




**BELL**

**STRONG RELIABLE MACHINES  
STRONG RELIABLE SUPPORT**



**2021**

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**BELL EQUIPMENT LIMITED  
INTEGRATED ANNUAL REPORT**

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# Introducing the integrated annual report

This integrated annual report, which is the group's primary reporting medium, covers the financial year 1 January 2021 to 31 December 2021. Against the background of managing the ongoing impact of COVID-19 on the group's business, Bell Equipment's 2021 integrated report aims to demonstrate in a balanced way how the group has continued to create value for shareholders during these uncertain times while meeting its responsibilities towards its other stakeholders.

The report should be read in conjunction with the full audited consolidated financial statements. 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 financial information in this report follows IFRS and is examined by independent auditors in conformity with International Standards on Auditing. The following main codes and standards were considered in providing information in the report:

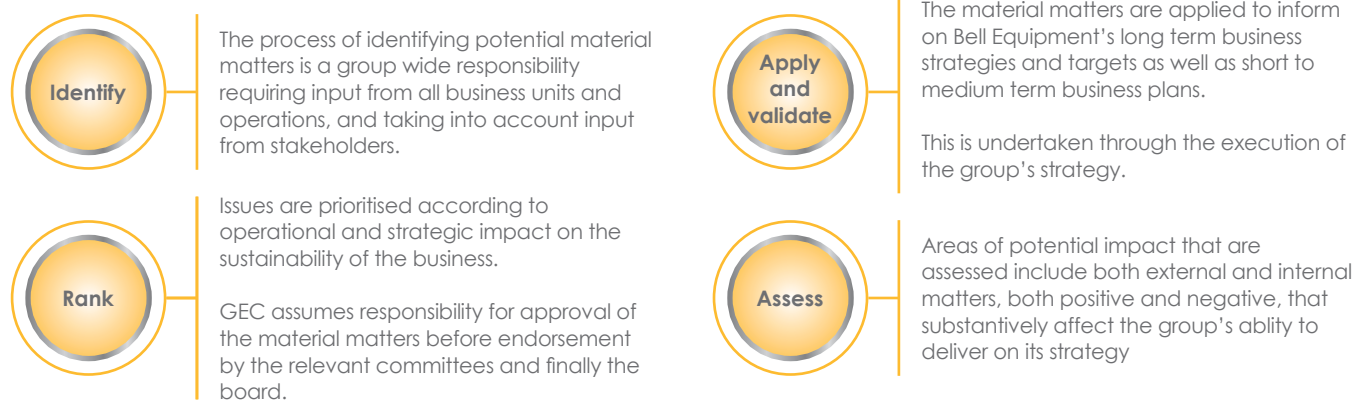
- the Companies Act
- the JSE Listings Requirements
- King IV
- The IIRC's International Framework

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, namely human, intellectual, social and relationship, manufactured, environmental and financial, 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.

**Bell determines its material matters through the following process:**



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 integrated annual report has been reviewed by the board but has not been independently assured. The sustainability information in the report has been approved by both the board's social, ethics and transformation committee and the risk and sustainability committee. Accredited service providers have determined selected non financial performance metrics, including market share statistics and the group's BBBEE rating. Management has verified the processes for measuring all other non financial information.

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. Sound corporate governance practices and an ethical culture form the foundation for sustainable value creation for shareholders and other stakeholders. Good governance supports value creation through improved reporting to shareholders, greater transparency and disclosure.

Forward looking information focuses on the strategic objectives, operating plans and prospects for the 2022 financial year as well as the group's medium term financial targets. 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.

**Board approval**

The board is responsible for ensuring the integrity of the integrated annual report. The directors have collectively assessed the content and confirm the report addresses all material issues, the integrated performance and the group's strategy.

The audit committee has oversight responsibility for integrated reporting and recommended the report for approval by the directors.

The 2021 integrated annual report was unanimously approved by the board on 24 March 2022.

GW Bell  
Non executive chairman

L Goosen  
Chief executive

24 March 2022

We welcome stakeholders' feedback on our reporting, which can be sent to [Diana.Mcilrath@bellequipment.com](mailto:Diana.Mcilrath@bellequipment.com).



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## 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.

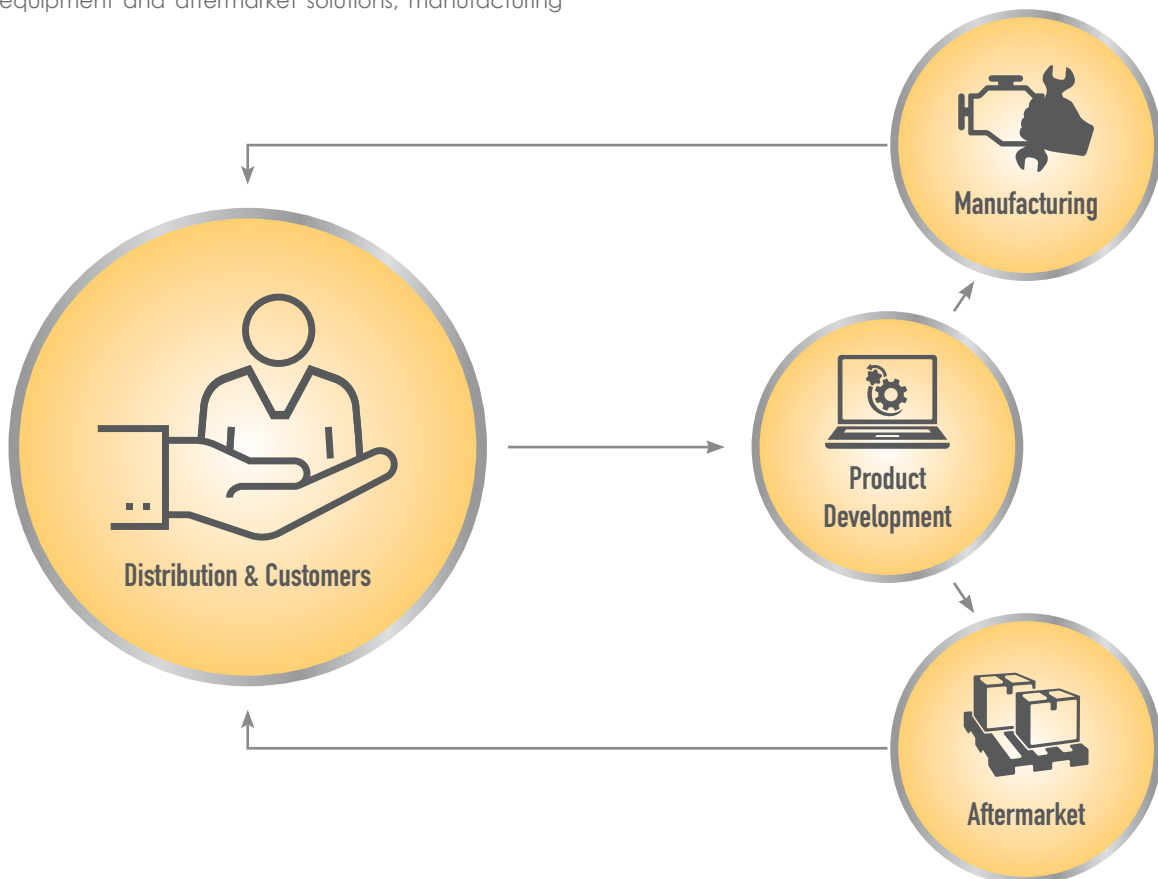
## Our value creation process

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 recent history include:



2001

- Bell releases Series II haulage tractors into the market.
- A new standard of excellence is set with the launch of the D-series ADTs.

- Bell unveils the world's largest ADT, the B50D.

2002



2003

- Truck assembly operations commence in Europe.

- The GLC is commissioned in Jet Park, Johannesburg.

2008



2009

- Bell Equipment takes over the Bomag dealership with the German-based OEM.

- Series III haulage tractors make their entry.

2010



2011

- Bell Equipment establishes beachhead in Russian market.

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

2012







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



- Large E-series ADT enters market.



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



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



2013

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

2014



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

2015

2016



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

2017

2018



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

2019

2020



- Tracked carrier range launched in the US.
- New Series V haulage tractor introduced.
- BESSA takes on JCB dealership.

2021

## 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 JCB, Finlay and Kobelco partner products in select southern African countries



- 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 JCB, Finlay and Kobelco partner products and Deere graders
-  • 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:



Global ADT specialist  
and innovation  
pioneer

# 1

# 2

Southern Africa's  
full range material  
handling distributor



Cost-effective  
agriculture and forestry  
solutions provider

# 3

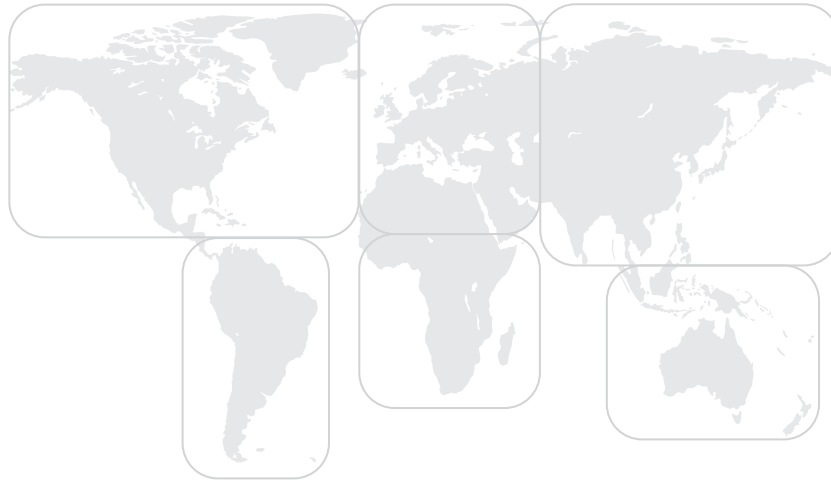
# 4

Provider of  
aftermarket  
services





## 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.

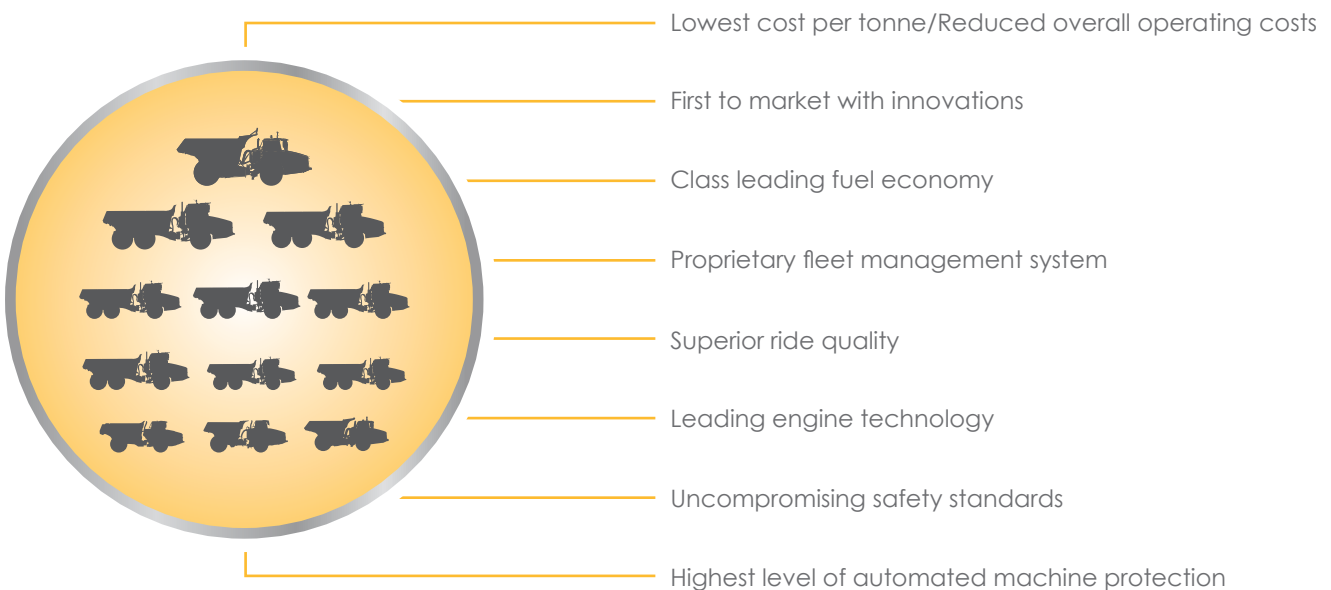
Currently on its E-series generation of trucks, Bell is recognised as a world leader and innovator for the ground breaking technological advancements that it has pioneered over the past three decades to improve safety, productivity and machine efficiencies.

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 bowser, or a service truck, is a growing trend in South Africa and elsewhere in the world.

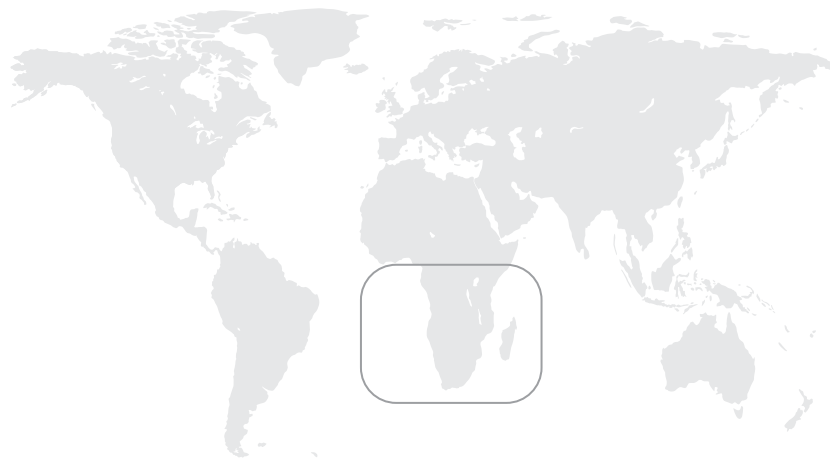
Bell Equipment's strategy is to focus on manufacturing efficiencies to ensure world class quality and durability across the range.





**B30E**

# 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.

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.

The addition of the JCB product range has enabled Bell to successfully consolidate its product ranges to improve the group's ability to stock and support machines that are popular in the market.

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.

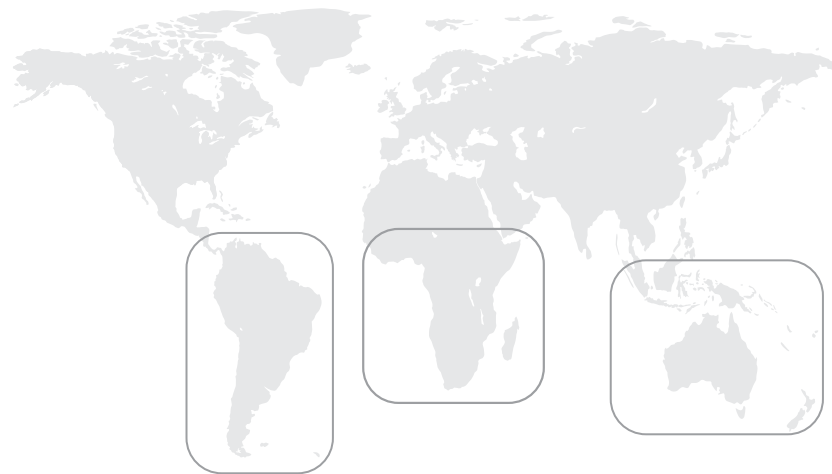








# Bell as a cost effective agriculture and forestry solutions provider



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.

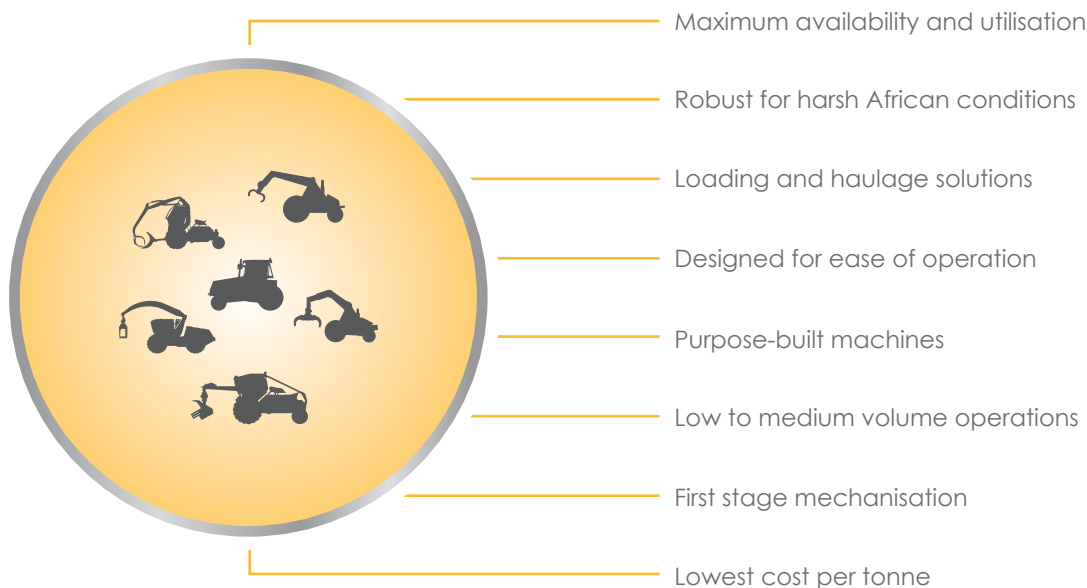
Today the group services agriculture and forestry with a carefully selected combination of products that have been designed to meet customers' needs as they moved from manual to fully mechanised operations.

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 Matriarch Equipment division we have reaffirmed our commitment to offer agriculture and forestry customers specialised niche products. Two slew loader models provide

an ideal solution to sugarcane farmers choosing to embark on controlled traffic practices while the CanePro upsizes the concept of the tri wheeler to offer an economical, high production unit suited to larger estates. For the forestry industry there is the Skogger timber extraction and loading machine, the FASTfell felling and bunching machine and the LogPro high capacity loading machine, also based on the tri wheeler.

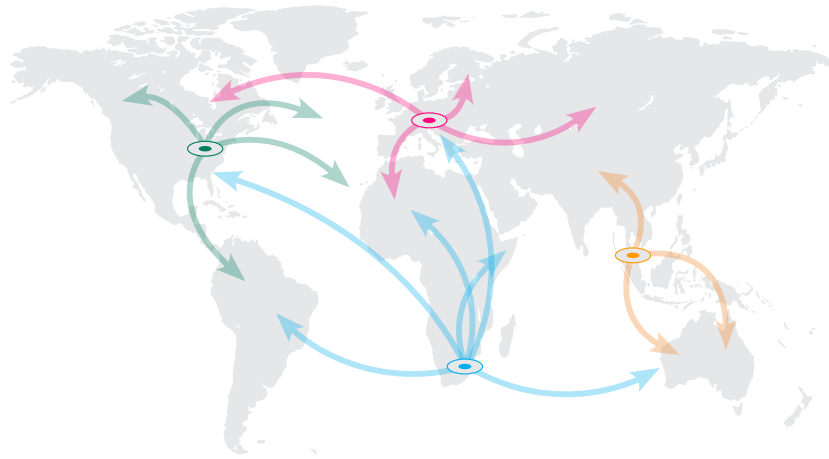
Through the Kobelco partnership Bell is able to offer excavator carriers to the forestry industry and Matriarch provides a professional and thorough approach to the conversion of Kobelco excavators for a wide variety of forestry applications. This includes conversions to fully functioning forestry processors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







## Bell as a provider of aftermarket services

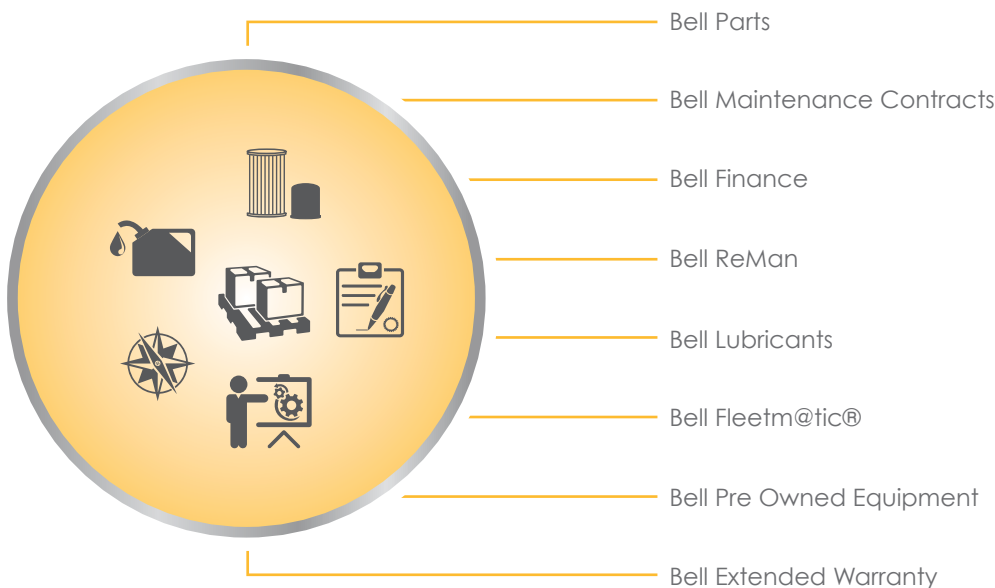


Building on our belief that ‘if we help our customers succeed so will we’, Bell Equipment places strategic importance on providing strong reliable machines that are backed by strong reliable support wherever they are working in the world.

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.



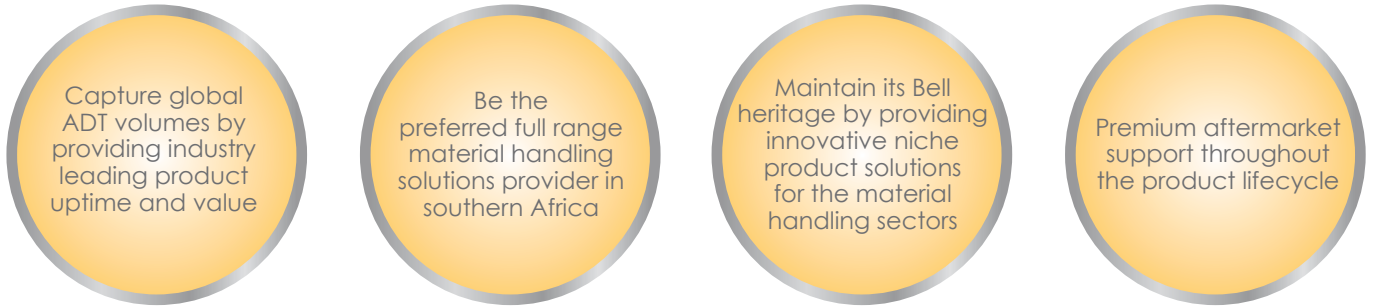


# Strategic overview and risk management

## 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



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

# Strategic overview and risk management *continued*

## KEY RISKS

1. Competitor risk
2. Currency risk
3. Strategic alliance partners and key supplier relations risk
4. Political risks in the countries in which the group operates
5. Cyclical nature of the construction and mining equipment industry
6. Regulatory risk
7. Human capital
8. Global competitiveness
9. Niche product dependence
10. Information security and digital disruption
11. Climate change and environmental
12. Occupational health and safety

## MATERIAL MATTERS

1. COVID -19
2. Environmental sustainability
3. Business continuity due to power supply
4. Business continuity due to supply chain failure

## KEY RISKS

### Inherent risks

### Risk mitigation factors

#### 1. 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.

- Live and demonstrate the Bell Equipment group motto of 'Strong Reliable Machines, Strong Reliable Support'.
- Adopt and practice the 1-BELL philosophy in all activities.
- 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.
- A focused ADT global volume growth strategy has been deployed together with dealer development objectives to broaden market footprint and capture additional volumes.

#### 2. 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.

- A group treasury policy is in place.
- Cash flow projections by currency are maintained. The principle of matching import and export cash flows by currency is followed.
- Forward cover contracts are utilised to manage unmatched foreign currency receipt and payment flows.
- The timely application of pricing policies to selling prices facilitates hedging against movements in major currencies to the Rand and other volatile currencies to which the group is exposed.
- Ongoing assessments are conducted on cost containment opportunities, including the consideration of alternative suppliers, markets and manufacturing location.
- Revisit local supplier pricing on imported products sourced locally and ensure that when significant movements in the exchange rate take place that the impact on the material cost is considered and adjusted for. Any price change linked to exchange rates are compared to the previous price and exchange rate and where required changes are negotiated with the relevant supplier.
- The size of equity and loans in group companies is monitored to ensure these are appropriate considering commercial requirements and currency impact.

## Inherent risks

## Risk mitigation factors

### 3. 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.

- 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 our 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 our industry. Periodic checks for opportunities with alliance partners are frequently done.
- Assess alternative sourcing for components to reduce the cost of the product (both local and foreign suppliers). This is an ongoing process and alternate suppliers are constantly evaluated to ensure the best price at the lowest risk is sourced. Eliminate middleman suppliers where possible.

### 4. 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.

### 5. 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

## Risk mitigation factors

### 6. 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 developed and developing world regulatory environments.

- 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 on a high-level to ensure compliance with existing and new regulatory requirements.
- 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.
- General Data Protection Regulation (GDPR) and Protection of Personal Information (POPI) compliance training have been rolled out at all the operations to ensure employees are up to date on the relevant requirements and best practices.

### 7. 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.

- Significant training and investment in employees assist 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.

### 8. 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 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.

- 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.
- Regular assessments of optimal manufacturing location for components and products are undertaken and executed.

## Inherent risks

## Risk mitigation factors

9.

### 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.

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

10.

### 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.

- Various actions 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.
- Development of online customer platforms including online parts solutions and a global used equipment website.
- Development of online training courses for employees and cybersecurity refresher training.
- Establish a process to perform cybersecurity assessments on new vendors who may have access to personal information of customers and employees. The process has been established and the performance of the assessments is ongoing.
- Deployment of a browser security tool to enhance work from home risk mitigation measures.

11.

### 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 our stakeholders.

Bell Equipment actively strives for high standards of environmental compliance in its operations. The group aims to achieve this by integrating world class environmental principles into its business strategy. In order to meet this vision, the organisation is committed to:

- Implementing and maintaining environmental management systems that drive continuous 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.

Bell Equipments' commitment to low carbon and renewable energy is a significant contributor to its efforts in reducing carbon emissions.

## Strategic overview and risk management *continued*

### Inherent risks

#### 12. Occupational 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.

The risk of accidental loss can be reduced through good management in combination with active employee involvement. Risk management is the direct responsibility of all line managers and employees alike.

### Risk mitigation factors

- A risk based health and safety management system has been implemented that clearly establishes the company's expectations of employees in terms of health and safety performance. The system is aligned with leading international standards and best practices 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.
- In fulfilling its commitment, Bell Equipment will provide and maintain a healthy and safe work environment as indicated by acceptable organisational practices and compliance with legislative and other requirements, and it will strive to eliminate any foreseeable hazards which may result in personal injuries or occupational illnesses, fires, security losses and damage to property.

## MATERIAL MATTERS

### Inherent risks

#### 1. COVID-19

The unprecedented nature of the COVID-19 pandemic has set in motion one of the most abrupt disruptions in decades. Following the initial hard lockdowns the challenge has been on business continuity due to the impact on the health of employees from infections, mitigating the risks through the different waves and the impact on the supply chain.

### Risk mitigation factors

- Bell Equipment follows health advice from the World Health Organisation, as an international source, and the Department of Health and the National Institute of Communicable Diseases, as local sources.
- Its risk assessments in respect of COVID-19 are frequently updated and measures required in terms of regulations specific to the particular working environment are adapted.
- The group consistently provides updates on COVID-19 to employees and its approach at work regarding attendance and preventing the spread of infection.
- Adequate facilities for employees to wash and/or sanitise their hands regularly within the workplace are provided. Stringent disinfection measures are also adopted for high risk work areas and places.
- COVID-19 poses a greater risk to employees with weakened immune systems and long term health conditions. Bell Equipment identifies these employees and has implemented mitigating actions to protect their health.
- The group implemented various social distancing protocols and best practices in all work areas. Work from home strategies are implemented where possible.
- Measures to ascertain whether any employee or visitor has any of the commonly reported symptoms associated with COVID-19 before entering the workplace have been implemented.
- The group implements induction programmes to ensure all employees are aware of COVID-19 symptoms, how infection is spread and what preventative actions to take.
- A voluntary vaccination programmes for all Bell Equipment employees has been embarked upon. Various information and training sessions are conducted to promote vaccination and its benefits.



## Inherent risks

### 2. Environmental sustainability

Bell Equipment recognises the impact of the predominant use of carbon fuel energy in its operations and supply chain. Minimising this effect is important to the group and it strives to address this key environmental issue.

### 3. Business continuity due to power supply

The inability of government to resolve the crisis at the country's troubled electricity utility Eskom and the possible long term implementation of extended load shedding is having a devastating effect on not just Bell Equipment's business but also on the domestic industry

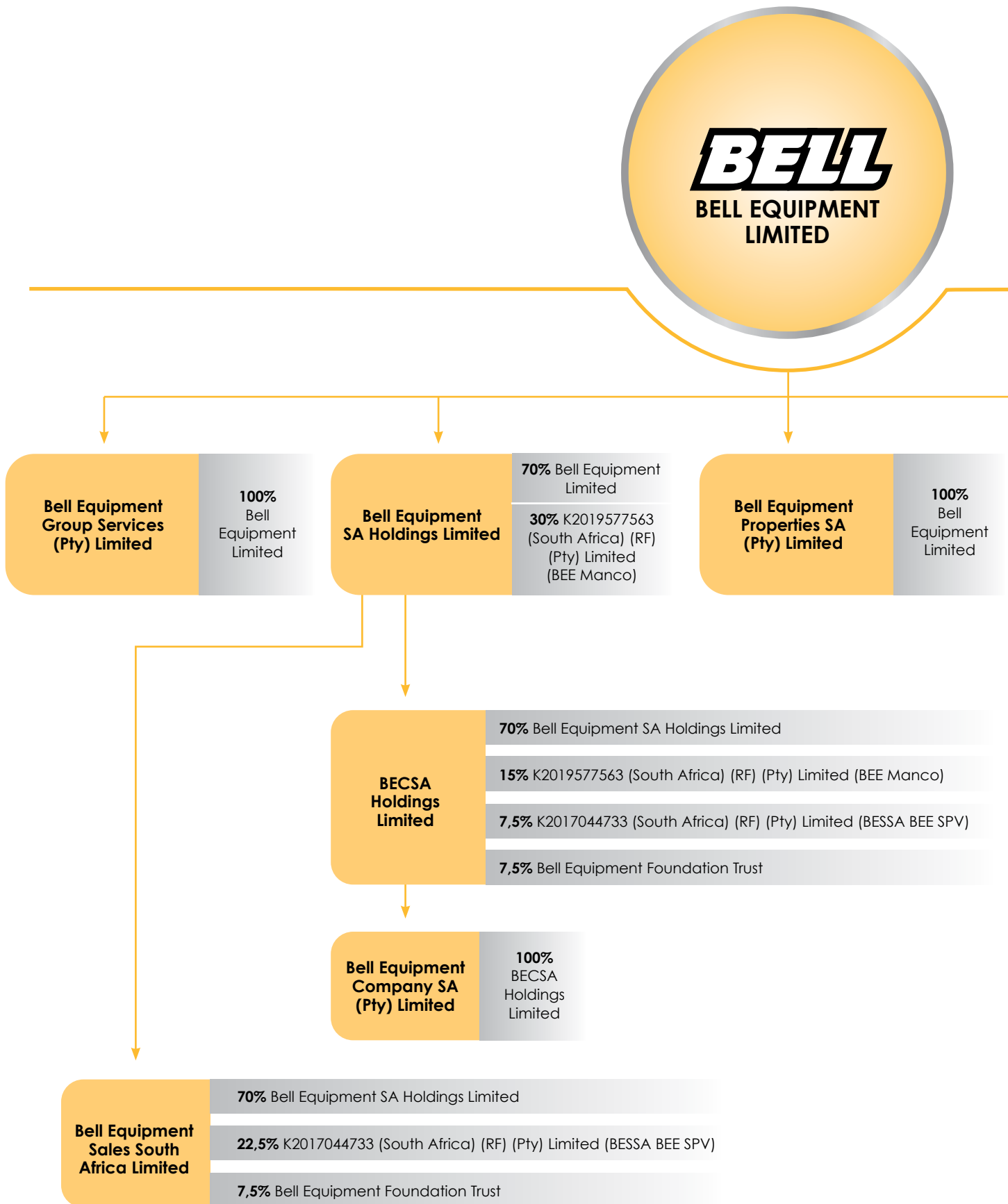
### 4. Business continuity due to supply chain failure

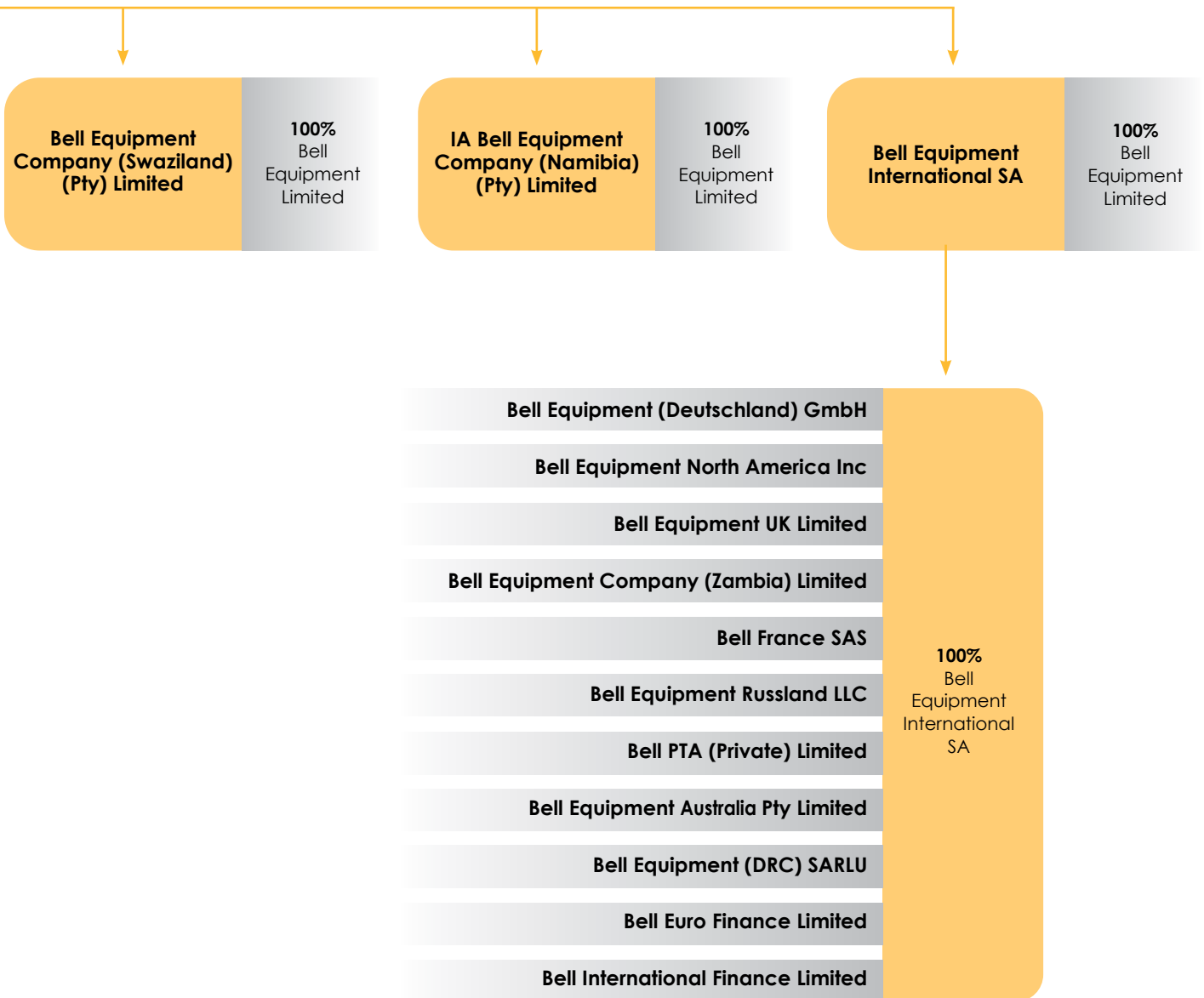
The current economic climate continues to increase the probability of business disruption due to supply chain failures. While all supply chains face risks with extended lead times, port congestion, economic and political instability as well as currency fluctuations, Bell Equipment has the added risk of a remote location and a large portion of inhouse 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.

## Risk mitigation factors

- Constant development and improvements on its product range to reduce the effect of harmful gasses and to ensure compliance with international standards.
  - Optimise its energy efficiency by association with leading principles and solutions to reduce its energy consumption at its fabrication facilities.
  - Implementation of effective waste management policies and procedures and development of waste recycle practices.
  - Development of business continuity strategies in response to severe business interruptions to ensure operational resilience.
- 
- All the group's 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 its 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.
- 
- Immediate risks management related to items with significant Bell IP is constantly 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. OE 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 buffers to insulate against the potential increase in supplier and shipping lead times where necessary.
  - Where identified, safety stock levels are reviewed and adjusted to alleviate possible supply chain failure.

# Global corporate structure







## Board of directors



### Gary Bell (69)

*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.

### Hennie van der Merwe (74)

*Lead 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;  
Lead independent non executive director with effect from 17 February 2022;  
Chairman of the nominations committee with effect from 17 February 2022.

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 board positions:

- Non executive director and chairman of the board of Master Drilling Group Ltd;
- Non executive director and chairman of the board of Abagold Ltd;
- Independent non executive director of Klein Karoo Agri (Pty) Ltd; Klein Karoo Internasionaal (Pty) Ltd; Klein Karoo (Pty) Ltd and Klein Karoo Saadproduksie (Pty) Ltd.



### Leon Goosen (49)

*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 (55)

*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 (75)

*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.

## Rajendran Naidu (49)

*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;  
Remuneration committee member with effect from 17 February 2022.

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 (42)

*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;  
Nominations committee member with effect from 17 February 2022.

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 nineteen years' experience in financial services; spanning corporate finance advisory, private equity, mezzanine finance, infrastructure finance and mergers and acquisitions. She serves on the boards of Master Drilling Group Ltd and OUTsurance Holdings as an independent non executive director, and a member of the OUTsurance board investment committee.



## Ashley Bell (39)

*Non executive director*

BCom (Marketing) (UNISA)

Appointed to the board: 2015

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

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



## Avishkar Goordeen (42)

*Alternate executive director to Leon Goosen*

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

Appointed as an employee: 2006

Avishkar has held senior positions within the Bell group in the areas of strategy, corporate finance, commercial activities, business development, risk management and IT.



## 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 (49)

*Director: Global Sourcing and Strategic Projects*

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

Aldo has 26 years' experience at Bell Equipment.

### Johan van Wyngaardt (53)

*Director: Group Human Resources*

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

Johan has 16 years' experience at Bell Equipment.

### Avishkar Goordeen (42)

*Chief Strategy Officer*

BCompt (Hons) (UNISA)  
CA (SA)

Avishkar has 15 years' experience at Bell Equipment.

### Karen van Hagt (55)

*Group Finance Director*

BCompt (Hons) (UNISA)  
CA (SA)

Karen has 21 years' experience at Bell Equipment.

### Diana McIlrath (48)

*Group Company Secretary and Legal*

BCom (UKZN)  
LLB (UKZN)

Diana has 5 years' experience at Bell Equipment.

### Leon Goosen (49)

*Group Chief Executive*

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

Leon has 14 years' experience at Bell Equipment.

### Dominic Chinnappen (53)

*Director: Group Manufacturing and Sales and Operations Planning*

BCom (Hons) (Logistics) (UNISA)

Dominic has 34 years' experience at Bell Equipment.

### 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 27 years' experience at Bell Equipment.

### Douglas Morris (48)

*Managing Director: Europe, Middle East and Africa*

BCompt (UNISA)

Douglas has 7 years' experience at Bell Equipment.





Aldo



Avishkar



Diana



Dominic



Douglas



Johan



Karen



Leon



Stephen

## Joint report by the chairman and chief executive



### Overview

Bell Equipment ended the 2021 financial year positioned considerably stronger than the previous year in many respects. This was largely due to the commitment and resilience of our global team which collectively put their full weight behind our strategy and focused on sales, efficiency improvement, working capital management and cost containment initiatives.

The group stood firm, believing in our initiatives and our long term future, resisting any retrenchment drive. We kept connected with our people and communicated with our customers, recognising that they are our most important capital and that they needed our support. Customer support has traditionally been one of our mainstays so when production and sales volumes dropped in 2020, we acknowledged that we have an established customer base relying on Bell support and technical backup. This stood us in good stead when the market started rebounding in 2021.

Sadly, we lost four employees to COVID-19 and our condolences and thoughts remain with their families and loved ones. As a business, we strived to navigate COVID-19 with a responsible approach to policies to minimise the impact on the business while looking after our people and our customers. To further ensure sustainability, the group has continued its investment in IP and its focus on dealer development and strong alliances with other global manufacturers and as a result has emerged looking forward to buoyant market conditions in 2022 with a strong order book and recovered profitability for shareholders.

During 2021 we experienced increased demand for our equipment in most markets. Investment in infrastructure and government stimulus packages benefited developed markets,

particularly in the northern hemisphere. Improved commodity prices and demand also resulted in some improvement in certain African markets.

The group managed supply chain challenges and logistics issues - largely brought about by COVID-19 on the global supply chain - as best we could. Civil unrest in KwaZulu-Natal and Gauteng in July 2021 exacerbated the situation and forced the closure of the Richards Bay factory and several sales branches for the duration. Bell recognises the challenges being faced in South Africa and is well positioned to ensure the future sustainability of the group through our strategy as a global manufacturer and our ongoing investment in people and IT to remain relevant and resilient.

North America, traditionally the world's largest ADT market, came back strongly in 2021, most noticeably in the residential construction and rental sectors. This trend looks set to continue into 2022. Bell's investment in developing the tracked carrier market and securing supplementary applications for this product as an alternative to the suppressed oil and gas sector, was converted into sales.

The Canadian ADT market saw a moderate increase in sales. While the distributor network was able to reduce its equipment inventory, Bell market share remains unsatisfactory. The possibility of supplying the tracked carrier into this market will be investigated in 2022.

Despite the ongoing pandemic Europe showed strong signs of recovery driven by infrastructure development. Bell UK had a record year reporting revenue of over R1 billion for the first

time and was supported by the single largest order to a single customer. The long-awaited High Speed Railway (HS2) project commenced, and the first trucks were delivered for this project, with demand ramping up in 2022.

The German economy was more stable during 2021 and the market ended on an all-time high. Orders at the end of December 2021 were roughly double compared to the previous financial year. Similarly, Bell France had a good year and managed to achieve budget forecasts and recover margin despite the arrival of a new ADT competitor in that country. During 2022 the operation will focus on reorganising its dealer model to strengthen its position.

South East Asia has been depressed for the past two years but a consignment of large ADTs was shipped to Indonesia in late 2021, signalling an uptick in that market. Agriculture and forestry in the region remain price sensitive and a competitive space but the distribution network showed demand for loaders and loggers with a higher volume planned for shipment to Thailand in 2022. The first ever Matriarch slew loader was sold into Sri Lanka and additional machines will be shipped to this market in the first half of 2022.

New Zealand was also hard hit by lockdowns and a local recession in 2021, with the market only absorbing F-series loggers and the first Matriarch LogPro for the country. The group anticipates a rebound in 2022.

By comparison Australia, in which market share losses were experienced over the past few years, recovered well due to a refocus and consolidation by our dealer in that region. Sales volumes increased and the distributor network experienced notable success with the newly designed Versatruck water tankers. In 2022 these water tankers will be exported as a complete OEM product with pumps and accessories. The first F-series tri wheelers were also shipped to Australia in 2021 where they have found a market due to the rollover protection structure (ROPS) and falling object protective structure (FOPS) certification and updated ergonomics.

Although a small market for the group, the Bell distribution network in South America showed good results in mining and construction. Forestry and agriculture performed consistently, and new routes to market are being investigated for the Matriarch range as part of our strategy to develop the brand as a lower cost mechanisation solution for medium sized timber and whole stalk cane loading.

Performance in African markets was varied. Following the dissolution of Bell Namibia at the end of 2020, the new in country dealer has bedded down, showing pleasing growth in machine and parts sales, thus validating the migration to an independent dealer model.

The ADT population in Ghana grew well and the first Matriarch skogger and FastFell arrived in country. Another unit of each will follow in 2022. The Democratic Republic of Congo likewise performed well, taking delivery of new Bell 27 000l water tankers.

The Kenyan sugar industry has picked up and as a result the delivery of Bell cane and Matriarch slew loaders has been well received. Changes to the country's timber regulations have had a positive impact on business opportunities. Neighbouring Tanzania enjoyed a strong year in mining and construction as well as agriculture and forestry where new series V tractors,

Matriarch slew loaders and cane loaders were placed on a new sugar estate.

Supply chain constraints and meeting machine delivery dates were major concerns across all regions. These challenges are expected to continue into 2022 but Bell has showed commitment to meeting customer needs, understanding that the only way the group can grow is with their support.

### Financial

The group bounced back from a loss in 2020 to profit after tax of R294 million in 2021. This was driven by improved market conditions especially in the northern hemisphere and a strong recovery in sales which were 20% up on 2020. Increased production volumes at both the South African and German factories resulted in higher recovery of costs, positively impacting on the bottom line. Effective management of working capital meant a lower level of borrowings and a significant reduction in interest costs on working capital funding and this together with strong cost containment contributed further to the improved financial performance.

### Operations and product development

There was fantastic energy throughout the group during 2021 with the introduction of several new products. The tracked carrier was officially launched in the USA in February and has elicited positive customer feedback.

The series V haulage tractor, the latest version of an old stalwart, has been marketed as our 'best ever' and has been duly met with an overwhelming response from our customers throughout Africa. Production will double in 2022 due to order book demand.

The two new low profile ADT models for underground mining, launched at the end of 2021, are penetrating this market segment well. Both models feature an 'autonomous ready' platform that is easily configurable for remote operation. Given this success, the group expects to play a larger role in underground mining going forward. Machines have been deployed in Zambia and Tanzania, among other countries, where, similarly, they are performing well.

Following from our collaboration with Indurad and Voestalpine in the autonomous field since early 2020, Bell Equipment has been working with American safety and automation technology developer, Pronto AI, which officially launched its product at MINEXPO 2021 in Las Vegas in September.

The group is excited by these developments as autonomous vehicle operation is aligned with the Fourth Industrial Revolution's objective of achieving higher levels of automation for greater process and energy efficiencies and cost reduction. We believe it will also deliver safer vehicle behaviour by reducing the instances of human error and negate the impact of whole body vibration on operators in the workplace.

A continuous investment in technology has seen the introduction of a global preowned equipment website that is performing above expectation. It enables customers from around the world to shop all the preowned equipment available from Bell and our participating dealers from one user friendly and convenient website.

The implementation of a user-friendly Salesforce CRM for the Bell owned South African dealership digitised a manual, paper based sales process to provide greater visibility, analysis and



## Joint report by the chairman and chief executive *continued*

management of customer interaction. Further investment in the deployment of CRM to other Bell owned dealer operations is planned for 2022.

Continued development using the Microsoft platform enabled the digitisation of several manual processes in the group, which has contributed to increased efficiency and visibility of internal processes. This development will continue in 2022.

The ALC increased stockholding significantly and continues to be a valuable supply link for North America and the overseas Bell warehouses. Two companies were appointed as ADT and tracked carrier dealers to service the Mississippi, West Tennessee and Louisiana regions. There will be a planned focus on autonomous ADT awareness in this region for 2022.

In our home market, 2021 was characterised by a consolidation of our alliance partners, led by the agreement reached in 2020 with John Deere that saw BESSA migrate to a non exclusive dealer of Bell branded Deere construction products in March 2021 and ceasing to represent Deere forestry products. The manufacturing agreement with John Deere relating to TLBs and wheel loaders was also terminated.

In February the market reacted favourably to the announcement of BESSA's appointment as the South African distributor for the full range of JCB construction equipment with effect from 1 May 2021. Our team is congratulated on rising to the challenge of expediting the rollout of this mammoth project to ensure readiness in terms of parts inventory and stockholding and the training of sales and support staff.

As part of the consolidation process, and with the introduction of the JCB range of compaction equipment, BESSA has relinquished the Bomag dealership after a beneficial 12 year partnership and support of the machine population has been successfully transferred to the new dealer.

South Africa remains a tough environment with low business confidence, but the JCB product is proving to be a good fit for our business and has invigorated our offering to the South African market. We believe our JCB, Kobelco and Finlay partnerships will stand us in good stead into the future.

### Sustainability

The group remains committed to South Africa as a local manufacturer and is confident of the opportunities available to us, but it is vital to our business that our customers around the world trust in our ability to support them regardless of local, regional or global events.

To safeguard the long term sustainability of the group, a growth plan is in place to ensure that Bell ADTs, as our higher volume products sold predominantly into northern hemisphere markets, are less exposed to the risks presented by the volatility of the South African landscape going forward.

Consequently, over time more aspects of ADT manufacturing will shift to the northern hemisphere. This will enable the group to better protect and grow our South African base and increasingly focus on manufacturing the group's growing range of lower-volume products.

To achieve this objective additional facilities, people and IT, both locally and abroad, will be required.

The group has invested in the Rise with SAP platform and will migrate its existing instances of SAP for the hubs of the GLC, ELC, ALC and Eisenach-Kindel onto this solution during 2022. The incorporation of the ALC on the Bell SAP platform forms the foundation for online parts functionality and allows for streamlining of processing between the hubs as well as greater visibility into groupwide inventory.

This project will underpin the replacement of our legacy system for the Richards Bay factory in 2023, a mammoth project that will promote long term sustainability in South Africa. Thereafter, in 2025, BESSA and all the dealer business management businesses will be migrated. Bell operations in Eswatini, Zambia and the UK will also migrate to the solution to provide enhanced reporting, with everything in one place and in one system.

### Corporate Governance

Our commitment to being 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 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, IA Bell & Company successfully acquired John Deere's 31,37% shareholding in the company in September 2021.

Following the acquisition of the John Deere shares, IA Bell & Company was unsuccessful in its subsequent corporate action to buy out minority shareholders and delist the company. Although a shareholder matter, this was a distraction during 2021 and impacted on the group's operating environment.

In September 2021 it was reported in the media that the Financial Sector Conduct Authority (FSCA) had registered two investigations in respect of Bell. Bell provided specified information and documentation to the FSCA following a written request and was informed on 2 February 2022 that the FSCA had decided to close both investigations and no legal action would be taken in this matter.

The JSE also notified Bell Equipment that they had closed their investigation of Bell in July 2021 and confirmed having issued its closing letter to the complainants advising that the JSE had not identified any breach of the Listings Requirements by Bell based on the issues raised by the complainants in their complaints to the JSE.

### Transformation

Following the successful conclusion of BBEE transactions, which took effect on 1 January 2020, both BECSA and BESSA remain 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 access to government backed initiatives. Bell has valued the support from government in terms of the APDP, a production incentive scheme administered by DTIC. The APDP was replaced, effective 1 July 2021, by a revised programme, APDP II. Bell was successful in its application for access to this new scheme, which, similar to the APDP, is also a production incentive aimed at promoting employment and value add in the motor industry but has additional requirements, mainly in terms of BBBEE. The programme will remain in place until 2035.

Bell was likewise successful in its application to participate in the AIS administered by DTIC and designed to grow and develop the automotive sector through investment in new and/or replacement models and components that will increase plant production volumes, sustain employment and continue to strengthen the automotive value chain.

We continue to engage with government at various levels to encourage a better understanding of the assistance they are able to provide through implemented policy to help us grow and to support the local economy.

#### **Future Outlook**

Our Russian business represents a small portion of our global business, (approximately 3% of group revenue in 2021) and machines destined for that country in 2022 can readily be absorbed by other markets. We are monitoring developments carefully and wish for a quick resolution of the situation, which has the potential to be devastating on the global economy.

Elsewhere our focus in 2022 will be on striving towards a greater level of pre-COVID normality and as a group we are embracing vaccinations to achieve this. We look forward to once again interacting with customers and dealers at trade shows and plan to exhibit at Hillhead in the UK in June and at Bauma Munich in Germany in October. At Bauma the group will showcase the Bell tracked carrier to gauge market perception and opportunities in Europe for this product.

The Bell customer experience is a key focus, with many projects in progress that will provide digital tools to increase the ease of doing business with Bell. Our dedicated digital technology team is focused on changing the way we work, implementing digital processes, improving functional processes, and designing and implementing new architecture and tools to help our customers, as well as making it easier for our own people and dealers who need to support our customers. We are excited about this journey of creating and maintaining new and better integrated solutions for our customers through the process of digital transformation.

We will likewise continue with our investment in IP and innovation in an ever changing environment. We have noted that only stage V equipment has been employed on the HS2 project in the UK, which represents significant volume for Bell. This is in line with global trends for cleaner fuels and lower emissions and we are carefully tracking developments to ensure we bring solutions to market when needed to stay relevant.

All said, we are far more confident about global infrastructure spend and the recovery of the economic sectors our diverse equipment supports, than in the past three or four years. We are hopeful of a resolve in Ukraine and that a spill over into the rest of Europe will be avoided.

#### **Dividends**

Recognising the improvement in the financial results and liquidity, the board has declared a final dividend of 50 cents per share.

#### **Board Changes**

John Barton resigned as a non executive director, lead independent director, chairman and member of the nominations committee, and as member of the remuneration committee, audit committee and risk and sustainability committee, all with effect from 16 February 2022.

Changes to functions of the following independent non executive directors and the compositions of the board committees were made with immediate effect and as a result:

- Hennie van der Merwe was appointed as the lead independent non executive director and chairman of the nominations committee;
- Mamokete Ramathe was appointed as a member of the nominations committee; and
- Rajendran Naidu was appointed as a member of the remuneration committee.

Furthermore the board has appointed two independent non executive directors, Usha Maharaj and Markus Geyer, with effect from 1 April 2022. Their qualifications are set out in ordinary resolution 1 of the Notice of AGM.

We welcome our new non executive directors to the board and look forward to their contribution.

#### **Appreciation**

The past few years have been incredibly tough and testing, but we are grateful to our Bell employees for their grit and commitment, which has allowed the group to emerge stronger and even more resilient. We thank our executive management for their hands on leadership and motivation and implementing the strategies that have successfully steered the group through a prolonged trough.

We remember and honour those staff members whom we lost to the virus and trust that 2022 will bring us closer to the end of the pandemic.

Our appreciation goes to our fellow board members for their guidance and commitment. Special thanks to our outgoing lead independent director, John Barton, for his insight and experience, and we wish him everything of the best in his future endeavours.

As always, we are incredibly appreciative of our extended family of customers and dealers across the globe, who continue to work in the group, invest in our products and entrust us with the ongoing support of their Bell machines. Everything we do is aimed at making your business as successful as it can be.

## Finance director's report



The 2021 result is a solid recovery from the loss incurred by the group in 2020. Demand in many markets started to recover slowly in the second half of 2020 after being very depressed during the first half of 2020 when the harshest COVID related lockdowns and the knock-on impact on demand and the supply chain were experienced. This recovery gained momentum in 2021. Production volumes at both production facilities increased in 2021, not only because of higher sales volumes but also because excess inventory had been sold off, inventory levels had normalised, and production levels were planned to match sales levels for the year.

### Financial Performance

Revenue of R8,0 billion for 2021 was 19,8% up on 2020 sales of R6,7 billion. Sales increased steadily throughout 2021, with sales for the second half of the year 8,6% higher than the first half. While South Africa and the group's other African markets remained weak, demand from Australasia, the USA, the UK and Europe was pleasing.

The group earned a profit after tax of R294,3 million for the year, after reporting a loss after tax for the 2020 financial year of R57,2 million. Higher production volumes in 2021 resulted in higher recovery of a largely fixed cost base, especially at the Richards Bay factory. The positive impact of the higher production volumes on the profitability of the group is evident in the improved operating results reported for the group's manufacturing operations in South Africa and Germany. Apart from the recovery in the group result being driven by improved production and sales volumes, a number of once off costs were incurred in 2020 that were not repeated in 2021. The group was also able to reverse R35 million of the 2020 provision of R82 million relating to residual value losses on guarantees provided to a financial institution on equipment rentals financed in the USA, after the sale of a large number of the machines in the rental portfolio at higher-than-expected retail prices. Earnings per

share and headline earnings per share were 300 cents and 294 cents respectively (2020: loss per share of 67 cents and headline loss per share of 31 cents per share) for the year. In light of the improved financial results, a final dividend of 50 cents per share was declared.

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 the valuation of the cash generating unit. The usual, ongoing assessments of inventory and receivables resulted in certain provisions and allowances for expected credit losses being accounted for. Refer to note 5 in the annual financial statements for further details of this assessment.

### 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 Eswatini. Rest of Africa comprises customer service centres in Zambia and Zimbabwe.

The OEM business in South Africa reported a modest operating profit of R8,6 million in 2021, an improvement on the R64,8 million loss reported in 2020. This segment's result is sensitive to volumes and the improvement in result was due to higher production and sales volumes and fewer once off costs in 2021. Higher sales of complete machines to Australasia and higher sales of kits to the German factory for completion of ADTs destined for the USA, UK and Europe, contributed to a higher recovery of overheads at the Richards Bay facility compared with 2020. Total sales, including both external and inter-segment sales, increased by 20,6% in 2021. External revenue contributed 19,4% of group sales in 2021 compared with 16,0% in 2020.

External sales by the OEM business in Europe increased by 32,6% with the contribution to total group sales increasing from 34,7% in 2020 to 38,4% in 2021. This segment was positively impacted by higher demand from the USA, UK and Europe in 2021. Much of this demand was driven by government-initiated infrastructure development programmes which are expected to continue and maintain high demand for capital equipment into 2022 and 2023. The Russian business is part of this segment and is a small part of the group, with sales in this market contributing 3,4% to group sales in 2021. Since the developments in the Ukraine, the machines planned for the Russian market in 2022 have been reallocated to customers in other markets.

External revenue from direct sales operations in South Africa increased by just 2,3% compared with 2020 and the contribution to group sales reduced to 38,0% in 2021, compared with 44,5% in 2020. The South African market, especially in construction and road building, remained weak during 2021 and the group did not see the same recovery in the local market as was evident in northern hemisphere markets.



The external sales of the direct sales operations in Rest of Africa, being owned customer service centres in Zambia and Zimbabwe, increased by only 4,8% in 2021 and contributed just 4,2% to group sales in 2020 compared with 4,8% in 2019. This segment did however report an operating profit for the year, following an operating loss in 2020 when the group's owned customer service centre facility in Kitwe Zambia was impaired by R32 million. 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. Input costs rose considerably in the second half of 2021, component and raw materials prices increased, and higher logistics costs resulted from increased global demand and activity levels and related component shortages and increased lead times. Suppliers struggled to keep up with the increase in demand, leading to an increase in airfreight charges as late supplies had to be airfreighted in to meet production schedules. The Rand was on average stronger against the Euro and the USD in 2021 compared with 2020, which countered some of the impact of the higher sales volume on the sales value in Rand terms and on the gross margin. The average gross margin for the year was 19,3% compared with 18,4% 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 increased by 45,1% to R90,9 million in 2021 from R62,6 million in 2020, due to the increase in production volumes of qualifying products in 2021.

### Expenses

Expenses continued to be well contained in 2021 and group overheads increased by only 1,1% in 2021, despite the short time and short pay implemented for the months of May to July 2020 during the peak of the COVID lockdowns. Production related variable costs, including contract labour salaries and overtime, also increased due to higher production volumes in 2021. The following factors countered these increases in expenses and contributed to the low increase in expenditure in 2021:

- the increase in production volumes and higher recovery of overheads at both production facilities, at Richards Bay and in Germany, had a significant, positive impact on the bottom line given the predominantly fixed cost structure of the group.
- The prior year asset impairments, totalling R56,2 million and relating to the property in Zambia and certain discontinued development projects, were not repeated in 2021.
- Certain costs affected by the ongoing pandemic related restrictions, such as marketing and travel costs, remained at lower than pre-COVID levels.

The group has continued its investment in research and development and development costs totalling R32,5 million were capitalised during 2021. These costs are amortised over the life of new products once projects have been completed. The total cumulative carrying value of capitalised development costs at year end amounted to R235,2 million and the total amortisation of development costs for the year amounted to R31,0 million.

### Interest paid

Borrowings were at relatively low levels compared with recent years and this resulted in a significant reduction in interest paid in 2021, contributing positively to the bottom line. Interest paid was R96,4 million for 2021 compared to R154,2 million for the prior year.

### Taxation

The effective group tax rate of 20,4% is low compared to the SA statutory tax rate of 28% because a larger portion of the group profit was earned by the non-South African group operations in 2021, many of which are subject to income tax at lower statutory rates than in South Africa. Many of these operations also have assessed tax losses, which reduced the effective group tax rate further.

### Financial position

The net asset value per share increased by 10,2% from 3664 cents in 2020 to 4038 cents in 2021. This was mainly due to the profit generated in 2021, and to a small extent also due to an increase in the net foreign assets of the group and the foreign currency translation reserve as a result of the weaker Rand against the USD at year end compared with the 2020 year end.

### Property, plant and equipment

The group halted all non-essential capital expenditure during 2020 and this was continued into 2021. Only capex critical to the continuation of operations was undertaken. Additions to capex of R62,8 million in 2021 comprised mainly replacement factory plant and equipment of R55,1 million.

### Deferred tax assets

The group has substantial deferred tax assets of R231,6 million, up from R221,2 million in 2020. The two largest items included in this balance relate to the estimated tax loss in BEGS of R311,3 million and the group's contract liabilities, where the proceeds from the sale of extended warranty contracts and service and maintenance contracts have been received and taxed upfront. The tax loss in BEGS is expected to reduce from 2023.

### Working capital

Overall, we are pleased with the level of working capital at year end. The group achieved lower than targeted trade cycle days and although inventory increased slightly in Rand terms due to the increase in sales, inventory ended 2021 at 204 days compared with 240 days at the end of 2020. Inventory of components and raw materials for manufacturing were higher at the end of 2021 compared with 2020 due to the ramp up in production for higher sales forecast for 2022. The improvement in sales, profitability and trade cycle days, particularly inventory days, had a positive impact on borrowings levels and interest costs in 2021.

Trade receivables days ended 2021 at 47 days, down from 48 days at the end of 2020. Total allowances for expected credit losses amounted to R47,2 million at year end, of which R33,3 million related to customers in the South African market where there are some signs of stress in certain customers' businesses after protracted weak conditions in the construction and mining industries, except coal. Although certain customers in this market are experiencing cash flow challenges and this impacts on the timely collection of receivables in some cases, receivables are generally recovered in full.

## Finance director's report *continued*

### Cash generated and borrowings

Cash generated from operations for 2021 was R657,5 million, mainly from profits generated for the year. Gearing reduced from 33% at the end of 2020 to 18% at the end of 2021. Although production and sales volumes are expected to increase in 2022, cash flow forecasts indicate that the group has sufficient borrowing facilities to meet its plans and cash flow requirements.

### Exchange rates

The Rand remained volatile and fluctuated during 2021, ending the year weaker against the USD and flat against the Euro compared with the end of 2020. However, on average during the year, the Rand was stronger against both of these currencies than in the 2020 financial year. The group reported net currency losses of R11,2 million for the year, mainly at the Richards Bay factory on import payments and on the revaluation of foreign payables which, due to the timing of changes in the exchange rates and the relative balances at those dates, exceeded the gains earned on foreign currency receivables. Not reflected in this reported net foreign currency loss is the negative impact of a stronger Rand on revenue and gross margin 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 looks forward to 2022 in a stronger position than it was in pre-COVID. We are positive about the opportunities that the increased demand from the northern hemisphere markets brings and the business is well positioned for this growth. There are some concerns regarding the ability of certain suppliers and the supply chain to deliver on the inputs required to produce the volumes planned for 2022 and this will be monitored closely. The group's significantly improved inventory and borrowings levels have been maintained in 2021 despite an increase in sales and going forward into 2022 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 group's emphasis on governance, dealt with in this report, is part of its overarching approach to environmental, social and governance (ESG) matters. The group recognises that governance is a crucial constituent part of the broader ESG framework that contributes to ensuring its sustainability and long term performance.**

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.

Board members are provided with information on the group's strategies, plans and performance, and devote sufficient time and effort in preparation for meetings.

## 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](http://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 continues to be undertaken. Any non compliance with policies or perceived material conflicts of interest is reviewed and addressed by the GEC.

The established fraud working group meets quarterly or more regularly when required and monitors and oversees the investigation of all fraud related and unethical matters and reassesses the adequacy of the internal control environment (particularly those controls directly impacting on the incidents). The fraud working group provides strategic guidance to different departments on fraud and unethical behaviour detection and preventative actions. 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 prevention of group 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.

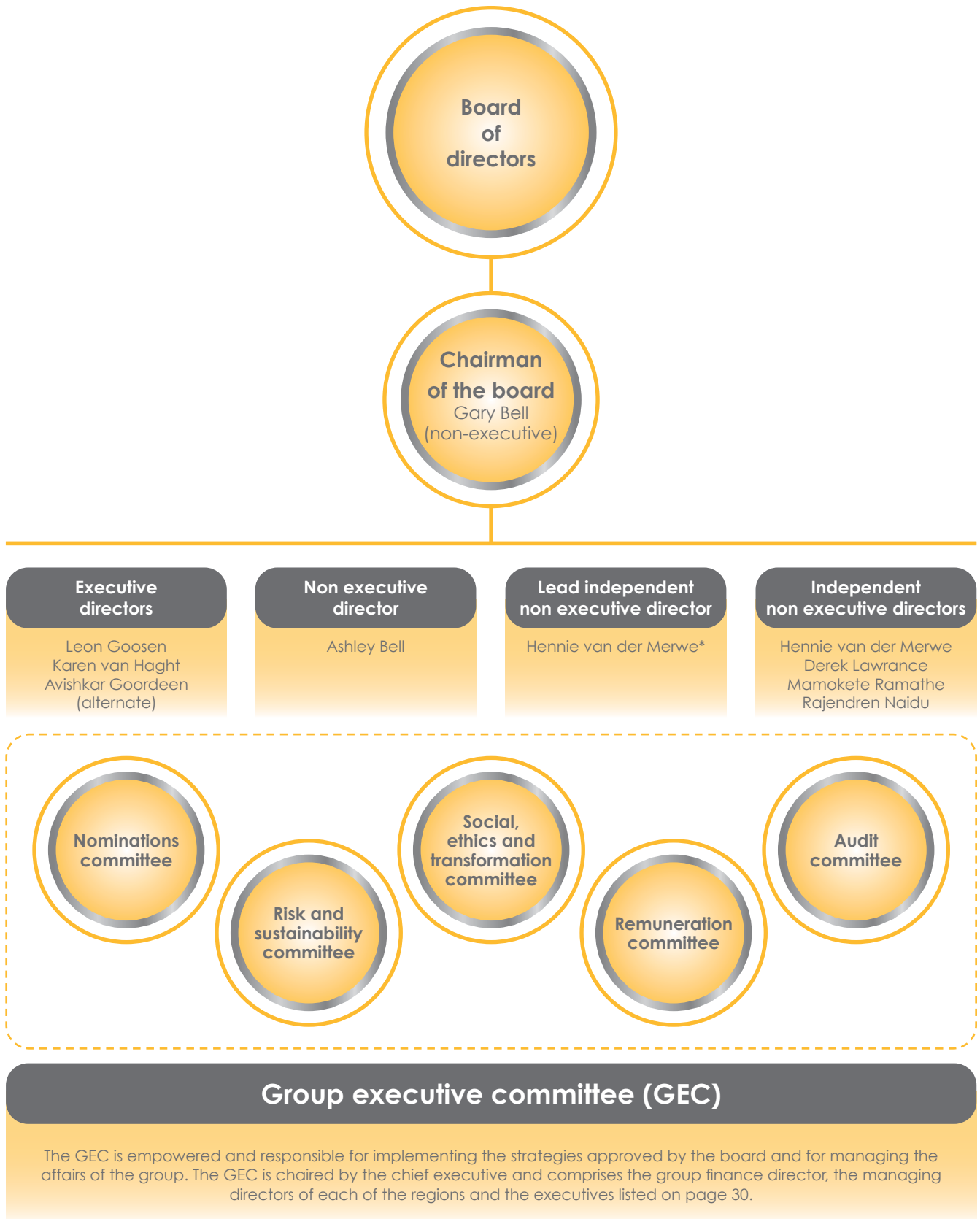
The board is of the opinion that the internal financial controls are adequate and that the financial records can reliably be used for preparing the financial statements in accordance with IFRS and to maintain accountability for the group's assets and liabilities. The board has identified and defined the critical internal financial controls and understood the impact of control failure on the group, developed a framework to establish an approach for the evaluation of the identified controls and developed a standard consolidated report of the critical controls identified and evaluated to monitor the level of adequacy and effectiveness frequently. This allows the chief executive and chief financial officer to provide the necessary representation in terms of the JSE Listings Requirements that the essential internal financial controls are adequate and operating as intended.

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



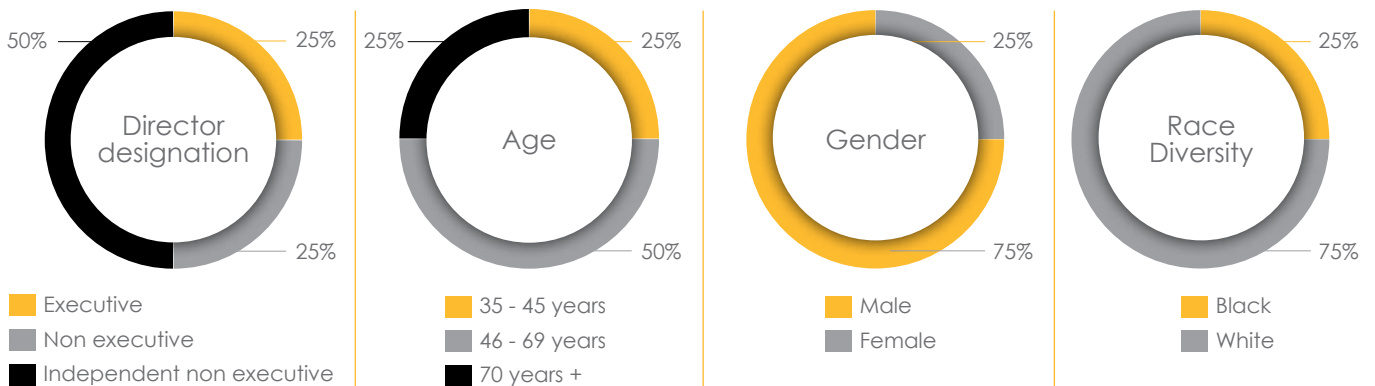
# Corporate governance report *continued*

Corporate governance structure as at 24 March 2022



\*Appointed on 17 February 2022 following the resignation of John Barton on 16 February 2022.

## Board composition and diversity as at 24 March 2022



### Composition of the board

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

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 at the time were 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 formally assessed by the board on an annual basis.

The independent board, chaired by the lead independent non executive director, and appointed to consider the firm intention offer made by I A Bell & Company (Pty) Ltd to acquire all of the issued share capital it did not already own in Bell Equipment Limited from the eligible shareholders by way of a scheme of arrangement in terms of section 114 of the Companies Act ('the shareholder transaction'), resolved on 23 November 2021 that the scheme consideration was not fair and not reasonable and further resolved not to recommend the scheme of arrangement to the eligible shareholders. Therefore, shareholders were notified that the scheme would not be proposed by the Bell Equipment board to the eligible shareholders.

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.

### 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, a lead independent non executive director is appointed to handle all conflict of interest matters including where there is a perceived conflict of interest relating to the shareholder transaction. Following John Barton's resignation as a non executive director on 16 February 2022, Hennie van der Merwe was appointed as the lead independent non executive director.

## Corporate governance report *continued*

Leon Goosen, the chief executive, and other executive directors are employed on service contracts. Karen van Hagt is a full time executive finance director 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 diversity at board level, and in line with the approved diversity policy promoting race, gender, 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% by end of 2018. The board has continued its efforts to increase such representation and has achieved these voluntary targets following the appointment of two additional non executive directors with effect from 1 April 2022. With effect from 1 April 2022 the board has achieved 30 percent of the board comprising women and achieved race diversity on the board of 30 percent.

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 Hennie van der Merwe and Derek Lawrance. Their brief biographies can be found on page 28.

Two additional non executive directors have been appointed to the board with effect from 1 April 2022. They will be standing for election by the shareholders at the AGM. Their brief biographies can be found in the Notice of AGM on pages 108 to 109.

### Board charter

The board and executive management work closely in determining the strategic direction and objectives of the group. The strategic vision of the group is set out on page 18.

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

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

The directors retain overall responsibility and accountability for:

- monitoring corporate governance, approval of the group's strategy, setting objectives, monitoring implementation of board plans and strategies, effective leadership on an ethical foundation;
- approving the strategic direction of the group and the budget necessary for the implementation of the strategy;
- being the guardian of ethics and the values of the group;
- exercising leadership, integrity and judgement in directing the group so as to achieve continuing prosperity for the group, retaining full and effective control of the group;
- appointing the chief executive and ensuring proper succession planning for the group's executive directors and senior management;

- assuming overall responsibility for risk management;
- safeguarding the integrity of corporate governance processes;
- ensuring that technology and systems used in the group are adequate to run the business properly and evaluating and monitoring IT governance within the group;
- implementing best practice disclosure and reporting practices that facilitate transparent and open communication with key stakeholders throughout the year;
- ensuring that procedures and practices are in place, including systems of internal control, that protect the group's assets and reputation; and
- approving the annual financial statements and 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;  
Mamokete Ramathe - independent non executive director\*\*.

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

Three meetings were held during the year.

\* Resigned on 16 February 2022 and Hennie van der Merwe was appointed as chairperson with effect from 17 February 2022.

\*\* Appointed with effect from 17 February 2022.



### 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 48.

### 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 18 June 2021.

Six meetings were held during the year.

\* Resigned on 16 February 2022.

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

The full report by the chairman of the audit committee can be found in the audited annual financial statements on the website [www.bellir.co.za](http://www.bellir.co.za).

### 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.

\* Resigned on 16 February 2022.

### 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

# Corporate governance report *continued*

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;  
 Rajendran Naidu - independent non executive director\*\*.

The chief executive attends all remuneration committee meetings by invitation.

Three meetings were held during the year.

\* Resigned on 16 February 2022.

\*\* Appointed with effect from 17 February 2022.

### 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 report for inclusion in the integrated annual report;
- advise on non executive directors' remuneration;
- advise on and monitor executive remuneration and ensure that the group's executive directors and management are rewarded fairly in accordance with their individual contribution to the group's overall performance objectives;
- review and approve incentive bonus or share schemes, and
- evaluate the chief executive's performance.

The detailed responsibilities of the remuneration committee can be found under the remuneration committee report on page 51.

### 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. A formal assessment conducted by the board of the company secretary was undertaken in December 2021 to assess her competence. A further formal assessment will be undertaken during 2023.

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 she is able to interact with the board and its individual directors at arm's 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 2021, the action items flowing out of such evaluation report were considered by the board and separately by each of the committees. A further formal self evaluation assessment will be undertaken at the end of 2023.

### Attendance at board and committee meetings

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

1 January 2021 to 31 December 2021	Board	Audit	Risk & Sustainability	Nominations	Remuneration	Social, ethics & transformation
<b>Number of meetings held</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Gary Bell	8	n/a	3	3	3	3
Karen van Haght	8	6+	3	n/a	n/a	3
Leon Goosen	8	5+	2	2+	2+	2+
Ashley Bell	8	n/a	3	n/a	n/a	3
Hennie van der Merwe	8	n/a	3	3	n/a	n/a
Derek Lawrance	8	6	3	n/a	3	n/a
Mamokete Ramathe	8	6	n/a	n/a	n/a	3
Rajendran Naidu	8	6	n/a	3	n/a	3
Avishkar Goordeen	8	n/a	3+	n/a	n/a	3+
John Barton	7	5	2	2	2	n/a

+ Leon Goosen, Karen van Haght and Avishkar Goordeen 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 guidelines for competition in the South African automotive aftermarket, ongoing effects of COVID-19 on the business and the supply chain, the draft Companies Act Amendment Bill, 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 interests of the group and protecting the legitimate interests and expectations of its stakeholders. The board consistently applies the provisions of the Companies Act on disclosing or avoiding conflicts of interest. Directors are required to declare their personal financial interests in contracts or other matters in which Bell Equipment has a material interest or which are to be considered at a board meeting, in general annually and specifically at the commencement of each meeting of the board and each committee meeting, in accordance with the requirements of the Companies Act.

Where a potential conflict of interest exists, directors are expected to recuse themselves from relevant discussions and decisions. During the reporting period, the perceived conflicts of interest in respect of the shareholder transaction have been managed through the ongoing disclosure of interests by directors at each meeting; the appointment of an independent board and the formal appointment of the lead independent non executive director as the chairman of the independent board during the consideration of such shareholder transaction.

All directors are required to comply with the group code of ethics, the provisions of the Financial Markets Act, 2012 and the JSE Listings Requirements regarding inside information, price sensitive information, dealings in securities and the disclosure of such dealings which have been covered previously in various Bell codes, policies and procedures, including the group code of business conduct and the group 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 designated senior 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 investor 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 on page 10 of the audited annual financial statements on the investor website.

### **Internal control systems**

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

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

The effectiveness of internal control systems can change with circumstances, and, for this reason, these are reviewed and updated regularly. The systems presently in place are suitably aligned with the monitoring requirements and nothing has come to the attention of the directors, or internal auditors, to indicate that any material breakdown in the functioning of Bell Equipment's key internal controls and systems occurred during 2021.

### **Internal audit**

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

### **IT governance and compliance**

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

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

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

# Corporate governance report *continued*

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

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. The implementation of cybersecurity and the initiatives to maintain the integrity, confidentiality and availability of data assets and technologies are well established and ongoing. Security incident monitoring system is an effective, developed reporting system that is used to identify issues that may turn into potential violations and is closely monitored by the cybersecurity team and reviewed monthly by the chief information officer and IT operations manager.

Security awareness training is currently rolled out throughout Bell, which is a successful tool used for educating the group's employees. IT governance and compliance audits are ongoing, which includes ISO 27001 standards as a baseline. Deloitte continue to perform an external review of the IT compliance and controls. There are systems in place to continue to monitor and ensure that the Protection of Personal Information Act (POPIA) and General Data Protection Regulation (GDPR) are communicated and complied with. Mobile device management rollout is in place for devices owned by the group. These devices have all been loaded with Microsoft 365 to enable mobility to ensure business productivity.

In light of POPIA, the COVID -19 pandemic and the subsequent remote working environment, a review of the existing IT infrastructure and systems necessitated an investment in the bit locker project which is used to encrypt the IT hardware so that it cannot be accessed from any other device without a security key and data is protected in the event of theft. Further investments were made into the McAfee external antivirus and USB management systems to ensure data protection and compliance with IT controls. In order to enhance performance, increase security, reduce downtime and improve communication, investment was made to migrate security systems off old infrastructure to new production clusters.

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

## Risk Management

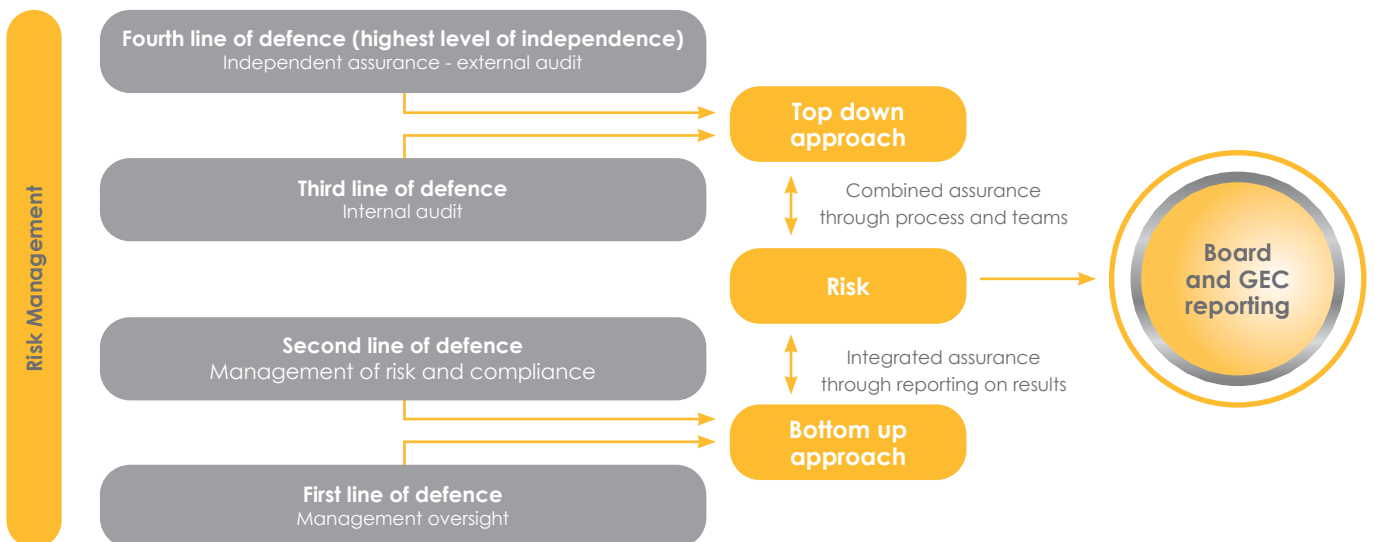
The board is responsible for the governance of risk management within the Bell Equipment group and has approved a policy and framework to identify, analyse, report and mitigate risks, and thereby govern the group risk management process. Oversight is delegated to the risk and sustainability committee, which is a committee of the board. The board sets the Bell Equipment group risk appetite and risk tolerances annually on the recommendation from the risk and sustainability committee. Risk registers are presented to the risk and sustainability committee, which identify most significant risks by utilisation of the risk universe and scanning internal and external environments for existing and emerging risks. The risks are then quantified based on likelihood. This is achieved by requiring that subsidiaries report their key risks and responses to the committee at each risk and sustainability committee meeting. The chairperson of the risk and sustainability committee reports the most significant risks derived from the above process to the board.

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

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

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

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





### Tip off reporting line

Bell Equipment is committed to conducting healthy business practices with honesty and integrity. For this reason, the group subscribes to an anonymous tip off reporting line 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 the company website. The follow up on all reported matters is coordinated by the fraud working group and reported to the audit and risk and sustainability committees.

### Legal and regulatory environment

The Bell Equipment group takes very seriously its compliance with all regulatory obligations, including compliance with competition law.

The group has not been sanctioned for anti competitive practices or for non compliance with the Competition Act during the year. The Competition Commission referred a complaint to the Competition Tribunal against the Contractors Plant Hire Association ('CPHA') and its members, including Bell, as an associate member at the time, alleging that the respondents have entered into an agreement and / or are engaged in a concerted practice wherein they have fixed the rate at which they rent out their machinery and plant equipment and/or fixed trading conditions relating to the renting of their machinery and plant equipment in contravention of section 4(1)(b)(i) of the Competition Act.

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

The Bell Equipment group does not condone price fixing or any form of collusion whatsoever. Bell Equipment has engaged the services of specialist competition lawyers, including senior counsel, to advise the group in respect of the Commission's referral. Bell Equipment is currently defending the complaint before the Competition Tribunal.

### 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 continued to receive focus by the media following its annual general meeting in June 2021 and the ongoing shareholder transaction including the firm intention offer.

Following a media article by Money Web in September 2021 entitled 'FSCA registers two investigations against Bell Equipment', Bell received a letter from the FSCA requesting specified information and documentation to which Bell responded with the information requested. On 2 February 2022, the FSCA notified Bell that it had decided to close both investigations and no legal action would be taken in this matter.

The JSE also notified Bell Equipment that they had closed their investigation of Bell in July 2021 and confirmed having issued its

closing letter to the complainants advising that the JSE had not identified any breach of the Listings Requirements by Bell based on the issues raised by the complainants in their complaints to the JSE.

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

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 65 to 83.

### Access to information

Bell Equipment continues to comply with the requirements of PAIA. The updated corporate manual is available on the website at [www.bellir.co.za](http://www.bellir.co.za). During the reporting period the group received two PAIA applications, which applications were considered by the board and 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 is satisfied with the manner in which the group has applied the recommendations of King IV to achieve good performance and effective control while maintaining legitimacy and an ethical culture. Governance processes are regularly reviewed to align with legislative and regulatory changes and to reflect changes in the business to ensure processes remain relevant.

# Social, ethics and transformation committee report

**The operations of the social, ethics and transformation committee ('the committee') are guided by formal terms of reference and contain provisions that are in line with the requirements of the JSE Listings Requirements, the Companies Act read with the Regulations promulgated thereunder and the recommendations of King IV. The committee's terms of reference have been approved by the board and are reviewed annually for relevance.**

The committee is both a statutory committee and board committee in respect of other duties assigned to it by the board.

This report should be read together with the stakeholder relations report on pages 65 to 83, which report will provide the stakeholders with a comprehensive review of how the group creates sustainable value.

## Committee composition

The committee comprises two independent non executive directors, namely Mamokete Ramathe (chairperson) and Rajendran Naidu, one executive director, namely Karen van Hagt (group finance director) and two non executive directors, namely Gary Bell and Ashley Bell. The members of the committee are nominated and appointed by the board. The five suitably skilled and experienced members have an appropriate mix of talent with a majority of non executive directors who are not involved in the day to day management of the business. The chief executive, the human resource executive and the chief strategy officer attend the meetings of the committee as standing invitees.

The committee undertook a formal self assessment of the committee as part of the board and committee self evaluation process in December 2021, to ensure that the committee remains relevant and effective.

## Role and responsibilities

The role of the committee, as a statutory committee, is to assist the board with monitoring the group's activities and that of its subsidiaries, having regard to legal requirements and Codes of Best Practice relating to matters of social and economic development as contemplated in Regulation 43 of the Companies Regulations, 2011.

In the execution of its responsibilities, the committee has reviewed the sustainable development practices of the group, specifically relating to:

- ethics and compliance;
- corporate social investment;
- stakeholder relations;
- broad based black economic empowerment;
- health and public safety;
- labour relations and working conditions;
- training and skills development;
- management of the group's environmental impacts; and
- human rights and anti child labour principles.

The committee's oversight role also includes the monitoring of any relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, employment equity, the environment, health and public safety, consumer relationships, as well as labour and employment and overall environmental, social and governance (ESG) matters.

## Focus areas of the committee

During the course of the reporting period the committee met three times. The following focus areas were considered by the committee:

- The year continued to be dominated by the COVID-19 pandemic impact on the group's business and its stakeholders. The group's focus as a result of the pandemic was on protecting its employees' health and safety. Initiatives from a work from home perspective, including a hybrid model which allowed flexibility for employees to work both from home and from the office, job description dependent, were implemented and continues to be encouraged.
- The committee endorsed the group's interventions to assist employees with their mental health and wellness following lock down regulations and the COVID-19 pandemic impact generally, including putting employees with financial difficulties in touch with debt counsellors, assisting with appointments with the Bell appointed psychologist and placing employees on Employee Assistance Programs (EAP) with other institutions such as SANCA and Lifeline to assist with the pressures and depression resulting from the COVID-19 pandemic.

## Good corporate citizenship

- The monitoring of the code of ethics and the application of such ethical leadership principles throughout the group to ensure continued ethics awareness remains a key focus area for the committee.
- The group endeavours to achieve a positive impact on its workforce in executing its mandate and the entire organisation is encouraged to live out company values and to uphold acceptable ethical conduct at all times. During 2021 these efforts were supplemented with leadership and diversity training to empower employees and management alike, in order to achieve group sustainability and targeted growth objectives.
- The group continued its commitment to zero tolerance of fraud, theft, corruption or any similar illegal behaviour and its commitment to compliance with all applicable antibribery and corruption laws and regulations. An anticorruption and ethics action plan was developed with remedial and preventative actions and anticorruption and fraud awareness training was undertaken. Anticorruption policies were reviewed.
- Reports on material disclosures received through the group's anonymous tip offs reporting line administered by Deloitte as well as any resultant investigations that had taken place during 2021 were reviewed, in conformance with the formalised tip offs policy. Tip offs training and awareness sessions continue to be conducted periodically to promote utilisation of the facility.
- The committee considered the annual budget in line with the group's social and economic development. During 2021 Bell ensured its CSI/SED spend was undertaken with the best possible impact in mind in making its communities

self sufficient and empowered. The group CSI and SED spend for 2021 was in the sum of R1 145 545 and was directed at community based projects as highlighted in the stakeholder relations report on page 77.

#### Corporate governance

- The committee undertook the annual review of its charter to ensure that the correct focus was being maintained by the committee in terms of its roles and responsibilities.
- The annual work plan was reviewed to continue to align the plan with the committee's mandate, as guided by the Companies Act and King IV. Greater emphasis has been placed on the committee's monitoring indicators and how they relate to the business of the group.
- The committee received updates on proposed and new relevant legislation updates and other legal requirements or prevailing codes of best practice specifically relating to matters affecting the committee's mandate as and when applicable. This included feedback on the legislation affecting the committee, including the DTIC's support of broad based ownership schemes including ownership by trusts and the importance of such support for the group's BEE structure, specifically the Foundation Trust and the Bharti Harie Trust.

#### Social and economic development

- The group's subsidiaries, BECSA and BESSA, completed their verification processes in August 2021 and achieved a level 3 and level 1 BBBEE contributor rating respectively, based on the measurement criteria contained in the BBBEE Codes of Good Practice. BESSA earned enough points for a level 3 and benefitted from a 2 level YES enhancement investment and BECSA earned enough points for a level 4 and benefitted with a one level enhancement due to its investment in the YES programme.
- The committee continues to monitor the progress of the group's South African operations in relation to its transformation targets to ensure alignment with the group's business objectives and strategies. The committee monitors the company's BEE progress in order to improve the group's competitiveness within the South African environment and to ensure compliance with the reporting duties required of it in terms of the regulations to the BEE Act and Employment Equity Act, and the BEE legislation in general.
- The group has recommitted to observing the ten principles advocated by the Universal Declaration of Human Rights and the International Labour Organisation.
- The board published its voluntary commitment to reach more than 25% female representation on its board and black member representation on its board of 30%. Whilst the board's composition at the time of the publication of this report had not reached the 30% black member representation, the new non executive director appointments with effect from 1 April 2022 shall ensure that the board reaches its voluntary targets. The committee will continue to actively monitor the progress made by the board in this regard. The committee deliberated on matters of diversity in a much broader sense in the past year and will continue to review progress at all levels of the organisation to promote diversity in terms of gender, race, culture, age, field of knowledge, skills and experience.

#### Labour and employment activities

- In line with the Employment Equity Act, the committee monitored the group's development in employment practices locally and internationally and monitored progress against transformation targets and the group's

employment equity plan, a summary of such plan can be found on pages 67 to 68 of the stakeholder relations report.

- The committee received assurance that the group is committed to promoting equal opportunities and fair employment practices, globally, across all its businesses, observing the principles advocated by the International Labour Organisation Protocol on decent work conditions.
- The group recognises its most valuable asset is its human capital. A great deal of time and money is invested in the recruitment, training and development of employees and as such every effort is made to retain its current scarce and critical skills, and to recruit new talent with already developed scarce and critical skills. To further this aim, in 2021 the Bell Equipment Foundation granted two additional bursaries to black women studying engineering degrees.
- Bell wants to ensure that its team members enjoy coming to work and continue to thrive in an environment that is free from discrimination, harassment, and victimisation. The group believes that by maintaining such an environment, Bell will continue to attract, retain, develop, and fully engage talent that will result in greater innovation, creativity and enhanced business performance.

#### Environment, health and safety

- The importance of environmental, social and corporate governance factors used in measuring the sustainability of an organisation was highlighted to the committee. The increasing scrutiny facing businesses of their environmental, social and governance strategies was noted and the requirement for an ESG program providing a competitive advantage for businesses was noted. The reputational and financial impact of ESG issues on businesses was understood as well as seen to be a cornerstone to attracting and retaining talented employees.
- Reports on the environment, health and public safety, including the impact of the group's activities and products on the environment and society and the group's continued responsible use of natural resources were considered by the committee and any issues relating to potential risk of non-compliance were addressed. All risk mitigations put in place were applied and there was strict adherence to rules when it comes to matters of environment, health and safety. The group's safety management system that is based on behaviour based safety, an identification of appropriate control measures to mitigate the risks at the individual operations, visible felt leadership and ongoing training requirements were complied with.

#### Stakeholder relationships

- The devastation of the unrest that took place in KwaZulu Natal during July 2021 left many of Bell Equipment's employees in fear of their lives, livelihoods and short of food, supplies and fuel. It also negatively impacted on the group's valued customers, suppliers, the group's surrounding communities and the South African economy in general. The group partnered with the Gift of the Givers Foundation, a non profit organisation, based in KwaZulu Natal, with the demonstrated ability to respond immediately and provide relief where it was needed most. In terms of assisting towards the recovery of small businesses that were affected, Bell Equipment joined the Rebuild Zululand initiative that helped keep small business owners' doors open especially in the areas affected where Bell has operations. The group provided an internal EAP initiative where employees who needed psychological counselling due the trauma of the unrest could have access to an industrial psychologist for counselling and assistance.

## Social, ethics and transformation committee report *continued*

From a good corporate governance perspective, Bell continues to ensure that appropriate due diligences are undertaken on any corporations that receive donations from the group for disaster relief purposes as well as for any CSI donations generally.

- The committee reviewed the group's consumer relationships reports, including the group's engagement with its customers, employees and other material stakeholder groups; and considered the group's public relations publications, both internal and external, undertaken during 2021. Further detail can be found in the stakeholder relations report on page 65.

The committee has considered the relevant laws and regulations applicable to the group's operations during the reporting period and its compliance with these. The committee is further satisfied that it has fulfilled its mandate as set out in the Companies Act, read with Regulation 43 of the Companies Regulations and in its terms of reference.

For the period under review, there have been no instances of material non compliance with relevant legislation or non adherence to codes of best practice that fall within the committee's mandate.

As chairperson of this committee, I will be available at the group's AGM to respond to any enquiries regarding the statutory obligations of the committee.



Mamokete Ramathe  
Chairperson  
Social, ethics and transformation committee  
24 March 2022



# Remuneration committee report

**The Bell Equipment Limited remuneration committee ('the committee') report for the year ended 31 December 2021 sets out matters pertaining to the group's remuneration policy, together with its implementation and governance protocols which are traversed across the following four sections:**

- SECTION 1: committee governance
- SECTION 2: background statement
- SECTION 3: 2021 remuneration policy
- SECTION 4: 2021 implementation report

## SECTION 1

### Committee governance

The committee has conducted its affairs in compliance with its terms of reference, which are reviewed annually, and has discharged its responsibilities in accordance therewith. The board remains ultimately responsible for remuneration policy and will refer matters to shareholders for approval when required.

The board accepted all the recommendations made by the committee during the year and the committee's terms of reference continue to be subject to the provisions of the Companies Act, the MOI and any other applicable laws or regulatory provisions. In this regard, the committee has reviewed and implemented the King IV principles in the policy design and implementation and reporting contexts with specific reference to Principle 14 addressing fair and transparent remuneration and it continues to consider and interpret the recommended practices in the context of King IV in a way that is appropriate for the group and the sector in which it operates.

During the reporting period the committee comprised of two independent non executive directors, namely Derek Lawrance (chairman) and John Barton (lead independent non executive director) and one non executive director Gary Bell (chairman of the board). The members of the committee were nominated and appointed by the board. The three suitably skilled and experienced members had an appropriate mix of talent with a majority of non executive directors who were not involved in the day to day management of the business.

On 16 February 2022 John Barton resigned as an independent non executive director of Bell Equipment Limited and as a member of the committee. Rajendran Naidu, an independent non executive director, was nominated and appointed by the board as a member of the committee with effect from 17 February 2022.

Importantly the chief executive attends meetings by invitation to ensure that the strategic imperatives of the business and its trading environment provide context to the many and varied considerations which this committee engages with. However he has no voting rights and is recused when his own remuneration is reviewed. In addition, other members of executive management may be invited to committee meetings from time to time when appropriate, but they too have no voting rights and are not present when their particular performance is evaluated and/or when their remuneration is discussed.

The company secretary serves in her capacity as secretary to this committee which convened on three occasions during the course of the year. The attendance details of members of the committee who participated thereat are set out in the corporate governance report on page 44.

A self evaluation performance review of the board and its various committees was undertaken at the end of 2021, the results of which will be considered by the committee in the first quarter of 2022.

The basis for remuneration of non executive directors for the 2023 financial year was approved by the committee subject to approval by the shareholders at the AGM scheduled to take place on 31 May 2022.

# Remuneration committee report *continued*

## SECTION 2

### Background statement

The report summarises the philosophy and principles of and approaches to remuneration at Bell and provides an overview of the remuneration of all group employees and discloses the executive and non executive director remuneration underpinned by the alignment thereof with shareholder value creation. The structure and the content of the report also takes into account the corporate governance principles recommended in King IV in relation to the remuneration policy, disclosure requirements and the alignment with the JSE Listings Requirements.

The committee has been mandated to ensure that the group's remuneration policy remains fair, transparent and relevant in order to drive a growing and sustainable business. This requires that there is a meaningful consideration of the group's external and internal operating environments together with the competitive landscape in respect of levels of remuneration required to ensure that the right talent is attracted and retained at appropriate levels and / or positions.

This was achieved, inter alia, by making use of independent salary surveys, benchmarking exercises and professional advice from Deloitte Human Capital and Global Business Solutions in respect of the South African market and from Willis Towers Watson in respect of the group's European operations.

At the AGM to be held on 31 May 2022 Bell Equipment will put both its remuneration policy and remuneration implementation report to separate non binding advisory shareholder votes (see resolution numbers 6 and 7 in the notice of annual general meeting on page 108) and the committee is confident of constructive engagement and a positive outcome in this regard.

In accordance with King IV and in the event that either the remuneration policy or the implementation report (or both) receives 25% or more dissenting votes, the company will provide for:

- an invitation to dissenting shareholders to engage with Bell Equipment, and
- communicate the manner and timing of such engagement.

In support of this and in order to expedite the process of engagement the company will:

- invite the dissenting shareholder(s) to provide written submissions in support of their vote against the remuneration policy and/ or the implementation report;
- respond to and/ or address the legitimate and reasonable objections received;
- facilitate appropriate engagements in support of this including meetings, conference calls and presentations as may be appropriate and reasonable; and
- report back to the dissenting shareholders, including the publication of relevant information in the following year's integrated annual report.

For ease of reference, the three previous AGMs rendered the following voting results pertaining to the company's remuneration policy and the remuneration implementation report:

AGM date	Resolution	Vote in favour
15 May 2019	Remuneration Policy	91,49%
15 May 2019	Implementation Report	95,06%
15 July 2020	Remuneration Policy	87,86%
15 July 2020	Implementation Report	96,40%
18 June 2021	Remuneration Policy	95,38%
18 June 2021	Implementation Report	95,49%

The committee will continue to provide stakeholders with clarity on how Bell Equipment's remuneration policy informs the actual pay and awards received by its executive directors, senior executives and prescribed officers as defined in the Companies Act.

## SECTION 3

### Remuneration policy

#### Overview

This policy is applicable to all executive directors, prescribed officers and employees. Its purpose is to provide the philosophy, framework and approach in matters pertaining to employee remuneration and reward in order to ensure the attraction, motivation and retention of employees, as well as compliance with good corporate governance under appropriate statutes and regulations. The latter requires the alignment of shareholder interests with the remuneration policy as well as fair practices in this regard based on prevailing statute.

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

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

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

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

Although the group had to adapt to the operational challenges presented by the COVID-19 pandemic, it was still able to provide salary increases, STIS awards and provide for the vesting of cash settled LTIS awards with no other changes to its normal remuneration framework.

Notwithstanding depressed economic conditions, South African employers still face increasing challenges in retaining and attracting core and critical talent and measures have been put in place to balance sustainability from a talent point of view with the financial realities faced by the business. Indications are that the Employment Equity Act amendments will introduce sectoral targets for the representation of black women and persons with disabilities and it is anticipated that these will be implemented during 2022.

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

## Remuneration committee report *continued*

### Elements of remuneration

The group operates a total cost to company ('CTC') philosophy whereby cash remuneration, and certain guaranteed benefits form part of employees' fixed total CTC remuneration. Executive directors and senior management also participate in a short term incentive scheme (in the form of a performance bonus plan) and two long term incentive schemes. In addition there are a number of non financial incentives associated with working for Bell Equipment which encompass shared values on governance and social responsibility, and an inclusive culture which promotes a safe and sustainable working environment and personal development and career opportunities.

#### Annual Review Process

The committee conducts an annual review of the individual total CTC packages for executives and if an increase is granted, approves an overall percentage increase for employees below the executive level. Increases are based on external factors such as the prevailing rate of inflation and market forces as well as on individual performance, skills, experience and effort.

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

#### Fair and responsible remuneration across the group

Bell Equipment is committed to the principle of fair and responsible remuneration for the whole group. Investing in its people initiatives are considered and include:

- talent management
- development opportunities for all employees
- various training courses based on identified needs
- retention and motivation of top quality and talented employees.

The components in respect of guaranteed remuneration of the European, African, Australasian and US employees are different from their South African counterparts but remain market related and include a basic salary plus benefits, which benefits include medical insurance and a car allowance or a company vehicle.

### Variable remuneration

#### STIS

The STIS:

- incorporates a meaningful stretch to motivate and retain senior employees
- is based on an incentive pool of 50% of the excess audited Bell group NPAT above the hurdle NPAT for the relevant financial year
- includes a new working capital hurdle, budgeted inventory days of less than 226 days, introduced for 2021, that must also be met for an incentive to be earned
- applies to all permanent staff who do not already receive a guaranteed thirteenth cheque and who participate in the scheme in terms of the rules of the scheme
- ensures incentive payments are proportionate to employees' CTC salary packages and limited to one month's salary
- makes provision for an additional bonus for the GEC at the discretion of the board, provided that the executives have met their personal performance targets
- ensures that the measures and rules implemented are reviewed annually and that changes are approved by the committee.



## Cash settled LTIS

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

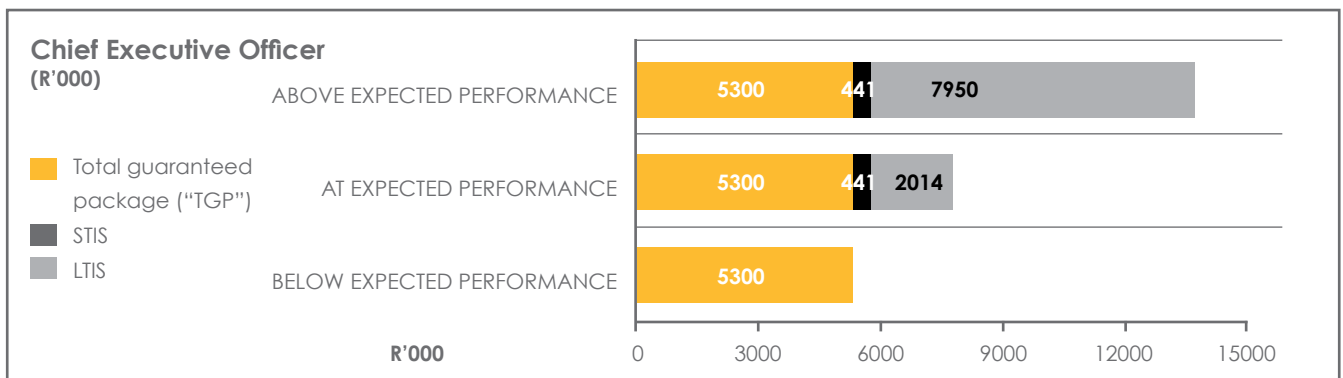
- awards have been made annually since 2018
- the rules were amended in 2020 so as to incorporate both HEPS and ROIC performance indicators
- the objective and purpose of the LTIS is to grant forfeitable phantom share awards to key executives to enable them to benefit from an increase in Bell Equipment's share price
- the awards comprise a blend of zero strike and strike based awards, with the zero strike portion subject to a 50% split between HEPS and ROIC performance conditions
- in respect of the strike based awards, qualifying employees will benefit from the cash equivalent of the growth in the share price between the strike price and the market price
- in respect of the zero strike awards which are related to the HEPS and ROIC performance conditions, qualifying employees will benefit from the cash equivalent of the market value of the shares, without any strike price reduction.

The HEPS and ROIC performance conditions are as follows:

- annual compounded HEPS growth rate of inflation plus 5%
- annual ROIC performance hurdles which recognise the current financial performance of the group and reflect a required improvement in the financial performance over time of the following:
 

2021	6,4%
2022	9,2%
2023	10,9%
2024	12,5%
2025	12,9%
2026	13,4%
2027	14,1%
2028	16%
- the total benefit paid to all participating employees in any financial year shall not exceed 6% of the NPAT as reflected in the audited results of the group
- a clawback provision applies if the audited results are subsequently restated and the NPAT is revised downwards.

The scenario graphs below provide an overview of potential pay outcomes at below expected performance, at expected performance and at stretch performance levels:



## Remuneration committee report *continued*

### Equity settled LTIS

The equity settled LTIS was approved by the shareholders at the AGM in 2009 and thereafter management (with the necessary approval from the nominations and remuneration committees as well as the board) allocated share options to senior employees of the group with the following points to note:

- five million authorised unissued ordinary no par value shares were reserved for the scheme
- the purpose of this scheme was to retain key employees and to attract new, skilled and competent employees and to act as an incentive to employees to promote the continued growth of Bell Equipment by giving them an opportunity to acquire shares therein and to drive long term value creation
- options were granted at the option price which was the 30 (thirty) day volume weighted average of the closing market price of the ordinary share immediately preceding the option date
- the last allocation was done in May 2012 and there is no intention to make any further awards under this scheme
- the 2010 and 2011 awards have expired and 2012 awards are out of the money and expire on 14 May 2022.

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

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

A special resolution by the shareholders of Bell Equipment is required to approve the basis of remuneration payable to non executive directors in order to comply with the requirements of the Companies Act.

The fees payable to non executive directors for their services are based on an assessment of the responsibility placed on them arising from their obligations for regulatory oversight. The total fees proposed for non executive directors for the 2023 calendar year represent an increase of 5% over the previous year.

The following table sets out the proposed non executive director fees (VAT exclusive) for shareholder approval at the AGM in May 2022 for the period from 1 January 2023.

Special resolution number		Rand (excl VAT)
	<b>Retainer fees to be paid annually</b>	
3.1	Non-executive chairman	425 010
3.2	Lead independent non-executive director	327 000
3.3	Non-executive directors	229 000
	<b>Fees per meeting payable to the chairman of the board and the chairmen of board committees</b>	
3.4	Board	38 720
3.5	Audit committee	23 280
3.6	Risk and sustainability committee	23 280
3.7	Nominations committee	18 290
3.8	Remuneration committee	18 290
3.9	Social, ethics and transformation committee	22 950
3.10	<b>Fees to be paid to lead independent non-executive director per board meeting</b>	38 470
	<b>Fees to be paid to non-executive directors, including the chairman of the board and the chairmen of the board committees, per meeting</b>	
3.11	Board	38 200
3.12	Audit committee	30 580
3.13	Risk and sustainability committee	23 280
3.14	Nominations committee	15 630
3.15	Remuneration committee	15 630
3.16	Social, ethics and transformation committee	22 950
3.17	Bell audit services committee	15 230
3.18	Ad hoc committees	15 630

The committee's key focus areas for 2022 will be to:

- continuously assess executive remuneration trends, the committee continuously assesses the executive remuneration market and governance frameworks
- review performance conditions for cash settled LTIS
- monitor changes in executive remuneration, including responses to the COVID 19 pandemic
- review peer group applicable to the LTIS and non executive directors' fees
- focus on fair and responsible pay and aligning employee remuneration packages with the current business cycle and changing operating environment
- review of the effective management of potential flight risks of critical skill and top talented employees
- develop a comprehensive people strategy to complement Bell Equipment's overall ESG strategy.

During the year 2020, the group engaged the services of two external consultants, Global Business Solutions and MOTTO Business Consulting, to assist it with the design and implementation of a detailed human resources development plan. Stage one of the plan, which encompassed both an attitudinal and an organisational and culture climate survey, together with the commencement of the redesign of the group's key grading and salary structures, will be finalised during 2022. Stage two, which encompasses leadership and diversity programmes which are designed to enable and empower employees and management to achieve group sustainability through the achievement of well aligned individual objectives and goals was started in 2021 and is planned to continue in 2022.

## SECTION 4

### Implementation report

The implementation of the group's remuneration policy in 2021 is set out below. The committee believes that it has not deviated from the principles and design of the remuneration policy.

The committee's key decisions made during 2021 were as follows:

- approved salary increases and adjustments for executives, senior management and employees
- reviewed the metrics of the STIS and the cash settled LTIS, and made changes where appropriate
- approved part payment of the 2021 STIS to all qualifying non scheduled employees
- evaluated the cash settled LTIS vesting conditions and approved the granting of phantom share awards to key executives on 1 January 2021
- considered the review undertaken of the current group's retirement funds status; and
- recommended the NED fee increases to the board.

### Share-based payment arrangements with employees

#### Equity-settled employee share option plan

This scheme was approved by the shareholders and the board in 2009 and share options were granted to senior employees on 15 February 2010, 15 April 2011 and 15 May 2012. The allocation of share options was done according to a formula that recognised responsibility levels and was at the discretion of the chief executive and the board. No further share options have been granted since 2012. Five million ordinary shares were reserved for the scheme. The option price was the thirty day volume weighted average of the closing market price of the share immediately preceding the grant date. The options are equity-settled, each year's allocation of options vested one third in each period after three years, five years and seven years respectively, after the date of grant.

The options carry neither rights to dividends nor voting rights. Each employee share option converts into one ordinary share of Bell Equipment Limited on exercise. Options may be exercised at any time from the date of vesting to the date of their expiry. The options expire after 10 years from the date of award if not exercised by employees.

Options are forfeited on leaving the company. Retired or retrenched employees are entitled to exercise their options in full within twelve months after becoming a retired or retrenched employee. If not exercised by retired or retrenched employees within such period, the options lapse.

## Remuneration committee report *continued*

### Share options granted

The following share-based payment arrangements were in existence during the reporting period:

Grant date	Tranches	Initial number of options granted	Expiry date	Exercise price	Fair value at grant date
15 Apr 2011 *	Tranche 1	510 000	14 Apr 2021	R 13,06	R 7,12
15 Apr 2011 *	Tranche 2	510 000	14 Apr 2021	R 13,06	R 7,71
15 Apr 2011 *	Tranche 3	510 000	14 Apr 2021	R 13,06	R 8,17
15 May 2012	Tranche 1	316 666	14 May 2022	R 21,35	R 12,79
15 May 2012	Tranche 2	316 667	14 May 2022	R 21,35	R 13,18
15 May 2012	Tranche 3	316 667	14 May 2022	R 21,35	R 13,54

\* Unexercised options from these tranches expired and were forfeited in April 2021. Refer to the reconciliation of outstanding options below.

Shares reserved and movement in share options for the year	2021	2020
Total number of shares reserved for equity-settled share options	5 000 000	5 000 000
Less: number of share options exercised	(655 385)	(655 385)
Less: number of share options granted and vested, but not exercised	(372 000)	(1 047 000)
Number of shares reserved, but share options not granted or expired	3 972 615	3 297 615

The following reconciles the share options outstanding at the beginning and end of the year:

	2021		2020	
	Number of options	Weighted average exercise price R	Number of options	Weighted average exercise price R
Balance at beginning of the year	1 047 000	16,24	2 181 604	13,30
Forfeited during the year	(72 500)	16,49	(10 000)	21,35
Expired during the year *	(602 500)	13,06	(1 124 604)	10,48
<b>Balance at end of the year</b>	<b>372 000</b>	<b>21,35</b>	<b>1 047 000</b>	<b>16,24</b>

\* The options which expired in 2021 are in respect of unexercised options which were granted in April 2011 and which expired in April 2021 in terms of the scheme rules.

The share options outstanding at the end of the year under equity-settled share-based payments had a weighted average remaining contractual life of 0,4 years (2020: 0,7 years). The exercise prices on options are presented above.

At year-end the number of options that had vested and that were exercisable was 372 000 (2020: 1 047 000).

### Cash-settled employee share award plan

This phantom share incentive scheme was approved by the board of directors and implemented in 2018. The scheme makes provision for long-term incentivisation of key executives in the structure of a share appreciation rights scheme. The objective and purpose of the scheme is to grant forfeitable phantom share awards to key executives to enable them to benefit if the company's share price improves and if the specified Headline Earnings per Share (HEPS) and Return on Invested Capital (ROIC) performance conditions are achieved.

The awards comprise a mixture of zero-strike and strike based awards, with the zero-strike portion subject to a 50% split between HEPS and ROIC performance conditions. The number of awards granted to executives was determined with reference to market norms for long-term incentive schemes and a multiple of the salary packages of the participants and the company granted these awards in four equal, annual tranches on 1 January each year, starting in 2018. In respect of the portion of the incentive related to the market price of the share, employees will acquire the cash equivalent of the growth in the share price. In respect of the portion of the incentive related to the HEPS and ROIC performance conditions, employees will receive the cash equivalent of the market value of the shares without any reduction by the strike price. The HEPS performance condition is that the annual compounded HEPS growth rate over the three, four and five year periods ending on the last day of the financial year-end of the group prior to the vesting date,



must meet or exceed the HEPS growth rate of inflation plus 5%. The ROIC performance condition is based on operational returns in excess of the cost of capital, plus a margin. The total benefit paid to employees in any financial year shall not exceed 6% of the NPAT as reflected in the audited results of the group.

One-third of each annual award vests in years three, four and five after the award date and the awards are forfeited on a participant ceasing to be an employee, for reasons other than incapacity, death or retirement, when all the awards held by the participants, whether or not they have vested, will be deemed to have vested upon termination of employment and shall be settled within three months or in the case of death, within 12 months thereafter.

In the event of a change in control of the company which results in the retrenchment of or a material adverse change in the conditions of employment of the participant the full number of phantom share units determined will be deemed to be awarded and the vesting period in respect of this full award will be advanced in accordance with the rules of the scheme.

The strike price is the thirty day volume weighted average of the closing market share price immediately preceding the grant date of 1 January each year.

### Share awards granted

The following share-based payment arrangements were in existence at the end of the reporting period:

Grant date	Number of phantom share units					Exercise price		
	With a strike price	With a strike price of zero	Vesting January 2022	Vesting January 2023	Vesting January 2024		Vesting January 2025	Vesting January 2026
1 January 2018	588 666	330 667	459 667	459 666	-	-	-	R 13,53
1 January 2019	883 000	496 000	459 667	459 667	459 666	-	-	R 12,68
1 January 2020	883 000	496 000	-	459 667	459 667	459 666	-	R 8,88
1 January 2021	883 000	496 000	-	-	459 667	459 667	459 666	R 6,52

Refer to the number of phantom share awards held by directors and prescribed officers on pages 62 to 63.

No amounts were paid or are payable to participants in respect of the phantom share units which vested in January 2021 and January 2022.

### Fair value of share awards granted

The fair value of the phantom share awards was measured at the end of the year using the Black-Scholes pricing model. A liability of R10,0 million was raised for this cash-settled employee share award plan.

Inputs into the model	Measurement date 31 December 2021
Spot price of the option	R 12,35
Dividend yield	0,00%
Expected volatility of the share price	63,60%
Risk-free interest rate	4.91% - 6.57%

### Movement in share awards granted

The following reconciles the share awards outstanding at the beginning and end of the year:

	2021		2020	
	Number of awards	Weighted average exercise price R	Number of awards	Weighted average exercise price R
Balance at beginning of the year	4 525 000	7,45	3 146 000	8,39
Expired during the year	(459 667)	8,66	-	-
Granted during the year	1 573 000	4,17	1 670 000	5,68
Forfeited during the year	(582 000)	6,08	(291 000)	7,49
<b>Balance at end of the year</b>	<b>5 056 333</b>	<b>6,48</b>	<b>4 525 000</b>	<b>7,45</b>

The share awards outstanding at the end of the year under the cash-settled employee share award plan had a weighted average remaining contractual life of 2,6 years (2020: 3,0 years).

## Remuneration committee report *continued*

### Directors' and prescribed officers' remuneration

Paid to executive directors of the company by the company's subsidiary:

Executive directors	Salary R000	Pension/ Provident fund R000	Incentive payment R000	Other benefits and allowances R000	2021 Total R000	2020 Total R000
L Goosen	4 286	570	133	111	5 100	4 556
KJ van Haght	2 911	383	88	41	3 423	2 999
A Goordeen (appointed 18 June 2021)	1 505	203	77	59	1 844	-
<b>Total</b>	<b>8 702</b>	<b>1 156</b>	<b>298</b>	<b>211</b>	<b>10 367</b>	<b>7 555</b>

Paid to prescribed officers of the company's subsidiaries by the company's subsidiaries:

Prescribed officers	Salary R000	Pension/ Provident fund R000	Incentive payment R000	Other benefits and allowances R000	2021 Total R000	2020 Total R000
A Goordeen (appointed as an alternate executive director on 18 June 2021)	971	131	-	146	1 248	2 623
N Paynter (expatriate salary, resigned 31 March 2021)	1 136	88	-	235	1 459	6 597
DB Chinnappen	2 505	334	77	248	3 164	2 702
SR Jones	2 538	334	77	40	2 989	2 596
DN Mashika (resigned 31 October 2021)	1 990	285	-	758	3 033	3 218
A Mayer (expatriate salary)	4 050	309	100	576	5 035	5 802
DE Morris	2 786	368	83	253	3 490	2 934
HW van der Walt (resigned 30 November 2020)	-	-	-	-	-	2 570
JJ van Wyngaardt	2 163	293	66	301	2 823	2 344
D McIlrath	1 633	212	49	5	1 899	1 647
<b>Total</b>	<b>19 772</b>	<b>2 354</b>	<b>452</b>	<b>2 562</b>	<b>25 140</b>	<b>33 033</b>

Other benefits and allowances comprise vehicle allowances, travel allowances and reimbursive allowances, annual leave encashments and the group's contributions to medical aid and life insurance.

	2021 Fees R000	2020 Fees R000
Paid to non-executive directors of the company by the company:		
<b>Non-executive directors</b>		
JR Barton (resigned 16 February 2022)	1 602	919
AJ Bell	582	497
GW Bell	1 060	907
DH Lawrance	1 323	753
R Naidu	1 151	589
ME Ramathe	1 171	606
HR van der Merwe	1 013	534
<b>Total</b>	<b>7 902</b>	<b>4 805</b>

## Directors' and prescribed officers' remuneration *continued*

The following reconciles the number of unexercised share options held by directors and prescribed officers at the end of the year:

	Exercise price	Balance at 31 December 2019		Balance at 31 December 2020		Forfeited	Expired	Balance at 31 December 2021
		Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options
<b>Executive directors and prescribed officers</b>								
L Goosen	10,48	100 000	(100 000)	-	-	-	-	-
	13,06	50 000	-	50 000	-	(50 000)	-	-
	21,35	30 000	-	30 000	-	-	-	30 000
<b>Total</b>		180 000	(100 000)	80 000	-	(50 000)	-	30 000
KJ van Haght	10,48	100 000	(100 000)	-	-	-	-	-
	13,06	50 000	-	50 000	-	(50 000)	-	-
	21,35	30 000	-	30 000	-	-	-	30 000
<b>Total</b>		180 000	(100 000)	80 000	-	(50 000)	-	30 000
A Goordeen	10,48	100 000	(100 000)	-	-	-	-	-
	13,06	50 000	-	50 000	-	(50 000)	-	-
	21,35	30 000	-	30 000	-	-	-	30 000
<b>Total</b>		180 000	(100 000)	80 000	-	(50 000)	-	30 000
N Paynter (resigned 31 March 2021)	10,48	60 000	(60 000)	-	-	-	-	-
	13,06	30 000	-	30 000	(30 000)	-	-	-
	21,35	15 000	-	15 000	(15 000)	-	-	-
<b>Total</b>		105 000	(60 000)	45 000	(45 000)	-	-	-
DB Chinnappen	10,48	100 000	(100 000)	-	-	-	-	-
	13,06	50 000	-	50 000	-	(50 000)	-	-
	21,35	30 000	-	30 000	-	-	-	30 000
<b>Total</b>		180 000	(100 000)	80 000	-	(50 000)	-	30 000
A Mayer	10,48	55 000	(55 000)	-	-	-	-	-
	13,06	30 000	-	30 000	-	(30 000)	-	-
	21,35	15 000	-	15 000	-	-	-	15 000
<b>Total</b>		100 000	(55 000)	45 000	-	(30 000)	-	15 000
SR Jones	10,48	60 000	(60 000)	-	-	-	-	-
	13,06	30 000	-	30 000	-	(30 000)	-	-
	21,35	15 000	-	15 000	-	-	-	15 000
<b>Total</b>		105 000	(60 000)	45 000	-	(30 000)	-	15 000
JJ van Wyngaardt	13,06	7 500	-	7 500	-	(7 500)	-	-
	21,35	3 000	-	3 000	-	-	-	3 000
<b>Total</b>		10 500	-	10 500	-	(7 500)	-	3 000
<b>GRAND TOTAL</b>		1 040 500	(575 000)	465 500	(45 000)	(267 500)	-	153 000

## Remuneration committee report *continued*

### Directors' and prescribed officers' remuneration *continued*

The following reconciles the number of phantom share awards held by directors and prescribed officers at the end of the year:

Executive directors and prescribed officers	Balance at 31 December 2019		Granted	Forfeited	Balance at 31 December 2020		Granted	Expired	Forfeited	Balance at 31 December 2021	
	Strike price	Number of awards			Number of awards	Number of awards				Number of awards	Number of awards
L Goosen	13,53	247 000	-	-	247 000	-	(82 331)	-	-	164 669	
	-	138 000	-	-	138 000	-	(46 000)	-	-	92 000	
	12,68	247 000	-	-	247 000	-	-	-	-	247 000	
	-	138 000	-	-	138 000	-	-	-	-	138 000	
	8,88	-	247 000	-	247 000	-	-	-	-	247 000	
	-	-	138 000	-	138 000	-	-	-	-	138 000	
	6,52	-	-	-	-	247 000	-	-	-	247 000	
	-	-	-	-	-	138 000	-	-	-	138 000	
<b>Total</b>		770 000	385 000	-	1 155 000	385 000	(128 331)	-	-	1 411 669	
KJ van Haght	13,53	132 000	-	-	132 000	-	(44 000)	-	-	88 000	
	-	74 000	-	-	74 000	-	(24 666)	-	-	49 334	
	12,68	132 000	-	-	132 000	-	-	-	-	132 000	
	-	74 000	-	-	74 000	-	-	-	-	74 000	
	8,88	-	132 000	-	132 000	-	-	-	-	132 000	
	-	-	74 000	-	74 000	-	-	-	-	74 000	
	6,52	-	-	-	-	132 000	-	-	-	132 000	
	-	-	-	-	-	74 000	-	-	-	74 000	
<b>Total</b>		412 000	206 000	-	618 000	206 000	(68 666)	-	-	755 334	
A Goordeen	13,53	132 000	-	-	132 000	-	(44 000)	-	-	88 000	
	-	74 000	-	-	74 000	-	(24 666)	-	-	49 334	
	12,68	132 000	-	-	132 000	-	-	-	-	132 000	
	-	74 000	-	-	74 000	-	-	-	-	74 000	
	8,88	-	132 000	-	132 000	-	-	-	-	132 000	
	-	-	74 000	-	74 000	-	-	-	-	74 000	
	6,52	-	-	-	-	132 000	-	-	-	132 000	
	-	-	-	-	-	74 000	-	-	-	74 000	
<b>Total</b>		412 000	206 000	-	618 000	206 000	(68 666)	-	-	755 334	
N Paynter (resigned 31 March 2021)	13,53	62 000	-	-	62 000	-	-	(62 000)	-	-	
	-	35 000	-	-	35 000	-	-	(35 000)	-	-	
	12,68	62 000	-	-	62 000	-	-	(62 000)	-	-	
	-	35 000	-	-	35 000	-	-	(35 000)	-	-	
	8,88	-	62 000	-	62 000	-	-	(62 000)	-	-	
	-	-	35 000	-	35 000	-	-	(35 000)	-	-	
	6,52	-	-	-	-	62 000	-	(62 000)	-	-	
	-	-	-	-	-	35 000	-	(35 000)	-	-	
<b>Total</b>		194 000	97 000	-	291 000	97 000	-	(388 000)	-	-	
DE Morris	13,53	62 000	-	-	62 000	-	(20 667)	-	-	41 333	
	-	35 000	-	-	35 000	-	(11 667)	-	-	23 333	
	12,68	62 000	-	-	62 000	-	-	-	-	62 000	
	-	35 000	-	-	35 000	-	-	-	-	35 000	
	8,88	-	62 000	-	62 000	-	-	-	-	62 000	
	-	-	35 000	-	35 000	-	-	-	-	35 000	
	6,52	-	-	-	-	62 000	-	-	-	62 000	
	-	-	-	-	-	35 000	-	-	-	35 000	
<b>Total</b>		194 000	97 000	-	291 000	97 000	(32 334)	-	-	355 666	
DB Chinnappen	13,53	62 000	-	-	62 000	-	(20 667)	-	-	41 333	
	-	35 000	-	-	35 000	-	(11 667)	-	-	23 333	
	12,68	62 000	-	-	62 000	-	-	-	-	62 000	
	-	35 000	-	-	35 000	-	-	-	-	35 000	
	8,88	-	62 000	-	62 000	-	-	-	-	62 000	
	-	-	35 000	-	35 000	-	-	-	-	35 000	
	6,52	-	-	-	-	62 000	-	-	-	62 000	
	-	-	-	-	-	35 000	-	-	-	35 000	
<b>Total</b>		194 000	97 000	-	291 000	97 000	(32 334)	-	-	355 666	



Executive directors and prescribed officers	Strike price	Balance at 31 December 2019		Balance at 31 December 2020		Balance at 31 December 2021			
		Number of awards	Granted	Forfeited	Number of awards	Granted	Expired	Forfeited	Number of awards
SR Jones	13,53	62 000	-	-	62 000	-	(20 667)	-	41 333
	-	35 000	-	-	35 000	-	(11 667)	-	23 333
	12,68	62 000	-	-	62 000	-	-	-	62 000
	-	35 000	-	-	35 000	-	-	-	35 000
	8,88	-	62 000	-	62 000	-	-	-	62 000
	-	-	35 000	-	35 000	-	-	-	35 000
	6,52	-	-	-	-	62 000	-	-	62 000
	-	-	-	-	-	35 000	-	-	35 000
<b>Total</b>		194 000	97 000	-	291 000	97 000	(32 334)	-	355 666
D McIlrath	13,53	62 000	-	-	62 000	-	(20 667)	-	41 333
	-	35 000	-	-	35 000	-	(11 667)	-	23 333
	12,68	62 000	-	-	62 000	-	-	-	62 000
	-	35 000	-	-	35 000	-	-	-	35 000
	8,88	-	62 000	-	62 000	-	-	-	62 000
	-	-	35 000	-	35 000	-	-	-	35 000
	6,52	-	-	-	-	62 000	-	-	62 000
	-	-	-	-	-	35 000	-	-	35 000
<b>Total</b>		194 000	97 000	-	291 000	97 000	(32 334)	-	355 666
A Mayer	13,53	62 000	-	-	62 000	-	(20 667)	-	41 333
	-	35 000	-	-	35 000	-	(11 667)	-	23 333
	12,68	62 000	-	-	62 000	-	-	-	62 000
	-	35 000	-	-	35 000	-	-	-	35 000
	8,88	-	62 000	-	62 000	-	-	-	62 000
	-	-	35 000	-	35 000	-	-	-	35 000
	6,52	-	-	-	-	62 000	-	-	62 000
	-	-	-	-	-	35 000	-	-	35 000
<b>Total</b>		194 000	97 000	-	291 000	97 000	(32 334)	-	355 666
HW van der Walt (resigned 30 November 2020)	13,53	62 000	-	(62 000)	-	-	-	-	-
	-	35 000	-	(35 000)	-	-	-	-	-
	12,68	62 000	-	(62 000)	-	-	-	-	-
	-	35 000	-	(35 000)	-	-	-	-	-
	8,88	-	62 000	(62 000)	-	-	-	-	-
	-	-	35 000	(35 000)	-	-	-	-	-
<b>Total</b>		194 000	97 000	(291 000)	-	-	-	-	-
JJ van Wyngaardt	13,53	62 000	-	-	62 000	-	(20 667)	-	41 333
	-	35 000	-	-	35 000	-	(11 667)	-	23 333
	12,68	62 000	-	-	62 000	-	-	-	62 000
	-	35 000	-	-	35 000	-	-	-	35 000
	8,88	-	62 000	-	62 000	-	-	-	62 000
	-	-	35 000	-	35 000	-	-	-	35 000
	6,52	-	-	-	-	62 000	-	-	62 000
	-	-	-	-	-	35 000	-	-	35 000
<b>Total</b>		194 000	97 000	-	291 000	97 000	(32 334)	-	355 666
D Mashika (resigned 31 October 2021)	8,88	-	62 000	-	62 000	-	-	(62 000)	-
	-	-	35 000	-	35 000	-	-	(35 000)	-
	6,52	-	-	-	-	62 000	-	(62 000)	-
	-	-	-	-	-	35 000	-	(35 000)	-
<b>Total</b>		-	97 000	-	97 000	97 000	-	(194 000)	-
<b>GRAND TOTAL</b>		3 146 000	1 670 000	(291 000)	4 525 000	1 573 000	(459 667)	(582 000)	5 056 333

## Remuneration committee report *continued*

At the AGM held on 18 June 2021, the basis for the remuneration payable to non executive directors for the 2022 period was approved by way of a special resolution of the shareholders as follows:

	2022 Rand (Excl of VAT)
<b>Retainer fees to be paid annually for 2022</b>	
Non executive chairman	404 770
Lead independent non executive director	311 430
Non executive directors	218 090
<b>Fees per meeting payable to the chairman of the board and the chairmen of board committees</b>	
Board	36 880
Audit committee	22 170
Risk and sustainability committee	22 170
Nominations committee	17 420
Remuneration committee	17 420
Social, ethics and transformation committee	21 860
<b>Fees to be paid to lead independent non-executive director per board meeting</b>	<b>36 640</b>
<b>Fees to be paid to non executive directors, including the chairman of the board and the chairmen of the board committees, per meeting</b>	
Board	36 380
Audit committee	29 120
Risk and sustainability committee	22 170
Nominations committee	14 890
Remuneration committee	14 890
Social, ethics and transformation committee	21 860
Bell audit services committee	14 500
Ad hoc committee	14 890

King IV recommends that the implementation report should contain details of payments made due to any termination of employment for executive management. For 2021, there were no such payments made.

### Independent external advisers

During the reporting period, the committee contracted Investec, MOTTO Business Consulting, Deloitte Human Capital and Global Business Solutions for independent external advice. The committee was satisfied with their independence and objectivity.

The committee has applied its collective mind to the preparation and presentation of the information in this report. The committee believes that this report addresses the material issues and presents a balanced and fair account of the group's remuneration policy.

This remuneration committee report has been approved by the board of directors of Bell Equipment Limited.



Derek Lawrance  
Chairman  
Remuneration committee  
24 March 2022

# Stakeholder relations report

incorporating sustainability elements

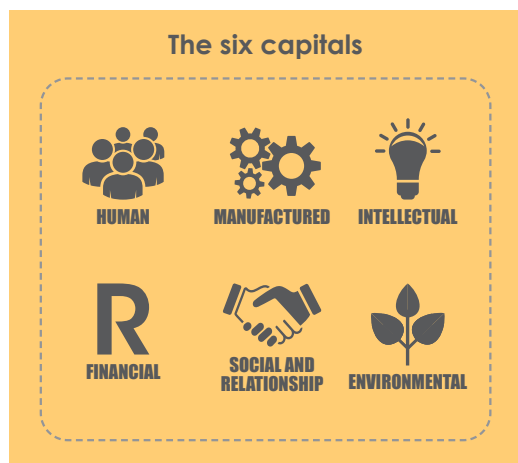
**Bell Equipment's stakeholders are those individuals, groups and organisations that affect and are affected by Bell Equipment's activities, products or services and associated performance. Engaging with and building relationships with its stakeholders is key to sustaining the group's business. Bell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

Bell Equipment values its stakeholder relationships and appreciates the need and responsibility to create mutual value 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 has been enhanced by focusing on the six capitals and understanding the value created by the group by employing these six capitals. Through carefully identifying the interests and expectations of each key stakeholder group Bell creates value through the use of 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 while investing 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.

# Stakeholder relations report *continued*

incorporating sustainability elements



HUMAN



SOCIAL AND RELATIONSHIP

## 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.
- Voluntary vaccination programme in South Africa.

### Worldwide employee long service awards in 2020 and 2021



Local employees reached long service milestones during 2020 and 2021



Employees worldwide reached long service milestones during 2020 and 2021

While COVID-19 continued to have an impact on the group's employees around the globe in 2021 Bell is confident that the rollout of vaccination campaigns around the world will eventually bring the pandemic under control.

The devastating looting and unrest in KwaZulu Natal and Gauteng in July 2021 negatively influenced Bell employees and the greater communities in those areas financially, physically, emotionally and mentally. During the unrest employees were placed on leave and allowed to use future leave to cover this period so that those with insufficient paid leave due to them would be paid their salaries and not be financially distressed.

Bell Equipment made available the services of a psychologist, its clinic doctor and councillors from various institutions to counsel employees who needed support to deal with the pressures and consequences of the riots as well as with the ever present pressures of COVID-19, working from home and maintaining a healthy work life balance and family relationship dynamics.

Over and above its own clinic sisters and human resources staff, who are always available to assist and counsel employees who approach them for guidance and advice, Bell procured the services of SANCA and other community based non profit organisations and churches. They helped counsel employees who were dealing with alcohol, drug and other social and relationship issues. The group also partnered with banks and Old Mutual, and consultants from financial institutions were made available on request to assist employees in their personal capacities with financial advice and guidance.

A highlight of the year was the opportunity to acknowledge and celebrate 158 local employees who reached long service milestones during 2020 and 2021. Functions were held over two days at Richards Bay factory to ensure COVID protocols could be followed.

During 2020 and 2021 there were 297 Bell Equipment employees worldwide who qualified for long service awards of which 223 employees received 10 year awards, 65 received 20 year awards, seven received 30 year awards and two were presented with 40 year awards.



## Employment equity summary: actual December 2021

The following tables illustrate the breakdown of employees within Bell Equipment's South African operations.

Occupational levels		Female				Male				Grand Total
		African	Coloured	Indian	White	African	Coloured	Indian	White	
<b>BECSA</b>	Top management	0	0	0	0	0	0	0	0	0
	Senior management	0	0	0	1	0	0	0	1	2
	Professionally qualified and experienced specialists and mid-management	7	0	3	3	10	0	16	15	54
	Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	12	1	7	10	58	8	89	41	226
	Semi-skilled and discretionary decision making	106	11	25	6	460	17	118	40	783
	Unskilled and defined decision making	2	0	0	0	5	0	1	0	8
<b>Grand Total</b>		<b>127</b>	<b>12</b>	<b>35</b>	<b>20</b>	<b>533</b>	<b>25</b>	<b>224</b>	<b>97</b>	<b>1073</b>
<b>BEGS</b>	Top management	0	0	0	0	0	0	0	1	1
	Senior management	0	0	0	3	0	0	2	4	9
	Professionally qualified and experienced specialists and mid-management	2	0	3	14	20	2	10	79	130
	Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	10	3	9	17	33	3	23	28	126
	Semi-skilled and discretionary decision making	19	2	9	18	48	2	5	1	104
	Unskilled and defined decision making	0	0	0	0	3	1	0	0	4
<b>Grand Total</b>		<b>31</b>	<b>5</b>	<b>21</b>	<b>52</b>	<b>104</b>	<b>8</b>	<b>40</b>	<b>113</b>	<b>374</b>
<b>BESSA</b>	Top management	0	0	0	0	0	0	0	0	0
	Senior management	0	0	1	0	1	0	0	1	3
	Professionally qualified and experienced specialists and mid-management	1	2	1	2	3	1	2	13	25
	Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	3	2	9	89	14	13	104	237
	Semi-skilled and discretionary decision making	37	11	6	28	78	12	17	9	198
	Unskilled and defined decision making	2	0	0	0	4	0	0	0	6
<b>Grand Total</b>		<b>43</b>	<b>16</b>	<b>10</b>	<b>39</b>	<b>175</b>	<b>27</b>	<b>32</b>	<b>127</b>	<b>469</b>

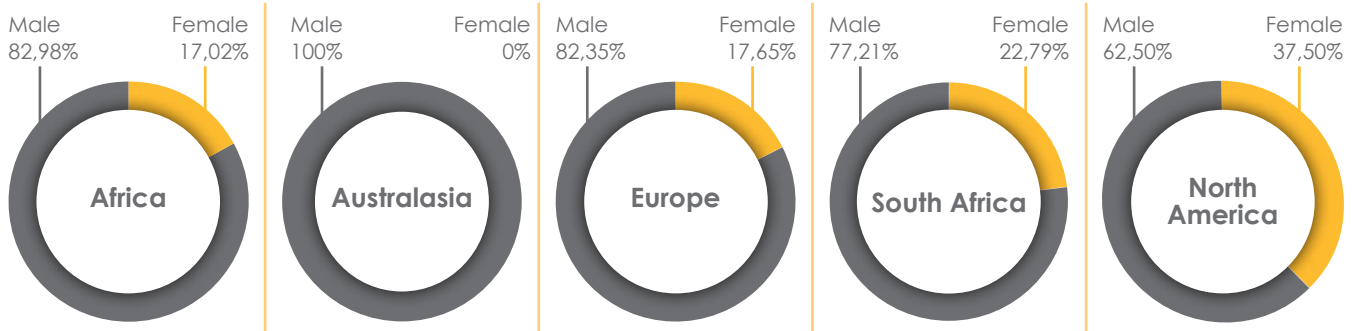
# Stakeholder relations report *continued*

incorporating sustainability elements

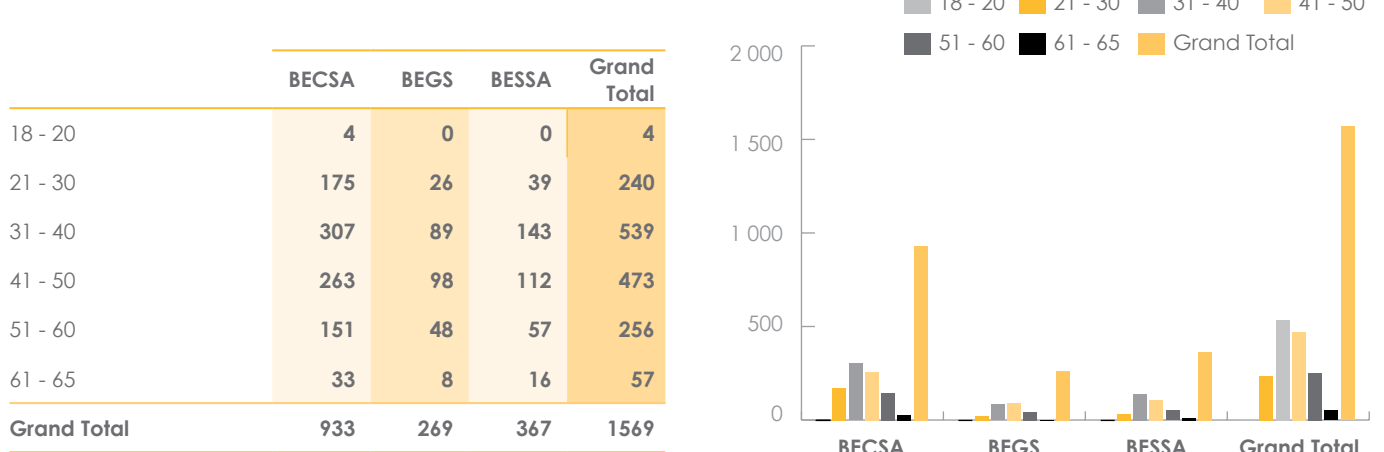
## Employees with disabilities - BECSA, BEGS and BESSA combined

		Female		Male		Grand Total
		African	Coloured	Indian	White	
<b>Occupational levels</b>						
<b>BECSA</b>	Professionally qualified and experienced specialists and mid management	0	0	1	1	2
	Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	1	1	2
	Semi skilled and discretionary decision making	1	0	1	0	2
	<b>Grand Total</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>6</b>
<b>BEGS</b>	Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	1	1
	<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>BESSA</b>	Professionally qualified and experienced specialists and mid management	0	1	0	0	1
	Semi skilled and discretionary decision making	2	0	0	0	2
	<b>Grand Total</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>

### Bell Equipment total workforce

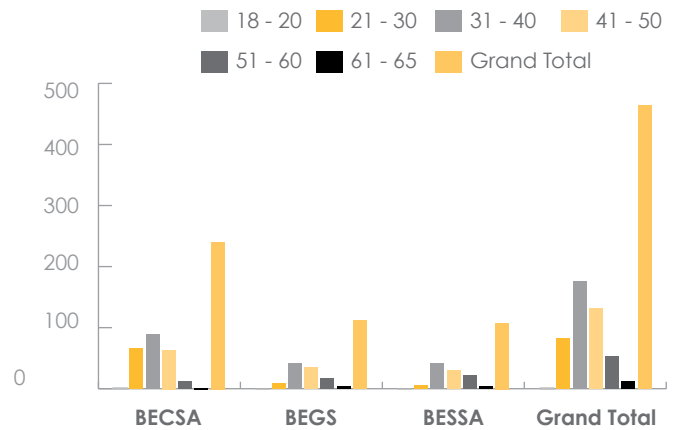


### Combined BECSA, BEGS and BESSA male workforce age analysis



## Combined BECSA, BEGS and BESSA female workforce age analysis

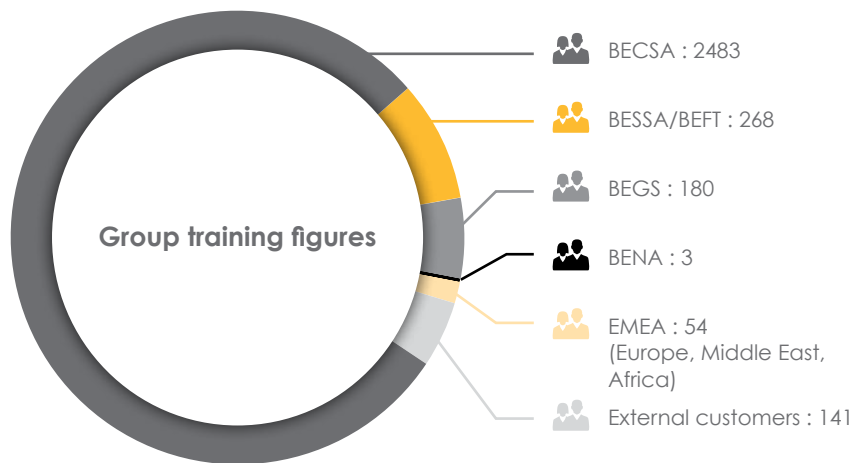
	BECSA	BEGS	BESSA	Grand Total
18 - 20	3	0	0	3
21 - 30	67	10	7	84
31 - 40	90	43	43	176
41 - 50	65	37	31	133
51 - 60	13	18	23	54
61 - 65	3	5	5	13
<b>Grand Total</b>	<b>241</b>	<b>113</b>	<b>109</b>	<b>463</b>



## 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 Richards Bay and Johannesburg, South Africa. Training is focused 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 customers.

Bell invested in an online cyber awareness training platform to ensure users remain vigilant to external threats and educated as to potential risks. This is an ongoing initiative as a part of the group's cyber security program.



## Group workforce training by type

	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	1
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

During 2021 the group continued to engage with MOTTO Human Research, which held 110 coaching sessions with the GEC and 47 sessions with senior managers as part of a change management plan. From the collective qualitative data obtained, workshops were compiled for senior and middle management on influence and leading beyond authority as part of a leadership development plan. Six leading beyond authority workshops were attended by 82 senior and middle managers, who found the sessions beneficial especially as Bell is managed through a matrix organogram where the ability to 'lead beyond authority' or influence teams and individuals who do not report directly to such a manager is critical but can be challenging.

In addition, the MOTTO self perception tool was used on an ad hoc basis to kick off the individual coaching processes and coaching of at risk individuals within the organisation also took place as part of the change management plan.

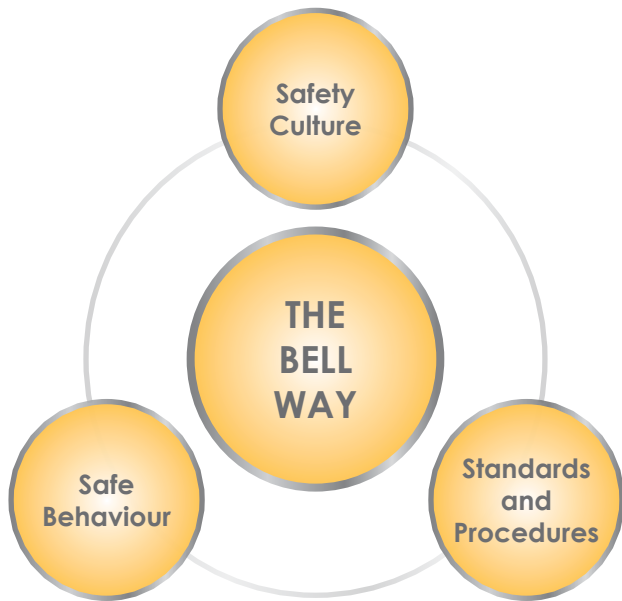
An engagement survey was undertaken with Bell UK staff and feedback sessions on the survey results were subsequently conducted.

# Stakeholder relations report *continued*

incorporating sustainability elements

## Health and Safety

The safety and well being of all the group's employees, contractors, suppliers and customers are of paramount importance to Bell Equipment and fundamental to the sustainability and growth of its operations. Bell Equipment's aspiration is to operate sustainably, without harm to people, the environment and the communities in which it operates. Every company desires safe operations, but the challenge is to translate this desire into action. Written rules, standards and procedures are important and necessary, but are not enough. Bell Equipment has developed a culture in which the value of safety is embedded in every level of the workforce.



Management and organisational factors have a strong influence on accidents and incidents, either directly or through their impact on the behaviour of its employees. Employers and employees at all levels of the organisation are 'safety champions' when it comes to a behaviour based safety approach.

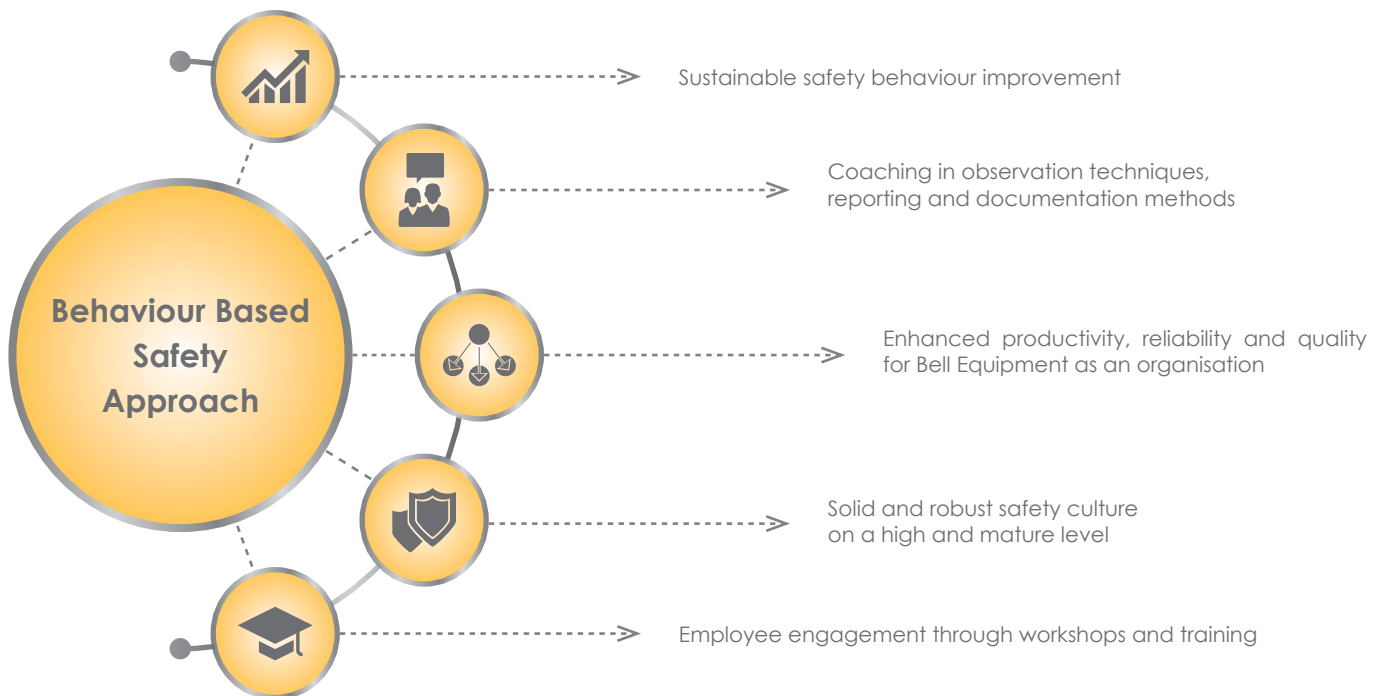
The behaviour based programme lays the foundation for the company to move towards a change in safety culture. Management and employees work together towards the aim of a total safety culture.

In a total safety culture:

- individuals hold safety as a 'value' and not just a priority
- individuals take responsibility for the safety of their co-workers in addition to themselves and
- employees at all levels are willing and able to act on their sense of responsibility – they go 'beyond the call of duty'.

Bell Equipment's behaviour based safety programme is a process that complements the other elements of a good incident reduction programme. These other elements are: hazard elimination, substitution to reduce a hazard, engineering controls, administrative controls and personnel protective equipment. Behaviour based safety has moved the group

beyond workplace audits and inspections, past the policing role and closer to really knowing how much the workforce understands their work practices, procedures, conditions, and behaviours that cause them to make mistakes. Behaviour based safety is a proactive process that helps to get changes in its work group's safe behaviour levels before incidents happen.



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

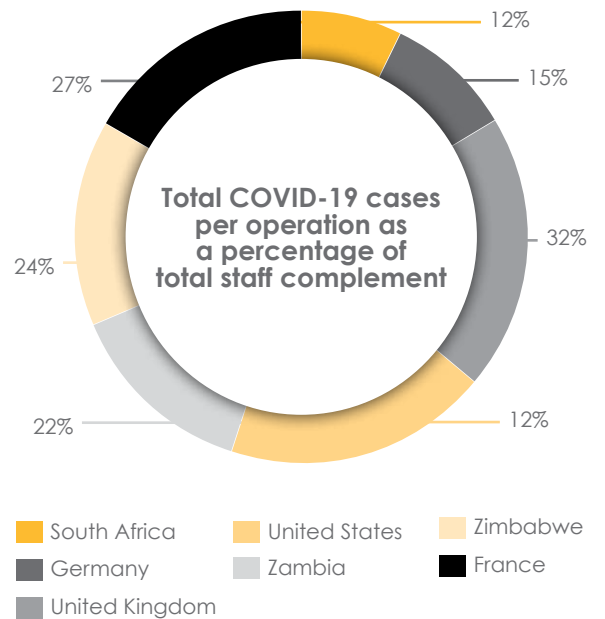


**COVID-19**

Bell continues to ensure that its policies and procedures, developed in terms of the relevant regulations and requirements for all its operations, are adhered to and that employees are kept well informed of changes and updates through continual communication and training.

In fulfilling this commitment, a healthy and safe work environment is provided and maintained as indicated by acceptable organisational practices and compliance with legislative and other requirements, and Bell strives to eliminate any foreseeable hazards which may result in illnesses and infections. To achieve the above, Bell Equipment has, as far as reasonably practicable:

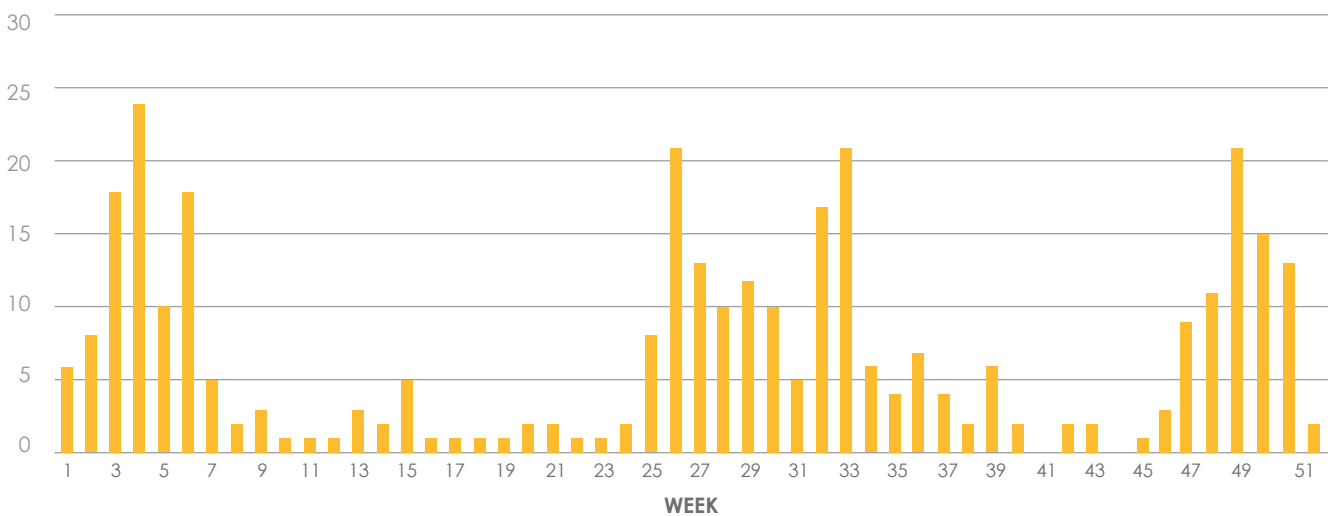
- followed health advice and information from the World Health Organisation, as an international source, and the Department of Health and the National Institute of Communicable Diseases, as local sources
- updated its risk assessments in respect of COVID-19 and adapted measures required in terms of regulations specific to the working environment
- consistently provided updates on COVID-19 to employees and its approach at work regarding attendance and preventing the spread of infection
- ensured that there are adequate facilities for employees to wash and/or sanitise their hands regularly within the workplace. Stringent disinfection measures were also adopted for high risk work areas and places
- identified vulnerable workers and implemented mitigating actions to protect their health
- enforced social distancing and implemented work from home strategies where possible
- implemented screening of employees and visitors to ascertain whether any employee or visitor has any of the commonly reported symptoms associated with COVID-19 before entering the workplace
- provided employees with face masks and any other personal protective equipment as prescribed free of charge
- implemented induction programmes to ensure all employees are aware of COVID-19 symptoms, how infection is spread and what preventative actions to take.



Ongoing communication with the entire workforce is critical. Bell Equipment frequently communicates COVID-19 related information via email and SMS to all staff members. Safety notice boards have been placed on the factory floor and offices and are updated daily with the notices sent via electronic channels.

As of 31 December 2021, Bell Equipment had a total of 441 positive cases reported in the group from the onset of the pandemic of which 358 were reported at its South African operations. Four employees regrettably passed away due to COVID-19 complications.

**Bell Equipment COVID-19 cases for 2021**



# Stakeholder relations report *continued*

incorporating sustainability elements

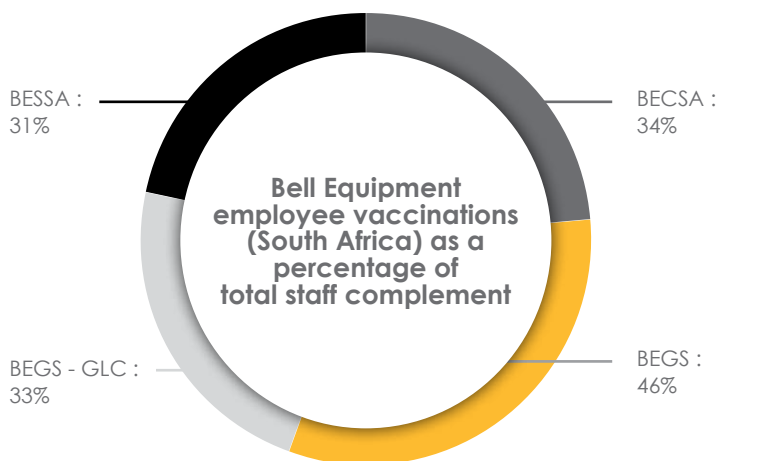
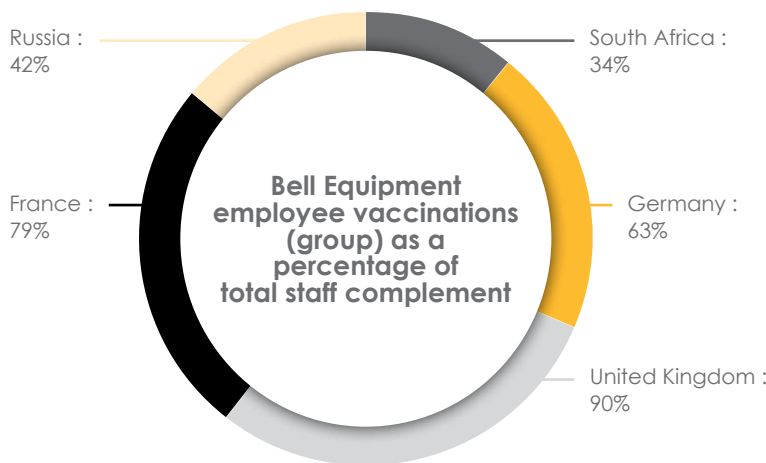
## Vaccinations

Bell Equipment acknowledges that vaccines are an important part of mitigating the spread of COVID-19 in the world. Workplace vaccinations are voluntary at all its operations and Bell Equipment encourages all employees and their families to get vaccinated. To facilitate vaccinations Bell initiated a voluntary vaccination programme in South Africa in partnership with Momentum Health whereby employees were vaccinated onsite at the Richards Bay factory and at Jet Park. The campaign resumed in 2022 to enable those who received their first vaccination the opportunity to get a second vaccination and later also a booster vaccination. It also gives those who have not yet come forward a further chance to get vaccinated. As an incentive Bell sponsors R300 Game vouchers to every employee who submits proof of being fully vaccinated.

South African law currently does not impose any legal duty or obligation on employers to provide or enforce compulsory vaccination for employees. Bell Equipment will be closely monitoring any changes in the law and will follow best practice in terms of vaccination programmes for its employees.

In some of the European countries Bell operates under stricter requirements concerning mandatory employee vaccinations and testing. Bell Equipment conforms to all the relevant requirements regarding employee vaccination and pre entry testing at its facilities in these countries.

Employee vaccination rates per region:



# 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, Facebook, LinkedIn, Instagram and YouTube.
- Website.
- Ongoing product testing.



INTELLECTUAL



SOCIAL AND RELATIONSHIP

After an unprecedented lean year in 2020 in terms of in person customer interaction, it was pleasing to be able to host a handful of factory tours during 2021, interact with customers at an open day at Bell Cape Town and hold a Bell Golf Day at the Serengeti Golf and Wildlife Estate in Gauteng in October, which was well supported and received. In addition, various branches supported golf days organised by customers in their areas.

The group's goal for the coming year will be to focus on growing our face to face customer interactions to fully re-establish relationships. While Bell has not exhibited at any virtual trade shows during the pandemic, the group is excited to physically attend the international shows of Hillhead and Bauma Munich planned for 2022. Several local customer open days and shows are also planned including NAMPO, Institute of Quarrying and the Royal Show in Pietermaritzburg.

The group continued to expand its support of email ecards and online advertising to communicate with customers and potential customers. There was focus on creating meaningful content for its bellequipmentglobal and bellequipmentsa social media handles on LinkedIn, Facebook, Instagram and YouTube to grow Bell's following. For the first time the group also invested in an extensive community newspaper advertising campaign locally to create awareness of the JCB dealership.

Bell Equipment continues to 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 services and parts transactions. Customers are asked to rate their perception of Bell Equipment's service. The group's service rating remains in the world class range.

With international travel restrictions having been in place due to COVID-19, the technical services team focused on making more online training courses available. The team eagerly resumed face to face operator training in countries where travel was allowed.

The Bell care packages, covering service and maintenance of the group's product range, were rolled out to Bell UK in 2021 following the strong acceptance by its local customer base when it was launched the previous year. The packages will be introduced to the rest of the dealer network in 2022.

As part of the group's strategy to introduce digital solutions for customers to make doing business with Bell easier, door to door delivery of Bell parts was successfully introduced across the South African dealer network. A global pre owned equipment website that launched earlier in the year enables customers from around the world to shop all the pre owned equipment available from Bell and its participating dealers from one user friendly and convenient website.

While COVID related travel restrictions have limited the group's ability to meet dealers and their customers face to face, online platforms have proved to be largely effective and have enabled new market development and integration into new territories to continue. Going forward the group will look to create a balance between these two methods of engagement.

The rollout of the Aspire dealer relationship programme commenced in Europe during 2021. The programme is a useful tool with which to formalise communications with dealers regarding important business aspects between the OEM and dealers and has been designed to incentivise dealers who exceed their pre agreed targets for unit sales, marketing efforts, parts sales, training and tooling.

# Stakeholder relations report *continued*

incorporating sustainability elements



## MANUFACTURED

Bell Equipment has built its brand through providing strong reliable solutions to its customers. Employees, investors, and business partners enjoy long term growth and benefits from this reputation. Central to maintaining and growing this reputation are the group's manufacturing operations.

Bell has adopted a lean manufacturing philosophy and declared a 'war on waste' (Bell WOW) which seeks to maintain its competitive advantage and protect employment considering the logistic challenges faced by the group's complex local and international supply chains. This is a measured methodical approach to review current processes and systems that will ensure that Bell sustains continuous improvement in the long term to support its strong, reliable manufacturing foundation.

Best in class practices, such as 5S (sort, set in order, shine, standardise and sustain) with its focus on a foundation of good housekeeping have already been implemented. This has resulted in neat and tidy workplaces, which has enhanced work efficiency as well as contributed to better quality and safety throughout the plants.

It has also provided an excellent foundation upon which to launch the Bell WOW initiative. Waste can be classified into eight different types: transport, inventory, movement, waiting, overproduction, over processing, defects and skills. Bell will be using this renewed focus to identify activities and processes in all these areas that are not adding value to its customer and improve, reduce or remove them where possible. Bell Equipment's focus is on ensuring the people and processes producing value are supported. Essentially to make the job of meeting the production plan easier for those doing the work.

The lean manufacturing initiative fully supports and enhances the 1-BELL focus areas of customer, quality, team, efficiency and safety.



Customer machine handover to Alfieri Holdings





## INTELLECTUAL

To remain relevant and resilient from a technology perspective, the group understands the need to invest in new technology to keep its products at the cutting edge of innovation and IT that can improve its processes and the way in which it interacts with its customers.

### Products

Though autonomous vehicle developments in the markets are still in the early adopter and commercial investigation stage there have been increased requests for information on what is possible and discussions on potential real world commercial opportunities.

The ability to integrate Bell ADTs with third party pedestrian detection systems (PDS) and crash avoidance systems (CAS) has 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 platform that enables the easy integration of the Bell ADT with systems offered by various autonomous site control specialists. This gives its customers the ability to operate different brands of equipment in one autonomous operation.

ADT innovation has been carried through to Bell Equipment's new generation low profile ADTs for underground mining, which are fitted with all the group's 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.

2021 saw further ADT innovative developments including the upgraded rear suspended mounted rear axle on the B45E 4x4 ADT. This, together with the Bell 'comfort ride' adaptive front suspension system, improves ride quality and productivity. The B45E 4x4 bin concept derived from the well accepted B60E, has been improved on load over height to facilitate easier loading with various load tools.

Bell Equipment officially launched the Bell tracked carrier, a niche product designed to meet market requirements in the North American market. Offered in 7 ton and 11 ton versions, these machines offer a premium solution for soft, undulated underfoot conditions. The tracked carrier offers features synonymous with the Bell brand including superior ride comfort, product safety features and economical operations. The innovative six roller under carriage with compound walking beams have been designed to equally distribute weight, and keep constant roller contact with the ground increasing ride comfort and increase track life. Bell will continue to explore new markets for this innovative product.

### Processes

The implementation of SalesForce CRM for the Bell owned South African dealership digitised a manual, paper based sales process allowing for greater visibility, analysis and management on a detailed level. Further investment in the deployment of CRM to other Bell owned dealer operations is planned for 2022.

The incorporation of the ALC on the Bell Rise within SAP platform forms the foundation for online parts functionality and allows for streamlining of intercompany processing between the hubs as well as greater visibility into groupwide inventory. The group has invested in the platform and will migrate its existing instances of SAP for the hubs onto this solution during 2022. This will underpin the replacement of its legacy system for the Richards Bay factory in 2023.

Continued development using the Microsoft platform has enabled the digitisation of several manual processes in the group, which has contributed to greater efficiency and visibility of internal processes. This development will continue in 2022.

The Bell customer experience is a key focus area for the group's digital technology team, which has many projects in progress to provide digital tools that will increase the ease of doing business with Bell. Making sure machines are running smoothly from service to service takes a lot of data to be in the right hands at the right time. The digital technology team has been focused on changing the way the group works, implementing digital processes, improving functional processes, and designing and implementing new architecture and tools. All these tools like Bell online parts, business portal, support portal, Fleetm@tic®, and mobile Bell support application, helps its customers as well as its own employees and dealers who need to support its customers. These tools are focused on making it easier to get to the right data needed, streamlining processes digitally to improve efficiency and speed, and making sure data is captured accurately for integration into existing systems and new ones. Bell is excited about this journey of creating and maintaining new and better integrated solutions for its customer through the process of digital transformation.





# Stakeholder relations report *continued*

incorporating sustainability elements



## SUPPLIERS AND ALLIANCE PARTNERS

### 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.

In general, global logistics challenges and commodity prices pushed out lead times, deliveries and increased pricing of imported alliance partner products in 2021.

By far the group's most significant dealer event during the year was the appointment of BESSA as the South African dealer for JCB construction equipment, which came into effect on 1 May 2021. Due to the pandemic and related travel restrictions this partnership was established over Microsoft Teams, which is a first for Bell. It was impressive to be able to manage the transition process in this way.

Importantly, this partnership allows for consolidation and provides a premium line up of machines for construction and mining and increases Bell's offering into agriculture. The range includes backhoe loaders, excavators, wheel and compact loaders, rollers, telehandlers, skid steers and rough terrain forklifts. Due to challenges in the market, Bell has seen an increased acceptance of non premium built units and JCB provides both European and Indian build product to satisfy the different market requirements.

There is huge potential for this partnership in terms of increasing machine sales volumes locally and the JCB product introduction has already started to contribute to its South African business. Considerable investment has been made to ensure sales and aftersales support is in place to drive this business. This includes the rebranding of branches from the entrance to the reception and parts counters and training of staff.

Following the new arrangement reached with John Deere in 2020, Bell migrated to a non exclusive dealer of Bell branded Deere construction products in March 2021 and ceased representing Deere forestry products. At the same time the manufacturing agreement relating to TLBs and wheel loaders was also terminated.

With the subsequent appointment of BESSA as the JCB dealer, Bell stopped distributing Bell branded Deere TLBs and wheel loaders from 1 May 2021 but will continue to distribute Bell branded Deere graders until 1 January 2023. The group will continue to provide aftermarket, technical and product support to its customers with Bell branded Deere products for 10 years thereafter.

After a beneficial 12 year partnership Bell relinquished the Bomag dealership as part of the consolidation process. The single drum rollers and sit on tandem rollers have been the biggest contributors in the compaction environment and these products have now been replaced by the JCB range of compaction equipment.

Due to COVID, interaction between the group's strategic partners has taken place virtually, however, two successful open days were held in Bell Cape Town in September to introduce customers to the new JCB product range and the existing Kobelco range of excavators.

Both the Kobelco and Finlay partnerships remain strong and valuable, and Bell was pleased to host a Finlay delegation in South Africa during the first quarter of 2022.

The group works closely with suppliers, as its business partners, and its alliance partners to ensure a competitive advantage by focusing on customer satisfaction, continuously improving product/s and productivity, servicing markets with agility, reducing total cost and assisting in growth opportunities.

This is largely achieved through the well established Bell quest for gold evaluation programme that aims to develop mutually beneficial and profitable relations with its suppliers and alliance partners, implement quality and cost controls as well as measure and reward outstanding performance. During 2021, 326 suppliers and alliance partners were evaluated as part of quest for gold, which specifically targets suppliers linked with production.

Suppliers and alliance partners are evaluated in six areas: quality, delivery, cost, warranty, flexibility and technical support. South African suppliers are additionally evaluated on their BBBEE scorecard.

COVID-19 has had a substantial impact on the group's supply chain with certain suppliers no longer in business due to the pandemic. Visits to suppliers have been a challenge due to COVID protocols and working remotely, but the group is seeing a greater acceptance of face to face interaction going forward.

# LOCAL COMMUNITIES



### 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. The group's 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 the 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.

### Community relief

Following the unrest and looting Bell contributed R100 000 to the Gift of the Givers Foundation for their campaign to provide disaster relief to KZN and Gauteng communities. A further R100 000 went to the Rebuild Zululand campaign aimed at helping small businesses in the Zululand area rebuild and reopen to save jobs and to rebuild the local economy. Bell also contributed R30 000 to a disaster relief fund started by one of Bell's customers, DSP Group, to bring relief to affected families in the forestry related communities. These contributions assisted in rebuilding small businesses and providing food and other relief to affected employees and the greater surrounding communities affected by the unrest.

### Bursaries

In 2021 bursaries were awarded to:

- a fourth year Bachelor of Education student at UNISA
- a third year student at the Cape Peninsula University of Technology studying towards a National Diploma of Mechanical Engineering and
- a fourth year Bachelor of Science: Mechanical Engineering student at the University of KwaZulu Natal.

To further assist black women with their education in the engineering and allied fields, the Bell Foundation Trust awarded an additional two bursaries. In total two fourth year students and one second year student were sponsored for their mechanical engineering studies at Stellenbosch University.



# Stakeholder relations report *continued*

incorporating sustainability elements



## SED Projects

### Thuthukani Special School

BECSA has had a long term relationship with Thuthukani for many years after identifying it as an organisation that sincerely fulfils a role in the advancement and development of learners with severe to profound intellectual disability aged 6 to 19 years in the community. This is the second year that BESSA has also contributed to this worthy beneficiary.

Previous spend with Thuthukani allowed them to build a play to learn centre, which they named the Gary Bell Play to Learn Centre. After some delays caused primarily by the COVID-19 pandemic, group chairman Gary Bell and HR Director Johan van Wyngaardt joined Department of Education representatives, school management and the school's founder, Jo James, for the official opening of this centre in November 2021. The opening coincided with the school's 40th anniversary and the launch of a new motto, 'changing lives'.

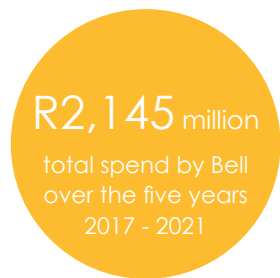
For the past few years Bell has been involved in more long term projects at the school. In 2021, with the learn to play centre being completed, it was agreed to continue sponsoring Thuthukani by focusing on the school's greatest short term need, that of learner support.

Both BECSA and BESSA chose to focus on this area because the continuation of the pandemic has meant that funds are not readily available for learner support. Without sufficient learner support the school is not able to function and support the number of learners that they do. At present they also have a waiting list of over 250 learners who they are unable to accommodate.

The Department of Education provides limited support in terms of teachers but, with the significant growth in learner numbers, the school governing body needed to raise funds for the balance. The funding from BECSA and BESSA was allocated towards these costs, which included governing body employed teachers and class assistants, volunteer stipends and transport assistance for a year. These staff members fulfil a vital role in supporting the teachers and driving all the extracurricular projects at the school. They also receive in service training at the school to improve their knowledge, ability, and skills in working with learners with disabilities.



***"It's unbelievable to see what you have done here and the type of work that you are doing with our children. It's wonderful to be able to take one little step further in helping our children develop. Thank you for the opportunity to play a small role."***  
- Gary Bell





## Amangwe Village

Amangwe is another organisation that BECSA has had a long standing relationship with and that also provides invaluable assistance to the local communities. This has proven to be even more invaluable the longer the COVID pandemic has endured.

BECSA identified the early childhood development (ECD) programme as its sponsor area in 2021. ECD focuses on children between the ages of 3 to 5 years old and includes the following:

- management of their onsite creche for 40 children that provides two balanced meals a day, and school readiness for the 5 year olds
- a toy library for 20 rural creches. The toys are loaned out monthly to empower teachers to stimulate the young children and prepare them for formal education
- the training of rural creche teachers to build the capacity of the rural creches and teachers.

The ECD programme started in 2004 with six children at the creche itself and is now registered with the Department of Social Development to cater for 40 children. Priority is given to children who are orphaned, living with a sick parent, children from child headed households, children from single parent families and children at risk. This means that additional funding through sponsorships is Amangwe's only means of being able to run the facility.

This is the first year that BESSA has become involved with Amangwe and the project identified to sponsor was the HIV/AIDS programme. This was the initial programme started when Amangwe was established in 2012 and Amangwe has subsequently grown such that they now have five main areas of focus which are, HIV/AIDS, ECD, women empowerment, organic food garden and foster care programme.

The primary aim of the HIV/AIDS programme is to provide a holistic approach to the prevention and treatment of HIV/AIDS. Services are carried out at a grassroots level and target all people infected and affected by HIV/AIDS within the boundaries of the King Cetshwayo Municipal District.

The programme is implemented in partnership with other stakeholders in support of infected and affected individuals and their families. This is done through raising awareness of the disease, and giving support and counselling, which is done by qualified staff who have been trained on this programme. The awareness is carried out through giving talks to schools, churches, companies and in community events.

This organisation has recruited 25 home based carers who monitor the identified patients, give them support by visiting them in their homes and provide them with the basic care. Some of the basic care includes: bathing bedridden patients, preparing meals for patients whose families are not available to offer care, treat pressure points, provide nappies and linen savers, link them with the nearest clinic, assist in getting documentation, referring them to SASSA and accompanying them if no family member is available, distributing wheel chairs, supplying non medical kits, providing food parcels and providing school uniforms to child headed households whose parents died from the virus. Services are endless depending on the identified need of each patient.

## Disabled Learnerships

The following spend was made by BESSA and BECSA through Skills123, in 2021:

	BESSA	BECSA
Disabled black learnerships	R707 000	R1,11mil
No of Learners	7	11

## YES

For the 2021 YES Programme, which is the fourth year of Bell Equipment's participation in the initiative, a decision was made to host the candidates inhouse at Bell rather than only be a sponsor and have the candidates hosted by external companies. This gave Bell the opportunity to monitor the candidates inhouse as well as identify potential full time employees, trained with the skills required within Bell, who could be absorbed into the company on completion of the 12 month programme.

The spend and number of candidates taken on for year four of the programme is as follows:

	BESSA	BECSA
YES candidates	R1,59mil	R1,73mil
No. of candidates	30	33

## ESD

BECSA had recognised contributions of R1,234 million from supplier development beneficiaries and R813 000 from enterprise development beneficiaries in 2021 from outstanding loans to the value of R2,961 million. These ESD contributions are on initiatives in the form of grants and developmental loans for the benefit of 51% black owned EMEs and/or QSEs.

BESSA has invested in developmental loans with recognised contributions of R1,38 million in 2021 for the benefit of 51% black owned EMEs and QSEs. The outstanding values on these ESD loans amount to R2,76 million. PJLG Steel Works, the 100% black owned EME that offered BESSA welding and boiler making services received a supplier development grant in the amount of R1,93 million in 2021.

R1,468 million

total spend by Bell  
over the five years  
2017 - 2021

R288 000

BECSA spend  
in 2021

R248 000

BESSA spend  
in 2021



# Stakeholder relations report *continued*

incorporating sustainability elements



## ENVIRONMENTAL

Bell Equipment's approach to the environment and sustainability is underpinned by a sincere desire to effect positive change and minimise the group's ecological footprint. This is achieved through innovation and constant monitoring of international best practices. Five main areas are considered material to the group:

1. environmental compliance
2. energy efficiency
3. water stewardship
4. waste management
5. greenhouse emissions.

### 1. Environmental compliance

Bell Equipment actively strives for high standards of environmental performance in its operations by integrating world class environmental principles into its business strategy. To meet this vision the organisation is committed to:

- implementing and maintaining environmental management systems that drive continual improvement
- reducing its environmental impact across the group with 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 the group operates
- contributing to the long term social, economic and institutional development of its employees and the communities within which its operations are located.

Assurance is achieved by scheduled internal compliance inspections and annual external audits at all of Bell's main operations. The last external audit conducted by a qualified and registered authority confirmed great improvements in terms of compliance. There were also no reportable incidents to the DOE that occurred in 2021.



### 2. Energy Efficiency

In recognising the importance of energy efficiency, the group has initiated various energy saving strategies and is constantly investigating energy saving programmes in South Africa and other countries in which it operates.

#### Richards Bay Factory

During the upgrade of Bell's main administrative building in 2021 all interior office lights were replaced with energy saving LEDs that are activated by passive infrared motion sensors. The advantage is that the sensors only activate the lights when a person enters an office and switches lights off once the person leaves.

In addition, offices were equipped with energy efficient air conditioners that use double inverter technology with a 70% power saving capability and are programmed to switch off automatically after employees have left the building.

A solar power project is being investigated for the factory whereby part of the factory roof and parking bays would be fitted with solar panels. The project would be designed to generate 1345 kWp (kilowatt peak) and have 100% private equity funding, thereby eliminating the need for lengthy due diligence processes with the lender's legal and technical advisors. This would shorten the implementation period from bid award to commercial operation date. Cost of energy is escalated as stipulated below for the duration of the power purchase agreement.

#### Kindel and ELC

The ELC administration building and all the offices of the Kindel factory extension were fitted with energy saving lights that, like those in Richards Bay, are activated by passive infrared motion sensors that contribute to further energy efficiencies.

A gas heating system is used during the winter months when temperatures are low as this is currently the most energy efficient way to heat and is more environmentally friendly than conventional oil/diesel heating. The insulation of the buildings is of the highest available quality, which promotes reduced gas consumption as the warehouse and office building are better able to retain heat.

	Power Purchase Agreement Tariff (Y1)	Reduction in tariff	Total savings
20 Year	1.20	7.69%	R16,7 million
15 Year	1.28	1.54%	R 7,4 million
10 Year	1.45	-11.54%	R 124 000

### 3. Water Stewardship

Bell Equipment continues to be represented on the uMhlathuze crisis committee in Richards Bay, which enables committee stakeholders to be involved in the water and environmental management plan of the local municipality and make recommendations towards water saving initiatives and a cleaner environment. Currently Bell is liaising with the uMhlathuze water stewardship partnership, which integrates major industries around the uMhlathuze region, on better management of water resources, as well as synergies for waste integration and water saving innovations.

A water harvesting programme has been implemented at the Richards Bay facility, whereby harvested rainwater is used in the operational areas to supply the wash bays instead of using municipal water. Harvested rainwater is also used for the flushing of toilets and urinals in the factory ablution facilities.

A new bulk oil storage facility is being constructed at the GLC in Johannesburg, which will comply to the latest environmental requirements pertaining to hydrocarbon storage and ensure minimal risk in terms of hydrocarbon contamination into the storm water system.

### 4. Waste Management

Bell Equipment has completed a programme to classify waste as per the current Waste Act Regulations and all hazardous waste has been correctly classified. The group's service provider also 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 in accordance with regulation requirements.

On site recycling is another critical aspect of Bell Equipment's waste management process, with separation into three categories taking place at source as far as possible. Elsewhere, both hazardous and non hazardous waste streams are monitored by type, volume and disposal method and disposed of at certified waste disposal facilities. This ensures consistency, compliance and comparability. Awareness drives form part of toolbox talks and continuous improvements to processes in the form of audits and ongoing projects. All waste is being monitored for further improvements to recycling while all records are kept at the SHE office for auditing purposes.

The thinners recycling plant, successfully installed and commissioned in Richards Bay in 2019, has significantly reduced the volume of contaminated thinners requiring disposal. Over and above being environmentally friendly by reducing the volume of hazardous liquid waste, a cost reduction has been realised in terms of the amount of new thinners being purchased and the associated disposal costs despite some challenges experienced in 2021, Bell has thus far recovered over 24 000l of thinners from waste thinners, with a recovery rate of around 60% per batch recycled.

Machining coolant is being recycled before disposal is required. This is controlled by a maintenance process to maintain the quality of coolant and prevent unnecessary disposal of coolant. Nonreusable machining coolant is sent to a bulk treatment plant.

### 5. Greenhouse Emissions

Although Bell Equipment currently falls outside the requirements for reporting and paying carbon tax, the group recognises the importance of reducing carbon emissions and annual carbon footprint measurements are conducted on emissions generation through its operations.

Bell Equipment Germany has partnered with a large bicycle leasing company to promote bicycle commuting to reduce emissions and create a healthier and friendlier way for employees to travel. Bell employees in Germany can purchase or lease a new bicycle at a reduced cost and interest rate. There is also a tax saving incentive for these employees similar to normal car allowances. Each employee is entitled to two bicycles or ebikes on this programme.



### DAS DIENSTFAHRRAD

MIT SPASS UND EINEM GUTEN GEFÜHL UNTERWEGS

- 1 APPLY
- 2 SELECT BIKE
- 3 PICK UP
- 4 RIDE

# Stakeholder relations report *continued*

incorporating sustainability elements



MANUFACTURED



INTELLECTUAL



HUMAN

## 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.
- 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.

The President's reiteration of the 'buy local campaign' and outlining plans of how this will be monitored, is positive for the group.

Engagements with the IDC, SEFA and other lenders were ongoing during the year. SANRAL reported that national treasury has been engaged with a view to finding ways of implementing solutions as suggested by industry around the constraints.

BESSA actively participates in the President's khawuleza initiative and district development model, maintaining that service delivery takes place at local government level. Both initiatives are slowly gaining momentum and Bell anticipates even greater traction during 2022.

Bell Equipment was awarded the South African capital equipment export council's (SACEEC) 2021 exporter of the year award for large business (over R1 billion turnover per year), which was shared jointly with Multotec. The award recognises the group's contribution to the national economy, supplier development and job creation. Bell appreciates this recognition after a challenging year where many of the group's South African suppliers had to go the extra mile during lockdown to keep operations going and Bell worked hard to maintain its labour force and adapt its shift patterns as regulations changed.

Bell Equipment participates in the automotive production and development programme (APDP). The APDP is a production incentive scheme administered by the DTIC, aimed at promoting production volumes of specified motor vehicles and promoting added value in the automotive component industry, thus creating employment across the automotive value chain. Bell Equipment qualifies as a component manufacturer in terms of this scheme.

The APDP came to an end in June 2021 and was replaced by a revised programme referred to as APDP Phase 2. APDP Phase 2, commonly referred to as APDP II, aims to support the vision of the South African automotive masterplan of creating a 'globally competitive and transformed automotive industry that actively contributes to the sustainable development of South Africa's productive economy, creating prosperity for industry stakeholders and broader society.'

Bell Equipment applied to participate in this new scheme and was successful in its application. APDP II is similar to the APDP and is also a production incentive aimed at promoting employment and value add in the motor industry but has some additional requirements, mainly in terms of BBBEE.

The programme commenced effective from 1 July 2021 and remains in place until 2035.

Further to this, Bell Equipment also applied to participate in the automotive investment scheme (AIS) which is also a programme administered by the DTIC designed to grow and develop the automotive sector through investment in new and/or replacement models and components that will increase plant production volumes, sustain employment and continue to strengthen the automotive value chain. The scheme requires investment in qualifying capital equipment and successful candidates receive a cash incentive for a portion of the capital outlay, dependent on certain criteria. Bell Equipment was successful in its application to participate in this programme. The first claim will be submitted during 2022.

# 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.
- Approach and implementation of ESG.

## Methods of engagement and value creation

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

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. In line with King IV, engagement with shareholders has improved by providing more and better information, thereby ensuring good governance. The social, ethics and transformation committee of the Bell Equipment Limited board, as detailed in its report incorporated in the IAR, 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, placed onto the website, which are relevant 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 sites across geographies. Interactions are through meetings, face to face engagements, cash flow and financial analysis and project updates.

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





## Summarised consolidated statement of financial position

as at 31 December 2021

	2021 R'000	2020 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>1 792 903</b>	1 845 721
Property, plant and equipment	918 968	935 152
Right-of-use assets	250 966	287 395
Intangible assets	282 236	277 787
Investments	58 717	33 615
Interest-bearing receivables and contract assets	50 421	90 584
Deferred taxation	231 595	221 188
<b>Current assets</b>	<b>5 131 104</b>	4 794 218
Inventory	3 624 452	3 595 163
Trade and other receivables	1 023 122	884 146
Interest-bearing receivables and contract assets	218 328	147 060
Other assets	78 558	33 005
Current taxation assets	30 312	52 093
Cash and bank balances	156 332	82 751
<b>TOTAL ASSETS</b>	<b>6 924 007</b>	6 639 939
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>	<b>3 861 733</b>	3 503 778
Stated capital (note 7)	235 541	235 541
Non-distributable reserves	940 673	891 355
Retained earnings	2 661 457	2 360 316
Attributable to owners of Bell Equipment Limited	3 837 671	3 487 212
Non-controlling interest	24 062	16 566
<b>Non-current liabilities</b>	<b>681 418</b>	759 326
Interest-bearing liabilities	175 838	204 319
Lease liabilities	266 731	282 543
Contract liabilities (note 13)	98 357	125 828
Refund liabilities (note 14)	11 986	54 308
Provisions	45 383	29 646
Other liabilities	10 031	-
Deferred taxation	73 092	62 682
<b>Current liabilities</b>	<b>2 380 856</b>	2 376 835
Trade and other payables	1 215 273	933 054
Interest-bearing liabilities	202 806	547 376
Lease liabilities	42 800	49 673
Contract liabilities (note 13)	243 832	209 562
Refund liabilities (note 14)	51 693	27 400
Provisions	111 113	110 786
Other liabilities	8 076	14 476
Current taxation liabilities	31 929	3 116
Bank overdrafts and borrowings on call	473 334	481 392
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 924 007</b>	6 639 939

# Summarised consolidated statement of profit or loss

for the year ended 31 December 2021

	2021 R'000	2020 R'000
<b>Revenue (note 2)</b>	<b>8 017 125</b>	6 690 277
Cost of sales	<b>(6 473 383)</b>	(5 456 345)
<b>Gross profit</b>	<b>1 543 742</b>	1 233 932
Other operating income	<b>184 960</b>	112 679
Distribution costs	<b>(670 069)</b>	(744 930)
Administration expenses	<b>(106 643)</b>	(89 815)
Factory operating expenses *	<b>(548 268)</b>	(476 248)
<b>Profit from operating activities (note 3)</b>	<b>403 722</b>	35 618
Interest expense (note 4)	<b>(96 388)</b>	(154 168)
Interest income (note 5)	<b>62 276</b>	51 025
<b>Profit (loss) before taxation</b>	<b>369 610</b>	(67 525)
Taxation	<b>(75 344)</b>	10 366
<b>Profit (loss) for the year</b>	<b>294 266</b>	(57 159)
Profit (loss) for the year attributable to:		
- Owners of Bell Equipment Limited	<b>286 770</b>	(64 292)
- Non-controlling interest	<b>7 496</b>	7 133
<b>Earnings (loss) per share (basic)(cents) (note 6)</b>	<b>300</b>	(67)
<b>Earnings (loss) per share (diluted)(cents) (note 6)</b>	<b>260</b>	(65)

\* Included in factory operating expenses are costs in respect of both the factory and group services operations.

# Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2021

	2021 R'000	2020 R'000
<b>Profit (loss) for the year</b>	<b>294 266</b>	(57 159)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising during the year	40 028	163 025
Exchange differences on translating foreign operations	40 028	163 025
<i>Items that may not be reclassified subsequently to profit or loss:</i>	23 850	4 457
Loss arising on revaluation of properties	-	(120)
Fair value gain on investments designated as at fair value through other comprehensive income *	23 850	4 577
<b>Other comprehensive income for the year, net of taxation</b>	<b>63 878</b>	167 482
<b>Total comprehensive income for the year</b>	<b>358 144</b>	110 323
<b>Total comprehensive income attributable to:</b>		
- Owners of Bell Equipment Limited	350 648	103 190
- Non-controlling interest	7 496	7 133

\* There were no corresponding tax implications on fair value gain on investments designated as at fair value through other comprehensive income.

# Summarised consolidated statement of cash flows

for the year ended 31 December 2021

	2021 R'000	2020 R'000
Cash generated from operations before working capital changes	790 120	410 308
Cash (utilised in) generated from working capital	(132 650)	585 929
Cash generated from operations	657 470	996 237
Interest paid	(97 705)	(170 686)
Interest received	60 460	60 772
Taxation paid	(26 361)	(67 691)
<b>Net cash generated from operating activities</b>	<b>593 864</b>	<b>818 632</b>
Purchase of property, plant and equipment and intangible assets	(103 651)	(84 551)
Proceeds on disposal of property, plant and equipment and intangible assets	13 221	7 875
Additions to right-of-use assets	-	(6 152)
<b>Net cash utilised in investing activities</b>	<b>(90 430)</b>	<b>(82 828)</b>
Interest-bearing liabilities raised	322 464	649 562
Interest-bearing liabilities repaid	(690 529)	(1 155 564)
Lease liabilities repaid	(53 541)	(56 525)
Proceeds from share options exercised	-	3 042
Dividends paid	(189)	-
<b>Net cash utilised in financing activities</b>	<b>(421 795)</b>	<b>(559 485)</b>
Net increase in cash for the year	81 639	176 319
Net bank overdrafts and borrowings on call at beginning of the year	(398 641)	(574 960)
<b>Net bank overdrafts and borrowings on call at end of the year</b>	<b>(317 002)</b>	<b>(398 641)</b>
<b>Comprising:</b>		
Cash and bank balances	156 332	82 751
Bank overdrafts and borrowings on call	(473 334)	(481 392)
<b>Net bank overdrafts and borrowings on call at end of the year</b>	<b>(317 002)</b>	<b>(398 641)</b>



## Summarised consolidated statement of changes in equity

for the year ended 31 December 2021

	Attributable to owners of Bell Equipment Limited					
	Stated capital R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000	Total capital and reserves R'000
<b>Balance at 1 January 2020</b>	232 499	727 261	2 417 620	3 377 380	9 433	3 386 813
Total comprehensive income (loss) attributable to owners of Bell Equipment Limited	-	167 482	(64 292)	103 190	-	103 190
Total comprehensive income attributable to non-controlling interest	-	-	-	-	7 133	7 133
Increase in statutory reserves of foreign subsidiaries	-	550	(550)	-	-	-
Decrease in equity-settled employee benefits reserve	-	(7 538)	7 538	-	-	-
BBBEE shareholders' loans	-	3 600	-	3 600	-	3 600
Share options exercised	3 042	-	-	3 042	-	3 042
<b>Balance at 31 December 2020</b>	<b>235 541</b>	<b>891 355</b>	<b>2 360 316</b>	<b>3 487 212</b>	<b>16 566</b>	<b>3 503 778</b>
Total comprehensive income attributable to owners of Bell Equipment Limited	-	63 878	286 770	350 648	-	350 648
Total comprehensive income attributable to non-controlling interest	-	-	-	-	7 496	7 496
Decrease in statutory reserves of foreign subsidiaries	-	(9 979)	9 979	-	-	-
Decrease in equity-settled employee benefits reserve	-	(4 581)	4 581	-	-	-
Dividends paid	-	-	(189)	(189)	-	(189)
<b>Balance at 31 December 2021</b>	<b>235 541</b>	<b>940 673</b>	<b>2 661 457</b>	<b>3 837 671</b>	<b>24 062</b>	<b>3 861 733</b>

# Notes to the summarised consolidated results

for the year ended 31 December 2021

## 1. BASIS OF PREPARATION

The recognition and measurement criteria applied in the preparation of these summarised consolidated financial statements are in terms of International Financial Reporting Standards (IFRS). The same accounting policies and methods of computation are followed in the summarised consolidated financial statements as compared with the most recent annual consolidated financial statements. The presentations and disclosures in these summarised consolidated financial statements are in terms of *IAS 34 Interim Financial Reporting*.

The group has adopted all of the amended accounting standards relevant to its operations and effective for annual reporting periods beginning 1 January 2021. The adoption of these amended standards has not had any significant impact on the amounts reported in the summarised consolidated financial statements or the disclosures herein.

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited's Listings Requirements for summarised reports and the requirements of the Companies Act in South Africa. The summarised consolidated financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS. The Listings Requirements require summarised reports to be prepared in accordance with and containing the information required by *IAS 34 Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The preparation of this summarised report was supervised by the Group Finance Director, KJ van Hagt CA(SA).

The summarised consolidated financial statements are the responsibility of the directors. The directors take full responsibility for the preparation of the summarised consolidated financial statements.

# Notes to the summarised consolidated results continued

for the year ended 31 December 2021

## 2. REVENUE

The group derives its revenue from the sale of equipment and aftermarket products, which includes the sale of parts, service contracts and transport revenue, extended warranty and rental revenue.

This disaggregation is consistent with the external revenue information that is disclosed for each reportable segment (refer to note 9) and the information that is provided to the group's chief operating decision maker on a regular basis.

### Disaggregation of revenue

	Manufacturing, Assembly, Logistics and Dealer Sales Operations		Direct Sales Operations		Total Revenue R'000
	South Africa R'000	Europe R'000	South Africa R'000	Rest of Africa R'000	
<b>December 2021</b>					
<b>Revenue</b>					
Sale of equipment *	1 043 265	2 766 176	1 877 434	142 362	5 829 237
Sale of parts	390 445	253 567	829 787	160 439	1 634 238
Service contracts and transport revenue	56 018	48 500	215 889	30 178	350 585
Extended warranty	69 388	-	-	-	69 388
Rental revenue	-	9 185	120 978	3 514	133 677
<b>Total revenue</b>	<b>1 559 116</b>	<b>3 077 428</b>	<b>3 044 088</b>	<b>336 493</b>	<b>8 017 125</b>
<b>December 2020</b>					
<b>Revenue</b>					
Sale of equipment *	628 943	1 992 531	1 930 571	133 433	4 685 478
Sale of parts	335 756	245 576	715 520	162 230	1 459 082
Service contracts and transport revenue	41 463	73 161	179 977	23 713	318 314
Extended warranty	66 730	1 415	-	-	68 145
Rental revenue	-	8 649	148 835	1 774	159 258
<b>Total revenue</b>	<b>1 072 892</b>	<b>2 321 332</b>	<b>2 974 903</b>	<b>321 150</b>	<b>6 690 277</b>

The transfer of goods and services occurs over time and at a point in time as reflected below.

	2021 R'000	2020 R'000
<b>Timing of revenue recognition</b>		
<b>At a point in time</b>		
Sale of equipment	5 829 237	4 685 478
Sale of parts	1 634 238	1 459 082
Service contracts and transport revenue	350 585	318 314
<b>Total</b>	<b>7 814 060</b>	<b>6 462 874</b>
<b>Over time</b>		
Extended warranty	69 388	68 145
Rental revenue	133 677	159 258
<b>Total</b>	<b>203 065</b>	<b>227 403</b>
<b>Total revenue</b>	<b>8 017 125</b>	<b>6 690 277</b>

\* Sale of equipment in manufacturing, assembly, logistics and dealer sales operations in Europe has been increased by an amount of R35,6 million (2020: decreased by R81,7 million) relating to a reversal of the expected loss on sales transactions concluded with residual value guarantees.

Included in revenue for the year is an amount of R39,6 million (2020: R82,6 million) relating to a bill and hold arrangement for the sale of equipment to a particular customer. Control of the equipment has passed to the customer and management's assessment is that the likelihood of revenue reversals in future periods is remote.

The group had remaining and unsatisfied performance obligations at year end in terms of extended warranty contracts, service contracts, and in terms of certain equipment sales contracts where the consideration was received in advance from customers. These obligations are reflected as contract liabilities in the statement of financial position.

# Notes to the summarised consolidated results continued

for the year ended 31 December 2021

## 3. PROFIT FROM OPERATING ACTIVITIES

	2021 R'000	2020 R'000
Profit from operating activities is arrived at after taking into account:		
<b>Income</b>		
Currency exchange gains (i)	247 473	198 676
The Automotive Production Development Programme - production incentives (ii)	90 884	62 630
Net surplus on disposal of property, plant and equipment and intangible assets	8 160	4 314
<b>Expenditure</b>		
Amortisation of intangible assets	36 364	32 914
Amounts written off as credit impaired	3 850	31 732
Auditors' remuneration - audit and other services	14 436	15 295
Cash-settled employee share awards	10 031	-
Consulting fees	32 133	25 476
Currency exchange losses (i)	258 624	245 379
Increase (decrease) in allowance for expected credit losses on trade and other receivables	11 810	(29 465)
Depreciation of property, plant and equipment	151 396	140 834
Depreciation of right-of-use assets	63 436	69 561
Impairment losses recognised on assets	-	56 194
Increase in contract provision - warranty	14 964	957
Lease expenses (iii)	18 681	17 304
Research expenses (excluding staff costs)	36 466	34 808
Staff costs (including directors' remuneration) (iv)	1 529 528	1 298 249

- (i) Net currency exchange losses arose mainly on foreign currency denominated inventory purchases and trade and other payables as a result of Rand movements against the USD and the Euro in the current year.
- (ii) Income from production incentives increased by 45,1% due to an increase in production volumes in the current period.
- (iii) Included in lease expenses are amounts for short-term leases and leases of low value assets.
- (iv) Staff costs increased by 17,8% mainly due to an increase in the workforce at the manufacturing and assembly facilities, an incentive accrual for certain task level staff members and because the prior year includes group-wide salary reductions of 20% for staff members and 25% for the executive directors for May to July 2020.

## Notes to the summarised consolidated results continued

for the year ended 31 December 2021

### 4. INTEREST EXPENSE

	2021 R'000	2020 R'000
Interest expense incurred on the following:		
Bank overdrafts and loans	23 608	35 096
Lease liabilities	37 034	36 490
Industrial Development Corporation (IDC) of South Africa working capital facility	27 022	58 179
Other *	8 724	24 403
<b>Total interest expense</b>	<b>96 388</b>	154 168

\* Includes interest expenses relating to extended credit terms granted to the group for goods purchased in the normal course of business and interest expenses relating to collateralised borrowings.

### 5. INTEREST INCOME

	2021 R'000	2020 R'000
Interest income earned on the following:		
Service contracts	9 616	5 716
Extended warranty contracts	24 622	18 534
Instalment sale agreements	17 087	14 136
Other *	10 951	12 639
<b>Total interest income</b>	<b>62 276</b>	51 025

\* Includes interest income received from customers on extended credit terms provided and financial institutions.



# Notes to the summarised consolidated results continued

for the year ended 31 December 2021

## 6. EARNINGS (LOSS) PER SHARE, NET ASSET VALUE PER SHARE AND GEARING RATIO

		2021	2020
Basic earnings (loss) per share is arrived at as follows:			
Profit (loss) for the period attributable to owners of Bell Equipment Limited	(R'000)	286 770	(64 292)
Weighted average number of shares in issue	('000)	95 629	95 629
<b>Earnings (loss) per share (basic)(cents)</b>	<b>(cents)</b>	<b>300</b>	<b>(67)</b>
Diluted earnings (loss) per share is arrived at as follows:			
Profit (loss) for the period attributable to owners of Bell Equipment Limited	(R'000)	286 770	(64 292)
Fully converted weighted average number of shares	('000)	110 182	98 604
<b>Earnings (loss) per share (diluted)</b>	<b>(cents)</b>	<b>260</b>	<b>(65)</b>
<p>The group has potential ordinary shares relating to the unexercised options in the group's equity-settled employee share option plan. There was no dilutive impact from these options in the current year as the market price was below the option price. In addition, the group has potential ordinary shares relating to the shareholding of BEE parties in certain group entities. These BEE parties are required to sell their shares to the group at the end of the lock-in period in exchange for cash, shares in the company or in another group entity or in a combination of cash and shares, at the company's discretion. The number of shares has been adjusted for the effect of the dilutive potential shares relating to these options.</p>			
Headline earnings (loss) per share is arrived at as follows:			
Profit (loss) attributable to owners of Bell Equipment Limited	(R'000)	286 770	(64 292)
Net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	(8 160)	(4 314)
Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	2 270	1 207
Impairment loss recognised on intangible assets	(R'000)	-	23 254
Taxation effect of impairment loss on intangible assets	(R'000)	-	(6 511)
Impairment loss recognised on revaluation of buildings	(R'000)	-	31 873
Taxation effect of impairment loss recognised on revaluation of buildings	(R'000)	-	(11 156)
Impairment loss recognised on plant and equipment	(R'000)	-	1 067
Taxation effect of impairment loss recognised on plant and equipment	(R'000)	-	(299)
Headline earnings (loss)	(R'000)	280 880	(29 171)
Weighted average number of shares in issue	('000)	95 629	95 629
<b>Headline earnings (loss) per share (basic)</b>	<b>(cents)</b>	<b>294</b>	<b>(31)</b>
Diluted headline earnings (loss) per share is arrived at as follows:			
Headline earnings (loss) calculated above	(R'000)	280 880	(29 171)
Fully converted weighted average number of shares	('000)	110 182	98 604
<b>Headline earnings (loss) per share (diluted)</b>	<b>(cents)</b>	<b>255</b>	<b>(30)</b>
Headline earnings is calculated in accordance with <i>Circular 1/2021 Headline Earnings</i> issued by the South African Institute of Chartered Accountants.			
Net asset value per share is arrived at as follows:			
Total capital and reserves	(R'000)	3 861 733	3 503 778
Number of shares in issue	('000)	95 629	95 629
<b>Net asset value per share</b>	<b>(cents)</b>	<b>4 038</b>	<b>3 664</b>

## Notes to the summarised consolidated results continued

for the year ended 31 December 2021

### 6. EARNINGS (LOSS) PER SHARE, NET ASSET VALUE PER SHARE AND GEARING RATIO continued

		2021	2020
The gearing ratio at the end of the period was as follows:			
Short-term and long-term borrowings	(R'000)	851 978	1 233 087
Cash and bank balances	(R'000)	(156 332)	(82 751)
Net debt	(R'000)	695 646	1 150 336
Total equity	(R'000)	3 861 733	3 503 778
<b>Net debt to equity ratio</b>	(%)	<b>18,0</b>	32,8

### 7. STATED CAPITAL

		2021 R'000	2020 R'000
<b>Authorised</b>			
100 000 000 (2020: 100 000 000) ordinary shares of no par value			
<b>Issued</b>			
95 629 385 (2020: 95 629 385) ordinary shares of no par value			
		235 541	235 541

### 8. CAPITAL EXPENDITURE COMMITMENTS

		2021 R'000	2020 R'000
Contracted		26 267	8 262
Authorised, but not contracted		115 659	103 835
<b>Total capital expenditure commitments</b>		<b>141 926</b>	112 097

This capital expenditure is to be financed from internal resources.

# Notes to the summarised consolidated results continued

for the year ended 31 December 2021

## 9. SUMMARISED SEGMENTAL ANALYSIS

Information regarding the group's reportable segments is presented below in a manner consistent with information reported to the group's chief operating decision maker for purposes of resource allocation and assessment of segment performance.

The group conducts two main business operations:

### **Manufacturing, assembly, logistics and dealer sales operations**

- OEM operations comprising manufacturing, assembly and sales of equipment and aftermarket products to independent dealers for their distribution to market.

### **Direct Sales operations**

- owned distribution operations for direct sales of own manufactured products, other third party products and the supply of aftermarket support and products to market.

The Manufacturing, assembly, logistics and dealer sales operations comprise operations in South Africa and Europe:

- South Africa includes the group's main OEM and manufacturing operations in Richards Bay and the group's global parts logistics centre in Johannesburg. The main function of these operations is to manufacture and distribute product to the rest of the group and to independent dealers in North America, Africa, South America and Australasia.
- Europe includes dealer support operations in the United Kingdom, France, Russia and Germany as well as an assembly plant and a parts logistics centre in Germany which distribute product to independent dealers in North America, Europe and Asia.

The Direct Sales operations comprise operations in South Africa and Rest of Africa:

- South Africa includes a number of customer service centres in South Africa and a customer service centre in Swaziland.
- Rest of Africa includes customer service centres in Zambia and Zimbabwe.

Other operations include the results of the group's holding companies, intra-group loan investment companies, property investment company and BBBEE companies and trust.

The accounting policies of the reportable segments are the same as the group's accounting policies.

Notes to the summarised consolidated results continued

for the year ended 31 December 2021

9. SUMMARISED SEGMENTAL ANALYSIS continued

Each reportable segment, except for the other operations and inter-segmental eliminations segment, derives its revenue mainly from the sale of equipment and aftermarket products.

	External Revenue R'000	Inter- segment Revenue R'000	Total Revenue R'000	Operating profit (loss) R'000	Assets R'000	Liabilities R'000
<b>December 2021</b>						
<b>Manufacturing, assembly, logistics and dealer sales operations</b>						
South Africa	1 559 116	3 556 860	5 115 976	8 558	4 252 535	3 499 598
Europe	3 077 428	209 936	3 287 364	157 561	2 223 787	1 192 851
<b>Direct Sales operations</b>						
South Africa	3 044 088	18 756	3 062 844	94 036	1 415 932	1 308 765
Rest of Africa	336 493	2 641	339 134	122 546	267 678	132 500
<b>Other operations and inter-segmental eliminations *</b>	-	(3 788 193)	(3 788 193)	21 021	(1 235 925)	(3 071 440)
<b>Total</b>	<b>8 017 125</b>	<b>-</b>	<b>8 017 125</b>	<b>403 722</b>	<b>6 924 007</b>	<b>3 062 274</b>
<b>December 2020</b>						
<b>Manufacturing, assembly, logistics and dealer sales operations</b>						
South Africa	1 072 892	3 169 922	4 242 814	(64 778)	4 159 869	3 357 809
Europe	2 321 332	249 894	2 571 226	(73 982)	1 988 767	1 440 074
<b>Direct Sales operations</b>						
South Africa	2 974 903	19 498	2 994 401	125 664	1 748 995	1 661 754
Rest of Africa	321 150	2 606	323 756	(17 791)	228 416	223 118
<b>Other operations and inter-segmental eliminations *</b>	-	(3 441 920)	(3 441 920)	66 505	(1 486 108)	(3 546 594)
<b>Total</b>	<b>6 690 277</b>	<b>-</b>	<b>6 690 277</b>	<b>35 618</b>	<b>6 639 939</b>	<b>3 136 161</b>

**Information about major customers**

Included in the manufacturing, assembly, logistics and dealer sales operations segment, in South Africa and Europe, are sales to a distributor in the United States of America which represent more than 10% of the group's external revenue. No other single customer contributed 10% or more to the group's revenue in either 2021 or 2020.

\* Inter-segmental eliminations above relate to the following:

- i) Revenue - the elimination of intra-group sales transactions, mainly sales from the manufacturing, assembly, logistics and dealer sales operations to other group operations.
- ii) Operating profit (loss) - the elimination of profit or loss on intra-group transactions, mainly sales transactions from the manufacturing, assembly, logistics and dealer sales operations to the other group operations, where the inventory has not yet been on-sold to a third party at period end.
- iii) Assets and liabilities - the intra-group transactions result in intra-group receivables and payables balances and furthermore intra-group loans are in place between certain group operations. These are eliminated on consolidation.

Notes to the summarised consolidated results *continued*  
for the year ended 31 December 2021

## 10. CONTINGENT ASSETS AND LIABILITIES

	2021 R'000	2020 R'000
<b>10.1 Contingent assets</b>		
<b>Reimbursement right relating to standard warranty in respect of manufactured goods</b>		
Reimbursement right from component suppliers in respect of standard warranties where virtual certainty has not yet been established	28 182	25 280
<b>10.2 Contingent liabilities</b>		
<b>Third party warranties and indemnities</b>		
Warranties and indemnities, which are expected to expire in May 2022, limited to USD3 million have been provided relating to the sale of assets of the DRC operation in 2018.	47 638	44 057

## 11. RELATED PARTY TRANSACTIONS

	2021 R'000	2020 R'000
Information regarding significant transactions with related parties is presented below. Transactions are carried out on an arms length basis.		
<b>Shareholders</b>		
John Deere Construction and Forestry Company *		
- purchases	195 519	334 575

\* John Deere Construction and Forestry Company ceased being a related party at the end of September 2021 when their interest was purchased by I A Bell and Company (Pty) Ltd, which is the parent company of the group. The current period above reflects transactions up to the end of September 2021.



# Notes to the summarised consolidated results continued

for the year ended 31 December 2021

## 12. FINANCIAL INSTRUMENTS

Categories of financial instruments included in the summarised consolidated statement of financial position:

### Financial assets

- financial assets at fair value through profit or loss;
- financial assets at amortised cost; and
- financial assets at fair value through other comprehensive income.

Classification is determined by both the group's business model as well as the contractual cash flow characteristics of the asset.

Financial assets carried on the statement of financial position include cash and bank balances, investments, interest-bearing receivables, trade and other receivables and other assets (forward foreign exchange contracts).

### Financial liabilities

- financial liabilities at fair value through profit or loss; and
- financial liabilities at amortised cost.

Financial liabilities as disclosed in the statement of financial position include interest-bearing liabilities, trade and other payables, bank overdrafts and borrowings on call and other liabilities (forward foreign exchange contracts).

### Fair value of financial instruments

#### Financial assets at amortised cost

Financial assets comprising interest-bearing receivables, trade and other receivables and cash and bank balances are measured at amortised cost. The directors consider that the carrying amount of trade and other receivables and cash and bank balances approximates their fair value due to the short-term nature of these instruments. The directors consider that the carrying amount of interest-bearing receivables approximates their fair value owing to the market related interest rates charged on these agreements.

#### Financial liabilities at amortised cost

Financial liabilities comprising interest-bearing liabilities, trade and other payables, and bank overdrafts and borrowings on call are measured at amortised cost. The directors consider that the carrying amount of trade and other payables and bank overdrafts and borrowings on call approximates their fair value due to the short-term nature of these instruments. The directors consider that the carrying amount of interest-bearing liabilities approximates their fair value owing to the market related interest rates on these instruments.

#### Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities carried at fair value through profit or loss include forward foreign exchange contracts presented in the statement of financial position as other assets or liabilities. The group measures forward foreign exchange contracts at fair value on a recurring basis based on the market approach, using inputs other than quoted prices (Level 2). The fair value of these contracts is based on observable forward exchange rates at period end from an independent provider of financial market data.

The details of forward foreign exchange contracts held at 31 December 2021 are listed below.

	Foreign amount 000	Rate R	Market value in Rands R'000	Fair value gain (loss) R'000
<b>December 2021</b>				
<b>Import contracts</b>				
British Pound	5 911	21,04	127 845	3 468
Euro	15 908	17,98	289 083	3 126
Japanese Yen	111 113	7,14	15 499	(67)
United States Dollar	9 095	15,94	145 591	567
<b>Export contracts</b>				
British Pound	24	21,42	519	(5)
Euro	4 369	18,36	79 024	1 208
United States Dollar	23 783	15,85	381 095	(4 059)
<b>December 2020</b>				
<b>Import contracts</b>				
British Pound	497	20,42	10 012	(147)
Euro	6 735	18,27	122 021	(1 009)
Japanese Yen	414 505	6,52	59 391	(4 160)
United States Dollar	5 208	15,90	76 742	(6 089)
<b>Export contracts</b>				
Euro	4 482	18,97	81 182	3 842
United States Dollar	3 044	15,53	44 840	2 427

# Notes to the summarised consolidated results continued

for the year ended 31 December 2021

## 12. FINANCIAL INSTRUMENTS continued

### **Investments at fair value through other comprehensive income**

Investments carried at fair value through other comprehensive income include listed and unlisted equity instruments. These investments are measured at fair value on a recurring basis. The fair value of listed investments is based on quoted market prices (Level 1).

For its unlisted investment (Level 3), the group used the market approach to estimate the fair value of its investment as the group does not have access to future forecast information with regards to the investment entity. The unlisted entity operates within the dealer and distribution network of the heavy equipment industry.

In estimating the fair value, the group used an average price to book ratio of 2,25 (December 2020: 2,23) applied to the estimated net asset value of the entity as at 31 December 2021. The price to book ratio of 2,25 (December 2020: 2,23) represents an average of observable price to book ratios of a number of entities within the heavy equipment industry. The price to book ratios were obtained from a reputable market database. For a 10% increase in the price to book ratio, there would have been a 10% increase in the fair value of the investment. The fair value gain of R14,6 million (December 2020: R4,0 million) was accounted for in other comprehensive income.

A reconciliation of this investment is presented below:

	2021 R'000	2020 R'000
<b>Opening balance</b>	<b>29 754</b>	22 598
Translation difference	298	3 158
Fair value gains recognised in other comprehensive income	14 584	3 998
<b>Closing balance</b>	<b>44 636</b>	29 754

### **Valuation techniques and fair value hierarchy**

There was no change in the valuation techniques used for forward foreign exchange contracts (Level 2) and listed (Level 1) and unlisted investments (Level 3).

For all fair value measurements disclosed above, there were no transfers between levels of the fair value hierarchy during the year.

## Notes to the summarised consolidated results continued

for the year ended 31 December 2021

### 13. CONTRACT LIABILITIES

	2021 R'000	2020 R'000
Contract liabilities consist of the following:		
Advance receipts from customers	68 847	52 041
Deferred warranty income	149 435	141 539
Deferred service contract income	62 086	81 701
Deferred finance income liability	61 821	60 109
	<b>342 189</b>	335 390
Less: current portion	<b>(243 832)</b>	(209 562)
Long-term portion	<b>98 357</b>	125 828

### 14. REFUND LIABILITIES

	2021 R'000	2020 R'000
Refund liabilities relate to the following:		
Residual value risk - De Lage Landen International (i)	23 715	72 411
Right-to-return parts	22 493	9 297
Financing venture with WesBank (note 15)	17 471	-
	<b>63 679</b>	81 708
Less: current portion	<b>(51 693)</b>	(27 400)
Long-term portion	<b>11 986</b>	54 308

- (i) The group has guaranteed the residual values on machines on lease agreements offered by the financial institution to the group's customers in certain countries.

# Notes to the summarised consolidated results continued

for the year ended 31 December 2021

## 15. FINANCING VENTURE WITH WESBANK

The group has assisted customers with the financing of equipment purchased through a financing venture with WesBank, a division of FirstRand Bank Limited. In respect of the different categories of financing provided by WesBank, the group carries certain credit risks.

### **Specific transactions where the group carries all the credit risk (Bell-backed deals)**

These transactions are credit applications that have initially been declined by WesBank but based on the group's backing are financed through the financing venture. Where the group carries all the credit risk, the group is liable for the full balance due to WesBank by default customers. The net credit risk is reflected below. The group is required to invest an amount with WesBank equal to 25% of the value of the financing provided by WesBank to customers as collateral in respect of these transactions. This investment, which earns interest at the cost of capital of the financing venture, is reflected as contract assets.

The cash investment is adjusted for anticipated credit losses and these are recognised in the statement of profit or loss as an adjustment to revenue.

Based on the insignificant historical loss rate on Bell-backed transactions, market conditions, market prices which are expected to be realised for the equipment held as security, management concluded that the risk of expected credit losses on a portfolio basis was reduced to an insignificant amount.

	2021 R'000	2020 R'000
The carrying amount of the 25% cash collateral in respect of these Bell-backed deals at year-end was	25 187	39 367
The group's credit risk exposure to WesBank has been disclosed below:		
At year-end the group's credit risk exposure to WesBank under Bell-backed deals, for which the group carries all the credit risk, totalled	112 739	165 612
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	161 521	262 802
	<b>(48 782)</b>	(97 190)
Less: allowance for expected credit losses against cash collateral	<b>(5 824)</b>	(4 319)
Less: refund liability recognised (note 14)	<b>(17 471)</b>	-
Net credit risk relating to WesBank Bell-backed transactions	-	-

Notes to the summarised consolidated results *continued*

for the year ended 31 December 2021

**16. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021****IAS 36 Impairment of Assets**

In terms of IAS 36 *Impairment of Assets* the group is required to perform tests for impairment of assets based on the expected future cash flows pertaining to these assets whenever there is an indication that these assets may be impaired.

At 31 December 2021 the market capitalisation and net asset value of the group were R1,2 billion (2020: R0,6 billion) and R3,9 billion (2020: R3,5 billion) respectively. This is an indicator of possible impairment in terms of IAS 36.

Management has identified two types of CGU's and has adopted the following approach in order to assess the relevant CGU for impairment:

- OEM CGU: The Richards Bay manufacturing component (BECSA), the Germany manufacturing and assembly component (Kindel), the Germany logistics centre component (Alsfeld), BEGS including the GLC component and Bell Equipment North America Inc. component (BENA), constitute this main CGU. Management has calculated a fair value for this CGU using a discounted cash flow model which is compared to the relevant net assets within the CGU in order to determine whether there is any need for impairment of OEM assets. A discounted cash flow valuation was performed for each of the components and the sum of the fair values of the components was compared with the carrying amount of the assets recorded in the financial statements for the OEM CGU.
- Dealer CGU's: There are a number of CGU's relating to the owned direct sales operations, such as BESSA. Management performed a qualitative risk assessment of the profitability and any potential exposure of assets within the relevant CGU to impairment under IAS 36. No impairment losses were identified from this review.

Further consideration was given to the possible impairment of specific asset categories on the statement of financial position.

**16.1 Impairment considerations of the OEM CGU**

The following was considered in the valuation based on discounted cash flow methodology of the OEM CGU:

- Discounted cash flow valuation principles were applied in assessing the expected future cash flows pertaining to each of the operations comprising the OEM CGU. A fair value less costs to sell measurement was performed.
- The key assumptions used in the valuations related to financial forecasts, cash flow projections, terminal growth rates and discount rates as listed below. The financial forecasts and cash flow projections were approved by the board of directors. Specialists were engaged to determine appropriate discount rates and terminal growth rates, to review the appropriateness of the valuation methodology applied and the accuracy of implementation thereof by management.

No impairment losses relating to the operations comprising the OEM CGU were identified from this review.

**16.2 Impairment considerations of specific asset categories**

Further consideration was given to the impairment of specific asset categories on the statement of financial position as set out below:

- **Inventory**  
The group conducted a detailed assessment of the valuation of inventory at 31 December 2021. In the current year additional steps and considerations were taken by management relating to the impact on net realisable value of certain inventory as a result of discontinued dealership arrangements. At 31 December 2021, an amount of R326,9 million (2020: R378,0 million) included in inventory was carried at net realisable value. Included in cost of sales in the current year is an amount of R42,5 million (2020: R111,0 million) in respect of write-downs of inventory.
- **Trade and interest-bearing receivables**  
The balances owed by customers to the group are reviewed on an ongoing basis, with specific emphasis on protecting the value of the group's security, comprising mainly the financed equipment. There has been no change to this approach during the current year. At 31 December 2021, the total allowances for expected credit losses on trade and interest-bearing receivables totalled R48,0 million (2020: R35,0 million). This is considered to be adequate.
- **Property, plant and equipment**  
Sales and production volumes have returned to normal trading levels after the lower sales levels experienced at the start of the Covid-19 pandemic and the group's longer-term plans and forecasts remain largely unchanged. The group plans to use its assets to support revenue generating activities and no significant negative impact on the planned productivity of significant assets is envisaged. No impairment of property, plant and equipment assets was therefore considered necessary in the current year.
- **Intangible assets**  
A review was conducted of capitalised engineering development costs and no impairment loss was recognised in the current year as a result of the tests for impairment of these intangible assets.

**16.3 Directors' assessment of going concern**

As part of the assessment of the appropriateness of adopting the going concern basis in preparing the consolidated annual financial statements for the year ended 31 December 2021, the directors considered the group's cash flow forecasts for the next twelve months. These forecasts are based on expected demand for the next twelve months. The cash flow forecast reflects that the group expects to operate within facility levels and generate sufficient cash flows to settle its obligations when due.

The group's net debt at 31 December 2021 has improved since 2020 to approximately R0,7 billion (2020: R1,2 billion). The group's lenders continue to support the business.

The directors consider it appropriate that the year-end financial statements are prepared on a going concern basis.



# Notes to the summarised consolidated results continued

for the year ended 31 December 2021

## 17. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

The information in respect of directors' and prescribed officers' remuneration is included in the Remuneration Committee Report on page 60.

The details of the number of unexercised share options and phantom share awards held by directors and prescribed officers at the end of the year is included in the Remuneration Committee Report on pages 61 to 63.

## 18. POST FINANCIAL POSITION EVENTS

### 18.1 Russia-Ukraine conflict

On 24 February 2022, Russia invaded neighbouring country Ukraine and this has brought about severe sanctions and other international governmental measures imposed on Russia. Supply into Russia from all Bell group operations has ceased. All export control regulations and economic sanctions that apply will continue to be complied with and legal advice will continue to be sought from the group's external legal advisors on this. Bell will continue to monitor the situation in the Ukraine, which is fluid, the responses of international markets and governments and the impact on the group's suppliers and supply chain. The equipment intended for sale by the group in Russia for the remainder of 2022 has been reallocated to other markets. In 2021, sales in Russia comprised approximately 3% of total group sales.

### 18.2 Change in South African corporate tax rate

On 23 February 2022 the Finance Minister announced a reduction in the South African corporate tax rate on companies from 28% to 27% effective for years of assessment commencing on or after 1 April 2022. Management has calculated an impact on the group's deferred taxation balances at 31 December 2021 of approximately R5,0 million and concluded that it is not significant.

No other fact or circumstance material to the appreciation of these summarised consolidated financial statements has occurred between 31 December 2021 and the date of this report.

# Shareholder analysis

Register date: 31 December 2021

Issued share capital: 95 629 385

	Number of shareholdings	%	Number of shares	%
<b>SHAREHOLDER SPREAD</b>				
1 - 1,000 shares	3 844	84,26	335 869	0,35
1,001 - 10,000 shares	532	11,66	2 038 081	2,13
10,001 - 100,000 shares	147	3,22	4 275 323	4,47
100,001 - 1,000,000 shares	30	0,66	9 732 330	10,18
1,000,001 shares and over	9	0,20	79 247 782	82,87
<b>Totals</b>	<b>4 562</b>	<b>100,00</b>	<b>95 629 385</b>	<b>100,00</b>
<b>DISTRIBUTION OF SHAREHOLDERS</b>				
Banks/Brokers	25	0,55	5 207 122	5,45
Close Corporations	17	0,37	3 175 334	3,32
Endowment Funds	4	0,09	22 638	0,02
Individuals	4 326	94,83	5 222 539	5,46
Insurance Companies	6	0,13	1 819 867	1,90
Investment Companies	2	0,04	105 737	0,11
Medical Schemes	1	0,02	70 000	0,07
Mutual Funds	27	0,59	10 681 027	11,17
Other Corporations	8	0,18	28 680	0,03
Bell Equipment Share Scheme	1	0,02	32 233	0,03
Private Companies	48	1,05	67 415 937	70,50
Public Companies	1	0,03	1	0,01
Retirement Funds	26	0,57	1 347 072	1,41
Trusts	70	1,53	501 198	0,52
<b>Totals</b>	<b>4 562</b>	<b>100,00</b>	<b>95 629 385</b>	<b>100,00</b>
<b>PUBLIC/NON-PUBLIC SHAREHOLDERS</b>				
<b>Non - Public Shareholders</b>				
Directors & Associates of the Company	12	0,26	373 898	0,39
Bell Equipment Share Scheme	1	0,02	32 233	0,03
Strategic Holders of more than 10%	1	0,06	67 040 093	70,10
<b>Public Shareholders</b>	<b>4 548</b>	<b>99,66</b>	<b>28 183 161</b>	<b>29,48</b>
<b>Totals</b>	<b>4 562</b>	<b>100,00</b>	<b>95 629 385</b>	<b>100,00</b>
<b>RESIDENT/NON-RESIDENT</b>				
Resident	4 507	98,79	91 356 800	95,53
Non-resident	55	1,21	4 272 585	4,47
<b>Totals</b>	<b>4 562</b>	<b>100,00</b>	<b>95 629 385</b>	<b>100,00</b>
<b>TOP 10 BENEFICIAL SHAREHOLDERS</b>				
I A Bell And Company (Pty) Ltd			67 040 093	70,10
Ninety One			3 741 324	3,91
Allan Gray			3 070 608	3,21
Clark, IAJ			3 046 220	3,19
Sanlam			2 925 828	3,06
Pershing			1 950 503	2,04
AG Capital			1 379 496	1,44
Clearstream Banking SA Luxembourg			907 220	0,95
Perspective Investment Management			763 222	0,80
Alexander Forbes Investments			711 785	0,74
<b>Totals</b>			<b>85 536 299</b>	<b>89,44</b>
<b>TOP 10 INSTITUTIONAL SHAREHOLDERS</b>				
Allan Gray Asset Management			5 022 790	5,25
Ninety One			4 076 319	4,26
Sanlam Investment Management			2 925 828	3,06
Pershing Llc			1 950 503	2,04
AG Capital			1 379 496	1,44
Clearstream Banking SA Luxembourg			907 220	0,95
Perspective Investment Management			763 222	0,80
Citibank (Custodian)			423 050	0,44
Blue Quadrant Capital Management			280 000	0,29
SBG Securities			266 534	0,28
<b>Totals</b>			<b>17 994 962</b>	<b>18,81</b>

		Indirect	Number of shares	%
<b>Directors &amp; Associates of the Company</b>				
<b>Bell, GW</b>	Chairman	<b>109 660</b>	<b>253 600</b>	<b>0,27</b>
Bell, GW			253 600	0,27
Bell, QI		29 500		
Bell, MO		29 259		
Bell, RL		23 400		
Bell, JM		2 200		
Bell, L		25 000		
Bell, MJ		301		
<b>Goosen, L</b>	CEO		<b>4 040</b>	<b>0,00</b>
Goosen, L			4 040	0,00
<b>Bell, AJ</b>	Non-executive director		<b>2 598</b>	<b>0,00</b>
Bell, AJ			2 598	0,00
<b>Mayer, A</b>	Subsidiary director		<b>2 000</b>	<b>0,00</b>
Mayer, A			2 000	0,00
<b>Harie, B</b>	Shareholder in subsidiary		<b>1 000</b>	<b>0,00</b>
Harie, B			1 000	0,00
<b>Mabaso-Koyana,SN</b>	Shareholder in subsidiary		<b>1 000</b>	<b>0,00</b>
Mabaso-Koyana, SN			1 000	0,00
<b>Totals</b>		<b>109 660</b>	<b>264 238</b>	<b>0,27</b>
<b>BELL EQUIPMENT SHARE SCHEME</b>				
Bell Equipment			32 233	0,03
<b>Totals</b>			<b>32 233</b>	<b>0,03</b>
<b>STRATEGIC HOLDERS OF MORE THAN 10%</b>				
I A Bell And Company (Pty) Ltd			67 040 093	70,10
<b>Totals</b>			<b>67 040 093</b>	<b>70,10</b>
		<b>Number of shareholdings</b>	<b>Number of shares</b>	<b>%</b>
<b>RESIDENT/NON-RESIDENT SPLIT</b>				
South Africa		4 507	91 356 800	95,54
United States		7	2 393 853	2,51
Luxembourg		1	907 220	0,95
Namibia		15	176 197	0,18
Germany		3	164 100	0,17
France		2	162 000	0,17
Swaziland		5	114 681	0,12
Switzerland		2	199 851	0,21
United Kingdom		6	125 910	0,13
New Zealand		5	13 600	0,01
Canada		1	6 077	0,01
Australia		1	4 200	0,00
Mauritius		1	3 000	0,00
Zambia		1	1 500	0,00
Botswana		1	270	0,00
UAE		4	126	0,00
<b>Totals</b>		<b>4 562</b>	<b>95 629 385</b>	<b>100,00</b>

## Shareholder diary

Financial year-end	31 December
Integrated annual report	April 2022
Annual general meeting	31 May 2022
Interim results announcement	September 2022

## 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
BEE Manco	K2019577563 (South Africa) (RF) Proprietary Limited
BECSA	Bell Equipment Company SA Proprietary Limited
BECSA Holdings	BECSA Holdings Limited
BEE0	Bell Equipment European Operations comprising the Bell operations in Germany, UK, France and Russia
BEF	Bell Equipment Foundation
BEGS	Bell Equipment Group Services Proprietary Limited
BENA	Bell Equipment North America Inc.
BESSA	Bell Equipment Sales South Africa Limited
BESSA BEE SPV	K2017044733 (South Africa) (RF) Proprietary Limited
BHL	Bell Equipment SA Holdings Limited
CEO	Chief Executive
CFO	Chief Financial Officer
CGU	Cash generating unit
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
EYE customer service	External customer monitoring service
FD	Financial Director
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
IFRIC	International Financial Reporting Interpretations Committee
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
PPP	Paycheck Protection Program
QSE	Qualifying Small Enterprise
ROE	Return on Equity
ROIC	Return on Invested Capital
SAICA	South African Institute of Chartered Accountants
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
SIBI	Sibi Capital Proprietary Limited
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.



# Notice of annual general meeting

## BELL EQUIPMENT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1968/013656/06)

ISIN Code: ZAE000028304

Share code: BEL

("Bell Equipment" or "the company")

Notice is hereby given to shareholders that the 54th annual general meeting (the "AGM") of shareholders of Bell Equipment Limited will be accessible only through electronic communication, as permitted by the listings requirements of the JSE (the "JSE Listings Requirements") and the provisions of the Companies Act 2008 (Act No 71 of 2008) (the "Companies Act") and the company's Memorandum of Incorporation ("MOI"). Bell Equipment is permitted in terms of the Companies Act to hold a shareholders' meeting (which would include an annual general meeting) entirely by electronic communication if its MOI does not prevent this (which the MOI does not). Full details concerning how the meeting will be held through electronic communication can be found at the bottom of this notice.

The AGM will be held on Tuesday, 31 May 2022 at 11:00 to: (i) deal with such business as may lawfully be dealt with at the AGM; and (ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, as read with the JSE Listings Requirements. For the avoidance of doubt the passing of any of the resolutions below is not intended to supersede similar resolutions passed previously by the shareholders, unless that is either clearly provided in the resolution or is a necessary implication of the passing of the resolution contemplated in this notice.

All terms defined in the glossary to be found on pages 106 to 107 bear the same meaning in this notice.

The company does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failures on the part of the CSDP or broker to notify any shareholder holding shares in dematerialised form of the AGM convened in terms of this notice.

## RECORD DATES

In terms of section 59(1)(a) and (b) of the Companies Act and the JSE Listings Requirements, the board of directors of the company (the "board") has set the record dates for:

- determining which shareholders are entitled to receive notice of the AGM (being the date on which a shareholder must be registered in the company's securities register in order to receive notice of the AGM), as Friday, 22 April 2022;
- the last day to trade in order to be eligible to attend, participate and vote at the AGM, as Tuesday, 17 May 2022;
- determining which shareholders are entitled to attend, participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register), as Friday, 20 May 2022.

As the AGM will cater for electronic participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, the chairman has already determined that all voting will be by way of poll through the facility provided by the electronic online facilities.

## CONSIDERATION OF THE FINANCIAL STATEMENTS AND REPORTS

The audited annual financial statements of the company for the financial year ended 31 December 2021, including the directors' report, the independent auditor's report and the audit committee's report, will be distributed as required and can be obtained, free of charge, by requesting a copy from the company secretary by way of email at [diana.mcilrath@bellequipment.com](mailto:diana.mcilrath@bellequipment.com) or by way of post for attention: The Company Secretary, 13-19 Carbonade Cell Road, Alton, Richards Bay, 3900, and will be available on the company's website at [www.bellir.co.za](http://www.bellir.co.za). Participants are reminded to obtain their own copies on [www.bellir.co.za](http://www.bellir.co.za) so as to be able to follow any discussion.

The social, ethics and transformation committee's report, remuneration committee report and the summarised consolidated financial statements for the year ended 31 December 2021 are included in the integrated annual report on pages 48, 51 and 80 respectively.

## ORDINARY BUSINESS

To consider and, if deemed fit, to pass, with or without modification, all of the ordinary resolutions relating to the business set out below.

The minimum percentage of voting rights required for each of the ordinary resolutions set out below to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the AGM.

### 1. ORDINARY RESOLUTIONS 1.1 and 1.2: ELECTION OF DIRECTORS

- 1.1 Resolved that Ms U Maharaj is elected as a non executive director, appointed by the board since the last AGM and being obligated to retire at this AGM but being eligible and available for election, and having offered herself for election as an independent non-executive director.

Brief particulars of the qualifications and experience of the abovementioned director are reflected below:

Usha holds a BAcc Honours degree from the University of Kwa-Zulu Natal and is a chartered accountant by profession

and was a director at KPMG heading up the Owner Managed Business Unit before assuming the role of HR director for KZN, overseeing the finance and operations functions for the region while servicing a SME client base. She was involved in various leadership development programs for KPMG in South Africa and oversaw graduate recruitment for KZN including developing and implementing programs for coaching, mentoring, career development and corporate social responsibility.

Since 2016 she has been an executive and non-executive director of certain unlisted companies and since 2017, a non executive director, audit committee member and social and ethics committee member of Trade & Investment KwaZulu-Natal with a keen interest in cybersecurity and Fourth Industrial Revolution.

- 1.2 Resolved that Mr M Geyer is elected as a non executive director, appointed by the board since the last AGM and being obligated to retire at this AGM but being eligible and available for election, and having offered himself for election as an independent non-executive director.

Brief particulars of the qualifications and experience of the abovementioned director are reflected below:

Markus holds a Business Administration and Economics Degree from Augsburg University, completed a Business Studies course from University College, Swansea, attended a MAN Executive Management Course at Oxford University and a senior executive program (CSEP) at Columbia University Graduate School of Business.

After several senior executive positions held at Bosch-Siemens Hausgerate GmbH and Photon AG, he joined MAN Truck & Bus SE in 2004 holding various senior executive positions in a number of the business units both nationally and internationally, whereafter he was appointed Managing Director of MAN Automotive(South Africa)(Pty) Ltd in 2016. After leaving MAN in 2020 he accepted a position as director of finance and operations at AHI Carrier Fze in Sharjah, UAE, until the end of 2021. He has extensive experience in both finance and sales with a specific focus on the automotive manufacturing industry.

The nominations committee, having reviewed the composition of the board taking into account the nature of the work of the board, the strategy of the company, the skills requirements of the board, diversity considerations, the balance between executive and non-executive directors, statutory requirements in respect of board committee work, and the King IV Report on Corporate Governance for South Africa, 2016 ("King IV") recommendations on director independence and tenure, recommended the election of the directors listed above to the board.

The board, having received a positive recommendation as to each of the directors from the nominations committee recommends to the shareholders that they should vote in favour of the election of each of the directors referred to in ordinary resolution number 1.

## 2. ORDINARY RESOLUTIONS 2.1 and 2.2: RE-ELECTION OF DIRECTORS RETIRING BY ROTATION

- 2.1 Resolved that D Lawrance, be and is hereby re-elected as a non executive director of the company; and  
2.2 Resolved that H van der Merwe be and is hereby re-elected as a non executive director of the company.

### Reason and Effect

In accordance with clause 5.1.10 of the MOI, one-third of the non executive directors are required to retire from office at each AGM and may offer themselves for re-election. Messrs D Lawrance and H van der Merwe retire by rotation at the AGM in accordance with clause 5.1.10 of the MOI and have offered themselves for re-election.

Brief particulars of the qualifications and experience of the abovementioned directors are available on page 28 of the integrated annual report of which this notice forms part.

The board, having received a positive recommendation as to each of the directors from the nominations committee, are satisfied with the performance of each of the directors standing for re-election and that they will continue to make an effective and valuable contribution to the company and the board.

The board accordingly recommend to shareholders that they should vote in favour of the re-election of each of the directors referred to in ordinary resolution number 2.

## 3. ORDINARY RESOLUTIONS 3.1 to 3.4: ELECTION OF THE MEMBERS OF THE AUDIT COMMITTEE

- 3.1 Resolved that subject to his re election as a director, Mr D Lawrance an independent non-executive director of the company is elected as a member of the audit committee until the conclusion of the AGM to be held in 2023;  
3.2 Resolved that Mr R Naidu an independent non-executive director of the company is elected as a member of the audit committee until the conclusion of the AGM to be held in 2023;  
3.3 Resolved that Ms M Ramathe an independent non-executive director of the company is elected as a member of the audit committee until the conclusion of the AGM to be held in 2023;  
3.4 Resolved that subject to her election as a director, Ms U Maharaj an independent non-executive director of the company is elected as a member of the audit committee until the conclusion of the AGM to be held in 2023.

## Notice of annual general meeting *continued*

### Reason and Effect

In terms of Section 94(2) of the Companies Act, each audit committee member must be elected by shareholders each year at the AGM. King IV and the JSE Listings Requirements likewise require shareholders of a public company to elect each member of the audit committee at an annual general meeting.

In terms of Regulation 42 of the Companies Regulations 2011, promulgated pursuant to the Companies Act, at least one-third of the members of the company's audit committee at any particular time must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The board is satisfied that each of the proposed members is duly qualified and with sufficient experience, as is evident from the brief biographies of each member, as contained in this notice and on pages 28 and 29 of the integrated annual report of which this notice forms part and that if all the above individuals are elected, the audit committee will comply with all relevant requirements and be able to perform its duties in terms of the Companies Act and the JSE Listings Requirements.

#### 4. ORDINARY RESOLUTION 4: APPOINTMENT OF AUDITORS

Resolved that Deloitte & Touche, upon the recommendation of the audit committee, are appointed as the independent registered auditors of the company until the conclusion of the next AGM, and that Mr Andrew Kilpatrick be noted as the individual JSE accredited designated auditor until the conclusion of the next AGM.

### Reason and Effect

Section 90(1) of the Companies Act and the JSE Listings Requirements stipulate that the company must, each year at its annual general meeting, appoint an auditor meeting the requirements of Section 90(2) of the Companies Act.

Deloitte & Touche have expressed their willingness to continue in office and this resolution proposes the appointment of Deloitte & Touche as the company's auditor until the next AGM.

The audit committee has satisfied itself that the proposed auditor, Deloitte & Touche, is independent of the company in accordance with Section 90 and 94 of the Companies Act. The audit committee has recommended the appointment of Deloitte & Touche as the independent registered auditor of the company until the next AGM. The audit committee has confirmed that Deloitte & Touche and Mr Andrew Kilpatrick are suitable for appointment as the independent registered auditors and the designated auditor respectively.

#### 5. ORDINARY RESOLUTION 5: PLACEMENT OF CERTAIN OF THE AUTHORISED BUT UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS

Resolved that the directors be authorised to allot and issue, or grant options over, a maximum number of 4 781 469 (four million seven hundred and eighty one thousand four hundred and sixty nine) ordinary shares (over and above any ordinary shares already approved to be allotted and issued by the company in terms of any share plan or incentive scheme for the benefit of employees), representing 5 percent of the number of ordinary shares in issue as at the date of this notice upon such terms and conditions and at such times as they may determine and deem fit in their discretion, subject to the provisions of the Companies Act, the JSE Listings Requirements and the MOI, provided that this authority shall not extend beyond the AGM to be held in 2023 or 15 (fifteen) months from the date of passing of this resolution, whichever date is earlier.

### Reason and Effect

The reason for and effect of this ordinary resolution number 5 is to obtain the necessary approval from shareholders to allow the company to allot and issue, or grant options over, a limited number of shares in the authorised but unissued capital, namely a maximum of 4 781 469 (four million seven hundred and eighty one thousand four hundred and sixty nine) ordinary shares. This number has been determined as 5 percent of the number of ordinary shares in issue as at the date of the notice of the AGM (for which purposes any ordinary shares already approved to be allotted and issued by the company in terms of any share plan or incentive scheme for the benefit of employees shall be excluded), subject to the provisions of the Companies Act, the JSE Listings Requirements and the MOI. The authority, if obtained from the shareholders, will not extend beyond the AGM to be held in 2023 or 15 (fifteen) months from the date of passing of the resolution, whichever date is earlier.

#### 6. NON-BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION POLICY

Resolved through a non-binding advisory vote, that the company's remuneration policy as set out in the remuneration committee report contained on page 51 of the integrated annual report of which this notice forms part be and is hereby endorsed.

### Reason and Effect

The JSE Listings Requirements require a company to table its remuneration policy for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the remuneration policy adopted for executive directors, prescribed officers and employees. The Bell Equipment remuneration policy is contained on page 53 to 57 of the integrated annual report of which this notice forms part.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences. However, the board will take cognisance of the outcome of the vote when considering the company's remuneration policy. In the event that shareholders exercising 25 percent or more of the voting rights exercise their vote against the non binding

resolution, the company will in the voting results announcement provide for an invitation to those shareholders to engage with the company and the manner and timing of such engagement and the company will engage with those dissenting shareholders in order to ascertain the reasons for their objection, and to respond appropriately to legitimate and reasonable objections and concerns.

## **7. NON-BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION IMPLEMENTATION REPORT**

Resolved through a non-binding advisory vote, that the company's implementation report in regard to its remuneration policy, as set out in the remuneration committee report contained on page 51 of the integrated annual report of which this notice forms part be and is hereby endorsed.

### **Reason and Effect**

The JSE Listings Requirements requires a company to table its remuneration implementation report for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the remuneration implementation report for executive directors, prescribed officers and employees. The Bell Equipment remuneration implementation report is contained on pages 58 to 64 of the integrated annual report of which this notice forms part.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences. However, the board will take cognisance of the outcome of the vote when considering the implementation of the company's remuneration policy. In the event that shareholders exercising 25 percent or more of the voting rights exercise their vote against the non-binding resolution, the company will in the voting results announcement provide for an invitation to those shareholders to engage with the company and the manner and timing of such engagement and the company will engage with those dissenting shareholders in order to ascertain the reasons for their objection, and respond appropriately to legitimate and reasonable objections and concerns.

### **SPECIAL BUSINESS**

As special business, to consider, and if deemed fit, to pass, with or without modification, the following special resolutions set out below.

The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75 percent of the voting rights exercised on the resolution.

## **8. SPECIAL RESOLUTION 1: GENERAL AUTHORITY FOR THE PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 44 OF THE COMPANIES ACT**

Resolved that to the extent required by Section 44 of the Companies Act and as a general authority, the board may, subject to compliance with the provisions of the MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide on such terms as the board shall consider fair and reasonable to the company, in the circumstances and without the necessity if the board considers it appropriate to charge interest at any time and from time to time, any direct or indirect financial assistance to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related (as these terms are defined in the Companies Act) to the company or any of its subsidiaries, and/or to any member of such subsidiary or related or inter-related company or entity for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company or entity, or for the purchase of any securities of the company or a related or inter-related company or entity, subject to the terms and conditions of Section 44 of the Companies Act, at any time for a period commencing on the date of passing of this resolution and ending at the next AGM.

### **Reason and effect**

The reason for and effect of this special resolution number 1 is to obtain the necessary approvals from shareholders to allow the company to provide financial assistance to the company's present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company or any of its subsidiaries and/or to any member of such subsidiary or related or inter-related company or entity for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company or entity as contemplated in Section 44 of the Companies Act.

## Notice of annual general meeting *continued*

### 9. SPECIAL RESOLUTION 2: GENERAL AUTHORITY FOR THE PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT

Resolved that to the extent required by Section 45 of the Companies Act and as a general authority, the board may, subject to compliance with the provisions of the MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide on such terms as the board shall consider fair and reasonable to the company in the circumstances and without the necessity if the board considers it appropriate to charge interest at any time and from time to time any direct or indirect financial assistance to any one or more related or inter-related companies (as these terms are defined in the Companies Act) or corporations of the company (but not to a director and/or a prescribed officer of the company or a director of any related and/or inter-related companies or any person related to any such director or prescribed officer) for a period commencing on the date of passing of this resolution and ending at the next AGM.

#### Reason and effect

The reason for and effect of this special resolution number 2 is to obtain the necessary approvals from shareholders to allow the company to provide financial assistance to the company's related and/or inter-related companies or corporations in accordance with the provisions of Section 45 of the Companies Act, as and when required in the normal course of its business. This special resolution does not authorise the provision of financial assistance to a director and/or a prescribed officer of the company or of any related and/or inter-related companies or any person related to any such director or prescribed officer.

### 10. SPECIAL RESOLUTIONS 3.1 TO 3.18: BASIS OF REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS FROM 1 JANUARY 2023

Resolved, as separate special resolutions, that the directors' fees plus VAT that may be attributable to the fees, payable to the non-executive directors of the company, from 1 January 2023 (representing a 5 percent increase from the previous year's fees) be approved as follows:

Special resolution number		Rand (excl VAT)
<b>Retainer fees to be paid annually</b>		
3.1	Non executive chairman	425 010
3.2	Lead independent non executive director	327 000
3.3	Non executive directors	229 000
<b>Fees per meeting payable to the chairman of the board and the chairmen of board committees</b>		
3.4	Board	38 720
3.5	Audit committee	23 280
3.6	Risk and sustainability committee	23 280
3.7	Nominations committee	18 290
3.8	Remuneration committee	18 290
3.9	Social, ethics and transformation committee	22 950
3.10	Fees to be paid to lead independent non executive director per board meeting	38 470
<b>Fees to be paid to non executive directors, including the chairman of the board and the chairmen of board committees, per meeting</b>		
3.11	Board	38 200
3.12	Audit committee	30 580
3.13	Risk and sustainability committee	23 280
3.14	Nominations committee	15 630
3.15	Remuneration committee	15 630
3.16	Social, ethics and transformation committee	22 950
3.17	Bell Equipment audit services committee	15 230
3.18	Ad hoc committees	15 630

The proposed fees for 2023 set out above are exclusive of VAT.

#### Reason and effect

These special resolutions are required in order to comply with the requirements of the Companies Act. In this respect, Section 65(11)(h) provides that a special resolution is required to authorise the basis for compensation to directors of a profit company, as required by Section 66(9). Section 66(9) provides that remuneration may be paid to its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous 2 (two) years.



Section 66(9) applies only to the remuneration paid to directors for their services as such. Unlike the non-executive directors of the company, the executive directors do not receive any fees/remuneration for their services as directors. Their remuneration is for their services as employees of the company.

It is the intention that the basis of determining the remuneration payable to directors for their services as such is determined in advance for the then forthcoming period that commences at the beginning of the next succeeding January.

The effect of these special resolutions, if passed, will be the authorisation of the abovementioned fees.

## 11. SPECIAL RESOLUTION 4: GENERAL AUTHORITY TO REPURCHASE SHARES

Resolved that the board be authorised, by way of a general authority, to approve the purchase of its own ordinary shares by the company, or to approve the purchase of the ordinary shares in the company by any subsidiary of the company, subject to the applicable requirements of the MOI, the Companies Act, and subject further to the restriction that the repurchase or purchase, as the case may be, by the company and/or any of its subsidiaries of shares in the company under this authority will not, considered alone or together with other transactions in an integrated series of transactions, in aggregate exceed 5 percent of the ordinary shares of the company in issue at the time this authority is granted and provided that, as required in terms of the JSE Listings Requirements:

- the general repurchase of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital as at the beginning of the financial year;
- the general repurchase of shares will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- authorisation thereto is given in the company's MOI;
- this general authority shall only be valid until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of this special resolution;
- general repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the shares for the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, a company may only appoint one agent to effect any repurchases on the company's behalf;
- a resolution has been passed by the board confirming that the board has authorised the general repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group, or in the case of a purchase by a subsidiary, a resolution of the board of such subsidiary confirming that such board has authorised the general repurchase, that such subsidiary passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group;
- any such general repurchases are subject to exchange control regulations and approval at that point in time;
- the company or its subsidiaries may not repurchase shares during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE in writing prior to the commencement of the prohibited period;
- when the company has cumulatively repurchased 3 percent of the initial number of the relevant class of shares, and for each 3 percent in aggregate of the initial number of that class acquired thereafter, an announcement will be made.

The board will not effect a general repurchase of shares as contemplated above unless, in addition to complying with the requirements of the Companies Act, the following conditions as contemplated by the JSE Listings Requirements are met:

- the company and the group will be able to repay its debts in the ordinary course of business for a period of 12 months following the date of the general repurchase;
- the company and the group's assets will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months following the date of the repurchase.

### Reason and effect

The reason and effect for this special resolution number 4 is to authorise the company and any subsidiary of the company by way of a general authority to acquire the company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company, subject to the limitations set out above. At the present time, the directors have no specific intention regarding the use of this authority which will only be used if the circumstances are appropriate. Any decision by the directors to use the general authority to acquire shares of the company will be taken with regard to prevailing market conditions and in accordance with the requirements to be considered by the board as set out above. This special resolution would also authorise the board acting on behalf of the company as the shareholder in its subsidiaries to pass the necessary shareholders' resolution to authorise the subsidiaries in question to purchase shares issued by the company.

## Notice of annual general meeting *continued*

### Statement of board's intention

The directors of the company have no specific intention to effect any buy-backs under the provisions of special resolution number 4 but will, however, continually review the company's position, having regard to the prevailing circumstances and market conditions, in considering whether to effect any buy-backs under the provisions of special resolution number 4.

### Other disclosures in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require certain disclosures for purposes of the general authority to repurchase the company's shares as contemplated by special resolution 4, some of which appear elsewhere in the integrated annual report;

Major shareholders of the company	page 104
Share capital of the company	page 94

### Directors' responsibility statement

The directors, whose names are given on pages 28 to 29 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution number 4 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of Section 11.26 of the JSE Listings Requirements pertaining thereto contain all information required by the JSE Listings Requirements.

### No material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

## 12. OTHER BUSINESS

To transact such other business as may be transacted at an AGM.

### INFORMATION SCHEDULE

#### QUORUM

The quorum requirement for the ordinary and special resolutions set out above is sufficient persons being present to exercise, in aggregate, at least 25 percent of all voting rights that are entitled to be exercised on the resolutions, provided that at least three shareholders of the company are present whether by electronic communication or otherwise, at the AGM.

#### ELECTRONIC PARTICIPATION (SPEAKING AND VOTING) ("PARTICIPATION")

##### General

The AGM will only be accessible through electronic communication. To this end, the company has retained the services of The Meeting Specialists Proprietary Limited (TMS) to remotely host the AGM on an interactive electronic platform in order to enable remote participation by shareholders. Shareholders or their proxies who wish to participate in the AGM, can only do so via electronic communication ("Participants"). Participants will be able, once verified and furnished with a unique link by TMS, to access the AGM and as a result hear the full proceedings, to speak (the sequence in which Participants speak being determined by the chairman of the AGM in a fair manner), and to vote on each resolution proposed.

Participants must deliver the Electronic Participation and Verification Application Form attached to this notice ("the Form") duly completed plus the relevant documentation referred to in the Form to TMS via email to proxy@tmsmeetings.co.za or contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 11:00 (SA time) on Monday 30 May 2022.

If shareholders wish to participate in the AGM, they should instruct their CSDP or broker to issue them with the necessary letter of representation to participate in the AGM, in the manner stipulated in their Custody Agreement. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker, to accommodate such requests.

Each Participant, who has delivered the Form duly completed together with the relevant documentation referred to in that Form, will be verified by TMS (in correspondence with the company and, in particular, the transfer secretaries, JSE Investor Services Proprietary Limited ("JIS")) to validate each such Participant's entitlement to participate in and/or vote at the AGM, before providing it with the necessary means to access the AGM and/or the associated voting platform.

JIS will also act as the scrutineer to vet all proxy forms submitted and to advise the chairman of the AGM as to any proxies to reject.

If any of the documents referred to in the Form are not delivered to TMS, or if the Form has not been duly completed, then it will not be possible for TMS to complete the verification and accordingly the Participant in question will not be furnished with the unique link to participate at the AGM, unless and until the Form is duly completed and the requisite documentation has been delivered. TMS will contact any shareholder if the Form which is delivered is not properly completed or the requisite documentation has not been delivered with the Form.

Participants, once verified, will be contacted by TMS between Thursday 26 May 2022 and Monday 30 May 2022 via the email/cell number provided on the Form, with a unique link to allow it/him/her to participate in the AGM. Once the Participant has received the unique link, the onus to safeguard this information rests with the Participant. The Participant is not permitted to make this unique link available to anyone else. Only the Participant as verified is permitted to use the unique link.

Aside from the costs incurred by the company as a result of retaining the services of TMS including making the interactive platform available, shareholders will be liable for their own charges in relation to electronic Participation at the AGM. Any such charges will not be for the account of the JSE, Bell Equipment, JIS and/or TMS.

None of the JSE, Bell Equipment, JIS or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any shareholder from participating in and/or voting at the AGM.

Participants are strongly encouraged to have a stable internet connection with sufficient bandwidth capabilities to participate in the AGM. Participants are strongly encouraged to submit their proxies beforehand, even if they intend to attend the AGM, to ensure that their votes are counted in the event of any delays or disruptions to the Participant's network connectivity and/or loss of network connectivity by such Participant during any part of the AGM.

#### **Verification**

In accordance with section 63(1) of the Companies Act, before any person may attend or participate in any meeting (including the AGM), that person must present reasonably satisfactory identification. Without limiting the generality hereof, the company will accept a valid South African identity document, a valid driver's licence or a valid passport which reflects the name of the shareholder as it appears on the register, as satisfactory identification. In the case of a proxy, the company will accept a valid South African identity document, a valid driver's licence or a valid passport which reflects the name of the proxy as it appears on the form of proxy, as satisfactory identification.

#### **Participation at the AGM**

##### **1. Dematerialised Shareholders**

If a shareholder which holds its/his/her shares in dematerialised form other than on an own name basis ("Dematerialised Shareholder"), wishes itself/himself/herself to participate in the AGM in person it/he/she should instruct it/his/her CSDP or broker to issue it/him/her with the necessary letter of representation, in the manner stipulated in its/his/her respective custody agreement. That letter of representation must then be furnished by the Dematerialised Shareholder as a part of the verification process referred to above.

Alternatively if a Dematerialised Shareholder does not wish to participate personally at the AGM but has not been contacted by its/his/her CSDP or broker to ascertain how the Dematerialised Shareholder wishes to cast its/his/her votes at the AGM, the Dematerialised Shareholder should contact its/his/her CSDP or broker to give its/his/her voting instructions. If a Dematerialised Shareholder's CSDP or broker does not obtain voting instructions from the Dematerialised Shareholder, it will be obliged to vote in accordance with the provisions contained in the custody agreement.

Dematerialised Shareholders must not complete the form of proxy.

##### **2. Certificated Shareholders and Own Name Shareholders**

Once verified, a shareholder which holds its/his/her shares in certificated form ("Certificated Shareholder") or who is a shareholder which holds its/his/her shares in dematerialised form on an own name basis ("Own Name Shareholder") may participate in person by electronic communication at the AGM.

Alternatively, a Certificated Shareholder or an Own Name Shareholder which is unable to attend the AGM by electronic communication is encouraged to appoint a proxy to represent it/him/her at the AGM by completing the attached Form of Proxy in accordance with the instructions contained in the Form of Proxy and returning it to TMS, by email to [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za). It is requested that Forms of Proxy be received by no later than 11:00 on 30 May 2022 but they can be presented at any time before the commencement of the AGM by contacting TMS via email or contact number as set out above. Until presented, the proxy will not be permitted to participate in the AGM (including voting).

##### **3. Joint Holders**

If there are joint Certificated Shareholders or Own Name Shareholders or Dematerialised Shareholders of any particular shares, any one of such persons may vote at the AGM in respect of such shares as if that person is solely entitled thereto, but if more than one of such joint holders are present or represented at the AGM, the person whose name appears first in Bell Equipment's register in respect of such shares or its/his/her proxy, as the case may be, shall alone be entitled to vote in respect of such shares.

## Notice of annual general meeting *continued*

### SHARES HELD BY SHARE TRUST OR SCHEME

Equity shares in Bell Equipment held (i) by a subsidiary and/or (ii) by a trust, through a scheme and/or other entity, where the equity shares in the company are controlled by the company from a voting perspective, will not have their votes taken into account for purposes of any JSE-regulated resolutions.

By order of the board



**D McIlrath**  
Company Secretary

24 March 2022

**Registered office**  
13–19 Carbonode Cell Road  
Alton  
Richards Bay  
3900

# Form of proxy

## BELL EQUIPMENT LIMITED

Company registration number: 1968/013656/06  
Share code: BEL, ISIN code: ZAE000028304

All terms defined in the notice to which this is annexed or in the glossary apply to this form of proxy. If you are a Dematerialised Shareholder do not complete this form.

An ordinary shareholder entitled to attend and vote at the AGM to be held by electronic communication on Tuesday 31 May 2022 at 11:00, is entitled to appoint a proxy/ies to attend, speak or vote thereat in its/ his/ her stead. A proxy/ies need not be a shareholder of the company. The proxy will also participate by electronic communication.

The completed forms of proxy must be lodged electronically with JSE Investor Services Proprietary Limited ("JIS"). Shareholders are strongly urged to electronically deliver their completed forms of proxy by no later than 11:00 on Monday 30 May 2022 to meetfax@linkmarketservices.co.za.

I/We \_\_\_\_\_ (please print full names)  
\_\_\_\_\_ (address)

Being an ordinary shareholder(s) of the company holding \_\_\_\_\_ (ordinary shares)  
ordinary shares in the company, do hereby appoint: \_\_\_\_\_

1. \_\_\_\_\_ or failing him/her
2. \_\_\_\_\_ or failing him/her
3. the chairman of the AGM as my/our proxy/ies to attend, speak and on a poll to vote or abstain from voting on my/our behalf at the AGM or at any adjournment thereof for the purpose of considering and, if deemed fit, passing with or without modification, the following resolutions to be considered at the AGM in accordance with the following instructions:

Ordinary Resolution Number		For	against	abstain
1.	To elect directors			
1.1.	U Maharaj			
1.2.	M Geyer			
2.	To re-elect directors who retire by rotation			
2.1	D Lawrance			
2.2	H van der Merwe			
3.	To elect the members of the audit committee			
3.1	Election of D Lawrance, an independent non-executive director, as a member of the audit committee until the conclusion of the AGM to be held in 2023			
3.2	Election of R Naidu, an independent non-executive director, as a member of the audit committee until the conclusion of the AGM to be held in 2023			
3.3	Election of M Ramathe, an independent non-executive director, as a member of the audit committee until the conclusion of the AGM to be held in 2023			
3.4	Election of U Maharaj, an independent non-executive director, as a member of the audit committee until the conclusion of the AGM to be held in 2023			
4.	Appointment of Deloitte & Touche as the independent auditors of the company until the conclusion of the AGM to be held in 2023			
5.	Placement of certain of the authorised but unissued shares under the control of the directors			
6.	Non-binding advisory vote on the company's remuneration policy			
7.	Non-binding advisory vote on the company's remuneration implementation report			
Special Resolution Number		For	against	abstain
1.	General authority for the provision of financial assistance in terms of Section 44 of the Companies Act			
2.	General authority for the provision of financial assistance in terms of Section 45 of the Companies Act			
3.	Approval of the basis of the remuneration payable to non-executive directors			
<b>Annual retainer fees</b>				
3.1	Non-executive chairman			
3.2	Lead independent non-executive director			
3.3	Non-executive directors			
<b>Fees paid per meeting to the chairman of the board and the chairmen of the board committees</b>				
3.4	Board			
3.5	Audit committee			
3.6	Risk and sustainability committee			
3.7	Nominations committee			
3.8	Remuneration committee			
3.9	Social, ethics and transformation committee			
3.10	Fees paid to lead independent non-executive director per board meeting			
<b>Fees paid to non-executive directors, including the chairman of the board and the chairmen of board committees, per meeting</b>				
3.11	Board			
3.12	Audit committee			
3.13	Risk and sustainability committee			
3.14	Nominations committee			
3.15	Remuneration committee			
3.16	Social, ethics and transformation committee			
3.17	Bell Equipment audit services committee			
3.18	Ad hoc committees			
4.	General authority to repurchase shares			

Please read the notes following this form of proxy. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/ her legal capacity are produced or have been previously registered by the transfer secretaries.

Signed at \_\_\_\_\_ (place) on \_\_\_\_\_ 2022.

Shareholder's signature/s \_\_\_\_\_ assisted by \_\_\_\_\_ (if applicable)



## Notes to the form of proxy

Summary of the rights to be represented by proxy as contained in section 58 of the Companies Act and notes to the form of proxy:

In accordance with Section 58 of the Companies Act, a person who holds ordinary shares in Bell Equipment is entitled to attend and vote at the AGM and to appoint one or more proxies to attend, participate in, speak and vote or abstain from voting in his/her stead. Further, a shareholder may appoint more than one proxy to exercise voting rights attached to different securities held by that shareholder.

A proxy need not be a shareholder of the company.

A shareholder may make a proxy appointment in writing, dated and signed by the shareholder; and said appointment will remain valid until the end of the AGM, unless it is revoked in a manner contemplated in subsection (4)(c).

A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the chairman of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the chairman of the AGM. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.

A proxy may not delegate the proxy's authority to act on behalf of the shareholder to another person.

A copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

Irrespective of the form of instrument used to appoint a proxy, the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder or if the appointment is revoked. A shareholder may revoke the proxy appointment by:

- cancelling it in writing, or making a later inconsistent appointment of a proxy; and
- delivering a copy of the revocation instrument to the proxy, and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as required in subsection (4) (c) (ii) of the Companies Act.

If the instrument appointing a proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to:

- the shareholder; or
- the proxy or proxies, if the shareholder has directed the company to do so, in writing, and paid any reasonable fee charged by the company for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy, provides otherwise.

A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the AGM, as it/he/she thinks fit in respect of all the shareholder's exercisable votes. A proxy is not obliged to use all the votes exercisable by it/him/her, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder.

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the AGM. The chairman of the AGM shall be entitled to decline or accept the authority of a person signing the proxy form:

- under a power of attorney; or
- on behalf of a company,

unless his power of attorney or authority is deposited at the offices of the company secretary or that of the transfer secretaries no later than 48 hours before the meeting.

The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

# Electronic participation and verification application form in respect of the Bell Equipment Limited AGM to be held on Tuesday 31 May 2022 at 11:00

All terms defined in the Notice of AGM, bear the same meaning in this Form.

This Form must be completed by any Certificated Shareholder, any Own Name Shareholder and any Dematerialised Shareholder in possession of a letter of representation and any CSDP or broker or its nominee company which is a shareholder wishing to attend the AGM in person and by any proxy wishing to attend the AGM. The completed Form must be emailed to the email address of The Meeting Specialists ("TMS") at email proxy@tmsmeetings.co.za by no later than 11:00 (SA time) on Monday 30 May 2022.

Name and surname of shareholder (Participant)	
Name and surname of shareholder representative (If applicable)	
Copy of letter of representation or document reflecting authority of representative of shareholder or form of proxy attached	
Registration number/Identity number/passport number of Participant or representative	
Copy of identity document or passport attached of Participant	
Email Address	
Mobile/Cell Number	
Telephone Number	
Name of CSDP or broker (If shares are held in dematerialised format)	
Shareholder number/ SCA Number / broker account number/ own name account number or custodian number	
Number of shares	
Signature	
Date	

## TERMS AND CONDITIONS FOR PARTICIPATION AT THE BELL EQUIPMENT ANNUAL GENERAL MEETING VIA ELECTRONIC COMMUNICATION

1. The cost of dialling in using a telecommunication line/ webcast/ web-streaming to participate in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.
2. The Participant acknowledges that the telecommunication lines/ webcast/ web-streaming are provided by a third party and indemnifies Bell Equipment, the JSE Limited, JIS and TMS against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/ webcast/ web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that it/ he/ she will have no claim against Bell Equipment, the JSE, JIS and TMS, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/ webcast/ web-streaming or any defect in it or from total or partial failure of the telecommunication lines/ webcast/ web-streaming and connections linking the telecommunication lines/ webcast/ web-streaming to the AGM.
3. Once the Participant has received the unique link, the onus to safeguard this information rests with the Participant. The Participant is not permitted to make this unique link available to anyone else. Only the Participant, as verified, is permitted to use the unique link.
4. The application will only be deemed successful if this Form has been fully completed and signed by the Participant and delivered or emailed timeously to TMS at proxy@tmsmeetings.co.za.

By signing this Form I agree and consent to the processing of my personal information above for the purpose of participating in the AGM.

Shareholder name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**IMPORTANT:** You are required to attach a copy of your proof of authority / letter of representation / identity /passport document when submitting the Form.



# Corporate information

**BELL EQUIPMENT LIMITED**

Registration Number: 1968/013656/06

**JSE SHARE CODE**

BEL

**ISIN CODE**

ZAE000028304

**GROUP COMPANY SECRETARY**

Diana Mcilrath

Tel: +27 (0)35 907 9111

diana.mcilrath@bellequipment.com

**POSTAL ADDRESS**

Private Bag X20046

Empangeni, 3880

South Africa

**BUSINESS AND REGISTERED ADDRESS**

13 - 19 Carbonode Cell Road

Alton

Richards Bay, 3900

**AUDITORS**

Deloitte & Touche

Tel: +27 (0)31 560 7000

**SHARE TRANSFER SECRETARIES**

JSE Investor Services Proprietary Limited

Rennie House

13th Floor, 19 Ameshoff Street

Braamfontein

PO Box 4844

Johannesburg, 2000

Tel: +27 (0)11 713 0800

Fax: +27 (0)86 674 3260

**ATTORNEYS**

Webber Wentzel

**JSE SPONSOR**

Investec Bank Limited

**WEB ADDRESS**

[www.bellequipment.com](http://www.bellequipment.com)

**INVESTOR RELATIONS WEB ADDRESS**

[www.bellir.co.za](http://www.bellir.co.za)



**BELL**

[www.bellequipment.com](http://www.bellequipment.com)