

Social, ethics and transformation committee report



The social, ethics and transformation committee ('the committee') is constituted as a formal committee of the board in accordance with the Companies Act read with the regulations promulgated thereunder and King IV.

Dear shareholders,

I am pleased to present the committee report for the year ended 31 December 2023.

The committee's terms of reference detail its composition, functioning and duties in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as responsibilities allocated to it by the board. The board approved terms of reference are annually reviewed for relevance.

This report should be read together with the corporate governance report on page 71, the stakeholder engagement report on page 60 and the sustainability report on page 44 which reports will provide stakeholders with a comprehensive review of how the group creates sustainable value.

The group is committed to endorsing the 10 principles set out in the United Nations Global Compact Principles ('UN Compact'), advocated by the Universal Declaration of Human Rights and International Labour Organisation.

THE GLOBAL GOALS
For Sustainable Development



Role and responsibilities of the committee

The committee acts in terms of the board's delegated authority and performs an independent oversight function. It assists the board in monitoring the group's and that of its subsidiaries' activities and disclosures in terms of law and codes of best practice relating to:

- embedding an ethical culture in the organisation;



- the environment, health and public safety, including the impact of its activities and of its products, and the annual review of the group's environmental policy;



- corporate social investment, including sponsorships, donations and charitable giving;



- stakeholder relations including consumer relationships and contribution to the development of the communities in which it operates;



- strategic empowerment and transformation;



- labour and employment, including the group's standing in terms of the International Labour Organisation ('ILO') protocol on decent work and working conditions, its employment relations and contribution toward the educational development of its employees;



- promotion of equality, prevention of unfair discrimination, and zero tolerance of corruption;



- compliance by the group's supply chain with the group's ethical standards.



Composition and functioning of the committee

The committee comprises independent non executive directors, Mamokete Ramathe, the chairperson, and Rajendren Naidu. The chairman of the board, Gary Bell, Ashley Bell, the newly appointed chief executive, and Karen van Hagt, the executive group finance director, are also members of the committee. 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. Both the human resource executive and the chief strategy officer attend the meetings of the committee as standing invitees.

The effectiveness of the committee is assessed as part of the board and committee self evaluation process. The latest self assessment was undertaken in December 2023 and the outcome of such assessment will be considered by the committee in the first half of 2024.

Attendance at committee meetings in 2023

	February	August	November
Mamokete Ramathe	✓	✓	✓
Rajendren Naidu	✓	✓	✓
Gary Bell	✓	✓	✓
Ashley Bell	✓	✓	✓
Karen van Hagt	✓	✓	✓

Fees paid to the chairperson per meeting

R24 330 in 2023 (R22 950 in 2022)

Fees paid to the committee (including the chairperson) per member per meeting

R24 330 in 2023 (R22 950 in 2022)

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:

- In understanding the importance of the committee's oversight role in respect of the environmental, social and governance ('ESG') factors used in measuring the sustainability of an organisation, ESG was a standing agenda item for each meeting in order for the committee to focus on meaningful disclosure, the anticipation of risk and the identification of opportunities. An external service provider was appointed to assist the group in 2024 with commencing its ESG journey by developing a framework to ensure compliance required from an ESG reporting perspective.

Good corporate citizenship

- The committee supported the importance of building the ethical culture of the organisation by evaluating the progress made towards the maturation of the ethical culture within the group and reporting such progress to the board. The committee continued to monitor 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 committee considered the Institute of Directors of South Africa's paper on the governance of corruption: lessons for boards and social and ethics committees; and noted the guidance provided on how the committee could safeguard the company against corruption, including the importance of the tone at the top, an ethical culture, the importance of external assurance providers and effective whistleblowing facilities.
- The committee monitored the group's continued commitment to zero tolerance of fraud, theft, corruption or any similar illegal behaviour. It noted its commitment to compliance with all applicable anti bribery and anti corruption laws and regulations in line with the maturing group anti bribery and anti corruption compliance framework including the fraud risk assessments undertaken and the effective internal controls, ethics and compliance policies and management plans that have been developed to combat corruption and fraud.
- 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 2023 were reviewed, in conformance with the formalised tip offs policy.
- The committee considered the annual budget in line with the group's social and economic development. During 2023 Bell ensured its CSI/SED spend was undertaken with an ongoing focus on education. The group CSI and SED spend for 2023 was directed at community based projects as highlighted in the sustainability report on page 44.

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, with ongoing emphasis on ESG matters.
- The committee considered the relevant laws and regulations applicable to the group's operations during the reporting period and its compliance with these. The amendments to the Financial Intelligence Centre Act, 2001 ('FIC Act') specifically the amendment to Schedule 1 to the FIC Act which was amended with effect from 19 December 2022 to include high value dealers in the list of accountable institutions, was noted by the Committee, understanding that in respect of those items sold by Bell Equipment in the ordinary course of its business which have an individual value of R100 000 or more, would define Bell Equipment as a high value goods dealer and accordingly an accountable institution in terms of Schedule 1 to the FIC Act. The additional responsibilities on Bell Equipment including registering as an accountable institution, the appointment of a compliance officer, the compliance with record keeping and reporting obligations in terms of the FIC Act and identifying and vetting its customers were considered by the committee.

Social and economic development

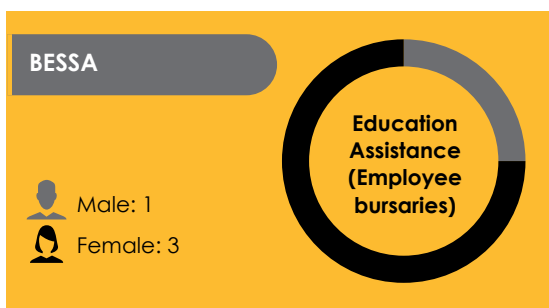
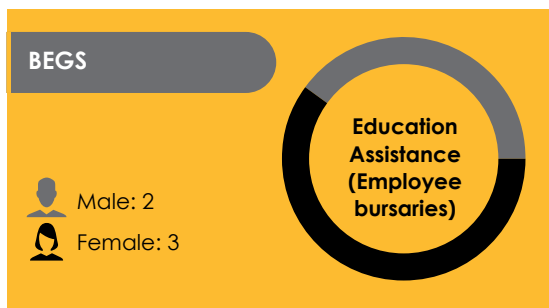
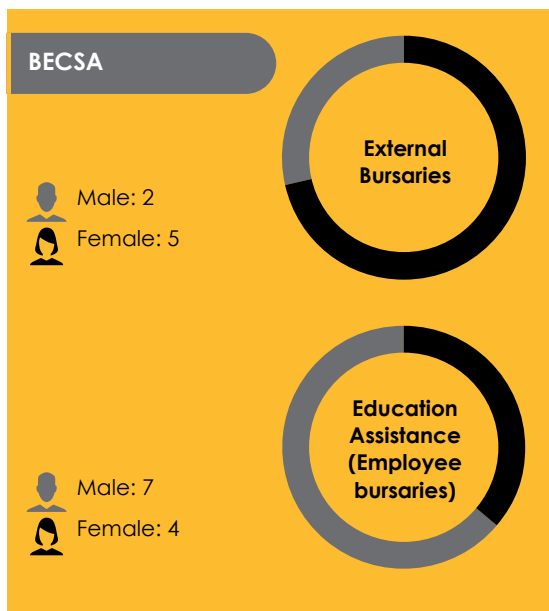
- The group's subsidiaries, BESSA and BECSA, completed their verification processes in August and September 2023 respectively and achieved a level 1 and level 3 BBBEE contributor respectively, based on the measurement criteria contained in the BBBEE Codes of Good Practice.
- The committee continues to 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 BBBEE 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 BBBEE Act and Employment Equity Act, and the BBBEE legislation in general. The committee noted the challenges that the group continues to face in respect of the sustainable absorption of black apprentices in the industry who have successfully completed their training.
- 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%, noting that the current composition of the board was in line with the board approved diversity policy and the voluntary race and gender diversity targets as the board had reached its race measurable target and exceeded its gender measurable target. The committee continued to deliberate 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.

R1,25 million

BECSA spending on SED for FY2023
(FY2022: R548 320)

R1,74 million

BESSA spending on SED for FY2023
(FY2022: R1,25 million)



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 in the sustainability report on page 44.
- Bell has participated successfully in the YES programme for 6 years and continued to enjoy the benefits of hosting the candidates inhouse, giving Bell the opportunity to monitor the candidates and identify potential full time employees, trained with the skills required within Bell, that can be absorbed into the company on completion of the twelve month programme and thereby improve the absorption statistics.
- A greater emphasis by the group in its reporting to the committee of the global view of the group’s international operations, specifically from an employee and trade union perspective was provided and assurance was received that the group remains committed to promoting equal opportunities and fair employment practices, globally, across all its businesses, and observing the principles advocated by the International Labour Organisation Protocol on decent work conditions.
- A great deal of time and money continues to be 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. Bell is a significant trainer and supplier of artisans for the earthmoving industry in southern Africa.
- Further plans are being considered to ensure that the group invested, developed, upskilled and retained its human capital from a global perspective, including in service training that takes place in Germany.

Environment, health and safety

- 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 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 2023. Further detail can be found in the stakeholder engagement report on page 60.
- The committee considered the process and outcomes from the survey undertaken by an external service provider, who engaged with the group’s stakeholders and asked certain questions to understand their perceptions of Bell. The committee further noted that each of the stakeholders, namely customers, suppliers, employees, shareholders and banks/funders were approached to undertake the survey. Such survey would be undertaken on an annual basis to understand how the group had improved each year.

On behalf of the committee, we are satisfied that it has fulfilled its mandate as set out in the Companies Act, read with regulation 43 of the Companies Act and 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 on 31 May 2024 to respond to any enquiries regarding the statutory obligations of the committee.

Mamokete Ramathe
 Chairperson
 Social, ethics and transformation committee
 28 March 2024