

# SOCIAL, ETHICS AND RISK COMMITTEE REPORT



**Frank Butler**

Social, Ethics and Risk committee chairman

THE OMNIA GROUP IS COMMITTED TO MAINTAINING HIGH STANDARDS OF GOOD GOVERNANCE TO PROMOTE SUSTAINABILITY THROUGH THE INTEGRATION OF ENVIRONMENTAL, SOCIAL AND ECONOMIC CONSIDERATIONS INTO ALL ASPECTS OF THE GROUP'S ACTIVITIES AND IN ADDITION TO ACTIVELY ENCOURAGE THE EXECUTION OF DECISIONS WITHIN A DISCIPLINED FRAMEWORK OF POLICIES AND AUTHORITIES.

**Our primary goals are to provide stewardship and to promote social and economic development, good corporate citizenship and risk management practices in Omnia**



For further information visit our website: [www.omnia.co.za](http://www.omnia.co.za)

## SOCIAL, ETHICS AND RISK COMMITTEE RESPONSIBILITIES

The committee has adopted an appropriate formal charter and is responsible for overseeing activities relating to:

- Social and ethics:
  - Performing its statutory duties as prescribed by the Companies Act and King IV, with specific reference to social and economic development, good corporate citizenship, environment, health and safety matters, and consumer relationships, as well as labour and employment matters

- Risk management:
  - Monitoring the Group's risk management matters including strategic opportunities and exposure analysis, risk tolerance, assurance and compliance processes as well as reviewing the Group's performance in managing risk. In addition, this monitoring process is a platform for providing recommendations in risk management for consideration and approval by the board

The performance of the committee and the chairman is assessed annually.

The committee confirms that it has discharged its responsibilities as mandated by the board, its statutory duties in compliance with the Companies Act and best practice in corporate governance, as set by King IV.

During the year, specific focus was placed on the review of the committee's charter in line with King IV, monitoring the resourcing of the sustainability, legal compliance and human resources functions, in the Group, BBBEE progress, employment equity and corporate social investment. In addition, sustained emphasis was placed on monitoring the improvement in health, safety and environmental exposures to employees and all affected stakeholders.

During FY2018, there were no undue, unexpected or unusual risks that realised and risks were managed within the tolerance levels set out by the board. Refer to the risk section in the 2018 Integrated Annual Report to be published on 13 August 2018.

In the year ahead, special attention will be given to embedding the governance principles in the updated charter in line with the requirements of King IV as well as a review of Omnia's climate change policy.

As in previous years, a key feature of the committee's activities has been in testing specific areas of risk, including:

- Product liability, particularly as it pertains to activities in the food industry, animal feeds and fertilizer application
- Process safety as an area for continuous improvement
- A review of Omnia's chlorine processes and handling activities that inherently are highly hazardous
- An overview of Omnia's risk management practices, key risk impacts and mitigations
- Substantial progress in BBBEE from level 5 to level 3

The committee will select topical and significant areas of risk for management to investigate in their businesses in more detail during FY2019.

## IN MEMORIAM

Whilst good progress continues in all divisions, we must, with great sadness, report two fatalities during the reporting period.

This year, two of our colleagues tragically lost their lives during work in South Africa:

- Mining division: 4 July 2017 – Mr Clive Shoba (27 years old)  
A driver operator and assistant were on route to a client site when the driver lost control of the truck resulting in the fatality of the driver assistant, Mr Clive Shoba

- Agriculture division: 19 February 2019 – Mr Gert Sello Mosia (60 years old)

While performing a leak test on the dome of a filter, the dome was ejected due to over pressure and the operator, Mr Gert was injured and later passed away due to his injuries

We express our condolences to the families and our commitment to prevent similar or other incidents in the future.

## Membership and attendance to meetings

The committee members comprised a majority of non-executives, with the Group managing director as the only executive member. An independent non-executive member of the audit committee also attends the meeting by invitation. All members have the requisite business, financial and leadership skills for their positions.

For detailed qualifications and experience of committee members refer to [www.omnia.co.za](http://www.omnia.co.za).

During June 2018, the evaluation process of the Institute of Directors was followed on the effectiveness of the committee. Overall, the results of the assessments reflected that the committee has been effective in carrying out their duties. Key areas of improvement have been incorporated in the annual workplan.

## Annual confirmations

The principal matters attended to by the committee during the year included:

- Monitoring the resourcing of the risk, sustainability, legal compliance and human resources functions in the Group, with focused efforts in BBBEE, employment equity and corporate social investment. In addition, sustained emphasis was placed on monitoring the improvement in health, safety and environmental exposures for employees and all affected stakeholders
- Social and ethics responsibilities  
The committee is satisfied that the Group's social and ethics procedures and controls are operating appropriately

The membership and attendance of committee meetings are reflected below:

Member	Committee members since	1 June 2017	19 October 2017	19 March 2018	Total number of meetings: 3
Frank Butler (Chairman)	30 Sept 2010	✓	✓	✓	3/3
Rod Humphris (Omnia Holdings Chairman)	30 Sept 2010	✓	✓	✓	3/3
Ralph Havenstein (Omnia Holdings lead independent director)	30 March 2011	✓	✓	✓	3/3
Adriaan de Lange (Group managing director)	1 June 2017	✓	✓	✓	3/3
<b>By invitation</b>					
Linda de Beer (Audit committee chairman)^	N/A	N/A	N/A	✓	1/1

✓ – Attended

N/A – Not a director or member of committee

^ – Appointed 30 November 2017

- Effectiveness of risk management  
In conjunction with the audit committee, the committee assessed the financial controls and risk management practices of the Group and recommended Omnia's risk appetite and risk tolerance levels to the board

A key focus of the Group is seeking to achieve sustainability integration throughout the business to support global goals for sustainable development.

The United Nations Sustainable Development Goals (SDGs) set a sustainable agenda to end poverty, protect the planet and ensure prosperity for all by 2030. The Group is committed

to playing its role in attaining the goals, supporting government and working with stakeholders to create a Better World. The Group will therefore be focusing on the integration of enterprise risk management, safety, health and environmental management and active employee and stakeholder engagement in a drive to give life to one of the Group's strategic guiding principles: **"ZERO HARM POSITIVE IMPACT"**.



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