

# GOVERNANCE AT OMNIA – FOR A BETTER WORLD CONTINUED

## Applications of King IV principles and practices

DESIRED OUTCOMES	ACTIVITIES IN THE YEAR	KEY GOVERNANCE POLICIES AND PROCEDURES	PROPOSED 2020 FOCUS
<p><b>Principle 1</b> The governing body should <b>lead ethically and effectively</b></p>	<ul style="list-style-type: none"> <li>Conducted a review of relevant charters and policies including share trading policy and code of ethics</li> </ul>	<ul style="list-style-type: none"> <li>Board charter</li> <li>Code of ethics and conduct</li> <li>Declaration of financial, economic and other conflicts of interest</li> <li>Independent or self-assessments of the board and board committees</li> </ul>	<ul style="list-style-type: none"> <li>Appoint a new lead independent director</li> <li>Improve inclusion and representation on the board</li> <li>Ethics training for the Board</li> </ul>
<p><b>Principle 2</b> The governing body should govern the ethics of the organisation in a way that supports the <b>establishment of an ethical culture</b></p>	<ul style="list-style-type: none"> <li>Approved and implemented a supplier code of conduct policy</li> <li>Regular ethics awareness campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Whistle-blowing facility with tip-off anonymous reporting</li> <li>Trading in securities policy</li> <li>Disciplinary code and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the provisions for declaring conflicts of interest, with particular focus on the tender process</li> <li>Embed ethical procurement practices through further implementation of the supplier code of conduct</li> </ul>
<p><b>Principle 3</b> The governing body should ensure that the organisation is seen to be a responsible <b>corporate citizen</b></p>	<ul style="list-style-type: none"> <li>Approved a new catalyst on the EnviNOx<sup>®</sup> facility in Sasolburg which will reduce greenhouse and gas emissions considerably.</li> <li>Going forward this will also reduce Omnia's carbon tax liability.</li> </ul>	<ul style="list-style-type: none"> <li>Signatory to the Responsible Care<sup>®</sup> global charter</li> <li>Carbon policy</li> <li>Climate change policy</li> <li>Safety, Health, Environment, Risk and Quality (SHERQ) policy</li> </ul>	<ul style="list-style-type: none"> <li>Responsive and transparent reporting to stakeholders</li> <li>Develop a holistic corporate citizenship strategy aligned to the Group strategy</li> </ul>
<p><b>Principle 4</b> The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are <b>all inseparable elements of the value creation process</b></p>	<ul style="list-style-type: none"> <li>Implemented and monitored the Group Strategy</li> <li>Held an offsite workshop to develop and further refine the approved strategy</li> <li>Approved key performance metrics and targets for 2019</li> <li>Approved divisional 2019 business plan and budgets</li> <li>Reviewed detailed divisional business reports at half year and year end to address emerging issues and risks</li> <li>Monitored the integration of the Umongo Petroleum and Oro Agri acquisitions</li> <li>Reviewed and interrogated the strategic direction and objectives in relation to risks, opportunities, resources and relationships at the annual board strategy session</li> <li>Reviewed solvency, liquidity and going-concern status, and agreed dividend payments</li> </ul>	<ul style="list-style-type: none"> <li>Regular board meetings</li> <li>Board and subcommittee workplans</li> <li>Combined assurance and risk management framework</li> <li>Financial risk policy</li> <li>Remuneration policy and implementation plan</li> <li>IT and associated security policies</li> </ul>	<ul style="list-style-type: none"> <li>Improve reporting frameworks, risk and opportunity identification, quantification and management within set tolerance levels</li> </ul>

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<p><b>Principle 5</b> The governing body should ensure that <b>reports</b> issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects</p>	<ul style="list-style-type: none"> <li>• Aligned meetings to quarterly reporting and committee workplans</li> <li>• Prioritised strategic matters on the agenda and developed committee workplans aligned to the board charter</li> <li>• Improved submissions to the board to enable the board to monitor on a quarterly basis achievement against strategic objectives from a financial and non-financial perspective</li> <li>• Enhanced the integrated reporting process and integrated thinking</li> <li>• Approved the 2019 Integrated Annual Report, annual financial statements, financial results and results announcements</li> <li>• Emphasised the quality of internal financial controls in all activities, including the work done by internal audit and in respect of working capital (cash, debtors, creditors and inventory)</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder roadshows</li> <li>• Integrated Annual Report</li> <li>• Trading statements</li> </ul>	<ul style="list-style-type: none"> <li>• Oversee that all required reports are issued, comply with legal requirements and meet the legitimate and reasonable information needs of material stakeholders</li> </ul>
<p><b>Principle 6</b> The governing body should serve as the <b>focal</b> point and custodian of corporate governance in the organisation</p>	<ul style="list-style-type: none"> <li>• Appointed a new Group company secretary to embed a professionalised Company Secretariat's function</li> <li>• Rationalised the Group's operating rhythm – sequencing and streamlining meetings for a better flow of information to decision makers</li> <li>• Introduced a secure online resource to facilitate real-time information for directors, a quicker turn-around of papers, and better transparency</li> <li>• Approved protocol for members to obtain independent, external professional advice</li> <li>• In line with Omnia's expanding footprint, compiled a group governance framework to ensure a robust compact between the holding company and subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Board charter</li> <li>• Board protocol on access to independent, professional advice</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the monitoring of project governance from both an expenditure and risk management perspective</li> </ul>
<p><b>Principle 7</b> The governing body should comprise the appropriate balance of knowledge, skills, experience, <b>diversity</b> and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<ul style="list-style-type: none"> <li>• Added nominations as a mandate of the Remuneration committee to ensure a formal and transparent process for the appointment of directors' to the Board</li> <li>• Structured the directors' rotation plan to ensure compliance with the provisions of the MoI</li> <li>• Approved the appointment of new independent non-executive directors</li> <li>• Formalised the process to assess the independence of directors and the classification of directors as independent NEDs</li> <li>• Considered the independent assessment of long tenure directors</li> <li>• Set and achieved voluntary diversity targets at board level</li> </ul>	<ul style="list-style-type: none"> <li>• Gender diversity policy</li> <li>• Remuneration and nomination committee terms of reference</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to monitor the independence of directors in terms of the JSE Listings Requirements</li> <li>• Formalise in writing the roles of the chair and the lead independent non-executive director</li> </ul>

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<p><b>Principle 8</b> The governing body should ensure that its arrangements for <b>delegation</b> within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties</p>	<ul style="list-style-type: none"> <li>Refreshed the composition of board committees</li> <li>Reviewed the committee terms of reference to ensure alignment between the committees</li> </ul>	<ul style="list-style-type: none"> <li>Delegation of authority framework</li> </ul>	<ul style="list-style-type: none"> <li>Review annually the composition of the Board and committees to improve effective collaboration and a balanced distribution of power</li> <li>Develop a formal and transparent process for succession planning</li> </ul>
<p><b>Principle 9</b> The governing body should ensure that the <b>evaluation</b> of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness</p>	<ul style="list-style-type: none"> <li>Considered the 2018 independent board evaluation report and implemented action plans</li> <li>Performed 2019 evaluation of directors, chairs and committees by means of a series of self-assessment questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>Board and committee evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Review executive director performance to ensure alignment with the revised strategy and long-term direction of the Group</li> </ul>
<p><b>Principle 10</b> The governing body should ensure that the appointment of, and <b>delegation to, management</b> contributes to role clarity and the effective exercise of authority and responsibilities</p>	<ul style="list-style-type: none"> <li>Approved the Board delegation of authority as a base for the divisional delegations of authority</li> </ul>	<ul style="list-style-type: none"> <li>Delegation of authority</li> </ul>	<ul style="list-style-type: none"> <li>Cascade the delegation of authority framework; set risk tolerance levels and align it to the requirements of each divisions</li> </ul>
<p><b>Principle 11</b> The governing body should <b>govern risk</b> in a way that supports the organisation in setting and achieving its strategic objectives</p>	<ul style="list-style-type: none"> <li>A comprehensive risk register is tabled at every Group Risk Management committee meeting and lessons learnt are taken into consideration when formulating appropriate measures for mitigating risks</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise risk management framework</li> </ul>	<ul style="list-style-type: none"> <li>Further embed the risk management framework and culture, with focus on international operations</li> <li>Ensure that risk disclosure is comprehensive, timely and relevant</li> </ul>
<p><b>Principle 12</b> The governing body should <b>govern technology</b> and information in a way that supports the organisation setting and achieving its strategic objectives</p>	<ul style="list-style-type: none"> <li>Implementation of Microsoft Dynamics AX system</li> <li>Considered information security, the IT control landscape, enterprise architecture and the quality of operations and IT support to the business</li> </ul>	<ul style="list-style-type: none"> <li>IT and associated security policies</li> </ul>	<ul style="list-style-type: none"> <li>Hold resilience to cyber threats by ensuring robust IT systems and processes are in place</li> </ul>

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<p><b>Principle 13</b> The governing body should govern <b>compliance</b> with applicable laws and adopted, non-binding rules, codes and standards in way that supports the organisation being ethical and a good corporate citizen</p>	<ul style="list-style-type: none"> <li>Entrenched legal compliance systems and processes to mitigate the risk of non-compliance with the laws in the various jurisdictions in which Omnia operates</li> <li>Monitored regulatory compliance to ensure the fulfilment of licence operating conditions</li> <li>Considered the effectiveness of the Group's ethical policies and whistle-blowing hotline</li> </ul>	<ul style="list-style-type: none"> <li>Compliance policy</li> <li>Code of conduct</li> <li>Library of Group policies</li> </ul>	<ul style="list-style-type: none"> <li>Define Omnia's compliance universe</li> <li>Continue with Omnia's comprehensive competition law compliance programme to ensure that the Group promotes and maintains a culture of fair competition and good corporate governance</li> </ul>
<p><b>Principle 14</b> The governing body should ensure that the organisation <b>remunerates</b> fairly, responsibly and transparently so as to promote the achievement of strategic and positive outcomes in the short, medium and long term</p>	<ul style="list-style-type: none"> <li>Reviewed the committee terms of reference to align it to the extended scope of the committee</li> <li>Implemented the FY2019 revised remuneration policy which was aligned with the updated Group strategy and incorporates the principles of King IV</li> <li>Paid specific attention to the performance measures of the short-term incentive scheme</li> <li>Moved the short-term incentive payment date from April to June to improve the alignment of activities over the year-end period</li> <li>Determined the overall value of the short-term incentive pool with the necessary accrual raised by financial year-end</li> <li>Harmonised long-term share incentive plans</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration policy</li> </ul>	<ul style="list-style-type: none"> <li>Approve and implement the revised Remuneration Policy</li> <li>Introduce a job grading system</li> </ul>
<p><b>Principle 15</b> The governing body should ensure that <b>assurance services</b> and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports</p>	<ul style="list-style-type: none"> <li>Ensure the combined assurance model is designed and implemented to effectively cover significant risks and material matters through the various assurance service providers and functions</li> <li>Reviewed non-audit services rendered during the financial year</li> </ul>	<ul style="list-style-type: none"> <li>Tax policy</li> <li>Non-audit services policy</li> </ul>	<ul style="list-style-type: none"> <li>Bolster the internal tax resources and revise existing tax procedures, systems and controls in key areas</li> <li>Continue endeavours to ensure the combined assurance process is sufficiently robust to place reliance on the integrity of reports</li> </ul>
<p><b>Principle 16</b> In the execution of its governance role and responsibilities, the governing body should adopt a <b>stakeholder-inclusive approach</b> that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time</p>	<ul style="list-style-type: none"> <li>Identified material stakeholders and oversaw the formulation of stakeholder engagement strategies</li> <li>Engaged with institutional investors regarding remuneration and other environmental, sustainability and governance (ESG) matters and considered feedback</li> <li>Facilitated management's pertinent communication with shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder engagement framework</li> <li>Crisis communication standard</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder database management</li> <li>Engagement in materiality discussions</li> <li>Improve communication and corporate affairs functions to grow and protect the brand and ensure adequate communication to stakeholders</li> </ul>