

BELL

**STRONG RELIABLE MACHINES
STRONG RELIABLE SUPPORT**

2020

**BELL EQUIPMENT LIMITED
INTEGRATED ANNUAL REPORT**



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About this report

This integrated annual report, which is the group's primary communication to shareholders and other Bell Equipment stakeholders, covers the financial year 1 January 2020 to 31 December 2020.

The report should be read in conjunction with the full audited consolidated financial statements and its notice of AGM. The full audited consolidated financial statements, which are available on request from the company secretary at the group's registered office and online, provide a comprehensive insight into the financial position of the group for the year under review.

The following main codes and standards were considered in providing information in the report:

- the Companies Act
- the JSE Listings Requirements
- King IV
- The IIRC's International Framework

The scope of this report includes all of Bell Equipment's subsidiaries and operating regions. Bell Equipment continues to embed management, sustainability and governance-related reporting systems and processes in the operations. The six capitals are reported on and the content focuses on the material issues that have occurred during the financial reporting period and in certain instances up to the date of finalisation of this report.

Bell applies the principle of materiality in determining the disclosures of the integrated annual report. The process of identifying and prioritising the material matters for inclusion in this report involved reviewing:

- its strategy;
- risks and risk management process;
- stakeholders; and
- the six capitals.

The six capitals



Bell determines its material matters through the following process:

IDENTITY

- The process of identifying potential material matters is a group wide responsibility requiring input from all business units and operations, and taking into account input from stakeholders.
- Areas of potential impact that are assessed include financial, environmental, social, strategic, competitive, legislative, reputational and regulatory matters.

RANK

- Issues are prioritised according to operational and strategic impact on the sustainability of the business.
- GEC assumes responsibility for approval of the material matters before endorsement by the relevant committees and final approval by the Bell Equipment board.

APPLY AND VALIDATE

- The material matters are applied to inform on Bell Equipment's long term business strategies and targets as well as short to medium term business plans.
- This is undertaken through the execution of the group's strategy.

ASSESS

- The material matters are continuously assessed against performance to strategy, impact on sustainability and on stakeholders.

In order to achieve the group's strategic objectives and manage its risks, these material issues are continuously monitored by Bell Equipment and its board, as the governing body.

Assurance in relation to its financial statements continues to be provided by the independent external auditor, Deloitte & Touche. Bell Equipment applies the combined assurance model which seeks to optimise the assurance obtained from management and internal and external assurance providers.

The group continues to maintain internal accounting and administrative control systems and procedures designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The report may contain certain forward looking statements other than the statements of historical fact which cannot be construed as reported financial results. Investors are cautioned not to place undue reliance on any forward looking statements contained herein, as they have not been reviewed or reported on by the group's external auditors. Whereas the group has made every effort to accurately and reasonably ensure the accuracy and completeness of the information contained within this integrated annual report, any forward looking statements speak only as at the date that they are made; the actual results may vary materially from those expressed or implied; and the group undertakes no obligation to publicly update or alter these or to release revisions after the date of publication of this integrated annual report.

Responsibility statement

The board acknowledges its responsibility to ensure the integrity of information contained in the integrated annual report, the notice of AGM and the annual financial statements of the group and both the audit committee and the board have applied their collective minds in the preparation of this report.

The board is of the opinion that this integrated annual report addresses all material issues, and presents fairly the performance of the group. The integrated annual report, the notice of AGM and the full audited consolidated financial statements were approved by the audit committee and the board on 23 April 2021.



GW Bell
Non-executive chairman



L Goosen
Chief executive

23 April 2021

We welcome stakeholders' feedback on our reporting, which can be sent to Diana.McIlrath@bellequipment.com.



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OR VISIT OUR WEBSITE
www.bellir.co.za



What we do

Together the Bell Equipment group of companies manufacture, distribute, export, and support a wide range of heavy equipment on a global scale to the mining, construction, quarrying, agriculture, forestry, and waste handling industries.

Our corporate culture

Strong family values of integrity, honesty, accountability, and respect have been ingrained in Bell Equipment since Irvine Bell founded the company in 1954 as a small engineering and agricultural equipment repair service in northern KwaZulu-Natal. He was joined in the business by his wife Eunice, brother Rob and brother in law Malcolm Campbell. Today the family ethos continues with employees and customers globally valued as part of the extended Bell family, creating a unique and healthy working environment.

As a South African company that is listed on the JSE and employs locally, Bell Equipment is an integral part of the communities in which it operates and takes its responsibilities as a corporate citizen seriously. The group purchases from local suppliers wherever possible and invests in meaningful outreach opportunities with a particular focus on education, training, and development both internally and externally.

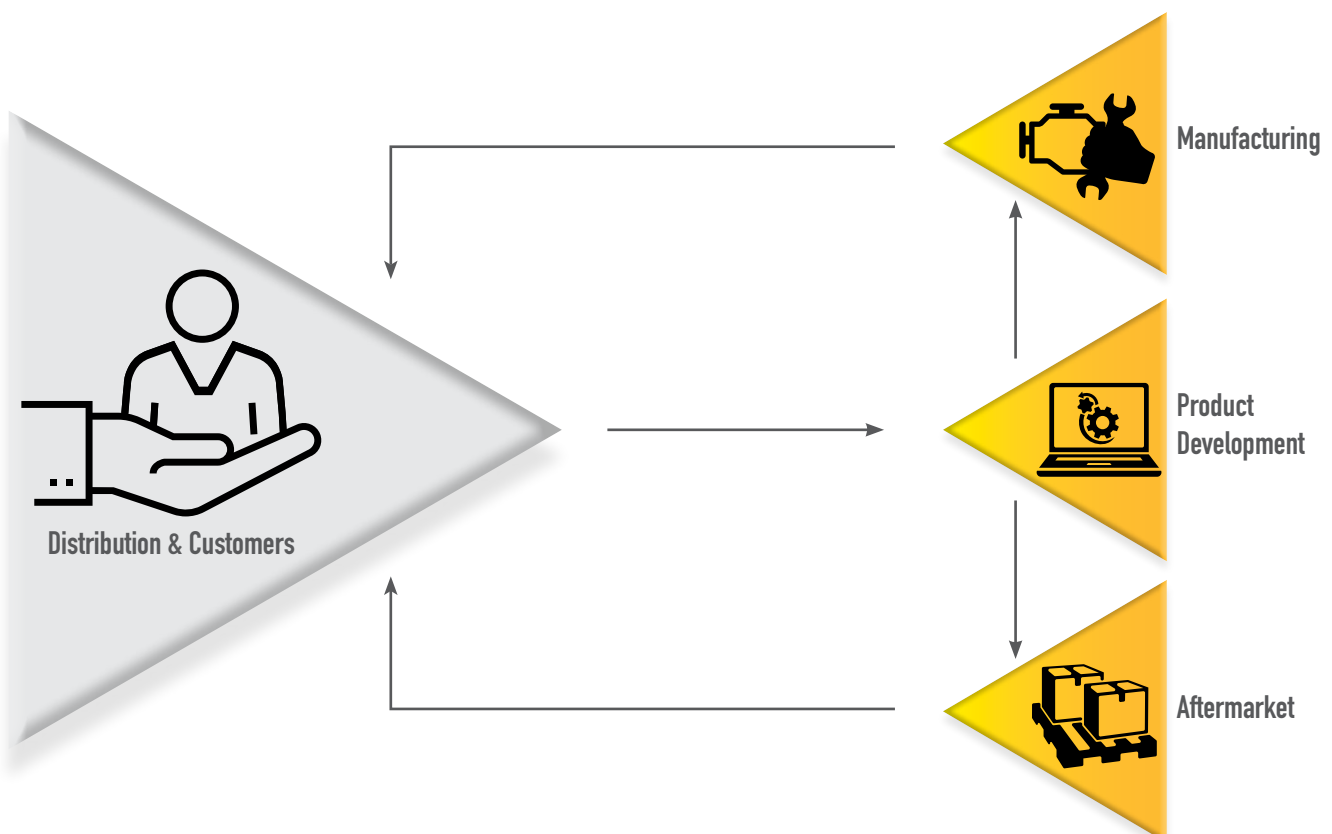
Our value creation process

Bell believes in the philosophy that if its customers succeed so will the group and it creates value by striving to give customers the best ownership experience.

Strategies and daily operations are focused on building long term relationships that will, in turn, generate continuous machinery and aftermarket sales.

quality products and, above all, ensuring that stakeholders throughout our value creation process receive meaningful support to sustain our business.

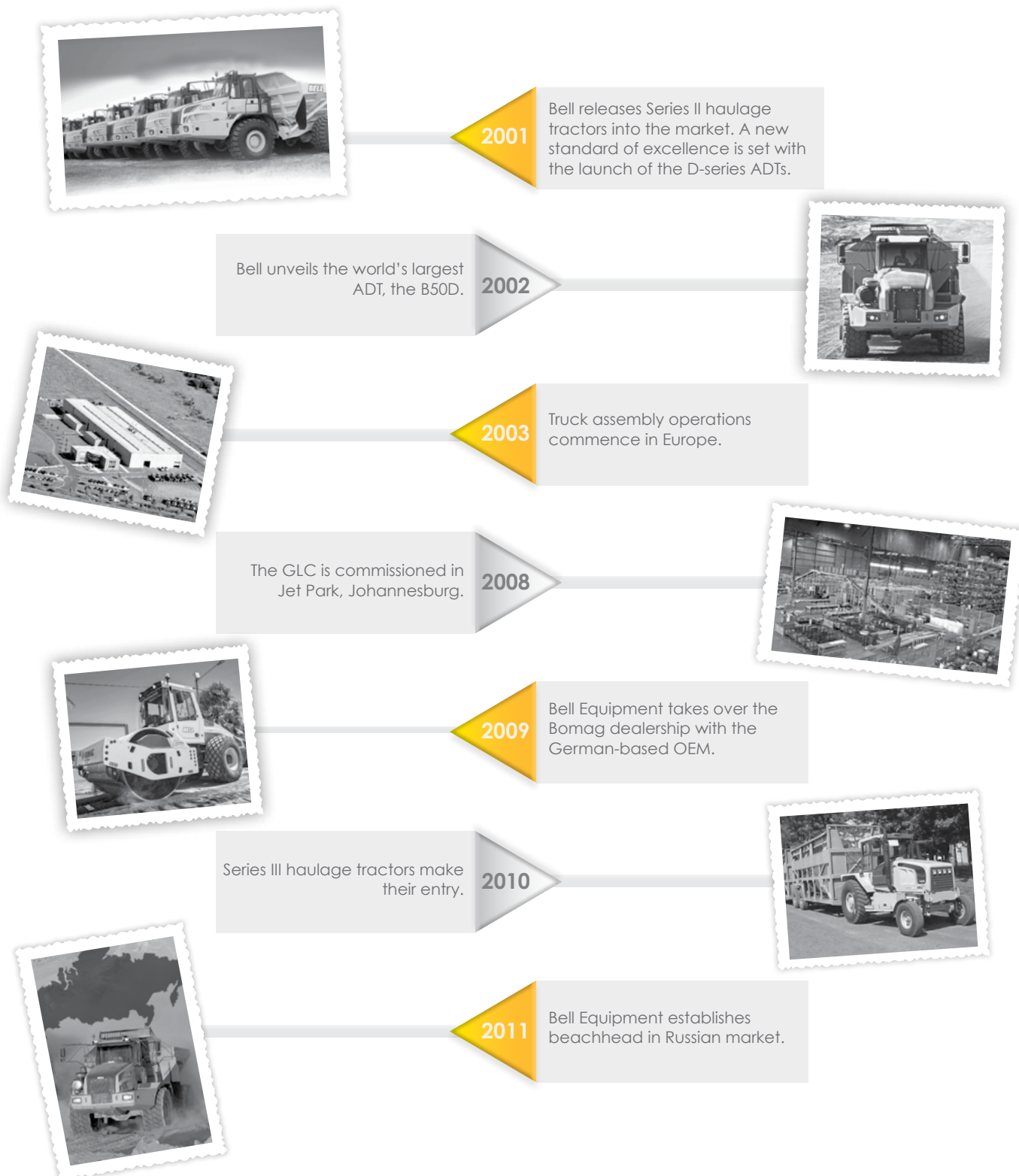
This is achieved by listening to our customers' needs, developing relevant equipment and aftermarket solutions, manufacturing





Our growth path

Drawing on more than six decades of experience, our value creation process has seen the company grow its intellectual property, product range, global footprint, and reputation as a provider of quality heavy equipment. Developments in our most recent history include:



Bell Equipment re-enters the Americas and commences the appointment of distributors and dealers in the region.

2012



2013

Launched new E-series ADT. Granted Terex Finlay distribution rights.

60 years in business. 50th anniversary of Bell tri-wheeler. 30 years of ADT design and manufacture. Introduced B60D.

2014



2015

Introduced Series IV haulage tractors. Concluded a two year investment into new, upgraded CSCs (Middelburg, Nelspruit, Rustenburg and Kitwe, Zambia).

Large E-series ADT enters market.

2016



2017

Kobelco Excavators join southern African range. Phase 2 expansion work in Germany completed. BESSA is 30% black women owned following a BBBEE transaction.

Gary Bell becomes chairman, Leon Goosen chief executive. ALC opened. Phase 3 expansion in Germany commences.

2018



2019

BECSA and BESSA conclude BBBEE transaction and become 51% black owned. Phase 3 German expansion completed.

Bell takes its industry leading technology underground with new side mount low profile ADTs

2020



Where we are

Bell manufactures and operates globally with machines in over 80 different countries worldwide. The company values its global support network, which supplies equipment solutions, ancillary products and after sales services. This network is, in turn, supported by a robust OEM structure to ensure efficient lines of communication between end users of the product and the group globally.

North America & Canada



- Independent dealer network supported by a Bell operation in the USA



- Full range of Bell ADTs supplied from German assembly plant and Bell Tracked Carrier supplied from South Africa



- Dealer parts stocking supported from logistics hubs in USA, Europe and Africa

Sub Saharan Africa



- Dealer network supported by Bell owned operations in South Africa, Zambia and Zimbabwe



- Full range of Bell manufactured products throughout Africa
- Full range of Deere, Bomag, Finlay and Kobelco partner products in southern Africa



- Dealer parts stocking supported from logistics hubs in Europe and Africa

South America



- Independent dealer network supported from the South African factory







- Full range of Bell manufactured products supplied from South Africa



- Dealer parts stocking supported from logistics hubs in USA and Africa




Europe & North Africa

-  • ADT assembly plant at Eisenach-Kindel, Germany
-  • Independent dealer network supported by Bell owned operations in the UK, Germany and France
-  • Full range of Bell ADTs supplied from German assembly plant
-  • Dealer parts stocking supported from logistics hubs in Europe and Africa

Key

-  Manufacturing
-  Distribution
-  Products
-  Aftermarket


Asia

-  • Independent dealer network supported by a Bell owned operation in Russia
-  • Full range of Bell ADTs supplied from South Africa
-  • Dealer parts stocking supported from logistics hubs in Europe and Africa

South East Asia & Oceania

-  • Independent dealer network supported by a Bell owned operation in Australia
-  • Full range of Bell manufactured products supplied from South Africa
-  • Dealer parts stocking supported by logistics hubs in Singapore, Australia and Africa

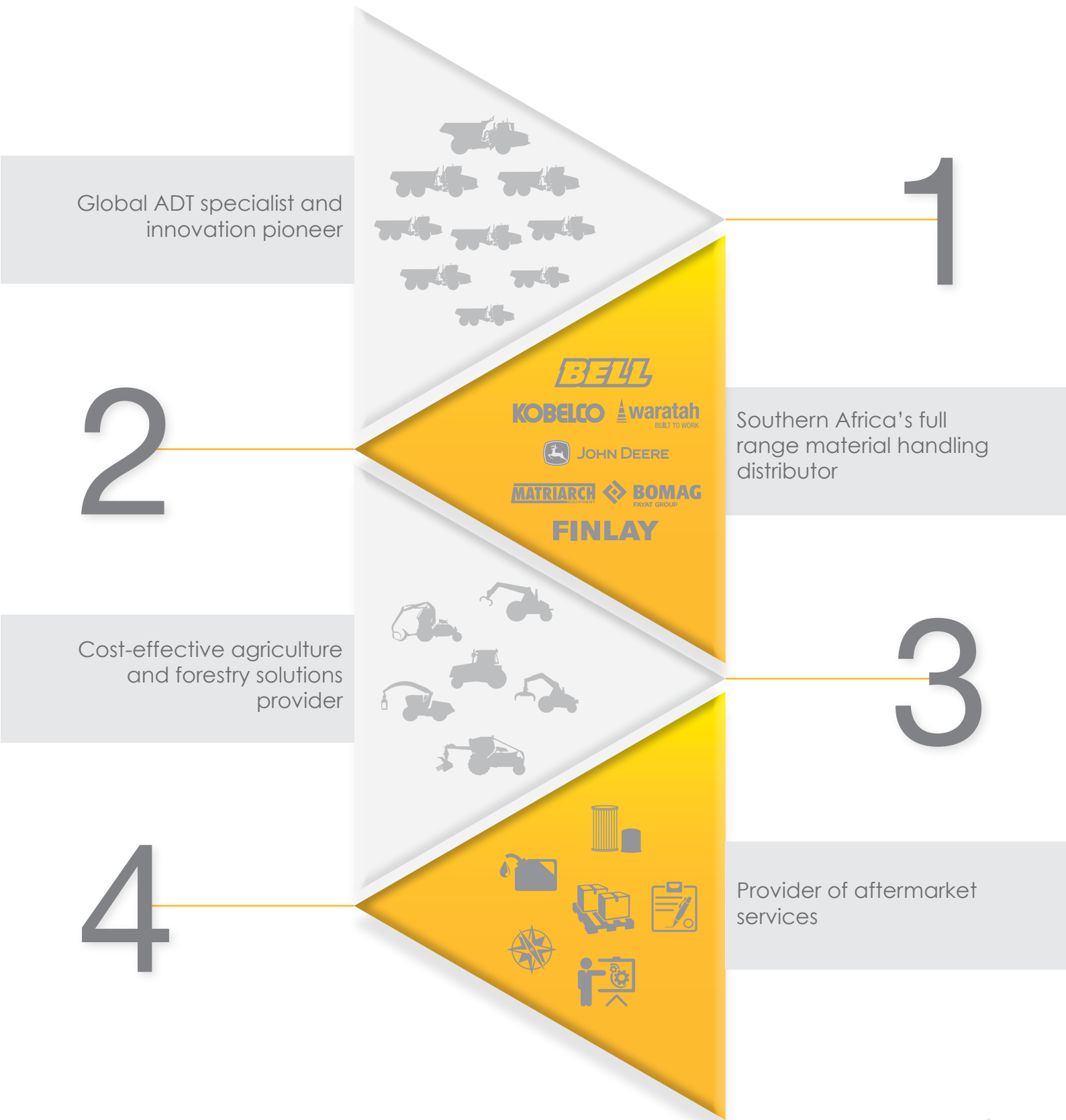
South Africa

-  • Bell manufacturing operation and headquarters in Richards Bay
-  • Network of Bell owned service centres
-  • Full range of Bell manufactured products supplied from South Africa
-  • Full range of Deere, Bomag, Finlay and Kobelco partner products
-  • Dealer parts stocking supported from logistics hubs in Europe and Africa

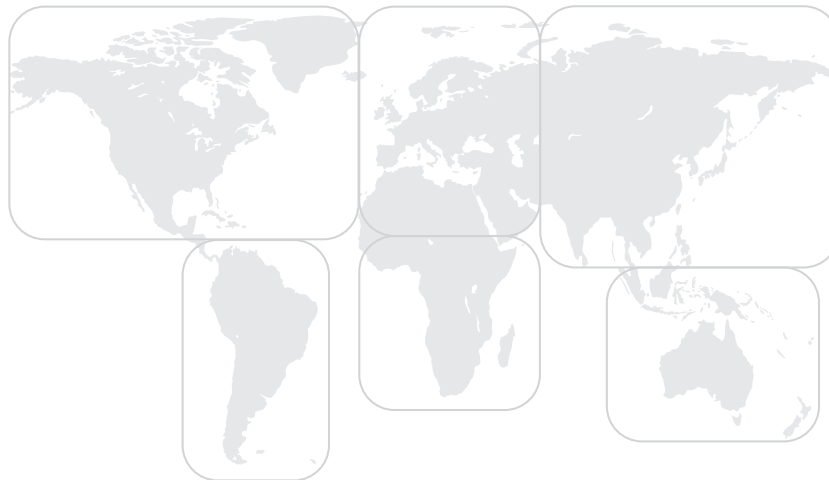


Our business model and products

With a common thread of providing solutions for customers who require materials handling machinery, the Bell business and products are clearly defined within four groupings:



Bell as a global ADT specialist



Since the mid 1960s ADTs have become an increasingly familiar, and invaluable, sight on many jobsites throughout the world. Demand has been driven by the versatility of the trucks and their ability to go where other trucks are unable to go.

Bell Equipment has been manufacturing ADTs since the 1980s and has emerged as a global ADT specialist due to its policy in design and manufacture of simplicity, overdesign, interchangeability of componentry and ruggedness.

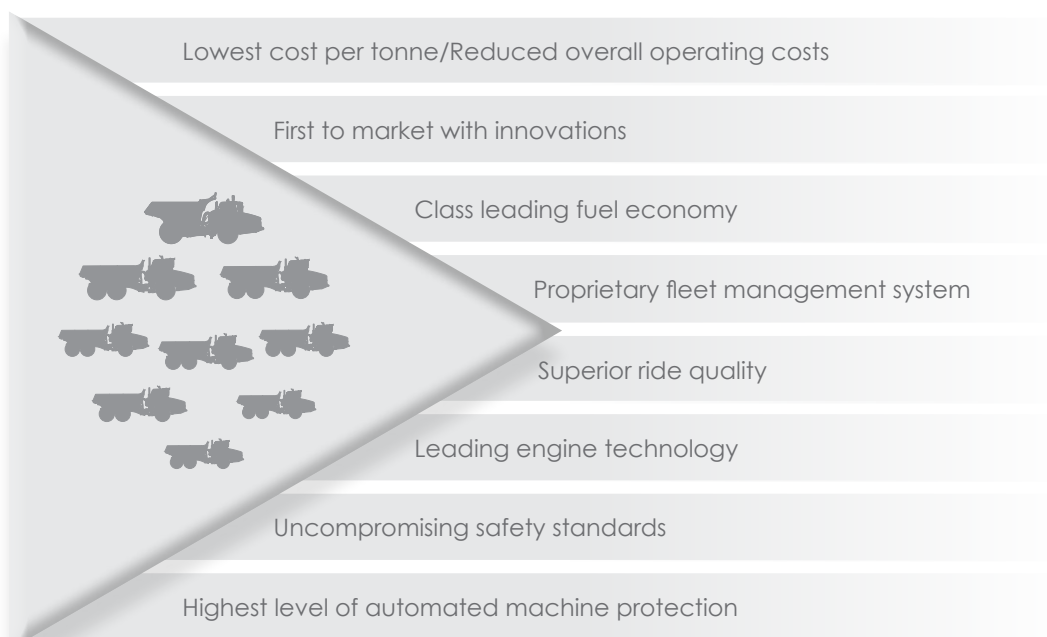
Currently on its E-series generation of trucks, Bell is recognised as a world leader and innovator for the ground breaking technological advancements that it has pioneered over the past three decades to improve safety, productivity and machine efficiencies.

With the largest range on the market, Bell offers customers traditional 6x6 ADTs along with a niche offering of 4x4 ADT crossover trucks that offer significant cost advantages to

customers not needing 6x6 off road capability. These trucks still provide sound all weather characteristics on undulating haul roads and light terrain.

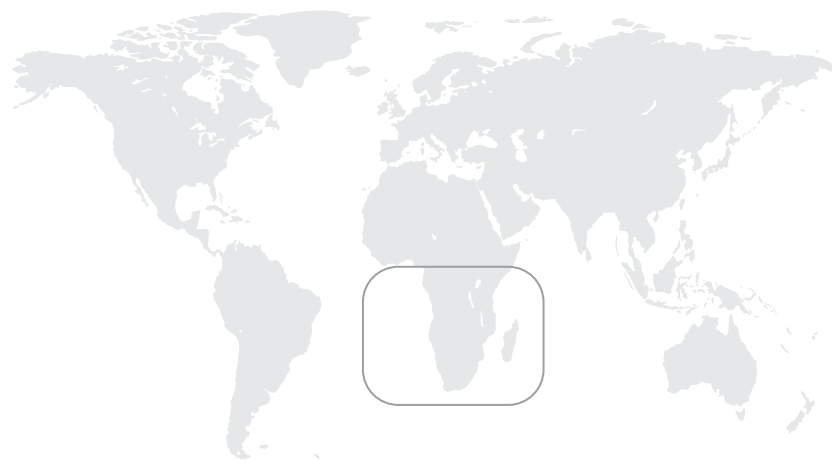
Across the range the ADT product's versatility is further enhanced through the Bell Versatruck programme that uses the ADT platform as a base for tailor made solutions. An ADT's ability to be easily adapted to various roles such as a water or fuel tanker, or a service truck, is a growing trend in South Africa and elsewhere in the world.

Bell Equipment's strategy is to focus on manufacturing efficiencies to ensure world class quality and durability across the range.





Bell as southern Africa's full range materials handling distributor



Due to the Bell group owning much of its distribution network in southern Africa there has been a dedicated focus on building the product range in this region to offer customers a full range of equipment solutions across all industries. This has largely been achieved through strategic partnerships with like minded OEMs that are leaders in their respective fields.

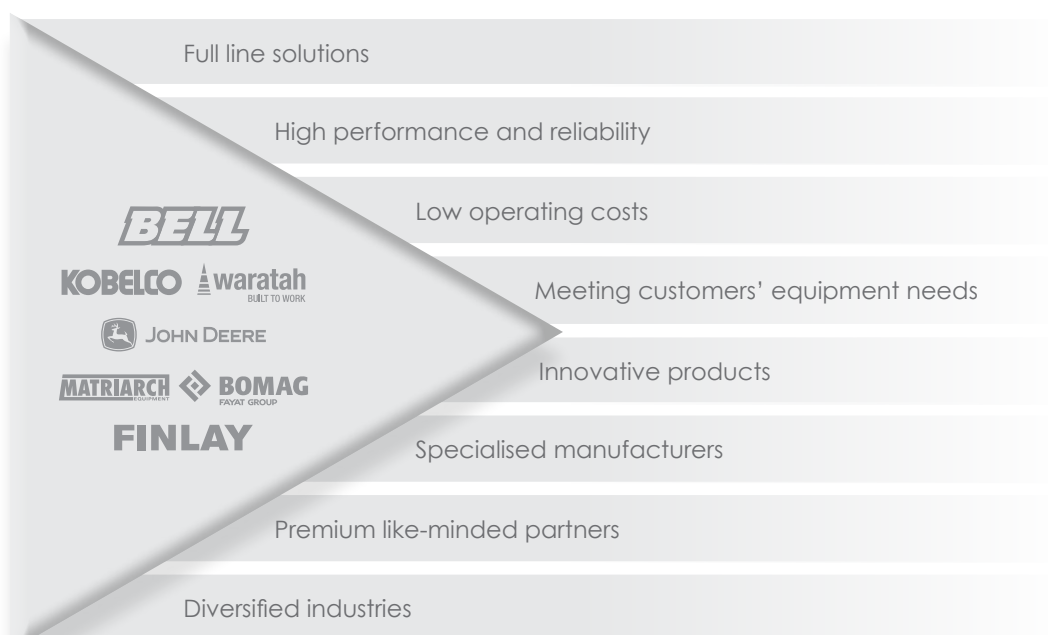
The strategy has provided a win-win scenario as business is easier for customers when they have only one supplier and one point of contact for their equipment needs, particularly if that supplier is able to deliver strong, reliable support. At the same time Bell has been able to broaden its industry exposure.

The strategy going forward is to consolidate these product ranges to improve the group's ability to stock and support machines that are popular in the market.

Combined, Bell Equipment's partnerships enable the group to meaningfully augment its own manufactured products, thereby

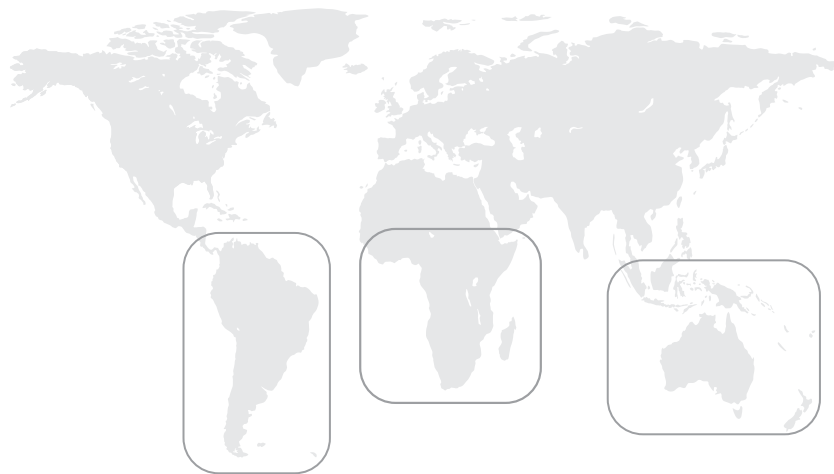
providing the full spectrum of equipment for mining, quarrying, construction, roads and rehabilitation as well as the government and waste management sectors.

Distribution takes place through Bell CSCs in South Africa, Zambia, Zimbabwe and eSwatini and through dealer owned operations elsewhere in southern Africa. Whether Bell owned or dealer managed service centres, the focus is always on understanding applications and customer expectations in order to provide the right combination of equipment.





Bell as a cost effective agriculture and forestry solutions provider



The agriculture and forestry industries were the cornerstone of Bell in its formative years and the group sees long term value in strengthening and growing this important aspect of its business.

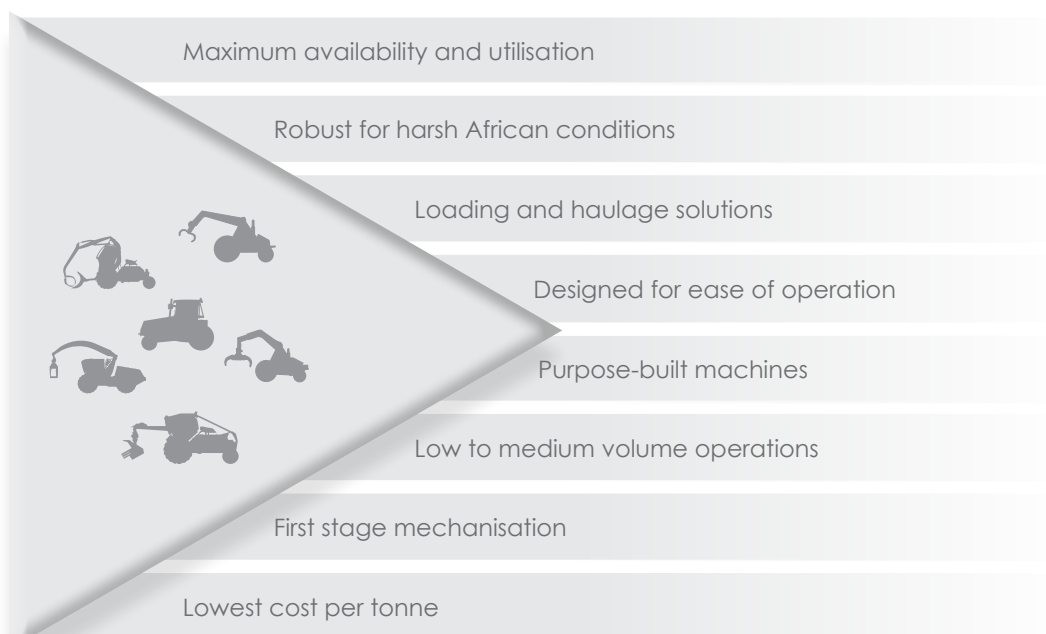
Today the group services agriculture and forestry with a carefully selected combination of products that have been designed to meet customers' needs as they moved from manual to fully mechanised operations.

The Bell tri wheeler, a founding product, can be adapted for either sugarcane or timber handling or fitted with forklift tines. The group also manufactures a range of purpose built rigid haulers and trailers as well as articulated tractors and infield self loading forwarders based on the proven Bell ADT product.

Through our own brand Matriarch Equipment we have reaffirmed our commitment to offer agriculture and forestry

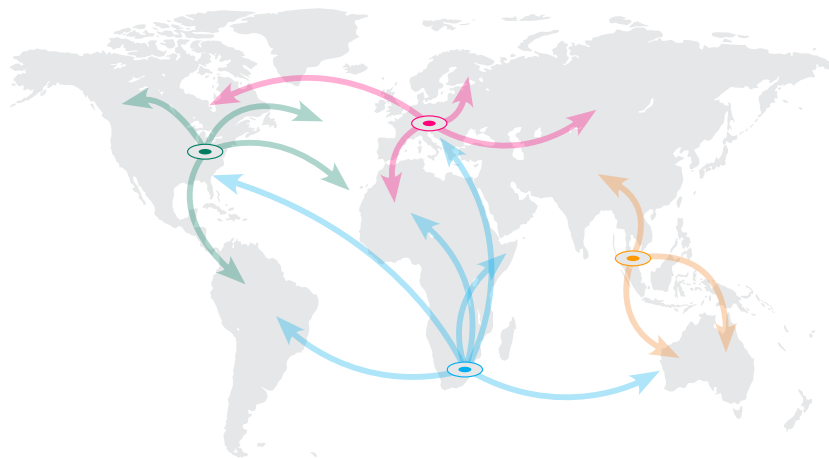
customers specialised niche products. Two slew loaders are aimed at sugarcane farmers wanting to embark on controlled traffic practices while for the forestry industry there is the Skogger timber extraction and loading machines, the FASTfell felling and bunching machine and the LogPro loading machine.

Through the Kobelco partnership Bell is able to offer excavator carriers to the forestry industry and Matriarch provides a professional and thorough approach to the conversion of Kobelco excavators for a wide variety of forestry applications. This includes conversions to fully functioning forestry processors as well as wheeled timber handling units.





Bell as a provider of aftermarket services

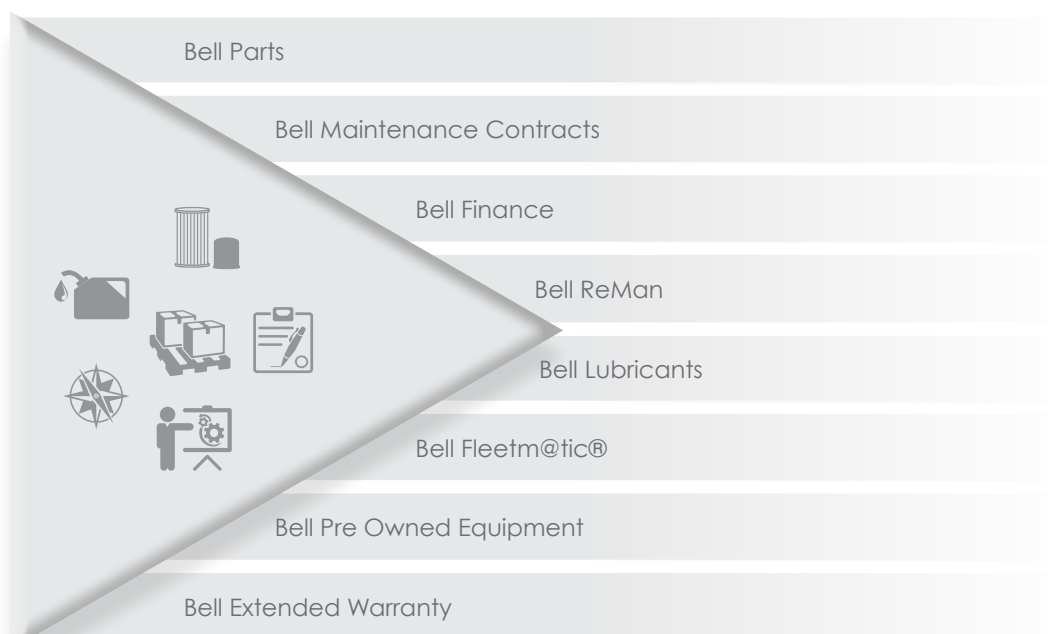


Building on our belief that 'if we help our customers succeed so will we', Bell Equipment places strategic importance on providing strong reliable machines that are backed by strong reliable support wherever they are working in the world.

The long term sustainability and shared resources offered by an independent dealer have proven to be the most effective model in global markets to ensure that our customers receive the level of service and support that they expect. Dealers are treated as part of the extended Bell family, which ensures a commitment to direct customer communication so that the group can understand the key focus areas that promote long standing customer relations.

Our expansive dealer network is supported by strategically placed, locally staffed Bell owned operations and a network of logistics centres that are ideally positioned to provide quick and efficient parts supply across the globe and the group continues to invest in this support structure.

The Bell aftermarket package is aimed at positioning the group as a partner rather than a supplier by offering multi faceted support through every step of the Bell ownership experience. From before a customer's Bell ownership journey begins, the group is able to provide expert advice on site requirements and machinery selection as well as offer accessible and affordable finance options. This support continues throughout the lifecycle of a machine with solutions geared at protecting the equipment asset, keeping the machine running and even giving customers extra value through the second life of a machine or selling it on as a pre-owned piece of equipment.





Strategic overview and risk management

OUR VISION

Bell Equipment's vision is to be the global ADT specialist and a leader in the heavy equipment and industrial goods sector, developing and supplying leading, quality brands into the construction, mining, forestry, agriculture and industrial sectors in a number of chosen markets.

STRATEGIC OBJECTIVES

Capture global ADT volumes by providing industry leading product uptime and value

Be the preferred full range material handling solutions provider in southern Africa

Maintain its Bell heritage by providing innovative niche product solutions for the material handling sectors

Premium aftermarket support throughout the product lifecycle

STRATEGIC FOCUS AREAS

- Return on invested capital
- Global ADT volumes
- Aftermarket contribution
- Product and product support costs
- Increased intellectual property (new products)
- Human capital
- Transformation
- Strategic alliances
- Enhanced technology



CUSTOMER: If we help our customers succeed, so will we



QUALITY: Make a commitment and stick to it



TEAM: We all share the same goal



EFFICIENCY: Focusing on what counts



SAFETY: See you back tomorrow

The six capitals



HUMAN



INTELLECTUAL



SOCIAL AND RELATIONSHIP










MANUFACTURED



ENVIRONMENTAL



FINANCIAL

| Strategic objectives | Strategic focus areas | Measurement | Risks | Capitals |
|--|--|--|---|---|
| Capture global ADT volumes by providing industry leading product uptime and value | Global ADT volumes | <ul style="list-style-type: none"> Revenue growth Market share Aftermarket contribution NPAT ROIC Product attributes Dealer management 'EYE' contact experience | <ul style="list-style-type: none"> Prolonged global economic crisis as a result of the COVID-19 pandemic Competitor risk Currency risk Supply chain risk Regulatory risks Political risk Cyclical nature of construction and mining equipment industry |  |
| Be the preferred full range material handling solutions provider in southern Africa | Aftermarket contribution | <ul style="list-style-type: none"> Aftermarket revenue growth Innovative aftermarket products NPAT ROIC Aftermarket service levels Dealer management IT system development Development of aftermarket logistics and sales channels 'EYE' contact experience | <ul style="list-style-type: none"> Prolonged global economic crisis as a result of the COVID-19 pandemic Competitor risk Currency risk Supply chain risk Regulatory risks Alternate parts suppliers Skills development IT system risks |  |
| | Product and product support costs | <ul style="list-style-type: none"> NPAT ROIC | <ul style="list-style-type: none"> Competitor risk Currency risk Supply chain risk Regulatory risks Political risk Cyclical nature of construction and mining equipment industry |  |
| Maintain its Bell heritage by providing innovative niche product solutions for the material handling sectors | Increased intellectual property (new products) | <ul style="list-style-type: none"> Research and development investment Attraction and retention of top engineering skills | <ul style="list-style-type: none"> Regulatory risk Loss of skills |  |
| | Empowerment, transformation and human capital | <ul style="list-style-type: none"> Enhanced BBBEE ownership and BBBEE across all South African entities Enhanced BBBEE recognition levels Work place surveys Leadership Apprenticeships Study assistance Staff turnover Internal promotions Union interactions | <ul style="list-style-type: none"> Skill pool Staff turnover Loss of key skills Health and safety risks |  |
| Premium aftermarket support throughout the product lifecycle | Strategic alliances | Product <ul style="list-style-type: none"> Product market shares Brand recognition 'EYE' contact experience Components <ul style="list-style-type: none"> Value (warranty, cost, availability) Brand recognition All <ul style="list-style-type: none"> Regular evaluation of all strategic alliance partners | <ul style="list-style-type: none"> Alliance partner product risks Currency risks Competitor risks |  |
| | Enhanced technology | <ul style="list-style-type: none"> Enterprise resource planning systems integrations Digital platforms Internet of things capabilities | <ul style="list-style-type: none"> Cybersecurity Regulatory risks Return on investment Skills User acceptance |  |

Strategic overview and risk management *continued*

Inherent risks

COMPETITOR RISK

The risk that the Bell Equipment group's competitors' actions have a significant negative influence on the group's business and shareholders' value.

CURRENCY RISK

Currency volatility, not only in the Rand but also in other major currencies that the group is exposed to, is a significant risk because the group trades in different currencies and has operations in many countries.

The group is also exposed to operational and financial currency exposures due to changes in the value of trading accounts and loans, especially intra group accounts, denominated in foreign currencies. This has a direct impact on the group's trading results, statement of financial position, cash flows and competitiveness.

Risk mitigation factors

- Live and demonstrate the Bell Equipment group motto of 'Strong Reliable Machines, Strong Reliable Support'.
- Constantly exceed customer expectations through superior, innovative products and aftermarket support.
- Maintain research and development spend through the trough and mid cycles, and accelerate spend in the peak cycles, thus ensuring that the Bell Equipment ADT continues to be an advanced premium product.
- Adopt and practice the 1-BELL philosophy in all activities.
- A focused ADT global volume growth strategy has been deployed together with dealer migration and development objectives to broaden market footprint and capture additional volumes.
- Ongoing investigation into the viability of an offshore manufacturing facility closer to major ADT markets to enhance flexibility and pursue efficiency improvements. The first phase of the process has been completed resulting in Bell Equipment manufacturing certain components at the Kindel factory for the northern hemisphere markets.

- A group treasury policy is in place.
- Projections of import and export cash flows are maintained. The principle of matching South African import and export cash flows is followed wherever possible.
- The majority of any remaining net foreign currency receipt and payment flows are covered forward. Foreign subsidiaries do not hedge their intra-group purchases.
- The timely application of pricing policies on selling prices facilitate hedging against movements of major currencies to the Rand and other volatile currencies to which the group is exposed.
- Cost containment and consideration of alternative suppliers, markets and manufacturing locations.
- The size of equity and loans in foreign subsidiaries is monitored to ensure these are appropriate considering commercial requirements.

Inherent risks

STRATEGIC ALLIANCE PARTNERS AND KEY SUPPLIER RELATIONS RISK

The brands represented by Bell Equipment form an integral component of the Bell Equipment group's strategic goal of being an integrated OEM. These international brands become synonymous with Bell Equipment in relevant distribution territories therefore careful thought and effort goes into selecting strategic alliance partners and suppliers. Revenue derived from these products contributes materially to the Bell Equipment group revenue. Therefore, risks associated with a breakdown in relations and/or material non performance by either party poses significant risks.

Although infrequent, changes to strategic alliance partners does occur and could be attributable to corporate action, changes in strategic direction, product and product contribution performance. There have been changes to strategic alliance partners and the details around these changes are provided elsewhere in this report.

Risk mitigation factors

- Continually build/improve the group's relationships with strategic alliance partners and suppliers at all levels within the organisation, supporting mutually beneficial objectives.
- Formal process of setting, monitoring and evaluating key performance matrices to meet strategic objectives.
- Add value by enforcing effective communication to all partners and suppliers on market movements and the group's strategy.
- Maintain the Quest for Gold programme which acknowledges key suppliers for outstanding service.
- Adopt the 1-BELL philosophy in dealing with strategic alliance partners and suppliers.
- Additional absorption initiatives include pursuit of manufacturing opportunities for alliance partner products, further new product development, or assessing opportunities for products outside of the group's industry. Periodic checks for opportunities with alliance partners are done.

POLITICAL RISKS IN THE COUNTRIES IN WHICH THE GROUP OPERATES

The group is exposed to the varying political landscapes in the regions in which it operates due to the global nature of the group's business and new markets. Therefore, it is susceptible to the associated political risks in certain regions in which it operates or plans to operate.

- As a responsible corporate citizen that contributes to the well being of the regions in which it operates, the group endeavours to cooperate with the local authorities in those regions while remaining apolitical.
- The group strives to minimise exposure in perceived high risk countries through effective risk management practices.
- Maintain business continuity plans catering for all eventualities the group may be susceptible to in the higher political risk regions to which it is exposed. These continuity plans are updated annually with inputs from accredited auditors to ensure international and best practice compliance.
- A critical review of the viability of owned dealer operations was performed with an objective to right size the group's footprint and apply the business model. Dealer migration will be pursued where the group is not able to establish financially viable and sustainable owned operations.

CYCLICAL NATURE OF THE CONSTRUCTION AND MINING EQUIPMENT INDUSTRY

The business model is highly dependent on achieving sales volumes of the core manufactured products. This is due to the upfront and substantial investment in research and development, production capabilities as well as inventory which is required to maintain a competitive advantage.

The inherent cyclicity of the industry is affected by the continued uncertainty in the commodity and emerging markets which has resulted in fluctuations in demand for the group's products in these key sectors. Accordingly, the financial performance and achievement of strategic goals of Bell Equipment is directly dependent on its ability to react to the changes in the business environment.

- Perform regular evaluations of the order book and forecasts to ensure the validity thereof.
- Secure adequate committed funding lines and actively manage cash flows.
- Actively manage working capital, reduce expenses and increase efficiencies within the group.
- Deliver exceptional customer service to capture the available business.
- Diversify geographically, away from dependence on traditional mining territories.
- Grow diversified revenue streams leveraging the Bell Equipment distribution network and manufacturing capabilities.
- Robust capital planning and budgeting processes.
- Monitor impact of business environment on key customers' access to and ability to service credit.

Strategic overview and risk management *continued*

Inherent risks

REGULATORY RISK

It is recognised that there is an increased probability of risk of regulatory non compliance to laws and rules due to the geographic spread of the operations and therefore the size of the regulatory environment as well as the different languages and cultures.

This inherent risk is further increased due to a disconnect between first and third world regulatory environments.

HUMAN CAPITAL

Bell Equipment group recognises that human capital is vital to its success. Human capital risks manifest under the following themes:

• Skills retention

Due to the locations it operates in and the fact that the world is becoming a so called global village, Bell Equipment's ability to retain key skills is constantly under threat.

To deliver a world class product and service, world class people is a must. Key scarce skills, particularly engineering/technological skills in the South African environment remains a challenge.

• Health and safety

This risk refers to the possibility of human capital being exposed to an unsafe work environment and/or practices which result in injury whilst on duty. This is an inherent risk due to the operating environment.

Risk mitigation factors

- A group wide compliance programme continues to mature in relation to the unique regulatory requirements, and product and operational restrictions are assessed on a periodic basis.
- Local management is tasked with keeping abreast of regulatory changes within their respective jurisdictions and do so by making use of internal resources and external experts where required.
- A review of the contract management system, employee contracts and tender guidelines have been completed at a high level to ensure compliance with existing and new regulatory requirements.
- A review of conditions of sale, credit applications and conditions of purchase in terms of POPI requirements was also undertaken.
- Governance, ethics and compliance training is ongoing throughout the operations. An annual training programme has been implemented to procure that appropriate and topical legislative and governance training takes place across the group.
- Significant training and investment in employees assists in creating an increasing and enhanced skills base. The Bell Equipment apprentice programme serves as a good foundation for technical skills required for both Bell Equipment and the industry.
- Implementation of performance management systems.
- Retention strategy for critical skilled employees.
- A risk based health and safety management system that clearly establishes the company's expectations of employees in terms of health and safety performance. The system is aligned with OHSAS 18001:2007, a leading international standard for occupational health and safety management systems.
- A comprehensive behaviour based health and safety training programme is enforced across the group to promote safe behaviour and awareness.
- The 1-BELL philosophy is actively practised on all levels through leadership, teamwork, personal accountability and effective communication. This, together with the safety management system, ensures the creation of a safe working environment and culture, reducing the likelihood of workplace injuries.

Inherent risks

GLOBAL COMPETITIVENESS

As primarily a South African based manufacturer supplying the global market, the increased cost of doing business in South Africa directly impacts the product cost and therefore influences Bell Equipment's competitiveness. Pressure from organised labour for above inflation wage increases, disruptions to business across the value chain due to strikes, declining productivity, escalating fuel and electricity prices, compounded with the necessity of private back up power generation due to prior power outages and increasing compliance costs are some of the expenses that contribute to the increased costs of doing business in South Africa. This hinders the marketability and profitability of South African manufactured products.

NICHE PRODUCT DEPENDENCE

Whilst Bell Equipment has carved out a niche in the global earthmoving equipment industry and continues to strive to be the leading global ADT OEM, the group is cognisant of its dependence on this product, which is exposed to the commodity cycles.

LACK OF TRANSFORMATION

There is pressure on corporate South Africa to transform in accordance with government's transformation objectives. Government business and incentives are often aligned to the BBBEE Codes thereby making the transformation decision an economic decision.

INFORMATION SECURITY AND DIGITAL DISRUPTION

The speed of information technology development is driving companies to invest in the latest technology to remain competitive, while at the same time protecting themselves against cyber attacks.

BUSINESS CONTINUITY DUE TO POWER SUPPLY

The inability of government to resolve the leadership crisis at the country's troubled electricity utility Eskom and the possible long term implementation of extended load shedding could have a devastating effect on not just the group's business but also on the domestic industry.

Risk mitigation factors

- Continuously evaluate component country sourcing for suitable price advantages.
- Continuously monitor the effect of cost pressures and strategically evaluate the option of offshore manufacturing where feasible.
- Monitor productivity and critically evaluate the case for mechanisation, where possible.
- Continuously evolve the group's design philosophy to incorporate new technology, safety and best practices.

- Grow diversified revenue streams that leverage the Bell Equipment distribution network and manufacturing capabilities.

- BECSA achieved a 51% black owned and Level 2 BBBEE recognition level whilst BESSA achieved 51% black ownership, 30% black women ownership and a Level 1 BBBEE recognition. The improved black ownership in both entities was a result of the transaction implemented with effect 1 January 2020.

- Various action plans are in place to improve cyber security and adherence to data protection legislation.
- Redesign of enterprise architecture to provide agile, integrated system landscape.
- Replace and upgrade legacy systems.
- Appointment of Chief Technical Officer to focus on customer interfacing technologies and process automation projects.
- Development of online customer platforms including online parts solutions and a global used equipment website.

- All its strategic operations and factory in South Africa have been equipped with back up power generators that will alleviate most of the risk of business continuity due to power interruptions.
- Most of the group's critical suppliers have back up generators to ensure uninterrupted production and supply of strategic parts.
- Dual supply from international service providers on production critical and strategic parts.

Strategic overview and risk management *continued*

Inherent risks

BUSINESS CONTINUITY DUE TO SUPPLY CHAIN FAILURE

The current economic climate continues to increase the probability of business disruption due to supply chain failures. While all supply chains face risks with extended lead times, port congestion, economic and political instability as well as currency fluctuations, Bell Equipment has the added risk of a remote location and a large portion of in house designed components that are not freely available on the open market. The ability to monitor the performance of these key suppliers and proactively identify and manage those at risk is critical to ensuring supply continuity to Bell Equipment.

CLIMATE CHANGE AND ENVIRONMENTAL

Business impact on the climate, and companies' ability to withstand climate change, are issues of increasing global importance, and vital to the group's stakeholders.

Climate change, to which no one is immune, continues to be a catastrophic risk. Although lockdowns worldwide caused global emissions to fall in the first half of 2020, evidence from the 2008–2009 financial crisis warns that emissions could bounce back. A shift towards greener economies cannot be delayed until the shocks of the pandemic subside. Climate action failure is the most impactful and second most likely long term risk identified in the World Economic Forum.

Risk mitigation factors

- Immediate risks related to items with significant Bell IP are under review. These include the following categories of components: wiring harnesses, rubber to metal, electronic controllers, composites, gear cutting and specialised machining. This is running in parallel with the review and update of the critical supplier business impact analysis to identify possible alternatives or critical supplier requirements.
- Monthly supply chain risk management meetings now take place. This covers original equipment and aftermarket. Supply chain and supplier risks are evaluated and rated. Actions to mitigate are agreed and progress is reviewed.
- Disruptions are however anticipated, and precautions have been taken to increase inventory buffers to insulate against the potential increase in supplier and shipping lead times where necessary.
- Brexit: various risk mitigation measures were implemented.

Bell Equipment actively strives for high standards of environmental performance in its operations. It aims to achieve this by integrating world class environmental principles into its business strategy.

In order to meet this vision, the group is committed to:

- Implementing and maintaining environmental management systems that drive continual improvement.
- Reducing its environmental impact across the group with particular emphasis on energy consumption, water usage, waste reduction and recycling.
- Ongoing and effective assessment and training to ensure employee knowledge of environmental risks.
- Waste reduction and the recycling of materials where the means to recycle materials exist.
- Preventing and reducing all forms of pollution by employing effective technologies.
- Increasing the use of modern communication techniques to reduce the need for travel.
- Complying with and where possible exceeding all relevant legislation, commercial requirements and codes of conduct regarding the impact on the environment of its business.
- Maintaining transparent, consultative relationships with all stakeholders through effective communication channels.
- Supporting the fundamental human rights of employees, contractors and suppliers within the communities in which it operates.
- Contributing to the long term social, economic and institutional development of its employees and the communities within which its operations are located.
- The group's commitment to low carbon and renewable energy is a significant contributor to its efforts in reducing carbon emissions.

Inherent risks

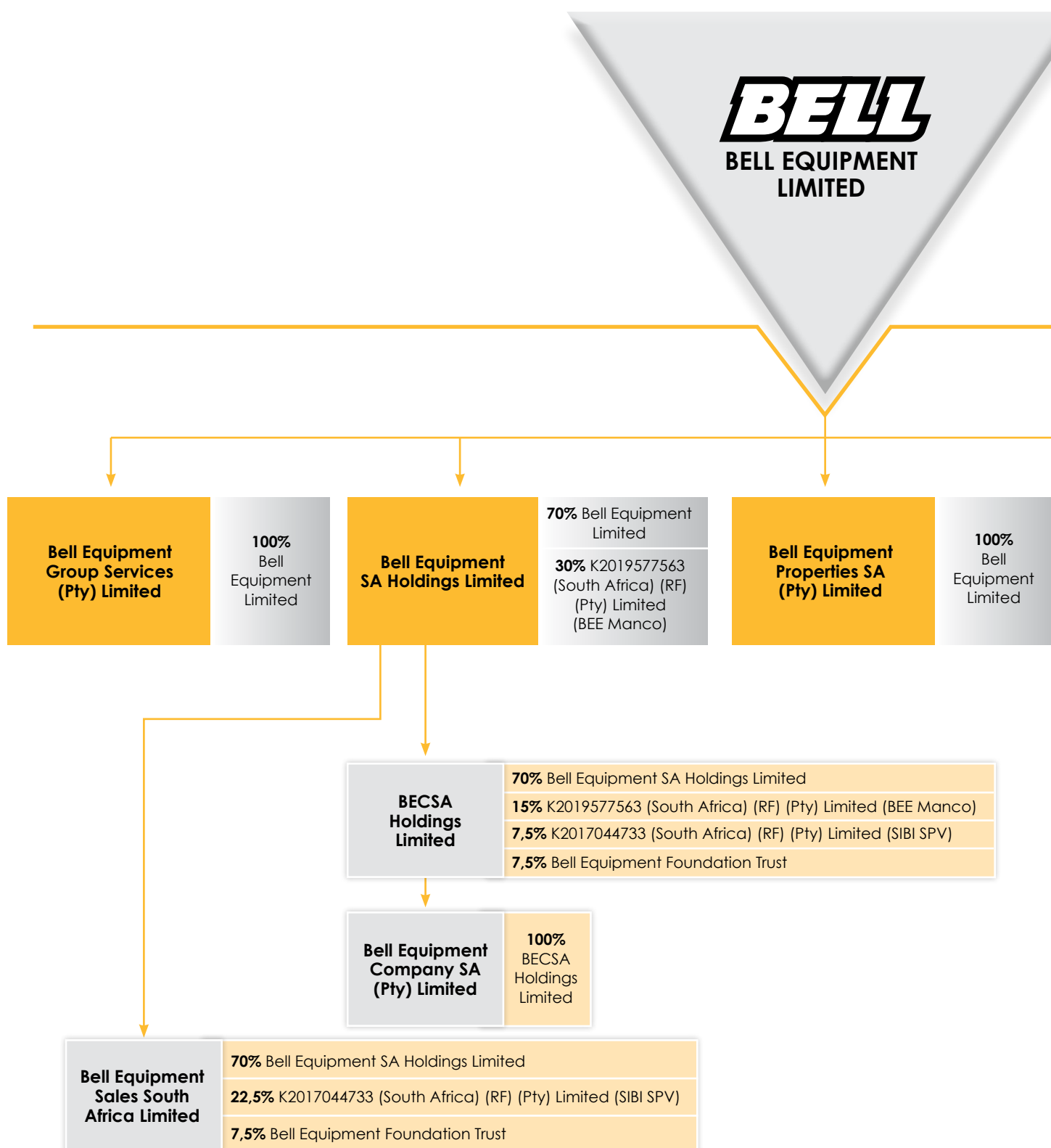
BUSINESS CONTINUITY RISK DUE TO COVID-19

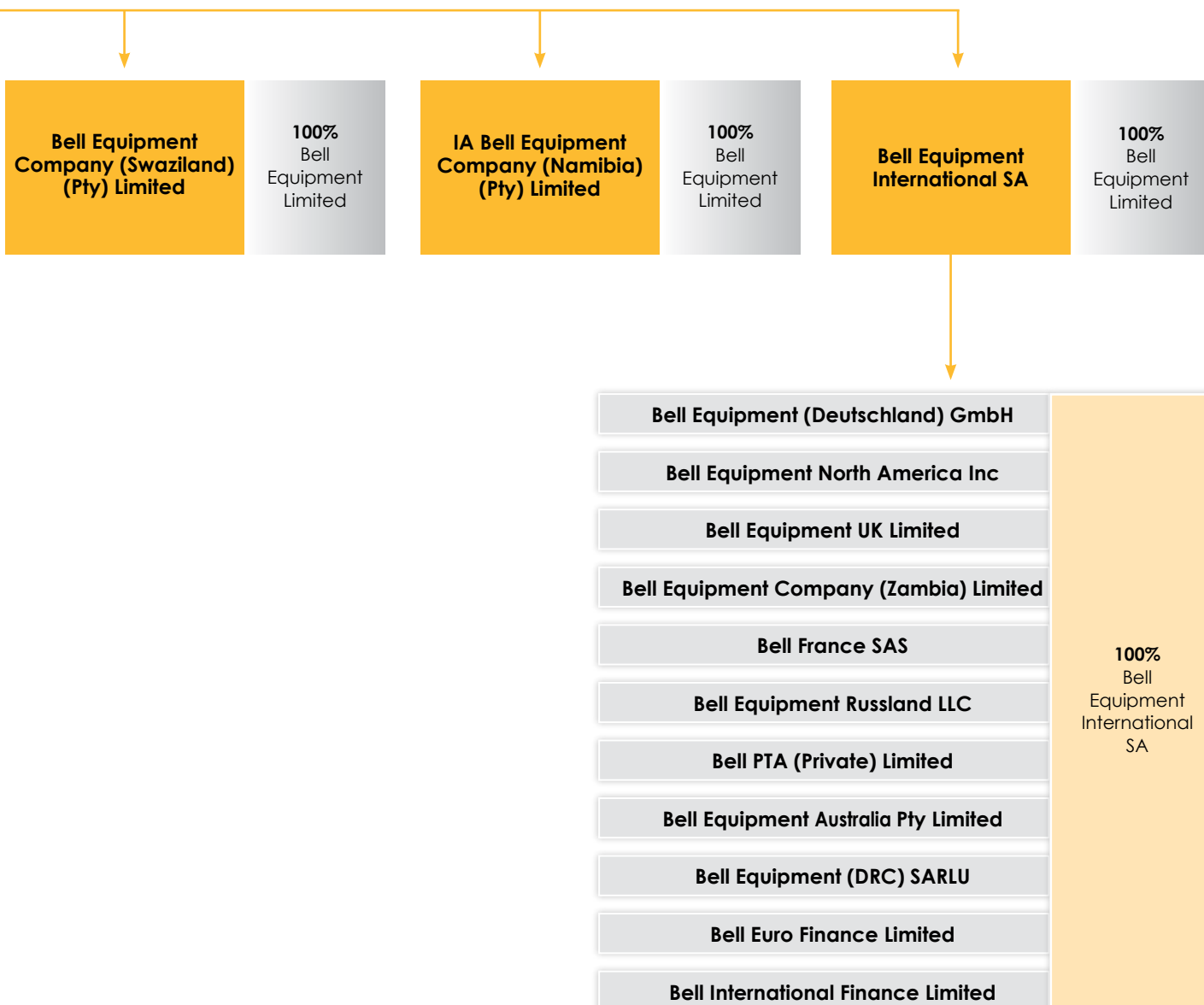
The unprecedented nature of the COVID-19 pandemic set in motion one of the most abrupt disruptions in decades, leaving organisations reeling with uncertainty as fear spreads faster than the virus itself. The effects of quarantine, isolation and travel restriction strategies continue to have a brutal impact on the economy and multiple industries, with the financial markets punishing investors with steep declines.

Risk mitigation factors

- Bell Equipment takes this pandemic very seriously and is working continuously to minimise the risk it poses to the health and safety of its employees and customers, as well as long term business sustainability.
- Formation of a global crisis response team to identify key risks facing the group, and to consider, monitor and implement the required responses to the COVID-19 impact on the business on an ongoing basis.
- Specific policies and procedures have been developed and implemented for the most likely emergencies and scenarios.
- Work around plans have been implemented for the relevant departments to ensure that critical business functions can continue.
- Work from home strategies and rotating shift systems have been implemented where possible to ensure minimum risk to its employees.
- Virtual communication channels have been enabled and promoted as the preferred communication channels.
- Infection control strategies have been implemented, based on hazard exposure, using appropriate combinations of engineering and administrative controls, safe work practices, and personal protective equipment (PPE) to prevent employee exposures.
- Training sessions have been provided to employees to ensure the measures are effectively implemented and maintained at a high standard.
- Processes have been implemented to monitor supply chains to ensure minimal disruption.
- Cash management processes have been elevated.
- Regular interactions with stakeholders have been undertaken to communicate the impact of the pandemic on the group and the effect on the stakeholders.
- Investigation of the opportunity to fast track certain technology enabled solutions for customers.

Global corporate structure





Board of directors



Gary Bell (68)
Non-executive chairman

Mech Eng Diploma (Natal Technikon)

Appointed to the board: 1977

Risk and sustainability committee member;
Social, ethics and transformation committee member;
Nominations committee member;
Remuneration committee member.

With an engineering and manufacturing background, Gary has over forty years' experience in and knowledge of the mining and construction machinery industry both regionally and internationally.

He currently sits on the board of Trade and Investment KwaZulu-Natal.

John Barton (73)

Lead independent non-executive director

FCMA, GCMA, AMP (Harvard)

Appointed to the board: 2009

Chairman of the nominations committee;
Audit committee member;
Risk and sustainability committee member;
Remuneration committee member.

John worked for the Anglo American group and subsidiary company Mondī where he was the chief executive and deputy chairman until 2007. He is a past president of the Durban Chamber of Commerce and Industry and was the co-chairman of the KZN Growth Coalition.

John was the chairman of Foskop (Pty) Ltd and CBL Ltd.



Leon Goosen (48)

Group chief executive

BAcc (Stellenbosch), BCompt (Hons), CTA (UOFS), CA (SA)

Appointed as an employee: 2007

Risk and sustainability committee member.

Prior to joining Bell, Leon was a partner at Deloitte & Touche in South Africa and Namibia. He held the position of executive director of Bell from January 2009 and was the chief operations officer from December 2014, contributing considerably to the strategic direction of the group, until he was appointed as chief executive on 1 June 2018.

Karen van Hagt (54)

Group finance director

BCompt (Hons) (UNISA), CA (SA)

Appointed as an employee: 2000

Risk and sustainability committee member;
Social, ethics and transformation committee member.

Karen was a senior audit manager at Deloitte & Touche prior to joining Bell as the group financial controller in 2000. She has held the position of group finance director since 2006.



Derek Lawrance (74)

Independent non-executive director

BCom (Economics) (Wits), CA (SA)

Appointed to the board: 2016

Chairman of the audit committee;
Chairman of the remuneration committee;
Risk and sustainability committee member.

Derek has held numerous senior executive positions in both listed and unlisted South African companies, operating in multidisciplinary environments with both local and foreign partners and shareholders.

He is currently an independent director of:

- * The Amber House, Milkwood and Thekwini RF Funds Ltd, which together comprise all the note and bond holding companies of SA Homeloans Ltd;
- * Expand a Sign International Pty Ltd.



Hennie van der Merwe (73)

Independent non-executive director

BA (Law) LLB (Stellenbosch), LLM (Tax) (Wits)

Appointed to the board: 2016

Chairman of the risk and sustainability committee;
Nominations committee member.

After practicing as a commercial and corporate attorney for twelve years, Hennie held senior executive positions and directorships in large stock exchange listed corporate entities in the banking, commercial and industrial sectors, both in South Africa and abroad. He currently serves in the following listed board positions:

- Chief executive and executive director of Trecor Ltd, although he will be retiring from the board during 2021;
- Non-executive director of Textainer Group Holdings Ltd, listed on the New York Stock Exchange;
- Non-executive director and chairman of the board of Master Drilling Group Ltd.

Rajendran Naidu (48)

Independent non-executive director

BCom (Cape Town), CA (SA)

Appointed to the board: 2017

Audit committee member;
Social, ethics and transformation committee member;
Nominations committee member.

Rajendran was a partner at Deloitte in the financial institutions team and corporate finance practices. He was previously a group general manager at Sasol Limited responsible for corporate finance, investor relations and shareholder value management. At that time he was also chairman of the audit committee of Sasol Petroleum International and served on the board of trustees for Sasol's Group Enterprise Development Trust and worked closely with global investment banks and global consulting firms. Rajendran currently manages Pritor Capital which provides strategic and corporate development advisory and investment services.



Mamokete Ramathe (41)

Independent non-executive director

BCom (Wits), BCom Hons (UNISA), Masters (Development finance) (Stellenbosch), Masters (Leading innovation and change) (York St John, UK)

Appointed to the board: 2017

Chairman of the social, ethics and transformation committee;
Audit committee member.

Mamokete is the Founder and CEO of Mamor Capital, an investment company focusing on the ICT sector. Prior to this role she was the executive head of mergers and acquisitions at Vodacom Group, where she was responsible for evaluating and executing mergers and acquisitions transactions and other relevant corporate actions in line with the group's strategy. She is a seasoned investment executive with more than 18 years' experience in financial services; spanning corporate finance advisory, private equity, mezzanine finance, infrastructure finance and mergers and acquisitions. She serves on the board of OUTsurance Holdings as an independent non-executive director, and a member of the board investment committee.

Ashley Bell (38)

Non - executive director

BCom (Marketing) (UNISA)

Appointed to the board: 2015

Risk and sustainability committee member;
Social, ethics and transformation committee member.

Ashley has eleven years engineering and marketing experience in co-founding an OEM servicing the forestry and agricultural sectors.



Group executive committee

The GEC is empowered and responsible for implementing the board approved strategies and for managing the affairs of the group.

The committee is chaired by the chief executive and comprises the finance director, the managing directors of each of the regions and the executives listed below. The committee meets regularly and deliberates, takes decisions and/or makes recommendations on all matters relating to the group's strategy and day to day operations within its mandate. The mandate is set by the board and where appropriate, decisions and/or recommendations are referred to the board or relevant board committees for final approval.

Aldo Mayer (48)

Director: Global Sourcing and Strategic Projects

National Higher Diploma – Mech Eng (Natal Technikon)
B Tech (Business Management) (Natal Technikon)

Aldo has 25 years' experience at Bell Equipment.

Avishkar Goordeen (41)

Chief Strategy Officer

BCompt (Hons) (UNISA)
CA (SA)

Avishkar has 14 years' experience at Bell Equipment.

Diana McIlrath (47)

Group Company Secretary and Legal

BCom (UKZN)
LLB (UKZN)

Diana has 4 years' experience at Bell Equipment.

Dominic Chinnappen (52)

Director: Group Manufacturing and Sales and Operations Planning

BCom (Hons) (Logistics) (UNISA)
CPIM (Apics)

Dominic has 33 years' experience at Bell Equipment.

Douglas Morris (47)

Managing Director: Europe, Middle East and Africa

BCompt (UNISA)

Douglas has 6 years' experience at Bell Equipment.

Duncan Mashika (41)

Managing Director: Bell Equipment Sales South Africa Limited

BCom (Wits); HDip Acc (Wits)
CA (SA)

Duncan has 2 years' experience at Bell Equipment.

Johan van Wyngaardt (52)

Director: Group Human Resources

DMS Dip HRM (Damelin); DMS Dip IR (Damelin)
B Tech (Advanced Business Management) (Natal Technikon)

Johan has 15 years' experience at Bell Equipment.

Karen van Haght (54)

Group Finance Director

BCompt (Hons) (UNISA)
CA (SA)

Karen has 20 years' experience at Bell Equipment.

Leon Goosen (48)

Group Chief Executive

BAcc (Stellenbosch); BCompt (Hons)
CTA (UOFS); CA (SA)

Leon has 13 years' experience at Bell Equipment.

Neville Paynter (56)

Managing Director: Bell Equipment North America

NTC 3 & 4 Aircraft Technology (Germiston Technical College)
Diploma in Business Management (Damelin)
Diploma in Business Enterprise Studies (Institute of Commercial Management, Bournemouth, UK)

Neville has 18 years' experience at Bell Equipment.
Neville has resigned with effect from 1 April 2021.

Stephen Jones (50)

Director: Group Engineering, Marketing and Product Portfolio

National Higher Diploma – Mech Eng (Natal Technikon)
B Tech (Business Management) (Natal Technikon)

Stephen has 26 years' experience at Bell Equipment.



Aldo



Avishkar



Diana



Dominic



Douglas



Duncan



Johan



Karen



Leon



Neville



Stephen

Joint report by the chairman and chief executive



Overview

2020 was fraught with extraordinary challenges for the Bell Equipment group from a fire in our Richards Bay administration building in January, which displaced a number of employees, to the outbreak of the COVID-19 pandemic a few months later that created operational complications, aggravated tough global trading conditions and kept margins under pressure.

The year started enthusiastically in South Africa with the President announcing imminent infrastructure projects. However, the failure of these projects to materialise, coupled with the reduced demand for product in most markets due to the impact of the pandemic, meant the group had to work prudently to bring high inventory levels down to acceptable levels and carefully balance sales requirements and production plans.

The protection of jobs remains a top priority, with all capex delayed and discretionary expenses halted to manage cashflow and trim expenses to match the reduced income levels. In addition, the group implemented 20% short time across all operations from May to July. GEC members took a 25% salary reduction during the same period and the non-executive directors of the board sacrificed 30% of their director's meeting fees for six months.

The local market saw yet another significant drop in volumes of mining and construction equipment purchased. The COVID-19 pandemic and subsequent lockdown restrictions had a devastating impact on the supply chain, customer operations and purchases. The country went through further economic decline with cuts in demand and reduced spending in all sectors serviced and supplied by Bell.

The North American market, impacted by COVID-19 and presidential elections, also suffered a downward trend in the construction industry cycle. Most construction indicators were down with the ADT industry showing a 25% decline compared to 2019. Due to the cyclical nature of the business, some of the downturn was already anticipated in sales forecasts going into 2021.

Despite the ADT market conditions, distribution of the Bell ADT products in the US posted the second highest annual result since 2013 with a 1.4% increase in market share.

Business in Canada was extremely volatile and Bell was unable to recover from a woeful 2019. The distributor network into which Bell supplies, carried over large inventory of new ADTs from 2019 into 2020, which impacted on sales from production for the year and resulted in the year ending with a disappointing market share for Bell sales into this market.

Several major projects in the UK, notably the HS2 rail project, are creating opportunities as the country's government works to strengthen the economy post Brexit. While Bell has grown market share in the UK and Germany, margins are tight throughout Europe, resulting in a stagnant market in general.

Overall global markets have shrunk and competition has increased putting margins under immense pressure.

Australia managed the lockdowns well and realised growth in Bell ADT market share attributed largely to infrastructure and mining in Western Australia. However, reduced demand for commodities due to the pandemic and the subsequent

lockdowns have impacted negatively on the South East Asia and Oceanic region.

While Africa also struggled with slowing demand for commodities directly impacting the ADT market, forestry and agriculture were well sustained and provided growth in our tri wheeler and Matriarch product range.

The group continued to increase its presence and market share in the Latin American ADT market where new model launches, opening of new routes to market and the introduction of the Matriarch line also experienced growth in the forestry and agriculture sectors.

Financial

In the 2020 financial year the focus was on cash preservation and working capital management, and the positive aspect of the results for the year is the reduction achieved in inventory and borrowings levels despite all the negative impacts on the business brought about by the pandemic. Sales were especially constrained in the first half of the year when lockdown restrictions were most severe and a decline in sales for the year of 14% led to the group reporting a loss after tax for the year of R57,2 million, after reporting a loss at half year end for the six months to 30 June 2020 of R52,3 million.

Operations

During the lockdown restrictions, parts of our South African market were considered essential services, so we could operate to support them. Measures were implemented that maintained business activity through the months where trading was virtually halted. By staying close to customers and focusing on growth and opportunity areas, we made small market share gains thereby reducing the overall negative impact of the pandemic on volumes sold. Having stock at sufficient levels to support this was essential.

During the year, the North American dealer network was expanded by adding three new dealers, covering territories in Alabama, Kansas, Oklahoma, Missouri and Maine. In Africa, Hardrock Earthworks cc was appointed as an authorised supplier and distributor in Namibia towards the end of 2020.

Our strategy to migrate to an independent dealer model in select markets has proven beneficial by enabling Bell to provide better coverage and support to customers in markets where areas are vast and machine populations comparatively low. This is further supported by synergies found with dealers that have complementary product lines in their stable. This enables them to derive additional revenue streams across different industries and sectors, manage through challenging and cyclical market trends as well as drive higher efficiencies and utilisation from resources critical to superior customer support.

To effectively manage and analyse the growing dealer network, Bell is implementing the Aspire dealer management programme. This tool will be used to measure dealer performance and offer incentives to meet set targets.

Our American Logistic Centre (ALC) continued to rationalise and optimise inventory holding in 2020 and grew parts sales to the distribution network year on year.

Three tracked carrier prototypes were tested in the US across the year to ensure integrity of design and engineering of the

product. The official product launch for the US was undertaken in February 2021 with great interest.

In August 2020 John Deere and Bell mutually agreed to change the distribution arrangements that are in place in certain southern African markets whereby Bell exclusively distributed John Deere construction and forestry products under the Bell marque.

From March 2021 Bell transitioned to a non exclusive John Deere dealer arrangement to allow John Deere to engage with and start appointing additional dealers. Bell will continue to distribute John Deere products until January 2023 and will provide aftermarket, technical and product support to customers for a further 10 years thereafter.

Post the financial year end, Bell has been appointed as the distributor for the full range of JCB construction products in South Africa effective 1 May 2021. This change presents an exciting and important opportunity to reinvigorate the product lines affected by the changes in relationship with John Deere, as well as introduce additional products, and will enable Bell to be better positioned as a full line distributor in this important market. JCB is the world's third largest construction equipment brand by volume and has a rich history in the country spanning more than 40 years. As such, we believe this is a perfect match of premium products to a great distribution network.

Sustainability

Bell Equipment finds itself in a consolidation phase where no major expansionary capex spend has been budgeted for the foreseeable future. This follows several years of large expansions including the group's European Logistic Centre (ELC) in Germany in 2016/2017, the establishment of the ALC the following year and the expansion of the Eisenach-Kindel manufacturing facility in Germany in 2018/2019.

The group appreciates the importance of being a sustainable business and the risks associated with not continuously pursuing this as a goal. We therefore continue to evaluate ways in which to improve sustainability and believe that continuous improvement across all aspects of the business is key.

Respect for the environment is important to our sustainability and initiatives are in place to further lessen our environmental footprint in terms of water and power usage as well as waste to landfill.

The internet of things and the fourth industrial revolution continue to gain traction. The group understands that there is significant scope to grow the business with better adoption of these technologies in both future product development as well as immediate customer interactions.

With regards to product development, Bell has expanded its presence in the autonomous vehicle control space through collaborations with third party suppliers and has demonstrated the ability to provide a vehicle that can be safely controlled in a trial work application.

Complementing our investment to grow intellectual property (IP) as a growth strategy, a significant amount of focus is being placed on direct customer interaction during and after initial machine sales. This is being achieved through further developments with Fleetm@tic®, our industry leading telematics

Joint report by the chairman and chief executive *continued*

system, the adoption of value added services like online parts, and improving platforms for immediate online technical support.

Corporate Governance

Our commitment to be a good corporate citizen pervades our total approach to the business and we endeavour to act in a responsible, ethical, balanced and commercially sensible manner.

We are ever conscious of the impact on the environment and we have made pleasing progress, as detailed in our stakeholder relations report, as we continue to measure and mitigate these risks.

Bell is committed to the highest standards of corporate governance. Details of governance structures and the extent to which we apply relevant principles of corporate governance, including King IV and regulatory requirements, are provided in this report.

In addition to changes to our strategic partnership with John Deere mentioned earlier in this report, in early November 2020 the company was notified by IA Bell & Company, a 38,7% shareholder in the company, that it had entered into a formal binding agreement to acquire John Deere's 31,37% shareholding in the company, conditional on the fulfilment of certain conditions precedent.

On 9 March 2021, the company received notification of a non-binding expression of interest from IA Bell & Company 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 IA Bell & Company if the John Deere transaction outlined above is implemented, by way of a scheme of arrangement in terms of section 114 of the Companies Act, subject to the fulfilment of certain conditions precedent, and further subject to the John Deere transaction becoming unconditional and being implemented. In regard to these two possible transactions shareholders are referred to the company's relevant announcements published on SENS.

Shareholders will be informed if and when the company receives a binding firm intention offer from IA Bell & Company to acquire the entire issued ordinary share capital of the company, and the company will continue to comply with the JSE Listings Requirements and will comply with the Takeover Regulation Panel requirements, to the extent applicable, in this regard.

Throughout this process the board is focussed on sound governance, looking after shareholders, employees and customers as a priority.

Transformation

Following the successful conclusion of BBBEE transactions, which took effect on 1 January 2020, both BECSA and BESSA are 51% black owned, and have improved BEE scorecards that position the group more competitively in the local market, in line with our commitment to our transformation responsibilities.

Importantly the score also secures our access to government-backed initiatives. Support from government in terms of the APDP extension is valued and we are in discussions with the Minister and DTIC for greater protection as a proudly South African manufacturer and a substantial employer.

We also continue to engage with government at various levels to encourage a better understanding of the assistance they could provide through implemented policy to help us to grow the economy in these extremely difficult times.

Outlook

The sentiment going into 2021 has been cautiously optimistic from most regions with a healthy order book in place for the first half of the year. An easing of restrictions for business is evident, with several mining and infrastructure projects coming online or being unlocked in the short term.

However, the group anticipates another tough year as we continue on the road to recovery. We believe that with an ongoing focus on cash preservation and expenses management, we have the capacity, the people and leading products to recover from the devastation caused by the virus. Restructuring is being investigated in terms of location rationalisation and efficiency improvements, however no retrenchments are planned at this stage as people are critical to our operational objective of selling to and supporting customers and their Bell machines.

The industry outlook for South Africa remains depressed as the country grapples with low infrastructure spending in a weakened economy with spiralling national debt. The announced partnership with JCB should lead to some gains within the markets and growth for the company. JCB has significant market share in the sectors in which it is active, and Bell has increased its resources to ensure our support is able to match the machine population.

Bell Equipment, as one of the country's leading OEMs and a significant employer, continues to pursue government mechanisms that would focus on off road ADTs imported into South Africa to level the playing field and help to preserve the jobs it creates.

Through all regions we will continue focusing on improving customer service and dealer management to ensure that we drive growth in the aftermarket and supporting our active fleet globally.

Dividends

The board has resolved not to declare a final dividend for the 2020 financial year.

Appreciation

In a year characterised by uncertainty and high levels of fear and anxiety we have become more mindful of what matters most and what we should be grateful for. While the positives of the year may not necessarily be reflected in our financial results, the group is extremely proud of how we adapted, overcame adversity, and grew stronger as a team as a result.

Our executive management is commended on maintaining hands on leadership and dynamic energy in these unprecedented times. Their ability to achieve a good balance of empathy and determination has encouraged adaptation and resilience throughout our global workforce and ensured business continuity.

The COVID - 19 pandemic has irrevocably changed the way we live and work and we are appreciative of the sacrifices our employees made towards the sustainability of the group, the

discipline and diligence with which they embraced our work from home strategies and their commitment to perform essential services to keep our customers operational.

At the same time, we remember those staff members who we lost to the virus. We also pay tribute to Howard Buttery, a former chairman of the Bell board and a larger than life character who played an integral role in the history and development of the group, who passed away from COVID-19.

It goes without saying that in our 66 years in business we have weathered our fair share of storms. Throughout this period we have been grateful for the guidance and commitment of our fellow board members and we have no doubt that we will emerge stronger this time too, thanks to their efforts.

A special thanks to our extended family of customers and dealers across the globe who continue to invest in the group and our products and entrust us with the ongoing support of their Bell machines.

Finance director's report



The pandemic affected all aspects of the business in 2020. The initial hard lockdowns in the first half of the year led to the closure of the factory in South Africa for a month and in high levels of uncertainty and subdued sales in all markets. These sudden challenging conditions focused the business on cash preservation and working capital management.

Financial performance

Revenue of R6,7 billion for 2020 was 14% down on 2019, which was an improvement on half year end when sales to 30 June 2020 were down 24% on the comparative period. Sales for the first half of 2020 were severely impacted by hard lockdowns and other measures taken by authorities globally to control the spread of the pandemic. Weak market conditions, low activity levels in the sectors that the group operates in and uncertainty relating to the duration and severity of the pandemic meant that there was reduced demand for Bell's products across all key markets. Sales in the second half of 2020 were 17% up on the first half and signs of some recovery were evident. The Rand was approximately 17% and 15% weaker against the Euro and USD respectively in 2020 compared with 2019 and this helped offset some of the impact of the volume pressure on revenue. Sales volumes were down approximately 25% on 2019.

The group incurred a loss after tax of R57,2 million for the year, after reporting a loss after tax for the half year to 30 June 2020 of R52,3 million. Apart from the impact of weak economic conditions and low sales on the bottom line, the result for the year was further negatively affected by low production volumes, due to the group having started 2020 with record high inventory levels which meant that planned production levels were low while inventory was being sold off and right sized, as well as by certain once off costs. Low production levels resulted in low

recovery of a largely fixed cost base, especially at the Richards Bay factory. This is evident in the operating losses reported for the group's manufacturing operations in South Africa and Germany in the segmental report. The once off costs incurred in 2020 related to provisions totalling R82 million for residual value losses on guarantees provided to a financial institution on equipment rentals financed in the USA, the impairment of R32 million on the group's owned facility in Kitwe, Zambia and the impairment of certain research and development projects totalling R23 million. These matters are detailed in notes 24 and 41 of the annual financial statements. Headline loss per share was 31 cents (2019: restated HEPS of 71 cents) for the year. In light of the continued difficult market conditions, no interim or final dividend was paid for the 2020 year. In the prior year, an interim dividend of 20 cents per share was paid.

The share price of the company is trading at a significant discount to net asset value per share and as this is an indicator of possible impairment in terms of IAS 36: Impairment of Assets, valuations and assessments were performed to determine the recoverable amount of the group's main cash generating unit and certain other key assets in the group. No impairments resulted from this review. Refer to note 41 in the annual financial statements for further details of this assessment.

The group also assessed the potential impact of the weak economic conditions brought about by the pandemic and changed economic circumstances in certain countries, specifically Zambia, on the judgements and estimates exercised in determining the carrying values of assets and made additional provisions where necessary. Additional provisions were made on certain categories of inventory. The owned customer service centre in Kitwe, Zambia and certain non core development projects were impaired. Note 41 of the annual financial statements provides further details of these assessments.

During the second half of 2020, our internal processes identified an error relating to the accounting for the group's standard warranty provision on manufactured equipment sales. A firm of accounting specialists was engaged to assist with determining the correct accounting treatment for this complex area. This was remediated by management prior to the finalisation of the year end results and led to the restatement of prior year audited results as detailed in note 5 of the annual financial statements. The change in accounting treatment has no impact on the expected cash flows relating to the group's warranty obligations.

Segmental performance

The group conducts two main business operations. The first is the OEM operations comprising manufacturing, assembly and sales of equipment and aftermarket products to independent and group owned distributors and dealers. These OEM operations are conducted from South Africa and Europe. The second business is the direct sales business which comprises owned distribution operations in South Africa and Rest of Africa that are engaged in direct sales of own manufactured products, other third party products and the supply of aftermarket support and products to the market. The South Africa direct sales business comprises customer service centres in South Africa and Swaziland. Rest of Africa comprises customer service centres in Zambia and Zimbabwe.

The OEM business in South Africa reported an operating loss in 2020 as a result of low production volumes due to over stocking and weak demand. Low production volumes meant

unrecovered overheads at the Richards Bay facility. Total sales, including both external and inter segment sales, reduced by 23,4% in 2020. External revenue contributed 16,0% of group sales in 2020 compared with 18,4% in 2019.

External sales by the OEM business in Europe decreased by 18,4% in 2020 with the contribution to total group sales decreasing from 36,4% in 2019 to 34,7% in 2020. This segment was hard hit by low assembly volumes at the Kindel factory and weak conditions and low demand from the USA, as well as the provision for residual value losses relating to guarantees provided to a financial institution for equipment rentals funded in the USA, resulting in an operating loss for the year.

External revenue from direct sales operations in South Africa decreased by 5,7% compared with 2019 and contributed 44,5% of group sales in 2020, compared with 40,3% in 2019. The South African sales operation performed remarkably well considering the difficult year experienced by the South African construction and mining sectors. Sales volumes recovered well in the second half of the year following extremely low activity in the first half of 2020 in this market during the period of complete lockdown in South Africa. The release of unutilised maintenance provisions at the expiry of a number of rental contracts in 2020 contributed to the better than expected result for the year.

The external sales of the direct sales operations in Rest of Africa, being owned customer service centres in Zambia and Zimbabwe, decreased by 16,0% in 2020 and contributed 4,8% to group sales in 2020 compared with 4,9% in 2019. This segment also reported an operating loss for the year because of the adverse effect of the impairment of the group's owned customer service centre facility in Kitwe, Zambia. An independent valuation was performed during 2020 and the carrying value of the property was written down to the market valuation and this resulted in a R32 million charge to profit or loss. The group continues to

support customers in difficult conditions in Zimbabwe on the basis of payment in advance in South Africa for parts and machines supplied.

Gross margin

The gross margin is dependent on the product and geographic mix of sales, market conditions and exchange rates. Market conditions and demand during 2020 were weak, competition was strong and margins were under pressure. In addition, substantial foreign currency losses were incurred and accounted for in cost of sales on the revaluation and settlement of foreign currency suppliers due to the weakening of the Rand during 2020. Although selling prices are adjusted to counter the impact of currency changes on costs, a time lag applies. The refund liabilities relating to the residual value guarantees also contributed to a lower margin as the charge was to revenue in line with IFRS 15. The average gross margin for the year was 18,4% compared with 18,5% in the prior year.

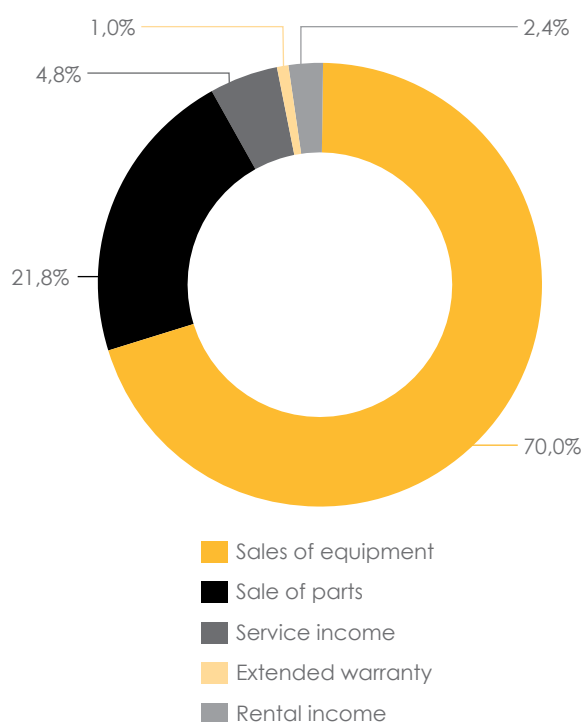
Other operating income

Other operating income relates mainly to production incentives in the form of import duty rebates earned on the South African government's Automotive Production Development Programme. This benefit decreased very significantly by 47% to R62,6 million in 2020 from R117,2 million in 2019, due to a decrease in production volumes of qualifying products in 2020.

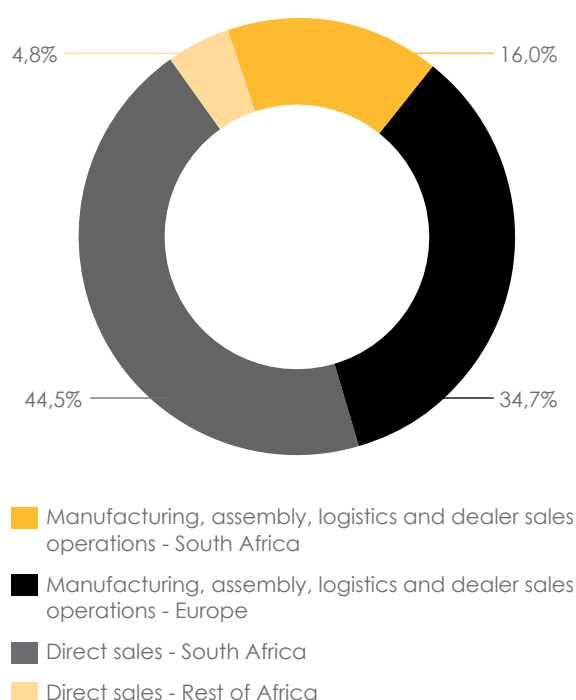
Expenses

In response to the pandemic, immediate action was taken to reduce costs through employee short time and the halting of all non essential expenditure. The group has a predominantly fixed cost base and therefore, although the curtailment of expenses reduced the negative impact of the pandemic on the bottom line, this was not sufficient to adequately address the full effect thereof.

2020 External Revenue Analysis - by product



2020 External Revenue Analysis - geographic



Finance director's report continued

Group overheads decreased by 7,6% in 2020. The main factors contributing to this decrease in expenditure in 2020 were the following:

- A reduction in variable costs relating to the lower production volumes in 2020, including contract labour and overtime costs.
- Cost reductions in many areas affected by the pandemic related restrictions, such as marketing and travel.
- Savings from the staff short time implemented from May to July 2020.
- In the prior year, IFRS 2 share based payment charges of R82,3 million relating to the BBBEE deal concluded in December 2019 were incurred. Substantial consulting fees were also incurred in 2019 on that transaction, relating to transaction advisory, legal, taxation and accounting advice.
- The above cost reductions were offset by the impact of a significantly increased under recovery of overheads at both production facilities, in Richards Bay and in Germany, in 2020 and by the once off costs incurred in 2020 as detailed above.

The group has continued its investment in research and development and development costs totalling R38,9 million were capitalised during 2020. These costs are amortised over the life of new machines once projects have been completed. The total cumulative carrying value of capitalised development costs at year end amounted to R233,6 million and total amortisation of development costs for the year amounted to R27,0 million.

Interest paid

Borrowings were very high at the start of 2020, as a result of high inventory levels, but reduced by half year end and have remained stable since then. Interest costs were R90,0 million for the first half of 2020 and R64,1 million for the second half of the year.

Taxation

The effective group tax rate (credit) of 15% is low due to the impact on a low pre tax result of small prior year charges and withholding taxes.

Financial position

Despite the loss for the year, the net asset value per share increased by 3,4% from 3542 cents in 2019 to 3664 cents in 2020. This was due to the impact of the weaker Rand at year end compared with the 2019 year end on the net assets and foreign currency translation reserve.

Property, plant and equipment

The group halted all non essential capital expenditure during 2020 and only capex critical to the continuation of operations was considered. Additions to capex of R45 million in 2020 comprised mainly factory plant and equipment of R42,6 million.

Right of use assets

The renewal of the group's rental of the Jet Park premises in Johannesburg for a 12 year period resulted in an increase of R164,3 million in right of use assets in 2020. Lease liabilities has consequently also increased.

Deferred tax assets

The group has substantial deferred tax assets of R221,2 million. The main reason for the increase in this asset in 2020 is an amount of R57,2 million relating to the estimated tax loss in BEGS of R204,3 million. This tax loss is mainly as a result of the abnormally low factory production volumes in 2020 and the once off costs

carried by this entity. Management is satisfied that this deferred tax asset is recoverable, based on forecasts which indicate that BEGS is expected to utilise this tax loss from 2022.

Working capital

The factory in South Africa was forced to close for a month during the South African lockdown and disruptions to the supply chain were experienced. Consequently, the excess inventory holdings in the group at the start of the lockdowns proved to be beneficial during that period. Inventory ended 2020 at 240 days compared with 238 days at the end of 2019. The days inventory at year end is impacted by low sales in 2020. The inventory value in Rand terms is down 13% compared with the end of 2019 and taking the weakening of the Rand in 2020 into account, has reduced by substantially more than that in real terms. This is evident in the significant reduction in the level of borrowings in the group in 2020.

Trade receivables days ended 2020 at 48 days, up from 42 days at the end of 2019. Total allowances for expected credit losses amounted to R34,5 million at year end, of which R20,6 million related to customers in the South African market. Considering the circumstances in 2020, we are pleased with collections and credit management and bad debts remain low. Although certain customers experienced cash flow challenges during 2020 and this impacted on the timely collection of receivables in some cases, receivables are generally recovered in full.

Cash generated and borrowings

The reduction in inventory levels released cash and resulted in a reduction in group borrowings. Cash generated from operations amounted to R996,2 million in 2020. Subsequent to year end the IDC working capital facility was reduced from R750 million to R550 million. Cash flow forecasts indicate that the group has sufficient borrowing facilities to meet its plans and cash flow requirements.

Exchange rates

The Rand depreciated in 2020, resulting in the group reporting net currency losses of R46,7 million for the year, mainly at the Richards Bay factory on import payments and on the revaluation of foreign payables, which exceeded the gains earned on foreign currency receivables. Not evident in this reported net foreign currency loss is the favourable impact of a weaker Rand on revenue in Rand terms.

The group's approach to managing foreign currency exposures remains the same as in past years. A substantial portion of the group's purchases and sales transactions are in foreign currency and as such the group has a strong natural currency hedge. Forward cover contracts are utilised to manage the residual trade exposure to the Rand.

The group is further exposed to currency fluctuations with respect to the translation of profits into Rand, as a substantial portion of the group's operating profit is derived from operations outside South Africa.

Looking ahead

The group was able to withstand extremely challenging circumstances in 2020 and despite the pandemic, borrowings and inventory levels have improved significantly compared with this time last year. We expect conditions to remain challenging in the short term. We will continue the focus on working capital, cash and cost management.

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.

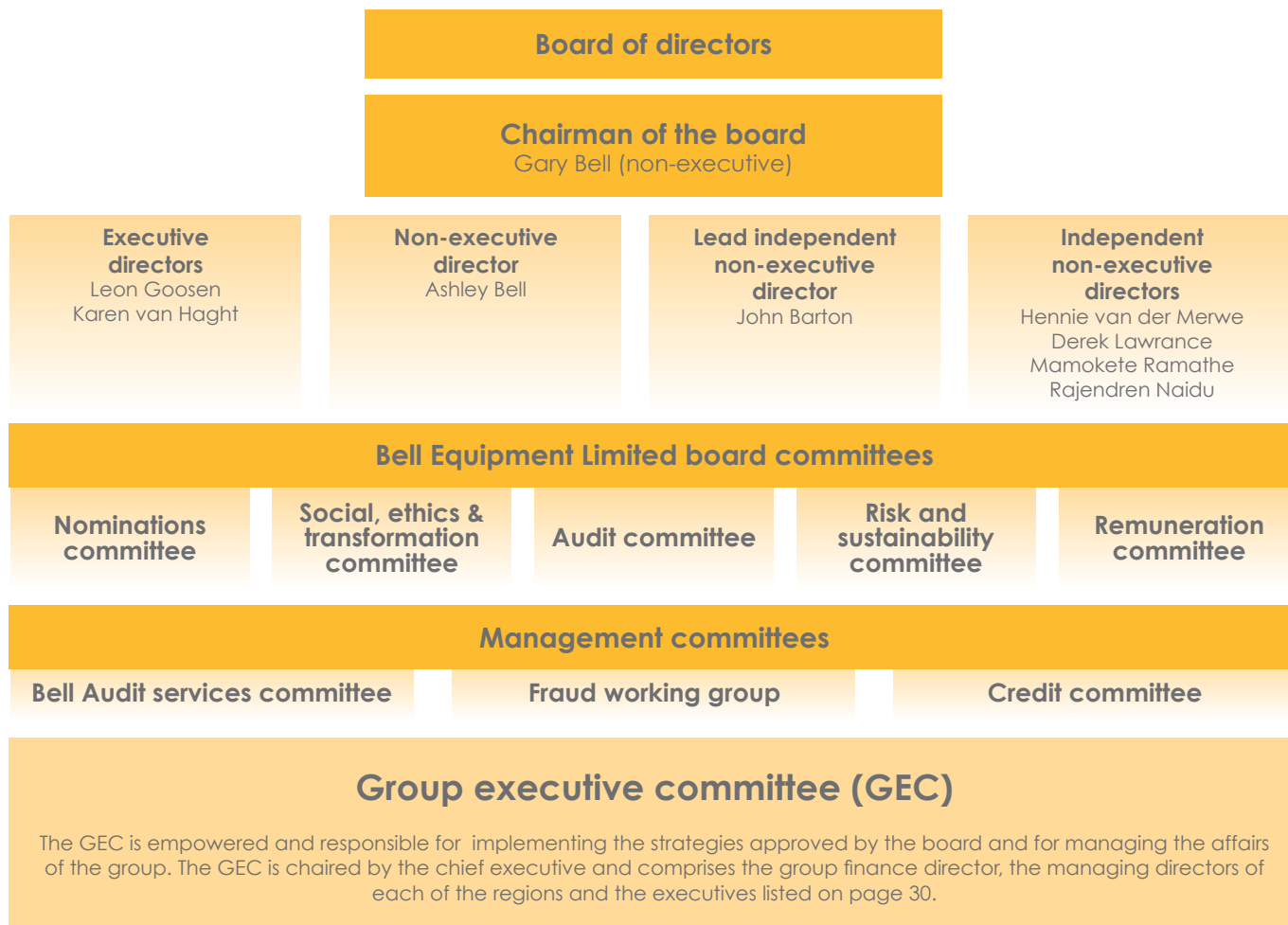
The board is of the opinion that the internal financial controls are adequate and that the financial records can reliably be used for preparing the financial statements in accordance with IFRS and to maintain accountability for the group's assets and liabilities. The recent JSE Listings Requirements' 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

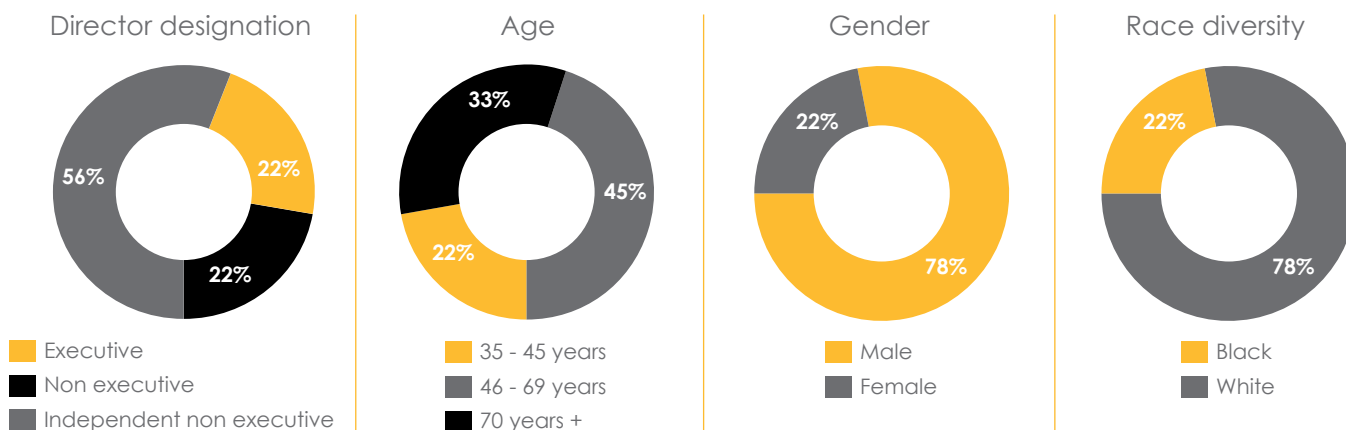
Corporate governance report *continued*

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.

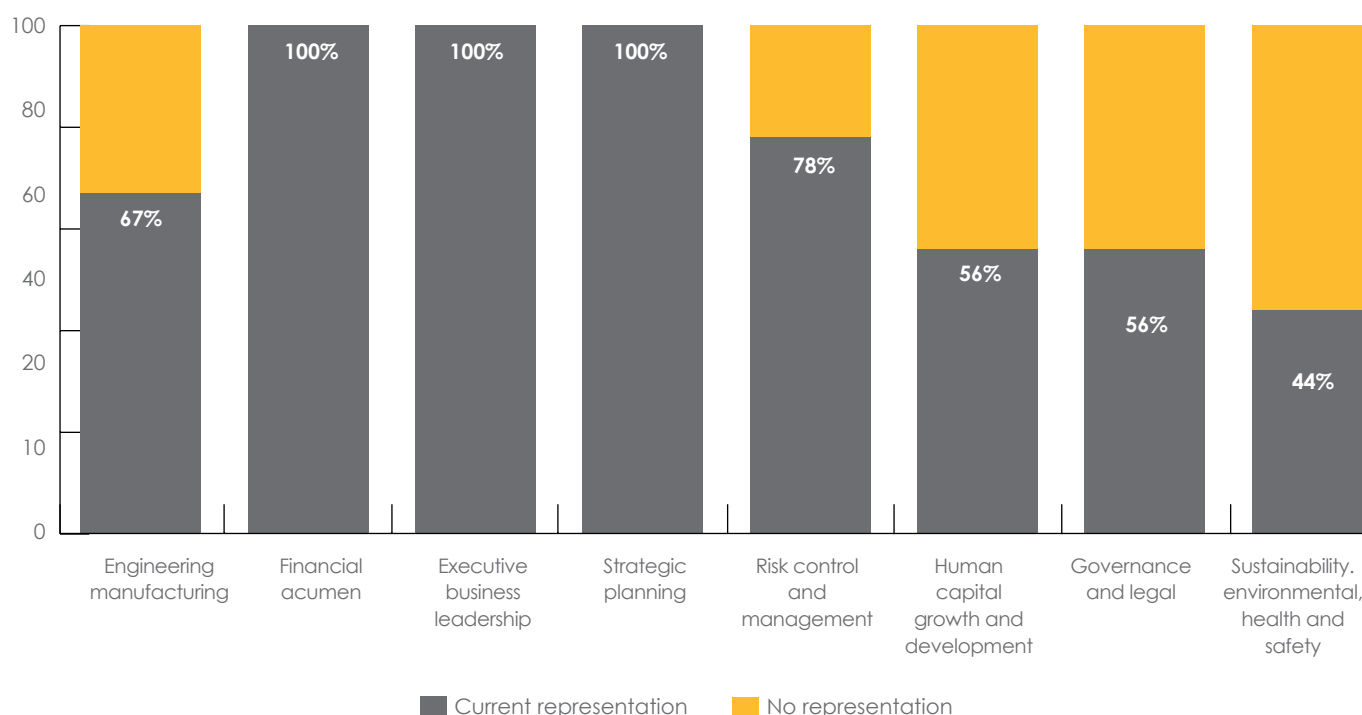
Corporate governance structure



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.

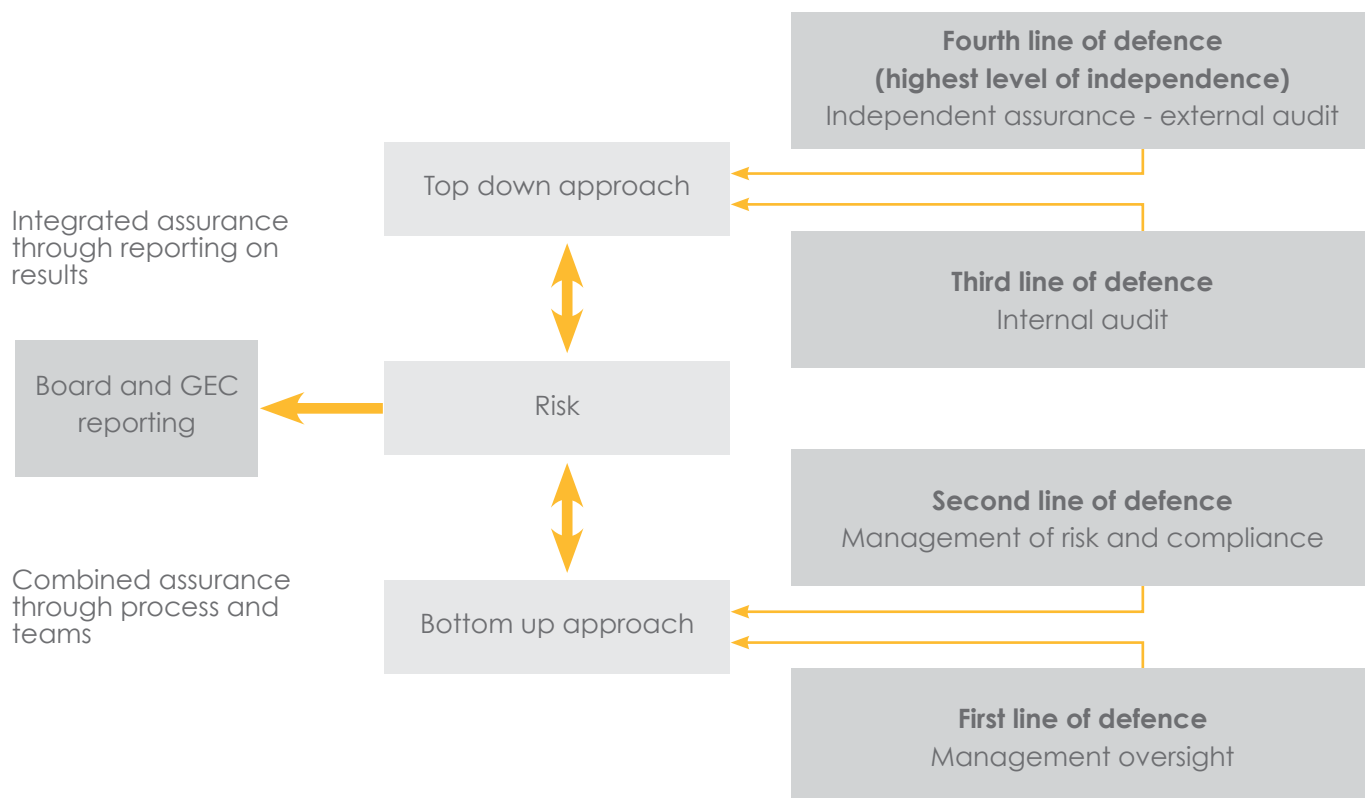
The board sets the Bell Equipment group risk appetite and risk tolerances annually on the recommendation from the risk and sustainability committee. Risk registers are presented to the committee, which identify the most significant risks based on likelihood and impact of occurrence, with mitigating controls 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.

Stakeholder relations report

incorporating sustainability elements

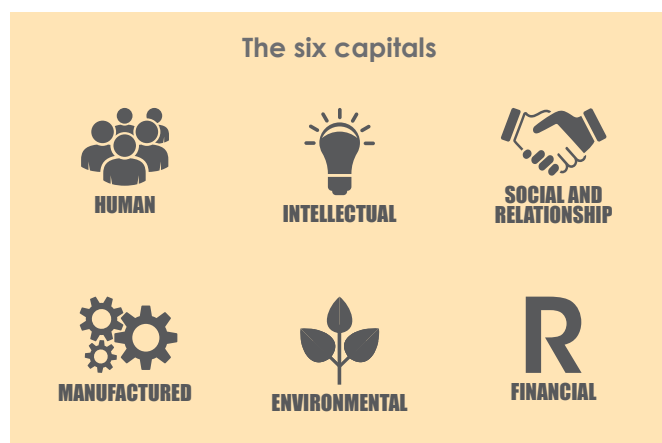
Bell Equipment's key stakeholder base includes employees, customers, government departments, shareholders and financiers, communities, suppliers and alliance partners. These individuals, groups and organisations affect and are affected by Bell Equipment's activities, products or services and associated performance. Engaging with and building relationships with these stakeholders is key to sustaining the group's business.

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

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

The group's stakeholder engagement strategies, systems and processes continue to be enhanced to better understand and respond to its stakeholders' legitimate concerns and to form collaborative partnerships to find solutions to collective challenges.

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



1. Human capital:

determines the capacity of an organisation to accomplish its goals. Bell employees represent a rich and diverse human capital base that provides the skills, competencies, capabilities and experience that ensure the growth and sustainability of its business to deliver innovative products and services that are world class. Bell manages its human capital to ensure people's health and safety and invests in their professional and personal growth.

2. Manufactured capital:

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

3. Intellectual capital:

consists of the Bell brand, know how and the technical acumen of its research and development staff, the company culture and its world class systems and processes. The success Bell achieves in developing, managing and expanding its products and services is the result of the knowledge and experience of people who expertly manage the diverse interests that collectively provide innovative products and service solutions.

4. Financial capital:

is the pool of funds, obtained through financing and generated through its operations that are available to Bell for use in the production of its products and the provision of services. This capital reflects how successful Bell has been at achieving the sustainable development of its environmental, human, social and manufactured capital. Bell continues to enhance its financial capital by:

- effective management of risk;
- corporate governance structures;
- ensuring equitable use of wealth created; and
- assessing the wider economic impact of its activities on society.

5. Social and relationship capital:

encompasses interactions with its stakeholders, including its customers, employees, alliance partners, financiers, investors, communities, suppliers, and governments. Bell prides itself on conducting business by taking into account its legal, ethical and economic responsibilities.

6. Environmental capital:

is an input to the production of an organisation's products and the provision of services. An organisation's activities also impact, positively or negatively, on environmental capital. Bell is committed to the responsible use and protection of the natural environment through sustainable practices.

Engagement is an integral part of developing an understanding of Bell Equipment's stakeholder needs, interest and expectations. Set out below are the key stakeholders with whom the group engages on a regular basis and the means of engagement. The use of six capitals in respect of stakeholder engagement is further illustrated in the following tables and information thereunder.

EMPLOYEES



Reason for engagement

- Bell Equipment's people are the heart and soul of its business. Their skills and commitment determine the group's ability to realise its strategy.

Stakeholder interests and expectations

- Healthy working conditions.
- Fairly remunerated for their service.
- Recognition.
- Health and safety.
- Career advancement.
- Employment equity.

Methods of engagement and value creation

- Employee forums (e.g. health and safety, employment equity committees).
- Training and skills development.
- Learning programmes for disabled black employees.
- Information road shows about employee benefits (e.g. medical aid and pension funds).
- Fraud awareness road shows.
- Fraud management briefs.
- Induction programmes.
- Quarterly GEC feedback sessions.
- Internal newsletter and intranet.
- Health and safety 'toolbox talks'.
- Employee wellness days.
- Long service awards.
- Anonymous tip off reporting line.
- Regular engagement with trade union representatives on key issues.

1977

Average number of employees who benefitted from TERS per month

R40,5 million

Total TERS funding received

2969

Total workforce

18

New permanent employees in 2020

44

Promoted employees in 2020

The COVID-19 pandemic had a massive impact on our employees during 2020 as the world struggled to come to terms with how the virus changed life as we know it, from both a business and individual perspective.

In response to market conditions, the group took steps to reduce costs during the months of May, June and July by implementing 20% short time across the global operations. During the same period, GEC members took a 25% salary reduction and the board of directors sacrificed 30% of their director's meeting fees for a six month period.

Our employees showed great understanding, loyalty and cooperation when faced with this necessary short time, and having to adhere to COVID-19 protocols, amongst other challenges. Importantly, they made sure our customers continued to receive quality service, all of which underpins why our employees are the group's greatest asset.

During this time Bell has prioritised the protection of jobs and easing the financial pressure on employees caused by the global lockdowns. Where available, the group applied for relief measures in the countries in which we operate to try and cushion our employees globally. In South Africa we applied for the Temporary Employer/Employee Relief Scheme (TERS) for those months when the group embarked on short time.

Notably, Bell Zimbabwe continued to provide financial assistance to employees to mitigate against the economic pressures in the country.

Our employee relations environment remains very stable and the group is grateful for the support shown by the South African labour unions, which have committed to lobbying government to work towards improving the sustainability of the group for all stakeholders.

Of the new employments, 12 were appointments that improved the group's transformation requirements.

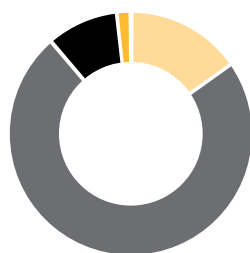
Stakeholder relations report *continued*

incorporating sustainability elements

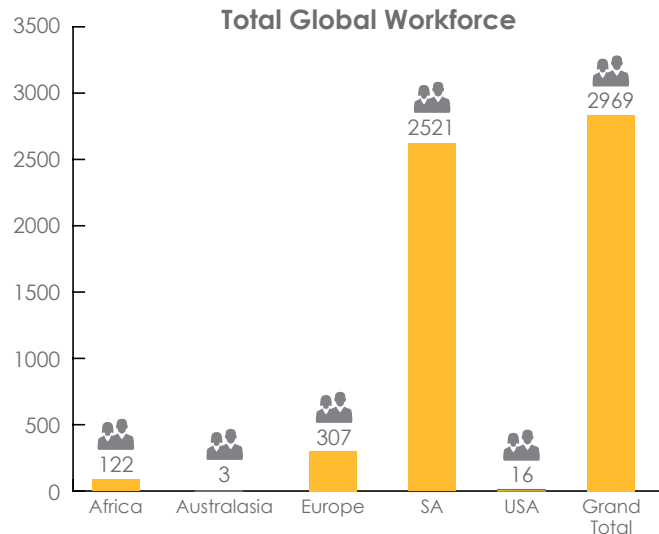
The annual long service awards ceremony was deferred in 2020 due to COVID-19 restrictions on the number of people allowed at a function. The group will celebrate these achievements together with those employees who reach long service milestones in 2021, if possible. The number of employees who qualified for long service awards in 2020 is as follows:

Long Service Awards 2020

- 10 years
- 20 years
- 30 years
- 40 years

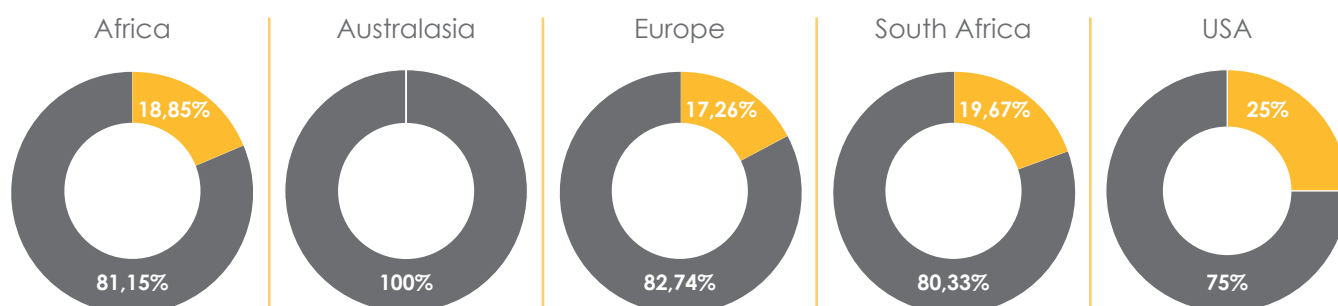


Total Global Workforce



Bell Equipment total workforce

Male Female



Employment equity summary: Actual December 2020

| Occupational levels | | Male | | | | Female | | | | Grand Total |
|---------------------|---|---------|----------|--------|-------|---------|----------|--------|-------|-------------|
| | | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| BECSA | Top management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Senior management | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | Professionally qualified and experienced specialists and mid-management | 7 | 0 | 17 | 16 | 7 | 0 | 1 | 3 | 51 |
| | Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 56 | 9 | 90 | 47 | 11 | 1 | 6 | 9 | 229 |
| | Semi-skilled and discretionary decision making | 498 | 17 | 122 | 37 | 108 | 9 | 25 | 7 | 823 |
| | Unskilled and defined decision making | 6 | 0 | 0 | 0 | 2 | 1 | 2 | 1 | 12 |
| Grand Total | | 567 | 26 | 229 | 101 | 128 | 11 | 34 | 20 | 1116 |

| Occupational levels | | Male | | | | Female | | | | Grand Total |
|---------------------|---|---------|----------|--------|-------|---------|----------|--------|-------|-------------|
| | | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| BEGS | Top management (CEO) | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | Senior management | 0 | 0 | 2 | 4 | 0 | 0 | 0 | 2 | 8 |
| | Professionally qualified and experienced specialists and mid-management | 20 | 2 | 11 | 79 | 1 | 0 | 3 | 14 | 130 |
| | Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 29 | 3 | 22 | 29 | 8 | 3 | 9 | 19 | 122 |
| | Semi-skilled and discretionary decision making | 53 | 3 | 5 | 1 | 20 | 1 | 9 | 17 | 109 |
| | Unskilled and defined decision making | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 3 |
| Grand Total | | 103 | 8 | 40 | 115 | 30 | 4 | 21 | 52 | 373 |
| BESSA | Top management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Senior management | 2 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 3 |
| | Professionally qualified and experienced specialists and mid-management | 2 | 1 | 2 | 14 | 1 | 2 | 1 | 2 | 25 |
| | Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 80 | 10 | 12 | 106 | 3 | 3 | 2 | 7 | 223 |
| | Semi-skilled and discretionary decision making | 69 | 12 | 18 | 8 | 33 | 10 | 6 | 29 | 185 |
| | Unskilled and defined decision making | 7 | 0 | 1 | 0 | 5 | 1 | 0 | 0 | 14 |
| Grand Total | | 160 | 23 | 33 | 128 | 42 | 16 | 10 | 38 | 450 |

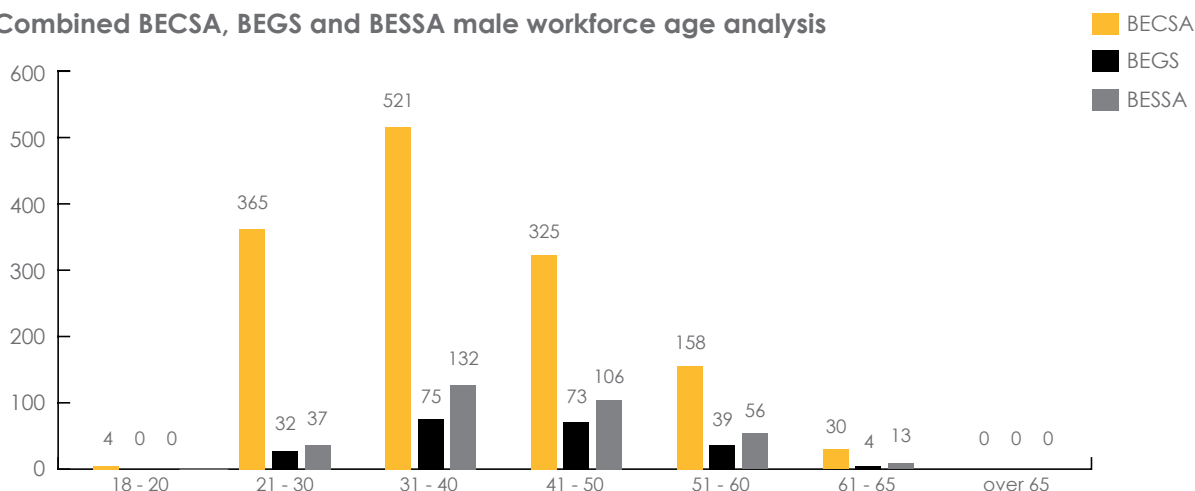
Employees with disabilities – BECSA, BESSA and BEGS combined

| |  African |  Coloured |  Indian |  White | | |
|---|---|---|---|---|---|-------------|
| Occupational levels | | | BECSA | BEGS | BESSA | Grand Total |
| Top management | | | | | | 0 |
| Senior management | | | | | | 0 |
| Professionally qualified and experienced specialists and mid-management | | |   | | | 2 |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | | |   |  | | 3 |
| Semi-skilled and discretionary decision making | |   | |  |   | 5 |
| Unskilled and defined decision making | | | | | | 0 |
| Grand Total | | | 6 | 2 | 2 | 10 |

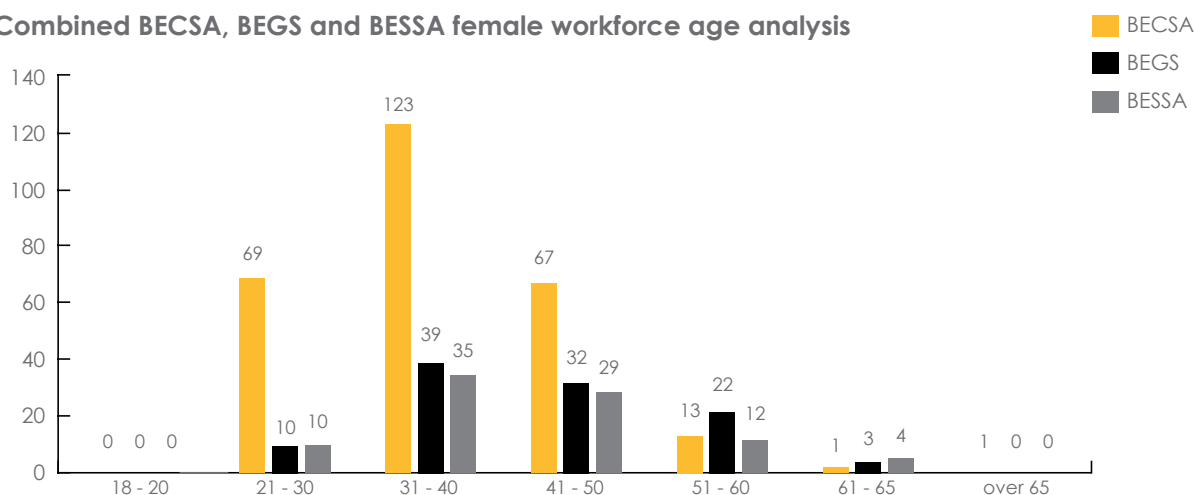
Stakeholder relations report *continued*

incorporating sustainability elements

Combined BECSA, BEGS and BESSA male workforce age analysis



Combined BECSA, BEGS and BESSA female workforce age analysis



Training

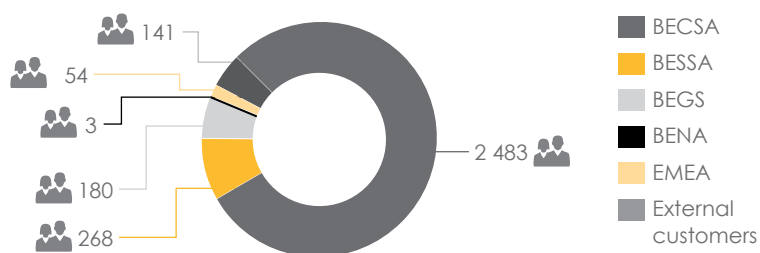
Bell Equipment has had a dedicated focus on training for almost 30 years and is a fully accredited training provider with well equipped training facilities in South Africa located in Richards Bay and Johannesburg. Training is focussed on 'growing our own timber' through the group's MERSETA registered apprenticeship programme as well as providing operator and technical training for Bell employees and its customers.

The outbreak of COVID-19, the hard lockdown and the further working from home arrangements of the non scheduled employees has required much of the training opportunities to take place online.

In 2020 training across the group was wide ranging and included technical, apprenticeship, soft skills and legislative training as well as education assistance.

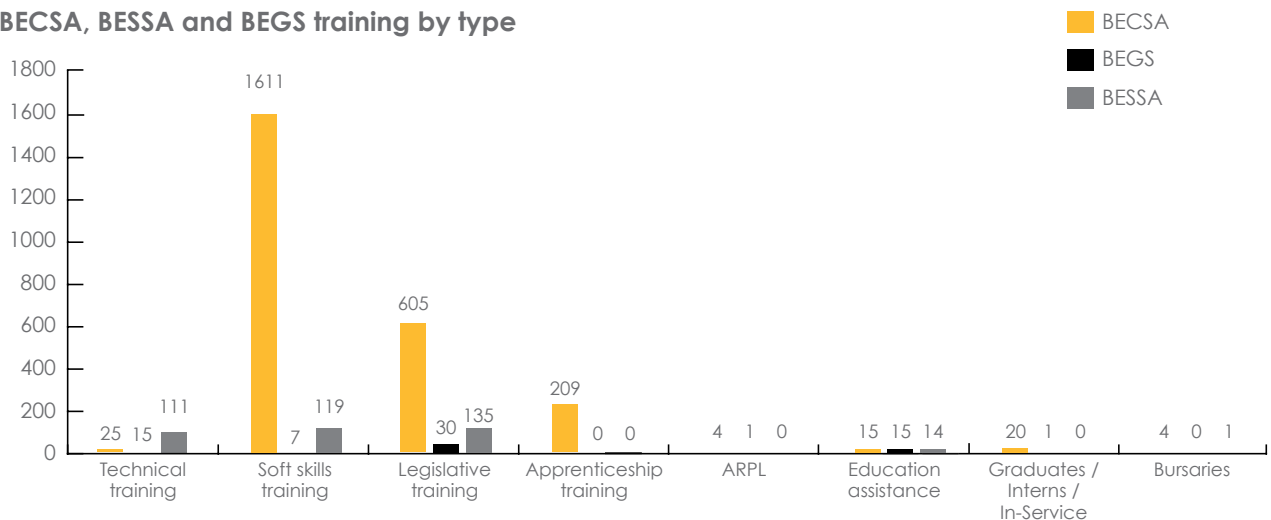
Attendance was as follows:

Group training figures



| Company | Technical Training | Soft Skills | Legislative training | Apprenticeship training | Artisan recognition of prior learning | Education Assistance | Graduates / Interns / In-Service | Bursaries |
|--------------------|--------------------|-------------|----------------------|-------------------------|---------------------------------------|----------------------|----------------------------------|-----------|
| BECSA | 25 | 1611 | 605 | 209 | 4 | 5 | 20 | 4 |
| BESSA | 111 | 7 | 135 | 0 | 1 | 14 | 0 | 0 |
| BEGS | 15 | 119 | 30 | 0 | 0 | 15 | 1 | 0 |
| BENA | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| EMEA | 1 | 24 | 25 | 2 | 0 | 2 | 0 | 0 |
| External Customers | 107 | 1 | 3 | 30 | 0 | 0 | 0 | 0 |

BECSA, BESSA and BEGS training by type



BECSA appointed Motto Human Research to administer a confidential and anonymous culture, climate and engagement survey among employees and facilitate focus group discussions and training to address the results of the survey.

This provided an opportunity to identify strengths, opportunities and areas for development to improve the business and ensure a continued focus on employees and their success.

Survey results indicated Bell employees are committed, loyal and care about the group. The survey further indicated Bell employees are customer orientated, innovative and want to be involved in decision making. The survey highlighted several development areas that would improve the overall ethos of Bell. These areas formed the basis of an organisational development plan that was driven through group and individual coaching, workshops and leadership training during the year. 2021 will be used to build on these interventions and to continue with leadership and diversity training.

Stakeholder relations report *continued*

incorporating sustainability elements

Employee wellness

1 502

(58,64%)

Richards Bay
factory employees
who participated in
Wellness Week

The BECSA Wellness Week was delayed until December 2020 due to COVID-19 and fewer employees were able to participate due to social distancing and other COVID protocols.

External service providers that took part included: Old Mutual, SANCA Zululand, SOS Optometrists, Momentum Health and their rewards partner, Multiply, and Care Works.

Activities comprised: personal financial wellness planning, retirement planning, medical aid and gap cover presentations and advisory services, eye testing, BMI (Body Mass Index) testing, HIV testing, glucose, blood pressure and cholesterol testing, male cancer testing (124 employees tested), pap smears (40 tests done), psychological services as well as alcohol and drug related counselling services. A total of 559 employees were tested for HIV and TB.

Health and Safety

13%

Reduction in
total group injuries

12-month average TIFR
reduced from
2,77 to 2,42
in 2020

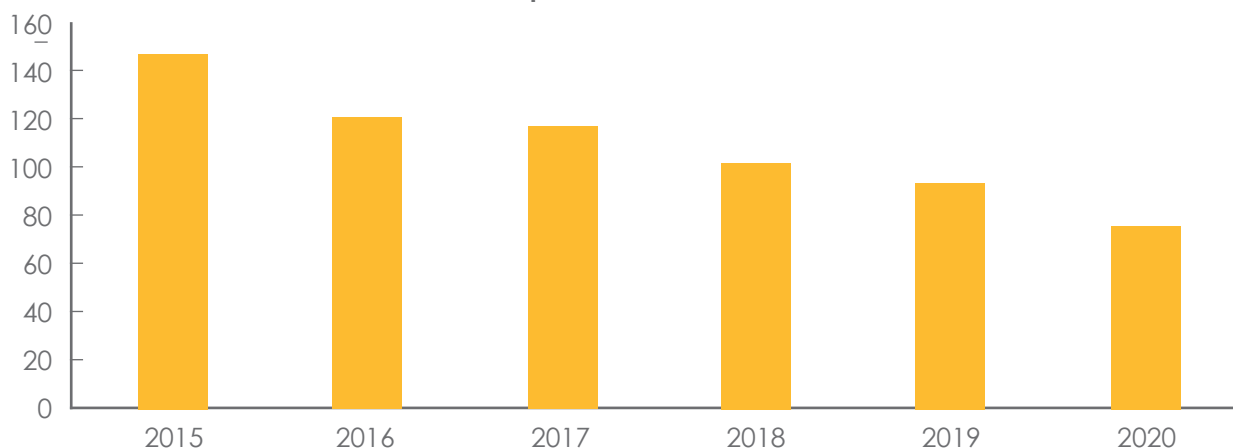
The safety and wellbeing of all our employees, contractors, suppliers and customers is of paramount importance to Bell Equipment and fundamental to the sustainability and growth of our operations. Our aspiration is to operate sustainably, without harm to people, the environment and the communities in which we operate. Written rules, standards and procedures are important and necessary, but they are not enough. Bell Equipment has therefore developed a culture in which the value of safety is embedded in every level of the workforce.



Our safety performance is measured using a range of leading and lagging indicators, including Total Injury Frequency Rate (TIFR) and Lost Time Injury Frequency Rate (LTIFR). Both these frequency rates are calculated on total man hours worked.

There were no findings of non compliance, nor were any fines or penalties incurred.

Group total accidents



Our 1-BELL integrated approach to the management of occupational safety, process safety, occupational health and quality is based on the fundamentals of leadership, teamwork, effective communication, accountable behaviour and continuous improvement. The approach is detailed in the group safety management system which is implemented and embedded by the management of every group company to enable the journey towards zero harm.

The safety, health and environment committees at both the factories and operating subsidiary levels are responsible for overseeing compliance with health and safety legislation and policies. All employees, including contractors, receive safety training.

The group employs a safety management system based on behaviour based safety. The system requires a baseline risk assessment to identify the major risks at the individual operations. These risks are then examined further by conducting issue based risk assessments and identifying appropriate control measures to mitigate the risks. Further mitigation measures include visible leadership and ongoing training.

As required by South African regulations, Bell Equipment has established safety and health committees at all the relevant divisions to approve and implement all mandatory safety training and operating procedures. Safety staff oversee compliance audits, site conditions and identify and allocate any necessary corrective actions.

Measures are followed as far as reasonably practicable and include:

- **Following health advice and information**
Advice is followed from the World Health Organisation, as an international source, and the Department of Health and the National Institute of Communicable Diseases, as local sources.
- **Implementing administrative measures**
Risk assessments in respect of COVID-19 are conducted and updated. Required measures are adapted in terms of regulations specific to the working environment.
- **Communicating with employees**
Updates are consistently provided on COVID-19 including the approach in the workplace regarding attendance and preventing the spread of infection.

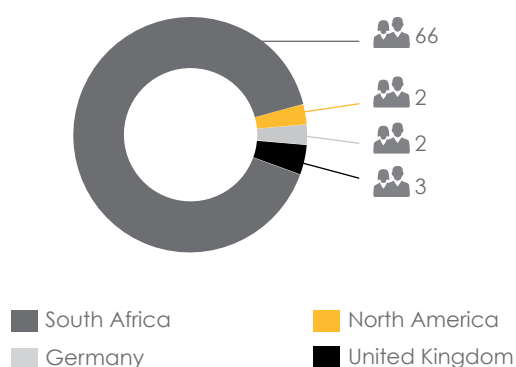
Email, SMS and WhatsApp is used for ongoing communication with all employees. Safety notice boards are found on the factory floor and offices and are updated daily with the notices sent via electronic channels.
- **Sanitising and disinfecting**
Adequate facilities are provided for employees to wash and/or sanitise their hands regularly within the workplace. Stringent disinfection measures have been adopted for high risk work areas and places.
- **Identifying vulnerable workers**
Employees with weakened immune systems and long term health conditions have been identified and mitigating actions implemented to protect their health.
- **Enforcing social distancing**
Social distancing protocols and best practices have been implemented along with work from home strategies where possible.
- **Screening employees and visitors**
Employees and visitors are screened for any of the commonly reported symptoms associated with COVID-19 before entering the workplace.
- **Providing face masks and personal protective equipment**
Employees are supplied face masks and other personal protective equipment as prescribed, depending on their occupation, free of charge.
- **Ongoing training and awareness**
Induction programmes ensure employees are aware of COVID-19 symptoms, how infection is spread and preventative action. Self assessment declarations are conducted to disclose possible symptoms.

COVID-19



The pandemic is identified as an inherent risk in our strategic overview and risk management report on page 25 due to the risk it poses to Bell globally. However, it bears noting that measures implemented by the group, and the adherence thereto by our employees and customers, have helped to minimise the risk it poses to the health and safety of these important stakeholder groups.

Group COVID-19 cases per country



Stakeholder relations report *continued*

incorporating sustainability elements

CUSTOMERS



INTELLECTUAL



SOCIAL AND
RELATIONSHIP



MANUFACTURED

Reason for engagement

- To meet the group's customers' needs and build long term loyalty.
- To enhance Bell Equipment's brand and grow market share.

Stakeholder interests and expectations

- Innovative products that meet operational needs.
- World class after sales support.
- Overall value proposition.
- Personally committed and trusted advisor.

Methods of engagement and value creation

- 'EYE' external customer service monitoring service.
- Face-to-face engagement with sales and customer service teams.
- Trade exhibitions.
- Product launches and demonstrations.
- Ongoing research and development.
- Factory tours.
- Advertising.
- Traditional and social media including Bell Bulletin magazine and Facebook.
- Website.
- Ongoing product testing.



INTELLECTUAL



SOCIAL AND
RELATIONSHIP

The extraordinary circumstances surrounding the COVID-19 pandemic during 2020 dealt a severe blow to our traditional face to face interactions. This forced the group to reassess its communications strategy and methods to sustain and build on our relationships with customers.

CONEXPO-CON/AGG in Las Vegas, United States in March 2020 provided the only opportunity to meet customers on a large scale before the worldwide lockdowns. Although the show closed a day earlier than planned, the event was a success for Bell Equipment. This was largely due to the premium spot Bell secured in the North Hall, where all the major equipment manufacturers are housed, as well as the considerable interest generated by the launch of the group's Tracked Carrier.

The Bell stand was hosted by senior, technical and product managers from Bell Trucks America, Bell Equipment in South Africa, and Bell Equipment North America. We had many compliments on the friendly, approachable attitude of the Bell team as well as the open stand layout that made visitors feel welcome.

While a limited number of factory tours were conducted later in the year under strict COVID-19 protocols, due to social distancing regulations, the group chose to engage with customers mainly on social media. Two distinct channels, namely Bell Equipment Global ADT and Bell Equipment South Africa, were created on LinkedIn, Facebook, Instagram, and YouTube to effectively channel content to our global customer base. The aim is to launch a third channel, Bell Equipment Sugar and Forestry, in 2021. The group appreciates the influence of this form of communication and will be endeavouring to constantly improve its reach.

In keeping with the growing trend towards online communication, and to conserve cashflow, the group reduced its print media advertising. Instead, in addition to the group's own Bulletin

magazines, different direct marketing methods like email e-cards and customer surveys were employed, the results of which are easier to quantify.

Bell Equipment continues to gain benefit from the external monitoring service, "EYE" customer service. Calls are made on a regular basis by an external consultant, on behalf of the group, who contacts customers randomly from a list of recent parts transactions. Customers are asked to rate their perception of Bell Equipment's service. The group's service rating remains firmly in the world class range.

Although the annual technical services seminar was not held due to the pandemic, the technical services team was able to maintain its role as an important face and aspect of the customer relationship as an essential service and made sure customers around the world were able to continue with their operations.

The work from home strategies brought on by regional lockdowns allowed the team to focus on generating and delivering more online courses and these were met positively by those who were engaged by this medium.

An increased acceptance amongst all players in the industry to online and virtual meetings is seen as a positive move during the year. While direct face to face communication will never be totally replaced, the group will focus on rolling out more virtual communication and training platforms going forward.

The rollout of the Aspire dealer relationship programme slowed in the early part of the year and could only be reinitiated through virtual platforms during the second half of 2020. A number of dealers are now active in the programme and incorporating more dealers will be a key action for 2021. The programme uses various specific metrics aligned to rewards that will drive improvement in both the dealer and Bell.



MANUFACTURED

The group's manufacturing operations form part of a complex international supply chain. We strive to continuously improve our efficiencies and quality standards while working closely with our supply partners to ensure rapid response to our evolving customer needs.

In South Africa we remain reliant on infrastructure stability in so far as power, water, port facilities and roads are concerned. Infrastructure reliability in the country remains a concern and the group continues to monitor this to mitigate risks that could develop.

The extension of the group's Eisenach-Kindel facility in Germany has created further manufacturing efficiencies for both our German and South African operations. The investment demonstrates the group's commitment to being a global manufacturer as it continues to enhance its flexibility to respond more efficiently to customer requirements in our northern hemisphere markets.

Product costs and manufacturing reliability are continually benchmarked to world class standards and guide our manufacturing strategy.

Appreciating the importance of continuous improvement throughout the business, Bell continues to invest in and grow its people and assets, improving skills, knowledge and know how to remain lean and cost competitive.

Understanding that delivering on customer expectations is essential to how products are accepted in the market, the group is likewise continually focused on strengthening its quality management systems and compliance with international regulatory requirements. Adequate investment has been allocated to manufacturing capacity and technology to ensure that our global manufacturing operations continue to operate sustainably amongst the best in the world.



INTELLECTUAL

The continued gathering of momentum for autonomous developments and projects in 2020 have shown us how close to market we are in this regard. Though still in the early adopter and commercial investigation stage there has been increased requests for information on what is possible and discussions on potential real world commercial opportunities.

The Bell ADT Mark 3 upgrade at the end of 2019 made all Bell ADTs ready to integrate with a pedestrian detection system (PDS) and crash avoidance system (CAS). This provided an important foundation to enable the group to provide an 'autonomous ready' ADT.

Additional vehicle control systems have been developed and trialled to position the group to have a system available when the need arises.

Bell has decided to be technology agnostic, being able to partner with various sensor and software specialists according to our customer's needs and preferences. This gives our customers the ability to run different brands of equipment in one autonomous operation. This concept was trialled during 2020 when two B30E trucks worked on an autonomous quarry site in the Alps with pleasing results.

ADT innovation has been carried through to our new generation low profile ADTs for underground mining, which are fitted with all our standard features for safety, productivity, and machine protection. This includes keyless start, hill assist, speed control, bin tip prevention, auto park application and turbo spin protection to protect the engine. Onboard weighing is now standard on these trucks and Bell Equipment's proprietary fleet management software, Fleetm@tic®, enables machine owners to access daily production figures.

In addition, future investments in information and communication technology will increasingly transition Bell after sales service into the digital space.



Face masks were removed briefly for the purpose of the photograph

Stakeholder relations report *continued*

incorporating sustainability elements

SUPPLIERS AND ALLIANCE PARTNERS



**SOCIAL AND
RELATIONSHIP**



MANUFACTURED

Reason for engagement

- Suppliers and alliance partners are key to the group's performance and core to the group's strategic positioning.

Stakeholder interests and expectations

- Timely payment and fair terms.
- Future growth of the group and understanding the expectations of the group.
- Reputational consistency.
- Responsible and positive brand management.

Methods of engagement and value creation

- Product launches and demonstrations.
- Trade exhibitions.
- Quest for Gold supplier improvement initiative.
- 913 South African suppliers form part of Bell Equipment's supplier network.
- Ongoing regular direct engagements.
- Service level agreements and audits.
- Suppliers conference.
- Factory and site visits.

COVID-19 may have affected our ability to engage face to face with our stakeholders but embracing online meetings and communication has proved highly effective in sustaining relationships with suppliers and alliance partners. For example, during the South African lockdown the sales team benefited from online training on partner products.

Unsurprisingly, factory lockdowns and border restrictions affected deliveries by our suppliers and alliance partners, sometimes impacting on our own ability to deliver. In the face of the pandemic many of our partners, both locally and abroad, have also needed to restructure.

As a result of social distancing restrictions, no marketing events were held, and very few customers visited the factory. However, new partner products continued to be introduced to the southern African market and included the tenth generation Kobelco Excavators from the SK210 to the SK520 at various stages of 2020 as well as the SK220XD-10 in November.

The refuse compactor business has proven to be positive in 2020 and Bell has captured a major portion of the market with focused assistance from Bomag. Bell has also performed well in the public sector with Bomag products specifically.

Sales of Finlay units rallied in the last two quarters.



Based on changes in the operating environment of Bell and John Deere, both companies agreed on new arrangements in August 2020, which will see Bell TLB manufacture end in May 2021. The group will distribute Deere products on a non exclusive basis from mid March until January 2023 and will continue to provide aftermarket, technical and product support to our customers for a further 10 years thereafter.

BESSA has been appointed to distribute the full range of JCB construction equipment effective 1 May 2021.

The termination of the Kamaz distribution agreement is reaching a conclusion with the last of the inventory currently being sold.

Communication with suppliers was a challenge in 2020 due to remote working and restricted travel brought about by the COVID-19 pandemic. However, through online meetings and use of technology interaction was maintained and even heightened in some cases.

The Bell Quest for Gold supplier/business partners evaluation programme, which aims to develop mutually beneficial and profitable relationships with suppliers/business partners, implement quality and cost controls as well as measure and reward outstanding performance, continued to operate. The programme targets those suppliers/business partners linked with production and saw over 240 suppliers/business partners being evaluated as part of the 2020/2021 programme.

To avoid overlap with the group's financial year end, the measurement period of the programme was moved to cover the period from 1 April 2020 to 31 March 2021. Considerable time and resources were also spent on streamlining the reporting process, updating the database, and aligning scoring measures to the current business environment, taking timeframes into account. For example, quality was previously measured in terms of parts per million defects but now also considers the action and time taken to resolve defects.

The annual suppliers'/business partners' conference was not held in 2020 due to the virus, but the group is considering a virtual conference in 2021.

LOCAL COMMUNITIES



**SOCIAL AND
RELATIONSHIP**



HUMAN



ENVIRONMENTAL

Reason for engagement

- Empowering local economies builds trust in Bell Equipment while communities benefit from social and environmental initiatives.

Stakeholder interests and expectations

- Socio economic empowerment.
- Community involvement on key issues.
- Employment creation.
- Environmentally responsible.

Methods of engagement and value creation

- Social development through sports development, sponsorship of local sports events.
- Providing air assistance for crime fighting initiatives.
- Earthmoving equipment apprenticeship programmes.
- Trade ins and the Bell Backed Loan Scheme for qualifying small black owned businesses.
- Welfare projects within the communities in which the group operates.
- Support of CANSA events.

The group recognises its responsibility as a global corporate citizen to provide meaningful CSI and SED programmes and initiatives to uplift and empower its stakeholders and the communities within which it operates. Our CSI and SED policies identify priority areas, outline implementation strategies and enable the group to monitor CSI and SED expenditure and measure the impact of projects, ensuring that they are aligned to the group strategy and contribute to the group's overall mission, vision and adhere to its core values.

Bursaries

In 2020 bursaries were awarded to:

- A third year UNISA student studying towards a Bachelor of Education degree.
- A second year Cape Peninsula University of Technology student studying towards a National Diploma in Mechanical Engineering.
- A third year University of KwaZulu-Natal student who is studying towards a BSc Mechanical Engineering degree.
- A Grade 12 learner at Grantleigh School.
- The Bell Foundation Trust continued its bursary assistance to Zinhle Dlamini for her third year in Mechanical Engineering at Stellenbosch University.

5

Awarded
bursaries
for 2020

To further assist black women with their education in the engineering and allied fields, the Bell Foundation Trust will increase its bursary sponsorship in 2021 to include an additional two engineering students.

Thuthukani Special School

BECSA has been involved with Thuthukani for many years due to the instrumental role it fulfils in the advancement and development of learners with severe to profound intellectual disability aged 6 to 19 years.

Previous spend with Thuthukani allowed them to build a new play to learn room which they will be naming the Gary Bell Play to Learn Centre. For 2020 it was agreed to continue sponsoring Thuthukani and, with the play to learn room almost completed, it was agreed, at the request of Thuthukani, to assist with the outfitting and equipping of the room and area.

The ability of children with severe to profound intellectual disability to learn through play is affected by the way that their brains work. Thuthukani will therefore use the Gary Bell Play to Learn Centre as a specific resource for teaching children how to play and plans to have themed toys available for each class.

The interior of the room was designed to accommodate various play stations, for example a play kitchen, lounge, dress up area, messy play area and outside play area. Age appropriate toys and play equipment were then required to furnish the room. For the outside play area, a landscaped garden with paths and areas where children can climb, run, jump and drive pretend cars was envisioned.

During the year they built a miniature town with roads, road signs, hospital, school, park, shopping centre and a "sandpit" for dumping trucks and a life size dollhouse with ¾ adult size furniture for a kitchen, dining area, baby room and lounge area. The furniture was not completed by the end of 2020 as COVID-19 impacted on the waiting period for some of the materials required.

R300 000

BECSA spend
for 2020

R350 000

BESSA
contribution to
Thuthukani

Stakeholder relations report *continued*

incorporating sustainability elements



It was hoped to have a grand opening in the first half of 2021, once it has been completed, but this is dependent on what the pandemic will allow both in terms of completing the project and the restrictions on gatherings and schools opening.

The Thuthukani school buildings are on land owned by the Thuthukani Trust and maintenance requirements must largely be funded through sponsorships. BESSA identified Thuthukani as an SED beneficiary for the first time in 2020 and contributed funds towards the following maintenance projects:

- Awnings in front of the senior phase classrooms to provide shade and shelter from the weather.
- Expanding the current intercom system to enable communication with all teachers.
- Upgrading of playgrounds, including landscaping, pavers and jungle gyms.
- A rainwater management project, which included the purchase and installation of water tanks.

In addition to the Thuthukani funding, BESSA contributed R300 000 to AmaZulu FC and R13 000 to Underdogs Pool Club for SED.

Amangwe Village

The long standing relationship between Bell and Amangwe proved invaluable during 2020 as the COVID-19 pandemic affected them for much of the year.

Currently BECSA helps to fund an organic food gardening initiative which empowers Amangwe to maintain an existing garden at Amangwe as a model for replication in rural communities. Replication is achieved by imparting knowledge to community members through a coordinator and trained staff.

R250 000

BECSA spend
for 2020

The garden plays an important role in:

- poverty alleviation
- promoting the role of nutrition in the fight against chronic illnesses, including HIV/AIDS
- providing organic vegetables to the rural community, especially the unemployed
- providing balanced and nutritious meals to children in Amangwe's crèche
- provide medicinal herbs and plants to make ointments for home based carers to treat skin ailments.

40

Community members trained on gardening methods

29

Crèche children who benefitted from the garden

Khula Senior Secondary School

BECSA is assisting Khula senior secondary school in Esikhaleni to realise the dream of having their own school hall. The project was launched in December 2018 and the steel structure and roof were financed by the school. At that time BECSA provided additional funds of R100 000 towards the foundation, floor and brickwork and appointed a contractor.

Construction started in February 2019 and the foundation, floor and part of the walls were completed but work stopped when the funds ran out. BECSA contributed a further R200 000 for the continuation of the project. This was used towards brickwork, plastering and electrical work that started early in 2020. The COVID-19 pandemic halted progress and work could only continue when the restrictions allowed. To complete the project, the school requires approximately R1 million and BECSA has donated R250 000 towards this for use in 2021.

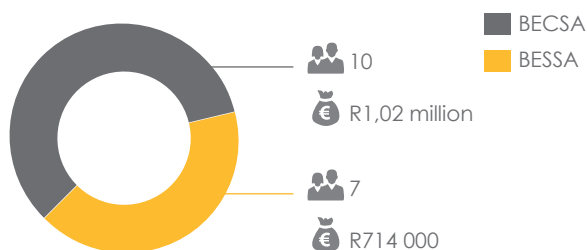
R200 000

BECSA spend at
Khula senior
secondary school
during 2020

Disabled learnerships and YES programme

The following spend was made by BECSA and BESSA through Uconomy, formerly Unlockd who underwent a name change in 2020:

Uconomy (formerly Unlockd) spend



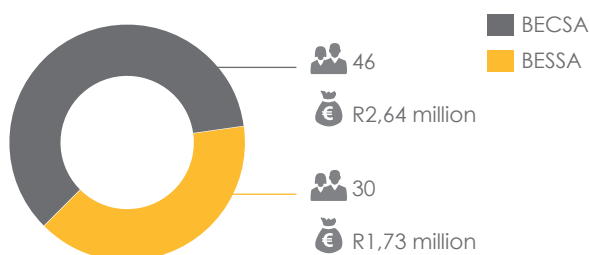
ESD

BECSA contributed R1,081 million towards supplier development. In addition, BECSA contributed R1,198 million towards enterprise development beneficiaries in 2020 from outstanding loans to the value of R3 910 210. These ESD contributions are in the form of grants and developmental loans for the benefit of 51% black owned EMEs and/or QSEs.

BESSA invested in developmental loans with recognised contributions of R2,63 million in 2020 for the benefit of 51% black owned EMEs and QSEs. The outstanding values on these ESD loans amount to R5 274 089. PJLG Steel Works, the 100% black owned EME that offers BESSA welding and boiler making services, continued to benefit from the 5% pa interest bearing loan to expand their business in 2020.

BECSA and BESSA again supported the Youth Employment Service (YES), which actively creates opportunities for young, black South Africans to gain work experience through internships. Some YES learners are being hosted by the GLC and BESSA, both at Jet Park and Rustenburg, where they are obtaining practical experience in the business.

YES spend



Stakeholder relations report *continued*

incorporating sustainability elements

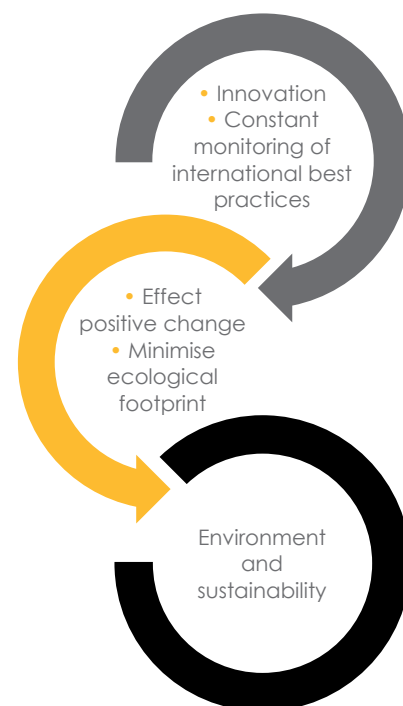


ENVIRONMENTAL

The group's focus is primarily on the Richards Bay facility due to the size and nature of the operation. In 12 other countries we have operations that are low risk in terms of environmental exposure. These are managed and monitored by individual appointed managers to ensure compliance with that country's environmental laws and regulations, including filing reports in terms of the applicable legislation when necessary.

Group policy regarding the environment includes:

- implementing and maintaining environmental management systems that drive continual improvement.
- implementing processes for reducing environmental impact across the organisation with particular emphasis on energy consumption, water usage and waste reduction and recycling.
- ensuring employee knowledge of environmental risks by effective assessment and training.
- seeking to reduce waste and recycle materials where possible and where the means to recycle materials exist.
- preventing and reducing all forms of pollution by employing effective technologies.
- increasing the use of modern communications techniques to reduce the need for travel.
- complying with, and where possible exceeding all relevant legislation, commercial requirements and codes of conduct regarding the impact on the environment of our business.
- maintaining transparent, consultative relationships with all stakeholders through effective communication channels.
- supporting the fundamental human rights of employees, contractors and the communities in which we operate.
- contributing to the long term social, economic and institutional development of our employees and the communities within which our operations are located.



Environmental Sustainability

In terms of the group's policy regarding the environment, the following environmental sustainability initiatives were undertaken in 2020:

| | | |
|--|--------------|--|
| Rainwater harvesting | Richards Bay | Harvested rainwater supplies the wash bays instead of municipal water and is used for the flushing of toilets and urinals in the factory ablution facilities. Due to COVID-19, plans to increase storage capacity were deferred to 2021. During 2021 continuous improvement of the system will provide water security for ablution facilities and some production processes. |
| Machine coolant recycling | Richards Bay | In addition to our specialised liquid recycling units and our thinners recycling plant, machining coolant is now being recycled before disposal. This is controlled by the maintenance process to maintain the quality of coolant and prevent unnecessary disposal of coolant. Machining coolant that is not reusable is sent to a bulk treatment plant. |
| Solar power feasibility investigation | Richards Bay | This project was placed on hold due to delays and difficulties experienced in 2020. Electricity and water usage at the Richards Bay sites are still being monitored along with waste usage and recycling statistics. |
| Electricity saving programmes | Jet Park | Workshop and warehouse lights were replaced with new technology energy saving lights to conserve electricity and realise a cost saving benefit. |
| Waste recycling | Richards Bay | Further to our waste classification programme, as per the Waste Act Regulations and our existing on-site recycling initiatives, our service provider supports the initiative to divert waste to recyclers instead of landfill, thereby reducing the group's impact on the environment. All documents have been received and maintained as per regulation requirements. |
| Employee awareness drives form part of toolbox talks while continuous improvements to processes are driven by audits and ongoing projects. | | |

The last external audit showed great improvements in terms of compliance. An action plan was implemented to reduce the risk of any non compliances. The next external audit is scheduled for 2021. There were no reportable incidents to the DOE that occurred in 2020. Our main environmental risks have been identified and are being addressed as follows:

Hydrocarbon storage

- This is an ongoing exercise.
- Bund pallets have been designed and built in house by the tool and design department. This is based on cost saving and custom applications.

Hazardous waste management

- Employees are educated on the correct disposal methods as an ongoing drive that forms part of toolbox talks and awareness campaigns.

Storm water management

- All oil traps are serviced on a regular basis and scheduled water quality tests are done on existing water ways.
- Waste area has been bunded and an old oil tank has been moved to more suitable location with relevant storm water structures built, in accordance with the storm water management plan.

Air quality management

- Permits have been renewed and are valid in terms of municipal by laws.
- A dust monitoring programme commenced in 2020 with one monitoring station. This will be extended by an additional four stations in 2021.

Environmental compliance at the Eisenach-Kindel factory in Germany is controlled by the facility's quality representative in conjunction with the respective authorised organisations for environmental control and waste disposal. The environmental requirements are spelt out in the labour law and ISO 9001:2008 quality management system. No incidents were reported during 2020 and the next internal audit will be conducted during 2021.

Understanding the importance of our environment and our responsibility as a good corporate citizen, Bell Equipment serves on external bodies such as the local municipality's uMhlathuze crisis committee, and liaises with the uMhlathuze water stewardship partnership, which integrates major industries in the uMhlathuze region, which is where the Richards Bay factory is located.

2021 plans include:

- increased environmental audits for all processes to provide an in depth review of waste management, and therefore improvements to recycling.
- continued dust monitoring.
- developing a greenhouse gas emission report for the Richards Bay factory.
- renewal of necessary permits in Q3 2021 in terms of municipal water and waste management by laws.

Stakeholder relations report *continued*

incorporating sustainability elements



GOVERNMENT

Reason for engagement

- The group's relationship with governments impact on its ability to contribute towards job creation, broader economic, social and environmental objectives globally.

Stakeholder interests and expectations

- Socio economic growth.
- Skills development.
- Employment creation.
- Transformation.
- BBBEE.

Methods of engagement and value creation

- Local design and manufacture of equipment and the use of locally produced materials.
- Employer of 2 521 South Africans.
- Senior executive meetings with officials at various levels of government.
- Participation in industry consultative bodies and public forums including:
 - National Economic Development and Labour Council;
 - Business Unity South Africa.
 - South African Capital Equipment Export Council.
 - SEIFSA.
- Economic empowerment leading to social upliftment programmes and initiatives including:
 - trade ins and the Bell Backed Loan Scheme for qualifying small black owned businesses.
 - earthmoving equipment apprenticeship programmes.

In the past year Bell Equipment engaged with the IDC, SEFA, and other lenders, sometimes jointly with SANRAL, with a view to finding a funding solution to assist contractors to access funds for projects. These engagements are ongoing.

The proposed DMRE's mining charter is presenting some opportunity and challenges for the group. While there have been numerous engagements between local manufacturers and DMRE, the OEM forum is making significant inroads in fighting the local content prescripts of the mining charter.

The RT57 programme continues to bear good fruit but the stiff pricing competition is hampering our best efforts. We are therefore pleased that President Cyril Ramaphosa has issued strong statements on the 'Buy Local Campaign', which will hopefully filter down to the next RT57 programme in 2022.

We are in close discussions with the Presidential Infrastructure Coordination Council and administrators of the Presidential Infrastructure Fund, who are responsible for identifying and rolling out 276 projects with a total investment value of more than R2,7 trillion. Budgetary allocations for this process have been made to the DBSA, the Government Technical Advisory Centre and the Presidential Infrastructure Coordinating Commission's Technical Project Management Unit.

BESSA has always maintained that service delivery takes place at local government level. To this end, we have actively participated in the President's Khawuleza Initiative that piloted the district development initiative. We intend to further improve relations at this level and to partner with municipalities to further contribute towards improving infrastructure in rural communities.

SHAREHOLDERS, INVESTORS, FINANCIERS AND INSURERS



INTELLECTUAL



SOCIAL AND
RELATIONSHIP



ENVIRONMENTAL



FINANCIAL

Reason for engagement

- To create an informed perception of the group and its activities.

Stakeholder interests and expectations

- Group strategy implementation.
- Group performance and sustained returns on investment.
- Leadership strength and management depth.
- Risk management.
- Transparent executive remuneration.
- Alignment of values.
- Responses to macro economic and socio economic environment.

Methods of engagement and value creation

- AGM.
- IAR and Interim results.
- SENS announcements.
- Media relations.
- Group website including a dedicated investor relations page.
- Dividend policy.
- Sound corporate governance.
- Meetings, roadshows and ad hoc telephonic engagement, outside of a closed period.
- Market perception audits.

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

Bell continues to engage with its shareholders through its IAR and its AGM held annually. The social, ethics and transformation committee of the Bell Equipment Limited board, as detailed in its report incorporated in the AGM notice, is mandated to report to shareholders at the AGM thereby providing a holistic overview of the group and its activities as a good corporate citizen.

Through SENS announcements the group provided its shareholders with updated information, pertinent events or corporate actions and governance, relevant to the business and which could impact the share price.

An investor relations company is engaged to assist Bell with its annual investor relations programme. This programme includes presentations to shareholders, financiers and interested parties, the arrangement of one on one meetings with shareholders, peer review of share price data, shareholder analyses, index comparisons as well as the compilation of financial press releases for Bell Equipment.

Engagement with financiers and insurers is equally important to the group and Bell ensures that these stakeholders are kept abreast of developments in the group. Interactions are through meetings, face to face engagements, business and financial updates.

The group will continue to strive for improved interaction with these important stakeholders on an ongoing basis to nurture strong relationships.

Glossary

| | |
|--|--|
| ADT | Articulated Dump Truck |
| AGM | Annual General Meeting |
| AIS | Automotive Investment Scheme |
| ALC | American Logistics Centre |
| APDP | Automotive Production and Development Programme |
| Bell Equipment or Bell or the group | Bell Equipment Limited and its subsidiaries |
| BEE or BBBEE | Black Economic Empowerment or Broad Based Black Economic Empowerment |
| BECSA | Bell Equipment Company SA Proprietary Limited |
| BEE0 | Bell Equipment European Operations comprising the Bell operations in Germany, UK, France and Russia |
| BEGS | Bell Equipment Group Services Proprietary Limited |
| BENA | Bell Equipment North America Inc. |
| BESSA | Bell Equipment Sales South Africa Limited |
| CIDB | Construction Industry Development Board |
| COBIT | Control Objectives for Information and Related Technology |
| Companies Act | Companies Act of South Africa No 71 of 2008 (as amended) |
| COVID-19 | Corona virus disease |
| CRM | Customer Relations Management |
| CSC | Customer Service Centre |
| CSDP | Central Securities Depository Participant |
| CSI | Corporate Social Investment |
| DBSA | Development Bank of Southern Africa |
| DOE | Department of Environmental Affairs |
| DMRE | Department of Mineral Resources and Energy |
| DRC | Democratic Republic of the Congo |
| DTIC | Department of Trade, Industry and Competition |
| ELC | European Logistics Centre |
| EME | Exempted Micro Enterprise |
| ESD | Enterprise and Supplier Development |
| EU | European Union |
| FTA | Field Technical Analyst |
| GDP | Gross Domestic Product |
| GDPR | General Data Protection Regulation |
| GEC | Group Executive Committee |
| GLC | Global Logistics Centre |
| HEPS | Headline earnings per share |
| IAR | Integrated Annual Report |

| | |
|------------|--|
| IDC | Industrial Development Corporation of South Africa Limited |
| IFRS | International Financial Reporting Standards |
| ISO | International Standards Organisation |
| IT | Information Technology |
| John Deere | John Deere Construction and Forestry Company, a Delaware corporation |
| JSE | Johannesburg Stock Exchange Limited |
| King III | King Code of Governance Principles and the King Report on Governance |
| King IV | King IV Report on Corporate Governance in South Africa 2016 |
| KPI | Key Performance Indicators |
| LIMUSA | Liberated Metalworkers Union of South Africa |
| LTIFR | Lost Time Injury Frequency Rate |
| LTIS | Long Term Incentive Scheme |
| LTRS | Lifetime Revenue Stream |
| Matriarch | Bell brand name for forestry products |
| MERSETA | Manufacturing, Engineering and Related Services Sector Education Training Authority |
| MHCV | Medium and Heavy Commercial Vehicle |
| MOI | Memorandum of Incorporation |
| NPAT | Net Profit after Tax |
| NUMSA | National Union of Metalworkers of South Africa |
| OEM | Original Equipment Manufacturer |
| QSE | Qualifying Small Enterprise |
| ROE | Return on Equity |
| ROIC | Return on Invested Capital |
| SANRAL | South African National Roads Agency |
| SAP | System Applications and Products in Data Processing |
| SED | Social Economic Development |
| SEFA | Small Enterprise Finance Agency |
| SEIFSA | Steel and Engineering Industries Federation of Southern Africa |
| SENS | Stock Exchange News Service |
| STIS | Short Term Incentive Scheme |
| SVA | Shareholder Value Add |
| TIFR | Total Injury Frequency Rate |
| TLB | Tractor Loader Backhoe |
| TMP cycle | Trough, mid and peak cycle |
| UASA | United Association of South Africa |
| US | United States of America |
| 1-BELL | Bell initiative used to unite the greater Bell organisation through the adoption of a number of common areas of focus and key values associated therewith. |

Corporate information

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JSE SHARE CODE

BEL

ISIN CODE

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