

Corporate governance report

Sound corporate governance standards create value for the Bell Equipment group by ensuring the sustainability of the business and by enhancing long term equity performance, in addition to the benefits that good governance brings to society at large and to the group's stakeholders in particular. As environment, social and governance (ESG) considerations have risen to prominence in recent years, the group's emphasis on governance, dealt with in this report, is recognised as a crucial constituent part of the broader ESG framework that contributes to ensuring its sustainability and long term performance.

Compliance governance

The group's governance and compliance framework is founded on the principles of accountability, transparency, ethical management and fairness. Governance processes and group policies are regularly reviewed to ensure alignment with regulatory changes, reflect evolving best practice, seek out opportunities to incrementally improve the group's governance and ascertain whether the policies and processes are still fit for purpose as the group's businesses change over time. The company has complied with its MOI, the provisions of the Companies Act and, in all material respects, complied with the laws of the countries in which Bell does business, including the laws of South Africa, where the company is incorporated.

In the past year, notable governance matters in the group included the following:

- the appointment of independent non executive director Hennie van der Merwe as the lead independent non executive director of the board, following the resignation of long serving non executive director and lead independent non executive director John Barton in February 2022;
- in considering the appropriateness of the size, composition and diversity of the board to ensure its effectiveness, the appointment of two new independent non executive directors, namely Usha Maharaj and Markus Geyer in April 2022, bringing with them valuable insight and experience;
- while welcoming a return to in person board meetings, the group continued to make increasing use of technology, including virtual meetings for board and committee meetings and for the annual general meeting which was held virtually in May 2022;
- in line with the IRBA's mandatory audit firm rotation rule, the board recommended for appointment by shareholders PWC as the group's external auditor with effect from the financial year commencing on 1 January 2024;
- the review and extension of the long term incentive scheme for participating Bell employees was undertaken by the remuneration committee; and
- the ongoing monitoring of King IV™ and other material legislation affecting the group.

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.

A key responsibility of the board is setting and steering the strategic direction of the group with the aim of supporting

the achievement of good performance against its strategic objectives while taking into account the interconnectedness of its core purpose, risks and opportunities, business model, performance and sustainable development.

The board and the GEC work closely in determining the strategic direction and objectives of the group. The strategic vision of the group is set out on page 16.

On an annual basis the GEC formally presents the short, medium and long term strategy to the board which challenges it constructively in respect of its assumptions, time frames and objectives and, if satisfied, formally approves the strategy, budget and targets for the ensuing year.

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. The group has applied the King IV™ report throughout the 2022 financial year and the directors confirm that the group has in all material respects voluntarily applied the principles of the code. The application of King IV™ is covered in the King IV™ register 2022 published on the website.

Ethics

Good corporate governance is essentially about effective, ethical leadership. While leadership starts with each individual director, it finds its expression through the board as a collective, setting the appropriate example and tone, which is referred to as ethical governance.

The group will not engage in, condone or tolerate any corrupt practices and rejects all forms of dishonesty, fraud, corruption and unethical behaviour.

The Bell group has a developed code of business conduct, a code of ethics and a prevention of fraud and commercial crime policy and is continuously involved in group wide efforts to re-emphasise the ethical values that underpin these codes and policies and to provide regular ethics training to its employees.

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

Security and unethical behaviour incidents during 2022



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.

A group fraud risk assessment was developed and is frequently reviewed, mitigating action plans and controls are in place and are updated as and when required.

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 continues 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. The staff are encouraged to report suspected fraudulent or unethical behaviour on a confidential basis via the anonymous tip off reporting line. 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 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 prevention of group fraud and commercial crime policy. The follow up on all reported matters is reported to the audit and risk and sustainability committees.

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 board has identified and defined the critical internal financial controls and understood the impact of control failure on the group, developed a framework to establish an approach for the evaluation of the identified controls 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 in terms of the JSE Listings Requirements that the essential internal financial controls are adequate and operating as intended.

During the year under review no matters came to the attention of the directors to indicate that a breakdown in the functioning of controls, resulting in material loss to the group, had occurred during the year and up to the date of this report.

Composition of the board

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.

All directors, both executive and non executive, understand their legal duty to act with independence of mind in the best interests of the company.

During the year under review the nominations committee undertook its annual structured and formalised evaluation of the independence of the non executive directors and confirmed that six of the non executive directors at the time were independent as defined by King IV™ and the JSE Listings Requirements, namely Hennie van der Merwe, Derek Lawrance, Mamokete Ramathe, Rajendran Naidu, Usha Maharaj and Markus Geyer.

The board annually considers whether the size, composition and diversity are appropriate to ensure its effectiveness and in this regard and in line with the policy in place detailing the procedures for appointments to the board of directors, Markus Geyer and Usha Maharaj were appointed as independent non executive directors with effect from 1 April 2022. Their appointments were formal and transparent and a matter for the board as a whole, duly assisted by the nominations committee. Both directors were elected by the shareholders at the AGM on 31 May 2022. Further details in respect of the composition and diversity of the board are set out in the leadership report on pages 26 to 31.

The two newly appointed directors were required to attend a comprehensive induction programme and were informed of their fiduciary duties by the company secretary. They both attended training on the JSE Listings Requirements by the

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company's sponsor and further bespoke training on their fiduciary duties as directors. They received an induction pack and attended at the main South African subsidiaries and met with the GEC to better understand the complexity of the various operations. Attendance at the German operations shall be undertaken in 2023.

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

● --- Chief executive: full time executive director Leon Goosen

The role of the chief executive, as determined by the board, is formalised, is separate from that of the chairman and is clearly defined 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 with the board on behalf of management.

The chief executive does not currently have any additional professional commitments.

● --- Chairman: non executive director Gary Bell

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.

As Gary Bell is not an independent non executive chairman, a lead independent non executive director is appointed to handle all conflict of interest matters.

● --- Lead independent non executive director Hennie van der Merwe

On 16 February 2022, Hennie van der Merwe was appointed as the 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.

Leon Goosen, the chief executive, and other executive directors are employed on service contracts. Karen van Hagt 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.

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

Board charter

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, 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 confirming 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 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 received and approved each year.

Board committee composition

Audit committee

The audit committee shall have a minimum of three members, all of whom are independent non executive directors who are elected annually at the AGM for one year.

The chairman of the risk and sustainability committee will be an ex-officio invitee of the audit committee.

Five meetings were held during the year.

- Chairperson:**
- Derek Lawrance
- independent non executive director.
- Members:**
- Rajendran Naidu
- independent non executive director;
 - Mamokete Ramathe
- independent non executive director;
 - Usha Maharaj
- independent non executive director.

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 the external auditor;
- 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 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.

The full report by the chairman of the audit committee can be found in the audited annual financial statements on the website www.bellir.co.za.

Risk and sustainability committee

The risk and sustainability committee shall consist of at least four directors, the majority of whom shall be non executive directors.

At least one of the non executive directors appointed by the board shall be appointed from the members of the audit committee. The chief executive and the finance director shall be standing members of the risk and sustainability committee.

Three meetings were held during the year.

- Chairperson:**
- Hennie van der Merwe
- lead independent non executive director.
- Members:**
- 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.

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.

Social, ethics and transformation committee

The social, ethics and transformation committee shall comprise of not less than three directors and/or prescribed officers of the company, at least one of whom must be a director who is not involved in the day to day management of the company's business, and must not have been so involved within the previous three financial years of the company.

The social, ethics and transformation committee shall be chaired by a non executive board member who is not the chairman of the board.

Three meetings were held during the year.

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- 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.

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 and other stakeholder relationships, labour and employment;
- compliance with the Employment Equity Act and BBEE 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 52.

Remuneration committee

The remuneration committee will comprise at least three non executive directors of the board, a majority of whom are independent non executive directors.

Three meetings were held during the year.

- Chairperson:** • Derek Lawrance
- independent non executive director.
- Members:** • Gary Bell
- non executive chairman of the board;
- Rajendran Naidu
- independent non executive director.

The chief executive attends all remuneration committee meetings by invitation.

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 report for inclusion in the integrated annual report;
- advise on non executive directors' remuneration;
- advise on 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;
- review and approve 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 54.

Nominations committee

The nominations committee will consist of at least three non executive directors, one of whom shall be the chairman of the board and/or the lead independent director and shall also be the chairman of the nominations committee, and a majority of whom shall be independent non executive directors.

Three meetings were held during the year.

- Chairperson:** • Hennie van der Merwe
- lead independent non executive director.
- Members:** • Rajendran Naidu
- independent non executive director;
- Gary Bell
- non executive chairman of the board;
 - Mamokete Ramathe
- independent non executive director.

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.

The company secretary

The company secretary plays a pivotal role in the corporate governance of the group. She attends all board and committee meetings and provides the board and directors, collectively and individually, with guidance on the execution of their governance roles. She continues to ensure that board procedures, regulations and governance codes are observed. She coordinates the induction programme for newly appointed directors, as well as the board and committee evaluation process.

Directors have unrestricted access to the advice and services of the company secretary. 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 company secretary is able to interact with the board and its individual directors at arm's length. The company secretary is appointed by and is accountable to the board. Abbreviated biographical details of the company secretary are set out in the integrated report on page 32.

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 2021, the action items flowing out of 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 2023.

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 board meeting was convened to consider specific business. Further details of the board and committee attendances can be found in the leadership report on page 26.

Conflicts of interest, insider trading and share dealings

The board recognises the importance of acting in the best interests 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.

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 been covered previously in various Bell codes, policies and procedures, including the group code of business conduct and the group information and corporate conduct policy.

Bell's group information and corporate conduct policy prohibits directors, prescribed officers, the company secretary, and their associates from dealing in securities relating to the company in closed or prohibited periods or without receiving the required written clearance. Details of all dealings by directors, prescribed officers, the company secretary and their associates during the reporting period are contained in the directors' report in the audited annual financial statements on the investor website, and were disclosed within the prescribed time frames and announced timeously via SENS to the market.

External audit

In September 2022, the group announced via SENS that pursuant to the IRBA rule regarding mandatory audit firm rotation, the board endorsed a recommendation by the audit committee, following a comprehensive "request for proposals" process, to propose PricewaterhouseCoopers Inc ("PWC") for appointment by shareholders as the new external auditor of Bell Equipment and its subsidiaries for the financial year commencing on 1 January 2024, with Mr. Pieter Vermeulen as the designated individual auditor. A proposal to this effect will be tabled at the company's AGM in 2024.

Subject to its reappointment at the company's AGM in 2023, the incumbent external auditor, Deloitte & Touche, will remain as the company's auditor for the financial year ending 31 December 2023. Deloitte's appointment will terminate upon the conclusion of the audit of the financial year ending 31 December 2023 in accordance with the mandatory audit firm rotation rule issued by the IRBA. The company will issue a further announcement once shareholder approval in respect of PWC's appointment has been obtained.

The external auditor is 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 auditor can be found in the audit committee report on page 10 of the audited annual financial statements on the investor website.

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, order to cash, IT general controls, inventory, payroll, treasury, procure to pay, warranty 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 auditor, to indicate that any material breakdown in the functioning of Bell Equipment's key internal controls and systems occurred during 2022.

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 uses 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

Information and technology governance and compliance is an integral part of Bell Equipment's business operations and acts as an enabler to achieve the group's strategic objectives. The appointed chief information officer and IT steering committee ("the steering committee") ensures accountability and oversight of the IT risk, governance and compliance across the group.

The steering committee will also ensure that information and technology are leveraged to produce the information required, optimise IT resources to deliver value, manage risk, sustainability and business performance. The steering committee ensures that matters such as ever increasing regulatory and governance compliance, cybersecurity and digital transformation are

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adequately addressed, whilst continuously focusing on innovative and business centric IT solutions.

The IT controls framework is aligned to COBIT and includes robust information security systems, protocols and procedures to enable the business to effectively protect its assets.

Information and technology are seen by the board and the GEC as having a profound impact on the business processes within the organisation, and therefore emphasis is placed on ensuring that necessary skills are in place, that the responsibilities are adequately discharged and the potential benefits that result from using technology are being embraced and closely monitored.

The IT strategy is continually revised to ensure alignment with business strategic goals, incorporation of the impact of technology drivers and trends, and appropriately mitigated IT risks. The implementation of cybersecurity measures and the initiatives to maintain the integrity, confidentiality and availability of data assets and technologies are well established and ongoing. The security incident monitoring system is an effective, developed reporting system that is used to identify issues that may turn into potential violations and is closely monitored by the cybersecurity team and reviewed monthly by the chief information officer and IT operations manager.

Security awareness training is rolled out to all users on a scheduled basis in the course of the year with an overall successful completion rate of 80% for 2022. Simulated phishing tests are used to measure the success of Bell's awareness campaign with an improvement rate of 44% in behaviour since implementation. IT governance and compliance audits are ongoing, which includes ISO 27001 standards as a guiding framework. Both internal and external audit continue to perform annual reviews of the IT compliance and controls. There are systems in place to continue to monitor and ensure that POPIA and GDPR are communicated and complied with.

In 2022 multi factor authentication was implemented when accessing the Bell network remotely and Bell owned devices are now managed with a mobile device management solution ensuring the protection of both the Bell network and Bell data when accessed externally. Encryption has been enforced on all data copied onto removable devices safeguarding its integrity and confidentiality. In order to enhance performance, increase security, reduce downtime and improve communication, investment was made to migrate systems off old infrastructure to new production clusters.

The roadmap and investment in consolidated, upgraded, fit for purpose ERP foundation systems continues in 2023 with the migration of the logistics ERP systems to SAP S4Hana. Scoping activities for the implementation of the manufacturing ERP system to replace Bell's current legacy technology will also take place along with business improvement initiatives in the logistics centers facilitated by the migration to the new S4Hana platform.

The 2023 annual compliance plan includes an investment in eDiscovery and data leakage prevention technology to ensure

personal information is identified and managed according to policy. Further deployment of the mobile device management solution is envisaged for all devices accessing Bell information and cyber incident scenario testing will include an attempted breach test to validate systems and processes.

All planned information and technology investment is undertaken to ensure that the business addresses stakeholder expectations and drives long term sustainability.

Risk Management

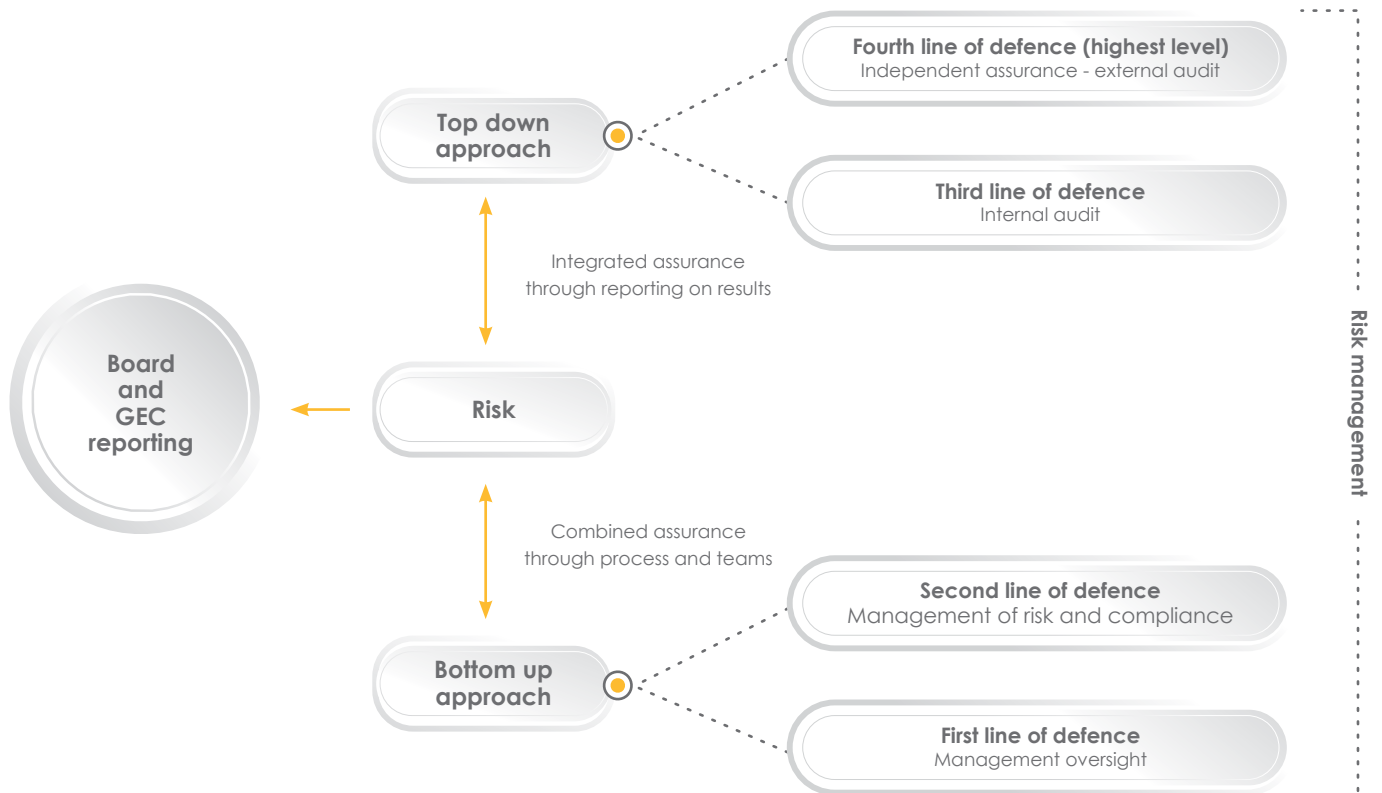
The board is responsible for the governance of risk management within the Bell Equipment group and has approved a policy and framework to identify, analyse, report and mitigate risks, and thereby govern the group risk management process. Oversight is delegated to the risk and sustainability committee, 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 risk and sustainability committee, which identify most significant risks by utilisation of the risk universe and scanning internal and external environments for existing and emerging risks. The risks are then quantified based on likelihood. This is achieved by requiring that subsidiaries report their key risks and responses to the committee at each risk and sustainability committee meeting. The chairperson of the risk and sustainability committee reports the most significant risks derived from the above process to the board. The group's strategic objectives and challenges in achieving these objectives are detailed on page 17 together with the group's key risks and opportunities.

The risk appetite and risk tolerance matrices, the Bell Equipment group strategic risk register and the high impact risks are reported on at the risk and sustainability committee meetings.

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, monitoring controls in place, identifying additional controls required and allocating responsibility for managing the risk.

Combined assurance is based on identified risks and how assurance is achieved and reported to the board through the audit committee. The level of combined assurance provided is determined by the effectiveness of the risk response activities and the impact of such risk to the group. No significant areas of overlap of assurance gaps have been identified during the year and the levels of assurance are considered appropriate.



Legal and regulatory environment

The board is responsible for the governance of compliance with applicable laws and with adopted non binding rules, codes and standards.

The company secretary, supported by external counsel, 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. The company secretary has unrestricted access to management, employees, activities and all information considered necessary for the proper execution of the legislative compliance function.

Board members are committed to complying with the disclosure, transparency and listing rules of the JSE and King IV™.

The Bell Equipment group takes very seriously its compliance with all regulatory obligations, including compliance with competition law. The group has not been sanctioned for anti competitive practices or for non compliance with the Competition Act during the year. The Bell Equipment group does not condone price fixing or any form of collusion whatsoever.

Bell Equipment has engaged the services of specialist competition lawyers, including senior counsel, to advise the group in respect of the Competition Commission's referral of a complaint to the Competition Tribunal against the Contractors Plant Hire Association ("CPHA") and its members, including Bell, as an associate member at the time, alleging that the respondents have entered into an agreement and/

or are engaged in a concerted practice wherein they have fixed the rate at which they rent out their machinery and plant equipment and/or fixed trading conditions relating to the renting of their machinery and plant equipment in contravention of section 4(1)(b)(i) of the Competition Act.

Bell Equipment is not a plant hire company and its interactions with the CPHA and its members has since come to an end. Bell Equipment is not aware of any wrongdoing as regards its interactions with the CPHA and its other members during the relevant period.

In line with the amendment to the FIC Act, with the inclusion of persons who carry on the business of dealing in high value goods as an accountable institution, BESSA and BECSA have registered as accountable institutions, and these subsidiaries shall continue to comply with the FIC Act.

No significant incidents of legislative infringements were recorded during the year reflecting effective compliance management and governance processes that were adhered to across the group. There were no prosecutions of group companies or directors and officers for failure to comply with any applicable legislation or codes of conduct. The group voluntarily complies with a range of non binding rules, codes and standards throughout the group.

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, strategic OEM partners, suppliers, employees and shareholders.

Corporate governance report *continued*

Financial and non financial information continues to be disseminated timeously and accurately to all stakeholders.

The voting rights of Bell's shareholders are detailed in the company's MOI and are subject to the requirements and the limitations prescribed by the JSE Listings Requirements. All shares currently authorised and in issue are ordinary shares, with no differing share classes being provided for. All authorised and issued ordinary shares have the same voting rights and rank *pari passu* in all respects.

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 68 to 92.

Dispute Resolution

In line with the group's stakeholder engagement considerations, conflict and dispute resolution is dealt with through constructive dialogue with the relevant parties. Where this preferred method does not result in adequate resolution of the matter, external legal advisers, mediators and/or arbitrators are engaged to expedite resolution.

POPIA and access to information

Bell Equipment continues to comply with the requirements of POPIA, GDPR and the PAIA. The corporate manual was updated during FY 2022 to incorporate the information required to be disclosed in accordance with POPIA. The manual is available on the website at www.bellir.co.za. During the reporting period one PAIA application was received by the group and was appropriately and timeously responded to, and a POPIA security compromise notification was provided to the Information Regulator.

Governance focus areas in 2023:

- In an environment of heightened global awareness of data protection and privacy issues, and the related risks that are amplified in the current digital age, the group will continue to ensure that effective governance policies and processes are in place to address these issues.
- Continued focus on ESG considerations is an imperative. The group understands how environmental, social and governance matters are inextricably linked, and how ESG performance is dependent on a concerted effort in all of these areas, together with a supportive culture and structure in the business.
- Formal board, committee, external and internal auditor, company secretary and director self evaluations will be undertaken in FY 2023 and analysed by the nominations committee and appropriate action items reported to the board.
- Close monitoring of economic conditions shall take place given the macroeconomic uncertainty associated with continued supply chain concerns, rising interest rates, high inflation, the ongoing conflict between Russia and Ukraine and energy price disruptions, and the ongoing strain on talent. Focus on long term sustainability of the business will continue.