



SUSTAINABILITY,
GOVERNANCE
AND
MANAGEMENT
SYSTEMS
2017

FOR THE YEAR ENDED 30 SEPTEMBER

ON THE SURFACE A FISHING COMPANY,
DEEP DOWN, SO MUCH MORE

GOVERNANCE AND MANAGEMENT SYSTEMS

SUSTAINABILITY GOVERNANCE AND MANAGEMENT SYSTEMS

At Oceana, sustainability governance focuses on how we ensure accountability, fairness and transparency in relation to social and environmental challenges.

The board appreciates that strategy, risk, performance and sustainability are cross-cutting and interdependent. Briefings on changes in risks, policy, legislation and the environment are made to the board, both directly and indirectly, in operational reports to the board. From a social and environmental perspective, this includes: developments in and the changing impact of laws regulating competition; black economic empowerment; employment equity; skills development; marine resources, planning and environmental management.

We have robust systems in place to ensure compliance with the law and adherence to the King IV principles of good corporate governance and training and awareness-raising initiatives to ensure that managers and employees appreciate the legal parameters within which they perform their duties.

The Oceana board appointed a social, ethics and transformation committee (SETCOM) to take forward its responsibilities for social and economic development, good corporate citizenship, the environment, health and safety, and labour and employment. The committee charter requires two meetings per year, which were duly held and attended by all members.

The board and its committees receive information through the internal governance structures and sources identified below relevant to ESG matters across the group.

Policy is determined at a group level, while operations are generally responsible for implementation, except for the Oceana Foundation, which is managed centrally. Structures are in place to address non-compliance with policies and to ensure that preventative and corrective action is implemented.

For a detailed review of Oceana's broader corporate governance structures and practices, please refer to our integrated report, available on our website, www.oceana.co.za.

SUSTAINABILITY FORUM

The Sustainability Forum, established in 2012, comprises senior operational managers who actively engage with divisional operational management to facilitate the implementation of our environmental sustainability strategy.

The key objectives of the sustainability forum are to:

- provide a platform to engage on best practice principles and global trends on sustainability issues;
- explore industry needs relating to sustainability; and
- act as an advocate and disseminator of sustainability issues and information across the business.

The forum meets quarterly to review in particular the sustainability strategy, the status of marine resources, divisional environmental risk registers, and the internal Environmental Control System (ECS). Environmental issues that are monitored through the Sustainability Forum are reported on at SETCOM.

Environmental Policy

The Group's Environmental Policy, approved by the board and reviewed annually, is published on the Oceana corporate website. Strategy which gives effect to the policy is reviewed and updated regularly at executive and senior management level. The chief executive officer (CEO) is responsible at board level for implementation of the policy, while divisional managing directors are responsible at operating level.

Sustainability communication and training

Our Environmental Policy requires the development of skills and awareness concerning environmental and sustainability issues and responsibility among employees. Compliance with the Environmental Policy is a condition of employment with the consequence of disciplinary proceedings for non-compliance. Awareness is promoted through a variety of channels, including:

- Articles on environmental issues in the internal magazine, Oceana Tidings;
- Presentations on environmental issues, including the ECS;
- Awareness initiatives and campaigns with employees, resulting in the establishment of environmental awareness and improvement groups at operating level;
- Environmental, Health and Safety committees at all operational sites;
- Inclusion of environmental training in annual induction training at all operational sites and vessels; and
- Maintaining divisional and group environmental risk registers and reviewing progress on actions quarterly.

EMPLOYEE CONSULTATIVE FORUMS

The purpose of the employee consultative forums is to:

- promote the interests of all workers;
- enhance workplace efficiencies;
- communicate/consult with employees; and
- identify opportunities and exchange ideas and knowledge.

Code of business conduct and ethics

Directors and employees are required to observe the highest ethical standards in conducting the group's business. In this regard, the group has a formal code of business conduct and ethics. An anonymous and secure whistle-blowing facility has been in place for many years. Its purpose and anonymity are emphasised at employee induction and training sessions. A similar facility is also available in Namibia and United States of America (USA).

GOVERNANCE AND MANAGEMENT SYSTEMS (continued)

Human rights policy and statement

Our human rights policy is aimed at promoting equality of opportunity and combating discrimination. It is being applied across all our operations in South Africa, Namibia, Angola and the USA. Oceana is committed to developing an organisational culture which implements a policy of support for internationally recognised human rights and seeks to avoid participation in human rights abuses

Employment equity (EE) forum

The employment equity forum plays a key role in instilling Oceana's values and business philosophy and in delivering on its strategic objectives. The EE forum is mandated to ensure that there are no barriers to employment equity in the company's employment policies, practices and procedures, and to identify and address under-representation of employees from designated groups in the different occupational categories and levels.

Employment equity policy

The group's employment equity policy affirms a commitment to equal opportunities and all initiatives relating to affirmative action and the achievement of employment equity. The policy reaffirms the group's commitment to identifying and the eliminating of all forms of unfair discrimination.

Learning and development policy

This policy supports the learning, growth and development of all employees and ensures an optimum and fair approach to training and development.

Health and safety committee meetings

Managing directors of all the operating divisions are responsible for ensuring full compliance with relevant occupational health and safety legislation and that required structures are in place. Recognition agreements with the unions in the Lucky Star and BCP divisions cover health and safety issues.

Health and safety policy and statement

The group health and safety policy articulates our commitment to managing health and safety in the workplace to the highest standards. It is communicated to all land-based and vessel employees.

TRANSFORMATION FORUM

The transformation forum comprises the group financial director, the group human resource executive, the divisional financial directors and financial managers. The forum's responsibilities include:

- ensuring a thorough understanding of the Codes of Good Practice and all the related acts;
- developing policies and procedures that address all transformation issues;
- ensuring that internal systems and preparations meet the requirements of verification agencies; and
- quarterly monitoring of internal assessments and discuss opportunities for improvement.

CORPORATE SOCIAL INVESTMENT FORUM

The CSI forum comprises the managing directors from all divisions and the group financial director and Human Resource executive. The forum meets three times per year to review CSI projects and expenditure.

The management of CSI expenditure within the group has been centralised through the Oceana Foundation, which was established in 2012. The CSI forum reviews the expenditure of the Oceana Foundation, to ensure that the target of spending 1.1% of net profit after tax on CSI is achieved.

CSI policy and strategy

The CSI policy guides Oceana's strategy for investing in education and food security projects in the coastal communities in which we operate.

The rationale for our approach to CSI is linked to our:

- licence to operate (tacit or explicit permission is needed from governments, communities and others to retain our right to operate);
- reputation (this is key to the retention of fishing rights in South Africa and Namibia);
- sustainability (focus on environmental and community stewardship); and
- moral obligation (achieve commercial success in ways that honour ethical values, respect people, communities and the natural environment).

EXECUTIVE RISK FORUM

The forum comprises the CEO, managing executive: Africa operations, group financial director, the managing directors of each of the operating divisions, and is chaired by the group financial director. It is mandated to ensure that risks have been adequately identified, measured, evaluated and are then subsequently managed within the risk management framework and policy so that the risk-reward relationship remains within parameters acceptable to the risk committee and ultimately the board.

FINANCIAL FORUM

The financial directors' forum comprises the group financial director, the group company secretary, the group procurement manager, the chief information officer and financial directors and senior financial managers from across the group.

The forum's responsibilities are:

- execution of strategic objectives;
- managing financial risk;
- embedding group wide compliance with applicable financial principles and standards;
- identifying and sharing synergies across the finance structure and group;
- promoting and ensuring compliance with the new Finance Shared Services model; and
- driving the procurement strategy and savings.

INSURANCE FORUM

The insurance forum comprises all the risk managers, insurance brokers and risk consultants. Its primary purpose is to further the aims and objectives of the group in regard to effective risk management and control, and ensure that a suitable risk control and insurance (external and internal) programme has been established and implemented in terms of covering group risks.

COMPLIANCE

The company remains committed to ensuring compliance with all laws and regulations.

The compliance portfolio is managed by the group compliance manager. The board receives a quarterly compliance report which includes briefings on changes in policy.

MANAGING RISKS AND OPPORTUNITIES

Oceana has established a culture of identifying and managing existing, emerging and unpredictable risks, with the aim of mitigating our risk exposure and optimising potential opportunities. Various embedded processes, resources and structures are in place to address our risk management needs. These include internal audits, insurance management, information system security, compliance processes, quality management systems, training and a range of other line management interventions. These are identified within the respective performance review sections of this report.

We place a strong focus on compliance with relevant legislation, and on fulfilling the expectations of employees, communities, shareholders and other stakeholders in terms of due care and corporate governance.

We have adopted an enterprise-wide approach to risk management, with every identified material risk included in a structured and systematic process of risk management. These risks are managed within a unitary framework that is aligned with our corporate governance responsibilities. The principal risks that have a material impact on Oceana's ability to create value have been identified as part of the enterprise-wide risk identification and management system. These issues are prioritised in terms of their impact both on the organisation and on our key stakeholders. They inform the nature of our group strategic objectives (see integrated report), as well as the performance issues for monitoring and reporting. Our principal risks, the associated risk context, response measure, and strategic objectives, are detailed in our integrated report and sustainability reports.

RESPONSIBLE FISHING PARTNERSHIPS

We have maintained a strong focus on promoting responsible fishing practices and our zero tolerance to illegal and unregulated fishing. Following is a review of our principal partnerships and associated developments during the 2017 financial year:

MARINE STEWARDSHIP COUNCIL

Our hake operation has the MSC Chain of Custody certification, the premier eco-labelling initiative for fishing. We were re-certified by the MSC certification in 2015 and our current certificates are valid until 2020. The re-certification includes a number of conditions, one of which has resulted in the implementation of a by-catch management plan.

INTERNATIONAL FISHMEAL AND FISH OIL ORGANISATION

The five Oceana fishmeal operations retained their IFFO Global Standard for Responsible Supply certification.

The external compliance audit, which is a prerequisite for the IFFO certification, was completed in June 2016. The IFFO-RS certification recognises the importance, and the group's commitment to, responsible sourcing, production and supply practices.

DAFF SCIENTIFIC OBSERVERS

In support of our commitment to the promotion of an ecosystems-approach to fishing and sustainable fishing practices, a key performance criterion for each division includes participation in sector-specific projects. To this end, the *Desert Diamond* has two scientific observers on board for every trip. The observers collect data for research purposes, as well as conducting compliance duties.

RESPONSIBLE FISHERIES ALLIANCE

Promoting an EAF is critical to enhancing our global competitiveness, ensuring long-term sustainability and maintaining our ability to create value for all our stakeholders. We have thus partnered and funded initiatives in association with the RFA and WWF. In order to promote the sustainable use of fish resources we have continued with our engagements with industry stakeholders and continue to partner with government and others to promote an EAF, facilitating appropriate research and investing in training staff on the importance of sustainable fisheries. During the 2017 reporting period, our collaboration with industry in association with the RFA and WWF resulted in meaningful gains. The RFA provides a platform for local responsible fishing companies and environmental NGOs to collaborate on research and work together to mitigate the effects of fishing activities on the ecosystem as a whole.

NATIONAL BUSINESS INITIATIVE (NBI)

Oceana is an active member of the NBI and sits on its Western Cape Advisory Council. The NBI is a voluntary coalition of South African and multinational companies, working towards sustainable growth and development in South Africa and the shaping of a sustainable future through responsible business action, thereby demonstrating business action for sustainable growth.

The NBI is a global network partner of the World Business Council for Sustainable Development, the focal point of the UNGC Local Network in South Africa and an implementation partner of the CEO Water Mandate, We Mean Business (Climate Change Initiative) and the CDP (Climate Change Initiative).

ST HELENA BAY WATER QUALITY TRUST

Oceana is an active member of the trust. The trusts consist of Stakeholders from the Fishing Industry, National and Local Government. The mission of the Trust is to:

- establish, implement and enforce a comprehensive overall water quality monitoring program in St Helena Bay, Velddrif and West Coast Peninsula;
 - promote proper planning to cope with potential environmental disasters in the dedicated area; and
 - in general support, promote and co-ordinate the environmental integrity and well-being of the dedicated area as a whole.
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BIRDLIFE AFRICA

Our hake fishing vessels and associated equipment underwent a reassessment by BirdLife Africa to assess compliance with the requirements of the fishery's bird mitigation plan.

DAFF SCIENTIFIC WORKING GROUPS

We actively engage in the resources-specific scientific working groups led by government, which govern the methodology used in determining the TAC and total allowable effort.

SADSTIA

The South African Deep Sea Trawling Industry Association (SADSTIA), of which Oceana is an active member, has partnered to improve the management of 12 non-target fish species that are caught alongside hake in the deep-sea trawl fishery.

SADSTIA and WWF-SA are to work together to implement a three-year South African Offshore Trawl By-catch FCP which will "undertake research, implement practical actions, and generally improve the environmental performance and sustainability of the fishing activity of SADSTIA's members, with a particular focus on non-target species management".

IN NAMIBIA, WE ENGAGE WITH THE FOLLOWING ENTITIES:

- The Minister of Fisheries and Marine Resources
- The Namibian Directorate of Maritime Affairs
- The Ministry of Labour and Social Welfare, the Polytechnic of Namibia, and the Namibia Maritime Fisheries Institute
- In United States of America, we engage with the following entities:
- Gulf States Marine Fisheries Commission