

MATERIAL ISSUES

Material issues are deemed to be those issues that are most material to the business and stakeholders, and which fundamentally influence the assessments and decisions of stakeholders in relation to the Group.

Omnia's material issues were defined in the 2016 financial year through a materiality assessment process that was focused on considering key factors in the external environment, combined with a thorough analysis of the current risk register and informed by feedback from stakeholders. This process included the evaluation of external topics covered in market reports and in the media, as well as formal feedback from stakeholders and a benchmarking against peers. The matters identified were then ranked according to the impact on stakeholder and the business.

The material issues determined for 2016 financial year and presented below were identified as matters which are integral to the Group's strategy and performance. They will be continuously monitored to ensure that value is added to clients by harnessing the Group's knowledge and expertise, and by nurturing stakeholder relationships.

MATERIAL ISSUE	IMPACT ON THE BUSINESS	IMPACT ON STAKEHOLDER
 <p>CONTINUED COMMODITY PRICE SLUMP, COMBINED WITH EXCHANGE RATE VOLATILITY</p>	<p>With three independent and geographically diverse divisions, Omnia is subject to many external factors including shifting exchange rates and the fact that the Group and its clients operate in the greater context of the current global commodity price slump over which there is little influence.</p>	<p>Although the rand's weakness and low commodity prices can bolster exports and improve revenues, they can also, unless mitigated, have adverse effects on those customers that rely on inputs priced in stronger, foreign currencies.</p>
 <p>DECLINING MINING AND MINERALS PRODUCTION IN SOUTH AFRICA AND ELSEWHERE</p>	<p>New-business development has been challenging as potential clients are approaching new investments with increasing caution. Expansion and continued investment in South Africa and elsewhere in Africa have, as a result, slowed. The Group remains confident and strives to keep Omnia on sustainable and growing business paths, continuously exploring new global territories and to leverage existing and mutually beneficial relationships.</p>	<p>Depressed commodity markets have resulted in reduced spending, both on capital projects and on consumables. This has also had an impact on mining employees and communities.</p>
 <p>IMPACT OF DROUGHT ON PRODUCT DEMAND AND FOOD SECURITY</p>	<p>The Agriculture division is well placed to advise farmers and assist them to overcome water shortages. Effective planning and managing modern agriculture requires a careful combination of interventions, including the optimum use of chemical fertilizers coupled with appropriate irrigation systems and farm machinery, based on the trend towards large-scale monoculture farms to service this growing market.</p>	<p>The unpredictable El-Niño oceanic phenomena, which originates in the Pacific Ocean which affects the global climate, had a crippling effect on the South African agricultural industry in 2015/16 season. This development has served to emphasise again the importance of responsible and effective water consumption.</p> <p>As the global population rises, especially in Africa (it is estimated that one-third of mankind will be living in Africa by the end of this century), food security becomes a pressing concern for poor populations, governments and farmers. Food producers will need to turn increasingly towards the modern agriculture that Omnia can provide if they are to meet rising expectations and demands.</p>

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 <p>DELIVERING CUTTING-EDGE KNOWLEDGE AND EXPERTISE THAT PROVIDES VALUE-ADDING SOLUTIONS</p>	<p>Whether it be, for example developments such as BME's continuously evolving AXXIS® technology, the Agriculture division's predictive modeling or the expert chemical skills of Protea Chemicals, the Omnia Group operates at the cutting edge of innovation and service delivery in all its divisions.</p> <p>Omnia is committed to investing and developing its intellectual capital and staying abreast or ahead of global trends in order to deliver superior customer service and assistance that enables clients to optimise the use of its products.</p>	<p>By optimising inputs, clients are able to cut costs and deliver superior returns. Omnia's expert services and cutting-edge technology translate directly to each client's bottom line and enables, not only a sustainable, but a thriving business outlook.</p>
 <p>ACCESS TO AFFORDABLE ELECTRICITY AND WATER</p>	<p>Rising input costs, such as electricity tariff hikes, can place pressure on operating margins. These pressures are amplified when coupled with stoppages due to supply issues.</p>	<p>South Africa is a water-scarce country. The current drought is having a significant impact on the agricultural sector and communities.</p>
 <p>EVOLVING LEGISLATION AND REGULATION ACROSS GEOGRAPHIC LOCATIONS</p>	<p>Omnia aims to be fully compliant with regulations across all of its divisions and geographic footprint.</p>	<p>Changing regulations can present challenges to operations and are not always easy to keep abreast of.</p>
 <p>SAFEGUARDING EMPLOYEES' AND COMMUNITIES' HEALTH AND SAFETY, AND PROTECTING THE NATURAL ENVIRONMENT</p>	<p>Omnia's value proposition relies on the longevity of the world's natural resources. It is in the Group's best interests to ensure the responsible management and conservation of the natural environment in which it operates. Omnia is committed to minimising its carbon footprint and has formulated a strategic road map to help it achieve its internal environmental targets over the next three years.</p>	<p>Employee's safety and health are affected by the safety and health processes and practices put in place by the company. Communities are affected by the company's environmental practices and compliance.</p>
 <p>ENRICHING RELATIONSHIPS AND MEETING STAKEHOLDER EXPECTATIONS</p>	<p>It is essential that the Group forges and maintains good relationships with stakeholders, especially employees and the local communities from which they originate. It not only makes sound business sense, but also contributes to people's overall welfare, expectations and avoids unnecessary conflict. The Group will also continue to deliver on commitments made to communities and clearly communicate with them should challenges arise.</p>	<p>Mutually beneficial and open relationships will ensure that stakeholders' voices are heard and heeded, ensuring stakeholder expectations are adequately managed and unnecessary conflict avoided.</p>