

OCEANA GROUP LIMITED

COMMUNICATION ON PROGRESS ON THE UNITED NATIONS GLOBAL COMPACT

December 2013



The United Nations Global Compact is an international initiative that addresses human rights, labour, environmental and corruption issues through a commitment to ten principles derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration of the Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. Oceana Group became a signatory to the UN Global Compact in August 2012. This report is our first communication on the progress made on the implementation of the ten principles in Oceana. This COP has been aligned with our financial reporting year. Our integrated report and online Sustainability report has been written in accordance with the GRI3.1 and provides further reference to the implementation of the UNGC ten principles.

Human Rights

GC Principles:

- Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2 - Make sure that they are not complicit in human rights abuses

Relevant GRI Indicators:

- Management Approach is described in the GRI Table
- GRI G3: HR4; HR9

Assessments, policy and goals

Oceana Group Limited (Oceana) is committed to developing an organizational culture which supports internationally recognized human rights and avoids any involvement in the abuse of human rights. We support the principles included in the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labour Organisation's (ILO) Core Conventions on Labour Standards.

Oceana developed a Human Rights Policy and Statement which was approved by the Social, Ethics and Transformation Committee (SETCOM), a Board sub-committee. This is applicable to all Oceana operations in South Africa, Namibia, Angola and the United Kingdom.. A high-level human rights risk assessment will be conducted during 2014. Human Rights training will be arranged for key internal staff. We plan to obtain a proposal for a social audit at a pilot site which will be used to narrow down our human rights training requirements.

Oceana developed a Supplier Code of Conduct which was approved by SETCOM and which incorporates relevant human rights principles and practices which we would want our suppliers to adopt and adhere to.

Oceana has a Health and Safety Policy and Statement which states that Oceana recognizes that effective health and safety management is an essential and integral part of our business performance and culture.

Risk assessments are regularly conducted in relation to a number of areas, including ventilation, illumination, noise, hazardous chemicals, and refrigeration. Recommendations arising from the assessments are implemented to promote a safe working environment.

Implementation

SETCOM oversees social and ethical matters within the company and in particular monitors the company's activities in relation to promoting human rights within the company.

The Human Rights Policy has been published on the company's intranet and has been distributed to all operational sites. The policy purports to respect the human rights of our employees, including non-discrimination, prohibition of child and enforced labor, freedom of association and the right to engage in collective bargaining. We respect the cultures, customs and values of the people in communities in which we operate.

The Supplier Code of Conduct requires suppliers to respect the basic human rights of their employees, prohibit child labour and promote the health and safety of their employees. An implementation plan will be developed shortly for the roll-out of the supplier code of conduct to all suppliers during 2014.

Managing directors of the operating divisions are responsible for ensuring full compliance with relevant occupational health and safety legislation and that the required structures are in place. Health and safety committees are in place in line with the requirements of the Occupational, Health and Safety Act. Recognition agreements with unions in the Lucky Star and Blue Continent Product divisions cover health and safety issues.

An independent consultant completes a comprehensive annual risk audit at the larger sites focusing on compliance with relevant legislation and insurance-related requirements.

Employees involved in production processes participate in an induction training session at the start of each season. This includes health and safety training, hearing conservation and tuberculosis awareness. Throughout the year on-going health and safety training also takes place, for example, fire-fighting, first aid, hazardous chemical handling and SAMSA-accredited training for all sea-going employees. Personal protective equipment is issued to employees in accordance with legislative requirements.

The Employee Wellness programme managed by Kaelo, an independent service provider, was adapted in 2012 when an Employee Assistance Programme was launched, and was further extended this year to include both financial and legal assistance via telephonic and face-to-face counseling for employees and their families. This is in addition to the service that continues to offer telephonic and face-to-face counseling in the event of emotional, mental or other types of trauma.

The larger operational sites provide clinic facilities, managed either in-house or outsourced. The clinics provide both primary health care and occupational health care to employees and strategic advice to management. Specific areas of focus include hearing loss prevention programmes within factory environments. Additional programmes are implemented relevant to concerns arising from annual medical examinations. The clinics also provide treatment for injuries sustained on duty. All workplace

injuries and illnesses are reported to the Compensation Commissioner within the stipulated time frames.

Measurement of Outcomes

No incidents of human rights abuses were alleged against the company during the reporting period of 28 August 2012 to 30 September 2013. No incidents of discrimination were reported at the operations during the reporting period. As far as we are aware no incidents or allegations of human rights abuses were made in our supply chain. SETCOM reviews the progress of implementation of human rights principles twice a year.

The group's disabling injury frequency rate (DIFR) for 2013 was 0,5 (2012: 1,0) which was well below the target of 2. The decrease in the DIFR is as a result of management's ongoing focus in this area. A detailed analysis of injury incidents has been undertaken resulting in the re-emphasis on preventative controls and operating processes. No fatalities occurred during the reporting period under review.

An annual report-back on the results of the risk audits is presented to the risk committee.

Labour

GC Principles:

- Principle 3 - Businesses should uphold freedom of association & effective recognition of the right to collective bargaining
- Principle 4 - The elimination of all forms of forced and compulsory labour
- Principle 5 - The effective abolition of child labour
- Principle 6 - Eliminate discrimination in respect of employment and occupation

Relevant GRI Indicators:

- Management approach is described in the GRI Table
- GRI G3: LA2 (partial); LA4; LA5; LA6; LA8; LA9; LA13;

Assessments, policy and goals

As a responsible employer, Oceana adheres to all labour legislation within the countries in which we operate. The group does not permit child labour or forced or compulsory labour.

53% per cent of the group's employees are members of a union (2012: 47%). In South Africa, our employees are members of the following unions:

- Food and Allied Workers Union),
- Trawler and Line Fishermen's Union
- National Certificated Fishing and Allied Workers Union, and the
- United Democratic Food & Combined Workers Union.

In Namibia the unions are:

- Namibia Food and Allied Workers Union and
- Namibia Transport and Allied Workers Union.

Various unions have recognition agreements with different companies within the group.

An external audit of our human resources function was completed during the period under review which included a focus on the group's compliance with legislation and internal employment policies and procedures.

Oceana's Employment Equity Policy affirms the commitment to equal opportunities, all initiatives relating to affirmative action and the achievement of employment equity. The policy reaffirms the group's commitment to the elimination of all forms of unfair discrimination.

All operations in South Africa comply with the Employment Equity Act and Employment Equity Regulations of 1996. Oceana submits reports each year to the Department of Labour. Appropriate employee communication channels are in place to serve the requirements of both Acts.

Implementation

Comprehensive discipline and grievance procedures in line with the requirements of the Code of Good Practice: Dismissal (Schedule 8, Labour Relations Act) are in place. The procedures are communicated to employees when they join the company and on-going education and training programmes take place at various employee levels and with shop stewards.

Our employees receive training on the implications of all relevant labour legislation.

The human rights policy has been published on the Oceana intranet. The policy requires employees to respect the human rights of fellow employees, including non-discrimination, prohibition of child and enforced labor, and freedom of association and the right to engage in collective bargaining. We respect the cultures, customs and values of the people in communities in which we operate.

Measurement of Outcomes

No litigation pertaining to discrimination, anti-union practices or alleged human rights violations were lodged against the group during the year. No incidents of human rights abuses were alleged against the company during the reporting period of 28 August 2012 to 30 September 2013. The labour turnover for 2013 was 7.3% which is below the South African national average of 10.3%. SETCOM reviews the progress of implementation of labour and employment issues.

Environment

GC Principles:

- Principle 7 - Businesses should support a precautionary approach to environmental challenges
- Principle 8 - Undertake initiatives to promote greater environmental responsibility
- Principle 9 - Encourage the development and diffusion of environmentally friendly technologies

Relevant GRI Indicators:

- Management Approach is described in the GRI Table
- GRI G3: 4.11; 4.13; EC2; EN3; EN4; EN5; EN6; EN7; EN8; EN15; EN16; EN17; EN18 & EN19

Assessments, policy and goals

Oceana recognizes that practices today have a long-term impact on future generations and that its operations impact significantly on the environment. Oceana has an environmental policy which is, reviewed and updated annually and available on our website.

Protecting the marine resources we harvest is fundamental to the sustainability of our business. We commission and publish scientific studies relating to the marine resources that we harvest which include: West Coast Rock Lobster, South Coast Rock Lobster, Small Pelagic, Hake and Horse Mackerel in South Africa and Namibia. <http://www.oceana.co.za/corporate-responsibility/scientific-reports>. We promote an ecosystem approach to fishing.

Oceana has set short term and medium term performance targets to guide our focus towards reducing our environmental impact.

Each of the four operating divisions maintains its own environmental risk register, with combined assurance and action plans, which form part of the overall enterprise-wide risk management system. The environmental risk register reflects the major risks that impact, or are potentially caused by each division's activities, products and services. The key environmental risks can be found in the Online Sustainability report at page 3.

Implementation

The environmental policy is updated annually and distributed to all divisions for communication. Senior and executive management are active members of the scientific working groups in the commercial fishing sectors in which we operate.

The impact of commercial fishing on marine life is managed by a comprehensive process of regulatory control, industry involvement and engagement, and company-specific management procedures. Catch and / or effort limits are set by the Minister of Agriculture, Forestry and Fisheries after scientific surveys

to assess biomass, in consultation with the key stakeholders. We have introduced our own formal operating procedures to promote compliance, with disciplinary actions to follow transgressions.

We are a founding member of the Responsible Fisheries Alliance (RFA), a partnership with WWF-South Africa, BirdLife South Africa and three other fishing companies.

At Oceana we follow the requirements of two key certification initiatives: the Marine Stewardship Council (MSC) and the Responsible Supply Standards for the International Fishmeal and Fish Oil Organization (IFFO).

This year marked the fourth year in which we participated in the CDP, and we achieved a 95% (2012:95%) score.

Oceana's environmental control system (ECS) provides for the identification, monitoring and control of environmental issues identified by the group. During 2013 Marsh Risk Consulting conducted independent environmental audits at 14 Oceana land-based facilities. Marsh Risk Consulting also conducted assessments at the two cold stores acquired in 2012 and the Etosha cannery and fishmeal operations.

Oceana trained 139 employees on responsible fisheries training and 990 employees on Climate Change awareness during 2013.

Oceana is listed on the Johannesburg Stock Exchange Social Responsible Investment Index criteria which is assessed annually. Oceana has been listed for nine years consecutively.

Measurement of Outcomes

During the year the RFA's most successful projects were the responsible fisheries training programme, bird mitigation plans and the inshore trawl by-catch management programme.

All but two of our South African commercial fishing rights fall within the green category of the updated SASSI list (see online sustainability report). Our rights relating to sole fishery were acquired with the acquisition of Lusitania last year; none of these rights were harvested in 2013. The West coast lobster fishery was placed on the orange list recently following a scientific recommendation for a reduction of the TAC not being followed by the DAFF. Since that time the DAFF has introduced measures to avoid a similar occurrence.

Skippers on all our vessels have committed to abide by formal policies that regulate issues such as which species may be targeted; avoiding by-catches of other species; prohibiting dumping of fish, fuel and plastic at sea; and procedures for refueling, handling spills of fuel and oil, cleaning of tanks and garbage disposal.

During 2013 the two new hake vessels acquired from Lusitania were successfully integrated into the business and the requisite systems were introduced to ensure compliance.

Oceana obtained a 95% score in the 2013 CDP South Africa review. Oceana was reviewed on publically available information by JSE SRI and was listed for the 9th consecutive year. Oceana achieved an overall score of 94% for the ECS audits conducted on the land-based facilities and vessels.

We achieved a GHG emission reduction of 22% from the base year which is FY2009. This is however a 2% increase from the FY2012:24% reduction from the base year. A full list of energy reduction initiatives will be included in the Oceana 2013 Carbon Footprint Assessment report which will be published on the website.

Anti-Corruption

GC Principles:

- Principle 10 - Businesses should work against all forms of corruption, including extortion and bribery.

Relevant GRI Indicators:

- Management Approach is described in the GRI Table
- GRI SO2; SO3; SO4;

Assessments, policy and goals

Oceana is committed to building trusted relationship with all key stakeholders. The board and management are responsible for ensuring the sustainability of the business by having a clear strategy in place and demonstrating a visible commitment to ethical behavior and good corporate governance within its operations. During the year the board and management have worked together to clearly communicate the values and standards which each employee is expected to adhere to in their daily working activities throughout the group. Policies, procedures and internal controls are geared towards entrenching ethical practices throughout the group.

Implementation

During the year the following policies were revised, approved and implemented:

- Human Rights policy and statement
- Corporate Compliance policy
- Anti-bribery and Corruption Policy
- Supplier Code of Conduct

Anti-Bribery and Corruption training was done by 308 relevant employees with computers and internet access during 2013. A further 41 employees will be trained during 2014. In the new financial year, proposals will be put to the Executive Committee to develop training material on this and other topics in the form of animated video, booklets, posters and other print material which can be disseminated by internal HR personnel to employees at site level who have no access to computers.

The anti-bribery and corruption training included reference to the following legislation:

- Introduction to Anti-corruption legislation
- The specific South African Anti-corruption legislation (Prevention and Combating of Corrupt Activities Act)
- The USA Foreign Corrupt Practices Act
- The UK Bribery Act
- Money Laundering and Fraud (Prevention of Organized Crime Act and the Financial Intelligence Centers Act)
- Whistle Blowing (Protected Disclosure Act)

Compulsory training was arranged for all employees with computers and internet access on Oceana's Code of Business Conduct and Ethics, and Oceana's Compliance Policy. A total of 532 employees were selected of which 429 completed the training, the remainder still in progress. All new employees are obliged to undergo this training compulsorily.

In addition, a whistle blowers facility is available to employees whereby they can call an independent national toll-free number anonymously to report any known or suspect inappropriate practices. The whistle blowers facility details are on the Oceana website.

Measurement of Outcomes

During the reporting period, three employees were dismissed for incidents involving corruption (theft) and one employee was dismissed for fraudulent conduct (misrepresentation). A further six employees were disciplined for corruption and fraud related offences.

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