

OMNIA HOLDINGS LIMITED



CREATING CUSTOMER  
WEALTH BY LEVERAGING  
KNOWLEDGE

SUSTAINABLE DEVELOPMENT REPORT 2016

# THE OMNIA GROUP



## AGRICULTURE

The Agriculture division, which comprises Omnia Fertilizer and Omnia Specialities, produces and trades in granular, liquid and speciality fertilizers to a broad customer base of farmers, co-operatives and wholesalers throughout South Africa, southern and East Africa, Australasia and Brazil.



## MINING

The Mining division comprises BME and Protea Mining Chemicals. BME is a leading manufacturer and supplier in South Africa, southern and west Africa and Australia of explosives, related accessories and blasting services to the mining, quarrying and construction industries. Protea Mining Chemicals specialises in products and solutions for processing and recovery plants in the mining industry.



## CHEMICALS

The Chemicals division's primary business, Protea Chemicals, is a manufacturer and distributor of specialty, functional and effect chemicals and polymers. It has a presence in every sector of the broader chemical distribution market throughout southern and East Africa.

## BOARD RESPONSIBILITY STATEMENT

The Omnia board of directors (the board) acknowledges its responsibility to ensure the accuracy of the sustainable development report for the 2016 financial year. Accordingly, the board has applied its collective expertise to this report and, in its opinion, this report addresses all material issues and presents an integrated and accurate view of Omnia's performance for the year under review. This sustainable development report has been prepared in accordance with the recommendations of principle 9.1 of the King III Code and the guidelines of the GRI 4 and IIRC, to the fullest extent that the Group's management policies and procedures presently enable.

## ABOUT THIS REPORT

Omnia Holdings Limited (“Omnia” or “the Group”) is an integrated business.

The three divisions work together to ensure the responsible, efficient use of resources in a sustainable manner.

In addition, the Group considers its impact on the world in which it operates – not only does Omnia try to limit its consumption of materials and resources used in the manufacturing process, but it also works to create products that make a difference. The Group’s intellectual capital and technology enable the production of products and services that will continue to meet customers’ needs well into the future. Omnia remains focused on critical issues such as secure food supply, clean water and safer mining, which allows the Group to make a difference in today’s world today and tomorrow’s.

With this in mind, Omnia has for the first time, prepared this sustainable development report for its integrated business. Each year, Omnia’s reporting has evolved through practice, considering feedback, to improve the standard of reporting. Through this report Omnia aims to share and elaborate on the details of its three divisions individually and collectively as a Group. Guided by the International Integrated Reporting Council (IIRC), the International Financial Reporting Standards (IFRS), King III and the Global Reporting Initiative (GRI), Omnia describes its activities during the period under review as well as its plan for the coming year and how Omnia intends to remain a sustainable business over the long term.

This report covers the three business divisions – Agriculture, Mining and Chemicals – which collectively have a physical presence in 23 countries of which, 18 are on the African continent, including South Africa. The Group’s main production facilities and corporate office are based in South Africa. While this report focuses on the financial year, from 1 April 2015 to 31 March 2016, it also includes historical information and forward-looking statements, which provide context in respect of the Group’s strategy and operations.

The information presented in this sustainable development report originated from our various operations prior to its being integrated at divisional and Group level.

In line with IIRC guidelines, Omnia has also prepared our integrated annual report 2016.

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### HOW TO GET THE MOST OUT OF OUR INTEGRATED REPORT

#### Navigating our integrated report



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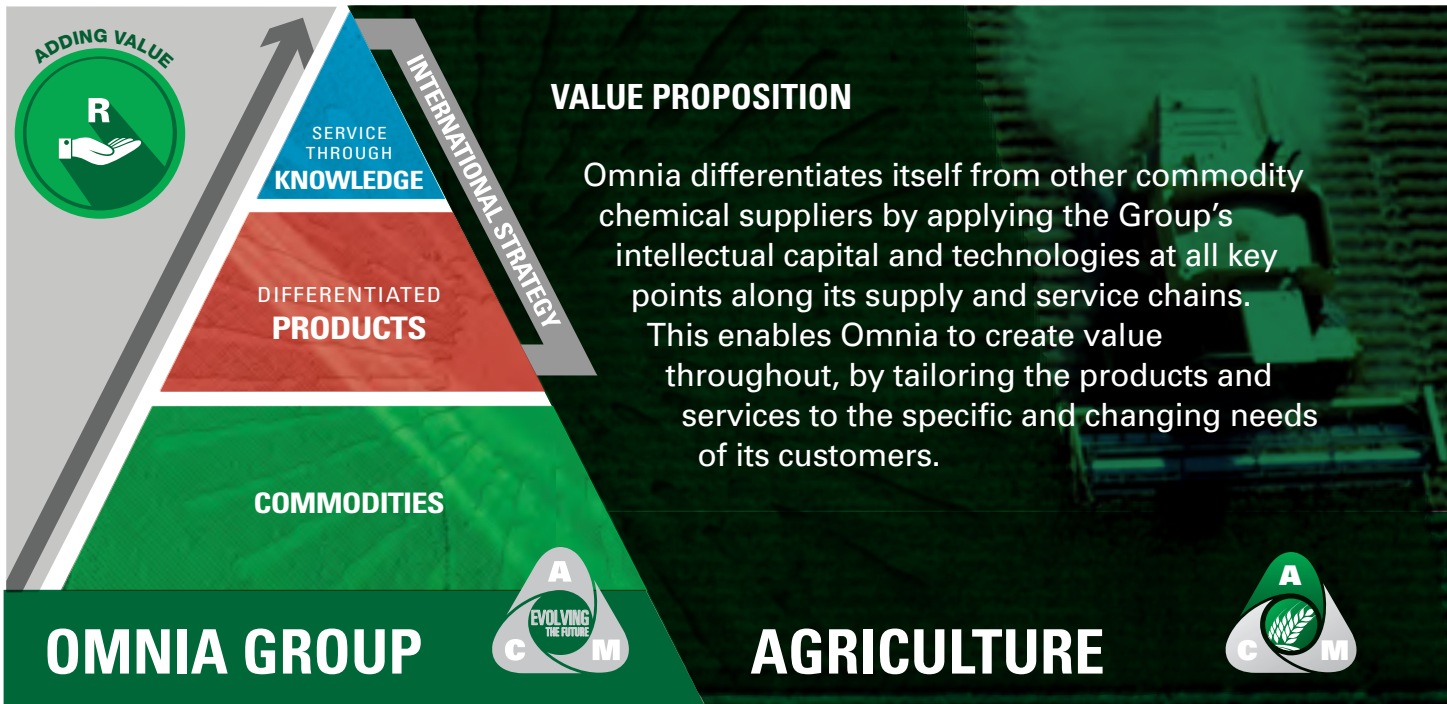


This button opens the **print window**



This icon shows more information can be found on **www.omnia.co.za**

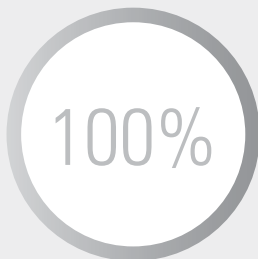
# BUSINESS MODEL AND GROUP HIGHLIGHTS



## VALUE DISTRIBUTED:

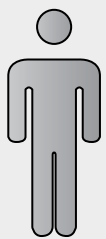
**R3 424m**

<b>R1 476m</b> Salaries	<b>R1 136m</b> Reinvested	<b>R324m</b> Providers of capital	<b>R249m</b> Governments	<b>R239m</b> Providers of finance
----------------------------	------------------------------	--------------------------------------	-----------------------------	--------------------------------------



**R1 189m**  
OPERATING PROFIT

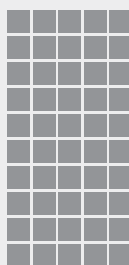
**RCR\* 0.83**



**4 105**  
EMPLOYEES

**100%**

### REVENUE



**R16 774m**  
100%

## CREATING CUSTOMER WEALTH BY LEVERAGING KNOWLEDGE

\* Recordable Case Rate

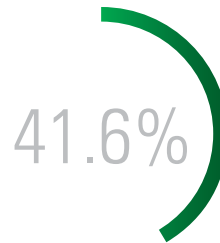
\*\* Chemical & Allied Industries' Association

## INPUTS:



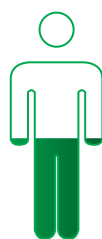
## STRATEGIC RELATIONSHIPS:

- Farmers
- Government
- Industry bodies
- Suppliers



**R494m**  
OPERATING PROFIT

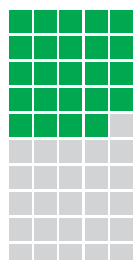
**RCR 0.93**



**1 950**  
EMPLOYEES

**47.5%**

### REVENUE



**R8 218m**  
49.0%

## OUTPUTS:

- Fertilizer or nutrients
- Nutriology services
- Co-generation and reuse of resources

## OUTCOMES:

- Efficient water use
- Secure food supply
- Increased agricultural yields
- Enhanced quality



The business model has been tried and tested over many years, and continues to be fine-tuned as Omnia's markets and customers evolve. Omnia sustains and grows the business by continuously enhancing the value it offers to local and international customers through product innovation, growing Omnia's intellectual capital and working to further raise already exceptional service levels. A continuous feedback loop with customers at all points of engagement keeps the Omnia business model on track.

# MINING



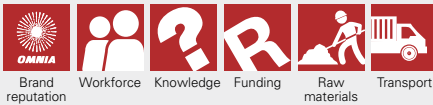
# A BUSINESS MODEL FOR LONG-TERM SUSTAINABILITY

Omnia has a balanced presence in sectors that are essential to the sustainable use of the world's finite resources, and will play a key role in sustaining Africa's future development. We will continue to develop and leverage our intellectual property to add focused value to the agriculture, mining and chemicals markets in Africa and abroad.

# CHEMICALS

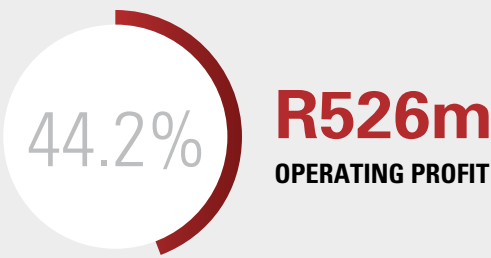


### INPUTS:



### STRATEGIC RELATIONSHIPS:

- Mining sector in Africa
- Government and regulatory bodies



**RCR 0.70**



### OUTPUTS:

- Bulk Mining Explosives
- Mining services
- Mining accessories
- Protea Process®

### OUTCOMES:

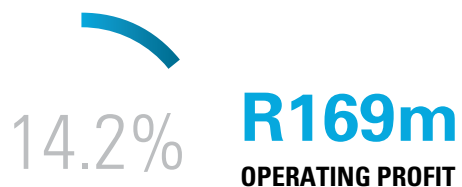
- Enhanced safety
- Enhanced productivity
- Improved customer performance

### INPUTS:



### STRATEGIC RELATIONSHIPS:

- Suppliers
- Industrial and manufacturing customers
- Chemical and Allied Industries Association (CAIA)



**RCR 0.77**



### OUTPUTS:

- Approximately 1 650 products
- Logistics and handling solutions for hazardous chemicals

### OUTCOMES:

- Treated drinking water
- Renewable energy
- Improved animal nutrition
- Product process enhancement

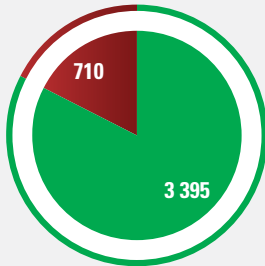
# SUSTAINABLE PERFORMANCE SUMMARY



## EMPLOYEES

**4 105 employees**

### PERMANENT VS FIXED-TERM



- Permanent employees **3 395**
- Fixed-term employees **710**

**1 336 employees**

attended in-house wellness programmes.

Medical checks were performed on employees on an annual basis for the production sites and every second year for admin-based employees

**34 employees**

were referred to be monitored to help manage occupational diseases

**118 employees**

received psychological counselling

**240 employees**

received financial wellness support

**126 employee**

staff loans provided



## SKILLS DEVELOPMENT

**An average of 5.11 days**

training was received by employees

Training programmes included:

- **161** learnerships
- **148** apprenticeships
- **21** workplace experience positions
- **5** internships

**20 employees**

attended ABET courses

**45 disabled individuals**

enrolled in learnerships

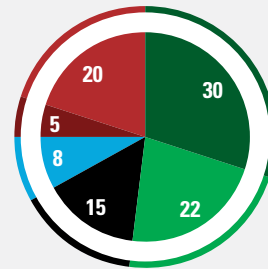
**9 bursaries**

were granted to employees

**162 employees**

assisted with part-time studies

### TRAINING AND DEVELOPMENT FOCUS AREAS



#### Course category:

- | Course category                            | % of training | 2016 |
|--|---------------|------|
| • Safety                                   | 30            | 30   |
| • Technical training                       | 22            | 22   |
| • Onboarding and general company awareness | 15            | 15   |
| • Legal framework                          | 8             | 8    |
| • Finance and administration               | 5             | 5    |
| • Other                                    | 20            | 20   |



## HUMAN RESOURCES

**24.5%** of our South African employees bargaining unit are represented by trade unions

**83% (3 408 people)**

total workforce employed in South Africa

**Workforce is 73% black employees**

**Top management is 37.5% black employees**

**25% of which are women**

**Total direct interest of 13.5%**

in Omnia Group (Pty) Ltd by employees

- Sakhile 1 (BBBEE initiative) currently has 2 289 active shareholders
- Sakhile 2 (BBBEE initiative) for senior management, currently has 158 active shareholders

**28.67% direct and indirect ownership by black people**

**R8 billion**

preferential procurement spend (of products and services from BBBEE suppliers) or 70% of Omnia's measurable procurement spend

**Level 2** BBBEE rating



## OMNIA'S ENVIRONMENT

**Zero reported human rights incidents**

**RCR of 0.83** below target of 1.0

**1 fatality**

Security guard employed by Omnia in Zambia was fatally injured during a robbery whilst on duty

**R5.9 million**

socio-economic development expenditure

**12% decrease**

in water consumption

**4% decrease**

in electricity consumption

**67% increase**

in volume of hazardous waste mainly due to increased production at the Chemicals division Mobeni site which has resulted in larger volumes of waste with a high salt content

**8 transport-related**

incidents (2015: 7), an increase of **14.3%**

**10 environmental**

incidents (2015: 12), a decrease of **16.6%**

**Zero significant penalties**

incurred for non-compliance with environmental laws

**Greenhouse gases**

The Group monitors its carbon footprint on the basis of two types of emissions:

**Group Scope 1** emissions of 42 766 (2015: 43 923) down by **3%**

**Group Scope 2** emissions of 78 464 (2015: 81 623) down by **4%**



SECTION 1

# THE OMNIA GROUP





## OMNIA'S SUSTAINABLE STRATEGY

Omnia's sustainability strategy is fully aligned with the Group's vision and overall business strategy and forms an integral part of how the day-to-day business is conducted throughout the organisation.

The strategy is to grow the business in a sustainable way. Omnia recognises the imperative to manage environmental, social and financial demands and concerns so as to ensure the responsible, ethical and ongoing success of the business.

The Group subscribes to the principles of openness, integrity and accountability and the concept of the "triple bottom line". These principles embrace economic, social and environmental relationships through an integrated, sustainable approach that encompasses all Group stakeholders – shareholders, customers, employees, suppliers, governments and the communities in which Omnia operates. Omnia continues integrating economic development, environmental quality and social equity into the Group's business practices, to constantly improve performance in a sustainable manner.

Omnia's business model is designed for long-term sustainability. It continues to be fine-tuned as the Group operates within a broad and evolving context of macro-economic realities and social, regulatory, community and environmental influences.

The Group is committed to playing a role in the development and growth of the agriculture, mining and chemicals sectors on the African continent, including South Africa, as well as at the focused operations in Australasia, Brazil and China. Omnia strives to help these sectors grow as the Group has grown and prospered and it does so through long-term sustainable relationships with customers and other shareholders.

Omnia's material sustainability issues range from safety, health and the environment to employment equity to community development.

Key to the Group's sustainable growth are the following objectives:

- Building a culturally diverse business that respects and promotes the rights of its people
- Building a learning organisation
- Continuously improving on health, safety and environmental practices by following the guiding principles of Responsible Care®

The principle of Responsible Care® is one of the Group's top priorities. Responsible Care® is the chemical industry's unique global initiative that drives continuous improvement in safety, health and environmental performances, together with open and transparent communication with stakeholders. The initiative embraces the development and application of sustainable chemistry, helping the industry contribute to sustainable development while allowing it to meet the world's growing need for essential chemicals and the products derived from these chemicals.

*"The Group subscribes to the principles of openness, integrity and accountability and the concept of the "triple bottom line" "*

## OMNIA'S SUSTAINABILITY STRATEGY CONTINUED

### APPROACH TO SUSTAINABILITY

Omnia's approach to sustainability is informed by international guidelines and leading practices, the South African Companies Act, 2008 (Act No 71 of 2008), (as amended), the King Code of Corporate Governance for South Africa of 2009 (King III), the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). Omnia has again been admitted to the JSE's Socially Responsible Investment (SRI) Index.

The Group uses financial and non-financial key performance indicators (KPIs) and quantitative and qualitative factors to measure progress in implementing its strategy.

*“Omnia recognises the role it must play in helping to address the wider global sustainability issues”*

### WIDER GLOBAL SUSTAINABILITY ISSUES

Omnia recognises the role it must play in helping to address the wider global sustainability issues of energy, consumption, climate change, water scarcity and food security.

### ENERGY AND CLIMATE CHANGE

Global population growth, combined with improving living standards, has created substantial increases in energy demand, which, in turn, have lifted greenhouse gas emissions in the atmosphere to record, unacceptable highs.

In response to this challenge, Omnia:

- Uses best-in-class technology to reduce carbon emissions from its operations
- Continually seeks ways to reduce energy consumption and optimise the efficiency of existing and future processes that consume energy
- Actively supports the drive to develop sources of alternative and renewable energy, including biofuels



## WATER SCARCITY

Water is becoming scarcer, the quality is deteriorating and unsustainable water use is rising as a result of expanding populations, increasing standards of living and inefficient agriculture and industry practices.

In response to this challenge, Omnia:

- continuously looks for further opportunities to improve and promote the efficient use of water resources by investing in businesses that are water wise
- optimises the Group's own water use by reducing, reusing, improving quality, managing effluent and limiting pollution
- provides advice to customers on the conservation and efficient use of water
- uses research and development to formulate fertilizer products that require less water to function effectively

## FOOD SECURITY

There is increasing concern around food security as food production fails to meet escalating demand caused by global population growth, changing dietary habits in developing economies, increasing urbanisation and the declining availability of arable land and water.

South Africa has been a net importer of food since 2000, and innovative approaches are required to remedy the shortfall in food production.

In response to this challenge, the Agriculture division has, through its Omnia Nutriology® model, developed a plan to support the pillars of modern, sustainable agriculture. This entails the use of a large team of agronomic specialists supported by competent technological services and a world-class laboratory located at the Sasolburg factory for research and development.

The Agriculture division also:

- continuously invests in programmes that enhance nutrient and water-use efficiencies
- develops and deploys new agronomic techniques and fertilizer products that help increase crop yields and quality
- advises on good farming practices to conserve water and prevent soil erosion
- has a dedicated unit focused on emerging farmers to assist them in becoming self-sufficient commercial farmers over a period of time

## GOVERNANCE OF SUSTAINABILITY

Omnia's Board of directors ("the board") is ultimately responsible for the key governance processes and sustainable growth, performance and affairs of the Group. The board delegates to the social, ethics and risk committee, its responsibility for monitoring and managing the Group's social and economic development, good corporate citizenship (including the promotion of equality and environmental, health and public safety), good labour conditions and sound business ethics.

## SUSTAINABILITY REPORTING

Omnia subscribes to the vision that disclosure on socio-economic and environmental performance is as relevant as financial reporting.

The board accepts its duty to present a balanced and understandable assessment of the Group's position in reporting to stakeholders. Greater demand for transparency and accountability regarding non-financial matters is always taken into account. All stakeholders with a legitimate interest in the Group's affairs can obtain full, fair and frank accounts of Omnia's performance. The Group makes every effort to ensure that information is distributed via a broad range of communication channels and takes care that critical information reaches all stakeholders timeously.

Omnia has reviewed its sustainability reporting processes during the year and has adopted the GRI G4 guidelines in this report. The Group reports in line with the "core" option. At present, only selected non-financial indicators are audited as per the assurance statement on page 63 and 65.

*"Omnia subscribes to the vision that disclosure on socio-economic and environmental performance is as relevant as financial reporting"*



## GROUP MANAGING DIRECTOR'S REVIEW



**Rod Humphris**  
Group managing director

The Group's strategy has been shaped over a number of years, and focuses on maintaining our unique, specialised market offerings, while expanding organically. We also aim to sustain a nurturing working environment in order to retain our employees who are, themselves, an integral part of our offering.

### THE BENEFITS OF RESILIENCE

This financial year can best be described as a "perfect storm". South Africa experienced the worst drought in more than 100 years of recorded history which affected the whole of southern Africa and, in particular, the Agriculture sector. Low mining commodity prices reflected the severe global oversupply that resulted in major cutbacks in exploration, expansion and green-field projects. Manufacturing in the region remained static at low levels leading to poor demand for our chemicals. The Group has worked hard over many years to diversify its risks and exposures to any group of products and to any one geography. This strategy has paid off in that although the profit after tax is down by 25% year-on-year the overall financial result is still commendable under these difficult macro circumstances.

The Group's performance was underpinned by a number of notable achievements during the year under review:

- Level 2 BBBEE rating, first time in Omnia's history
- Maintained safety performance
- Positive cash flow and ungeared balance sheet
- Good penetration of agriculture markets in Western and Northern Cape
- Record sales of liquid fertilizers despite the drought
- The detailed engineering for the new nitro-phosphate plant at Sasolburg almost complete
- Research into improving water-use efficiency in farmlands gaining momentum
- Good penetration of mining markets in Zambia
- World record blast with 5 665 electronic delay detonators in Australia using our Generation II AXXIS® product
- Introduction of emulsion application systems to underground explosives markets gaining acceptance
- Successful introduction of new mining chemicals products into southern African markets
- Excellent turnaround of Protea Chemicals
- Significant progress on the complete modernisation of computer hardware and related IT infrastructure
- Good progress made on introducing the Microsoft Dynamics AX ERP software into the Group
- Emerging farmer programme increasingly recognised
- Continuation of leadership training

## GROUP STRATEGY

While this strategy is reviewed regularly, it has proved its worth and has remained largely consistent over the years. This has enabled our teams and workforce to have a clear understanding of our objectives and what is required of each person.

Our strategy is underpinned by the following fundamental practices of the business:

- Provide specialised solutions to the agriculture, mining and chemical markets
- Focus on unique market offerings that create value and, in doing so, earn a premium
- Diversify our markets beyond South Africa's borders
- Identify and implement strategic acquisitions to build on the strengths of each division
- Improve our cost competitiveness, particularly in our Chemicals division
- Implement automated assembly lines to improve the quality of our products, particularly in our Mining division
- Continuously improve our health, safety and environmental performances and practices by following the guiding principles of Responsible Care®
- Build a culturally diverse business that respects and promotes the rights of its people
- Develop a learning organisation
- Leverage our intellectual property, systems and technology to create value for customers and shareholders

For further details on our strategy and how this aligns with our business model, pages 14 – 16 of the 2016 integrated annual report.

The Group has always taken pride in being a market-focused organisation and we continuously strive towards a broader value offering and improving customer service across all our divisions. We foster a sense of ownership through a distinct culture and a variety of share participation schemes.

## OPERATING PERFORMANCE AND PROSPECTS

As expected under these market circumstances, the Group's turnover remained flat, decreasing very slightly over the previous year to R16.8 billion. The impact was felt mainly from the mining sector, leading not only to a reduction in operating profit in the Mining division, but also in the Agriculture division due to lower offtake of raw materials by the Mining division. With the benefits of the turnaround strategy implemented in Protea Chemicals, the increased operating profit from the Chemicals division partly mitigated the decrease in mining profitability. As a result of these factors the Group's operating profit reduced by 19% to R1.2 billion.

The Group has made significant progress in modernising its outdated computer network hardware and related infrastructure to allow the benefits of the new generation of IT power, speed and connectivity to be realised. Extensive use of fibre-optic cables and dual-line back-ups were introduced to enhance reliability, improve connectivity and ensure uninterrupted customer service. Ongoing improvement to the security and back-up storage functions continue to remain an area of focus. At the same time the Group has made rapid progress on moving its ERP and related application software system to a more integrated platform, using the Microsoft suite of technologies. Work done to date shows that the latest advances in software, processing power and line speed have enabled a significant real-time processing advantage with major improvements in business information and analytics. This will allow the Group to respond more rapidly to new external challenges and provide enhanced knowledge to management, resulting in improvements in the decision-making process. Integration with scientific packages for the gathering, processing and analyses of big data will allow for an improvement in customer experience and enhanced service offering.

## GROUP MANAGING DIRECTOR'S REVIEW CONTINUED

### AGRICULTURE

According to the South African Weather Service, in the 2015 calendar year, South Africa received the lowest average rainfall in recorded history, of 403mm. This represented 66% of the national annual rainfall average of 608mm for all recordings over the past 112 years (since 1904). The drought conditions would appear to have been primarily attributable to the very strong El-Niño phenomena that originates in the warm water of the central Pacific Ocean. The expected impact of the drought on the South African maize (a large consumer of fertilizer) harvest is an estimated year-on-year reduction of at least 30% from 9.96 million tonnes to 7.07 million tonnes (or lower). However it is worth noting that, on average, the expected maize harvest in South Africa will result in a higher net value than the prior year because of much higher maize prices in rand terms. This has resulted in an extreme range of earnings across the various farming communities which we service with some farmers achieving record turnover and profitability whilst others reported losses. The drought was not isolated to South Africa but prevailed throughout southern Africa.

It is therefore very pleasing to report that despite the severe drought in the region in which we operate, our Agriculture division managed to increase turnover by 13% from R7.3 billion to R8.2 billion. The South African business has also managed to grow its customer base during the past year which will raise volumes and turnover in future years once the current drought recedes and, in particular, the maize plantings in the Western Free State and other areas return to normal levels, which should result in an increase in fertilizer sales.

However, the operating profit of the division reduced by 25% from R656 million to R494 million. Several major factors contributed to this decline with the overall reduction in production volumes affecting the recovery of overheads at our Sasolburg factory. Firstly, the lower volume of raw material produced at our Sasolburg factory for our Mining division resulted in lower overhead recovery within the Agriculture division's operations. Secondly, as a result of carrying excess stock from the prior year due to the late summer drought in that year, less fertilizer production was required to supply our market, which also contributed to lower production overhead recovery. In particular, our Nitric Acid 2 complex utilised only 60% of its capacity compared to the prior year's 81%. Thirdly, difficult market conditions were experienced in our Zambian markets due to the drought and electricity supply problems which negatively impacted on farmers ability to irrigate, with a corresponding reduction in farming activity in that region.

The division continues to develop its Emerging Farmers programme. The programme has built up an enviable reputation of being the most successful empowerment programme of its kind in the South African agriculture sector and one that has positively impacted on many communities. The programme has been running for 10 years and in this year, a total of 204 black farmers participated in the programme, with Omnia investing about R238 million of loan funding plus extensive manpower and expertise. The programme is only complete when the emerging farmer becomes a successful independent commercial farmer. Refer to pages 63 – 65 for detail on the emerging farmers.

The division paid considerable attention to improving productivity and efficiencies, with costs under intense focus. The attention to reducing costs mitigated the drop in profitability that resulted from the factors set out above, but was insufficient to prevent the Agriculture division operating margin slipping to 6% which was marginally below the most recent guidance of 7% – 9%. Excluding the once-off loss incurred in the Agriculture, Trading division on a large volume trade in Australia which originated in December 2014 and was substantially closed out by the end of the current financial year, the operating margin would have been 7.5%.

Considerable progress was made on the detailed engineering for the new nitro-phosphate plant at the Sasolburg factory that will quadruple the existing plant output capacity.



# 13% INCREASE

*Agriculture division  
turnover increased by  
13% to R8.2 billion*



The expansion is expected to cost in the order of R650 million and will deliver significant savings in raw materials. Savings are estimated to add 1 to 2 percentage points to the Agriculture division's operating margin once the plant reaches nameplate capacity. The construction is estimated to take 18 – 24 months and will benefit the business from FY2019. Final board approval for the project is expected by the end of calendar 2016.

With the El-Niño effect abating and crop prices at record highs in southern Africa due to the weak rand, a good planting season is expected in the forthcoming agriculture summer season commencing in September/October 2016. The division is well placed to respond to the expected improvement in market conditions and continues to use the interim period to focus on improving operational efficiencies and product quality.

## MINING

Metals and minerals remain in oversupply on a global basis with most metal prices continuing to fall during the year. However, by year-end the fall in the prices of most commodities had slowed and prices stabilised at low levels. Markets are now watching closely, believing that a slow upward turn may possibly occur in the near term. In the interim, mines and mining groups continue to respond to the changes in market conditions by reducing debt and restructuring their businesses to face the new harsh realities in the sector after years of unprecedented growth. Downscaling and retrenchment is evident across the sector and will continue unless a recovery in prices soon starts to materialise on a global basis. Most mineral exploration projects have been halted or significantly reduced, a strategy that it will reduce the future pipeline of new mine projects to come into production. As a result, there is little growth in the mining industry with few if any green field start-ups.

Our Mining division's turnover has decreased year-on-year by 15% from R5.4 billion to R4.6 billion. This has largely been caused by events of the prior year with the loss of two major contracts, one in West Africa and one in the coalfields of South Africa, combined with a general slowdown in mining activity. The annualised impact of this loss in revenue was felt acutely in this financial year. However, the Group has succeeded in securing new large volume contracts in the Zambian copper-belt towards the end of the financial year which will lift volumes and revenue in the forthcoming year.

Under the circumstances of lower growth, pricing and operating margins came under some pressure. This, combined with lower volumes' resulted in the operating margin being squeezed. Operating profit reduced by 27% from R720 million to R526 million, resulting in a decline in the operating margin to 11.6%. This was lower than the operating profit guideline of 13% – 15%.

The new emulsion explosives plant at Dryden was commissioned by mid-year and is now operating at an acceptable level producing a high-quality products. A further increase in the proportion of used oil in the emulsion, has led to an improvement in the cost of the formulations, further enhancing the approach towards sound environmental practice.

We have now successfully adapted our surface emulsion product so that it can be used in the underground explosives market. Special application equipment was designed and built. It had to be easily portable but, at the same time, able to deal with the rigours of underground mining. Both the emulsion and its application equipment have been proven in the course of the year. This type of technology brings added safety and security benefits to our customers. The system is being rolled out at two deep-level gold mines in South Africa. As the system is different from traditional underground explosives systems, extensive training is provided to underground miners to ensure the correct user adoption takes place. It is believed that the system will create the platform to penetrate the underground explosives market, which has not previously been a target market for BME.



# 12% DECLINE

*Omnia's Mining  
division operating  
profit declined by  
12% to R526 million*

## GROUP MANAGING DIRECTOR'S REVIEW CONTINUED

Our in-house designed electronic delay detonator, Generation II AXXIS®, has undergone extensive reviews of its design and has proven itself in the African and Australian markets. The system is user friendly and extremely accurate when used in combination with our proven in-house Blastmap™ blasting-design software. This creates a powerful tool for our mining clients to improve the overall quality and efficiency of the blasting cycle. It is being increasingly realised by miners across the globe that despite such detonators costing considerably more than conventional pyrotechnic detonators, the saving achieved in mining costs far outweighs the cost of the electronic detonators. The precise timing and the control it affords to miners, allows significant savings through reduction of drilling and explosives costs, far lower excavation costs and better fragmentation and vibration control. Sophisticated in-house automation manufacturing units are now being introduced to assemble the detonators to meet our stringent quality control standards. Good progress was made on selling the product in Australia through our AIS business in that market. Importantly, AIS achieved a world-record blast in Australia using 5 665 Generation II AXXIS® electronic delay detonators in a single blast on a coal mine. The ability to achieve larger blasts in appropriate circumstances significantly improves mine productivity as it creates operational efficiencies by reducing idle time lost in clearing the mine of all other activity in preparation for a blast.

In our pyrotechnic shocktube based detonators, sophisticated automation was successfully introduced during the course of the year with a commensurate improvement in quality.

Several new products were successfully introduced into our mining chemicals offering which enabled this part of our Mining division to counter the impact of lower chemicals sales to the depressed uranium sector. Our mining chemicals offering started to extend its reach into the West African markets following on the market penetration achieved in explosives markets in that region.

### CHEMICALS

The slowdown in South Africa's GDP growth, together with the slowdown in the country's mining and agriculture sectors, has meant that manufacturing has not grown in South Africa despite a weaker rand encouraging manufacturers to export or, to compete more easily with imported products.

The central focus within our Chemicals division was to restructure the business from a decentralised model to a centralised model. Accompanying this objective was the need to simplify the business and introduce new operating processes supported by the implementation of the new IT platforms. As a result, there was an intense focus on productivity and efficiency leading to a 14% cut in permanent staff. This is regrettable but absolutely necessary to build a sustainable platform for the business to continue and on which to grow. A number of smaller branches and sites were rationalised and closed. A detailed review of the product range also resulted in a reduction of non-performing or unprofitable lines which resulted in a drop in volumes but an improvement in the overall percentage operating margin. The nett effect of all these actions led to a 5% drop in turnover from R4.2 billion to R4.0 billion but at a considerable improvement in operating margin, by 69% from R100 million to R169 million. The operating margin percentage has been markedly improved from the prior year's 2.4% to this year's 4.2%. The major restructuring of the division is now complete and the new processes will continue to be refined, leading to a host of identified other improvements.

The weaker rand should have led to a substantial increase in pricing but this was entirely neutralised by lower US dollar chemical prices and in particular, the substantial drop in oil prices that impacted on oil-derived chemicals. Substantial progress was also made on improving working capital while at the same time driving better customer service.

*"Achieved a world record blast in Australia using 5 665 detonators in a single blast on a coal mine"*



**69%**  
**INCREASE**

*Considerable improvement in operating margin by 69% from R100m to R169m*

*“The long-term operating profit target of 4.5% – 5.5% is now well within reach”*

A state of the art chlorine solution plant at the Sasolburg factory greatly assist Protea Chemicals in driving future product growth with enhanced quality.

The Chemicals division is now focused on eight important chemicals segments:

- Agriculture and Animal Feeds
- Coatings and Polymers
- Consumer Care
- EcoGypsum
- Food
- Manufacturing
- Oil and Gas
- Water

The Chemicals division is now on a new footing with an extremely competitive operating model and software platform. The structural reorganisation has been overcome and the team is highly motivated. The long-term operating profit target of 4.5% – 5.5% is now well within reach.

## PROMOTING SUSTAINABLE GROWTH

### SAFETY

Many initiatives were rolled out across the group to change behavioural attitudes towards safety. Good progress was made on a formalised approach to Process Safety, enabling critical risks to be better managed. The current Safety, Health and Environmental (SHE) software system is under review with a decision taken to commence with the replacement of the outdated system with a new, modern system enabling much better integration with financial and other operational systems. This will be an important tool in our quest to drive a continuous improvement in the total safety programme.

The RCR, is an important indicator of safety progress. The RCR for the year is 0.83 which is marginally higher than the 0.7 achieved in the prior year but within the Group’s target of less than 1.0. The Group will continue to drive safety programmes and influence safety behaviour to reduce the RCR. This will continue to remain an ongoing priority.

### ENVIRONMENTAL

The Group has been an early adopter of leading technology to eliminate almost entirely all Greenhouse Gas emissions from the two nitric acid plants at the Sasolburg factory. To date, 4 164 689 Carbon Emission Certificates have been generated, which makes the Group the undisputed leader of Greenhouse Gas mitigation in southern Africa. The South African government is at an advanced stage of introducing both a Greenhouse Gas Tax and a Greenhouse Gas Budget in order to curb greenhouse gas emissions. Based on the decision to be an early adopter of technology to address these new regulatory requirements once implemented, the Group is well placed to respond in an appropriate way. We are proud of the fact that we have voluntarily made a significant contribution to preventing global warming. Substantial capital was spent several years ago to implement the technology, implying that no further capital is required as a result of pending legislation. The Group has also during the course of the year, implemented a Climate Change Policy recognising the needs to adapt its practices and develop new techniques to assist customers in helping to combat climate change.



## GROUP MANAGING DIRECTOR'S REVIEW CONTINUED

### WATER

We recognise that water will not only remain in limited supply in southern Africa but that shortages will increase over time. It is therefore imperative that current technologies are continuously improved and that new technologies are found to improve the yield of farm produce per litre of water consumed. Considerable research is being done by our fertilizer agronomic experts to improve water-use efficiency on farms. The team is having much success in this area but the research still remains in its infancy. We will continue to work on this fascinating area of research as it will become a critical factor for many of our clients.

Likewise in our Chemicals division we have a specialised water department to focus on the latest technologies associated with the clean-up of raw water to deliver potable water.

### AIR

Our Agriculture division recognises that some of its older plants will not meet the new stringent 2020 air emission criteria despite the fact that the plants conformed to the applicable environmental requirements at their construction dates. In particular, the 33-year old Granulation Plant 2 will require additional de-dusting cyclones and a state of the art scrubber. These pieces of equipment are at an advanced detailed engineering phase.

### TRAINING

The Group has over the past year been rolling out a leadership development programme for its people. This is enabling a more customised and focused approach not only to training but also to agreeing and setting clear objectives which align with the Group's strategic priorities.

### APPRECIATION

The Group has proven to be remarkably resilient under extremely difficult market circumstances and it is under these circumstances that the true worth of the diverse nature of the Group has proven itself. All our businesses have been seriously challenged, but our people have done a wonderful job of remaining enthusiastic, positive and seeking solutions to deliver this commendable result. Many of these solutions are not easily observable in this result but are expected to deliver in the near term and assist the Group in becoming even more tenacious and resolute. I thank all our employees for their hard work, perseverance and dedication in a tough year. It is only in years like these that the true spirit of our people rises to the fore.

I thank Francois Hay who has ably led and significantly grown BME to become the undisputed surface-mining explosives leader in southern Africa, if not the whole of Africa. Francois has been at the helm of BME for 11 years and has led his team with the utmost passion and dedication to build BME into a regional leader with an extreme service focus. I wish him well in his early retirement from corporate life.

I welcome Joe Keenan as the new MD of BME. Joe is an experienced and accomplished international executive who has spent many years in the mining and explosives arena on various continents. He is well skilled to lead BME into its next growth phase.

I also thank Gavin Brimacombe who has led Protea Chemicals through a challenging time that has culminated in a rejuvenated business. Gavin has shown great strength of character in persevering with a difficult restructuring task in a poor macro-environment so as to completely change the way Protea Chemicals operates. Gavin leaves satisfied that the business will continue on a new but exciting footing.

*"All our businesses have been seriously challenged but our people have done a wonderful job of remaining enthusiastic, positive and seeking out solutions to deliver this commendable result"*

Martin Kearns who has been with the Group for many years and is steeped in the chemicals industry, has taken over the leadership of Protea Chemicals. Martin has proven to be an inspirational sales and marketing leader and we thank him for leading Protea Mining Chemicals so ably for the past 12 years and wish him well in his new role. Mike Smith has been an executive of Protea Mining Chemicals for many years and has now been appointed as the new MD.

I take this opportunity to congratulate Wayne Koonin, who joined Omnia in mid-2014 as the new Group finance director, for being nominated as a Top 25 finalist in the prestigious 2016 CFO Awards for South Africa.

*“We can only thank our customers for their business and promise to continue to improve on our service levels and to further improve on making a difference to you”*

We recognise that the macro environment is really challenging for all our customers. We can only thank our customers for their ongoing support and loyalty and promise to continue to improve our service levels and to continue making a difference to them. Our focus as always is to live up to our vision – “creating customer wealth by leveraging knowledge”.

## LOOKING AHEAD

The cash generation achieved in a difficult year was outstanding. This is the second financial year in Omnia’s 63-year history that the Group balance sheet has a cash positive position at year-end. A strong balance sheet is an inherent strength in today’s volatile financial markets. However, it is also a double edged sword in that a strong balance sheet provides scope to exponentially drive the growth of the business but at the same time the ungeared balance sheet can imply lower shareholder returns. The Group is deliberately building up its balance sheet and biding its time whilst it researches many growth opportunities to choose those that will most likely contribute to driving an accelerated growth path. A focused multi-disciplined team has been successful in identifying many potential opportunities that bring varying attributes for consideration. These involve backward integration, market diversification, geographic growth and mergers and acquisitions.

The Group remains focused on its golden thread of being a chemicals and chemicals services company and would see any future growth remaining within this sphere of expertise. Areas of particular interest include mining chemicals, water-treatment chemicals and processes, food additives and processes, bio-chemicals and renewable energy. Good progress has been made at board level in deciding on what opportunities not to pursue and how best to narrow the focus of attention. Currently the Group is actively exploring a number of exciting acquisition prospects, organic growth opportunities and new technologies.

The Group has weathered a perfect storm in its various markets and is proud to have achieved a solid but lower performance under these difficult conditions. The hard work put in by the various teams to improve on productivity and efficiency will undoubtedly make a difference in future years. The Group is well positioned in all its markets and its three divisions are expected to show a much improved performance in the coming year.



**Rod Humphris**

Group managing director

28 June 2016

## SECTION 2

# MATERIALITY





## MATERIALITY DETERMINATION PROCESS

*“The materiality determination process undertaken by Omnia for the 2016 financial year was thorough and drew on the knowledge both of industry experts and of Omnia’s management team”*

### MATERIALITY DETERMINATION PROCESS

The evaluation process explored challenges and opportunities that the Group has encountered throughout the year whilst focusing on the Group’s vision for the forthcoming year. The process took into consideration the material issues for each of the three divisions and how they impact the Group as a whole.

The process involved the following:

- **External environment assessment**

The external influences on all locations and divisions were considered. The following factors were identified as critical: low commodity prices, exchange rate volatility, regulatory uncertainty, country risk, infrastructure constraints, socio-economic issues and community discontent.

- **Enterprise risk management**

The Group’s risk register was reviewed by the Social, Health, Environmental and Risk committee to identify strategic and operational risks and any change in the risk profile from the previous year.

- **Stakeholder analysis**

Internal and external stakeholders, are important role players in how risk is mitigated and opportunities realised. All stakeholders are therefore inherently material to Omnia.

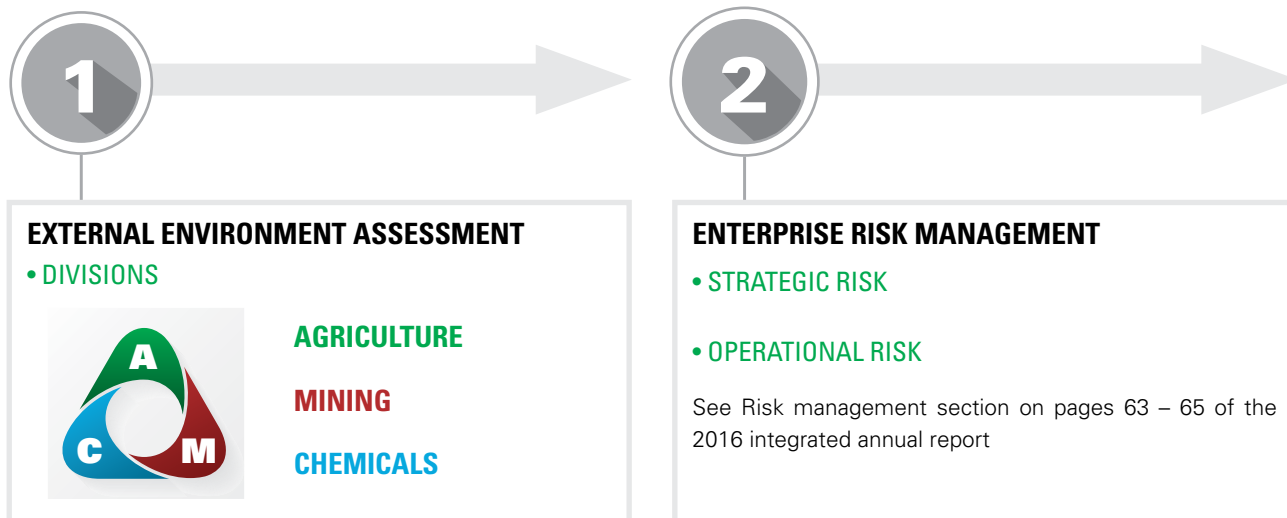
- **Identification of material risk issues**

Material risk issues were grouped into four categories namely: social, economic, environmental and governance and plotted on a heat map. The heat map correlated the likelihood versus impact of each material risk issue on the company. The top material issues are those which had the highest likelihood to impact on the company.

- **Confirmation of material issues for reporting**

A set of material issues were determined and ranked according to their relevance to Omnia’s business objectives and sustainability strategy.

# MATERIALITY DETERMINATION PROCESS CONTINUED














# STAKEHOLDER ENGAGEMENT

Omnia engages regularly with all stakeholders in order to consider their legitimate needs, interests and expectations. Understanding stakeholder perceptions is important to help identify material issues and possible risks. This in turn guides the Group's strategic development. Omnia undertakes constructive engagement with its broader stakeholder group with the aim of developing a mutual understanding of objectives, while taking into account the statutory, regulatory and other directives overseeing the dissemination of information by companies and their directors.







Building personal relationships with stakeholders makes good business sense and is an integral part of the way the Group works.

The board has a duty to report transparently to all stakeholders. Increasingly, the emphasis has been on greater accountability regarding non-financial disclosures. The board carefully ensures that communication on performance is distributed to all stakeholders and the public through a broad range of channels. This engagement is guided by disclosure requirements in terms of legislation, King III and the JSE Listings Requirements.

From a sustainability perspective, Omnia engages with the following stakeholder groups:

				
STAKEHOLDER GROUP	NATURE OF ENGAGEMENT	RESPONSIBLE PARTY	ISSUES RAISED	STATUS
<b>SHAREHOLDERS</b> 	<ul style="list-style-type: none"> <li>Interim and integrated annual reports</li> <li>SENS announcements</li> <li>Analyst presentations (interim and year-end presentations)</li> <li>One-on-one meetings with major shareholders, analysts and fund managers locally and internationally</li> <li>Shareholder meetings, annual general meeting</li> </ul>	<ul style="list-style-type: none"> <li>Group managing director</li> <li>Group finance director</li> <li>Group company secretary</li> <li>All board members and senior executive management are encouraged to attend results presentations and the general shareholder meetings</li> </ul>	<ul style="list-style-type: none"> <li>Company and share price performance</li> <li>Growth strategies</li> <li>Non-financial performance targets</li> <li>Corporate governance</li> <li>Remuneration practices</li> </ul>	<ul style="list-style-type: none"> <li>Improved financial analysis</li> <li>Disclosure and reporting</li> <li>Improved integrated annual reporting</li> <li>Improved shareholder participation in meetings</li> </ul>
<b>INVESTMENT COMMUNITY</b> 	<ul style="list-style-type: none"> <li>Articles in financial publications</li> <li>SENS announcements</li> <li>Press releases</li> <li>Investor road shows</li> <li>Analyst presentations</li> <li>Website</li> <li>One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>Group managing director</li> <li>Group finance director</li> <li>Group company secretary</li> <li>All board members and senior executive management are encouraged to attend results presentations and the general shareholder meetings</li> </ul>	<ul style="list-style-type: none"> <li>Company and share price performance</li> <li>Growth strategies</li> <li>Investment case</li> </ul>	<ul style="list-style-type: none"> <li>Improved understanding of the nature of Omnia's business, enhanced financial and sustainable development reporting</li> </ul>
<b>EMPLOYEES</b> 	<ul style="list-style-type: none"> <li>Intranet</li> <li>Website</li> <li>Training</li> <li>Newsletter</li> <li>Presentations,</li> <li>Performance evaluations</li> <li>Career discussions</li> <li>Share scheme training and participation</li> <li>Equity forums</li> <li>Road shows</li> </ul>	<ul style="list-style-type: none"> <li>Group managing director</li> <li>Group finance director</li> <li>Group human resources director</li> <li>Management</li> <li>Employment equity forums</li> <li>Feedback provided at board meetings and in the integrated annual report</li> </ul>	<ul style="list-style-type: none"> <li>Job security</li> <li>Career growth</li> <li>Leadership development</li> <li>Salary increases</li> <li>Performance incentives</li> <li>Wellness issues, safety, health and environment</li> </ul>	<ul style="list-style-type: none"> <li>Greater investment in training and development strategies</li> <li>Improved communication</li> <li>Understanding of Omnia's values and policies</li> </ul>
<b>DIRECTORS</b> 	<ul style="list-style-type: none"> <li>Operational budget presentations</li> <li>Board and committee meetings</li> <li>Site visits</li> <li>One-on-one meetings with executive and key employees</li> </ul>	<ul style="list-style-type: none"> <li>Management</li> <li>Board</li> <li>Group managing director</li> <li>Group finance director</li> <li>Company secretary</li> </ul>	<ul style="list-style-type: none"> <li>Company and operational performance</li> <li>Growth strategies</li> <li>Governance compliance</li> <li>Risk management</li> <li>Attraction and retention</li> <li>Protection of knowledge</li> <li>Information and skills</li> </ul>	<ul style="list-style-type: none"> <li>Greater strategic focus on long-term growth strategies</li> <li>Better planning and decision making</li> <li>Improved risk management</li> <li>Compliance assessment processes</li> </ul>



STAKEHOLDER GROUP	NATURE OF ENGAGEMENT	RESPONSIBLE PARTY	ISSUES RAISED	STATUS
<b>TRADE UNIONS</b> 	<ul style="list-style-type: none"> <li>Bargaining council meetings</li> <li>Dispute settlement meetings</li> </ul>	<ul style="list-style-type: none"> <li>Group human resources director</li> <li>Employee relationship manager</li> </ul>	<ul style="list-style-type: none"> <li>Wage negotiations</li> <li>Conditions of employment</li> <li>Health, safety and wellness issues</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing focus on employee and labour relations</li> </ul>
<b>CUSTOMERS</b> 	<ul style="list-style-type: none"> <li>Sales agreements</li> <li>Sales and marketing conferences</li> <li>Meetings</li> <li>Sales and marketing brochures</li> <li>Newsletters</li> <li>Events</li> <li>Industry conferences</li> <li>Training</li> <li>Letters and emails</li> </ul>	<ul style="list-style-type: none"> <li>Divisional marketing directors</li> <li>Sales management</li> <li>Technical services department</li> </ul>	<ul style="list-style-type: none"> <li>Supply, quality of product</li> <li>Service-related issues</li> <li>Technical support and price</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced service offering</li> <li>Greater confidence in product and service delivery</li> <li>Increased sales</li> </ul>
<b>GOVERNMENT AND REGULATORY BODIES</b> 	<ul style="list-style-type: none"> <li>Formal and informal meetings</li> <li>Consultations</li> <li>Documentation and report submissions</li> <li>Conferences</li> <li>Tender submissions</li> <li>Extensive commentary on draft legislation and presentations</li> </ul>	<ul style="list-style-type: none"> <li>Head of Group legal</li> <li>Compliance officer</li> <li>BBBEE and EE manager</li> <li>Group SHERQ manager</li> <li>External legal advisors</li> <li>External auditors</li> </ul>	<ul style="list-style-type: none"> <li>Competition law compliance</li> <li>Employment equity (EE)</li> <li>Broad based black economic empowerment (BBBEE)</li> <li>Safety, health and environmental legislation compliance</li> <li>Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Competition Law compliance programme with training and communication</li> <li>Improved EE and BBBEE compliance and performances</li> <li>Continuous engagement with Competition Law authorities</li> <li>Continued focus on improving compliance with safety, health and environmental law standards</li> <li>Continually checking legal compliance</li> </ul>
<b>SUPPLIERS</b> 	<ul style="list-style-type: none"> <li>Supply agreements</li> <li>Meetings</li> <li>Conferences</li> <li>Events</li> <li>Training sessions</li> </ul>	<ul style="list-style-type: none"> <li>Group and divisional procurement and supply chain management</li> <li>BBBEE and EE manager</li> <li>Compliance officer</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of costs</li> <li>Improved quality of service</li> <li>Product quality and security of supply</li> <li>Compliance with EE and BBBEE ratings</li> <li>Other regulations and standards</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced service offering</li> <li>Greater confidence in product and service delivery</li> <li>Ongoing management of costs</li> </ul>
<b>COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>CSI projects in communities</li> <li>Community-based forums</li> <li>Training and support</li> </ul>	<ul style="list-style-type: none"> <li>BBBEE and EE manager</li> <li>Marketing and sales management</li> <li>Group SHERQ manager and divisional SHERQ officers</li> <li>Group human resources director and human resources managers</li> </ul>	<ul style="list-style-type: none"> <li>Education</li> <li>BBBEE</li> <li>Wealth creation</li> <li>Environmental law compliance</li> <li>Emergency procedures</li> <li>Safety standards</li> <li>Skills development training</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing investment in key projects focused on, major hazard installation (MHI) emergency procedures</li> <li>Compliance with safety standards</li> <li>Farmer development</li> <li>Skills development</li> <li>Operating within the principles of Responsible Care®</li> </ul>
<b>INDUSTRY</b> 	<ul style="list-style-type: none"> <li>Representation on key industry bodies</li> <li>Meetings</li> <li>Conferences</li> <li>Newsletters</li> <li>Correspondence</li> </ul>	<ul style="list-style-type: none"> <li>Management</li> <li>Head of Group legal</li> <li>Compliance officer</li> <li>Group SHERQ manager</li> </ul>	<ul style="list-style-type: none"> <li>Competition Law related issues</li> <li>Environmental legislation</li> <li>Best-practice standards</li> <li>Policy and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Improved and consistent industry-wide implementation of legislation</li> <li>Active participation in lobbying proposed changes in legislation</li> <li>Raising awareness of key issues affecting the industry</li> </ul>






# 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><b>CONTINUED COMMODITY PRICE SLUMP, COMBINED WITH EXCHANGE RATE VOLATILITY</b></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><b>DECLINING MINING AND MINERALS PRODUCTION IN SOUTH AFRICA AND ELSEWHERE</b></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><b>IMPACT OF DROUGHT ON PRODUCT DEMAND AND FOOD SECURITY</b></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>

MATERIAL ISSUE	IMPACT ON THE BUSINESS	IMPACT ON STAKEHOLDER
 <p><b>DELIVERING CUTTING-EDGE KNOWLEDGE AND EXPERTISE THAT PROVIDES VALUE-ADDING SOLUTIONS</b></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><b>ACCESS TO AFFORDABLE ELECTRICITY AND WATER</b></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><b>EVOLVING LEGISLATION AND REGULATION ACROSS GEOGRAPHIC LOCATIONS</b></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><b>SAFEGUARDING EMPLOYEES’ AND COMMUNITIES’ HEALTH AND SAFETY, AND PROTECTING THE NATURAL ENVIRONMENT</b></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><b>ENRICHING RELATIONSHIPS AND MEETING STAKEHOLDER EXPECTATIONS</b></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>

SECTION 3

# SUSTAINABILITY REVIEW



## OVERVIEW

Omnia strongly believes that the sustainability of the business is vested in the people of the organisation, and the management and, the operation of a business that minimises negative impacts on the environment. As such, Omnia subscribes to the principles of Responsible Care® an international initiative which falls within the custody of the Chemical and Allied Industries' Association (CAIA).

### ABOUT CAIA

CAIA was established in 1994 to represent a wide range of interests throughout the chemical industry in South Africa. As an association that forms part of a worldwide network of chemical industry associations, CAIA seeks to:

- Promote the sustainability and continuous improvement of performance in safety, health and environmental arenas, and
- Boost the productivity and competitiveness of the chemical and allied industries in South Africa.

CAIA maintains a constructive relationship with Government and non-government organisations (NGO) so that industry is represented at the policy and legislative level. CAIA is the custodian of the global Responsible Care® initiative in South Africa. This voluntary initiative has been adopted by 57 countries. Through this initiative, companies make a formal public commitment to continually improve their safety, health, and environmental performance.

Neville Crosse, chairman of Omnia, has been an active board member of CAIA and a past chairman of CAIA. Neville retired from CAIA during calendar 2015 after being a member for 17 years. Rod Humphris, the Group managing director was appointed as a board member of CAIA during calendar 2016.

### ABOUT RESPONSIBLE CARE®

Responsible Care® is the chemicals industry's own, unique, global initiative – a voluntary programme that helps the industry raise its standards and win greater trust from the public. Responsible Care® envisages a profitable, sustainable chemical sector in South Africa that contributes to the quality of human life and the economy through innovation and production, without harm to people, property or the environment. Responsible Care® aims to ensure that South Africa's chemical sector is recognised by all stakeholders as a responsible industry playing an important role in bringing a wide range of benefits to society, while remaining open, honest and credible in all its dealings.

Under Responsible Care®, the worldwide chemical industry is committed to improving all aspects of health, safety and environmental performance continuously and to open communication about its activities and achievements. It is Omnia's commitment to sustainability – the betterment of society, the environment, and the economy. Through Responsible Care®, CAIA member-companies strive to “do the right thing, even when no one is looking.” They innovate for safer and greener products and processes, and work continuously to improve their environmental, health and safety performance. The initiative is essential in the reduction and elimination of risks and to the implementation of sustainable development. In terms of international trade and the standards demanded regarding safety, health and environmental practices, it is a strategy for survival and growth, and for maintaining a competitive advantage.

## SUSTAINABILITY REVIEW

# SAFETY AND HEALTH

Omnia, as a signatory to the Responsible Care® initiative, remains committed to the safe, responsible and sustainable operation of its business activities. As such, significant emphasis is placed on the formulation, adoption and implementation of a Group SHEQ Policy. The overarching goal remains:

**“To achieve a sustainable business that creates stakeholder value through responsible environmental management, the highest level of employee health and wellness, prevention of injuries and illness and provides a workplace that places great value on the safety and protection of Omnia’s people”**

To ensure that this goal is achieved, Omnia requires all the divisions to commit to the following principles:

- Champion Responsible Care® principles across the business value chain
- Manage SHEQ risks in a manner that strives for compliance to legal requirements and conformance to industry best practice
- Achieve maximum customer satisfaction by continuously reviewing and improving the processes through which products and services are delivered
- Use internationally-recognised management systems which are regularly audited and improvements identified to drive enhanced SHEQ performance
- Manage process safety to prevent, prepare for, mitigate and respond to releases of chemicals and energy from manufacturing and storage facilities that may impact on employees, contractors, customers and surrounding communities and the environment
- Identify hazards, assess risks and implement effective controls to mitigate any possible negative consequences from products and services
- Effectively respond to emergencies involving employees, contractors, operations and products
- Provide the resources that are essential to establish, maintain, assess and continually improve SHEQ performance
- Facilitate the responsible and optimal utilisation of natural resources and raw materials
- Ensure adequate training of employees and contractors to facilitate an effective understanding of SHEQ responsibilities
- Regularly publish SHEQ performance against targets
- Promote effective participation to encourage dialogue and consultation with stakeholders
- Strike an appropriate and reasonable balance between economic, social and environmental needs to facilitate the sustainability of the business
- Hold line management accountable for the implementation of the SHEQ policy

Omnia's divisions and operational sites are required to ensure alignment with and implementation of the SHEQ policy, with the Group managing director holding all divisional managing directors responsible and accountable. In addition, all divisions within the Group realise the importance of aligning SHEQ management systems with an external standard against which third-party audits can be undertaken. The divisions are therefore all certified in terms of the following standards where applicable:

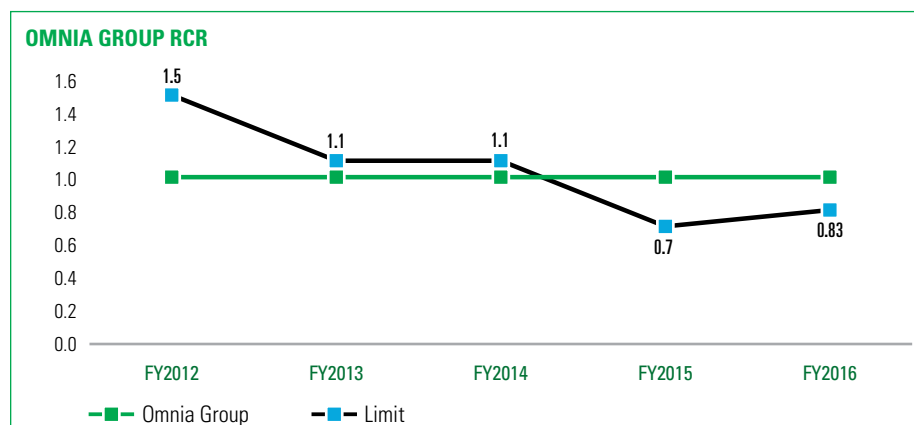
- ISO 9001 – international quality management standard
- ISO 14001 – international environmental management standard
- OSHAS 18001 – international health and safety management standard
- Responsible Care® – the global chemical industry's unique initiative to improve health and environmental performances
  - All Omnia divisions are signatories to Responsible Care®
  - Third-party verification audits are conducted by CAIA

All Omnia divisions are certified in terms of the above standards and certifications for all divisions have been maintained in the current financial year.

### PERFORMANCE DURING FY2016

Although the RCR for the current financial year of 0.83 has been maintained below the internal target of 1.0 for the second year in a row, it is regrettable to report that the Group recorded a fatality in the Agriculture division. A security guard employed by Omnia in Zambia was fatally injured during a robbery whilst on duty. Management regret the unfortunate loss of life and extend its condolences to the family of the deceased. While Omnia recognises that certain factors are outside the control of the company, the Group is committed to implementing improved measures and protocols to mitigate risk and enhance the safety of all personnel.

Despite this regrettable loss, it is pleasing to note that at 0.83, the Group maintained its RCR below the Group limit of 1.0 for two years in a row as depicted below. The RCR for the current financial year includes one occupational illness (asthma) case at the Agriculture division.



**SUSTAINABILITY REVIEW**  
**SAFETY AND HEALTH** CONTINUED

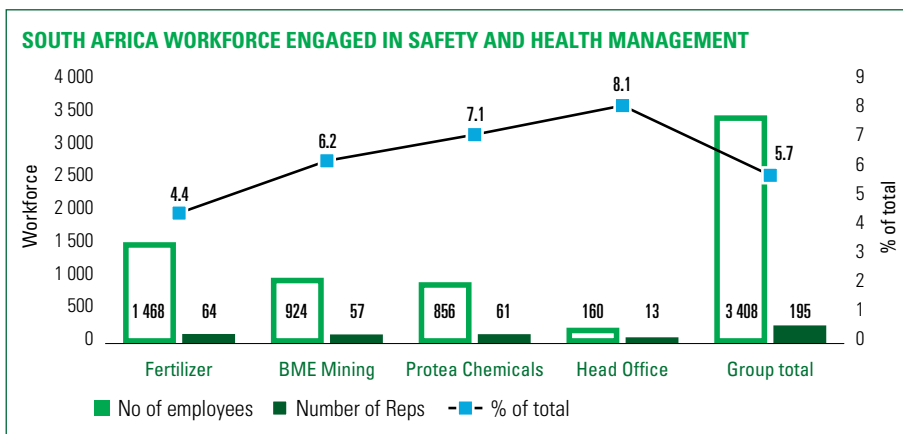


Omnia’s safety and health performance is expressed as the RCR, which is measured based on the number of incidents per 200 000 hours worked.

Looking ahead, Omnia intends to place greater emphasis on specific initiatives that will be implemented to enhance behaviour-based safety and improve occupational health and wellness of all employees. As always, Omnia will continue with its efforts to ensure that safety and health are integrated into the overall corporate and business culture through commitment at all levels in the Group and facilitate continuous improvement.

**WORKFORCE REPRESENTATION IN SAFETY AND HEALTH MANAGEMENT**

Omnia Group places great importance on ensuring that the workforce is engaged in active safety management and that the required resources are provided for the continuation of safe operations. All Omnia sites have health and safety committees which are representative of operational activities and which are also accountable to site management. An indication of the workforce’s involvement in health and safety management is provided below.





## SUSTAINABILITY REVIEW

### PEOPLE

Despite prevailing erratic and fluctuating economic and environmental challenges, Omnia has been able to maintain its level of turnover during the year under review and aims to continue this growth into the future. Omnia's people play a critical role in attaining Omnia's vision, delivering on strategy and living out its core values. A vital part of this journey is to focus on aligning the individual's and the organisation's priorities by developing passionate, enabled and engaged people. To this end, the Group has developed the following people-management strategic objectives:

- Focus on employing, growing and building skilled and capable people and teams
- Create a culture of continuous learning and development to stay ahead
- Drive and track the application of knowledge to solve customer problems
- Create a collaborative environment where knowledge can be shared and accessed
- Decentralise decision-making in customer-focused functions to ensure that dedicated, agile and responsive solutions can be delivered to customers
- Implement disciplined performance management to provide consistency and accountability
- Ensure that the Group is continuously engaging, supporting and communicating with its people to build an engaged, healthy, productive workforce
- Drive transformation objectives in all its markets
- Drive an action-orientated and timely decision-making process

To achieve this, a culture that provides and allows a growth mind-set must be created for employees to perform, collaborate and manage despite uncertain times. Initiatives are afoot to provide employees with much-needed technical, leadership, change management, mindful decision-making and conversing skills.

The Group continuously aims to attract, retain, engage, motivate and inspire its people with a value proposition of a mutually beneficial career within Omnia. While the employee value proposition is positioned to provide employees with a compelling offer to choose Omnia as the company to contribute to and to grow in, it is correspondingly balanced by an understanding of the roles and responsibilities of the employee. The greater this balance, the more sustainable and mutually beneficial the value proposition is both to Omnia and to its employees. Simply put, this "offering" to employees in return for their skills, capabilities, engagement and performance is Omnia's employee value proposition.

Omnia's people-management strategy is integral and fully aligned to its business strategy.

This vision is actively pursued by line management and has been holistically integrated into the day-to-day operations of the Group in the following ways:

- Empower line managers through training and the provision of relevant information for effective management of employees
- Complement line management skills and abilities with training in leadership and emotional intelligence skills and with effective people management systems
- Balances task and relationship-orientated leadership

## SUSTAINABILITY REVIEW

### PEOPLE CONTINUED

#### WORKFORCE ANALYSIS

Omnia requires a diverse, talented, committed, engaged and passionate workforce in order to sustain the business and to ensure that the organisation is run in an optimal manner. To achieve this, the Group makes every effort to enrich the quality and lives of employees. As at 31 March 2016, the Group had a total of 4 105 employees and contractors worldwide (2015: 4 027). A total of 3 408 employees are employed in South Africa of whom 3% are disabled, 73% HDSA. South Africa represents 83% of the total global workforce.

Omnia's workforce increased marginally during the current financial year. A number of employees previously contracted through labour brokers in South Africa, were converted to permanent employees. There was a decrease in the number of Omnia's employees in other African countries due to retrenchments in Angola and Botswana.

Omnia's total workforce by employment type, region and gender is shown in the following table:

Employment type	South Africa		Africa – Other		Other regions		2016	2015
	M	F	M	F	M	F		
Permanent	2 411	646	247	46	32	13	3 395	3 075
Fixed term	246	105	332	23	2	2	710	952
<b>Total 2016</b>	<b>2 657</b>	<b>751</b>	<b>579</b>	<b>69</b>	<b>34</b>	<b>15</b>	<b>4 105</b>	<b>-</b>
Total 2015	2 336	734	845	71	26	15	-	4 027

During the year under review the Group recruited 819 permanent employees in the operations as tabled below.

Age category	South Africa		Africa – Other		Other regions		Total	
	Number	%	Number	%	Number	%	Number	%
Under 30	33	4	11	1	-	-	44	5
Between 30 – 50	48	6	3	>1	-	-	51	6
Over 50	1	>1	1	>1	-	-	2	>1
<b>Total – Female</b>	<b>82</b>	<b>10</b>	<b>15</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>11</b>
Under 30	201	25	63	8	-	-	264	33
Between 30 – 50	338	42	67	8	5	<1	410	50
Over 50	48	6	-	-	-	-	48	6
<b>Total – Male</b>	<b>587</b>	<b>73</b>	<b>130</b>	<b>16</b>	<b>5</b>	<b>&lt;1</b>	<b>722</b>	<b>89</b>
<b>Total 2016</b>	<b>669</b>	<b>83</b>	<b>145</b>	<b>17</b>	<b>5</b>	<b>&lt;1</b>	<b>819</b>	<b>100</b>



### EMPLOYEE TURNOVER

A total of 499 permanent employees left the Group's operations in the 2016 financial year, as tabled below. An employee's departure from the company may be voluntary on the employee's part – resignation – or it may be at the hands of the employer, or involuntary, in the form of dismissal, disability or retrenchment.

Age category	South Africa		Africa – Other		Other regions		Total 2016	
	Number	%	Number	%	Number	%	Number	%
Under 30	16	3	6	1	–	–	22	4
Between 30 – 50	66	13	8	2	1	<1	75	15
Over 50	19	4	–	–	–	–	19	4
<b>Total – Female</b>	<b>101</b>	<b>20</b>	<b>14</b>	<b>3</b>	<b>1</b>	<b>&gt;1</b>	<b>116</b>	<b>23</b>
Under 30	53	11	39	8	1	<1	93	19
Between 30 – 50	158	32	81	16	–	–	239	48
Over 50	47	9	4	1	–	–	51	10
<b>Total – Male</b>	<b>258</b>	<b>52</b>	<b>124</b>	<b>25</b>	<b>1</b>	<b>&lt;1</b>	<b>383</b>	<b>77</b>
<b>Total 2016</b>	<b>359</b>	<b>72</b>	<b>138</b>	<b>28</b>	<b>2</b>	<b>&lt;1</b>	<b>499</b>	<b>100</b>

### EMPLOYEE BENEFITS

The Group offers many benefits to permanent employees, including car allowances, medical aid contributions, retirement funding, maternity and paternity leave, share incentive schemes, 13th cheques and performance bonuses (where applicable).

### EMPLOYEE WELLBEING

Omnia is committed to the wellness and personal growth of its employees. As part of the organisation's objective to ensure that employees perform at an optimal level, an understanding of the different types of demands that are placed on employees in the workplace is required. In turn, this informs what is required for employees to maintain all aspects of their lives to ensure optimal, consistent performance in the workplace.

Wellness forms part of Omnia's employee value proposition and is one of the main catalysts for employees to become and remain fully engaged in their working environment. As proven by many studies, engagement is critical to achieving business results. Engaged employees work with passion and commitment and feel connected to their company. Collectively they drive innovation and move the organisation forward. The wellness programme allows employees to take responsibility for their own wellbeing to ensure optimal performance in the workplace.

The Group's Employee Wellness Programme is linked to the South African National Health Calendar, which sets out the various Group and divisional wellness events in the year. This continues to make a tangible difference both to employees and to the organisation, and provides a supportive environment. Each division uses employee engagement surveys to identify the specific areas of focus and to design wellness programmes that address these issues.

Omnia understands that employee wellbeing impacts organisational wellbeing. The Group's wellness campaigns are focused on areas of concern which, if left unattended, could have a negatively affect employee performance in the workplace and, in turn, the performance of the Group through absenteeism, incapacity, safety incidences and overtime to mention just a few. These campaigns are centred on health issues that are gleaned from the usage report of occupational health services provided on site. They include specific, medically-related issues such as illness management, HIV testing and counselling, diabetes and cancer awareness and general health management.

## **SUSTAINABILITY REVIEW**

### **PEOPLE** CONTINUED

The wellness drive includes other behavioural issues that also have an impact on employee performance such as education on substance abuse, healthy-eating habits, physical fitness, fatigue and stress management, financial fitness and maintaining a work-life balance.

#### ***AGRICULTURE DIVISION***

Building on the efforts of the previous reporting period, the South African operations continued the drive to enhance the wellness programme offered to employees. A more structured and integrated approach was applied from FY2016 which included the introduction of strategic partners to provide the expertise required in the areas of financial wellness as well as an employee assistance programme in the form of the “Seeds of Prosperity” and the “Reality Wellness” programmes (see below). These partnerships, together with a continued focus on awareness of occupational disease management, are key drivers to address the negative impacts of absenteeism, substance abuse and other socio-economic factors on the division and support the productivity and engagement drive.

The Seeds of Prosperity financial wellness offering includes debt consolidation and rehabilitation, personal budgeting, preparation for employee share scheme pay outs, achieving a sound financial standing, cultivating a mind set of saving and retirement planning.

The Reality Wellness service includes counselling and advice pertaining to social issues such as bereavement, divorce, serious illness, family matters, legal matters and a stress and depression clinic – all of which form part of a holistic wellness programme to support employees. The key element is to ensure the sustainable positive impact of a well-rounded wellness strategy and programme both for employees and the organisation.

The annual Wellness Day event includes a number of medically-orientated activities, such as general health assessments and awareness on employee wellness. Medical insurance providers and healthcare consultants participate as the main service providers and sponsors for the event – entrenching relevant key activities as part of the programme.

#### ***MINING DIVISION***

During the year under review, the Mining division continued with its integrated approach to wellness. This covers the following dimensions: physical, spiritual, social, mental and emotional wellness. BME continued the valuable life-skills programme which supports its HIV/AIDS strategy. During the current financial year, there was an increase in substance abuse behaviour reported which required a concerted effort in supporting employees during this period. Omnia aims to increase employee awareness of lifestyle choices and empower employees to make decisions that facilitate a more balanced and fulfilling life both at work and home.

Omnia has a strategic partnership with Independent Counselling and Advisory Services (ICAS) which provides the expertise required in the areas of financial empowerment and employee assistance programmes. All the employees in BME’s South African operations are supported by this programme which provides much-needed counselling and psychological support. The major issues that are successfully handled through ICAS are management workplace relations, stress management, financial empowerment and substance and addictive behaviours. In addition, the wellness programme also provides assistance to management with employee management support.

Protea Mining Chemicals have an employee assistance programme namely Reality Wellness, as detailed under the Chemicals division section to follow.



### **CHEMICALS DIVISION**

Whether employees are engaging in individual wellness pursuits or seeking the social camaraderie of a class environment, the Chemicals wellness programme – Reality Wellness – is well structured for specific needs to facilitate a positive experience. On an annual basis, the wellness committee makes a special effort to ensure that tactical interventions are focused on:

- Optimising employee wellness
- Managing absenteeism
- Mitigating SHE risks
- Promoting diversity
- Promoting quality of life both at and outside of work
- Promoting an increase in employee productivity

During the year under review, health and wellness interventions included HIV/AIDS theatre shows, financial planning, retirement planning, workspace ergonomic assessments, going green in the home and at work, health screening tests, cholesterol education, sleep education, diabetes management, healthy eating, anxiety and depression management, metabolic testing and weight management. These wellness interventions are further reinforced through communication campaigns that include prevention, education and management drives through various media.

Omnia's continuing partnership with the Reality Wellness Group, with its array of confidential services, is at the forefront of the promotion of its wellness culture in the Chemicals division.

### **TRAINING AND DEVELOPMENT**

The skills development arena has been in rapid transformation since 2008. The Department of Higher Education and Training is currently consulting with the Sector Education and Training Authorities (SETAs) to propose a new SETA landscape which will have an enormous effect on the employer and the workplace. The consultation process will be finalised by the end of March 2018. If the proposals are approved, this will result in a new grant-regulating system that will benefit the higher education system.

During this period of consultation, Omnia has continued with the implementation of the company's strategic objectives. Three accredited training centres were established in the Group as follows: a Fertilizer technical training centre, a BME training centre and a Protea Chemicals training centre. Each divisional training centre will focus on its own scope of provision based on the division's specialisation. Within these three training centres lies enormous potential to offer accredited training that will ensure effective management of training expenses by the Group.

The Agriculture division focused its core training of chemicals operators by developing learners from the National Qualifications Framework (NQF) levels one to four over a period of four years. The division has also significantly increased the total number of learners on various apprenticeships from 75 in FY2015 to 126 in FY2016. Omnia Group managed to maintain 45 disabled learners per year on various learnerships for three years in a row. The Chemicals division utilised the work experience intervention successfully by means of testing candidates during their work experience year for employability and then employing them on a permanent basis.

Leadership development remains one of Omnia's strategic imperatives and is essential in enabling the organisation to fulfill and deliver on its business objectives. By creating a defined and sustainable leadership culture within Omnia, the Group will be able to drive and support leadership behaviour to foster a high-performing leadership culture and reap substantial rewards for the business overall.

## SUSTAINABILITY REVIEW

### PEOPLE CONTINUED

The strategic alignment process was a major focus area for the first part of the year under review in which the various divisions within the Group, including Agriculture and Chemicals, worked on articulating the divisions' strategic intent and communicating this to all employees in the respective divisions. The purpose of this process was to ensure that there was alignment at the most senior level within each division and then ensure that this was systematically cascaded into each of the key functions so as to optimise collaboration both within each of the functional teams and across the respective value chains. The benefit of this process is alignment, employee engagement, collective clarity and common effort, all of which contribute to achieving business goals.

The ongoing development of employees is fundamental to Omnia's ability to deliver on its business objectives and commitments to customers. The quality of the Group's products and services is critical for delivery on promises made to customers. The Chemicals division has initiated a Customer Sense programme to focus employees on delivering excellent customer service. The programme aimed at increasing employees' awareness of the customer service offered across the various functions of the Chemicals business.

Ongoing learning is facilitated through a range of initiatives which include on-the-job training, in-house development projects, Sakhile business skills training and financial assistance for external studies.

The identification and development of talent within the Group is an established principle and part of Omnia's philosophy of creating a learning culture. To achieve this objective, the Group strives to create an environment which encourages discussion, instills collaboration between divisions and departments, promotes problem solving, and establishes mentoring programmes to facilitate personal and team development.

Omnia's value proposition of leveraging intellectual capital to provide differentiated products and services is supported by training and development opportunities offered to staff at all levels. Omnia is therefore compelled to review its training initiatives continuously so as to raise performance, employee engagement and productivity levels.

There are various training courses and initiatives that are run across the various divisions and focus on the key areas of each business. The details of the various programmes are summarised below and described in more detail in the report on each division:

Programme	Qualification	Division				Total 2016	Total 2015
		Agriculture	Mining	Chemicals	Group		
Adult education and training (AET)	AET certificate	–	16	3	1	20	–
Apprenticeships and Recognition of Prior Learning (RPL)	Boilermakers, electricians, fitters, instrumentation, welders, diesel mechanics	126	22	–	–	148	77
Learnership	Rock breaking, mining operations, occupational health, blasting assistants, electricians, instrumentation and chemical operators. Plant production, hygiene and domestic services	58	58	–	45	161	252
Work Integrated Learning	Chemical, electrical and mechanical engineering, human resources, sales, procurement and SHERQ	–	3	12	6	21	13
Internship	Diesel mechanics, boilermakers, human resources	–	4	1	–	5	4
<b>Total trained by Omnia – FY2016</b>		<b>184</b>	<b>103</b>	<b>16</b>	<b>52</b>	<b>355</b>	
<b>Total trained by Omnia – FY2015</b>		<b>193</b>	<b>90</b>	<b>13</b>	<b>50</b>	<b>–</b>	<b>346</b>

## AGRICULTURE

The Agriculture division continues to invest significant time, effort and resources in artisan development, training and learnerships. The strategic impact of this focus has been the creation of a strong pool of candidates for recruitment and promotion purposes. Business requirements drive the initiatives as well as the number of participants.

Agriculture's accreditation as a Chemical Industries Education and Training Authority (CHIETA) Artisan Training Site and the development of chemicals operators and artisans have together significantly contributed to the Group's various BBBEE initiatives. The division is able to align training with business requirements and, at the same time, contribute to the BBBEE scorecard in terms of skills development.

Through the Chemicals Operations learnership the NQF level two to four competency of employees is being developed – a critical factor in the production environment. A total of 58 employees participated in this programme in the current financial year, with a number of them progressing from a level two in the previous review period to level three in the current review period. This initiative provides a strong basis for the career progression of employees involved in the product function as it relates directly to that part of the agriculture business. Other training initiatives included a focus on the development of 54 artisans in the following disciplines: electricians, welders and instrumentation. In addition, 72 employees participated in the Recognition of Prior Learning (RPL) Apprenticeship Programmes covering the following disciplines: boilermaking, electrician, fitting, instrumentation and welding. These interventions form a strong support base for the skills development pillar of the BBBEE scorecard.

The innovation drive within the Agriculture division has been the area of focus during the period under review. Several of workshops have been facilitated – exposing the senior management team as well as other key stakeholders to the concept of core, adjacent and transformational innovation. The concept of innovation and the basic skills to enhance and support a culture of innovation will continue to be an area of focus in the coming year.

In support of the drive to strengthen the relationships between line managers and employees, an initiative to implement employee development discussions was facilitated. Areas of development include current needs, development required for future career opportunities and also mentoring and coaching. Formal tertiary education also forms part of the development of employees. An additional benefit of the discussions is the performance component of the conversation – the opportunity is created to address areas of concern as well as to give recognition and positive feedback. This supports the fundamental people management strategy of the Group.

## MINING

The Mining division has made a concerted effort to enhance internal training and technical skills development programmes over the past few years. Within BME, the production business unit utilises the e-learning system where most of the procedural training and work instructions are computerised. Initially the training is done on a dual-medium presentation format whereby computerised training needs are accompanied by instruction.

Within the surface marketing business unit, during the year under review, the training centre made significant inroads in the development of employees. Qualified blasters are a critically scarce skill within the mining industry and remain a particular area of focus for BME. Accredited training for blasters and blasting assistants was presented as a full-time course. During the current financial year, approximately 52 employees completed the Blasting Assistant Course which forms part of the Rock Breaking Learnership for Surface Operations. In terms of the latter, a total of four employees completed the full qualification.

Drivers play a crucial role in the ability to move product to site in a safe and efficient manner. The training and testing of drivers is a rigorous process that is undertaken on an ongoing basis at the training centre. During the year under review, all surface marketing employees attended their annual revision training on all works instructions, legal and safety training.

## SUSTAINABILITY REVIEW

### PEOPLE CONTINUED

Adult Education and Training (AET) continues to be an area of focus within BME. This has been provided mostly for surface marketing employees, who require the necessary communication and numeracy skills to be able to perform in the workplace. This is also a prerequisite for them to be able to complete the required legal training as prescribed by the South African Mines Health and Safety Act, 1996 (No.26 of 1996).

### CHEMICALS

In the current financial year, the Chemicals division continued to focus on the top three training initiatives of SHEQ, legal framework training and general company communication. The Chemicals division went through an extensive restructuring exercise along with various training initiatives that were focused on communication and alignment of the changes.

Through the career discussion process with employees, part-time studies were identified as the main area of focus. As a result, a total of 61 employees were registered for part-time studies in the following disciplines: commercial, marketing, engineering and social science.

### TRAINING DAYS AND PARTICIPATION

In the financial year under review, the average number of training days for employees across the Group of 5.1 training days per annum per employee (2015: 6.6 days) was in line with the target of 5.1 days. Tabled below are the hours of training per employee and then followed by a table listed by gender.

Occupational level 2016	Hours	Number of employees	Average hours per employee	Average days per employee
Top management	78	6	13.0	1.6
Senior management	392	10	39.2	4.9
Professional	7 583	286	26.5	3.3
Skilled	35 230	862	40.9	5.1
Semi-skilled	58 632	1 338	43.8	5.5
Unskilled	19 652	471	3.5	5.2
<b>Total</b>	<b>121 567</b>	<b>2 973</b>	<b>40.9</b>	<b>5.1</b>

Occupational level 2016	Female				Male			
	Hours	Number of employees	Average hours per female	Average days per female	Hours	Number of employees	Average hours per male	Average days per male
Top management	47	2	23.5	2.94	31	4	7.8	1.0
Senior management	161	2	80.5	10.1	231	8	28.9	3.6
Professional	2 875	96	30.0	3.7	4 708	190	24.8	3.1
Skilled	4 225	209	20.2	2.5	31 005	653	47.5	5.9
Semi-skilled	9 646	356	27.2	3.4	48 986	982	49.9	6.2
Unskilled	251	17	14.8	1.9	19 401	454	42.7	5.3
<b>Total</b>	<b>17 205</b>	<b>682</b>	<b>25.2</b>	<b>3.2</b>	<b>104 362</b>	<b>2 291</b>	<b>45.6</b>	<b>5.7</b>

Omnia's current permanent South African workforce comprises 71% black employees (2015: 66%). Of the total training spend in South Africa, 66% (2015: 59%) was for black employees which is directly proportionate to the number of black employees in the Group.



The table below outlines the Group's training focus in the current financial year.

### TRAINING AND DEVELOPMENT FOCUS AREAS

Course category	% of training 2016	% of training 2015
Safety	30	20
Technical training	22	14
On-boarding and general company awareness	15	14
Legal framework	8	4
Finance and administration	5	8
Life skills	4	13
Management and leadership development	4	4
Personal development	3	3
Product service management	3	3
Information technology	3	6
Employment equity and BBBEE	1	3
Marketing and sales	1	4
Other	1	4
<b>Total</b>	<b>100</b>	<b>100</b>

### DEVELOPING TALENT

#### PART-TIME STUDIES

During the course of the financial year under review, Omnia assisted 162 employees (2015: 164) to further their studies on a part-time basis either through bursaries or study loans. The qualifications achieved by employees were 64 diplomas, 52 degrees and 34 post-graduate qualifications with emphasis on the following disciplines: finance and administration, management, business, engineering and logistics. Employees studying on a part-time basis also form part of the organisation's talent pool.

The table below shows the type of part time studies undertaken per division:

Level of accreditation	Agriculture	Mining	Chemicals	Group	Total 2016
Certificate	1	5	10	10	26
Higher Certificate	2	2	1	0	5
Diploma	11	10	18	7	46
Degree	14	7	17	4	42
Advanced Diploma	1	2	1	1	5
Higher Diploma	1	3	0	0	4
Honours Degrees	1	4	5	0	10
Post-graduate Diploma	4	0	1	4	9
Masters	4	0	8	3	15
<b>Total number of employees</b>	<b>39</b>	<b>33</b>	<b>61</b>	<b>29</b>	<b>162</b>

## SUSTAINABILITY REVIEW

### PEOPLE CONTINUED

#### ARTISANS, LEARNERSHIPS AND PIVOTAL PROGRAMMES

PIVOTAL programmes include professional, vocational, technical and academic learning programmes that result in occupational qualifications that are quality assured by the Quality Council for Trades and Occupations (QCTO). They may include a knowledge component that is normally delivered at a Further Education and Training College (FET) or at a university. Essentially, they refer to external student bursaries, internships, workplace experience, graduate development, learnerships and any programmes that create employability. In future, there will be a strong focus on qualifications offered through FET Colleges. The Department of Higher Education and Training (DHET) is also expecting SETAs and business to both enter into partnerships with FET Colleges to upgrade infrastructure and to assist in the development of better-qualified lecturers and qualifications that are aligned to workplace requirements. The Minister of Education wants to change the negative perception about FET College education and make FET Colleges preferred educational institutions.

To date, Omnia has aligned the various internal processes and initiatives with the requirements of the SETA in order to access funding offered under the various schemes and without compromising the required business training programmes. PIVOTAL programmes play a major part in Omnia's skills development plan and delivery in terms of its BBBEE Scorecard.

#### THE GROUP

During November 2015, the Group enrolled 45 disabled black individuals in learnership programmes through the People Management Institute. The students were allocated in equal numbers to the four divisions, with the Group being the custodian of reporting and liaising with the service provider 'I Can!' which facilitated the process on behalf of Omnia.

The following three learnerships were identified and considered to be appropriate:

Learnerships	Number of learners 2016
National Certificate Plant Production Level 1	15
National Certificate Domestic Service Level 1	15
National Certificate Hygiene Service Level 1	15
<b>Total</b>	<b>45</b>

These learnerships began in November 2015 and will be completed in October 2016, with similar programmes to be scheduled thereafter. The learnerships contributed substantially towards the skills development pillar of the BBBEE Scorecard where, historically, Omnia scored very low points in the disability category.

#### AGRICULTURE

The business value, over and above the BBBEE Scorecard value of PIVOTAL programmes, cannot be underestimated. In the Agriculture division, PIVOTAL programmes have a significant impact on the development of employees in terms of competence, creating career advancement opportunities and contributing to the organisation's talent pool. Through the division's technical training centre, the facilitation and monitoring of progress in a cost-effective and efficient manner has ensured high levels of success in programme delivery.

Omnia Fertilizer has maintained the status of a recognised and CHIETA accredited workplace for some of the artisan programmes. The accreditation needs to be upheld on an ongoing basis.

During the financial year under review, the following interventions have been facilitated:

	Number of employees 2016	Number of employees 2015
<b>Apprenticeships and Recognition of Prior Learning (RPL)</b>		
Electricians	15	8
Boilermakers	23	17
Welders	23	17
Fitters	44	33
Instrumentation operations	21	11
<b>Total</b>	<b>126</b>	<b>86</b>

The learnership programmes offered in the Agriculture division include the Chemical Operations qualification, the National Certificate for Instrumentation as well as an electrician's qualification. The levels range from NQF Level two through to NQF Level four. A number of employees progressed to the next level in the Chemical Operations Learnership.

For the current financial year, the following number of employees participated:

	Number of employees 2016	Number of employees 2015
<b>Learnerships/programmes</b>		
Chemical Instrumentation	3	4
Chemical Electrician Level 2	2	1
Chemical Operations Level 2	31	21
Chemical Operations Level 3	14	6
Chemical Operations Level 4	8	5
<b>Total</b>	<b>58</b>	<b>37</b>

### MINING

The learnership is registered with the Mining Qualifications Authority (MQA) in the mining industry SETA. A grant of R1.7 million was received from the MQA both for the mandatory and for the discretionary grants. A total of 58 employees successfully participated in the following learnerships, apprenticeships and internships:

	Number of employees 2016	Number of employees 2015
<b>Learnerships/programmes</b>		
Rock breaking	2	4
Occupational health	2	–
National Certificate: Mining Operations	2	–
Blasting agents	52	–
Other	–	6
<b>Total</b>	<b>58</b>	<b>10</b>

### INTERNSHIPS

Internships were also implemented as follows:

	Number of employees 2016	Number of employees 2015
<b>Qualification</b>		
Diesel mechanics	3	1
Boilermaker	1	1
<b>Total</b>	<b>4</b>	<b>2</b>

## SUSTAINABILITY REVIEW

### PEOPLE CONTINUED

#### WORK EXPERIENCE

As part of the talent development process, the Workplace Experience Programme utilises interns to boost the resourcing of the Mining division whilst providing recent graduates with valuable work experience. The following interns were appointed in this regard:

	Number of employees 2016	Number of employees 2015
<b>Work integrated learning</b>		
Industrial engineers	2	1
Mining engineer	1	2
Geologist	1	1
<b>Total</b>	<b>4</b>	<b>4</b>

#### BURSARIES

In an ongoing strategic framework of developing talent for the future of the Mining division, the following bursaries were granted during the fiscal period under review:

Qualification	Number of bursary holders 2016
Mining engineering	5
Mechanical engineering	2
<b>Total</b>	<b>7</b>

Two of the graduates who qualified during the year were employed in the surface marketing department.

Adult Education and Training (AET) remains an area of focus within the Mining division. This has been provided mostly for surface marketing employees, who require the necessary communication and numeracy skills to be able to perform in the workplace. This is also a prerequisite for them to be able to complete the required legal training as prescribed by the South African Mines Health and Safety Act, 1996 (No.26 of 1996). A total of 16 employees are in various stages of completion of the AET programme.

#### CHEMICALS

The Chemicals division focused on the Workplace Experience Programme, where students require workplace experience – normally those studying national diplomas and newly-qualified graduates. This programme suits the division's business model as it offers the Chemicals division additional resources at an affordable cost. In this way, students receive the training and experience they require to learn the basic skills of the job. Upon completion of six months of experiential learning, those participants that display the correct attributes and potential talent, could be considered as candidates to be recruited into the division or Group.

Offering workplace experience through this programme yields better levels of success over and above learnerships. Below is the list of the 12 candidates who were provided with workplace experience by the Chemicals division:

	Number of candidates 2016	Number of candidates 2015
<b>Work integrated learning</b>		
Electrical engineering	3	–
Human resources	1	1
Sales	1	1
SHEQ	2	2
Procurement	1	–
Chemical engineering	4	4
Other	–	5
<b>Total</b>	<b>12</b>	<b>13</b>



### **THE OMNIA ACADEMY OF LEARNING**

The Omnia Academy of Learning's (Academy) mandate is to provide training for strategic business requirements, to transfer knowledge throughout the Group and to embed the organisational culture and ethos in employees.

Senior management identified the necessary leadership competencies required for the successful execution of the business strategy. The leadership development programme was then designed for leaders, people managers, supervisors and emerging leaders within Omnia. Over the next three years, participants will collaborate, learn together from each other and enhance leadership practice across the organisation. Emphasis has been placed on creating a culture of collaboration across the Group at all levels, as well as on utilising a varied learning approach to develop and enhance critical competencies. The management and employee development programmes that are based on these competencies form part of the broader programme.

The Academy's courses continued to be rolled out into the business, focusing on subjects such as critical thinking skills, purposeful teams, mentoring for success and difficult discussions for managers. Courses offered through the Academy include financial skills, management and leadership, personal professional development, presentation skills, ethical behaviour and entrenching the Group's ethics policy.

The Academy is also the conduit for the development of employee and line manager relationship with a strong focus on leadership.

### **EXTERNAL BURSARIES PROGRAMME**

In the financial year under review, Omnia granted bursaries to nine students in the following fields of study: chemical engineering, mining engineering and agriculture. The students attended classes on a full-time basis at various institutions during 2015/2016. As part of their development, they do vacation work at the relevant division sites.

### **EMPLOYEE RELATIONS**

Omnia aims to operate its business in a manner that provides and preserves a harmonious place of work for all employees within the bounds of the applicable employee relations tools. Ongoing workshops ensure that management and employees understand the Group's human resources policies and procedures with specific attention to the code of conduct, disciplinary and grievance codes.

### **TRADE UNION REPRESENTATION**

Trade unions currently represent 24.5% (2014: 24.0%) of Omnia's South African employees bargaining unit – a marginal decrease over the past year. The Group recognises employees' rights to freedom of association and to bargain collectively. The relationship with trade unions and other employee associations is co-operative and ethical.

The table below reflects the percentage of members amongst the five recognised unions in the Group:

<b>Trade Union</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
CEPPWAWU	12%	11%	12%
SACWU	7%	3%	3%
GIWUSA	3%	5%	5%
AMCU	2%	5%	5%
Solidarity	>1%	>1%	1%
NUM	>1%	>1%	n/a
<b>Total</b>	<b>24%</b>	24%	26%

The unions are all party to the National Bargaining Council for the Chemical Industry, except for AMCU, as it is not sufficiently represented in the Chemical Industry.

## SUSTAINABILITY REVIEW

### PEOPLE CONTINUED

#### LABOUR LEGISLATION

Recent amendments to the Labour Relations and Basic Conditions of Employment Bill (BCEA Bill) promulgated into effect from 1 January 2015, have had a significant effect on labour relations in South Africa. In order to manage employee relations in line with these changes, the necessary awareness and training courses have been implemented.

Due to the Labour Relations Amendment Bill, which addressed the increased protection for non-standard employees such as contractors and temporary employment services, Omnia employed most of the labour broker employees on a permanent basis.

#### NATIONAL BARGAINING COUNCIL FOR THE CHEMICAL INDUSTRY

Omnia is party to the National Bargaining Council for the Chemical Industry (NBCCI) through its membership of NASCEA (National Speciality Chemicals Employers Association), FIEA (Fertilizer Industry Employers Association) and EIEA (Explosives Industry Employers Association) and participates actively in the various structures, including collective bargaining.

#### EMPLOYMENT EQUITY

Omnia believes in diversity and equal opportunity and intends driving transformation in all the markets it operates in. The Group views transformation as a moral, growth, business and social imperative. This is also aligned to Omnia's five-year plan to improve the diversity of the workforce, which comprises the following:

- Building a culturally diverse business that respects and promotes the rights of its people
- Fair and equitable treatment of all employees with regards to compensation, benefits, training and promotional opportunities as espoused in Omnia's ethics policy
- Supporting employee development
- Remuneration packages based on individual performance and agreements with labour unions
- Representation and participation of workforce representatives
- Promoting ownership and accountability in the workforce

Omnia encourages cross-cultural understanding with regard to the diversity of its workforce and the Group's transformation goals.

People are central to the success of the Group and Omnia is reliant on a healthy, skilled and committed workforce to achieve this. This requires a concerted effort to enrich the quality of the lives of employees in order to sustain the business. In FY2016, Omnia employed 3 408 people in South Africa (2015: 3 070), an 11% increase year-on-year. Where possible, the Group attempts to recruit local employees in the vicinity of its operations which in the current financial year, resulted in 99.5% (2015: 99.5%) local employment in South Africa.



Occupational levels	Male				Female				Foreign national		Total 2016	Total 2015
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female		
Top management	–	–	1	3	1	1	–	–	1	–	7	7
Senior management	–	2	–	10	–	–	1	–	–	–	13	14
Professionally qualified and experienced specialists and mid-management	28	5	26	139	25	5	16	45	4	2	295	296
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	274	32	20	428	51	23	33	114	5	–	980	957
Semi-skilled and discretionary decision making	902	44	31	115	150	40	29	159	5	1	1 476	1 369
Unskilled and defined decision making	544	23	–	15	53	1	–	–	–	1	637	427
<b>Total permanent 2016</b>	1 559	98	73	671	198	66	74	305	10	3	3 057	2 729
<b>Total temporary 2016</b>	189	8	5	39	82	4	5	13	5	1	351	341
<b>Grand total 2016</b>	<b>1 748</b>	<b>106</b>	<b>78</b>	<b>710</b>	<b>280</b>	<b>70</b>	<b>79</b>	<b>318</b>	<b>15</b>	<b>4</b>	<b>3 408</b>	–
<b>Grand total 2015</b>	1 436	103	87	698	251	72	74	334	12	3	–	3 070

The Group has taken concrete steps in implementing employment equity. The total workforce now comprises 71% (2015: 66%) black (African, Coloured and Indian) employees. In terms of top management, this consists of 37.5% (2015: 37.5%) black executives of which 25% (2015: 25%) are black women.

#### **EQUITY OWNERSHIP**

##### **SAKHILE INITIATIVE SHARE SCHEMES**

The majority of Omnia's permanent South African employees are given equity ownership through employee share schemes in the company. Sakhile 1 and Sakhile 2 were created as employee share-incentive schemes in 2007 and 2009 respectively. Sakhile 1 includes mainly black qualifying permanent employees who do not participate in other management share schemes and who reside in South Africa, while Sakhile 2 is promoted to attract and retain skilled and talented black (African, Coloured and Indian) employees. Omnia employees have a total interest of 13.5% (2015: 13.5%) in Omnia Holdings, while black ownership is 28.18% (2015: 28.18%).

#### **HUMAN RIGHTS**

Human rights in South Africa are protected under the Constitution. Omnia respects and upholds these values, treating all people with dignity and respect.

The Group is dedicated to safeguarding the human rights of others and attending to human rights impact during the course of business operations. Omnia respects the importance of freedom of association seeing it both as an individual and as a collective right and does not restrict employees' choices with regards to trade union membership.

Omnia will uphold the law if an adverse impact from human rights infringements occurs. The Group seeks to prevent such infringements and hold suppliers and business partners to the same standards. The Group had no reported incidents regarding human rights, child labour, forced or compulsory labour for the year under review.

## SUSTAINABILITY REVIEW

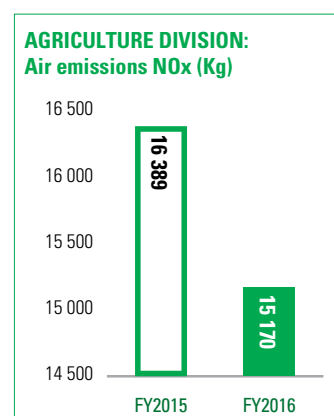
### ENVIRONMENT

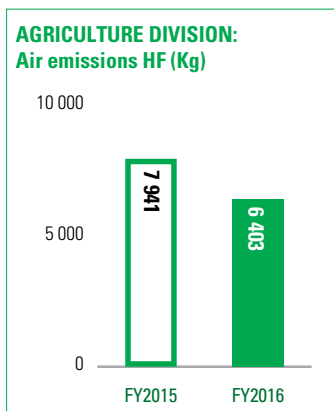
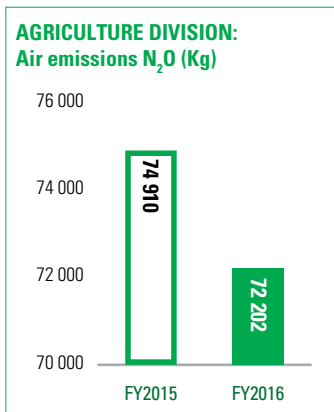
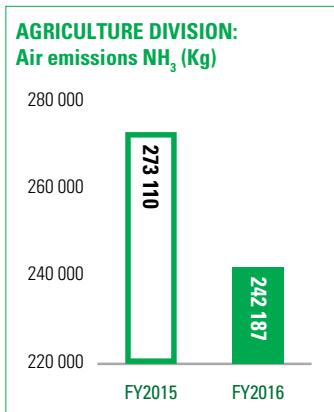
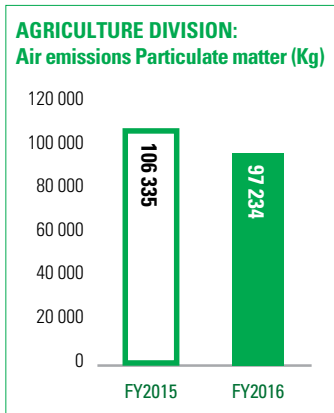
#### COMPLIANCE

Water use licences (WULs) are only required at the Agriculture division's sites in Sasolburg and Rustenburg. In both cases, WULs have been issued by the Department of Water and Sanitation (DWS) and the division complies with the requirements of the licences in all material aspects. The Sasolburg WUL is currently under review and the division is working in collaboration with the regulator to ensure that the requirements of the Department are met during the process. Concerns regarding the groundwater limits stipulated in the licence are being discussed with the DWS as part of the review process.

Atmospheric Emission Licences (AELs) are required at several operations within the Group due to relatively new requirements that were issued, which resulted in most of the licence applications are still being processed. The status of the licences and applications process are tabulated below:

Division	Site	Status
<b>Agriculture</b>	Sasolburg	An application was submitted to the Fezile Dabi Municipality and the application is currently being processed
	Daniëlsrus	An application was submitted to the Thabo Mofutsanyana District Municipality and the application is currently being processed
	Dryden	An application was submitted to the Ngangala Municipality and the application is currently being processed
	Wesselsbron	An application was submitted to the Matjhabeng Municipality and the application is currently being processed
<b>Chemicals</b>	Cape Town	Provisional AEL was issued in December 2015. The timing of when the final AEL will be issued remains uncertain and subject to the government authorities
	Port Elizabeth	Provisional AEL has expired and a new AEL is expected, the timing of the final AEL will be issued remains uncertain and subject to the government authorities
	KZN-Jacobs	An AEL valid for five years was issued in November 2015
	Wadeville	An application was submitted to the Ekurhuleni Municipality and the application is currently being processed
	Zetachem Blackheath	An application was submitted to the eThekweni Municipality and the application is currently being processed
	Zetachem Mobeni	An application was submitted to the eThekweni Municipality and the application is currently being processed





### AIR EMISSIONS

Air emissions are not significant at the Mining and Chemicals divisions. The major contributor to air emissions in the Group is the Agriculture division, specifically at the Sasolburg plant. Focused interventions at the Sasolburg plant to reduce air emissions to comply with the 2015 and 2020 limits have resulted in a decrease in air emissions for all the pollutants of concern.

Interventions included:

- Operational changes such as substitution of materials, introducing additives and/or changes in the process flows.
- Installation and/or upgrading of fans, scrubbers and cyclones

The annual values calculated are depicted in the graphs:

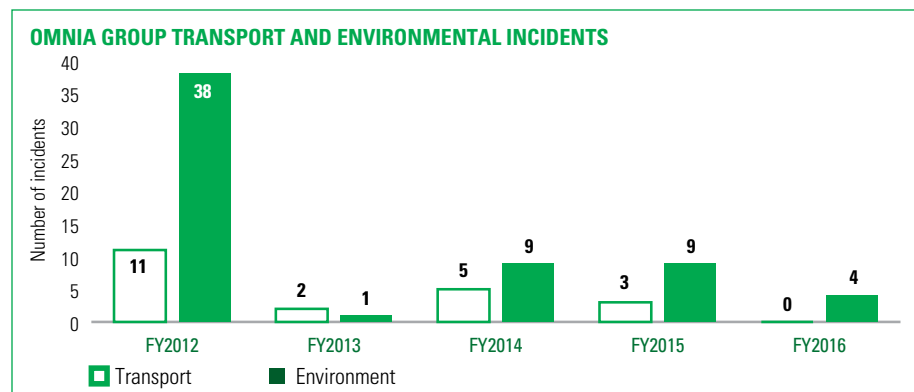
- NO<sub>x</sub> – 15 170kg
- Particulate matter – 97 234kg
- NH<sub>3</sub> – 242 187kg
- N<sub>2</sub>O – 72 202kg
- HF – 6 403kg

The emissions are subject to the 2015 and 2020 limits. The information represented in the graphs shows the improvement rather than compliance since Omnia is already operating well below the limits.

The calculated emissions for Sasolburg demonstrating improvement in emission levels are provided in the graphs.

### INCIDENTS

Transport and environmental incidents have been on a downward trend in recent years and this reflects the Group's commitment to the reduction of incidents and associated adverse impacts on the environment. It should be noted that of all the incidents mentioned below, none resulted in a significant environmental impact requiring major remediation. This assessment is based on the Omnia incident management and classification matrix which is available on request.



Omnia remains committed to the principle of pollution prevention and places great emphasis on the responsible handling of and swift response to all incidents to minimise the impact on the environment and communities in the vicinity.



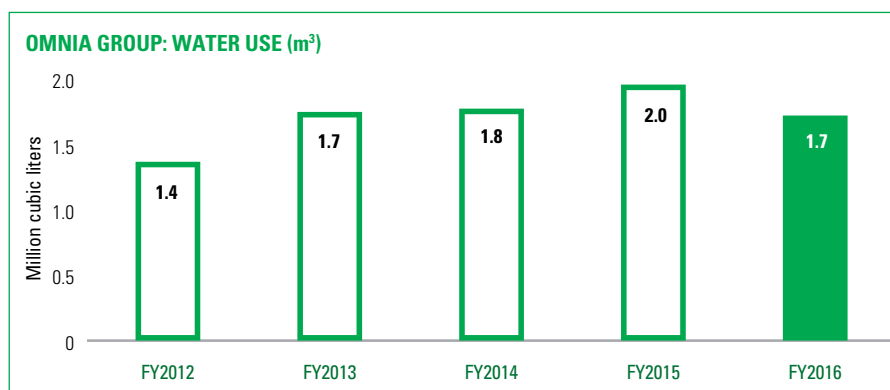
# SUSTAINABILITY REVIEW

## ENVIRONMENT CONTINUED

### WATER MANAGEMENT

#### WATER USE

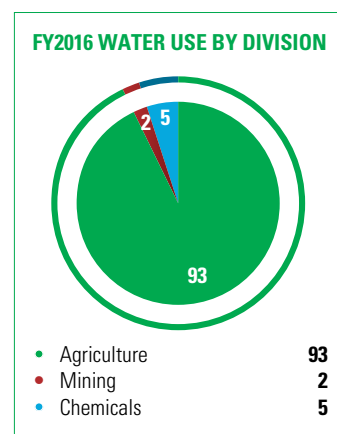
The Group's water consumption decreased by 12% compared to the previous reporting period from 1 958 599m<sup>3</sup> to 1 722 058m<sup>3</sup>. The annual water consumption figures for the Group over the past five years are depicted in the graph below:



Overall, lower production has resulted in decreased water use. However, other initiatives at the Agriculture and Chemicals divisions which have contributed to this decrease in water use consumption are as follows:

- Introduction of awareness campaigns such as "Stop the Drip" which resulted in minor spills being contained at source and eliminated the need to hose down spillages
- Storage of packed products under storage sheds eliminating the need to hose off containers before distribution
- Preventing the use of hoses to clean floors and more active use of spill kits is encouraged
- Active recycling of water used in the manufacturing process to reduce raw water demand

Collectively small actions and measures have shown cumulative improvements in water management and reduction in water consumption.



### ABSTRACTION AND RECYCLED WATER (M<sup>3</sup>)

	Municipal water	Water Use Association*	Ground water	Authorised Effluent disposal	Recycled
<b>FY2016</b>					
Agriculture	1 554 250	3 855	48 405	584 332**	45 914
Mining	27 803	–	–	–	–
Chemicals	87 745	–	–	23 663 <sup>^</sup>	–
<b>Total</b>	<b>1 669 798</b>	<b>3 855</b>	<b>48 405</b>	<b>607 995</b>	<b>45 914</b>

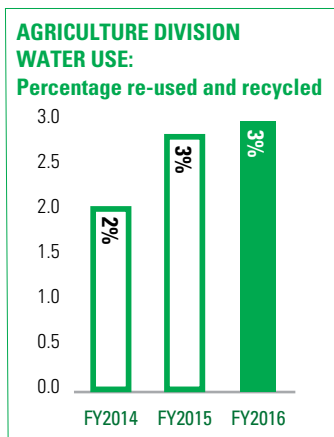
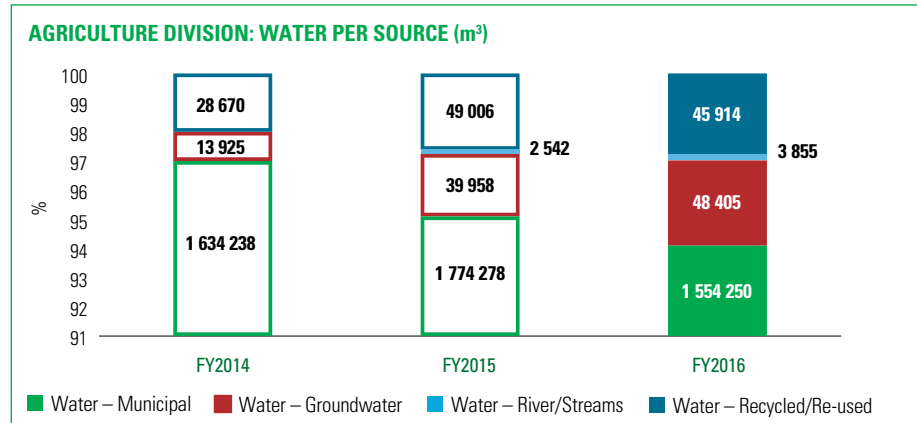
\* WUAs are cooperative associations (established in terms of the National Water Act) of individual water users who wish to undertake water-related activities at local level for their mutual benefit

\*\* Discharged to Leeu-Taaibosch spruit

<sup>^</sup> Discharged to municipal sewer

## AGRICULTURE DIVISION

The Agriculture division has the highest water consumption as well as effluent discharge volumes in the Group.



At the Friersdale site 3 855m<sup>3</sup> of water is used from an allocation by the Water Use Association. The water is pumped by the Association from a stream to a reservoir, from which Omnia receives the water.

Groundwater is the source of water at two other sites. A total of 48 405m<sup>3</sup> of groundwater was used during FY2016. This increased from FY2015 due to lower water volumes available for recycled and re-used purposes.

Contaminated storm water is re-used and recycled. Lower rainfall resulted in lower storm water volumes.

Municipal water is the biggest source of water, a total of 1 554 250m<sup>3</sup> was used during FY2016. The decrease in municipal water use was mainly due to lower production volumes.

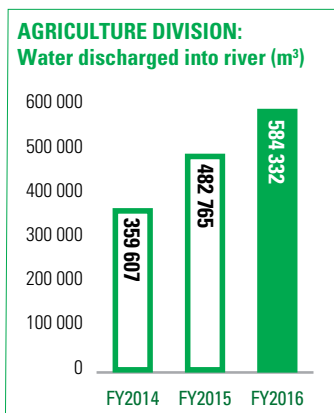
The total volume of water recycled and reused is 45 914m<sup>3</sup>, which constitutes 3% of the total water used.

### EFFLUENT DISCHARGED

Within the Omnia Group, effluent disposal into a water resource takes place in the Agriculture division at the Sasolburg plant into the Taaibosch Spruit. The discharge is released into the municipal storm water system and then flows approximately 7 km away from the site into the spruit. This is done in accordance with a Water Use Licence issued by the Gauteng Regional Office of the Department of Water and Sanitation. The Licence pertains to the disposal of cooling tower blowdown and in some instances contaminated rainwater. The site does not generate any process-related liquid effluent.

The Mining division does not dispose of any effluent either to a water resource or to a municipal sewer, as the division's operations do not generate effluent. Sites within the Mining division are generally located on customers' mine sites and if any effluent is generated, it is handled by the mine and regulated in terms of its permits or licences.

At the Chemicals division, sites which generate effluent either discharge into municipal sewer under a trade effluent permit or re-use and recycle water into the plant processes. In FY2016, a total of 23 663m<sup>3</sup> of effluent was discharged into the sewers.



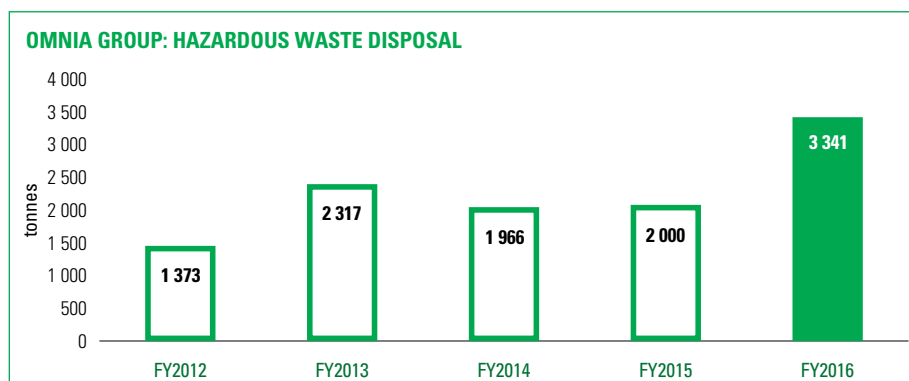
# SUSTAINABILITY REVIEW

## ENVIRONMENT CONTINUED

### WASTE MANAGEMENT

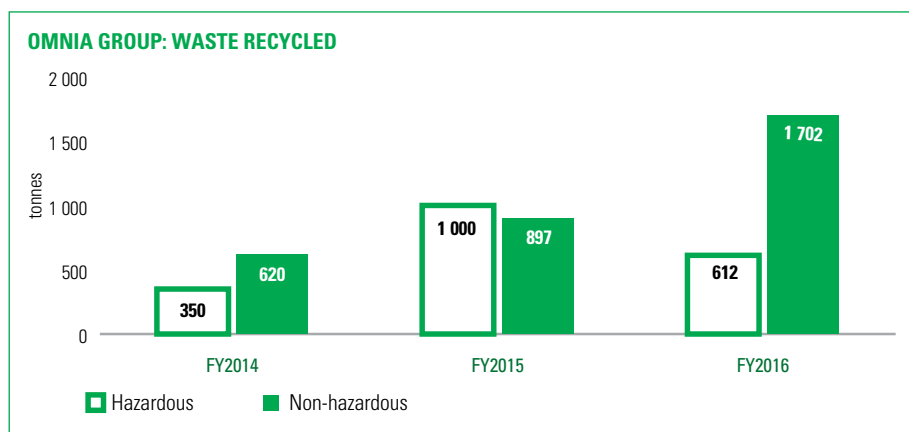
The volume of hazardous waste disposed by the Group increased by 67%, although a greater volume of waste has been recycled and re-used within the Group. The Agriculture and the Chemicals divisions recorded increases of 83% and 19% respectively. The Group ensures that all waste is disposed at authorised waste management facilities which is confirmed by obtaining safe disposal certificates.

In addition, the Chemicals division also disposed of 1 177 tonnes of non-production related waste made up of historical redundant stock and remediation waste from the Springs and Wadeville sites.



The increase in the waste disposal volumes can be largely attributed to the increased production at the Chemicals division’s Mobeni site which has resulted in larger volumes of waste high in salt content. While this waste needs to be disposed of as hazardous waste, for the past two years the division has been engaged in investigations to re-use and recycle this waste stream.

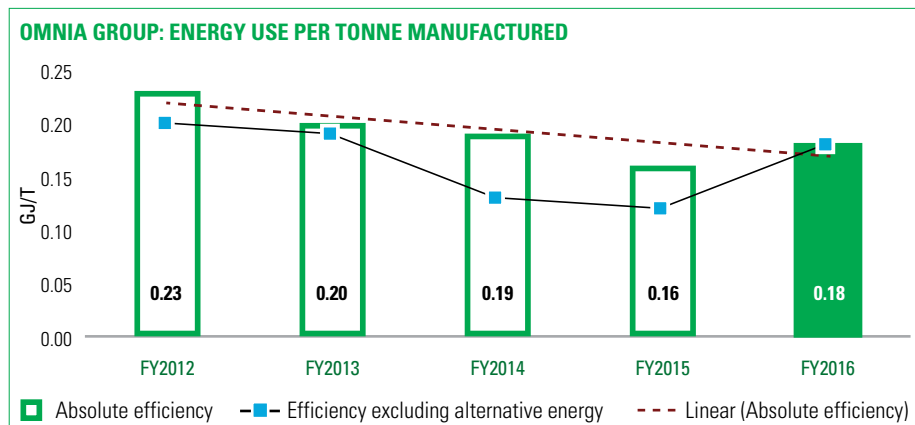
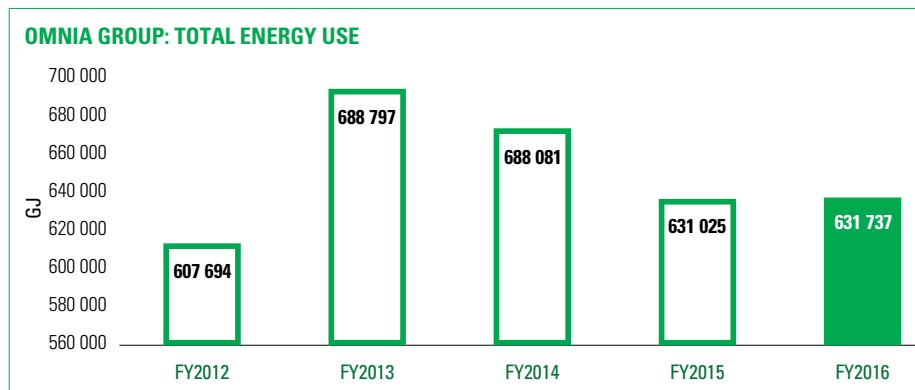
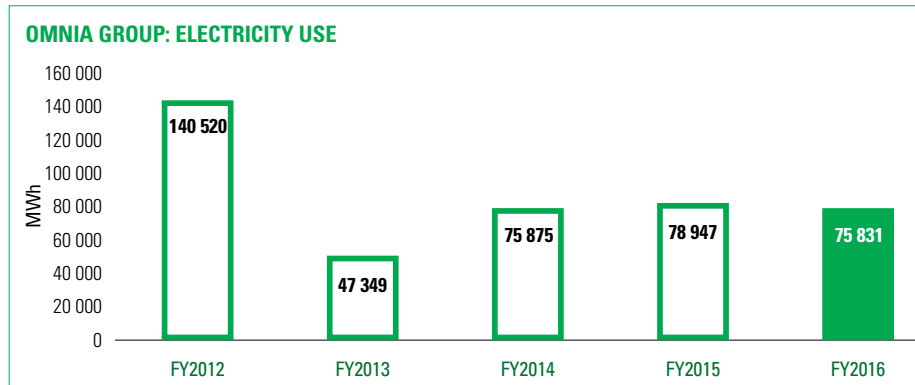
### WASTE RECYCLED



As part of the Group’s ongoing drive to improve resource efficiency, the divisions are engaged in active waste recycling. The success of this is evident in the increasing volumes of waste which are being recycled, particularly non-hazardous waste material. Based on the nature of hazardous waste it is not always possible to recycle or re-use such material.

### ENERGY MANAGEMENT

Although the Group’s total electricity use decreased by 4% year-on-year from 78 948 142 kWh to 75 830 846 kWh, the absolute energy consumption has leveled out since the previous reporting period. It is expected that this trend will be sustained and could possibly see a drop as a result of the implementation of various resource efficiency projects and initiatives at the divisions.



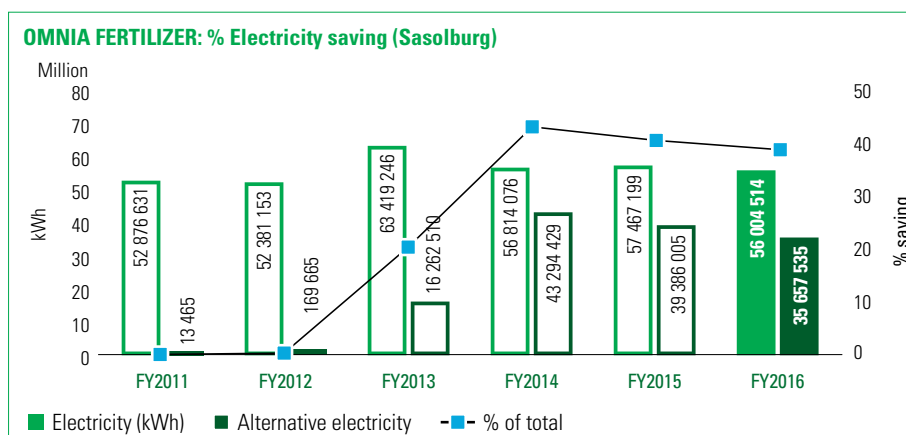
In the Agriculture division, the total energy use increased. This was due to the commissioning of a second dryer at the Australian site and the rise in gas consumption at the Sasolburg granulation plant, with gas being used to produce increased heat and thus improve the hardness of the fertilizer product. At the Mining division, the inclusion of energy use at the boilers, previously erroneously not recorded, has resulted in a recorded increase of 23% at the Losberg site. Alternative energy use decreased in the period under review. This can be attributed to the lower nitric acid demand due to the lower off-take by the Mining division and decreased production volumes for the Agriculture division.

The alternative energy obtained from the turbine generators at the Sasolburg plant have greatly reduced the site's demand on electricity from Eskom, reducing the associated cost of electricity for the site. This has also aided in the reduction of Scope 2 GHG emissions on an ongoing basis.



## SUSTAINABILITY REVIEW

### ENVIRONMENT CONTINUED



Energy efficiency projects underway at the Sasolburg fertilizer factory include:

- **Heat pump technology** – An investigation was launched to find suitable technology providers for heat pumps that could be used to generate steam from waste heat
- **Optimising the compressed air system** – A detailed survey of various compressed air users at the factory was completed. There should be a reduction in energy use, due to reduced pressure losses in the system. The design of new main supply lines from the various compressors is being finalised, with the installation planned for FY2017
- **Steam & electricity** – A steam and electricity power plant is currently being investigated
- **Steam** – Steam trap monitors were installed on nine of the major steam traps in the PGAN and ANCN plants during November 2015 and are currently being tested in the plant environment
- **Evaporator** – An investigation into multiple effect evaporators was recently initiated to increase the concentration of liquid calcium nitrate for the production of ANCN
- **Steam consumption** – Reducing steam consumption on the Omnia™ and PGAN plants by achieving the design capacity of the plant
- **Lighting** – Installation of LED fluorescent tubes, specifically in areas where 24-hour lighting is required. The estimated energy saving is 44 238 kWh. Due to the longer life of LED tubes, the lower maintenance cost is an added benefit

### CARBON MANAGEMENT

Omnia has demonstrated commitment and leadership in South Africa and southern Africa in the management, mitigation and destruction of greenhouse gases (GHG). In the absence of any regulatory imperatives and obligations, the Omnia board approved the installation of two Nitrous Oxide (N<sub>2</sub>O) destruction facilities to deal with the reduction of the N<sub>2</sub>O content of the plant emissions.

After the investigation of alternatives, the world-class technology that was chosen, efficiently reduces nitrogen oxide (NO<sub>x</sub>) and (N<sub>2</sub>O) emissions through the combination of a DeNO<sub>x</sub> process with a N<sub>2</sub>O abatement system. The technology was easily installed in the tailgas train of the nitric acid plants. Following technical scrutiny and validation by a number South African and international authorities, Omnia's project was validated and certified by the Executive Board of the CDM (Clean Development Mechanism) Protocol. The project that was announced in August 2007, is the second largest to be registered in South Africa and the third largest of its kind in Africa. Construction of the plant was completed in January 2008 at a cost of around R46 million. The plant was successfully commissioned during February 2008 and is now fully operational. The nitric acid 2 complex was commissioned in 2012 and the N<sub>2</sub>O destruction facility was also installed at this complex at a further cost of R45 million.

The installation of the N<sub>2</sub>O destruction units has enabled Omnia to virtually eliminate NO<sub>x</sub> and N<sub>2</sub>O emissions from its Sasolburg nitric acid plants, with the observed reduction of NO<sub>x</sub> and N<sub>2</sub>O being 99%.

The implementation of the units for the destruction of NO<sub>x</sub> and N<sub>2</sub>O underlines Omnia's commitment to sustainable development and reflects the Group's focus on improving all areas of its environmental management.

The GHG inventory of Omnia was established in accordance with the principles of the ISO Standard (ISO14064 part 1 "*Specification with guidance at the organisational level for the quantification and reporting of greenhouse gas emissions and removals*") and the GHG Protocol: *A Corporate Accounting and Reporting Standard*. The application of these principles ensures that Omnia's GHG inventory is a true and fair representation of the company's GHG emissions.

The GHG inventory is commonly referred to as a carbon footprint and is representative of the total quantity of carbon dioxide (CO<sub>2</sub>) and other GHG emissions for which an organisation is responsible. To facilitate reporting and comparisons, all GHG emissions are expressed in terms of tonnes of CO<sub>2</sub> equivalents (CO<sub>2</sub>e).

The calculation of Omnia's GHG inventory was based on the operational control approach, according to which Omnia records and accounts for emissions from facilities, sites or operations over which it has operational control – or the authority to introduce and implement its operating policies.

All calculations were based on GHG activity data multiplied by an appropriate GHG emission factor. Apart from the Eskom grid emissions factor, most other emission factors were obtained from the International Panel on Climate Change (IPCC), unless factors specific to the operation or material were available. Using standard IPCC emission factors makes for ease of comparison between the different divisions as well as comparisons with previous years.

To create an accurate inventory of the company's emissions, the overall emissions were divided into specific categories. The following emissions from the Omnia business operations are included:

#### ***DIRECT GHG EMISSIONS (SCOPE 1)***

- Emissions from the combustion of fuels, including diesel, light fuel oil, coal and natural gas
- Process emissions from the nitric acid plants

#### ***INDIRECT GHG EMISSIONS (SCOPE 2)***

- Utilisation of grid electricity (the emissions associated with the production, transmission and distribution of electricity from the national grid)
- Utilisation of purchased steam

Based on the GHG Protocol requirements all organisations are required to report Scope 1 and Scope 2 emissions since these are within the control of the organisation. The Protocol does not require organisations to report Scope 3 emissions, which fall outside the control of the organisation. Scope 3 emissions include other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the company and outsourced activities. The Group's GHG inventory is comprised of Scope 1 and Scope 2 emissions.

# SUSTAINABILITY REVIEW

## ENVIRONMENT CONTINUED

### OMNIA GROUP CARBON FOOTPRINT FOR FY2016, COMPARED TO PREVIOUS FINANCIAL YEARS

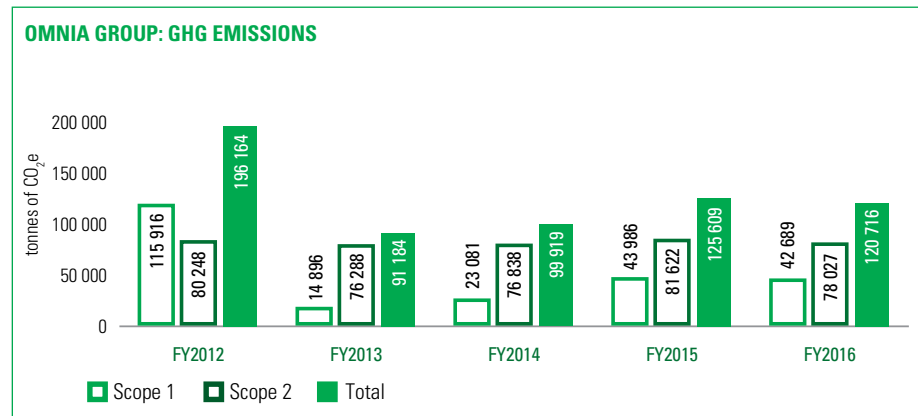
Scope	Division	FY2013	FY2014	FY2015 <sup>#</sup>	FY2016	Direction of change*
Scope 1	Agriculture	9 413	13 498	32 600	<b>32 489</b>	↓
	Mining	2 634	6 459	7 165	<b>5 981</b>	↓
	Chemicals	2 849	3 121	4 158	<b>4 296</b>	↑
	Head Office	68	3	–	<b>–</b>	
	<b>Omnia Group</b>	14 964	23 081	43 923	<b>42 766</b>	↓
Scope 2	Agriculture	70 746	67 483	68 980	<b>68 162</b>	↓
	Mining	192	1 867	2 357	<b>3 452</b>	↑
	Chemicals	5 282	8 022	10 224	<b>6 730</b>	↓
	Head Office	68	59	62	<b>120</b>	↑
	<b>Omnia Group</b>	76 288	77 430	81 623	<b>78 464</b>	↓
<b>Total Scope 1 and Scope 2</b>		91 252	100 511	125 546	<b>121 230</b>	↓

\* Comparing FY2016 with FY2015

# The FY2015 Scope 1 and 2 emissions have been restated due to the requirement of the DEA that calculations are made in terms of the IPCC 3rd Assessment Report



The Group's total carbon footprint has reduced by 3% year-on-year partially due to a reduction in production volumes. In parallel the Group and the divisions actively pursued resource efficiency projects which also contributed to the decrease.



#### ***CLEAN DEVELOPMENT MECHANISM (CDM) PROJECTS AND CERTIFIED EMISSION REDUCTIONS (CER)***

The Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC) is an international treaty that sets binding obligations on industrialised signatory countries to reduce emissions of GHGs. The CDM is an arrangement made under the Kyoto Protocol which creates emissions-reduction credits through emissions-reduction projects in developing countries. CERs are a type of emissions unit (or carbon credits) issued by the CDM Executive Board for emission reductions achieved by CDM projects. The Kyoto Protocol makes provision for developing countries to register CDM projects and generate CERs.

Omnia has two registered CDM projects:

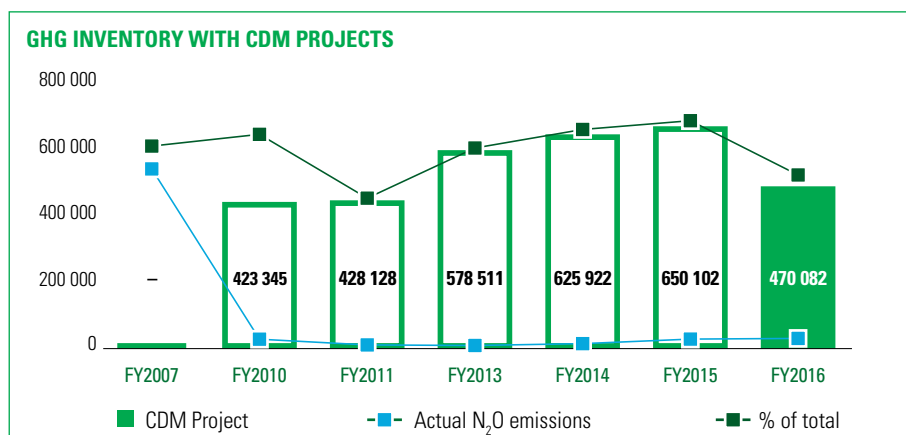
- Omnia Fertilizer's N<sub>2</sub>O Reduction Project – registered on 3 May 2007
- Omnia N<sub>2</sub>O Abatement Project II – registered 30 April 2012

The CDM projects were developed as emission-reduction activities, from which Omnia subsequently received CERs. Overall, the CERs gained from CDM projects have increased since 2010 by 53% between 2010 and 2015. In addition, process emissions (N<sub>2</sub>O) have declined significantly, by 99% between 2010 and 2016.

Omnia has emerged as the leader in Africa for CERs.

## SUSTAINABILITY REVIEW

### ENVIRONMENT CONTINUED



Both NAP1 and NAP2 are destruction facilities. However, since the commissioning of the Nitric Acid Plant 1 (NAP1) destruction facility, a total amount of CER certificates to the value of 4 164 689 tonnes have been generated and certificates to the value of 3 136 692 tonnes issued up to 31 March 2016. The status of total CERs generated versus the amount issued to date is shown below:

at 31 March 2016	NAP 1 '000	NAP 2 '000	Total '000
CERs generated	2 964	1 201	<b>4 165</b>
CERs issued	2 507	629	<b>3 136</b>
Verified not paid	333	390	<b>723</b>
CERs in verification process	-	-	-
CERs in new open period	124	181	<b>305</b>

#### CDP PARTICIPATION

The CDP (formerly the Carbon Disclosure Project) is an organisation based in the United Kingdom which works with shareholders and corporations to disclose the GHG emissions of major corporations. As disclosure of emission-related data is CDPs primary activity, the quality of the data reported to CDP is key. The CDP currently has the world's largest database of primary corporate climate change information provided by companies on a voluntary basis.

In 2015, Omnia participated in the CDP programme for the first time and as, a first-time reporter, achieved an excellent score of 93%.





**ENVIRONMENTAL TARGETS****% REDUCTION TARGET AGAINST 2014 BASELINE**

Focus area	2015 target*	Five-year target (2019)	2015 performance	Comments
Energy	4	15	0% reduction	For the first year of target reporting, electricity consumption reduced by 4%. However, this reduction was negated by higher energy use due to increased diesel usage in boilers and generators. Additional efficiency projects are being identified and performance will continue to be monitored for the five-year target period up to 2019
Water	3	15	12% reduction	The water consumption reduction is based on lower production volumes as well as the implementation of efficiency interventions
Waste	3	10	66% increase	Production increases and some effluent and waste classification challenges have resulted in increased volumes of waste disposed
GHG emissions	4	15	4% reduction	The first-year target of the five-year reduction plan has been achieved for the Group's GHG emissions

\* It should be noted that targets stated for 2015 are indicative of FY2016 since data is collected, assessed and reported based on financial years.

**RESOURCE EFFICIENCY****AGRICULTURE DIVISION**

- **Air quality management**

Omnia Fertilizer's Sasolburg factory installed various process optimisation and abatement measures to reduce air emissions. Operational changes were implemented at some of the plants, either through substitution of materials, introducing additives and/or changes in the process flows. Fans, scrubbers and cyclones have been installed and/or upgraded. A project for the installation of a new scrubber for the granulation plant is in progress.

- **Water, waste and effluent management**

Omnia Fertilizer has made significant progress with the implementation of a water management programme to isolate potential sources of groundwater and soil pollution and to improve the management of surface water. Groundwater quality has improved on most sites, and stabilised at Sasolburg and Rustenburg. The re-use of waste water has been optimised at all production facilities, resulting in a reduction in the use of raw/municipal water.

Opportunities are taken to re-use and recycle waste water on an ongoing basis.

- **Waste minimisation**

Re-use and recycling options have been implemented and these have resulted in a reduction in disposed volumes. New opportunities for re-use and recycling are investigated on a continual basis.

## SUSTAINABILITY REVIEW

# ENVIRONMENT CONTINUED

### MINING DIVISION

#### USED OIL RECYCLING

The Mining division identified the need to reduce raw material costs by substituting diesel with used oil as a fuel agent in emulsion-based explosives.

Diesel fuel is produced from various sources, the most common being petroleum which consists of hydrocarbons of various molecular weights and other organic compounds. The name petroleum covers both naturally-occurring unprocessed crude oil and petroleum products that are made up of refined crude oil. As a fossil fuel, petroleum is formed when large quantities of dead organisms, usually zooplankton and algae, are buried beneath sedimentary rock and subjected to intense heat and pressure. Petroleum is used in manufacturing a wide variety of materials and it is estimated that the world consumes about 90 million barrels per day. Petroleum is a limited natural resource, and the use of new or used diesel as a major component in the formulation of mining explosives, adds to the further depletion of this natural resource.

The division has been instrumental in reducing its carbon footprint by offsetting the amount of diesel required from refineries and by utilising a hazardous waste product as a substitute for a natural resource. By pioneering the introduction of used oil instead of diesel as a fuel agent in emulsion-based explosives, the division effectively implemented a “cradle-to-cradle” philosophy by firstly ensuring the safe storage and handling of oil at the generators’ sites, and thereafter its safe transportation to the Dryden plant where the waste oil is treated and used as raw material in explosives.

A major training initiative was launched, aimed at ensuring that the oil collected from generators’ sites complies with environmental legislation and that the used oil is not contaminated with pollutants that could compromise the quality of the end product, namely the mining explosives. A number of tests are conducted on a continuous basis to monitor the quality of the used oil prior to its use as a raw material in emulsions.

Mobile training kiosks form part of this initiative to train employees working with the generators, on the storage and handling of waste oil. A lack of knowledge on the correct storage, handling and disposal of waste oil has made this training necessary. Furthermore, the division has provided motivation for ensuring that those that collect from waste oil generators are familiar with the environmental hazards of used oil.

The Mining division is currently rolling out this training to all sites where used oil is collected, and this forms an integral part of environmental compliance.

### CHEMICALS DIVISION

- **Rain water capturing:** at the Killarney site, tanks have been installed to capture storm water from the warehouse roof for re-use at the operations, supplementing both operational and domestic water needs. The water is used to top-up a container used in the cleaning process water of the on-site NCG (National Container Group) washing project. This project has resulted in the reduction of municipal water consumption by up to 30% when compared to the previous year
- **Waste minimisation:** the site has partnered with the City of Cape Town in a project to reduce the amount of waste going to landfill. Historically, redundant products were disposed of as waste at landfill sites, which could potentially have a negative impact on the environment.

Industry stakeholders were invited to participate in viable solutions such as the exchange of waste for use by others. The project was facilitated by wireless internet service provider (WISP) which brought together other industries within the Western Cape area which also dispose of waste. The project introduced Protea Chemicals to its counterparts who utilised some of the expired products in their manufacturing processes. This project resulted in 10 tonnes of redundant products being reused by fellow counterparts in the industry instead of being disposed of in landfill sites.



- **Stop the Drip campaign:**

*PORT ELIZABETH*

The site installed drip trays to capture leakage of chemical products from pipe couplings and valve connections. The leaking chemicals are then drained from the drip trays into polycans. At the end of shift, the polycans are checked and once full they are analysed before decisions are taken whether to include the leaked chemicals in effluent or put them back into the process. This is one of many examples of the “Stop the Drip” campaign projects at distribution sites that contributed to the reduction of municipal water usage and helped to improve the quality and the volume of the effluent discharged.

*A drip tray is installed to capture chemical leaks from valve connections*



## SUSTAINABILITY REVIEW

# COMMUNITIES

### COMMUNITIES

Developing the communities in which Omnia operates does not only make good business sense, but is also important in guaranteeing autonomy and upliftment. The Group endeavours to work with communities in order to stimulate local economies, ensuring the long-term success both of the Group and of these communities.

Omnia's belief is that training and education is critical to communities becoming self-reliant in the medium to long-term. This has been a core objective for the Group, which has some 63 years of experience in actively supporting education initiatives in the agricultural sector. Within the domain of the African agricultural sector, these communities have benefited formally and informally from the transfer of skills and knowledge as well as from financial support in some instances. The details of some of these programmes are set out below.

Within the Agriculture division, the small business development unit is dedicated to assisting emerging farmers with developing agricultural land for commercial use. Omnia plays a key role in this initiative by providing the emerging farmer with access to finance, technology, technical skills, knowledge and access to markets in order to farm the land in the best manner possible. This mentor-style relationship to individuals has been successful in promoting long-term sustainable growth. Over time, Omnia's objective is to convert these emerging farmers into commercial farmers who are self-sufficient and able to farm profitably on their own.

For the planting season commencing October 2014 to harvesting in September 2015, financing was provided to 97 beneficiaries across the country who worked just over 19 000 hectares with a total spend of R116 million. For the planting season commencing from October 2015 to harvesting in September 2016, the programme assisted 72 farmers on 13 000 hectares under management. Omnia also assisted another 132 farmers in partnership with the Department of Rural Development and Land Reform (DRDLR) as part of the Department's Rural Enterprise and Industrial Development programme. During the lifetime of this project that commenced in 2005, Omnia has provided assistance to more than 1 100 farmers.

In conjunction with the Emerging Farmer programme, the Agriculture division is using a project called 'Feet on the Farm', in which the division provides technical support to farmers. This programme is supported through a team of agronomists and a full-scale laboratory in Sasolburg to evaluate soil sampling and growing conditions, in order to best advise farmers on planting, crop management and risk mitigation.

In addition, a Geographic Information System (GIS) database is being created from information amassed from various stakeholders, including soil analysis and yield monitors. This information will be compiled into a spatial data map like Google Earth and provide a timeline with relevant comparisons. This enables Omnia to personalise the services provided to each customer in order to create further value add in the Group's service offering.

Omnia is open to collaboration with organisations, corporates or individuals that would like to be involved in this process. Currently, the Group is discussing the possibility of partnering with several large companies in South Africa to further advance the Emerging farmer programme.

Set out on pages 63 – 65 are details of some of the larger programmes Omnia is running in conjunction with other organisations.

### **PUBLIC POLICY**

As part of the Group's commitment to contributing to the development of effective public policy, Omnia continuously engages in various government-led policy initiatives. Omnia is represented on the board of the Chemical and Allied Industries Association (CAIA) and, as an active member of CAIA and its various committees, engages regularly with relevant regulatory authorities to help with the formulation of sound policies and strategies. Typically, the engagements relate to the development and discussion of policies in the safety, health and environmental areas and, more recently, in those of waste management, climate change and carbon tax.

Regular engagement also takes place with the regulatory authorities at national, provincial or local levels in order to deal with operation specific matters.



## FORUMS IN WHICH THE OMNIA GROUP PARTICIPATES

### Industry forums

- Agri Laboratory Association of South Africa (AgriLASA)
- Animal Feed Manufacturers Association of South Africa (AFMA)
- CAIA Environmental Committee (EnCo)
- CAIA and Responsible Care® Workshops
- CAIA Responsible Care® CHEF (Gauteng)
- CAIA Responsible Care® Process Safety Forum (Gauteng)
- CAIA Responsible Care® Standing Committee
- CHIETA Governing Board
- FERTASA
- International Fertilizer Association (IFA)
- Institute of Safety Management
- National Institute for Explosives Technology (NIXT)
- North West Air Pollution Control Forum (NAPCOF)
- South African National Accreditation System (SANAS)

- Sasolburg intercompany response meeting
- Soil Science Society of SA
- South African Association of Food Science and Technology (SAAFoST)
- South African Institute of Mining and Metallurgy
- South African Society of Dairy Technology (SASDT)

### Environmental participation

- Vaal Triangle Airshed Priority Area – Air Quality Forum
- Vaal Triangle Priority Area Air Technical Task Team
- Leeu-Taaibosch forum and Technical Task Team
- Highveld Priority Area Air Quality Officer Forum and Multi-stakeholder reference group
- World Wide Fund for Nature (Green membership)

### Community forums

- Business Against Crime
- Local security forum
- Sasolburg community working group
- Various farmers study groups







## **AWARDS AND RECOGNITION**

### **CHEMICALS DIVISION**

Protea Chemicals was the runner-up for the 2015 Responsible Care® Innovation Award for the following project:

The Chemicals division identified a need to increase its solvent storage capacity. However, several concerns with its existing above-ground bulk solvent storage facility were identified which led to management re-evaluating its needs and impacts. This resulted in the redesign and re-engineering of the existing facility. Factors that influenced this decision included the improvements that could be made such as:

- Reducing potential environmental impacts: spillages when offloading and/or filling needed to be reduced
- Reducing emissions from vehicles, and reducing risk to employees: a lack of space to increase storage capacity led to increased deliveries and collections and more risk as there was more traffic. Improving product accuracy: the manual filling at the bulk storage facility could potentially result in under- or overfilling of orders that in turn could lead to customer formulation inaccuracies

A decision was therefore made to install underground bulk tanks for the storage of solvents. The project was managed internally by Omnia's engineering team and reputable suppliers.

The R5 million project, that took several months to complete from its inception in April 2013 to the decommissioning of old tanks in February 2014, entailed the installation of high quality lining, monitoring wells and other state of the art equipment to prevent, detect and contain any potential leakage from the newly installed bulk underground solvent storage tanks, and to prevent soil and/or groundwater contamination. Furthermore, automated pumps were installed to eliminate the risk of potential over or under-filling of customers' orders. A huge downward trend of vehicles on-site was observed, as the solvent storage capacity as well as vehicle manoeuvrability increased, resulting in less frequent deliveries. Vehicle flow is now better controlled and monitored, resulting in a lower risk of vehicle and/or employee incidents.



### AGRICULTURE DIVISION

FERTASA (Fertiliser Association of Southern Africa) recently introduced a voluntary certification scheme whereby its members can be independently audited and certified for compliance to FERTASA's Code of Conduct. Responsible and effective manufacturing, warehousing and distribution are tested against FERTASA standards and legal requirements. Products bearing this FERTASA seal of approval are quality tested and assured.

Omnia Fertilizer was one of the first companies to achieve FERTASA certification, underlining its principles of ethical business practices and promoting a culture of integrity and trust. Omnia Fertilizer proudly carries the seal of certified credibility, with products supported by scientifically based services and continual learning and improvement.

### SOCIAL RESPONSIBILITY

#### AGRICULTURE DIVISION

##### 1. The Grain Production Commercial Project

Omnia plays a vital role in advancing emerging farmers, through this initiative. This project covers four provinces: Mpumalanga, Eastern Cape, Free State and North West where a total of 13 040 hectares of maize, sunflower, dry beans, sorghum, and soya was planted. There are 72 beneficiaries participating in the scheme all of whom are being mentored to become bankable farming enterprises.

##### *NORTH WEST*

Omnia has partnered with NWK Limited in a farmer development scheme for the past 10 years to provide support to emerging farmers in the North West province. There are 22 farmers who have received fertilizer, training and support services.

##### *FREE STATE*

Omnia continues to form collaborative partnerships with like-minded companies and organisations that support emerging farmers, such as Vrystaat Ko-operasie Beperk (VKB), and Grain SA. Omnia, as a full-time partner, provides dedicated agronomic support, fertilizer products, technical services and training.

## **SUSTAINABILITY REVIEW**

### **COMMUNITIES** CONTINUED

#### ***LOWVELD***

Omnia has a history of helping farmers in this area by providing technical support and fertilizer. At the last count, 729 farmers in this area have benefited from Omnia's assistance in growing crops such as sugarcane (TSB Scheme), litchis, other vegetables, macadamia nuts, and recently, tobacco. Omnia is also partnering with the Mpumalanga provincial Departments of Rural Development and Agriculture to formulate plans for the development of farmers.

#### ***MASSMART PROJECT WITH TECHNOSEERVE***

This project supplies vegetables to Massmart and covers farmers in the Mpumalanga and Limpopo areas. Omnia supplies fertilizer and technical support to the scheme.

#### ***OLD MUTUAL/MASISIZANE PROJECT (OMNIA MATATIELE)***

These are new projects in the Matatiele area, Eastern Cape, in partnership with Old Mutual's Masisizane Fund. The Masisizane Fund is financing mechanisation equipment, including tractors, implements and harvesters to the value of R30 million for 1 760 hectares. Omnia provides agronomical services and financing for fertilizer and other inputs needed throughout the season for a successful crop.

The first batch of equipment delivered prior to the start of the 2014/15 planting season included tractors and implements for primary cultivation through to planting and crop spraying equipment. The second batch of equipment was delivered at the end of March and into April 2016.

Women's Investment Portfolio Holdings Limited (Wiphold) in Centani, in the Eastern Cape and the Wiphold empowerment investment fund, is financing a project as part of its corporate social investment. Omnia provides technical assistance and fertilizer. The project is also part of Nedbank's Fair Share 2030 funding programme and other partners in this programme include Farmwise Grains.

In projects such as these, risk can be shared between different parties. As Omnia has a successful track record in this field, regular requests are received for Omnia to participate in such projects and Omnia's involvement is evaluated on a case-by-case basis.

#### ***SOUTH AFRICAN BREWERIES/FARMWISE/OMNIA INITIATIVE***

Omnia is involved in this unique initiative, where at least 1 000 beneficiaries participate in the South African Breweries (SAB)/Department of Trade and Industry-funded project across the Underberg (Bergville/Winterton) region through to the midlands of KwaZulu-Natal (Newcastle/Utrecht).

In the current financial year, 1 500 hectares of maize have been planted with the potential of doubling this in the following year. These farmers are also beneficiaries of land reform in KwaZulu-Natal and continue to receive support for mechanisation and contracting for cultivation work on the lands. They also receive a supply of fertilizer financed by Omnia and a premium on their grain from SAB for non-genetically-modified crops.

#### ***DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM PARTNERSHIPS***

During November 2015, Omnia signed a generic national memorandum of understanding (MOU) with the Department of Rural Development and Land Reform (DRDLR). The DRDLR decided to work with Omnia as a preferred partner with a view to forming lasting collaborations and synergies to encourage the sustainability of selected emerging farmer projects. The partnership with the DRDLR is based on a tripartite partnership model. Three projects are currently being implemented in the 2015/2016 production season.

#### ***DRDLR – REID PROJECT***

Omnia entered into a partnership with the DRDLR in the North West province's Ngaka Modiri Molema District. The aim of the partnership is to work with emerging farmers by offering training and technical advice as well as to promote the purchase of agriculture production inputs to ensure farmers are able to produce maize and sunflowers.

The DRDLR-REID project is divided into three:

- the 132 smallholder farmer project
- the Taung co-operative
- the Amahlubi Tribal Council project

The smallholder project comprises of 132 farmers who are allocated production inputs to plant 50 hectares each. Despite the late start in launching the project, a total of 5 650 hectares have been planted with sunflowers in the current financial year.

With the technical support of Omnia and the grant funding from DRDLR-REID, the Taung co-operative, which comprises 136 members, was able to plant 300 hectares of maize. The Amahlubi Tribal Council was also assisted to plant 266 hectares of sunflowers.

Despite the extended dry conditions during the planting season, crop emergence rates of between 80% and 90% have been realised in the above mentioned projects. The Omnia – DRDLR project has indeed contributed towards the creation of jobs in the area. The relationship between Omnia and DRDLR has solidified and in fact has been taken to another level. Omnia has demonstrated to the DRDLR that it is a partner to be relied upon and trusted in driving the developmental agenda.

#### ***DRDLR – INXUBA YETHEMBA FARMERS' CO-OPERATIVE PROJECT***

In the Chris Hani and Sarah Baartman districts in the Eastern Cape, there are 13 sugar beet farms leasing properties from the DRDLR. These farms have Omnia as a strategic partner and are located in the Cradock and Cookhouse areas which fall under the Inxuba Yethemba and Blue Crane Route local municipalities which. Omnia collaborates with local partners such as DICLA Training and Projects and the Chris Hani Development Agency to further support these farmers.

The farms have a total combined 1 714 hectares of land irrigated either by pivots, sprinklers or flood irrigation. The 13 properties have a high potential for irrigated maize and lucerne production but some of the farmers have also added livestock and vegetables in an effort to increase cash inflow. The capital investment by the DRDLR for the 13 farms is R38 million and Omnia has provided a loan facility for fertilizer to the value of R4 million.

The DRDLR funded the mechanisation, infrastructure, and some operational costs. The implements, equipment and tractors were supplied and delivered to the mechanisation centre, and the infrastructure was completed and certified in April 2016.

#### **2. The value of the investment of Omnia Nutriology® in enhancing water use efficiency and risk mitigation**

Over the past year, South Africa experienced the worst drought conditions in more than 100 years, which has created an increased level of focus on water scarcity, use efficiency and the associated risk mitigation. All indications are that the drought is expected to pass in the short term, but that the problem of limited rainfall with unpredictable distribution will remain a fact that dictates agricultural production in South Africa and southern Africa. The International Food and Agriculture Organisation (FAO) classifies South Africa as semi-arid and, due to that, South Africa is classified as a high-risk agriculture area.

*A classic symptom of drought stress on maize*





## SUSTAINABILITY REVIEW

### COMMUNITIES CONTINUED

Over the past five years, Omnia Nutriology® and more, specifically, its Strategic Agricultural Services (SAS) Department, made significant investments in a few projects relating to the overall conservation of water in agriculture. A recent edition of the Nutriology® News, the Omnia in-house publication, provides greater detail on these developments. An overview of the most important projects that Omnia invested in over the past year are set out below.

#### ***SOIL MOISTURE CONTENT MONITORING AND PREDICTION***

At present, the largest project which focuses on the modelling of soil water content, is operated in collaboration with the North West University and University of the Free State. The main objective of the project is to gain a better understanding how available soil water dictates potential yield. The objective is to accumulate rainfall data in real time from all currently available and own placed weather stations as well as basic in-field rain gauges managed by farmers. The data is gathered telemetrically or by data fed into precision farming applications on the farms. This “Big Data” is fed directly into a central GIS which is the main database to accumulate this information. Using this vast amount of data, sophisticated algorithms are developed in the joint project to predict available soil moisture in the soil profile. A working prototype of the model was recently launched and Omnia has exclusive ownership of the core algorithms.



*One of the weather stations placed by Omnia to collect weather data*



*Soil moisture probe placed by Omnia*

#### ***PREDICTIVE MODELLING OF YIELD***

Having established a first prototype of predicting soil moisture, the next step was to develop an additional model (comprehensive multi-disciplinary model-dependent research programme) to predict potential yield in real time based primarily on such soil moisture prediction and rainfall probability. The programme begins with the specification of an algorithm based on first estimations from historical data that are used to generate new data, predictions and recommendations. This approach integrates all aspects of crop growth through simulations and mathematical programming and is constantly improved by comparing generated data with real data. Omnia has the competitive advantage of having a large team of agronomists that work on the farms to monitor, verify and gather data on a country wide basis and also outside South Africa.

The current accuracy of the combined models to predict eventual yield was recently proven to exceed 75%, taking specifically maize yield in the central growing areas in South Africa as an example.



**RISK MITIGATION**

The models on pages 65 – 68 are invaluable to the Southern African growers in order to make real-time decisions relating to the input management and marketing of their produce. The models are however, also highly sought after by entities related amongst others to insurance, credit provision and grain trading. Omnia Nutriology® is exploring the potential of these “new” markets.

**SUPPORTING PRODUCTS AND CONCEPTS****NITROGEN USE EFFICIENCY**

It is well known that plant nutrition has a huge influence on water use efficiency. This includes primary nutrients such as nitrogen, potassium, sulphur and even beneficial nutrient elements like silica, to name a few. The most prominent nutrient impacting on water use efficiency is nitrogen. There is a crucial and delicate balance between too much and too little nitrogen regarding growth and water use by plants, not even elaborating on the danger of soil water contamination. Omnia has been running a nitrogen use efficiency and management programme in parallel with the above yield prediction modelling. Examples of the successful implementation of the research is the accurate use of OmniSap® (plant sap analysis) and chlorophyll meters in field on various crops to measure required nitrogen on the spot, using centrally accessed algorithms and smart device applications.

Even the form of nitrogen in the soil is important to ensure maximum water use efficiency. Omnia is fortunate to play a fundamental role in the manufacture of ammonium nitrate based nitrogen fertilizers which have been proven with the Group and international greenhouse and field trials to ensure on average 15% and higher water use efficiency than urea per unit of nitrogen, especially in the presence of effective calcium nutrition. (When applied as nitrate, nitrogen applied with calcium ensures significantly better water use by plants versus the use of urea). As an example, the flagship product developed to achieve this performance efficiency is the Omnia Greensulf 35™ which contains ammonium nitrate, calcium and sulphur.

**PRECISION FARMING (OMNIPRECISE®) CONCEPTS**

It was proven shortly after the onset of precision farming that soil physical factors and water distribution in field are the most prominent aspects impacting on the variance of the geospatial yield of any crop. Using soil profiling in combination with yield monitor data, Omnia has developed sophisticated models to define different zones of crop potential and therefore management zones within planted fields. Furthermore, models were developed to calculate the cumulative probability of yields per zone based on historical yields, regardless of crop rotation. These models have been branded as OmniZone™ and OmniRiskIQ™ respectively. They significantly support and increase the accuracy of the predictive modelling mentioned above and is the exclusive innovation of Omnia.

**SOIL BIOLOGY, ROOT HEALTH AND SUSTAINABLE PRODUCTION**

The critical importance of root health to ensure optimum uptake of nutrients and especially water is often underestimated. Omnia Nutriology® identified this along with the increasing importance of soil health and sustainable production methods some fifteen years ago. This gave rise to the establishment of OmniBio™ that focuses on the research of soil biology and generates products to sustain soil biology alongside sustainable fertilization programmes. Recently a range of root health products (Rhizovator™) were launched to ensure optimum root growth and biological disease resistance in row and orchard crops.

Omnia has recently invested a further R4 million in expanding and upgrading the state of the art OmniBio™ laboratory and increasing the related services. This will underpin the ongoing research and development efforts in their area.

## SUSTAINABILITY REVIEW

# COMMUNITIES CONTINUED

### OMNIA NUTRIOLOGY®'S DATABASES

Over the past 20 years, Omnia Nutriology® has accumulated huge databases of soil, water, tissue and plant sap analyses data through its Chemtech™ laboratory. These databases, along with the vast OmniPrecise™ GIS and resultant big data that are growing exponentially, are of utmost value to support predictive modelling.

### SUMMARY

Omnia Nutriology® has and still is investing heavily in aspects that support predictive modelling for the purpose of risk mitigation, especially with regards to water and nutrient use efficiency on the farm. This predictive modelling along with the support structures that Omnia has in place, however, have much more value than basic value addition to a fertilizer product. The technological future, also in agriculture, is challenging and demanding, but extremely exciting. New markets will be explored and related new risk-mitigating products will see the light to exploit this opportunity.

### 3. Omnia contributes to drought relief

Omnia partnered with various transport suppliers to bring water relief to drought-affected communities in the Free State area. Over a million litres were distributed to Steynsrus, Senekal, Viljoenskroon, Lindley and Bloemfontein.



*Water relief to drought affected communities*





### MINING DIVISION

In the current financial year, BME undertook various corporate social responsibility initiatives at its sites and operations. Highlights of these included the following:

Site/operation	CSR initiative
BME Klipspruit, Mpumalanga	An employee soccer team was started during FY2016. Matches are played once or twice a month against other companies or BME sites
BME Gamsberg, Northern Cape	Donations of consumable goods including adult diapers were made to the Emmanuel Centre for people with multiple disabilities in Steinkop
BME DRC	BME donated the building material for the Kisanfu clinic near the Comide mine
BME Zimbabwe	BME sponsored awards for the best rock mechanic students at the University of Zimbabwe
BME Zambia	BME, together with First Quantum mine, sponsored the Development Cycling Team. The team topped the log in the Zambian Schools mountain bike series and six cyclists from Solwezi went on to compete in the South African finals of the invitational Spur School mountain bike series  BME built and runs the Chingola Orphanage School. BME funds the school's three teachers and 150 orphans are supported in this facility
BME Burkina Faso	BME assisted the neighbouring Sangui village with a water well building project

### CHEMICALS DIVISION

#### NALEDI TRUST HYDROPLUS FUEL PROJECT

In 2012, Protea Chemicals entered into a business relationship with Ballard Power Systems Inc. of Canada in terms of which Protea Chemicals would produce Hydroplus™ Fuel in South Africa and supply it for use in Ballard Fuel Cells within the southern African market. This relationship between Protea Chemicals and Ballard continues to this day and has been focused primarily on the use of Ballard Fuel Cells as a primary and stand-by power source for the telecommunications industry.

Early in 2014, Protea Chemicals was approached by Ballard in connection with a fuel cell rural electrification field trial in which they were partnering with Anglo American Platinum to provide off-grid electricity to the Naledi Trust community near Kroonstad in the Free State. The other collaboration partners in the field trial are the Department of Energy, the Mqohaka Municipality and Eskom Research Testing and Development facility. The field trial, which is a world first, is intended to demonstrate methanol, fuel cell power generation as an alternative to supply from the national power grid. From the outset, Protea Chemicals provided free of charge technical guidance, advice and support in respect of the design of the Hydroplus™ Fuel bulk delivery system, the temporary on-site bulk storage tank, and all the related tanker offloading, product handling, and related activities. This included safety, health, environmental and quality aspects.

The first delivery of Hydroplus™ Fuel to the site was made by Protea Chemicals on 30 June 2014 and the fuel cell power system was commissioned in August the same year. Despite some technical issues, which included on-site fuel contamination, which was resolved with the assistance of Protea Chemicals, the project has been successful in supplying 230V, 50Hz, AC power through a micro-grid to each of the 34 households, sufficient for cooking, refrigeration, lighting, television, radio and cell phone charging. The households are indigent and receive 50 kWh per month of Free Basic Electricity (FBE). The community also purchases pre-paid electricity and a significant increase in this demand indicates the evolution of consumer behaviour. A +75% system availability over the duration of the field trial has been achieved. The field trial is expected to continue until March 2017, to enable additional data collection and to further prove the concept. Protea Chemicals will supply the Hydroplus™ Fuel for the duration of the field trial.

## **SUSTAINABILITY REVIEW**

### **COMMUNITIES** CONTINUED

In 2013, the Department of Energy committed R3.5 billion to the electrification of South African households within a three-year period. This was to be achieved by extension of the existing power grid through construction of new power transmission lines and by providing solar units for individual homes. However, fuel cell micro-grid technology is a cost-effective alternative to grid extension in rural areas far away from the grid and could accelerate access to electricity. It is estimated that over 2 million households lack access to grid power and more than half of these are located in rural areas. Thus, there is a potential market for fuel cells supplying power to more than 600 000 homes where grid connection is uneconomical, as well as potential for schools, clinics and other infrastructure. The other benefits of fuel cell rural electrification in the country are job creation through local manufacturing and deployment and the potential for local platinum beneficiation, because platinum is used as a catalyst in the fuel cells.

#### ***COMMUNITY AWARENESS TRAINING***

Protea Mining Chemicals supplies chemicals beyond South African borders in remote areas where mines are located, such as the rural areas in Namibia, Malawi, Zambia and Botswana. Given the remote supply chain routes to these customers and to maintain the viability of these transactions, hazardous chemicals such as sulphuric acid and anhydrous ammonia are transported in large volumes using bulk road and rail tankers. As a result these chemicals are transported through communities that live along the routes, often without the necessary infrastructure in place to deal with potentially hazardous chemicals incidents.

Baseline risk assessments were conducted to identify the risks associated with the transportation, handling and storage aspects of the hazardous chemicals, as well as any necessary emergency response. Thereafter, Protea Mining Chemicals concentrated on the implementation of actions to eliminate or minimise these risks.

As part of the commitment to the principles of Responsible Care® and to mitigate the risk of managing these potentially hazardous chemicals incidents effectively, the business recognised the need to provide communities with awareness training on the risk of these hazardous chemicals being transported through their areas. Furthermore, it was agreed the training should be extended to emergency response services such as the police, hospitals and fire departments to supply them with the basic knowledge required to deal with such events. Community awareness training carried out in the period under review was well received both by community members and the media.

Large-scale emergency simulations have been conducted to ensure all parties are well prepared for any potential incidents and to test for any possible shortfalls that might exist in response effectiveness. Protea Mining Chemicals conducts regular audits of all systems and safety equipment required for effective response for all stakeholders and service providers along the supply chain. Additional mitigating measures have been employed by stationing of well-equipped emergency response trailers and infrastructure at suitably-trained service providers' premises. This service has not been offered by any other chemical supplier and the team prides itself on going the extra mile to ensure that all communities and the environment are protected as far as is reasonably possible.

Where appropriate, local participation and job creation have been promoted while also adding skills to the local responding service providers and resources.

A total of 482 people were trained in dealing with anhydrous ammonia in Namibia and Botswana. In Namibia, 1 065 people were trained in managing sulphuric acid. This brings the total number of people trained to date to 1 547.



### ***PREFERENTIAL PROCUREMENT***

Omnia favours the procurement of products and services from broad-based black economic empowerment (BBBEE) suppliers. For the measurable procurement spend with suppliers using the BBBEE recognition levels as per the DTI BBBEE Codes, was approximately R8 billion (2014: R9 billion) and amounted to 70% (2014: 46%) BBBEE procurement spend.

Omnia is working towards achieving key targets as stated in the updated Codes of Good Practice, which require a 70% spend on suppliers that qualify as BBBEE accredited suppliers. Most suppliers to Omnia are required to be verified and meet the minimum BBBEE requirements.

To ensure a consistent supply chain, the Group has centralised procurement practices at divisional levels and has improved Omnia's collective buying power. A large portion of the overall procurement spend at Omnia is on raw materials used in the manufacture of the business's various products. Many of these products are specialised and can only be obtained from specific local or international suppliers. As a result, these suppliers do not fall within the requirements for preferential procurement or the BBBEE codes and are excluded for the purposes of these calculations.





SECTION 4

# ASSURANCE STATEMENT

# INDEPENDENT ASSURANCE STATEMENT TO THE DIRECTORS OF OMNIA HOLDINGS LIMITED

## INTRODUCTION

Gilden Assurance (Pty) Limited ("Gilden Assurance") has been engaged by the directors of Omnia Holdings Limited ("Omnia") to perform an independent assurance engagement in respect of identified Greenhouse Gas (GHG) emissions and energy use prepared for publication in its sustainable development report for the year ended 31 March 2016. This assurance statement is produced in accordance with the terms of our engagement letter dated 5 February 2016.

The assurance statement, including the conclusions, has also been prepared in order to assist the directors of Omnia to meet the requirements for emissions reporting under the Carbon Disclosure Project (CDP). Gilden Assurance permits the use of this assurance report, to enable the directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance engagement with regard to its reported 2016 energy use and GHG emissions.

We do not accept or assume responsibility to any third parties i.e. other than the directors and the company, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

## SCOPE AND SUBJECT MATTER

The subject matter in the scope of the assurance engagement was limited to Omnia's total energy used and the 'Scope 1' and 'Scope 2' GHG emissions as defined by The GHG Protocol: A Corporate and Accounting Standard – Revised Edition (WRI & WBCSD, 2004) ("GHG Protocol"). Gilden Assurance's responsibilities do not extend to any other information.

## RESPONSIBILITIES OF THE DIRECTORS OF OMNIA

The directors of Omnia are responsible for the generation, collection and reporting of energy and GHG emissions data in accordance with the GHG Protocol.

## RESPONSIBILITIES OF THE INDEPENDENT ASSURANCE PROVIDER

Gilden Assurance's responsibilities were to conduct an assurance engagement and to report its conclusions to the directors in accordance with the assurance procedures followed.

Gilden Assurance conducted the engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance engagements other than audits or reviews of historical financial information* issued by the International Auditing and Assurance Standards Board, which Standard *inter alia* requires that the assurance practitioner follows due process and comply with ethical requirements.

## SUMMARY OF WORK PERFORMED

Omnia provided Gilden Assurance with the relevant supporting information and documentation related to the energy and GHG data reported.

Gilden Assurance applied the GHG Protocol as well as Omnia's corporate Safety, Health and Environmental Data Reporting Guideline as audit criteria in respect of the underlying data in the scope of the assurance engagement.

Gilden Assurance's *limited assurance* procedures consisted of:

- interviewing relevant management personnel at head office as well as at the three most material sites visited i.e. Omnia Fertilizer (Sasolburg), Protea Chemicals Wadeville (Germiston) and BME Losberg (Fochville)
- evaluating Omnia's processes of data determination at the sites visited
- testing key controls in the reporting process at the sites visited
- analysing and reviewing the relevant data and calculations on a sample selective basis at the sites visited
- reviewing the reported data for consistency with the work performed by Gilden Assurance

# INDEPENDENT ASSURANCE STATEMENT TO THE DIRECTORS OF OMNIA HOLDINGS LIMITED CONTINUED

## INHERENT LIMITATIONS

The reliability of the reported energy and GHG data is subject to inherent uncertainty, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

In addition, the evidence gathering procedures for *limited assurance* are more restricted than those applicable to *reasonable assurance*. *Limited assurance* per definition thus provides less assurance than *reasonable assurance*.

## CONCLUSION

We believe that the information provided by Omnia and the work performed by Gilden Assurance are sufficient and appropriate to form a basis for our *limited assurance* conclusion.

In our opinion, and on the basis of our *limited assurance* procedures, nothing has come to our attention which has caused us to believe that the amount of energy used, 'Scope 1' and 'Scope 2' GHG emissions prepared by Omnia for the year ended 31 March 2016 are not fairly represented in all material respects.

## RECOMMENDATION

It was the first time that Omnia subjected its GHG and energy data to third party assurance and it was found that with the initial data testing, not all data assessed could be supported by a complete audit trail as stipulated by Omnia's data reporting guideline. On request from the assurance provider, subsequent data compilations from source data were made available to adequately support and clear the final data reported. It is recommended that Omnia continue to embed the data reporting guideline and implement an internal audit programme to enforce its full implementation and to improve data consistency throughout the year at all operations.



**Director: Gilden Assurance (Pty) Limited**

Johannesburg, 27 June 2016



*Gilden Assurance is an independent provider of environmental, social and corporate responsibility consulting and assurance services. More information is available at <http://www.gildenassurance.co.za>*



# SECTION 5 GRI CONTENT INDEX





# GRI CONTENT INDEX

Omnia reported in line with the Global Reporting Initiative's G4 (GRI G4) guidelines, 'in accordance' with the Core option.

**SDR** See the corresponding pages in this report

**IAR** See the corresponding pages in the 2016 integrated annual report

## GENERAL STANDARD DISCLOSURES

	Page	External assurance
<b>STRATEGY AND ANALYSIS</b>		
<b>G4-1:</b> Provide a statement from the most senior decision-maker of the organisation (such as CEO, chairperson, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	<b>SDR</b> Promoting sustainable growth, pages 15 and 16	–
<b>ORGANISATIONAL PROFILE</b>		
<b>G4-3:</b> Report the name of the organisation	<b>SDR</b> About this report, page 1	–
<b>G4-4:</b> Report the primary brands, products, and services	<b>SDR</b> IFC	–
<b>G4-5:</b> Report the location of the organisation's headquarters	<b>SDR</b> About this report, page 1	–
<b>G4-6:</b> Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	<b>IAR</b> Locations of Omnia global offices, page 9	–
<b>G4-7:</b> Report the nature of ownership and legal form	<b>IAR</b> The organisation, page 11	–
<b>G4-8:</b> Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	<b>IAR</b> Locations of Omnia global offices, page 9	–
<b>G4-9:</b> Report the scale of the organisation, including:		
a. Total number of employees	<b>SDR</b> Business model and group highlights, page 2	
b. Total number of operations	<b>SDR</b> Omnia group and About this report, pages IFC and 1	
c. Net sales (for private sector organisations) or net revenues (for public sector organisations)	<b>SDR</b> Business model and group highlights, pages 2 and 3	–
d. Total capitalisation broken down in terms of debt and equity (for private sector organisations)	<b>IAR</b> Financial results and highlights, pages 3 and 4	
e. Quantity of products or services provided	<b>SDR</b> Business model and group highlights, pages 2 and 3	



	Page	External assurance
<p><b>G4-10:</b> Report the composition of the workforce, including:</p> <p>a. Report the total number of employees by employment contract and gender</p> <p>b. Report the total number of permanent employees by employment type and gender</p> <p>c. Report the total workforce by employees and supervised workers and by gender</p> <p>d. Report the total workforce by region and gender</p> <p>e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors</p> <p>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)</p>	<p><b>SDR</b> Workforce analysis, pages 32 and 33</p>	–
<p><b>G4-11:</b> Report the percentage of total employees covered by collective bargaining agreements</p>	<p><b>SDR</b> Trade union representation, page 43</p>	–
<p><b>G4-12:</b> Describe the organisation's supply chain</p>	<p><b>SDR</b> Communities, pages 70 and 71</p>	–
<p><b>G4-13:</b> Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including:</p> <p>a. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions</p> <p>b. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations)</p> <p>c. Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination</p>	<p><b>SDR</b> Omnia group and About this report, pages IFC and 1</p> <p><b>IAR</b> Financial results and highlights, pages 3 and 4</p> <p><b>SDR</b> Communities, pages 70 and 71</p>	–
<p><b>G4-14:</b> Report whether and how the precautionary approach or principle is addressed by the organisation</p>	<p><b>SDR</b> Material issues, pages 24 and 25</p>	–
<p><b>G4-15:</b> List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses</p>	<p><b>SDR</b> About this report, page 1; Sustainability review, page 27; Safety and health, page 29; Environment, pages 55 and 56 and Communities section, pages 60 and 61</p>	–
<p><b>G4-16:</b> List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation:</p> <ul style="list-style-type: none"> <li>• Holds a position on the governance body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul>	<p><b>SDR</b> Sustainability review, page 27; Safety and health, page 29; Environment, page 56 and Communities, pages 60 and 61</p>	–

# GRI CONTENT INDEX CONTINUED

## GENERAL STANDARD DISCLOSURES CONTINUED

	Page	External assurance
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
<b>G4-17:</b> a. List all entities included in the organisation's consolidated financial statements or equivalent documents b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	<b>SDR</b> About this report, page 1  <b>IAR</b> About this report, IFC flap	–
<b>G4-18:</b> a. Explain the process for defining the report content and the aspect boundaries b. Explain how the organisation has implemented the reporting principles for defining report content	<b>SDR</b> About this report, page 1	–
<b>G4-19:</b> List all the material aspects identified in the process for defining report content	<b>SDR</b> Materiality determination process section, pages 19 to 21	–
<b>G4-20:</b> For each material aspect, report the aspect boundary within the organisation, as follows: <ul style="list-style-type: none"> <li>• Report whether the aspect is material within the organisation</li> <li>• If the aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the aspect is not material or</li> <li>• The list of entities or groups of entities included in G4-17 for which the aspect is material</li> <li>• Report any specific limitation regarding the aspect boundary within the organisation</li> </ul>	<b>SDR</b> About this report, page 1	–
<b>G4-21:</b> For each material aspect, report the aspect boundary outside the organisation, as follows: <ul style="list-style-type: none"> <li>• Report whether the aspect is material outside of the organisation</li> <li>• If the aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the aspect is material. In addition, describe the geographical location where the aspect is material for the entities identified</li> <li>• Report any specific limitation regarding the aspect boundary outside the organisation</li> </ul>	<b>SDR</b> About this report, page 1	–
<b>G4-22:</b> Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	<b>SDR</b> Environment, page 56	–
<b>G4-23:</b> Report significant changes from previous reporting periods in the scope and aspect boundaries	<b>SDR</b> About this report, page 1	–

	Page	External assurance
<b>STAKEHOLDER ENGAGEMENT</b>		
<b>G4-24:</b> Provide a list of stakeholder groups engaged by the organisation	<b>SDR</b> Stakeholder engagement, pages 22 and 23	–
<b>G4-25:</b> Report the basis for identification and selection of stakeholders with whom to engage	<b>SDR</b> Materiality determination process, page 19 and Stakeholder engagement, pages 22 and 23	–
<b>G4-26:</b> Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	<b>SDR</b> Stakeholder engagement, pages 22 and 23	–
<b>G4-27:</b> Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	<b>SDR</b> Stakeholder engagement, pages 22 and 23	–
<b>REPORT PROFILE</b>		
<b>G4-28:</b> Reporting period (such as fiscal or calendar year) for information provided	<b>SDR</b> About this report, page 1	–
<b>G4-29:</b> Date of most recent previous report (if any)	<b>SDR</b> About this report, page 1	–
<b>G4-30:</b> Reporting cycle (such as annual, biennial)	<b>SDR</b> About this report, page 1	–
<b>G4-31:</b> Provide the contact point for questions regarding the report or its contents	<b>SDR</b> OBC	–
<b>G4-32:</b> GRI content index: a. Report the 'in accordance' option the organisation has chosen b. Report the GRI content index for the chosen option c. Report the reference to the external assurance report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the guidelines	<b>SDR</b> GRI content index, page 75 <b>SDR</b> Assurance statement, pages 73 and 74	–
<b>G4-33:</b> Assurance: a. Report the organisation's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organisation and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	<b>SDR</b> Assurance statement, pages 73 and 74 <b>IAR</b> Combined assurance, pages 86 and 87 <b>SDR</b> Assurance statement, pages 73 and 74 <b>SDR</b> Assurance statement, pages 73 and 74	–

# GRI CONTENT INDEX CONTINUED

## GENERAL STANDARD DISCLOSURES CONTINUED

	Page	External assurance
<b>GOVERNANCE</b>		
<i>GOVERNANCE STRUCTURE AND COMPOSITION</i>		
<b>G4-34:</b> Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	<p><b>IAR</b> Overall governance structure, page 75</p> <p><b>IAR</b> Social, ethics and risk committee, pages 85 and 86</p>	–
<b>G4-35:</b> Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	<p><b>SDR</b> Governance of sustainability, page 9</p> <p><b>IAR</b> Social, ethics and risk committee, pages 85 and 86</p>	–
<b>G4-36:</b> Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	<p><b>SDR</b> Governance of sustainability, page 9</p> <p><b>IAR</b> Social, ethics and risk committee, pages 85 and 86</p>	–
<b>G4-37:</b> Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	<b>SDR</b> Sustainability reporting, page 9 and Stakeholder engagement, pages 22 and 23	–
<p><b>G4-38:</b> Report the composition of the highest governance body and its committees by:</p> <ul style="list-style-type: none"> <li>• Executive or non-executive</li> <li>• Independence</li> <li>• Tenure on the governance body</li> <li>• Number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>• Gender</li> <li>• Membership of under-represented social groups</li> <li>• Competences relating to economic, environmental and social impacts</li> <li>• Stakeholder representation</li> </ul>	<p><b>IAR</b> Directorate and management, pages 27 to 30</p> <p><b>SDR</b> People section: Employment equity, pages 44 to 45</p> <p><b>SDR</b> Sustainability performance summary, page 4</p>	–
<b>G4-39:</b> Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement)	<b>IAR</b> Statement of compliance, page 76	–
<p><b>G4-40:</b> Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:</p> <ul style="list-style-type: none"> <li>• Whether and how diversity is considered</li> <li>• Whether and how independence is considered</li> <li>• Whether and how expertise and experience relating to economic, environmental and social topics are considered</li> <li>• Whether and how stakeholders (including shareholders) are involved</li> </ul>	<p><b>IAR</b> The board charter, page 77</p> <p><b>IAR</b> Selection and appointment, page 80</p> <p><b>IAR</b> Statement of compliance, page 76</p> <p><b>IAR</b> Statement of compliance, page 76</p>	–
<i>HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY</i>		
<b>G4-48:</b> Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	<b>SDR</b> Board responsibility statement, IFC	–

	Page	External assurance
<b>REMUNERATION AND INCENTIVES</b>		
<p><b>G4-51:</b></p> <p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none"> <li>• Fixed pay and variable pay: <ul style="list-style-type: none"> <li>– Performance-based pay</li> <li>– Equity-based pay</li> <li>– Bonuses</li> <li>– Deferred or vested shares</li> </ul> </li> <li>• Sign-on bonuses or recruitment incentive payments</li> <li>• Termination payments</li> <li>• Clawbacks</li> <li>• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees</li> </ul> <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives</p>	<p><b>IAR</b> Remuneration structure, page 91</p>	–
<p><b>G4-52:</b> Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation</p>	<p><b>IAR</b> Remuneration structure, page 91</p>	–
<b>ETHICS AND INTEGRITY</b>		
<p><b>G4-56:</b> Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics</p>	<p><b>IAR</b> Code of conduct, pages 88 and 89</p>	–

## SPECIFIC STANDARD DISCLOSURES

Material aspects: Disclosures on Management Approach (DMA) and indicators	Page	External assurance
<b>ECONOMIC</b>		
<b>ECONOMIC PERFORMANCE</b>		
<p><b>G4-EC1:</b> Direct economic value generated and distributed</p>	<p><b>IAR</b> IFC fold out</p>	–
<p><b>G4-EC2:</b> Financial implications and other risks and opportunities for the organisation's activities due to climate change</p>	<p><b>SDR</b> Energy and climate change, page 10; Clean Development Mechanism (CDM) projects and Certified Emission Reductions (CER), page 55</p> <p><b>IAR</b> Changes in climate and annual weather patterns, page 104; Future, page 111</p>	–
<p><b>G4-EC4:</b> Financial assistance received from government</p>	<p>None</p>	–
<b>MARKET PRESENCE</b>		
<p><b>G4-EC6:</b> Proportion of senior management hired from local community at significant locations of operation</p>	<p><b>SDR</b> Employment equity, page 45</p>	–



# GRI CONTENT INDEX CONTINUED

## SPECIFIC STANDARD DISCLOSURES CONTINUED

Material aspects: Disclosures on Management Approach (DMA) and indicators	Page	External assurance
<b>ENVIRONMENTAL</b>		
<i>MATERIALS</i>		
<b>G4-EN2:</b> Percentage of materials used that are recycled input materials	<b>SDR</b> Water management, page 49; Waste management, page 50; Resource efficiency, page 57	–
<i>ENERGY</i>		
<b>G4-EN3:</b> Energy consumption within the organisation	<b>SDR</b> Energy management, pages 50 and 51	Yes, page 73
<b>G4-EN4:</b> Energy consumption outside of the organisation	N/A	–
<b>G4-EN6:</b> Reduction of energy consumption	<b>SDR</b> Energy management, pages 50 to 52	–
<i>WATER</i>		
<b>G4-EN8:</b> Total water withdrawal by source	<b>SDR</b> Abstraction and recycled water, page 48	–
<b>G4-EN9:</b> Water sources significantly affected by withdrawal of water	<b>SDR</b> Abstraction and recycled water, pages 48 and 49	–
<b>G4-EN10:</b> Percentage and total volume of water recycled and reused	<b>SDR</b> Abstraction and recycled water, page 48	–
<i>EMISSIONS</i>		
<b>G4-EN15:</b> Direct greenhouse gas (GHG) emissions (Scope 1)	<b>SDR</b> Carbon management, page 54	Yes, page 73
<b>G4-EN16:</b> Energy indirect greenhouse gas (GHG) emissions (Scope 2)	<b>SDR</b> Carbon management, page 54	Yes, page 73
<b>G4-EN19:</b> Reduction in greenhouse gas (GHG) emissions	<b>SDR</b> Carbon management, pages 57 and 58	–
<b>G4-EN21:</b> NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	<b>SDR</b> Air emissions, page 47	–
<i>EFFLUENT AND WASTE</i>		
<b>G4-EN22:</b> Total water discharge by quality and destination	<b>SDR</b> Effluent discharge, page 49	–
<b>G4-EN23:</b> Total weight of waste by type and disposal method	<b>SDR</b> Waste management, page 50	–
<b>G4-EN24:</b> Total number and volume of significant spills	Overall environmental incidents reported. <b>SDR</b> Incidents, page 47	–
<b>SOCIAL: LABOUR PRACTICES AND DECENT WORK</b>		
<i>EMPLOYMENT</i>		
<b>G4-LA1:</b> Total number and rates of new employee hires and employee turnover by age group, gender, and region	<b>SDR</b> Workforce analysis, pages 32 and 33	–
<b>G4-LA2:</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<b>SDR</b> Employee benefits, page 33	–

Material aspects: Disclosures on Management Approach (DMA) and indicators	Page	External assurance
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>G4-LA5:</b> Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	<b>SDR</b> Workforce representation in safety and health management, page 30	–
<b>G4-LA6:</b> Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	<b>SDR</b> Safety and health, pages 28 to 30	–
<b>TRAINING AND EDUCATION</b>		
<b>G4-LA9:</b> Average hours of training per year per employee by gender, and by employee category	<b>SDR</b> Training and development, page 40	–
<b>G4-LA10:</b> Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<b>SDR</b> Training and development, pages 41 to 45	–
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>G4-LA12:</b> Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<b>SDR</b> Sustainable performance summary, page 5; Employment equity, page 45 <b>IAR</b> Directorate and management, pages 27 to 30	–
<b>SOCIAL: HUMAN RIGHTS</b>		
<b>NON-DISCRIMINATION</b>		
<b>G4-HR3:</b> Total number of incidents of discrimination and corrective actions taken	<b>SDR</b> Human rights, page 45	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
<b>G4-HR4:</b> Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	<b>SDR</b> Human rights, page 45	–
<b>CHILD LABOUR</b>		
<b>G4-HR5:</b> Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	<b>SDR</b> Human rights, page 45	–
<b>FORCED OR COMPULSORY LABOUR</b>		
<b>G4-HR6:</b> Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	<b>SDR</b> Human rights, page 45	–
<b>SOCIAL: SOCIETY</b>		
<b>LOCAL COMMUNITIES</b>		
<b>G4-SO2:</b> Operations with significant actual or potential negative impacts on local communities	<b>SDR</b> Communities, pages 60 to 71	–
<b>COMPLIANCE</b>		
<b>G4-SO8:</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	<b>SDR</b> Sustainable performance summary, page 5	–

SECTION 6

# GLOSSARY OF TERMS AND ACRONYMS



## GLOSSARY OF TERMS AND ACRONYMS

<b>ABET</b>	Adult basic education and training: an outcomes-based programme to provide basic learning tools, knowledge and skills to adults, providing participants with nationally recognised qualifications
<b>AC</b>	Alternating current
<b>AEL</b>	Atmospheric Emission Licence
<b>AET</b>	Adult education and training
<b>AFMA</b>	Animal Feed Manufacturers Association of South Africa addresses industry issues in an organised manner (include regulations and registration, ingredient quality, early warning systems regarding contaminated products, conferences, training)
<b>AGM</b>	Annual general meeting as regulated by the Companies Act, 2008 (Act 71 of 2008) as amended, and shareholders are informed by notice of meeting documents
<b>Agronomics</b>	Branch of economics that deals specifically with land usage
<b>Agronomist</b>	Application of the various soil and plant sciences to soil management and crop production; scientific agriculture
<b>AMCU</b>	Association of Mineworkers and Construction Union: trade union in South Africa
<b>Ammonia: urea price ratio</b>	Key driver in the cost of manufacturing and in the final selling price of fertilizer products, which may be urea based
<b>ANCN</b>	Ammonium nitrate calcium nitrate, whereby the Ammonium nitrate (AN) solution and the Calcium nitrate (CN) solution are mixed together to form ANCN
<b>AXXIS®</b>	Patented electronic delay detonators developed by BME
<b>BBBEE</b>	Broad-based black economic empowerment: process by which the South Africa government is trying to ensure economic equity amongst race groups, governed by the Broad-based Black Economic Empowerment Act, 2008 (Act 53 of 2003)
<b>BEE</b>	Black economic empowerment
<b>Biofuels</b>	Liquid fuels derived from materials such as waste plant and animal matter
<b>Black</b>	Ad defined by the Broad Based Black Economic Empowerment Act, 2008 (Act 53 of 2008), as amended and the Employment Equity Act no 55 of 1998 (as amended) to include Africans, Coloureds and Indians
<b>BlastMap™</b>	Patented software for explosive optimisation developed by BME
<b>BME</b>	Bulk Mining Explosives: together with Protea Mining Chemicals forms the Mining division within Omnia
<b>CAIA</b>	Chemical and Allied Industries' Association: South African industry body that promotes responsible behaviour, supports education initiatives and facilitates government engagement on behalf of chemicals companies
<b>Carbon credits</b>	Carbon emission reduction credits: permit that allows a country or organisation to produce a certain amount of carbon emissions which can be traded internationally if the full allowance is not used
<b>CDM</b>	Clean development mechanism
<b>CDP</b>	Carbon disclosure project
<b>CEPPWAWU</b>	Chemical Energy Paper Printing Wood and Allied Workers Union: trade union in South Africa
<b>CER</b>	Certified emission reduction
<b>CHIETA</b>	Chemical Industries Education and Training Authority
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>CO<sub>2</sub>-e</b>	Carbon dioxide equivalent
<b>COBIT</b>	A leading framework for the governance and management of enterprise information technology
<b>Companies Act</b>	Companies Act, 2008 (Act No 71 of 2008) applies to all companies in South Africa



## GLOSSARY OF TERMS AND ACRONYMS CONTINUED

<b>Corporate governance</b>	Framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in a company's relationship with all its stakeholders
<b>CPI</b>	Consumer price index: measures changes in the price level of a market basket of consumer goods and services purchased by households
<b>CSI</b>	Corporate social investment: an organisation's philanthropic activities; component of an organisation's greater corporate social responsibility
<b>DAP</b>	Diammonium phosphate (phosphate)
<b>DEA</b>	Department of Environmental Affairs
<b>Debt:Equity ratio</b>	Measure of a company's financial leverage, calculated by dividing its net debt (debt plus bank overdrafts minus cash and cash equivalents) by total equity (including non-controlling interest); indicates what proportion of equity and debt the company is using to finance its assets
<b>DHET</b>	Department of Higher Education and Training
<b>DICLA</b>	Farming infrastructure and equipment supplier
<b>DMR</b>	Department of Mineral Resources
<b>DOE</b>	Department of Energy
<b>DRC</b>	Democratic Republic of the Congo
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>dti</b>	Department of Trade and Industry
<b>dti BBBEE Codes of Good Practice</b>	Basic principles and essential considerations for BBBEE, providing guidance in the form of explanatory material, and applied in the development, evaluation and monitoring of BEE Charters, initiatives, transactions and other implementation mechanisms
<b>EE</b>	Employment equity: applies to all employers and employees and protects employees and job seekers from unfair discrimination and also provides a framework for implementing affirmative action; regulated by Employment Equity Act, 1998 (Act 55 of 1998) enterprise development: the fostering and promotion of entrepreneurship, typically in the form of small businesses
<b>EIEA</b>	Explosives Industry Employers' Association
<b>Emulsion</b>	An emulsion is a mixture of two liquids that do not naturally remain mixed together, for example oil and water. In BME's emulsion these two liquids are kept mixed together by blending them to form tiny droplets of the water-based component with each droplet being covered by a thin skin of oil. The oil and water are kept together by small amounts of a special chemical called and emulsifier. In BME's emulsions, the water-based component contains the nitrates and the oil component comprises mainly used engine oil.
<b>EnCo (CAIA)</b>	Environmental committee of CAIA
<b>EnviNOx</b>	A catalyst that converts the N <sub>2</sub> O and NO <sub>x</sub> generated during the production of nitric acid into nitrogen, oxygen and water
<b>EPS</b>	Earnings per share: the portion of a company's profit allocated to each outstanding share of common stock; indicator of a company's profitability
<b>ERP</b>	Enterprise resource planning
<b>Eskom</b>	South African electricity public utility
<b>EVA incentive</b>	Economic value add incentive
<b>FAO</b>	International Food and Agriculture Organisation
<b>FBE</b>	Free basic electricity
<b>FET</b>	Further Education and Training College
<b>FIEA</b>	Fertilizer Industry Employers' Association
<b>Food security</b>	The availability of food and access to it; refers to when all people at all times have physical and economic access to adequate nutritious, safe and culturally appropriate food



<b>Fungimax™</b>	A product offered in Agriculture division that balances the levels of fungi and bacteria in soil
<b>FY</b>	Financial year: refers to the period from 1 April to 31 March
<b>GCR</b>	Global Credit Ratings: is the largest rating agency in Africa, accounting for over 60% of all ratings accorded on the continent
<b>GIBS</b>	Gordon Institute of Business Science
<b>GIS</b>	Geographic Information System
<b>GIWUSA</b>	General Industries Workers Union of South Africa: trade union in South Africa
<b>GJ</b>	Gigajoules: measurement unit of energy
<b>GHG</b>	Greenhouse gas: gas in the atmosphere that absorbs and emits radiation within the thermal infrared range
<b>Greensulf 35™</b>	Is a chemically granulated fertilizer that contains nitrogen, sulphur and calcium in plant available form
<b>GRI</b>	Global Reporting Initiative: a reporting standard generally accepted to be the leading international standard for reporting social, environmental and economic performance
<b>HEF</b>	Emulsion non-explosive oxidiser in its ungasged state
<b>HIV/AIDS</b>	Human immunodeficiency virus/acquired immuno-deficiency syndrome
<b>Hydroplus™ Fuel</b>	Is a fuel made under licence for Ballard which is the supplier of the Fuel Cell. Protea Chemicals is the official manufacturer of this product in Africa
<b>ICAS</b>	Independent Counselling and Advisory Services
<b>IDC</b>	Industrial Development Corporation; a state-owned developmental organizer
<b>IFRS</b>	International Financial Reporting Standards: principles-based standards, interpretations and the framework adopted by the International Accounting Standards Board
<b>IIRC</b>	International Integrated Reporting Council: the International Integrated Reporting Framework is used in the adoption of integrated reports globally; the IIRC adopts 'integrated thinking' as a way of improving the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital
<b>IMS</b>	Information management system integrated annual report: provides a reliable, comprehensive and holistic overview of the company, from both a financial and a non-financial perspective, and outlines the impact of the business on the economic, social and environmental spheres within which it operates (triple bottom line)
<b>IPCC</b>	International Panel on Climate Change
<b>ISO</b>	International Organisation for Standardisation certification is the world's largest developer and publisher of International Standards and network of the national standards institutes of 164 countries; certification provides a uniform international standard
<b>IT</b>	Information technology
<b>JSE</b>	JSE Limited (previously the JSE Securities Exchange and the Johannesburg Stock Exchange) is the largest stock exchange in Africa. It is situated at the corner of Maude Street and Gwen Lane in Sandton, Johannesburg, South Africa.
<b>K-Humate</b>	A concentrated soil conditioner
<b>King III</b>	The abbreviated name for the King Report on Corporate Governance for South Africa published 2009; relates to corporate governance and a company's triple bottom line
<b>KPIs</b>	Key performance indicators measurement of monitoring business performance against the annual operating plan
<b>kWh</b>	Kilowatt hour is a derived unit of energy equal to 3.6 megajoules
<b>LED</b>	Light-emitting diode
<b>Lewatit®</b>	Water treatment through ion exchange resins adsorption for thermal power plants, chemicals and electronics industries, mining, food, municipal services, etc.
<b>Lewabrane®</b>	Water purification membrane major hazard installation

## GLOSSARY OF TERMS AND ACRONYMS CONTINUED

<b>MAP</b>	Monoammonium phosphate (phosphate fertilizer)
<b>MHI</b>	Major hazard installation
<b>MOI</b>	Memorandum of incorporation
<b>MQA</b>	Mine Qualifications Authority is a sector education and training authority (SETA) responsible for the administration of skills development programmes for the mining and minerals sector in South Africa
<b>MWh</b>	A megawatt (MW) is one million watts, kilowatt-hour (kWh), a thousand watts of power produced or used for one hour, equivalent to 3 600 million joules (MJ)
<b>NAP1 and NAP2</b>	Nitric Acid Plant 1/2 at Sasolburg Fertilizer factory
<b>NAPCOF</b>	North West Air Pollution Control forum
<b>NASCEA</b>	National Speciality Chemicals Employers Association
<b>NBCCI</b>	National Bargaining Council for the Chemicals Industry
<b>NBI</b>	National Business Institute
<b>NH<sub>3</sub></b>	Ammonia
<b>N<sub>2</sub>O</b>	Nitrous oxide
<b>NO<sub>x</sub></b>	Nitrogen oxide
<b>NORA-SA</b>	National Oil Recycling Association of South Africa
<b>NQF</b>	National Qualifications Framework
<b>NUM</b>	National Union of Mineworkers: trade union in South Africa
<b>Nutriology®</b>	A specialised and patented brand of Omnia's fertilizer products and services: focused on the 'science of growing'
<b>OSHA</b>	Occupational Health and Safety Act, administered by the Department of Labour to profile for the health and safety of people at work
<b>Omnia/the Group</b>	Omnia Holdings Limited
<b>Omnia Fertilizer</b>	The primary business in the Agriculture division
<b>Omnia Specialties</b>	Part of the Agriculture division, this provides a range of specialised products and services targeted at creating value for farming customers
<b>OmniBio™</b>	The management of soil biological life starts with an OmniBio™ analysis, which provides the farmer with a crop-specific proposal, focusing on the major biological indicators found in the soil
<b>Omnia Nutriology®</b>	The science of growing – is a concept developed by Omnia that not only concentrates on crops, but includes the development of product ranges, services, relationships and client profitability. Nutriology® refers to a total crop management process. It is applied throughout the growth stages of the crop. Omnia manages the plant stress to increase yield through soil and foliar applications. Omnia also use soil, leaf, water and sap analyses to manage the plant during these stages. To bring the Nutriology® concept to full fruition requires a comprehensive approach, which is made up of the following 12 pillars: Production facilities, Technology, Products, Environment and Safety, Quality, Values, Research and Development, Support Services, Relationships, Investment, Agronomic Services and Partners
<b>OmniPrecise™</b>	Omnia's management system based on precision agriculture, that helps the farmer to map and manage his land to ensure the optimal use of available resources
<b>OmniRiskIQ™</b>	A model unique to Omnia Nutriology® that plots the cumulative probability/certainty of a specific yield per management zone on a graph by looking at what happened during the previous seasons
<b>OmniSAP®</b>	Patented technology used to measure crop growth
<b>OmniZone™</b>	Management zone yield map derived by adding five years' worth of yield monitor data that can be used to plan the next season
<b>One Protea</b>	Restructuring of the Chemicals division into a centralised structure

<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>Organoboost™</b>	A value-add product in Omnia's Agriculture division that helps to balance enzymes in soil
<b>PGAN</b>	Porous ammonium nitrate
<b>PIVOTAL</b>	Programmes include professional, vocational, technical and academic learning programmes that result in occupational qualifications that are quality assured by the QCTO
<b>Potable water</b>	Drinking water, pure enough to be consumed with low risk of immediate or long-term harm
<b>Preferential procurement</b>	A government affirmative action policy that encourages government departments and agencies to buy goods and services from previously disadvantaged individuals or businesses
<b>Protea Chemicals</b>	Omnia's Chemicals division, Protea Chemicals is a well-established manufacturer and distributor of speciality, functional and effect chemicals and polymers
<b>Protea Mining Chemicals</b>	One of the entities in Omnia's Mining division, Protea Mining Chemicals is a supplier of an extensive range of speciality and commodity chemicals specifically required by the mining industry in Africa
<b>Protea Process®</b>	Comprehensive service that covers the handling, logistics and on-site formulation of chemicals for Protea Mining's customers
<b>PSEE</b>	Private sector energy and efficiency project
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>RCR</b>	Recordable case rate: any incident resulting in occupational illness and/or injury which arises out of or during an employee's normal course of duty and the execution of work-related responsibilities and which, as a result, requires medical treatment excluding diagnostics. Medical treatment is defined as treatment above and beyond first aid, administered by a recognised professional medical practitioner such as a medical doctor, paramedic or nurse. RCR is therefore the number of recordable cases per year or 200 000 working/exposure hours
<b>R&amp;D</b>	Research and development
<b>REID project (DRDLR REID)</b>	Department of Rural Development and Land Reform, Rural, Enterprise and Industrial Development
<b>Responsible Care®</b>	Omnia is a voluntary signatory to the International Council of Chemical Associations (ICCA) that promotes the chemical industry's unique global initiative for continuous improvement in health, safety and environmental performance, in the chemical sector together with open and transparent communication with stakeholders run under the auspices of CAIA
<b>RI</b>	Reportable injuries
<b>ROAE</b>	Return on average equity: an adjusted version of the return on equity measure of company profitability, in which shareholders' equity is changed to average shareholders' equity
<b>ROI</b>	Return on investment: performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments; to calculate it, the benefit (return) of an investment is divided by the cost of the investment, with the result expressed as a percentage or ratio
<b>ROSE</b>	Recycling Oil Saves the Environment Foundation
<b>RPL</b>	Recognition of prior learning
<b>SAAFoST</b>	SA Association of Food Science and Technology: custodian members are a select group of Institution Members, they subscribe to additional principles in promoting and upholding professional standards of competence and integrity in advancing food science and related technologies for the provision of safe and wholesome food. It is through the additional support received from these members that SAAFoST is able to extend its efforts in promoting food professionalism in South Africa
<b>SAB</b>	South African Breweries
<b>SACWU</b>	South African Chemical Workers Union: trade union in South Africa
<b>Sakhile 1/Sakhile Initiative/ Sakhile Initiative Limited</b>	Established April 2007 as a broad-based black economic empowerment vehicle for permanent employees residing in South Africa

## GLOSSARY OF TERMS AND ACRONYMS CONTINUED

<b>Sakhile 2/Sakhile Initiative 2/ Sakhile Initiative 2 Limited</b>	Established January 2009 as an investment vehicle to retain permanent senior black employees as well as attracting and retaining talented employees of colour
<b>SAS</b>	Strategic Agriculture Services
<b>SASDT</b>	South African Society of Dairy Technology is an active society whose primary objective is to promote and encourage technological and scientific advancement amongst its members who are key role players in the national dairy industry. Through its annual national symposium along with regular regional meetings held by each division, it successfully communicates new trends and updates on technical issues of benefit to the local dairy industry
<b>SENS</b>	Stock Exchange News Service announcements: company announcements such as mergers, take-overs, rights offers, capital issues and cautionaries that are published by the JSE
<b>SETA</b>	Sector Education and Training Authority: vocational skills training organisation in South Africa
<b>SHE</b>	Safety, health and environment
<b>SHEQ</b>	Safety, health, environment and quality
<b>SHERQ</b>	Safety, health and environment, risk and quality
<b>Solidarity</b>	Trade union in South Africa
<b>Stakeholder engagement</b>	Process by which a company's stakeholders engage in dialogue to improve its decision-making and accountability toward corporate social responsibility and achieving the triple bottom line
<b>SRI</b>	JSE's Socially Responsible Investment Index
<b>Sustainability</b>	With regard to the long-term viability of the organisation or relating to, or being a method of, harvesting or using a resource so that the resource is not depleted or permanently damaged
<b>The board</b>	Omnia Holdings Limited board of directors
<b>TSB</b>	Transvaal Sugar Board also known as Selati Sugar now called RCL Foods
<b>UN</b>	United Nations: intergovernmental organisation established to promote international co-operation
<b>UNICEF</b>	United Nations Children's Fund: UN programme headquartered in New York City that provides long-term humanitarian and developmental assistance to children and mothers in developing countries
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>US</b>	United States
<b>VKB</b>	Vrystaat Koöperasie Beperk is a long-established co-operative agriculture enterprise in South Africa
<b>Wellness programme</b>	Voluntary programme that supports employees' physical and mental condition; part of the health and safety programme
<b>Wiphold</b>	Women's Investment Portfolio Holdings Limited
<b>WISP</b>	Western Cape Industrial Symbiosis Programme
<b>WUL</b>	Water use licence
<b>Zetachem</b>	A major manufacturer and supplier of specialty chemicals to the water treatment industries and part of the Omnia Group under the Chemicals division







## CONTACT DETAILS

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### FORWARD-LOOKING STATEMENTS

*Throughout this report there are statements made that are 'forward-looking statements'. Any statements preceded or followed by, or that include the words 'forecasts', 'believes', 'expects', 'intends', 'plans', 'prediction', 'will', 'may', 'should', 'could', 'anticipates', 'estimates', 'seeks', 'continues', or similar expression or the negative thereof, are forward-looking statements. By their nature, forward-looking statements are speculative and allude to known and unknown risks, opportunities, macro-economic issues and any factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and reflect Omnia's view at the date of publication of this report. Omnia is not obliged to publicly update or revise these forward-looking statements for events or circumstances occurring after the date of publication of this report. Any forward looking statement contained herein based on current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. These forward looking statements are further qualified by the risk factors described throughout the commentary in this report.*

### REPORT FEEDBACK

*We welcome your feedback on this report, in order to improve our reporting going forward. For further information, this full report and related documents can be downloaded from the web link: [www.omnia.co.za](http://www.omnia.co.za). You can also contact Omnia at [info@omnia.co.za](mailto:info@omnia.co.za) or Ms. Celeste Appollis (company secretary) on +27 11 709 8888.*



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