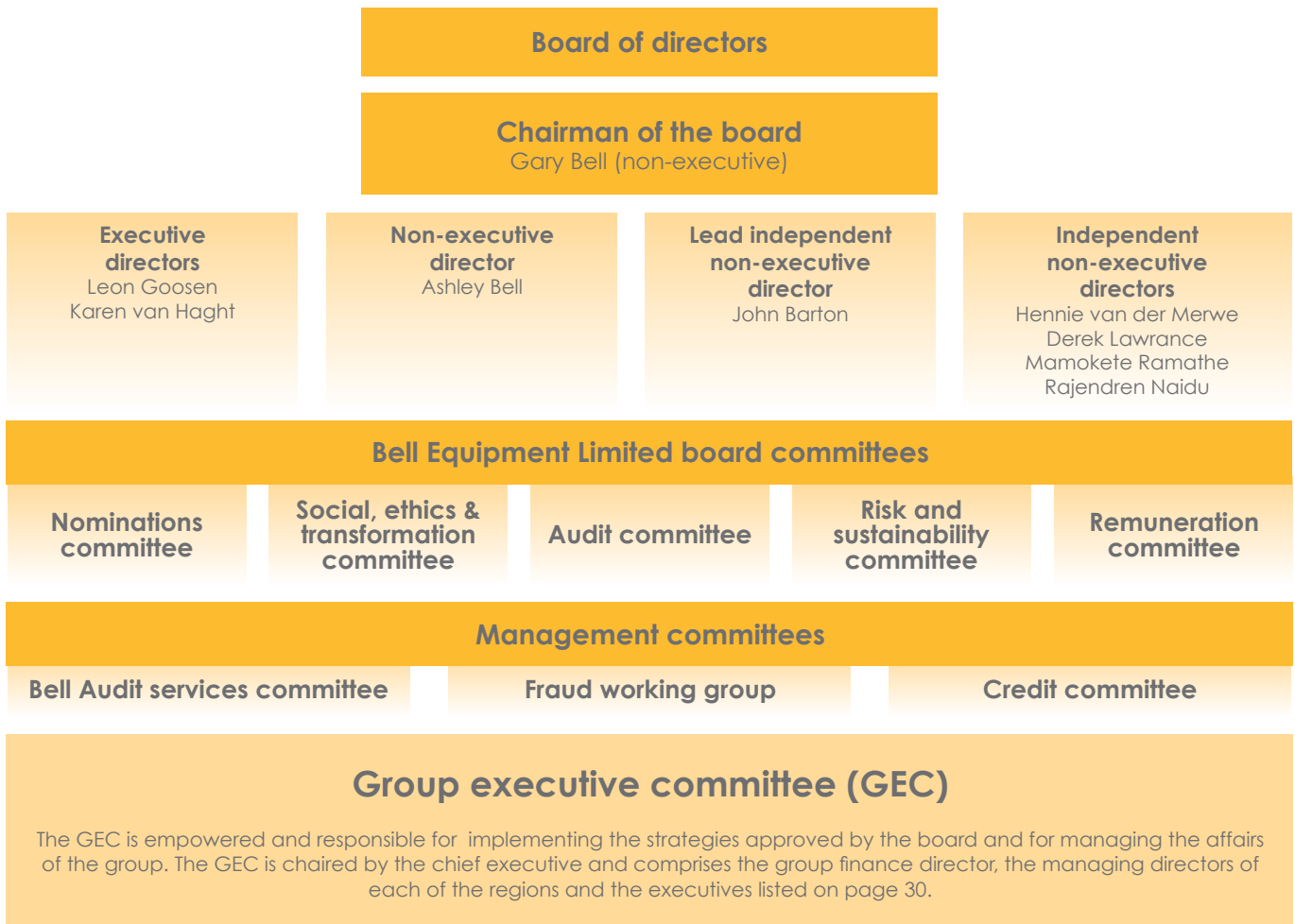
The board is of the opinion that the internal financial controls are adequate and that the financial records can reliably be used for preparing the financial statements in accordance with IFRS and to maintain accountability for the group's assets and liabilities. The recent JSE Listings Requirements' amendments relate to internal financial controls where the primary responsibility for internal controls over the financial reporting process and the accuracy of financial reporting rest with the board and management (specifically the chief executive and chief financial officer) of the group. The board has identified and defined the critical internal financial controls and understood what the impact on control failure will have on the group, developed a framework to establish an approach of how the identified controls will be evaluated and developed a standard consolidated report of the critical controls identified and evaluated to monitor the level of adequacy and effectiveness frequently. This allows the chief executive and chief financial officer to provide the necessary representation that the essential internal financial controls are adequate and operating as intended.

During the year under review management identified certain concerns relating to the group's accounting for the standard warranty provision on manufactured equipment sales. An independent firm of accounting specialists and subsequently an

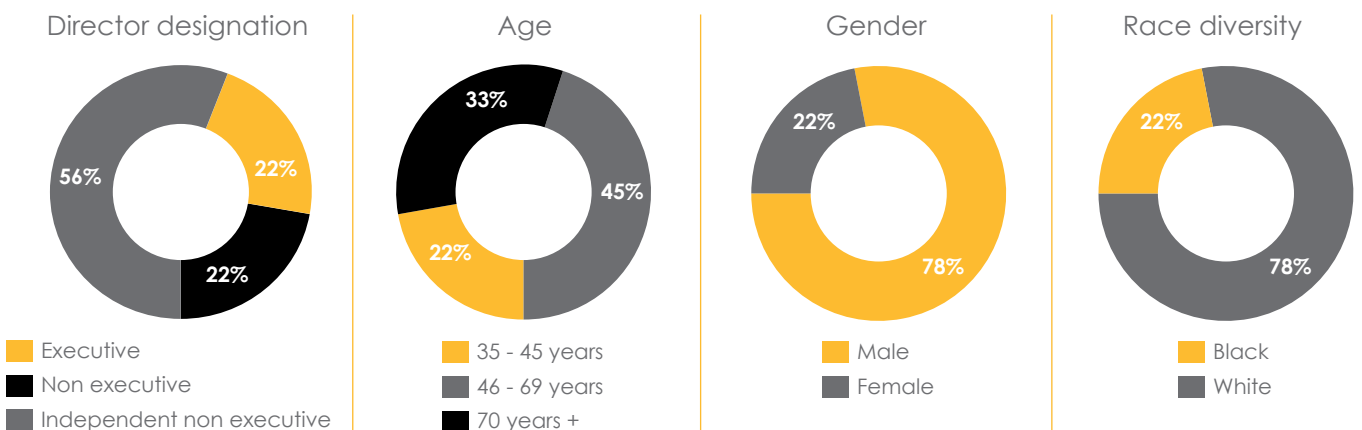
Corporate governance report *continued*

external legal advisor were appointed to assist management and this process resulted in the restatements of previously reported financial results as reflected in note 5 of these annual financial statements. The directors are satisfied that the steps taken by management remediated the controls in this area by year end to support the reliability of the group's 2020 financial results. No other matters came to the attention of the directors to indicate that any other material breakdown in the functioning of controls had occurred during the year and up to the date of this report.

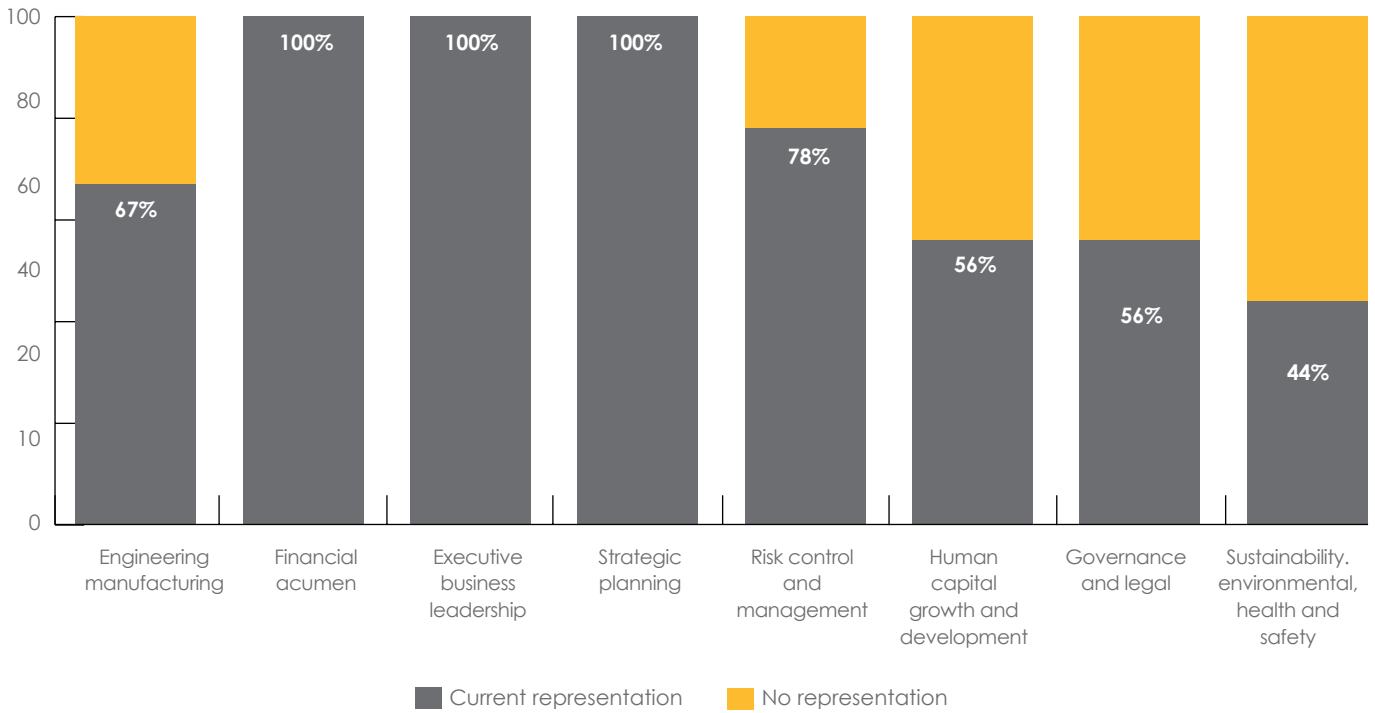
Corporate governance structure



Board composition and diversity



Knowledge, skills and experience



The composition of the board reflects both executive and non-executive directors, comprising a majority of non-executive directors, of whom the majority are independent, in order to ensure that there is a clear balance of authority so that no one individual has unfettered decision making powers.

During the year under review the board undertook a structured and formalised evaluation of the independence of the non-executive directors and confirmed that five of the non-executive directors are independent as defined by King IV and the JSE Listings Requirements. The board, being mindful of its responsibility to preserve an appropriate balance of skills and experience on the board, remains of the view that the retention of certain board members beyond nine years is beneficial in certain circumstances to ensure this balance and that orderly succession can take place. The independence of the non-executive directors will continue to be assessed by the board on an annual basis.

An independent board, chaired by the lead independent non-executive director, has been appointed to consider the possible shareholder transaction that was announced to the market during the reporting period.

The group has a policy in place detailing the procedures for appointments to the board of directors. The appointments are formal and transparent and a matter for the board as a whole, duly assisted by the nominations committee. The board annually considers whether the size, composition and diversity are appropriate to ensure its effectiveness.

Newly appointed directors are formally informed of their fiduciary duties by the company secretary. Upon their appointment, directors receive an induction pack and are trained on their responsibilities and the obligations imposed upon them.

Corporate governance report *continued*

Roles and responsibilities of chairman, lead independent non-executive director and chief executive during the reporting period

Chief executive: full time executive director

The role of the chief executive, as determined by the board, is to:

- own the vision and build the culture of the group;
- oversee and deliver the group's performance;
- lead the group and the management team;
- be ultimately responsible for all day to day management decisions and operations of the group in order to implement the strategic goals set by the board through the GEC;
- be the group's principal spokesperson; and
- act as direct liaison between the board and management and communicate to the board on behalf of management.

Chairman: non-executive director

The role of the chairman is to:

- provide leadership and firm guidance to the board, while encouraging proper deliberation;
- lead the board and not the company;
- be the link between the board and management;
- be the main link between the board and shareholders; and
- provide skills and industry experience to the group.

Lead Independent non-executive director

The role of the lead independent non-executive director is to:

- provide independence as the chairman is not an independent non-executive director;
- ensure adherence to good governance principles;
- handle all conflict of interest matters that may arise;
- assume the responsibilities of the chairman when the latter is unable to attend relevant board and committee meetings; and
- assume the responsibilities of the chairman when the chairman's performance is being appraised or term of office is being reviewed.

The roles of the non-executive chairman and the chief executive are formalised, separate and clearly defined. As Gary Bell is not an independent non-executive chairman, John Barton is the appointed lead independent non-executive director and he has been appointed to handle all matters where there is a perceived conflict of interest relating to the shareholder transaction. Leon Goosen, the chief executive and other executive directors are employed on service contracts. Karen van Haght is a full time executive finance director and chief financial officer of the group. There is a formalised succession plan in place for the GEC including the chief executive and chief financial officer. The chief executive does not currently have any additional professional commitments.

The board recognises the benefits of gender, race, skills, experience, knowledge, age and culture diversity at board level. In line with the approved diversity policy promoting gender, race, skills, experience, knowledge, age and culture diversity, the aspirational targets for achieving gender diversity on the Bell board was to ensure that at least 25 percent of the board was comprised of women by the end of 2018 and for achieving race diversity on the board was 30 percent by end of 2018. Whilst the board has gender and racially diverse representation, the board continues its efforts to increase such representation and the nominations committee will continue to focus on achieving these voluntary targets in the nomination and appointment of directors.

All non-executive directors have unrestricted access to management at any time. When required, non-executive directors are entitled to access the external auditors and, at Bell Equipment's expense, are able to seek independent professional or expert advice on any matters pertaining to the group.

In accordance with Bell Equipment's MOI, at least one-third of the non-executive directors must retire by rotation each year but may offer themselves for re-election. The non-executive directors retiring by rotation and standing for re-election by the shareholders are Rajendran Naidu, Mamokete Ramathe and Ashley Bell. Their brief biographies can be found on pages 28 and 29.

Board charter

The board is responsible for approving the strategic direction of the group and assisting management in achieving its strategic goals. The strategic vision of the group is set out on page 18.

The scope of authority, responsibility, composition and functioning of the board is contained in a formal charter. The board charter and each of the committees' charters are reviewed annually. The board and committee charters are available on request from the company secretary.

The directors retain overall responsibility and accountability for:

- monitoring corporate governance, approval of the group's strategy, setting objectives, monitoring implementation of board plans and strategies, effective leadership on an ethical foundation;
- approving the strategic direction of the group and the budget necessary for the implementation of the strategy;
- being the guardian of ethics and the values of the group;
- exercising leadership, enterprise, integrity and judgement in directing the group so as to achieve continuing prosperity for the group, retaining full and effective control of the group;
- appointing the chief executive and ensuring proper succession planning for the group's executive directors and senior management;
- assuming overall responsibility for risk management;
- safeguarding the integrity of corporate governance processes;
- ensuring that technology and systems used in the group are adequate to run the business properly and evaluating and monitoring IT governance within the group;
- implementing best practice disclosure and reporting practices that facilitate transparent and open communication with key stakeholders throughout the year;
- ensuring that procedures and practices are in place, including systems of internal control, that protect the group's assets and reputation; and
- approving the annual financial statements and the integrity of the integrated annual report.

Committees' mandate and charters

The board charter allows for the delegation of responsibilities to committees formed by it to assist in the execution of its duties, power and authority, taking into account the dictates of the Companies Act and the JSE Listings Requirements. The board applies responsible governance in ensuring the managing of the business within the approved risk appetite through various board committees and delegation to such committees is formal and involves approved and documented charters for each committee, which are reviewed annually and any changes are

approved by the board. The board annually reviews whether each committee as a whole has the necessary knowledge, skills, experience and capacity to execute its duties effectively.

In line with the Companies Act and King IV, the group has a separate audit committee, a remuneration committee, a social, ethics and transformation committee, a nominations committee and a risk and sustainability committee. They play an important role in enhancing good corporate governance and improving internal controls, thus assisting in the sustainable performance of the group. There are further management committees including the Bell audit services committee, which the audit committee chairman attends, the fraud working group and the credit committee.

The board is satisfied that the committees are aligned with the principles set out in King IV and are appropriately structured and competent to deal with the company's existing and emerging issues and that they have effectively carried out their responsibilities according to their charters and terms of reference, and the annual work plans that are approved at the commencement of the year.

Nominations committee

Composition

Chairperson:

John Barton – lead independent non-executive director.

Members:

Rajendran Naidu – independent non-executive director;
Hennie van der Merwe - independent non-executive director;
Gary Bell – non-executive chairman of the board .

Brief particulars of the committee members can be found on pages 28 and 29.

Three meetings were held during the year.

Summary of roles and responsibilities

The roles and responsibilities of the nominations committee are:

- to ensure appropriate board composition in order to achieve the appropriate balance of skills, experience and diversity required to lead, control and best represent the group;
- to consider the performance of directors and oversee the development and implementation of continuing development programmes for directors;
- to review the policy which details the procedures for appointments to the board, and which ensures a balance of power and authority at board of directors' level so that no one director has unfettered powers of decision making; and
- to review succession planning arrangements for the board and the executive management of the group.

Social, ethics and transformation committee

Composition

Chairperson:

Mamokete Ramathe - independent non-executive director .

Members:

Gary Bell – non-executive chairman of the board;
Ashley Bell – non-executive director;
Rajendran Naidu – independent non-executive director;
Karen van Haght – finance director.

Brief particulars of the committee members can be found on pages 28 and 29.

Three meetings were held during the year.

Summary of roles and responsibilities

The responsibilities of the social, ethics and transformation committee, which are aligned with the statutory functions as set out in the Companies Act and the regulations to the Companies Act, include:

- monitoring group activities on social, transformation and economic development, good corporate citizenship, environment, environmental risks, health and safety, consumer relationships, labour and employment;
- compliance with the Employment Equity Act and BBBEE legislation; and
- educational development of its employees.

The full report by the chairman of the social, ethics and transformation committee can be found on page 54 of the AGM book of which the social, ethics and transformation committee report forms part.

Audit committee

Composition

Chairperson:

Derek Lawrance - independent non-executive director.

Members:

John Barton – lead independent non-executive director;
Rajendran Naidu - independent non-executive director;
Mamokete Ramathe - independent non-executive director.

All the members were elected as members of the committee by the shareholders at the AGM on 15 July 2020.

Five meetings were held during the year.

Summary of roles and responsibilities

The roles and responsibilities of the audit committee are aligned with the statutory functions as set out in the Companies Act and the regulations to the Companies Act and include:

- oversight of the group's financial reporting;
- ensuring continued independence of external auditors;
- overseeing the external audit process;
- overseeing the integrated reporting;
- applying, as practical, the combined assurance model to ensure a coordinated approach to all assurance activities;
- reviewing the expertise, resources and experience of the finance function;
- considering the appropriateness of the expertise and experience of the finance director; and
- overseeing the internal audit function.

The full mandate of the audit committee can be found in the detailed audit committee report included in the audited 2020 annual financial statements on the group's website.

The audit committee has ensured that the group has established appropriate financial reporting procedures and that those procedures are operating. This included considering the group structure to ensure that it has access to all the financial information to allow the group to effectively prepare the report on the financial position of the group. The audit committee has also ensured that the appointment of the auditor is presented and included as a resolution in the upcoming annual general meeting.

Corporate governance report *continued*

Risk and sustainability committee

Composition

Chairperson:

Hennie van der Merwe - independent non-executive director .

Members:

John Barton - lead independent non-executive director;
 Ashley Bell – non-executive director;
 Gary Bell – non-executive chairman of the board;
 Derek Lawrance - independent non-executive director;
 Karen van Haght – finance director;
 Leon Goosen - chief executive.

Brief particulars of the committee members can be found on pages 28 and 29.

Three meetings were held during the year.

Summary of roles and responsibilities

The risk and sustainability committee is responsible for:

- the review and monitoring of the implementation of the group's risk management policy and plan;
- the review of the Bell Equipment group risk appetite and risk tolerances and the review of the risk appetite and risk tolerance matrices, the Bell Equipment group strategic risk register and the high-impact risks that are reported on at the risk and sustainability committee meetings;
- the review and assessment of the risk philosophy, strategy and policies recommended by the GEC and the consideration of the reports by the GEC on these issues;
- reporting to the audit committee on its findings in respect of material legal and compliance risks and in respect of the company's policies on risk assessment and risk management which may have an impact on the group's financial statements;
- reviewing the adequacy of insurance coverage;
- focusing on the development, progressive implementation and monitoring of the policies and plans to deal with the sustainability issues which relate to the long-term sustainability of the group;
- reviewing the integrated annual report to shareholders with regard to the relevant sustainability considerations as set out in the stakeholder relations report; and
- considering whether and to what extent external assurance is required on integrated reporting to shareholders with regard to the relevant sustainability considerations.

Remuneration committee

Composition

Chairperson:

Derek Lawrance - independent non-executive director.

Members:

John Barton – lead independent non- executive director;
 Gary Bell – non-executive chairman of the board.
 The chief executive attends all remuneration committee meetings by invitation.

Three meetings were held during the year

Summary of roles and responsibilities

The roles and responsibilities of the remuneration committee are to:

- oversee the establishment of and regularly review the group remuneration policy;

- ensure that the remuneration policy and the implementation report are both put to non-binding advisory votes at the AGM of shareholders and that the process of engagement with shareholders in the event of a 25% or more vote against such reports is followed;
- oversee the preparation of the remuneration committee report for inclusion in the integrated annual report;
- advise on non-executive directors' remuneration;
- advise and monitor executive remuneration and ensure that the group's executive directors and management are rewarded fairly in accordance with their individual contribution to the group's overall performance objectives;
- approve and review incentive bonus or share schemes; and
- evaluate the chief executive's performance.

The detailed responsibilities of the remuneration committee can be found under the remuneration committee report on page 39 of the AGM book of which the remuneration committee report forms part.

Group company secretary

The company secretary continues to ensure that board procedures, regulations and governance codes are observed, and also provides guidance to the directors on governance, compliance and their fiduciary responsibilities. Directors have unrestricted access to the advice and services of the company secretary.

The company secretary provides advice and updates to the board at all meetings by reporting on new and amended legislation and regulations relevant to the group's business. She coordinates the induction programme for newly appointed directors, as well as the board and committee evaluation process.

In terms of the JSE Listings Requirements the board is required to consider and satisfy itself on an annual basis on the competence, qualifications and experience of the company secretary. Following the formal assessment conducted by the board of the company secretary in December 2019, an informal assessment was undertaken in 2020 to assess her competence. A further formal assessment will be undertaken during 2021.

The board remains satisfied that the company secretary has the requisite competence, qualifications and experience to carry out the required responsibilities and continues to be independent of the board. The company secretary is not a director of the company.

The board is satisfied that the company secretary is the gatekeeper of good governance, and that in the absence of any existing relationships, she is able to interact with the board and its individual directors at arms length, and that the directors are able to look to the company secretary for guidance on their responsibilities and duties.

Board and committee evaluations

Following a formal and comprehensive questionnaire based self evaluation assessment undertaken by the directors in respect of the board, the committees, the chairman and the company secretary at the end of 2019, the action items flowing from such evaluation report were considered by the board and separately by each of the committees. A further formal self evaluation assessment will be undertaken at the end of 2021 .

Attendance at board and committee meetings

The board meets at least once every quarter. Additional meetings are convened to consider specific business issues that may arise between scheduled meetings. During the year under review, an additional five board meetings were convened to consider specific business.

Attendance register: 1 January 2020 to 31 December 2020

	Board	Audit	Risk & Sustainability	Nominations	Remuneration	Social, ethics & transformation committee
Number of meetings held	9	5	3	3	3	3
John Barton	8	5	3	3	3	n/a
Gary Bell	9	n/a	3	3	3	3
Karen van Haght	9	5*	3	n/a	n/a	3
Leon Goosen	9	5*	3	2*	3*	3*
Ashley Bell	9	n/a	3	n/a	n/a	3
Hennie van der Merwe	9	n/a	3	3	n/a	n/a
Derek Lawrance	9	5	3	n/a	3	n/a
Mamokete Ramathe	9	5	n/a	n/a	n/a	3
Rajendran Naidu	9	5	n/a	3	n/a	3

* Leon Goosen and Karen van Haght attend the committee meetings as invitees.

Compliance governance

The board is responsible for the governance of compliance with applicable laws and with adopted non binding rules, codes and standards. The company secretary is responsible for providing advice to the operational business units, creating awareness and developing an understanding of the relevant existing, new and amended legislation and regulations. An analysis of the current and pending legislation and regulations relevant to the group is presented to the board and to the relevant committees during the year. Board members are committed to complying with the disclosure, transparency and listing rules of the JSE and King IV.

Key areas that received focus in the past financial year included the amendments to the JSE Listings Requirements, including the required attestation by the group chief executive officer and chief financial officer in terms of paragraph 3.84 (k) of the JSE Listing Requirements, the Protection of Personal Information Act, the effect of COVID-19 on the business and the supply chain including force majeure events, the Companies and Intellectual Property Commission's companies' compliance disclosure requirements, King IV and other material legislation affecting the group.

Conflicts of interest and share dealings

The board recognises the importance of acting in the best interest of the group and protecting the legitimate interests and expectations of its stakeholders. The board consistently applies the provisions of the Companies Act on disclosing or avoiding conflicts of interest. Directors are required to declare their personal financial interests, in contracts or other matters in which Bell Equipment has a material interest or which are to be considered at a board meeting, in general annually and specifically at the commencement of each meeting of the board and each committee meeting, in accordance with the requirements of the Companies Act.

Where a potential conflict of interest exists, directors are expected to recuse themselves from relevant discussions and decisions. During the reporting period, the conflicts of interest in respect of the shareholder transaction in terms of which I A Bell & Company (Pty) Ltd, a 38,7% shareholder in the company entered into a formal binding agreement to acquire John Deere's 31,3% shareholding in the company, subject to certain conditions precedent, have been managed through the ongoing disclosure of interests by directors at each meeting and the recusal of such interested directors. The appointment of an independent board was also undertaken and the formal appointment of the lead independent non-executive director as the chairman of the independent board, following the notification to the board of the non binding expression of interest in respect of a possible transaction to acquire the entire issued ordinary share capital of Bell Equipment not already held by or to be acquired by I A Bell & Company (Pty) Ltd.

All directors are required to comply with the group code of ethics, the provisions of the Financial Markets Act, 2012 and the JSE Listings Requirements regarding inside information, price sensitive information, dealings in securities and the disclosure of such dealings which have also been covered previously in various Bell codes, policies and procedures, including the group code of business conduct and the group corporate information policy.

As required by the JSE Listings Requirements, a closed period is implemented at both half year and at year end until the release of the interim and year end results respectively. During closed periods, directors and designated senior executives may not deal in the shares or in any other instrument linked to the shares of the group. Directors and senior designated employees are required to instruct their portfolio or investment managers not to trade in Bell Equipment securities without their written consent. Details of all dealings by directors during the reporting period are contained in the directors' report in the audited annual financial statements on the website.

External audit

The external auditors are responsible for reporting on whether the financial statements are fairly presented and whether they are prepared in all material respects in compliance with IFRS. Their audit also includes an assessment of selected internal controls. The preparation of the annual financial statements and the adequacy of the systems of internal control remain the responsibility of the directors. Further information on the external auditors can be found in the audit committee report in the

Corporate governance report *continued*

annual financial statements.

Internal control systems

The group has developed an effective group controls framework to provide reasonable assurance to management with respect to financial statement preparation, asset safeguarding, IT general controls, inventory, payroll, treasury and company secretariat functions.

The minimum controls required in each group operation for each business cycle, with clear accountability by name for each control, is in place and such framework is key to driving an improvement in controls throughout the group. A control self assessment tool to assist managers in managing the internal controls within their areas of accountability is being successfully utilised by the group.

The effectiveness of internal control systems can change with circumstances and, for this reason, these are reviewed and updated regularly. The systems presently in place are suitably aligned with the monitoring requirements and nothing has come to the attention of the directors, or internal auditors, to indicate that any material breakdown in the functioning of Bell Equipment's key internal controls and systems occurred during 2020, except for the deficiency described under the heading financial statements and external review on page 39 of this report.

Internal audit

Ernst & Young Advisory Services continues to provide the group with internal audit services on an outsourced basis. The group's internal audit function use a risk based methodology. The annual internal audit plan is developed giving due consideration to the risks identified as well as business requirements and is approved by the audit committee. The GEC and the Bell audit services committee are kept fully up to date with the internal audit function's activities through comprehensive reports that include the internal audit findings and recommendations, management comments and regular status updates. During the year in review, the Bell Equipment group internal audit function fulfilled its duties with the support and cooperation of the board of directors, management and staff.

IT governance and compliance

IT is an integral part of Bell's business operations, and acts as an enabler to the group's strategic and operational goals. There is an appointed chief information officer and an IT steering committee that continue to manage IT governance across the group. This committee meets on a quarterly basis and reviews adherence to the IT controls framework. The IT controls framework is aligned to COBIT and includes controls that ensure strategic alignment, deliver value and manage performance, provide information security, manage IT risk and compliance, and ensure business continuity management. The committee ensures that matters such as ever increasing regulatory and governance compliance, cybersecurity and digital transformation are adequately addressed, whilst continuously focusing on innovative and business centric solutions.

During the reporting period the IT strategy was revised to ensure alignment with business strategic goals, incorporate the impact of technology drivers and trends and appropriately mitigate IT risks. SAP production and warehouse management functionality

was implemented to support the expansion of the Eisenach-Kindel fabrication and warehousing facilities. Investment in Microsoft's productivity suite has been made thereby enabling collaboration, integration, data governance, and user empowerment through incorporated business intelligence tools. Bell Equipment's online parts footprint has been expanded to include European dealers thereby driving increased aftermarket revenue streams and improved customer interaction.

The risk of cyberattacks and legislative requirements around data protection have continued to be a focus. Security incident monitoring and response capability has been expanded and security awareness training is ongoing. ISO 27001 has been adopted by the group as the information security standard. Deloitte & Touche continue to conduct a general computer controls review to evaluate the IT general control environment.

Risk Management

The board is responsible for the governance of risk management within the Bell Equipment group and has approved a policy and framework to identify, analyse, report and mitigate risks, and thereby govern the group risk management process. Oversight is delegated to the risk and sustainability committee, which is a committee of the board.

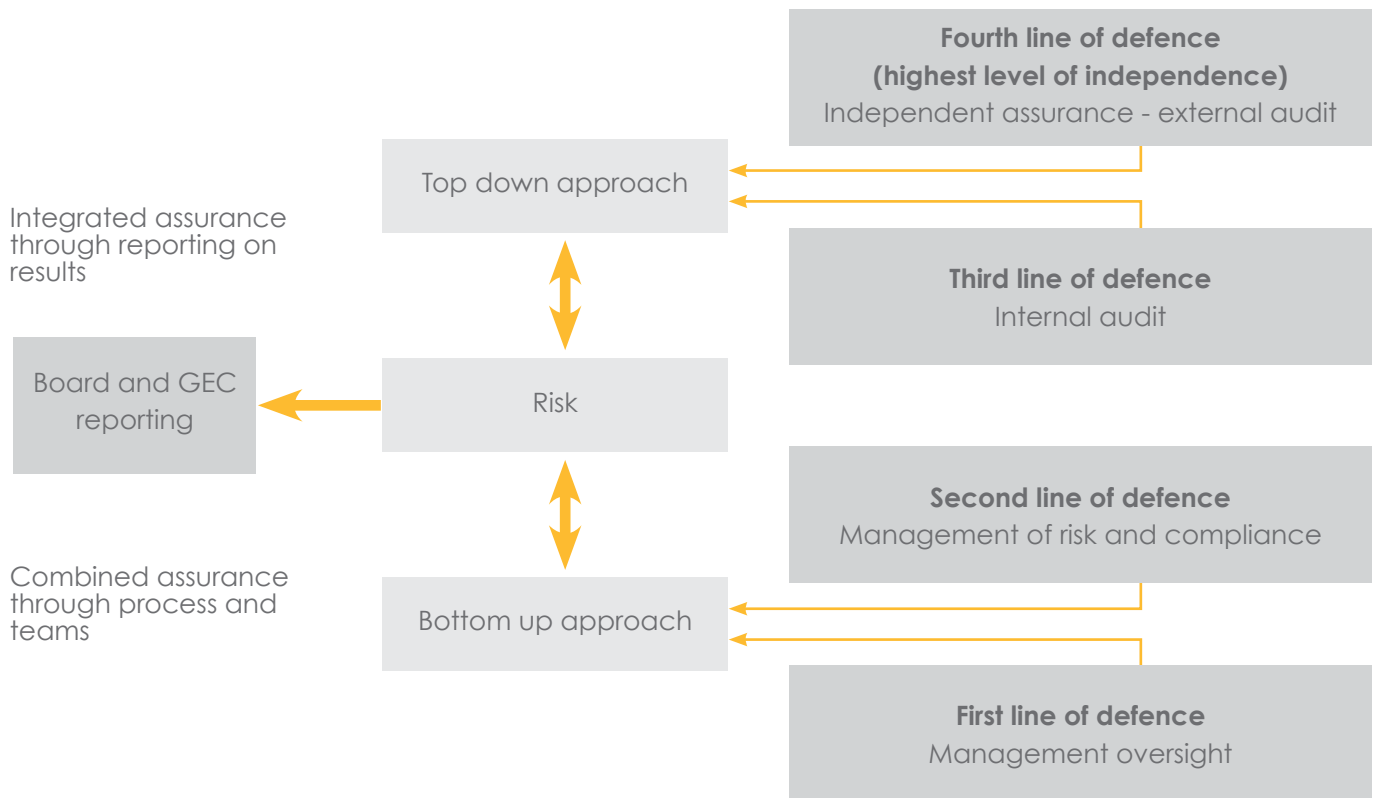
The board sets the Bell Equipment group risk appetite and risk tolerances annually on the recommendation from the risk and sustainability committee. Risk registers are presented to the committee, which identify the most significant risks based on likelihood and impact of occurrence, with mitigating controls documented per risk. This is achieved by requiring that subsidiaries report their key risks and responses to the risk and sustainability committee at each committee meeting. The chairperson of the risk and sustainability committee reports the most significant risks derived from the above process to the board.

The risk appetite and risk tolerance matrices, the group strategic risk register and the high impact risks are reported on at the risk and sustainability committee meetings. The unprecedented nature of the COVID-19 pandemic has been taken very seriously by the group and the group continues to work to minimise the ongoing risks it poses to the long-term business sustainability. Greater detail on this and other material risks facing the group can be found on pages 20 to 25.

Management assesses risk in accordance with international best practice based on probability, impact and quality of the existing control environment. These measures produce residual risk scores that indicate the significance of the risk and allow for prioritisation of risk mitigation measures.

The Bell Equipment risk management framework model classifies the risks into types of risk with a potentially positive or negative effect on the ability of the business to meet its strategy and protect or create value. It then goes on to formulate the approach to be followed in managing risk, reviewing controls in place, implementing additional controls required and identifying who is responsible in managing the risk.

Combined assurance is based on identified risks and how assurance is achieved and reported to the board through the audit committee.



Tip off reporting line

Bell Equipment is committed to conducting healthy business practices with honesty and integrity. For this reason, Bell Equipment subscribes to an anonymous tip off reporting line service that enables all stakeholders to report anonymously on suspected dishonest behaviour. This service is administered independently by a professional services firm, and enables all stakeholders to anonymously report environmental, safety, ethics, accounting, auditing and control issues or other concerns. Awareness is created by advertising on staff notice forums and subsidiary company websites. The follow up on all reported matters is coordinated by the fraud working group and reported to the audit and risk and sustainability committee.

Engagement with stakeholders

The board acknowledges that it is ultimately responsible for the management of relationships with the group's major stakeholders. A strong emphasis is placed on its customers, alliance partners, suppliers, employees and shareholders.

During the reporting period the group received focus by the media following its annual general meeting in July 2020 and the notification to the market of the possible transaction taking place between its two major shareholders and the notification of a non-binding expression of interest by IA Bell & Company in respect of a possible transaction to acquire the entire issued share capital not already held by or to be acquired by IA Bell & Company by way of a scheme of arrangement subject to the fulfilment of certain conditions precedent. The board continues to comply with the Companies Act and the JSE Listings Requirements and timeously notifies its stakeholders through the correct channels as these transactions progress.

The board through the social, ethics and transformation committee receives formal feedback from management on a quarterly basis as to the nature of the interaction that has taken place with the relevant stakeholders. A report on how the group has engaged with its stakeholders during the reporting period is available on pages 48 to 65.

Access to information

Bell Equipment continues to comply with the requirements of the Promotion of Access to Information Act of 2000, as amended (PAIA). The corporate manual is available on the website at www.bellir.co.za. During the reporting period and to the date of this report the group received four PAIA applications from two shareholders, which applications were considered by the board and with the assistance of external legal counsel, were appropriately and timeously responded to.

Sponsor

Investec Bank Limited remains Bell Equipment's corporate sponsor in compliance with the JSE Listings Requirements, and among other functions, advises the board on compliance with the JSE Listings Requirements.

Conclusion

The board believes, in respect of the business specifically reserved for its decision, it has satisfactorily discharged its duties and responsibilities during the year under review. The governance processes continue to be regularly reviewed to align with legislative and regulatory changes, and to reflect changes in the business to ensure processes remain relevant.