

OCEANA GROUP LIMITED

COMMUNICATION ON PROGRESS ON THE UNITED NATIONS GLOBAL COMPACT

17 December 2014



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.

Introduction

Oceana Group became a signatory to the United Nations Global Compact in August 2012.

This is our second communication on progress in which we describe the actions taken during the year to integrate the Global Compact principles into our business. This report is aligned with our financial reporting period and covers the period from 1 October 2013 to 30 September 2014.

Our Integrated Report and Sustainable Development Report, which are both available online include further details regarding the implementation of the Global Compact principles within our business. Both reports have been aligned to GRI 4.

Human Rights

Global Compact Principles:

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
-------------	--

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 G4

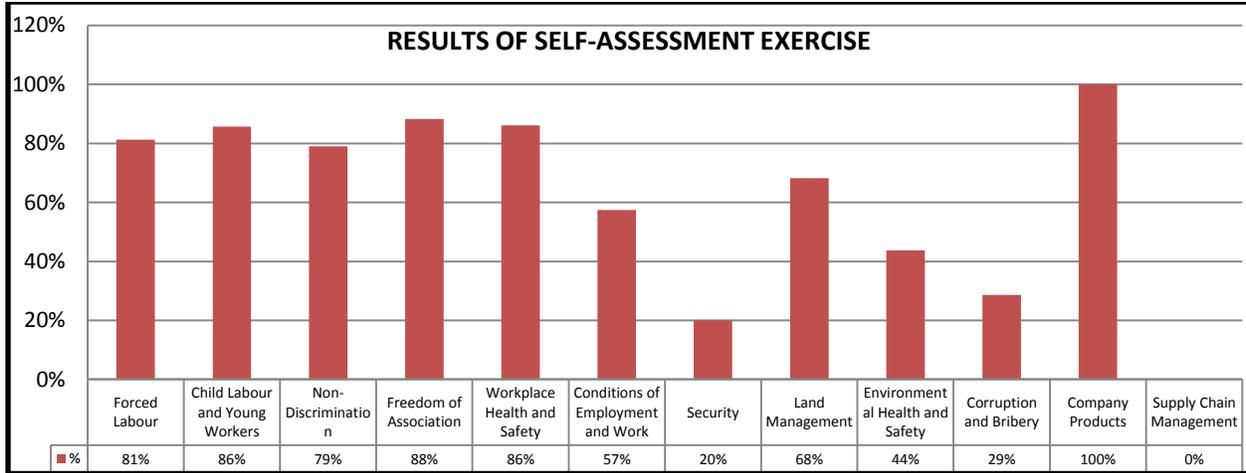
Assessments, policy and goals

Oceana Group Limited (Oceana) has 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 Organization's (ILO) core conventions on labour standards.

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 and Namibia. We have begun investing in enhancing levels of understanding within the group of the practical implications of demonstrating respect for human rights.

During March and April 2014 a self-assessment exercise was conducted to establish a baseline that would inform the focus areas for implementing the Human Rights Policy within the group and to align current policies, procedures and practices. This exercise was done after a number of senior managers and executives attended a workshop run by UNGC Network SA that focused on how companies can implement good human rights practices in their operations, business relationships and supply

chains. The following table reflects the result of the self-assessment exercise and measures the current status. It is important to note that this was not a practical / empirical assessment; rather it reflects a high level desk top assessment and is being used to focus attention.



Whilst we anticipate that our employment practices category will be in full compliance with the human rights principles, we recognise that special attention and focus may be required in the supply chain management category. Appointing a Head of Procurement to oversee compliance in our supply chain has been one of our strategic responses to compliance against the human rights standards. This appointment will be effective in January 2015.

Human Rights training will be arranged for key internal staff and there are plans to conduct a social audit at a pilot site which will be used to narrow down our human rights training requirements.

Our employment equity policy reaffirms our commitment to the elimination of all forms of unfair discrimination. We also have an approved Supplier Code of Conduct which incorporates relevant human rights principles and practices which we would want our suppliers to adopt and adhere to. The process of engaging with suppliers to implement this Code effectively will be managed by the head of procurement.

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.

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

Implementation

The Social, Ethics and Transformation Committee (SETCOM) oversees activities within the company as it relates to social and economic development, good corporate citizenship, the environment, health and

safety, and labour and employment within the company. In particular SETCOM also monitors the company's activities in relation to promoting human rights within the company.

Actions which were identified during the self-assessment included:

- Publishing a Human Rights Policy statement on our group website and in our internal magazine;
- Benchmarking our performance with corporations that are seen to be leading within the Human Rights field;
- Considering more effective shop floor engagement solutions given the emphasis on eliciting employee perceptions on Human Rights practices which will include running an employee culture survey; and
- Ensuring that all policies are aligned to Human Rights principles.

Various actions have been completed to ensure that our employment practices align to our human rights principles, such as-

- Our leadership essentials programme for line managers includes a focus on minimising discrimination in our recruitment practices. Ensuring that managers are trained to understand the company's anti-discrimination policies has been an action identified; which will receive focus;
- A head of procurement has been appointed to manage the implementation of human rights policy in the supply chain, amongst other responsibilities.
- The Human Rights Policy has been published on the company's intranet and has been distributed to all operational sites.

The Human Rights policy aims to ensure respect for 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. The head of procurement will be tasked to roll out the implementation plan of the supplier code of conduct to all suppliers during 2015.

Occupational Health & Safety

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 and vessels 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 South African Maritime Safety Authority-accredited training for all sea-going employees. Personal protective equipment is issued to employees in accordance with legislative requirements.

The expenditure on health and safety training for 2014 is summarized in the table below:

	Black Males	Black Females	White Males	White Females	Total
Health & Safety	R 761 255	R 158 044	R 112 229	R 13 661	R 1 045 189

To promote the wellbeing of our employees we continue to offer onsite clinic facilities. These clinics provide occupational healthcare to the employees. We also have an employee assistance programme that is managed by our wellness partner, Kaelo. This service is used for a variety of issues including legal, financial and general counselling advice. Substance abuse is an ongoing challenge in the communities we operate in and Kaelo provides onsite counselling and formal referrals to institutions. The onsite counselling was a pilot project undertaken at various sites to assess the efficacy of our employee assistance programme.

The larger operational sites provide clinic facilities, managed either in-house or outsourced. 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.

Fleet Safety Inspection Committee meetings are held to govern and standardise our emergency procedures both for land based and vessel operations. This will assist in ensuring that emergency plans are improved and kept up to date.

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

Measurement of Outcomes

No incidents of human rights abuses were alleged against the company nor were any incidents of discrimination were reported at any 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 regarding the integration of human rights principles at each meeting, which is held bi-annually.

Health and safety is one of our top ten strategic risks as there are inherent safety risks associated with activities on board fishing vessels and in factories. Divisional managing directors are responsible for

ensuring full compliance with relevant occupational health and safety legislation. Health and safety committees are in place in line with the requirements of the Occupational Health and Safety Act. To mitigate the risk of injury we emphasise preventative controls (including providing appropriate equipment) and operating processes. We conduct external and internal audits at sites and vessels, as well as effective safety monitoring, training and enforcement programmes.

It is with regret that we report one fatality this year. An employee passed away when a net stacker collapsed on him on-board one of our pelagic vessels during February this year. Following the incident, we have enhanced our emergency procedures both for land based and vessel operations, and we have partnered with relevant suppliers to design marine emergency/incident response plans and manage required training.

The group’s disabling injury frequency rate (DIFR) for 2014 remained at the same level as 2013 at 0.5, against a guideline metric of 2. Our annual health and safety audit scores averaged 98% (2013: 98%) indicating that our risk control, fire defence, security, emergency planning and health and safety practices are well managed.

The Hout Bay fishmeal facility received a notice issued by City of Cape Town relating to a contravention of a by-law relating to community fire safety. The necessary remedial steps required have been taken and we have engaged with the chief fire inspector to ensure compliance.

Labour

Global Compact 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 G4

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.

The following policies are in place and have been communicated to employees:

- Maternity leave policy

- Long service policy
- Employment Equity policy
- Recruitment and selection Policy
- Performance Management Policy
- Learning and development policy

Oceana has ensured that the implications of the New Employment Equity Act Amendments and Regulations in South Africa have been understood within the group and measurement of our level of compliance has been completed. Our Executive Committee and Transformation Forum have received training to ensure compliance and performance. An impact assessment of the legislative changes has been conducted leading to various initiatives which have been included in our Human Resources Strategy. Progress has been made with regards to the gaps identified in our impact assessment.

Union membership:

67% per cent of the group's employees are members of a union (2013: 53%). 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.

Audit of human resources function:

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.

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.

Since conducting our human rights self-assessment and completing an analysis thereof an equal pay audit was conducted during the year.

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.

Over the past year work has been done to ensure that we are prepared for further amendments to our Labour Relations Amendment Act. The management and use of our temporary labour force has been a focus and remains a focus as we understand our operational requirements and balance this with sound labour practice. We have seen a conversion of employees from fixed term to seasonal contracts within one of our divisions. We have worked with the union to minimise the use of labour brokers.

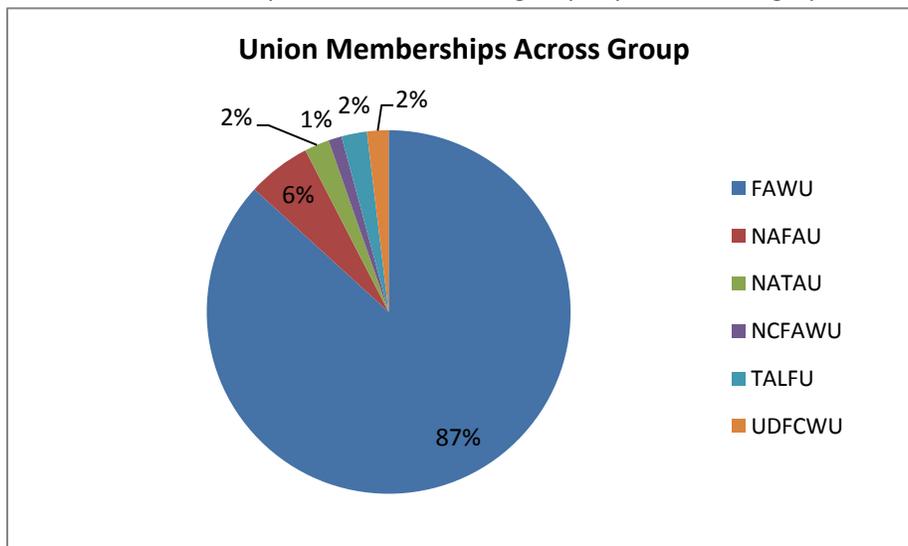
Measurement of Outcomes

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 year. The labour turnover for 2013 was 7.3% which is below the South African national average of 10.3%.

SETCOM monitors and reviews the activities of the company in relation to labour and employment issues.

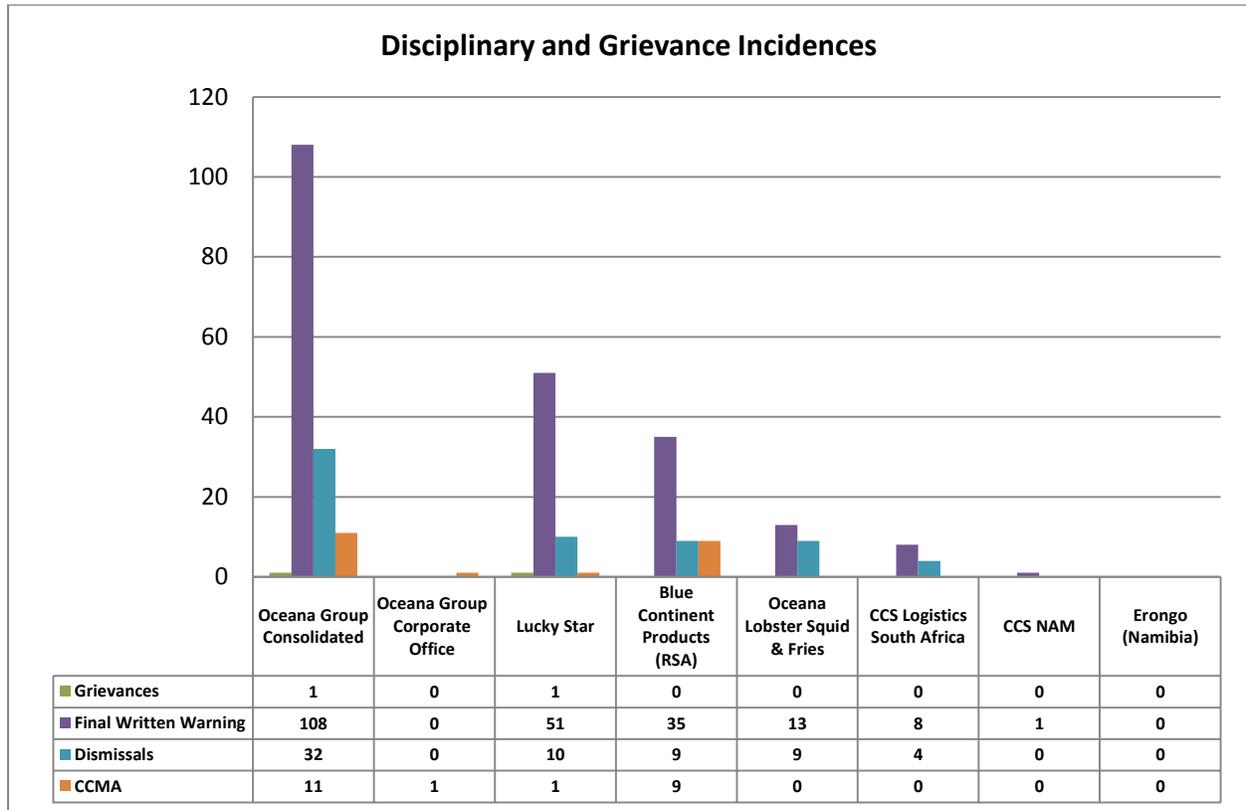
Union membership

The Union membership across the Oceana group is presented in graph below.



Overall Headcount

At year-end, we had 3 940 employees, of whom 3 191 were directly employed. Our annual voluntary labour turnover was 2,1% and we had no days lost to industrial action at our operations.



Disciplinary incidences:

The graph above reflects that dismissals to Commission for Conciliation Mediation and Arbitration (CCMA) referrals are managed given the low number of CCMA referrals relative to the number of dismissals. With regards to our Lucky Star operations, some dismissals have been attributed to incidences of absenteeism due to illness. Substance abuse is being closely monitored. In relation to drug abuse, we have had 2 dismissals during the year. There are no current cases are on rehabilitation or referred for rehabilitation. Interventions include random drug testing, return to work interviews where individuals do not turn up for work or there is high absenteeism or employees are nearing the depletion of sick absences and line managers managing of unexplained absences. This will lead to training on drug awareness and management. In relation to alcohol abuse, we detect this through random testing and through assessment in line with the relevant policy.

Environment

Global Compact 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 4

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.

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 on page 5 of the Sustainable Development Report. www.oceana.co.za

This was the fifth year in which we participated in the CDP. A climate change risk and vulnerability study was completed to identify risks, assess our vulnerability to those risks, and identify the measures needed to manage these risks. Oceana's 2014 carbon footprint assessment was conducted by GCX Africa and verified by Moore Stephens.

Each year we commission independent environmental audits at our land-based facilities and on vessels. Targets for 2014 required an overall average score of 85%, and a minimum score of 65% for each element in the audit.

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

<u>Key Area</u>	<u>Performance</u>	<u>Target</u>	<u>Target Date</u>	<u>Base Year</u>
Reporting		Annual public reporting against targets	December 2014	
GHG Emissions (Scope 1 &2)		5% product GHG emission intensity reduction from base year	Sept 2016	Sept 2013
		Further 2.5% product GHG emission intensity reduction year on year from 2016 to 2018	Sept 2017 Sept 2018	Sept 2016
Energy		5% product energy intensity reduction from base year	Sept 2016	Sept 2013
		Further 2.5% product energy intensity reduction year on year	Sept 2017 Sept 2018	Sept 2016
		5% electricity per unit area intensity reduction from base year by Oceana Group Corporate Office	Sept 2016	Sept 2013
		Further 2.5% electricity per unit area intensity reduction year on year by Oceana Group Corporate Office	Sept 2017 Sept 2018	Sept 2016
Water usage and disposal		2.5% product water usage intensity reduction from base year	Sept 2016	Sept 2013
		Measurement and reporting of quantity and quality of effluent	Sept 2015	
Waste Disposal		Ensure that no food that is fit to eat (by humans or animals) is sent to landfills.	Annual	Sept 2014
		Measurement and reporting of quantity and quality of waste	Sept 2015	

Implementation

The environmental policy is updated annually and distributed to all divisions. 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 through 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.

While our sourced biomass of hake, horse mackerel and industrial fish are considered to be stable, we recognise the increasing importance of rebuilding the lobster and squid resource. Two of our lobster vessels are used to conduct surveys to assist scientists to understand the health of the lobster resource, and we are actively exploring the likelihood of harvesting other lobster species on the African coast

All skippers and officers receive training annually regarding permit conditions issued by the Department of Agriculture Forestry and Fisheries relating to the catching and processing of fishing rights. All incidents of non-compliance are reported and if required, disciplinary action is taken. We strive to ensure that all seagoing employees attend responsible fisheries training to develop a clear understanding of the policies, regulations and management mechanisms in place. Seagoing employees in the Lucky Star division attended a refresher course during the year. In total we trained 65 employees in 2014 (2013: 139).

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 aimed at implementing an ecosystems approach to fisheries management and promoting responsible fishing practices.

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). IFFO's vision is to enhance human and livestock health and welfare through superior nutrition to the benefit of consumers worldwide.

Oceana's environmental control system (ECS) provides for the identification, monitoring and control of environmental issues identified by the group. This year internal ECS training was arranged for crew on board three vessels to ensure that the system is understood and implemented by all crew.

During 2014 Marsh Risk Consulting conducted independent environmental audits at 13 Oceana land-based facilities and 5 vessels.

A train-the-trainer course was developed on climate change issues, enabling in-house trainers to provide ongoing climate change awareness training. Regular "power hour" breakfast talks are held for our executives and senior managers on topics of strategic interest; this year these included, for example, issues such as managing climate risk in unchartered waters, and understanding the implications of expanding our footprint into Africa.

This year all divisions undertook a review of their energy usage and presented a comprehensive list of options and corresponding cost implications for mitigation measures; these include the installation of

energy measurement systems, implementation of energy reduction projects and energy training for technical staff and employee energy awareness.

Measurement of Outcomes

- SRI:
 - Oceana is included as a constituent on the Johannesburg Stock Exchange (JSE) Socially Responsible Investment Index (SRI) which is assessed annually. The assessment is made following review of publically available information. Oceana was listed this year, for the 10th consecutive year.

- Certifications:
 - The South African hake trawl fishery continues to perform in line with the rigorous environmental standards of the MSC certification requirements and is MSC certified. Oceana's hake operation has the MSC custody of chain certification. Lucky Star is a member of the International Fishmeal and Fish Oil Organisation (IFFO) and its South African fishmeal plants are certified as IFFO responsible supply (RS) plants.

- Responsible Fisheries Alliance (RFA)
 - During 2014, RFA members completed a generic code of conduct for responsible fisheries in South Africa, which has been signed by all RFA members and provided to all fisheries association for amendment and adoption. Since the inception of the responsible fisheries training programme by the RFA in 2010 more than 650 vessel and prospective vessel employees have attended this training (see detail of completed projects on RFA website¹⁶).

- Southern African Sustainable Seafood Initiative (SASSI)
 - We strive to ensure that all commercial rights harvested are on the Southern African Sustainable Seafood Initiative's (SASSI) green list. All but two of our South African commercial fishing rights fall within the green category of the updated SASSI list. Our rights relating to sole fishery were acquired with the acquisition of Lusitania in 2012; none of these rights were harvested in 2014. The west coast rock lobster fishery is currently on the orange list and is due for reassessment next year. The TAC has been reduced by 17% to ensure recovery of the resource.

South African Commercial Fishing Right	SASSI ¹ category
Anchovy	Green
Pilchard	Green ²
Squid	Green
South Coast Rock Lobster	Green
Horse Mackerel	Green
Deep Sea Hake	Green
Sole	Orange
West Coast Rock Lobster	Orange

- CDP
 - Oceana obtained an improved disclosure score of 97% (2013: 95) in the 2014 CDP South Africa review.
- Environmental Control System Audits
 - Oceana achieved an overall score of 96% for the ECS audits conducted on the land-based facilities and vessels.
- Carbon Footprint
 - Our GHG emissions increased by 15% from the base year FY2013. This is due to the increase of product produced by Lucky Star. A full list of energy reduction initiatives will be included in the 2014 Carbon Footprint Assessment report which will be published on our website.
- Formal policies:
 - Skippers on all our vessels are obliged to abide by formal policies that regulate issues such as which species may be targeted; avoiding catching certain species as a by-catch; 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.

¹ The species on the list are assessed based on the health of the fisheries and are then allocated into a colour category. **Green** Our corporate responsibility investment policy focuses on food security projects within the neighbouring communities in which we operate. represents the most sustainable choice, **orange** indicates reasons for concern and **red** includes **unsustainable** species as well as those that are **illegal** to sell in South Africa, according to the Marine Living Resources Act.

Anti-Corruption

Global Compact 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 4

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. Policies, procedures and internal controls are geared towards entrenching ethical practices throughout the group.

The following policies are in place and have been communicated to employees:

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

The group's code of business conduct and ethics is distributed to all new employees on joining the group and there is regular refresher sessions that addresses the key items covered by the Code.

Implementation

During the year all eligible new employees undergo comprehensive training on Competition law. 532 employees have completed the comprehensive course and the subsequent refresher course.

During the year 297 eligible employees completed training on Anti-bribery and Corruption.

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 530 employees completed the training. All new employees are obliged to undergo this training.

In the new financial year compliance training will continue with new eligible and promoted employees in respect of competition law, code of business conduct and ethics and Anti-bribery and Corruption (incorporating the respective policies).

In an effort to root out fraud, corruption and unethical practices, Whistle Blowers, an independent information gathering company, is available for employees, contractors, suppliers, customers and the public to report illicit activity without repercussion to the whistle blower. A national toll-free number is used to anonymously report any known or suspect inappropriate practices. The whistle blowers facility details are on the Oceana website.

Measurement of Outcomes

During the year and through the Whistle Blowers programme, a total of 16 calls were received requiring no action, three matters were reported requiring investigation and disciplinary action was taken against 1 employee.

During the reporting period, three employees were dismissed for incidents, of which two involved corrupt activities, one involved theft and one employee was dismissed for fraudulent conduct. A further six employees were disciplined for corruption and fraud related offences.

Fraudulent activity was identified at Lamberts bay Foods in the procurement department relating to packaging material. An investigation was launched and the employee implicated in this matter was suspended pending finalisation of a forensic investigation and disciplinary hearing.

Illegitimate representatives of a major customer placed orders that which were delivered to a non-existent distribution centre. The fraud was detected and warrants of arrest were issued for two of the parties implicated. An insurance claim for the lost product was submitted and paid.

December 2014