

OMNIA

OMNIA HOLDINGS LIMITED

TRUSTED PERFORMANCE
INNOVATIVE SOLUTIONS
BETTER WORLD

2018

**REMUNERATION
STRATEGY AND POLICY**

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Indicates a page or note reference of information which can be found elsewhere in the report



Indicates a reference for information available online at www.omnia.co.za

REMUNERATION PHILOSOPHY

OVERVIEW

Omnia's remuneration philosophy defines how its remuneration plan supports the strategic goals and objectives of the organisation. The overall remuneration philosophy creates an environment in which teams are challenged and rewarded to achieve the required sustainable end result. The approach to remuneration is aimed at encouraging and rewarding performance that is aligned to the Group's business model and delivery against the Group's strategy. The remuneration strategy

supports the required culture and mindset in the Group.

Omnia's strategy, vision, business model, culture, mindset, targets and objectives have been defined. All employee-related processes from recruitment to monitoring performance against agreed metrics, has been aligned.

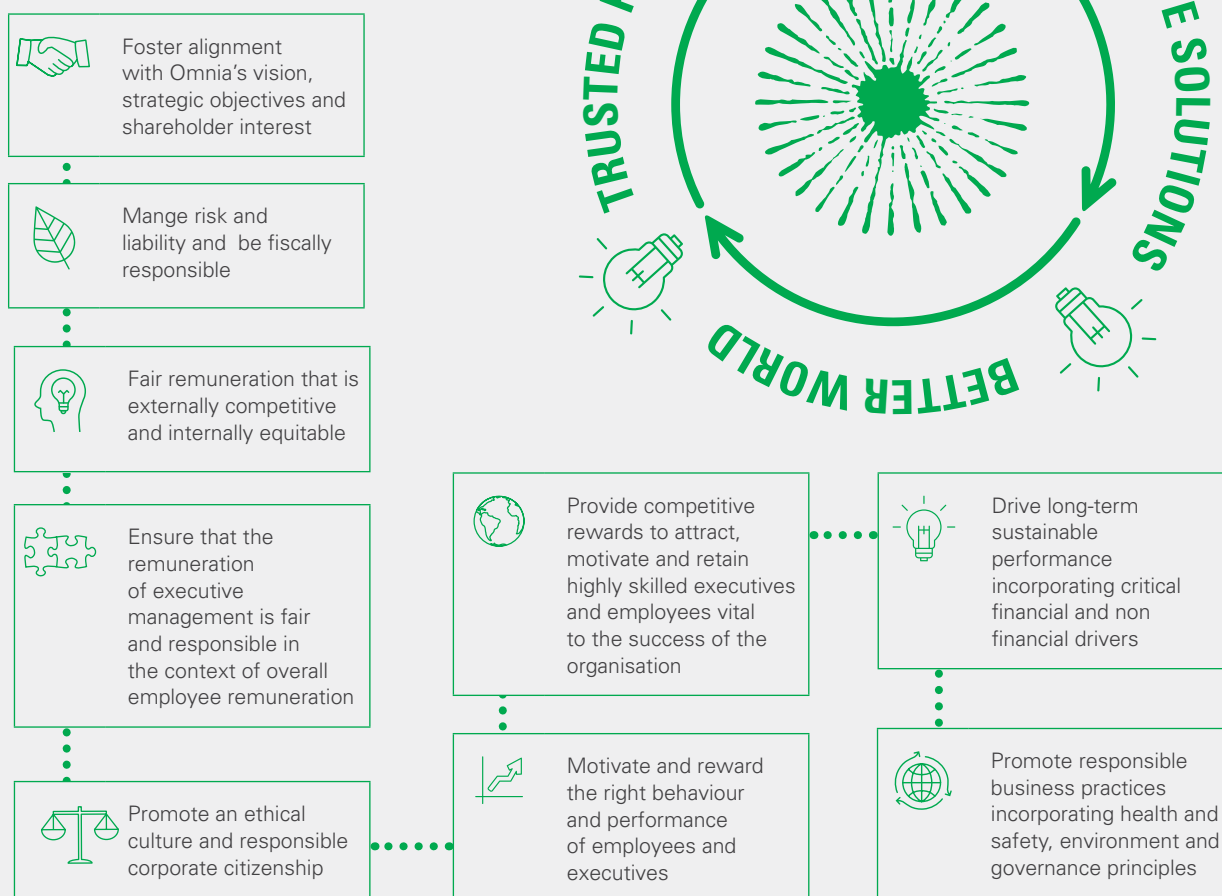
The Group's strategy has been developed by Exco in conjunction with senior management teams and approved by the Omnia Holdings

board. Management is responsible for delivering against this mandate and managing the business on a day to day basis to achieve the stated objectives. Overall, this feeds into the evaluation of performance against a set of broadly pre-determined metrics that forms part of the remuneration cycle.

The elements of the Remuneration Strategy and Policy which forms a key component in the overall management of the Group is described in this document.

GUIDING PRINCIPLES

Omnia's Remuneration philosophy has been designed to:



OMNIA'S STATEMENT OF INTENT

The rewards component of Omnia's employee value proposition focuses on providing simple, integrated, holistic measures, common messages and a remuneration package that is differentiated from the market. The key objectives of the remuneration strategy and policy is to attract, retain and energise talented, high performing people on an ongoing basis.

Omnia rewards for integrity, value created, contribution and sustainable performance. The concept of equal pay for work of equal value is recognised and adhered to.

Omnia is an outwardly customer focused organization with a philosophy of solving problems for customers and finding solutions using its extensive knowledge and other capabilities. As such, Omnia is reliant on an engaged and productive workforce to deliver a consistent quality of product and level of service and solutions to customers.

Omnia creates an environment conducive to sustainable performance through its reward structure by recognising the contribution of individuals, teams and Group performance. The reward system considers the skills, qualifications, experience, levels of responsibility and contribution (collectively referred to as "core skills"), of the various individuals, roles and functions within the Group.

The inclusion of individual, team and Group performance measures drives problem solving through collaboration and teamwork and creates alignment of objectives across the Group.

Accountability and ownership of the reward process is established with line management by enabling them to link the reward of their teams to their stated and aligned business objectives. Line management are required to manage the business against the board approved strategy and budget, ensuring this is done in a fair and equitable way and at the same time, achieving a suitable balance between affordability and equitable pay.

Omnia's reward philosophy is therefore designed to ensure that management and employees focus pro-actively on the relevant issues within the business and the operating environment. Flexibility in decision making is however also provided for as the environment and challenges are fluid. Omnia's business is largely seasonal which sometimes requires quick decision making to resolve seasonal challenges.

Omnia is driving an outwardly focused entrepreneurial culture through its reward philosophy, with the emphasis on designing innovative, customer focused solutions (**Innovative Solutions**) across the value chain in the industries in which the Group operates. As part of the philosophy, management and employees need to be engaged to ensure maximum responsiveness to whatever challenges are experienced. The recognition for performance is derived from the performance management and reward system.



REWARD STRATEGY

Omnia's reward strategy is aligned with its business strategy and drives the execution thereof. The reward strategy creates a differentiating factor for the organisation and distinguish between different levels of performance. Outperformance is distinguished from adequate performance and under performance, with appropriate action being taken depending on the level of performance. Managers are encouraged to deal with performance issues timeously.

Trusted Performance is fundamentally based on each employee making a fair and proportionate contribution to the overall performance of the Group and other stakeholders. This underpins the need to create a performance based, outwardly focused culture of problem solving that incorporates accountability and responsibility at all levels, thereby ensuring a sustainable performance and the effectiveness of the organisation, thus contributing to increasing shareholder returns on an ongoing basis.



EMPLOYEE VALUE PROPOSITION, REWARD STRATEGY OBJECTIVES AND PRINCIPLES

An employee value proposition (EVP) is the unique set of benefits which an employee receives taking into account the core skills that the employee brings to Omnia in that role. The lifecycle of an employee is fundamentally based on properly managing the various stages as follows:

- **Recruitment** – Positions are structured to deliver to the organisation's strategy, goals and objectives. The recruitment process includes well defined job specifications which leads to proper search and selection of candidates, impartial assessment of competencies, psychometric assessment to determine appropriate culture fit and other requirements, evaluated against pre-determined criteria and proper verification of qualifications, past employment and other factors which may influence the recruitment process
- **Performance Management** – Regular formal and informal interaction between managers and subordinates forms the basis of the performance management system. Discussions and interventions includes the assessment of performance, giving credit for outstanding work and the identification of development opportunities, career

progression, coaching or dealing with counselling or disciplinary processes. The process ultimately provides a key level of input into the determination of an employee's short term incentive and salary increase. Clear one-on-one communication with employees take place to provide meaningful and constructive feedback as mentioned above and to facilitate the setting of long and short term goals

- **Promotion** – The basis of promoting an employee is carefully evaluated against key criteria that have been constructed taking into account the core skills of the role. Preference is given to the promotion of existing employees where appropriate, as an opportunity to further develop their careers and to increase the understanding of the various businesses within the Group
- **Reward** – The reward mechanism is made up of a fixed salary plus employee benefits as well as a short-term incentive (STI), long term incentive (LTI) and where appropriate a retention incentive

The objectives of Omnia's EVP reward strategy are summarised as follows:

- Drive Omnia's business performance through a suitable and comprehensive

reward system that attracts, retains, engages, enthuses and inspires top talent to strive to reach their optimal level of performance

- Build Omnia's brand as a highly desirable company to work for, that will make a meaningful contribution to their career growth
- Provides a market related EVP that reflects the reputation of the business and targets and retains the right type of employee
- Foster employee pride to be associated with the Group and play a meaningful role in delivering on the Group's vision, strategy and objectives
- Create meaningful wealth for employees so that they value the partnership with the business rather than considering their job as an employee-employer relationship only



REMUNERATION POLICY

The Group's remuneration policy aims not only to attract and retain top talent, but is also designed to ensure that its people internalise and live its core values of professionalism, robust spirit of enterprise, caring, integrity, collaboration, service excellence and continuous learning (collectively referred to as "core values").

The policies and parameters relating to the establishment and application of employee remuneration applies to all Omnia employees across the various operations and regions in which it operates.

Omnia applied the following key principles in the design of its Remuneration policy:

- Supporting the business strategy, objectives, values and long-term interests of Omnia and its stakeholders
- Rewards are based on sustainable value creation, measurable contribution and consistent performance
- A competitive reward system to attract, motivate and retain the highest caliber individuals
- Payment of industry competitive packages, including short and long-term incentives, which will ensure alignment with key stakeholders inside and outside the business
- Drive consistent and responsible business practices, sound and

effective risk management and governance, in line with the risk matrix set by the board

- Performance metrics that are demanding, sustainable and cover all relevant aspects of the business
- Assurance that Omnia's values are maintained and that the correct governance frameworks are applied across all remuneration decisions and practices
- The application of appropriate remuneration benchmarks

In order to address the above key principles and to ensure that employees feel that they are equitably rewarded for their input, Omnia applies the following framework:

- Gross fixed remuneration (total guaranteed package) is targeted at benchmarked, median market levels
- Striking a balance between paying competitive salaries to attract and retain staff whilst keeping the fixed cost of employment within an acceptable parameter
- Target total earnings (including incentives) to the relevant benchmarked competitive market packages between the median that would apply for normal level of skills or on target performance and the upper quartile that would apply for critical level of skills or for high performance

- Facilitate alignment through a mix of short-term cash incentives and variable pay schemes
- Recognising the concept of equal pay for work of equal value which is adhered to
- Conducting regular market benchmarking using an appropriate comparator group of competitor companies
- Evaluate the annual inflation rates in the various countries in which Omnia operates to determine the base for salary increases and taking into consideration other factors which result in adjustments to these rates
- The meeting of financial and non-financial targets, internal equity considerations, external market comparisons as well as individual and company performance

This policy is applied in conjunction with other relevant Omnia policies and practices and any applicable local government legislation. Omnia will only reward for business results when these are achieved according to the set performance goals and conditions as set out in the rules of the relevant incentive schemes. Omnia will ensure that the balance between shareholder returns and remuneration is clear, transparent and supports the long-term interests of the business and its stakeholders.

REWARD COMPONENTS

What Omnia seeks to accomplish with each of the components of remuneration:

• **Guaranteed Pay and Benefits**

Attract and retain talented high-performing people who can contribute technically, operationally and financially at a higher than average level, solving problems for customers and finding solutions that will contribute to the

overall profitability of the Group whilst operating in a safe and responsible manner, thereby creating a **Better World**

• **Short-term incentives**

Support and reinforce the desired behaviour to ensure the delivery and performance against the financial, non-financial, operational and strategic metrics that have been agreed

• **Long-term incentives**

Attract and retain the required talent with alignment between employee and shareholder objectives and creating sustainable wealth for employees, the Group and other stakeholders

GUARANTEED PAY

TOTAL GUARANTEED PACKAGE

Omnia's guaranteed pay is calculated on the total cost to company method and is inclusive of Company contribution for selected benefits. This is referred to as the Total Guaranteed Package (TGP).

The Annual Risk Salary (on which contributions to certain benefit funds are based) is calculated as approximately 75% of Total Guaranteed Package.

The TGP of employees is increased in April of each year with consideration of the official Consumer Price Index (CPI) of the relevant countries, benchmarked internal and external market increases as well as Omnia's performance and affordability.

The Company's defined market position for TGP is at the 50th percentile or median, with a bell-shaped curve around the median, ranging from new entrants

at the lower end to sustained high performers at the higher end of the pay-scale.

Omnia's is a highly technical business that requires specialist skills which are critical to the success of the business. Senior Management identifies critical skills which are based on Omnia's organisational competencies and requirements. Employees can either progress through the Management channel or through the Specialist channel.

Omnia's guaranteed portion for Managers and Specialists is aligned to levels around the Median of similar organisations whilst in terms of total remuneration, Omnia aligns to levels around the Upper Quartile group, thereby ensuring that a larger portion of an employee's package in a leadership role, is linked to variable pay. This is in line with the Group's policy of reducing its

fixed cost whilst driving behaviour and performance through a larger variable pay portion, as part of the short-term incentive scheme.

The TGP is determined by a number of factors:

- The complexity of the job, measured through job evaluation
- Guaranteed pay bands, based on core skills which includes the level of responsibility, size and complexity of the job, the relevant job stream for the role (management or specialist) and in relation to the prevailing market benchmarks
- Relevant market benchmark surveys
- The Company's defined market position
- Individual performance, contribution and career path
- Scarcity of the relevant skill in the market or territory
- Criticality to the Group's strategy



VARIABLE PAY

The variable pay portion is made up of Short-term incentives (STIs) and Long-term incentives (LTIs). STIs are add-on compensation to base pay. It is designed to reward performance and productivity based on the achievement of specific annual performance criteria. STI's reward employees for meeting or exceeding individual performance objectives and contributing to the achievement of the relevant divisional and inter-divisional performance and Group priorities and goals and assists in retaining talent. The STI is based on annual performance however certain measures included in the performance metrics will drive the longer term strategic focus of the Group.

The following principles guide Omnia's decision-making on variable pay:

- High individual performance as well as teamwork and collaboration are recognised
- Variable remuneration for performers is pitched at the middle to upper quartile/75th percentile of the market
- Defensible differentiation is applied, based on defined performance measures and contribution
- Good corporate governance is reflected in the design of the scheme
- Frequent review of the scheme ensures the appropriateness of the metrics for the business strategy and market conditions

- Fair treatment and access to relevant information
- Clarity regarding performance requirements of targets and stretch targets, at Group level as well as divisional level, with the focus on exploiting inter-divisional synergies and problem solving through cross functional teams and collaboration
- Pay mix between short- and long-term incentives as well as the design of the various incentive schemes that ensure an appropriate balance between the short- and long-term incentives, aligned to the business strategy, objectives and key focus areas for Omnia
- Performance measures covers non-financial and financial aspects, the various contexts within which the Omnia Group operates, whilst remaining as simple as possible in terms of measurement and ease of implementation

SHORT-TERM INCENTIVES

Short-term incentives form a key part of total remuneration for eligible employees. It also forms a major component to support and reinforce the desired behaviour and delivery throughout the organization. The Short-Term Incentive Scheme is designed to help deliver on the three main elements of Omnia's vision, namely **Trusted Performance**, **Innovative Solutions** and **Better World**.

Trusted Performance is the "sweet spot" of the strategy as it reflects the:

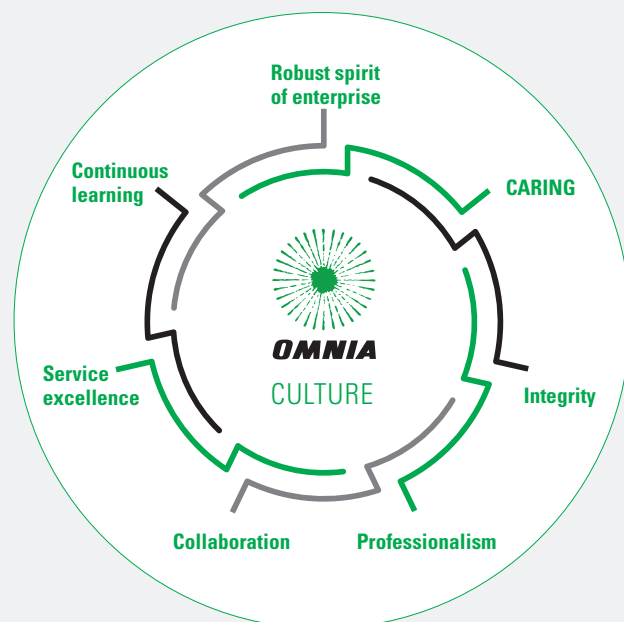
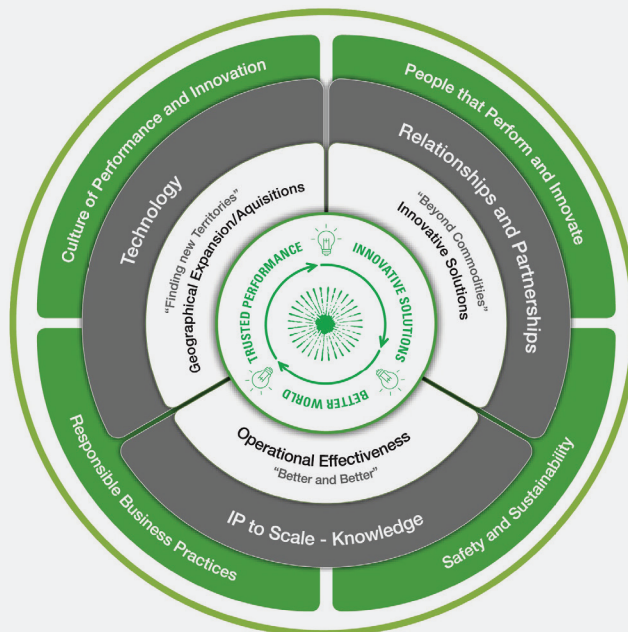
- strong personal and personalised "Relationships with customers"
- solving for customers through the application of "Knowledge"
- leveraging our capabilities through effective use of "Technology"

Trusted Performance feeds into **Innovative Solutions** and a competitive advantage over time that is critical in driving Omnia's international growth objectives. The strategy is underpinned by ensuring a safe and sustainable environment for our people, the communities we operate in and the customers we serve. Safety and sustainable practices are embedded in all aspects of the strategy, and aligned with the expectation that the Group will leave behind a **Better World**.

The successful delivery of the strategy demands the right people, skills, mindset and culture at all levels in the organization; **people that perform and Innovate**. Omnia is entering a new era which requires the realignment of the business strategy, operating model and behavioural mindset of the organisation. Omnia remains committed to building an organisation that is continuously learning and in turn, building, acquiring and strengthening the people required to facilitate its ongoing success.



The strategy and the values are illustrated in the following diagrams:



Omnia's STI performance scheme incorporates the following pillars to support the various aspects of the execution of the strategy:

- Financial performance metrics
- Operational efficiency metrics
- Sustainability metrics
- Delivery of Strategic initiatives

The scheme is designed to incentivise Group, divisional, inter-divisional and individual performance.

Short term incentives are payable in cash, at the end of June each year. The cycle leading up to the payment of the incentives starts in February with a forecast of the results to year-end, the determination and approval of the level of bonus payable, an estimate of the provision to be raised at financial year-end for the constructive obligation to pay a bonus in June and the refinement of the numbers as per the model once the auditors have finalized the audited financial results.

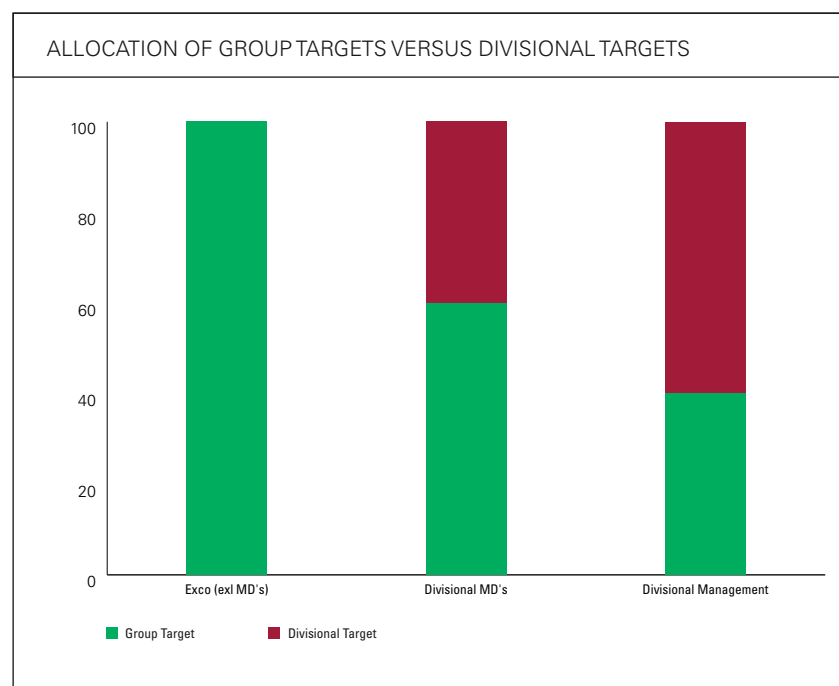
The Group's STI targets are determined annually by the Remuneration and Nominations committee (RNC), which operates as a committee of the board, and is thereafter approved by the board. The divisional targets are based on the Group targets and are agreed with Exco and divisional management.

ELIGIBILITY AND COMPONENTS

The Group target weightings have been set reasonably high at executive level to drive problem solving through collaboration and teamwork across divisions whilst ensuring alignment of objectives across the Group, thereby realizing the benefits of the revised operating model. Higher divisional target weighting at operational levels provides line of sight and a measure of control on the achievement of rewards within the various operating divisions.



Management level	Approved by	Group target	Divisional target
Group corporate executives, incl. Group MD and FD	RNC	100%	0%
Divisional MD's	RNC	60%	40%
Divisional Management	Group MD	40%	60%
Levels below	Group MD, HRD and Divisional MD	Pool determined by the Divisional Management performance levels	



PERFORMANCE MEASURES AND WEIGHTINGS PER OBJECTIVE

Performance measure	Group metrics	Divisional metrics
Financial performance	50%	45%
Operational Efficiency	15%	25%
Sustainability	20%	20%
Strategic Initiatives	15%	10%

PERFORMANCE MEASURE METRICS

Specific threshold, target and stretch target levels have been defined for each metric under the relevant performance measure. These metrics are explained in the table below:

Performance measure	Group metrics	% weighing	Divisional metrics	% weighing
Financial				
Earnings performance	Headline earnings growth (40%)	50%	EBIT growth (35%)	45%
Return on capital	Return on Invested Capital ¹ (10%)		Return on Controlled Assets ² (10%)	
Operational Efficiency				
Human resource efficiency			Real Revenue (Rm)/employee (5%)	
Working capital management	Net Working Capital ³ as % of revenue (10%)	15%	Net Working Capital ³ as % of revenue (10%)	25%
Operational expenditure control (Opex)	Cash Opex ⁴ savings against budget (5%)		Cash Opex ⁴ savings against budget (10%)	
Sustainability				
Safety	Recordable case rate (RCR) (6%)		RCR (6%)	
Process safety	Fire, Explosions and Releases (FER) (5%)		FER (5%)	
Transformation	BBBEE (3%)	20%	BBBEE (3%)	20%
Omnia Culture Climate	Improvement in the culture score ⁵ (3%)		Improvement in culture score ⁵ (3%)	
Employee Engagement	Improvement in Employee Engagement ⁵ (3%)		Improvement in Employee Engagement ⁵ (3%)	
Strategic Initiatives	Group strategic initiatives (15%)	15%	Divisional strategic initiatives (10%)	10%
<p>Strategic initiatives are aligned with the Group strategy and the changes required to the Group's operating model to support the strategy, are determined for Group functions as well as for the divisions and are specific to the various departments.</p> <p>Group strategic initiatives are approved by RNC and the board. Divisional strategic initiatives will be aligned to the Group strategic initiatives and approved by the Group MD</p>				

1 Return on invested capital:

$\text{NOPAT}^{\wedge} / (\text{long term debt} + \text{equity} - \text{assets under construction and ramp-up} - \text{cash}) - \text{equity excludes FCTR}$

$\wedge \text{NOPAT} = \text{normalised EBIT} * (1 - \text{effective tax rate})$

Normalisation items to be agreed with RNC, including the amortisation of acquired intangibles, acquisition costs and the impact of capital raising

2 Return on controlled assets:

$\text{EBITDA} / (\text{net assets (excluding deferred and income tax and debt)} + \text{intangibles} + \text{goodwill} - \text{available cash (except if cash can't be transferred out of the foreign country)})$

3 Net working capital (%):

$(\text{debtors} + \text{inventory} - \text{creditors}) / \text{Revenue} \times 100\%$

\wedge Operational working capital only

4 Cash operating expenditure (Opex):

Operating expenditure – (depreciation and amortisation charges)

The budgeted (OPEX) will be approved by the board and a savings target will be set against the budget

5 Improvement in employee engagement/culture climate:

Annually measured through an internationally accepted survey (such as Gallup etc.). A target score will be set per division to measure improvement over time

TARGETS PER PERFORMANCE METRIC

Specific threshold, target and stretch target levels have been defined for each metric under the relevant performance measure. Below the threshold, no bonus will be achieved. Based on the performance, a bonus score will be calculated linearly between the threshold and on target or between the on target and stretch target.

Group Targets:

Metric	Threshold	On Target	Stretch Target
Headline earnings growth (Base reset annually to include acquisitions)	Base + CPI + GDP – 4%	Base + CPI + GDP + 3%	Base + CPI + GDP + 20%
Return on Invested Capital	Weighted average cost of capital (WACC) ⁶	1.1 x WACC ¹	1.3 x WACC ¹
Net working Capital % of Revenue	20%	18.5%	16%
Cash Opex saving against budget	0%	2%	4%
RCR Improvement based on past performance	0% improvement ²	10% improvement ²	20% improvement ²
FER Improvement based on past performance	0% improvement ²	10% improvement ²	20% improvement ²
BBBEE level	4	3	2
Level of People Engagement	0% improvement ²	3% improvement ²	6% improvement ²
Cultural alignment	0% improvement ²	3% improvement ²	6% improvement ²

1 WACC:

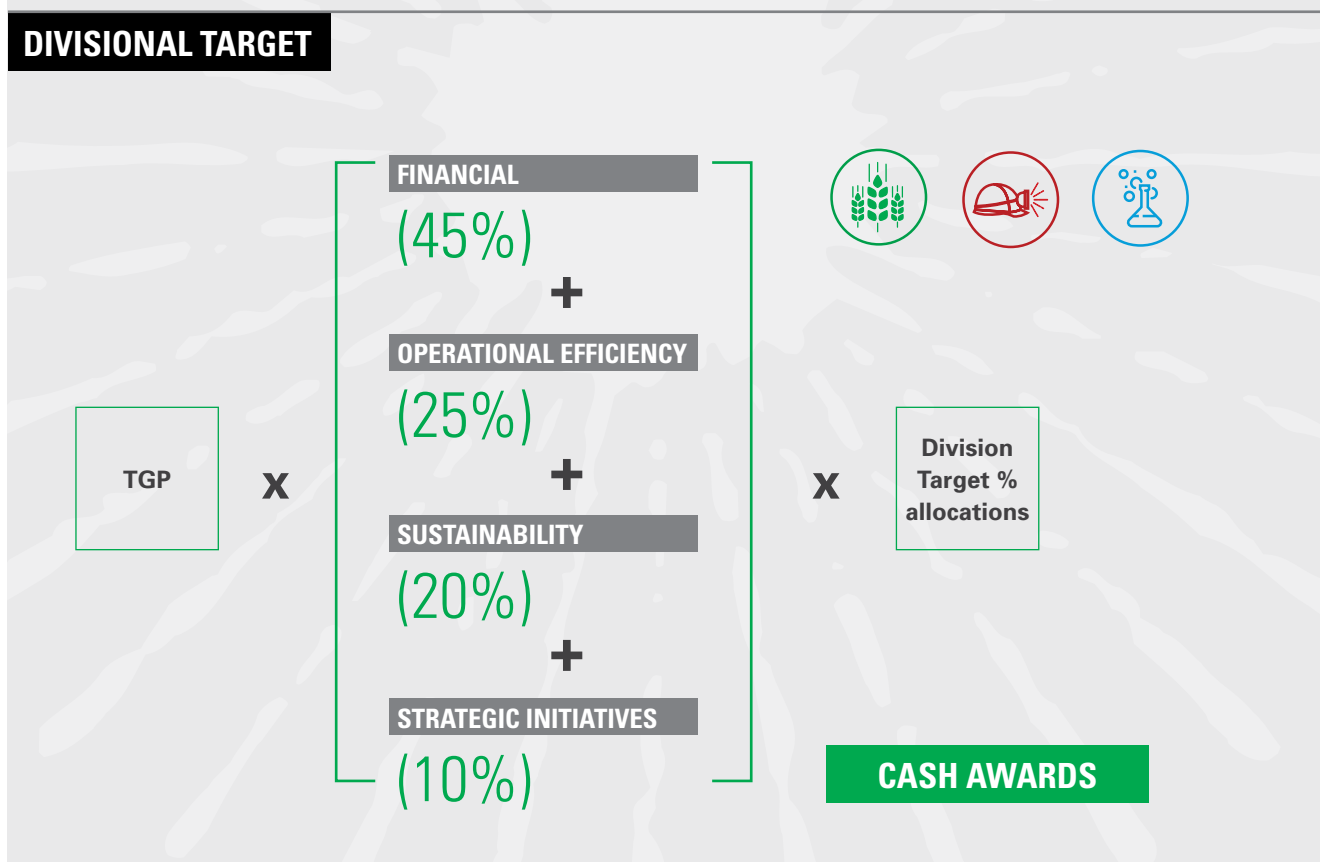
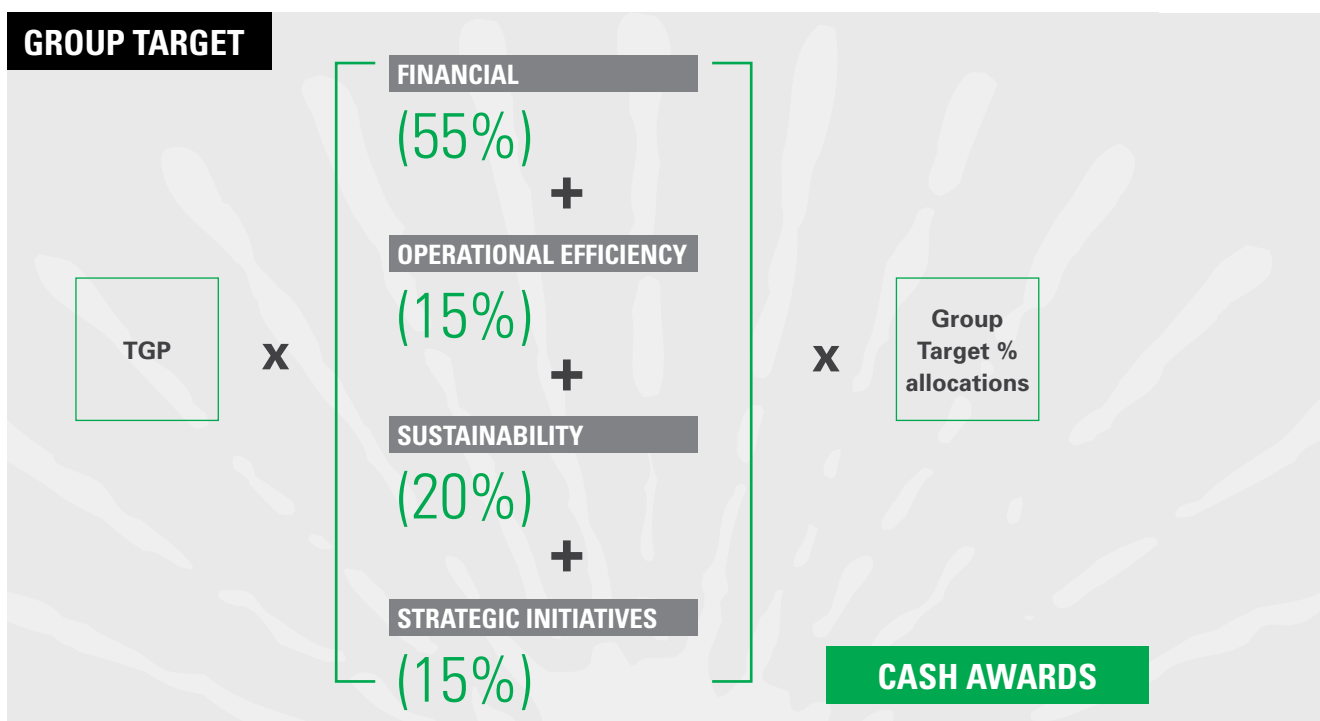
WACC calculated using the 10 year risk free rate plus a risk premium of 6.4%, beta of 0.7 and debt to equity of 30%
Risk premium will be re-assessed and approved by RNC annually

2 Improvement targets

Improvements are generally on past performance; the baseline will be agreed with RNC annually



STI FORMULA



ACKNOWLEDGEMENT OF PERSONAL PERFORMANCE

Total remuneration (TGP plus Variable) will be benchmarked continuously as described and for individuals with exceptional personal performance, a benchmark closer to the 75th percentile will be utilised

ON TARGET BONUS PERCENTAGES

Management Level	Approved by	Maximum on Target Bonus – % of TGP
Group MD and Group FD	RNC	100%
Group corporate executives	RNC	60%
Divisional MD's	RNC	75%
Divisional Management	Group MD	50%
Lower levels	Group and Divisional MD and HR	Up to 10% of TGP pool

MAXIMUM BONUS PERCENTAGES

Management Level	Approved by	Maximum Bonus – % of TGP
Group MD and Group FD	RNC	200%
Group corporate executives	RNC	120%
Divisional MD's	RNC	150%
Divisional Management	Group MD	100%
Lower levels	Group MD, HRD and Divisional MD	Up to 20% of TGP pool

NOTE:

Maximum bonus percentages: *In exceptional cases, the RNC has the authority to extend the bonus cap to 250% of TGP. This will only occur if there has been exceptional growth in profits and targets have been exceeded by the Group or division concerned.*

Discretion of RNC: *Has the full discretion to adjust bonuses and/or amend the rules of the scheme as it deems fit, taking into account the balance between fair reward for the individual and stakeholders' interests.*

LONG-TERM INCENTIVES

Long-term incentives (LTIs) are compensation schemes that, in addition to base pay and the STI's, are designed to reward performance based on the achievement of the Group's long-term financial goals and aligning the interest of management with that of shareholders. Long-term incentives are an important part of compensation for eligible employees, typically at management or specialist level. It is used to attract and retain key employees including executives, management, core and critical positions and specialists. The performance based LTI scheme is measured over a 5 year period however resets every two years into a new "tranche", thereby creating overlap and continuity.

The current long-term share incentive plan – named **Partnership with Management 5** (a conditional performance-based share plan), as approved by shareholders on 20 October 2014, runs concurrently with Omnia's five-year plan cycle

which started on 1 April 2014 and runs until 31 March 2019 for tranche 1. Awards of allocated trust units (each Allocated Trust Unit is the equivalent of one Omnia Holdings Limited Share) or cash bonus are made every two years to qualifying employees, including executive directors.

The following is pre-determined and approved by RNC and the board:

- 80% of the payout:
 - Real growth (adjusted for inflation) EPS targets of a set base, at the onset of the relevant tranche
- 20% of the payout:
 - Real ROE targets (excluding the foreign currency translation reserve in equity)
- The base target is determined with reference to the performance achieved in the year or years leading up to the specific tranche, adjusted for once off impacts as deemed appropriate
- The growth targets, including the minimum and maximum thresholds and will generally be based on market considerations at the onset of the relevant tranche

The size of the payout is determined by:

- A target cash bonus amount pre-determined and allocated to more junior employees
- A number of shares allocated to senior executives and specialists in which case the payout value is determined by the Omnia share price at the time of vesting

The quantum allocated to individual employees are determined by pre-determined and approved benchmarks to ensure alignment between levels of employees.

Participation in any LTIP is proposed by Group MD, Group HR and Divisional MDs, reviewed by the executive directors and approved by the RNC.

The key points of the Long-Term Share Incentive Plan are as follows:

The Omnia shares that are earned are only transferred after the end of the five year period and are dependent on the achievement of the targets.

The Omnia Holdings Limited shares that are transferred to the qualifying employees after the five year period, are transferred for no consideration. Termination of employment for reasons of fault or termination prior to the end of the incentive period, will result in the cancellation of the qualifying employee's participation in the long-term share incentive plan. Termination of employment for reasons of no-fault will result in a pro-rata participation in the long-term share incentive plan, dependent on the reason for the no fault termination.

The share participation awarded through the share scheme will be classed as equity settled. Unless otherwise agreed by the board and/or shareholders and depending on the cash position of the Company at the time, preference will be given to acquire the Omnia shares in the open market so that there is no dilutionary effect on Omnia's shareholders.

Vesting is linear between the minimum threshold and target, and linear between target and the stretch target.

		Vesting %			
Measure	Weighting	Threshold – 25%	Target – 100%	Stretch – 125%	Above – 125%
Tranche 1 (1 April 2014 – 31 March 2019)					
EPS	80%	4% compound real growth	8% compound real growth	12% compound real growth	>12% compound real growth
ROE	20%	7% average real return	11% average real return	15% average real return	>15% average real return
Tranche 2 (1 April 2016 – 31 March 2021)					
EPS	80%	3% compound real growth	6% compound real growth	10% compound real growth	>10% real growth
ROE	20%	7% average real return	11% average real return	15% average real return	>15% average real return
Tranche 3 (1 April 2018 – 31 March 2023)					
EPS	80%	3% compound real growth	6% compound real growth	9% compound real growth	>9% real growth
ROE (excl. FCTR)	20%	7% average real return	8% average real return	10% average real return	>10% average real return

Omnia's Sakhile empowerment schemes are not issuing new shares, these schemes were time-based and not performance based. The empowerment schemes named; Sakhile Initiative Limited share scheme - Sakhile 1: time-based share scheme for all South African employees not involved in any other scheme and Sakhile 2: time-based Share scheme for all South African Black management and skilled black talent. The allocations criteria were based on the position and performance of the individual at the time of the allocation.

Sakhile 1

Philosophy and business objectives	Sakhile Initiative Limited share scheme ("Sakhile 1") allows permanent employees of Omnia to become part owners in the company and share in its future growth and development. Sakhile 1 owns 10% of Omnia Group (Pty) Ltd	
Duration of the scheme	Sakhile 1 runs for a 12 year period from FY2007 until FY2019	
Eligible participants	Sakhile 1 applies to all permanent employees working for Omnia in South Africa and not participating in any other share scheme at the time of allocation	
Nature of the scheme	Sakhile 1 is equity settled in terms of which the Sakhile1 shares will be converted into Omnia shares and settled in three equal tranches in years 2019, 2020 and 2021	
Size of pay out	The size of payout will be determined by the number of shares allocated to active and qualifying ex-employees (good leavers) and the share price of Omnia Holdings Limited in year 2019 when the scheme vests	
Communication strategy	A communication strategy was adopted by the Sakhile 1 board and implemented from FY2008. The various training interventions sponsored by Omnia include training on the rules of the scheme and financial wealth management in preparation for the payout	
Participation and allocation of shares	Sakhile 1 shares were allocated on an annual basis to eligible participants who were employed by Omnia in FY2007 as well as those who joined up to FY2015 as outlined below:	
Quantum of shares allocated	Number of shares	Year of allocation
	1000	FY2007
	1000	FY2008
	900	FY2009
	700	FY2010
	600	FY2011
	500	FY2012
	400	FY2013
	385	FY2014
	365	FY2015

Sakhile 2

Philosophy and business objectives	Sakhile Initiative Limited 2 share scheme ("Sakhile 2") was implemented in 2009 as a share buy-in incentive scheme to enable Omnia to retain current and recruit future black executives and employees. Sakhile 2 owns 3.5 % of Omnia Group (Pty) Ltd
Duration of the scheme	Sakhile 2 is a rolling seven year share scheme from date of allocation of shares. The last allocation of shares to qualifying participants was issued in January 2016 and no further shares will be allocated under Sakhile 2
Eligible participants	Sakhile 2 applies to qualifying black professionals and management in line with the transformation strategy of the Group.
Nature of the scheme	Sakhile 2 is equity settled in terms of which the Sakhile 2 shares are converted into Omnia Holdings Limited shares.
Participation and allocation of shares	<p>The quantum allocated to individual employees is defined by pre-determined and approved benchmarks to ensure alignment between levels of employees.</p> <p>Participation in Sakhile 2 is proposed by divisional management and Group Exco, reviewed by the executive directors and approved by the RNC.</p>
Size of pay out	The size of payout is determined by the number of shares allocated to active and qualifying ex-employees (good leavers) and the share price of Omnia Holdings Limited at the time of payout.
1st Tranche share payout	<p>The 1st tranche share payout was settled in September 2017 and January 2018 with a total of 699,623 Omnia Holdings Limited shares.</p> <p>The next tranche share payout will be settled during FY2019 for participants whose shares will vest during this period.</p>
Communication strategy	A communication strategy was adopted by the Sakhile 2 board and implemented from year 2009 through Omnia. The various training interventions sponsored by Omnia include training on the rules of the scheme and financial wealth management.



EMPLOYEE BENEFITS AND ALLOWANCES

Subject to local competitive practice and legislation, it is Omnia's policy to provide, where appropriate, the following employee benefits and elements of remuneration:

- **Retirement schemes:** defined contribution retirement schemes from both employer and employee. The retirement schemes are administered by registered expert external service providers. Membership to the scheme affords members the following extra benefits at no additional cost of contribution:
 - **Funeral benefits:** available for employees to claim for their immediate family burial benefits. Details of the benefits are available from the respective scheme administrators.
 - **Group Life Insurance:** employees covered for Life insurance. The life insurance comprises of a fixed amount for a multiple of 1, 3 or 5 times the Annual Risk Salary. Additional cover may be purchased by the employee at own cost.
 - **Disability and Income Protection insurance:** employees are covered in the event of a serious illness or an injury which results in either a temporary or permanent disability. As determined by the rules of the retirement scheme, employees receive a monthly disability income between 75% – 85% of current monthly salary and all death and disability benefits are subject to the discretion of the insurance company. The rule of the Scheme determines the period of time that the benefits are payable. Omnia shall not be held liable for any damages or claims whatsoever arising from the insurance company's refusal to settle any claims. The Scheme is governed by various rules which are applied in the event of a claim.
- The death and disability benefits cease at the age that is determined by the respective local retirement legislation, however, employees have the option to continue with these benefits in their personal capacity at their own cost.

- **Post-retirement benefits**

It is not Omnia's policy or practice to provide any post-retirement benefits i.e. medical care and life insurance to retired employees.

- **Medical Insurance benefits:**

Membership of the Company's medical insurance fund is compulsory for employees, unless the employee already belongs to a registered medical insurance through their spouses or partner's membership of such a fund. Omnia's policy is to contribute 50% of the cost of the medical or primary health care insurance, unless local legislation determines otherwise. The employee is liable for the remaining 50% or locally legislated contribution. Omnia pays for a maximum of a spouse or partner and two children on the medical insurance membership and any additional dependents are for the employee's own cost.

- **Relocation allowance**

The purpose of this allowance is to provide assistance to employees who need to relocate due to operational requirements. The Company will reimburse relocation costs up to an amount not exceeding one month's gross salary. In addition, Omnia will pay the transfer duty, bond registration and legal costs relating to the purchase

of the employee's new home as well as the sales commission and bond cancellation fees on the old property. No capital losses will be reimbursed. Other costs included are furniture removal and Omnia will carry the cost of board and lodging for employees and their families, after arrival at the new location, for a period not exceeding one calendar month. All local tax requirements will be adhered to.

- **Vehicle allowance**

In terms of the Omnia vehicle policy, eligible employees will receive a vehicle allowance or those eligible for a tool of trade car will receive a tool of trade company car. For employees eligible for vehicle allowance, the employee receives a fixed monthly amount for a period of 48 months. The fixed amount is linked to the interest rate at the time as well as the cost of the pre-determined benchmark vehicle that the role or position is linked to. Omnia covers the costs of the annual license fees, vehicle insurance under the group scheme and all fuel, maintenance, tyres and service costs. Vehicles that are over 180,000 kilometres are not covered for maintenance in terms of the scheme rules. All local tax requirements will be adhered to.



REMUNERATION STRUCTURE

Omnia uses market related data to determine pay ranges and a pay range is constructed for each grade. In cases of clearly identified scarce and critical skills, special pay ranges may be constructed for individuals.

Pay ranges represent the level of remuneration paid for similar positions in the market. The median (50th percentile) of market comparators becomes the midpoint of Omnia's pay range and the minimum and maximum of the range is set as a 15% range around the midpoint.

An individual promoted to a particular position entering the appropriate range for that position typically receives a salary toward the minimum of the range. Over time and as they approach full competency, they move toward and

above the midpoint through annual salary awards.

Individuals approaching the maximum of their range would usually be candidates for promotion or are considered exceptionally competent and performing at a consistently high level over long periods or have identified business critical skills or are specialists. Only in exceptional circumstances may an individual be compensated beyond the maximum of the range. The number of individuals paid outside of the pay range is targeted to be below 10%.

An individual's salary relative to the midpoint of the range for the position occupied is referred to as the compa-ratio. Aggregated compa-ratios provide an indication of the employee population's overall competitiveness.

COMPETITIVE POSITIONING AND MARKET COMPARISON

For Exco, senior management and critical positions, an independent external survey company is contracted annually to conduct a survey to benchmark against a select group of competitors in the market.

For other positions, benchmarking is done using locally and internationally available reputable surveys, from time to time. Reputable survey houses with a sufficient spread of participants and a robust job matching and validation process are utilised.

Each component of remuneration is analysed and compared with the

market information and the overall package is reviewed accordingly. For the Exco, senior management and critical benchmark surveys, each senior manager's role is individually sized to ensure the best appropriate comparison with the market.

For other positions, the individual roles are matched to locally available survey data.

Guaranteed packages and total annual remuneration including STI payments are compared with the market survey.





ANNUAL REMUNERATION REVIEWS

For Omnia to maintain appropriate remuneration competitiveness, remuneration is reviewed annually.

The following guides Omnia's decision-making regarding an individual employee's pay:

- The overall salary history of the individual
- The market worth of the role
- Changing nature of the role
- Appropriate award for good performers
- Decelerated adjustments for overpaid or underperforming people
- Ensure that salaries are within the market range, in accordance with the benchmark studies
- Consideration for scarce and critical skills

RETENTION

Retention of key and critical skills is a key requirement for Omnia, due to the nature of the business. The retention policy defines guidelines within which Omnia implements measures to counteract the loss of key employees to competitors or the general market. Retention measures include retention bonuses paid over a pre-determined period. This covers technical, financial, information technology and operational roles.








Retention payments are approved by the Group managing director and/or the Remuneration and Nominations Committee, depending on the role of the individual and the reporting lines.

MANAGEMENT OF PERFORMANCE

- Each employee's performance will be measured with regards to individual, team and the business as a whole's performance, to drive collaboration and teamwork
- The performance of employees, teams and the business as a whole will be assessed against the Group's stated strategy
- Performance outputs will be based on the "S.M.A.R.T" principle and be customer focused, as follows:
 - Specific
 - Measurable
 - Achievable
 - Relevant
 - Time based

TERMINATION GUIDELINES

Legislation and contractual obligations take precedent in any termination agreement. However, the table below outlines Omnia's practice for the different reasons for termination:

	Voluntary resignation	Summary Dismissal/ termination for cause	Normal & early retirement, retrenchment and death	Mutual separation
Base Salary 	Paid over the notice period or as a lump sum	No payment	Base pay is paid up to date of retirement or death or for a defined period based on policy and legislation governing retrenchment conditions	Paid over the notice period or as a lump sum
Pension 	Pension contributions for the notice period will be paid; the lump sum would not include pension contributions unless it is contractually agreed	No payment	Pension will be paid until such time as employment ceases	Pension contributions for the notice period will be paid; the lump sum would not include pension contributions unless it is contractually agreed
Medical Provisions 	Where applicable, medical provision for the notice period will be paid, as part of Total Guaranteed Package or as per the Employee Benefits under the Group Insurance Scheme	No payment/ provision	Medical provision/ payment will be provided until such time as employment ceases	Where applicable, medical provision for the notice period will be paid, as part of the Total Guaranteed Package
Benefits 	Applicable benefits may continue to be provided during the notice period as part of Total Guaranteed Package or as per the Employee Benefits under the Group Insurance Scheme	No payment	Benefits will fall away at such time as employment ceases	Applicable benefits may continue to be provided during the notice period as part of Total Guaranteed Package
STI 	Forfeit, no bonus if employee is not with Omnia at 31 st March of each year	Forfeit, no bonus	Pro-rata for the period worked (no matching long-term incentives awarded)	Pro-rata for the period worked (no matching long-term incentives awarded)
Sign-on or Retention deferred bonuses 	Deferred bonuses lapse (pay back clause)	Deferred bonuses lapse and Sign-on based per individual and contractual obligations	Pro-rata deferred bonuses based on the length of employment from date of allocation	RNC determines whether a pro-rata portion may be granted
LTI According to LTIP rules 	Unvested long-term incentives lapse	All long-term incentives lapse, (both vested, unexercised and unvested)	Pro-rata unvested long-term incentives based on the length of employment from date of offer (death has no performance criteria applied)	RNC determines whether a pro-rata portion may be granted (or the board in the case of the Executives)

GOVERNANCE

- **Budgeting of remuneration increases**

As part of the business planning and operational budgeting cycle, annual remuneration increases are budgeted for and submitted to Exco for approval. The board approves the budget assumptions which includes remuneration increases. Annual increases take place in April of each year

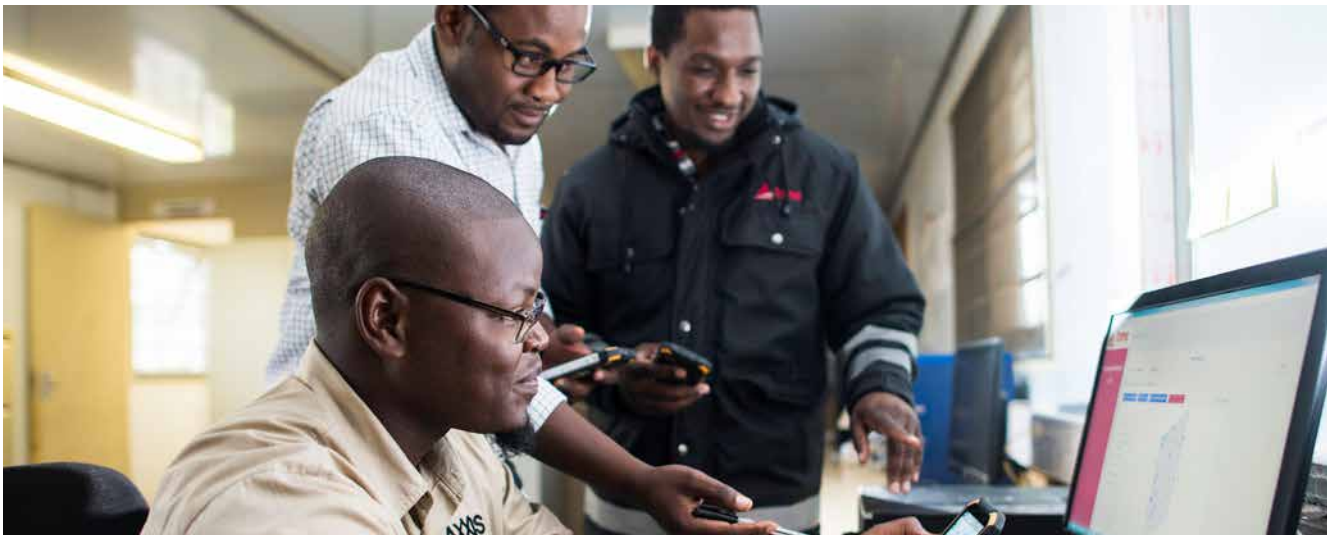
- **Communication**

Omnia shares information with its employees regarding the reward for their contribution, competitiveness of guaranteed pay, the base for decisions regarding salary increases and promotions and the fairness and equitableness of variable pay. Managers are provided with guidance to assist in the communication of remuneration matters and the rules of schemes to all employees

REMUNERATION POLICY IMPLEMENTATION AND REPORTING

The duties of the Remuneration and Nominations committee with regards to remuneration reporting are as follows:

- To ensure that the remuneration report is accurate, complete , transparent and in line with the principles of King IV
- To recommend the Remuneration and Nomination Committee report to the board for inclusion in the Integrated Annual Report
- Submit an annual report to the Social, Ethics and Risk Committee concerning the outcome of the review of the following matters:
 - Omnia's Standing in terms of the International Labour Organisation Protocol on decent work and working conditions
 - The employment relationships within Omnia, and contribution toward the educational development of employees within the Group



REMUNERATION AND NOMINATIONS COMMITTEE (RNC)

The Remuneration and Nominations committee ensures that Omnia remunerates fairly, responsibly and transparently so as to promote the achievement of the strategic objectives and positive outcomes of the Group in the short, medium and long term.

The committee consists of the elected chairman and two non-executive members of which at least one will be independent. A quorum consists of the chairman plus two members.

The committee assists the board in discharging its oversight responsibilities relating to the remuneration of the Company's Exco and senior managers as well as to implement appropriate retention strategies appropriate for the business. The committee also approves the design and application of material remuneration programs, long-term incentive ownership guidelines, recruitment policies, selection criteria and succession plans of senior executives and non-executive directors.

In terms of its nominations duties the committee reviews the structure, size and composition of the Board annually to ensure that the Board can execute its duties effectively make such recommendations to the Board as deemed necessary based on the factors listed in King IV or as the solution requires. The committee also consider and make recommendations to the Board on the appointment of a lead independent director; monitor the performance of the Board against its targets for race and gender representation in its membership and consider and evaluate the

independence of non-executive directors against criteria set out in King IV and make recommendations to the Board in this regard.

MANDATE AND TERMS OF REFERENCE FOR REMUNERATION AND NOMINATIONS COMMITTEE

For the mandate and terms of reference of the Remuneration and Nominations Committee, refer to the Remuneration and Nominations Committee Charter.

LEGISLATION

The Remuneration Policy is adhered to in line with Omnia's policies and legislation; where local legislation deviates from the Omnia policy, the applicable local legislation is applied.

POLICY GOVERNANCE

• Roles and Responsibilities:

Role	Responsibility
RNC/Board	Approver of the Policy
Human Resources Executive	Policy owner, responsible for the annual review and update

• Adherence to the Policy

The Remuneration and Nominations Committee will provide Omnia's board of directors with annual feedback on the implementation progress against the provisions of this Policy.

The Committee's Terms of Reference should be read in conjunction with this Policy.

• Variation to the Remuneration Policy

Any variation and/or deviation to the Remuneration Policy must be tabled by the Group managing director or his nominee as custodian of the policy in line with Remuneration and Nominations Committee mandates and should have sufficient supporting documentation or rationale for the approval of the variation and or deviation, firstly by the Remuneration and Nominations Committee and finally by the board.

This remuneration policy will be reviewed annually.



Ralph Havenstein

Chairman: Remunerations and Nominations committee



Adriaan de Lange

Group managing director

