SECTION B

REMUNERATION POLICY

The remuneration policy is aligned with King IV and outlines the group's approach to fair, responsible and transparent remuneration processes.

This policy is applicable to all executive directors, prescribed officers and employees. Its purpose is to provide the philosophy, framework and approach in matters pertaining to employee remuneration and reward in order to ensure the attraction, motivation and retention of employees, as well as compliance with good corporate governance under appropriate statutes and regulations. The latter requires the alignment of shareholder interests with the remuneration policy as well as fair practices in this regard based on prevailing statute. The information provided in this policy has been approved by the board on recommendation by the committee. This remuneration policy will be put to a non binding advisory vote by shareholders at the next AGM on 31 May 2024 and the committee is confident of constructive engagement and a positive outcome in this regard.

The remuneration of employees should direct employee behaviour in a manner which aligns such behaviour with the business strategy and objectives of the company. Put differently, remuneration and reward are viewed as sub functions of how the business goals and governance standards will be achieved and maintained. As an ethical employer, Bell requires its remuneration and rewards policy to be discrimination free, fair and market related to reflect employee skill levels, functions and roles.

The design principles underpinning the remuneration policy take the following primary drivers into account:

- best practice in terms of market comparability;
- benchmarking based on peer group and competitor reviews;
- alignment with shareholder interests;
- mechanisms to ensure that executive remuneration is fair, transparent and responsible in the context of overall group remuneration;
- mechanisms for remuneration structures to be consistent with the group's long term requirements;
- the need to attract and retain exceptional talent as well as support career and succession planning;
- the provisions of statute, including the Employment Equity Act;
- pay for performance based on defined ranges of financial metrics;
- alignment of performance to the overall business strategy of the company and linked to strategic business objectives;
- best in practice and standardised employment contracts and policies in support of the above.

From a sustainability viewpoint, remuneration policy needs to be evaluated in the context of internal and external factors as well as the prevailing and future anticipated trading and operating conditions. The company understands its responsibility for maintaining a fully engaged workforce in order to secure the group's future and the committee understands the importance of effective communication, recognition and reward.

Indications are that the Employment Equity Act amendments will introduce sectoral targets for the representation of black women and persons with disabilities and it is anticipated that these will be implemented during 2024.

The group's remuneration policy seeks to position remuneration levels appropriately and competitively by providing a blended and weighted approach to the composition of pay packages which comprise both fixed and variable components linked to the primary strategic objectives of value creation and talent retention.

Elements of remuneration

The group operates a total cost to company ('CTC') philosophy whereby cash remuneration, and certain guaranteed benefits form part of employees' fixed total CTC remuneration. With effect from 2023 all employees will participate in a group bonus scheme as set out in this report.

GEC members also participate in a cash settled long term incentive scheme.
In addition there are a number of non financial incentives associated with working for Bell Equipment which encompass shared values on governance and social responsibility, and an inclusive culture which promotes a safe and sustainable working environment, personal development and career opportunities.

Guaranteed remuneration

Annual review process

The committee conducts an annual review of the individual total CTC packages for executives and approves an overall annual percentage increase for employees below the executive level, unless no increase is granted. Increases are based on external factors such as the prevailing rate of inflation and market forces as well as on individual performance, skills, experience and effort.

The chief executive, who generally attends committee meetings by invitation, can make submissions regarding proposed CTC remuneration package increases, with the exception of his own, during the said review meetings.

Variable remuneration

Group bonus scheme
During 2023, following negotiations with NUMSA, the STIS was replaced with a group bonus scheme which consists of two parts, namely:

- an annual bonus payable with the December salaries. For scheduled employees including labour broker employees a one month's leave enhancement pay is guaranteed, in accordance with the MEIBC Main Agreement; for the non scheduled employees from task grade 1 to 10 one month's salary is guaranteed; and for non scheduled employees from task grade 11 and above, a maximum of one month's salary is payable at the discretion of the board if the group's financial performance allowed for such a bonus; and
- an incentive bonus payable to all permanent employees in April of each year after the release of the audited group results, provided the group hurdle NPAT and inventory days targets are met.

The incentive bonus:

- is based on an incentive pool of 50% of the excess audited Bell group NPAT above the hurdle NPAT for the relevant financial year;
- includes a working capital hurdle, in the form of budgeted inventory days that must also be met for an incentive to be earned;
- is limited to one month's salary;
- rules make provision for an additional bonus for the GEC at the discretion of the board, to enhance the 1 month pay incentive for executives, provided that the executives have met their personal performance targets;
- measures and rules are reviewed annually and changes are approved by the committee.

Cash settled LTIS
The cash settled LTIS makes provision for long term incentivisation in the form of a notional share appreciation rights scheme:

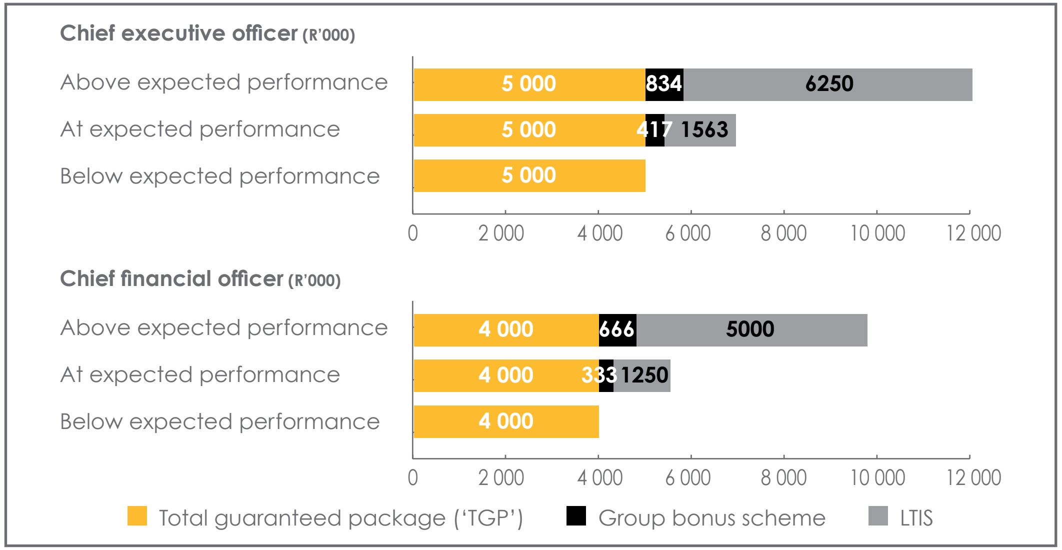
- the board has awarded annual strike based and zero strike awards to GEC members since 2018. The annual number of awards granted to GEC members was determined with reference to market norms for long term incentive schemes and a multiple of the salary packages of the participants;
- the objective and purpose of the LTIS is to grant forfeitable phantom share awards to key executives to enable them to benefit from an increase in Bell Equipment's share price;
- the awards comprise a blend of zero strike and strike based awards, with the zero strike portion subject to a 50% split between HEPS and ROIC performance conditions;
- the weighting of the strike versus zero strike based options is 40% strike based options and 60% zero strike based options;
- in respect of the strike based awards, qualifying employees benefit from the cash equivalent of the growth in the share price between the strike price and the market price;
- in respect of the zero strike awards, qualifying employees benefit from the cash equivalent of the market value of the shares, without any strike price reduction, if the HEPS and ROIC performance conditions are met.

From the 2020 awards, the ROIC was introduced as a performance hurdle. In respect of the 2020 and 2021 awards, the annual ROIC performance hurdles were based on a sliding scale from 6,5% to 12,9%.

With effect from the 2022 awards, the ROIC performance hurdle is calculated according to a table using an average of the ROIC's earned during the 3, 4 and 5 year vesting periods, other than that no pay out will be made on a ROIC lower than 15% pa:

- the HEPS performance condition is that the annual compounded HEPS growth rate over the three, four and five year periods ending on the last day of the financial year end of the group prior to the vesting date, must meet or exceed the HEPS growth rate of inflation plus 5% for awards granted from 2018 to 2021 and inflation plus 3% for awards granted thereafter;
- the total benefit paid to employees in any financial year shall not exceed 6% of the NPAT as reflected in the audited results of the group;
- a clawback provision applies if the audited results are subsequently restated and the NPAT is revised downwards;
- one third of each annual award vests in years three, four and five after the award date and the awards are forfeited on a participant ceasing to be an employee, for reasons other than incapacity, death or retirement, when all the awards held by such participant, whether or not they have vested, will be deemed to have vested upon termination of employment and shall be settled within three months or in the case of death, within twelve months thereafter;
- in the event of a change in control of the company which results in the retrenchment of or a material adverse change in the conditions of employment of the participant, the full number of phantom share units determined will be deemed to be awarded and the vesting period in respect of this full award will be advanced in accordance with the rules of the scheme;
- the strike price is the thirty day volume weighted average of the closing market share price immediately preceding the grant date of 1 January each year.

The scenario graphs below provide an overview of potential pay outcomes at below expected performance, at expected performance and at stretch performance levels taking into account the changes that were approved in 2023:



Non executive director remuneration

Group policy is to pay non executive directors competitively and to recognise commitments made by them in terms of time invested in the business. Bell Equipment also pays for travelling expenses reasonably and properly incurred in order to attend meetings and to attend to the business of the company. Fees are benchmarked against a comparator peer group of JSE listed companies. There are no contractual arrangements that have been entered into in order to compensate non executive directors for loss of office and they do not participate in any incentive schemes.

The committee reviews and approves the non executive director fees annually and recommendations are made to the board who in turn propose fees for approval by the shareholders at the AGM.

A special resolution by the shareholders of Bell Equipment is required to approve the basis of remuneration payable to non executive directors in order to comply with the requirements of the Companies Act. The fees payable to non executive directors for their services are based on an assessment of the responsibility placed on them arising from their obligations for regulatory oversight. The total fees proposed for non executive directors for the 2025 calendar year represent an increase of 6% over the previous year.