



Oceana Group Corporate Responsibility Report 2012

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ABOUT THIS REPORT

SCOPE AND BOUNDARIES

Oceana Group's (Oceana) Corporate Responsibility Online Report pertains to the full business operations of the group, which consist of a number of operating subsidiaries in the fishing and commercial cold storage industries in South Africa and Namibia.

The report covers all material and relevant information relating to the social and environmental impact of the group. It reflects the manner in which sustainability has been integrated into the business in accordance with the recommendation of the King III Report on Corporate Governance.

The carbon footprint was assessed and verified for Oceana's South African and Namibian operations as well as the Oceana corporate office in Cape Town. Blue Atlantic Trading has been excluded from the carbon footprint assessment.

Statistics including which relate to the disabling injury frequency rate (DIFR) cover all South African and Namibian operations, including Blue Atlantic Trading and Etosha Fisheries.

The broad-based black economic empowerment (B-BBEE) audit and verification results, as well as the employment equity statistics contained in the human resources review, only includes Oceana and its South African subsidiaries. Non-South African companies and Blue Atlantic Trading were excluded. All South African and Namibian companies were, however, included in the training expenditure figures contained in the human resources review.

REPORTING PRINCIPLES

In preparing this report, Oceana applied the principles contained in the King III Report on Corporate Governance, the Johannesburg Securities Exchange (JSE) Social Responsibility Investment Index (SRI) and the JSE Listings Requirements.

EXTERNAL AUDIT AND ASSURANCE

The B-BBEE scorecard information was verified independently by Empowerdex. The carbon footprint data was compiled independently by Global Carbon Exchange and verified by Moore Stephens. The health and safety risk audits and the environmental control system audits were independently conducted by Marsh Risk Engineering Services.

Information reported, other than that mentioned above, is derived from the group's own internal records and from information available in the public domain.

OVERVIEW AND INTRODUCTION

“In pursuing its strategic objectives the Oceana Group endeavours to integrate sustainability and sustainable practices into all aspects of its business operations. We recognise that our activities have a human, natural and social impact. Our ability to create value is dependent on maintaining and growing access to renewable marine resources, and on developing and maintaining positive relationships with critical stakeholders, most notably with government, employees, customers, investors and local communities. The planet is Oceana's home and the responsible management of the marine environment is critical to its future. We at Oceana recognise that the long-term sustainability of the marine resources that we harvest is critical to our existence. We actively support responsible fishing practices, robust resource management and strict regulatory compliance. We increasingly make efforts to predict, measure and manage our impact on the environment in an effort to reduce this to a minimum. We acknowledge the reality of climate change and have committed to setting both short-term and medium-term emissions reduction targets in line with national and international targets.” – Francois Kuttel, Group CEO

Oceana's long-term sustainability depends on a number of key factors, including ensuring access to sustainable marine resources. To ensure the integrity and soundness of the biomass of fish species that the group harvests, sound scientific knowledge is essential. It facilitates proper management of the fish resource. In addition to supporting research by the Department of Agriculture, Forestry and Fisheries (DAFF), Oceana commissioned independent scientific studies aimed at improving the reliability of the scientific data by providing an accurate reflection of the current status of the marine resources that Oceana harvests. The results of these studies are available online.

Apart from all Oceana's commercial fishing rights falling within the green category of the SASSI consumer list, the South African hake trawl fishery is certified by the Marine Stewardship Council (MSC). The group's commitment to sustainable resource management led to it becoming a founder member of the Responsible Fisheries Alliance (RFA) in 2009.

The year delivered a number of firsts for the group:

- The Oceana Foundation was launched, ensuring a more effective and mutually beneficial investment in the communities in which it operates;
- Its South African fishmeal factories received International Fishmeal and Fish Oil Organisation (IFFO) Responsible Sourcing and Responsible Production Certification;
- Oceana published its carbon footprint report (a first for the industry), it became a signatory of the United Nations Global Compact (UNGC)¹ and it became a signatory to the joint declaration on global action for wild fisheries initiated by The Prince's Charities International Sustainability Unit;
- The group participated for the third year in the Carbon Disclosure Project (CDP) and received a gold award for its inclusion in the Carbon Disclosure Leadership Index (CDLI);
- The results of independent commissioned and published by the *Financial Mail*, a respected business magazine in South Africa, showed that Oceana was the 4th most empowered company listed on the JSE and the 18th top-performing company in South Africa;
- Oceana maintained an independent B-BBEE level 2 rating despite significant changes in the targets for both employment equity and preferential procurement.

The group also retained its JSE's SRI listing for the eighth consecutive year.

The Code of Business Conduct and Ethics (Code) was reviewed during 2012 and a re-awareness campaign conducted for the whistle-blowers programme. The group had no fatalities and the DIFR decreased. During the period under review an actuarial HIV prevalence study was completed.

During the 2012 reporting period a long-term sustainability framework was developed.

The corporate values, approved by the board in the prior reporting period, were launched to the management team with a communications programme rolled out across the group in order to integrate the values into all aspects of the business.

Oceana recognises the importance of engaging with various stakeholders to understand and respond to their particular interests and concerns, while ensuring continued value creation for the group's shareholders. We understand that our business cannot prosper in a failing society and have therefore embarked upon deliberate efforts to assist in improving the socio-economic conditions within the coastal communities in which we operate.

Oceana aims to create and maintain a stimulating, culturally diverse and healthy working environment. As such, the human resource function plays a key role in driving the values and business philosophy of Oceana. The group aims to provide employees with opportunities to use their talents to achieve short-term and long-term goals, as well as to attract, retain and develop high-potential individuals.

In this report we aim to provide further detail to stakeholders regarding initiatives that place the group in the best position to grow with particular focus on social, economic and environmental sustainability and include those relating to human capital development, performance management, employee wellness and industrial relations. It supplements reports by the group strategic services director and group human resources manager included in the 2012 Integrated Report.

UNITED NATIONS GLOBAL COMPACT

Oceana has formally adopted the UNGC ten principles and has been accepted as a participant by the UNGC. Oceana is committed to integrating the ten principles of the Global Compact into the strategy, culture and day-to-day operations of the business, as well as engaging in collaborative projects that advance the broader development goals of the United Nations (UN), particularly the Millennium Development Goals. Performance against these principles will be monitored by the social, ethics and transformation committee. For ease of reference the ten principles are listed below

¹ The UNGC principles are included on page 3.

OVERVIEW AND INTRODUCTION CONTINUED

The principles are:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: Businesses should ensure that they are not complicit in human rights abuses.
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4: Businesses should uphold the elimination of forced or compulsory labour.
- Principle 5: Businesses should uphold the effective abolition of child labour.
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

STRATEGIC FOCUS AREAS

- Ensuring the sustainability of the group's B-BBEE credentials, by continuing to explore mechanisms to increase Oceana's black ownership level and by retaining an independent level 2 B-BBEE rating, with particular focus on:
 - Meeting employment equity targets
 - Promoting skills development
- Protecting current fishing rights by ensuring effective delivery against government expectations
- Managing stakeholder perceptions effectively to develop and maintain a positive reputation across stakeholder groups
- Increasing our focus on environmental sustainability, thereby ensuring our activities comply with the expectations of customers and investors through:
 - Promoting the sustainability of marine resources by encouraging effective research and monitoring, promoting responsible fisheries practices and ensuring compliance
 - Reducing the environmental footprint of our activities
- Maintain the performance of the group's management and staff through:
 - Attracting, developing and retaining the best available talent at all levels within the group
 - Targeting a safe and accident-free work environment
 - Maintaining a zero tolerance policy to any form of harassment or discrimination
 - Ensuring that long-term human capital capacity planning meets the anticipated requirements of the group

B-BBEE CREDENTIALS

MAINTAINING THE GROUP'S B-BBEE CREDENTIALS

Oceana has steadily improved its empowerment credentials with the group being independently verified as not only a black owned, but black-controlled company with a level 2 B-BBEE contributor status with 93,98 points out of 100.

Oceana has had a proactive and focused transformation strategy in place since 2004, aimed at accelerating B-BBEE initiatives in all seven elements of the B-BBEE scorecard.

During the year under review the Department of Trade and Industry (DTI) decided that the six to ten year measurement targets included in the B-BBEE Codes would apply to all companies with a year end after 9 February 2012. This increased the employment equity and preferential procurement targets for 2012 against which performance should be measured. Oceana had anticipated that the new targets would only become effective during its 2013 financial year. Nonetheless, it is pleasing to report that Oceana has achieved an improved score of 93,98 (compared to 93,96 in 2011), has maintained its level 2 B-BBEE status, and has retained a recognition rating of 125% for procurement in terms of the DTI B-BBEE scorecard. This can be attributed to increased internal focus and analysis.

The following scorecard reflects the result of a verification report issued by Empowerdex following the verification, validation and analysis of information provided by the group, and shows the group's performance against the DTI B-BBEE Codes of Good Practice, for the period from 1 October 2011 to 30 September 2012.

B-BBEE CREDENTIALS CONTINUED

B-BBEE SCORECARD 30 SEPTEMBER 2012

Element	Category	Indicator	Weighting points	Oceana points Q4 2012	Oceana level Q4 2012	Oceana verified points 2011	Oceana verified level 2011	Compliance target 2012 – 2017	
OWNERSHIP	Voting rights	Exercisable voting rights in the enterprise in the hands of black people	3	3,00	55,84%	3,00	50,51%	25% + 1 vote	
		Ownership of companies by black people	2	2,00	11,55%	2,00	11,00%	10%	
	Code 100	Economic interest	Economic interest of black people in the enterprise	4	4,00	55,84%	4,00	50,51%	25%
			Economic interest of black women in the enterprise	2	2,00	11,31%	2,00	10,83%	10%
			Economic interest of the following black natural people in the enterprise: ◊ black designated groups ◊ black participants in employee ownership schemes ◊ black beneficiaries of broad-based ownership schemes or ◊ black participants in co-operatives	1	1,00	23,79%	1,00	26,00%	2,5%
	Realisation points	Ownership fulfilment	1	0,00	0,00%	0,00	0,00%	No restrictions	
		Net value	7	7,00	44,63%	7,00	43,03%	25%	
	Bonus points	Involvement in the ownership of the enterprise of black new entrants	Involvement in the ownership of the enterprise of black new entrants	2	2,00	13,41%	2,00	18,74%	10%
			Involvement in the ownership of the enterprise of black participants: ◊ in employee ownership schemes; ◊ of broad-based ownership schemes; or ◊ in co-operatives	1	1,00	21,46%	1,00	26,00%	10%
	Total points = 20								
Score				22,00		22,00			
MANAGEMENT CONTROL	Board participation	Exercisable voting rights of board members who are black adjusted using the adjusted recognition for gender	3	3,00	52,27%	3,00	52,27%	50%	
		Measures effective control by black people	2	1,67	41,67%	1,67	41,67%	50%	
	Code 200	Top management	Black senior top management adjusted using the adjusted recognition for gender	3	2,75	36,67%	2,75	36,67%	40%
			Black other top management adjusted using the adjusted recognition for gender	2	0,42	8,33%	0,42	8,33%	40%
	Bonus points	Black independent non-executive board members	1	1,00	75,00%	1,00	75,00%	40%	
Total points = 10									
Score				8,84		8,84			
EMPLOYMENT EQUITY	Disabled	Black disabled employees as a percentage of all employees using the adjusted recognition for gender	2	1,82	2,74%	2,00	2,27%	3%	
	Measures initiatives intended to achieve equity in the workplace	Senior	Black employees in senior management as a percentage of all such employees using the adjusted recognition for gender	5	2,21	26,56%	2,49	21,43%	60%
		Middle	Black employees in middle management as a percentage of all such employees using the adjusted recognition for gender	4	2,00	37,50%	2,34	37,50%	75%
		Junior	Black employees in junior management as a percentage of all such employees using the adjusted recognition for gender	4	3,07	61,35%	3,49	59,39%	80%
	Bonus point	For meeting or exceeding the EAP targets in each category above	3	0,00	0,00%	0,00	0,00%		
Total points = 15									
Score				9,10	1	10,33			
SKILLS DEVELOPMENT	Skills expenditure	Skills development expenditure on learning programmes for black employees as a percentage of leivable amount using adjusted recognition for gender	6	6,00	3,19%	6,00	3,39%	3%	
		Measures extent to which employers develop the competencies of black employees	3	2,42	0,24%	1,46	0,15%	0,30%	
	Learnerships	Number of black employees participating in learnerships or category B, C and D programmes as a percentage of total employees using the adjusted recognition for gender	6	6,00	8,35%	6,00	10,69%	5%	
Total points = 15									
Score				14,42		13,46			

¹ Due to increase in EE targets, the EE total score decreased.

B-BBEE CREDENTIALS CONTINUED

B-BBEE SCORECARD 30 SEPTEMBER 2012 CONTINUED

Element	Category	Indicator	Weighting points	Oceana points Q4 2012	Oceana level Q4 2012	Oceana verified points 2011	Oceana verified level 2011	Compliance target 2012 – 2017
PREFERENTIAL PROCUREMENT		B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	12	12,00	74,74%	12,00	70,64%	70%
Measures the extent to which companies buy goods and services from BEE entities and black-owned entities		B-BBEE procurement spend from QSE ² or EME ³ based on applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	3	3,00	29,10%	3,00	34,23%	15%
		B-BBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend						
		◊ Suppliers that are more than 50% black owned; or ◊ Suppliers that are more than 30% black women owned	3 2	3,00 1,62	11,98% 5,57%	3,00 1,33	11,09% 3,98%	12% 8%
Total points = 20								
	Score			19,62		19,33		
ENTERPRISE DEVELOPMENT		Average annual value of all enterprise development contributions and sector-specific programmes made by the measured entity as a percentage of the target	15	15,00	9,57%	15,00	15,71%	3% of NPAT
Measures the extent to which companies carry out initiatives contributing to enterprise development								
Code 600								
Total points = 15								
	Score			15,00		15,00		
SOCIO-ECONOMIC DEVELOPMENT	Disabled	Average annual value of all SED ⁴ contributions made by the measured entity as a percentage of the target	5	5,00	1,24%	5,00	1,65%	1% of NPAT
Measures the extent to which companies carry out initiatives contributing to enterprise development								
Code 600								
Total points = 15								
	Score			5,00		5,00		
Overall score				93,98	Level 2	93,96	Level 2	Level 2

¹ LPM – Learning programme matrix

² QSE – Qualifying small enterprises

³ EME – Exempted micro enterprises

⁴ SED – Socio-economic development

B-BBEE CREDENTIALS CONTINUED

A review of each element of the scorecard follows.

OWNERSHIP

Following the increase in the Brimstone shareholding during December 2011, Oceana achieved the status of being verified as a black-owned company. During the 2012 financial period, Oceana maintained its status of being a black-owned company. The status was maintained at the end of the financial year at 55,84% (2011: 50,51%).

The three major shareholders that contributed to Oceana maintaining its black-owned status are Tiger Brands Limited, Brimstone Investment Corporation and the Khula Trust, collectively comprising 66,10% of the group's share capital. Tiger Brands' black shareholding in terms of the DTI's Codes has been determined to be 28,24% with Brimstone and the Khula Trust at 100% black ownership.

The group maintained its score of 22 points on this element.

BLACK OWNERSHIP THROUGH THE KHULA TRUST

Oceana's objective for establishing the Khula Trust was to reflect its commitment to B-BBEE as the Trust secured direct black shareholding in the company; assisted in retaining staff, as black employees acquired a significant stake in the group; and attracted new black talent.

During the year under review, the activities of the Trust included the development of the Khula calendar which was used to communicate key messages about the Trust, and was distributed to all employees; quarterly Khula comics were written and included in Oceana's internal magazine, *Oceana Tidings*; completion of an election process for new employee-elected trustees; and the launch of an advocacy programme which includes identifying employees who will be trained to become advocates for the Trust and protect the interests of the Trust in engagements with government.

Since the establishment of the Khula Trust, it has received R133 million in dividends. During the year employee beneficiaries received a second distribution payment. The total number of beneficiaries in the Khula Trust is 2 016 (2011: 1 999). The percentage of Khula beneficiaries who are female is 36,81%. The Khula Trust, which has three company appointed trustees and three employee-elected trustees (including an independent trustee), met three times during the year.

As Oceana continues to deliver positive growth, it also delivers superior returns to the shareholders who invest in our company as a result of their confidence in our future sustainability and success. This means that the Khula Trust, with its 11,9% shareholding in Oceana, has enjoyed a steady increase in value creation.

At 30 September 2012, the end of our financial year, the market value of the shares owned by the Trust was R761 million. This pre-tax value of the Khula Trust to employee beneficiaries, which excludes the amount due to the corporate beneficiaries of R176 million, amounts to R585 million. It is very pleasing to note this significant capital value which has accrued to all employee beneficiaries.

MANAGEMENT CONTROL

The focus in the area of management control was to maintain or to improve the black representation at board and senior executive level. Oceana was able to maintain 8,84 points achieved for 2012 (2011: 8,84).

EMPLOYMENT EQUITY (EE)

As mentioned earlier, the revised and stricter six to ten year measurement targets for EE, were applied during the 2012 audit. There was an overall improvement in the representation of black managers which resulted in the sub-minimum score of 40% for each management category being met. This allows a score to be awarded per category. Despite the increased targets, Oceana has managed to achieve a score of 9,10 for 2012 compared to a score of 10,33 for 2011. Employment equity remains an area that will receive increased focus to ensure that the B-BBEE targets are met, particularly in light of the anticipated changes to the B-BBEE Act and Codes.

Further detail regarding EE progress and initiatives is included in the human resources report which follows.

SKILLS DEVELOPMENT

During 2012 there was continuing focus on the training of employees with particular emphasis on black females and black disabled employees. Training expenditure on black females increased from R4,8 million in 2011 to R5,6 million in 2012, while the expenditure on black disabled employees increased quite significantly from R380 000 in 2011 to R643 000 in 2012. This contributed to an increased score for the skills development element from 13,46 in 2011 to 14,42 in 2012.

Further detail regarding skills development progress and initiatives is included in the human resources report which follows.

PREFERENTIAL PROCUREMENT

Preferential procurement has been fully integrated into the daily activities across the group. During 2012 focus was directed towards increasing spend with suppliers who are at least 50% black and 30% black women owned. Some of the activities undertaken to ensure this focus included quarterly monitoring, a review of the current B-BBEE procurement policy and development of a common group supplier database to ensure visibility of suppliers.

During the period under review, procurement with B-BBEE enterprises, stated as a percentage of group's total procurement spend was maintained above the 70% level, although the preferential procurement targets increased from 50% to 70%. Expenditure with B-BBEE suppliers increased from R872,8 million in 2011 to R1,1 billion in 2012. Expenditure with black female owned suppliers increased from R49,1 million in 2011 to R87 million in 2012.

Oceana achieved an increased procurement score of 19,62 in 2012, compared to 19,33 in 2011.

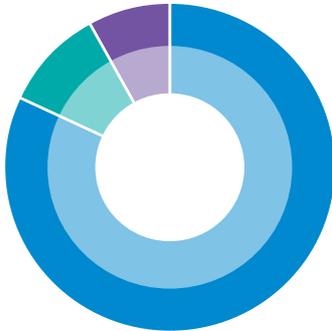
ENTERPRISE DEVELOPMENT

Oceana and its subsidiaries are committed to its partnerships with enterprises through joint ventures (JV) and supply agreements in the fishing industry. The group currently has 13 JVs and vessel co-ownership arrangements which involve 30 partners and 168 processing, marketing and supply arrangements in the pelagic, west coast rock lobster, horse mackerel, south coast rock lobster, hake and squid sectors.

The Codes of Good Practice set a target of 3% of net profit after tax for achieving the maximum score for the enterprise development element, which Oceana has achieved annually. In 2011 Oceana spent R35,3 million on enterprise development initiatives, compared to R32,5 million in 2012. The initiatives included loans, advances, discounts, free rental and administration support to black-owned entities. A breakdown of the type of enterprise development initiative and its contribution to the overall expenditure is listed below:

B-BBEE CREDENTIALS CONTINUED

ENTERPRISE DEVELOPMENT INITIATIVES FOR 2012



- Loans and related initiatives (advances, outright quota purchas, insurance commision) (82%)
- Fleet and administration support (10%)

GEOGRAPHICAL SPLIT



- Cape Town (34%)
- St Helena Bay (31%)
- Hout Bay (19%)
- Lambert's Bay (13%)
- Other (3%)

SOCIO-ECONOMIC DEVELOPMENT

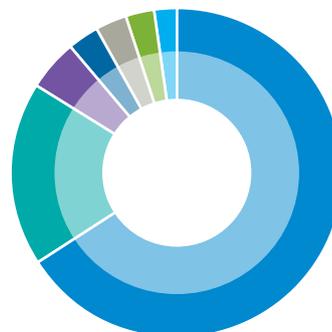
Oceana is committed to spending at least 1% of its net profit after tax on qualifying socio-economic development beneficiaries. Following the establishment of the Oceana Foundation, 80% of this budget is managed centrally with decisions made in respect of flagship projects investigated. The rest of the budget is spent at the discretion of the subsidiary companies. During the 2012 financial period, 1,24% was distributed to beneficiaries that have a black base of 75%.

During the year various projects were undertaken in South Africa by the Oceana Foundation which included the refurbishment and upgrading of schools infrastructure in Hout Bay, St Helena Bay and Lambert's Bay; the donation of minibuses to assist these schools with transporting pupils and teachers, given their often remote locations and partnering with Stop Hunger Now South Africa (SHNSA), an organisation focused on alleviating hunger within needy communities, in both meal packaging events and distribution of food parcels.

The pie chart below reflects the geographic split in expenditure for the Foundation for the year:

A breakdown of the socio-economic development programmes by category supported for the financial period 2012 is listed below:

SOCIO-ECONOMIC DEVELOPMENT INITIATIVES FOR 2012



- Education (66%)
- Food security (18%)
- Other (5%)
- Welfare (3%)
- Environmental conservation (3%)
- Community and rural development (3%)
- Sports development (2%)

CORPORATE SOCIAL INVESTMENT

In making social investments, Oceana strives to foster long-term partnerships that will ultimately contribute towards transforming and uplifting the coastal communities in which we operate. The policy aims to focus the group's efforts on sustainable projects within the west coast fishing communities in which it operates. Oceana's corporate social investment (CSI) expenditure is directed towards initiatives and programmes in education and food security. The criteria set for evaluating projects include that:

- It should result in a tangible and sustainable impact on the relevant community.
- It should foster partnerships with community organisations to maximise funding benefits and build organisational capacity.

LAUNCH OF THE OCEANA FOUNDATION

The Oceana Foundation was established during 2012 to consolidate the overall management of CSI expenditure by the group and its subsidiary companies to achieve greater impact. The launch event was held in March in St Helena Bay with a key note address delivered by the Deputy Director-General (DDG) of the DAFF. Three minibuses were handed over to the principals of the following schools at the event:

- St Helena Bay Primary School
- PW de Bruin Primary School (located in Lambert's Bay)
- Sentinel Primary School (located in Hout Bay)

In addition, sports kit was handed over to the St Helena Bay Primary School's netball team selected to participate in a National Championship Tournament.

EDUCATION

Projects supported during 2012 include:

- Tertiary School in Business Administration in Cape Town received R300 000 to support their library;
- Sentinel Primary School in Hout Bay received support in the form of a minibus, refurbishment of school buildings, furniture and training for teachers on interactive Smart boards;
- St Helena Bay Primary School in St Helena Bay received support in the form of a minibus, refurbishment of school buildings, and training for teachers on interactive Smart boards;
- Steenberg Cove Primary School in St Helena Bay received air conditioners for mobile classrooms;
- PW de Bruin Primary School in Lambert's Bay received support in the form of a minibus and training for the educators on the interactive Smart boards;
- Masiphathisane Primary in Vredenburg received support in the form of the installation of an intercom system, kitchen utensils, kitchen equipment, clearing of school grounds and installation of a jungle gym.
- Funding for the transport of learners to and from school in St Helena Bay;
- The group is a large employer in Walvis Bay, Namibia, and therefore invests significantly in projects within various communities. Both the Unity Community Trust and Arechanab Community Trust are aimed at advancing the cultural, social and educational needs of various communities.

FOOD SECURITY

During 2012, SHNSA launched the Outcomes Based Feeding Support (OBFS) programme in the Western Cape, which is aimed at working with under-resourced Early Childhood Development (ECD) centres to ensure one nutritional meal per learner per day. It also strives to help the ECD centres develop their facility to qualify for full registration with the Department of Social Development and meet all the requirements of the Child Act. Given its commitment to food security, Oceana partnered with Stop Hunger and packaged 87 240 meals through various projects including:

- A meal packaging event with employees based in St Helena Bay. The packaged product was distributed to non-profit organisations (NPOs), including Call to Serve in St Helena Bay, Hondeklip Bay Help soup kitchen in Hondeklip Bay, Huis van Liefde home for the elderly in Lambert's Bay and four crèches (Life Day Care Centre, Siyazama Daycare, Kuyasa Playgroup and Thuso One Stop in St Helena Bay).
- A meal packaging event with employees based at Oceana House in Cape Town was held in honour of Mandela Day with employees giving 67 minutes of their time. The packaged product was distributed to four crèches in Hout Bay (Angel Starfish, Noluthando Silindokuhle, Zizamela and Vukuzenzele).
- A second meal packaging event with employees based in St Helena Bay was held in support of World Food Day on 16 October 2012. The packaged product will be distributed to further support the four crèches identified in the St Helena Bay area.
- Oceana Foundation also funded a public event where volunteers were recruited from the SHNSA database of volunteers to package meals.
- A packaging event was also held in Kenilworth, Cape Town in support of World Food Day.

Extensive support by way of donations of canned fish products was given to schools, crèches, NPOs as well as many shelters for the homeless and feeding schemes and soup kitchens in Lambert's Bay, Elands Bay, St Helena Bay, Hout Bay, Cape Town and Johannesburg. The product donations were valued at an amount of R682 449 and fed approximately 172 069 beneficiaries.

ENVIRONMENT

Oceana supports various voluntary associations such as the National Sea Rescue Institute (NSRI), as well as the National Business Initiative's Climate Change and Energy Programme.

PROTECTING CURRENT FISHING RIGHTS

A reduced volume of marine resources available to the group is the principal risk facing the business. The group's empowerment credentials and stakeholders' perception thereof are critical in managing Oceana's ability to protect its current fishing rights while securing the opportunity to acquire additional rights in South Africa and Namibia.

Within an industry that is highly regulated and where access to marine resources is governed through a competitive application process, it is critical to ensure that the group's operations comply with government expectations, whether it relates to compliance with regulations or policy criteria. A continuing focal point in securing fishing rights for the group remains the assessment of transformation and whether a broad-based approach in line with the B-BBEE Codes or a narrow approach focused only on black ownership should be applied in the fishing sector.

Oceana believes that the B-BBEE Act and Codes were promulgated to provide certainty to the country and the economy regarding the measure to be applied for broad-based transformation. Oceana believes that the private sector has an obligation to help government achieve its objective of economic growth and job creation through complying with the B-BBEE Act and Codes. By adopting this approach, the benefits of doing business flow to communities, the skills levels of employees are improved, and new black-owned enterprises can be developed and supported by means of enterprise development and preferential procurement.

Oceana has implemented a broad-based approach to implementing transformation within the group and has done so since 2004. This approach has led to Oceana being rated independently as a black-owned and black-controlled company with commendable empowerment credentials.

Oceana had brought an application for the legal review of government's policy on the transfer of commercial fishing rights (the transfer policy) during 2009 in the Western Cape High Court, which was unsuccessful. The appeal was heard in the Supreme Court of Appeal (SCA) during March this year and dismissed. Oceana's primary legal challenge was that the transfer policy was inconsistent with the B-BBEE Act and Codes in that it required a narrow assessment focused only on ownership and management control, and that the Minister of Agriculture, Forestry and Fisheries and the department were legally obliged to apply the Codes when determining qualification criteria for the transfer of commercial fishing rights. Regrettably, the SCA dismissed Oceana's challenge. The SCA adopted a very narrow interpretation of the Codes and found that no relevant Codes have been issued yet that apply to the granting of licences, concessions or other statutory authorisations.

MANAGING STAKEHOLDER ENGAGEMENT

Oceana acknowledges that engagement with its stakeholders is critical to improve their understanding of the group's commitment to the highest standard of ethical and sustainable business practices, as well as to enhance the group's reputation.

Its key stakeholders are diverse and range, from employees, consumers, customers, suppliers, standards generating bodies, media, business and JV partners to government and local community members.

Far-reaching social changes and challenges which impact many of the company's stakeholders, such as the economic downturn, continuing high poverty levels in coastal communities and limited public service delivery, plainly reflect the need to consider the impact of our operations in a broad societal context.

Maintaining positive relations with all of its neighbouring communities is crucial to creating and sustaining value, and is a particular priority for the group. During the year under review, the group strengthened its focus on stakeholder engagement, and ensured more effective co-ordination of its CSI initiatives with the aim of improving the socio-economic conditions within the coastal communities in which it operates.

Significant effort was made to increase proactive communication with all stakeholders and ensure visibility of the group within its operating areas.

The latter included the production and erection of name boards at local schools, as well as branding vehicles donated to the schools by the Oceana Foundation.

Oceana engages in meaningful stakeholder engagement with the aim of mitigating potential risks and, where possible, identifying new opportunities, such as support for local business ventures while implementing social investment initiatives.

Oceana participates in FishSA to ensure that a credible voice for the fishing industry is established. Oceana participation in relevant industry forums increased.

A community forum in St Helena Bay was established in 2012 and two forum meetings have been held. Attendees included the district municipal officials, provincial air quality officials, community representatives and senior management from Oceana. Issues discussed at the meetings included odorous emissions, occupational health, employee absenteeism, noise and hydrogen sulphide levels from the processing of raw fish. Oceana advised attendees that the results of an independent survey of its hydrogen sulphide levels showed that they are below the requirements of the provisional Atmospheric Emissions Licence (AEL) which it currently holds.

TABLE OF KEY STAKEHOLDERS

The table below outlines the group's key stakeholders, their relevance to the group and perceived expectations, as well as the way in which Oceana managed its relationship with them.

Stakeholder	Relationship to Oceana	Expectations of stakeholder	How managed by Oceana
Shareholders – current and prospective	Owners and providers of capital	Security of investment Optimal earnings and distributions Ethical operations on a sustainable basis, with long-term real growth in performance	Strong board and executive leadership Good corporate governance practices Succinct reporting via Securities Exchange News Service (SENS), website, hard copy and presentations Enhanced communication via advertising, face-to-face engagement, events and increased media coverage
Employees	Employment and service agreements	Safe, healthy and congenial working conditions Market-related terms of employment and remuneration Job security, satisfaction and recognition Opportunities for skills acquisition, career development and empowerment Staff benefits, superannuation funds, health awareness, life skills	Oceana Group Code of Business Conduct and Ethics, and board-approved Employment Equity Policy and B-BBEE targets Compliance with employment legislation and B-BBEE Codes Skills training and development HIV/Aids awareness and well-being initiatives Quarterly reporting to board on progress in achieving B-BBEE targets Disciplinary procedures for, inter alia, contravening terms of Code and group policies Reporting through staff associations and <i>Oceana Tidings</i> (corporate printed publication), intranet (SharePoint), electronic bulletins, face-to-face engagement and events
Customers and consumers, including individuals, retailers, wholesalers, importers, exporters, restaurants, makers of food products, balanced-feed manufacturers, pet owners	Human consumers of finished food products (including Lucky Star canned fish), horse mackerel, hake, lobster, squid; buyers of fishmeal and fish oil for balanced animal feeds Owners of pets fed with Lucky Pet products Cold storage and stevedoring customers	Provision of ethical products and services in terms of safety, quality, origin of ingredients, grading, consistency, reliability Competitive prices, continuity of supply, product information	Business operations conducted with integrity Policies and procedures regarding fishing, manufacturing, distribution and sales implemented Compliance with laws, regulatory protocols (DAFF, Inspectorate Division of Ministry of Fisheries and Marine Resources (Namibia), NRCS, MSC, ISO, SAMSA) Enterprise-wide risk identification and management system Independent audit and checking of processes and quality; market and customer surveys; group and divisional websites with product information, contact details and helpline numbers Prompt attention to and follow-up of enquiries and complaints Regular direct contact with major customers, locally and abroad

MANAGING STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder	Relationship to Oceana	Expectations of stakeholder	How managed by Oceana
Business partners and suppliers of goods and services, including vessels and gear, fish and fish products, plant and machinery, ingredients, cans and packaging, transport, banks, suppliers of financial and advisory services, independent contractors	Business partner/purchaser of goods and services	Integrity in business relationship Continuity of positive business relationship Commitment to and progress in furthering B-BBEE procurement	Group-wide Code of Business Conduct and Ethics, with supplementary policies Qualified and experienced management with appropriate skills to negotiate, conclude and manage contracts and relationships Monitoring B-BBEE procurement levels of suppliers and partners Regular direct communication with major suppliers Formal procedures in place for handling of queries and complaints Preference for expeditious and practical dispute resolution
Local communities, particularly in west coast towns, for example Walvis Bay, Lambert's Bay, St Helena Bay, Hout Bay	Significant dependence on presence and performance of Oceana activities Impact on local environment and resources of Oceana activities	Operations will be conducted in a safe and lawful manner Management will be attentive in identifying and responding to issues of legitimate local concern Consultation with local community	Consultation and communication with local communities, schools and local government through formal and informal processes Responding to media interest and enquiries to facilitate wider communication Prompt attention to dispute resolution Updated corporate website Enhanced communication via advertising, <i>Oceana Tidings</i> (sent to select beneficiaries), face-to-face engagement and events
Standards generating bodies/regulators, including DAFF, JSE, NSX, NRCS, SAMSA, SARB, DAFF, Directorate of Maritime Affairs, Ministry of Fisheries and Marine Resources Accreditation: EU, HACCP, JPQ, FDA, MSC, Beth Din, Halaal, Heart and Stroke Foundation, Diabetes SA, FEMAS, IFFO RS Alignment with: ISO 9001:2008	Obligation or election to comply with laws and rules	Full compliance with laws/regulations/accreditation	Clear designation and appointment of executive and management responsibility for ensuring compliance Continuing training and education of those tasked with ensuring compliance Implementation of internal formal compliance and reporting procedures, to board level where appropriate Immediate response to and resolution of queries or instances of non-compliance Meeting with representatives of regulators, submitting prescribed returns, participation in industry technical working groups
Media	Reporting on group activities and performance, as well as products/consumer issues	Receipt of quality information of interest to stakeholders and general public Integrity and promptness in responding to queries and controversy Accessibility and willingness to engage Supporting the media's role in society by way of advertising	Terms of the Oceana Group Code of Business Conduct and Ethics Compliance with JSE and NSX reporting rules Informative, updated websites, including JSE SENS announcements Invitation to media to attend events, press releases Responding to media queries in a timely and appropriate manner Development of positive relationships with media representatives Updated corporate website Improved proactive communication via face-to-face engagement

MANAGING STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder	Relationship to Oceana	Expectations of stakeholder	How managed by Oceana
Government – national, provincial, local authorities	Lawmakers Monitors of compliance with laws and regulations Receivers of taxes, levies, rates	Compliance with laws, submission of returns, payment of taxes Consultation and communication on issues of public interest and concern Generator of employment Good contribution towards B-BBEE Codes Responsible use of natural resources	Terms of Code of Business Conduct and Ethics Formal policies and operating procedures, with audits, to facilitate compliance Improving skills and ability of employees to secure compliance Prompt response in instances of non-compliance Regular direct engagement with authorities Disciplinary action for non-compliance Reporting at senior management and board level on non-compliance and/or penalties Updated corporate website Enhanced communication via advertising, events, <i>Oceana Tidings</i> and increased media coverage
Trade unions South Africa: FAWU, TALFU, NCFAWU, UDF & CWU Namibia: NAFAU and NATAWU	Represents groups of employees in negotiating employment terms	Willingness to negotiate	Recognition agreements Wages and conditions negotiated via industry bodies and/or relevant unions at plant level Regular communication through employee forums Disciplinary and grievance procedures Enhanced communication via advertising, events and increased media coverage
Other industry players in South Africa and Namibia	Counterparts in commercial fishing, French fries and cold storage industries	Full compliance with laws and regulations governing the industry	New fishing industry body, FishSA, created collectively to address and respond to issues of mutual concern Participation in and membership of relevant industry bodies and associations, for example, Responsible Fishing Alliance (RFA); West Coast Rock Lobster Association; Global Chain Alliance Updated corporate website Enhanced communication via advertising and increased media coverage
Civil society and society at large	Business activity as it affects the economy, society and natural environment	Expects the company to operate as a responsible corporate citizen	Adherence to relevant laws and commitment to responsible and sustainable business practices Terms of Code of Business Conduct and Ethics Formal policies and operating procedures, with audits, to facilitate compliance Active participation and investment in communities Updated corporate website Enhanced communication via advertising and increased media coverage

FOCUS ON ENVIRONMENTAL SUSTAINABILITY

Companies globally are challenged to balance competing demands such as increasing shareholder value with sustainable business practices. As such, Oceana Group recognises that practices introduced today have a long-term impact on the environment and future generations.

During 2012 Oceana developed a revised strategy to manage its impact on the environment. The key thrusts of the strategy are to promote the sustainable management of marine resources; ensure sound management of the group's impact on climate change; and develop a long-term focus towards achieving a carbon neutral environment.

POLICY AND STRATEGY

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. Policy and strategy are outlined in the table below:

Policy	Strategy
Contribute to research and knowledge on resource usage and effects of fishing; broaden environmental knowledge	<ul style="list-style-type: none"> Participate in data capture, research with DAFF, universities, technical working groups, seminars and workshops. Assist conservation groups, eg SANCCOB Subsidise educational and awareness initiatives Training of employees Public reporting of performance and data research; reports in <i>Oceana Tidings</i> magazine
Utilise, harvest and procure resources in a sustainable, efficient and environmentally responsible manner	<ul style="list-style-type: none"> Develop knowledge of and training in, new technology, recycling, global warming effects, and best practices Progressive, affordable upgrading of vessels and plants, equipment and operating systems Implement improvement targets on usage and key performance indicators (KPIs); monitoring and reporting on progress/achievement Develop a system to monitor and report on sustainable marine resource practices used in geographies in which the group sources and/or procures
Achieve compliance with laws, best practices and standards in business operations	<ul style="list-style-type: none"> Investigate best practices and standards in all business operations, as well as compliance training for all employees Develop knowledge of best practices in other fisheries and relevant processes Conduct independent monitoring, audits, risk reviews to enhance the process of achieving compliance
Reflect national and international policies, regulations and targets	<ul style="list-style-type: none"> Set short-term and medium-term greenhouse gas (GHG) emission reduction targets for all operations Set long-term targets in line with international guidelines for all operations
Assist upgrading of and improvement to operating environment	<ul style="list-style-type: none"> Approve and implement policies and operating procedures to keep ocean and workplaces clean and safe Focused training for skippers and crew on marine environmental responsibility Participate in community interventions for cleaning coastal areas, tree planting, water conservation
Comply with procedures to prevent significant pollution or degradation	<ul style="list-style-type: none"> Frame operating procedures towards this objective, including waste stream management Establish procedures, train and equip formal reaction units to combat spills, leaks and accidents, with restoration Improve technology in processing plants

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

COMMUNICATION AND TRAINING

Oceana's Environmental Policy includes the development of skills and awareness concerning environmental issues and responsibility among employees. Compliance with the Environmental Policy, along with other formal policies, is a condition of employment with the possible consequence of disciplinary proceedings for non-compliance.

Awareness is promoted through a variety of channels, including:

- Articles on environmental issues in the *Oceana Tidings* magazine
- Maintaining environmental risk registers and quarterly reporting
- Regular fleet meetings that include skippers and vessel crews
- Presentations
- Initiatives and competitions among employees, resulting in the establishment of environmental awareness and improvement groups at operating level
- Environmental committees at larger operational sites
- Inclusion of environmental training in annual induction training for larger operational sites

During 2012, Oceana trained 100 sea-going employees in responsible fishing practices. A sustainability training matrix was developed to enable a standardised approach to sustainability training across the group. This training matrix will be implemented from 2013.

SUSTAINABILITY FORUM

As part of the governance structure within the group, a sustainability forum was established with formal terms of reference. It comprises senior operational managers who engage with divisional operational management to facilitate implementation and management of policy. The terms of reference of the forum are as follows:

- Promote understanding of environmental issues requiring attention
- Identify disciplines where initiatives would have the most impact
- Make recommendations on strategies, targets, projects and efforts

The forum held four meetings during the reporting year and focused on employee wellness; training and development; the health and safety of employees; corporate social investment (CSI); stakeholder engagement; reviewing the status of natural resources, reviewing divisional environmental risk registers; development of internal environmental control systems (ECS) for vessels and assessing internal land-based ECS; permits and licences; climate change; GHG emissions; efficient use of non-renewable resources; water conservation initiatives; reduction of energy usage; and recycling.

SUSTAINABLE FISHERIES

Oceana promotes the sustainability of marine resource by adhering to responsible fishing practices, stakeholder engagement, as well as collaborative value creation through partnerships focused on establishing an ecosystem approach to fisheries management. Oceana will continue to implement actively responsible fishing practises and participate effectively in scientific working groups in 2013. A system for reporting all fish harvested and procured globally will be implemented to increase the focus on the global sustainability of the marine resource.

MEMBERSHIP OF THE RFA

Now in its fourth year of existence, the RFA continues to ensure that all stakeholders understand and support the implementation of an ecosystem approach to fisheries management in South Africa. The RFA comprises World Wide Fund for Nature (WWF) South Africa and four other major commercial fishing operators, namely, Oceana Group, I&J, Sea Harvest and the Viking Fishing group. The RFA reviewed its activities to date in June 2012 and, inter alia, noted the following:

- Investment of R750 000 made by RFA members since inception.
- Completion of six projects, which included an inshore trawl by-catch management project; offshore observer programme; Rory line implementation project; the development of a bird mitigation plan for the hake trawl fishery; a seabird energetics project; and a responsible fisheries training programme
- Two hundred fishers trained in responsible fishing practices since 2011
- One significant policy was influenced, which impacted the hake deep-sea trawl permit condition positively
- RFA hosted three events

COMMERCIAL RIGHTS MEASURED AGAINST SASSI GREEN LIST

Oceana Group prides itself on the fact that all its commercial fishing rights fall within the green category of the updated SASSI list, which guides consumers about sustainable seafood choices. The species on the list are assessed based on the health of the fisheries and are then allocated into a colour category. Green represents the most sustainable choice, orange indicates reasons for concern and red represents unsustainable fish populations that are illegal to buy and sell.

PRINCE'S CHARITIES SUSTAINABILITY UNIT

Oceana became a signatory to the joint declaration on global action for wild fisheries initiated by The Prince's Charities International Sustainability Unit.

STATUS OF THE SOUTH AFRICAN AND NAMIBIAN FISHERIES RELEVANT TO OCEANA GROUP

The continued availability of the marine species harvested by Oceana Group is fundamental to the sustainability of the business, as well as satisfying the expectations of stakeholders. Oceana's leadership continues to take a close interest in the body of knowledge and research regarding marine resources and reasons for changes in the biomass and availability of species. Equally important is the management of marine resources, in particular the methodology adopted in determining the total allowable catch (TAC) and the process of allocating quotas. The success of these processes depends on the availability of reliable data and the honesty of purpose in deliberation and decision-making.

Consultation with government departments, academia and industrial technical working groups enables Oceana to contribute to and benefit from a wide source of knowledge and experience, supplemented by reference to published material concerning marine life and factors affecting it.

An extensive independent research report is available in the sustainability section of the corporate website (www.oceana.co.za), which provides data and conclusions regarding the status of species that the group harvests.

WEST COAST ROCK LOBSTER

The west coast rock lobster resource is managed by means of an Operational Management Procedure (OMP) for the determination of the global TAC. Key inputs into the OMP each year are the commercial catch-per-unit-of-effort (CPUE), separately for hoopnet and trap fishing; the Fisheries Independent Monitoring Survey (FIMS) index; and somatic growth rates. The global TAC is divided between different sectors of the fishery (nearshore, offshore, interim relief, recreational), each of which is further divided and allocated by super-area. The TAC for the 2012/2013 fishing season will be determined by a new OMP formula, which has been finalised subject to modifications. The final TAC depends on the actual performance of the CPUE, the FIMS and the somatic growth rates. The most recent CPUE has shown declines at Port Nolloth, although the medium-term trend is still upwards. Perhaps more notably, CPUE has been poor at Dassen Island in the 2011/2012 fishing season. Other areas show stable or increasing CPUE trends, which is encouraging. Lobster moult increments have also been stable, except for the Port Nolloth area. Independent surveys show stability in general, except for Dassen Island where there is either an availability or catchability downturn, or abundance has declined.

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

SOUTH COAST ROCK LOBSTER

The south coast rock lobster fishery is managed by a combination of output controls in the form of a TAC and input controls in the form of a total allowable effort (TAE). The TAC is the primary control measure. The TAE, based on a fishing day allocation, is a secondary measure and will seldom be an active constraint, ie the probability that the number of fishing days will be insufficient is slight. The prevailing OMP will be applied for one more year to the 2012/2013 TAC. The most recent CPUE data available for management of the resource are the data for the 2010/2011 fishing season. These data indicate a moderate increase in overall CPUE by about 15%, compared to the 2009/2010 level. As a result it is expected that a very slight increase in the TAC may occur for 2012/2013, but not nearly as much as the 15% increase seen in the CPUE trend.

SQUID JIGGING

The squid catch rates plummeted in 2012. Some operators report that the 2012 catch rates are only about 50% of levels experienced in 2011. On the positive side, these poor catch rates have led to increases in international market prices. A scientific bottom trawl survey was conducted in September 2012. The results are expected to provide some insight into the status of the squid biomass and the poor performance of the fishery in 2012. However, this resource is predominantly based on recruitment to the fishery each year, which is highly variable, so the most likely causal factor for the downturn is poor recruitment. Given this situation, one generally expects to see the occasional poor year of fishing.

As in 2011, a significant amount of the scientific research focus was directed at considering the environmental impact assessments (EIA) related to the possible nuclear power plant at Thyspunt, which is one of three sites under consideration. The construction phase involves the release of substantial amounts of material at sea in the vicinity of squid fishing and spawning grounds. This situation is of considerable concern to the industry and a process of consultation with the company contracted to carry out the EIA is underway. A further development for the squid jigging industry is proposals for mining activity close to the habitat of squid, most notably to carry out phosphate mining in the vicinity.

HORSE MACKEREL

1. Namibian horse mackerel

If all the survey results and available information on horse mackerel in the region are considered, there is an estimated biomass of some 100 000 tons in southern Angola, about 1 million tons in Namibia and a further 400 000 tons in South Africa (west and south coast). Care should be taken interpreting such results and several different estimation methods are applied. The data, however, show that horse mackerel is a major contributor to the fish biomass in the region (at least 1,5 million tons) and is probably the largest source of fish protein in Africa, making it a key source of food security. Horse mackerel management between the three countries is therefore one of the highest priorities for the Benguela Current Commission (BCC), which is based in Swakopmund, Namibia.

With the most recent increase in abundance indices in Namibian horse mackerel, the stock was estimated to be in a good condition. Presently the stock status is estimated to be around the maximum sustainable yield (MSY) level of between 250 000 and 300 000 tons. For the 2012 fishing season, a TAC of 320 000 tons has been issued.

2. South African horse mackerel

Several fisheries exploit horse mackerel in South Africa. On the south coast, adults are targeted by the midwater trawl fishery and are also caught as a by-catch by the hake-directed trawl fishery. On the west coast, juvenile horse mackerel is a by-catch in the purse seine fishery for sardine and anchovy (Figure 1). The midwater trawl fishery has been managed using a constant catch strategy since 2001 and a precautionary maximum catch limit (PMCL) is set for adult horse mackerel on the south coast only. This is the principle target of the *MFV Desert Diamond*. This vessel, catching for the Oceana Group (Blue Continent Products), fishes the combined allocations of the majority of the rights holders in the midwater sector.

The precautionary upper catch limit (PUCL) has been maintained at 44 000 tons in recent years and accommodates both midwater effort and by-catch in the hake-directed demersal trawl sector. A recommendation based on recent commercial catches and research data is to increase the midwater allocation of 31 500 tons by 10% per annum or to decrease it by a possible 15% if the CPUE and research data prove negative.

A PUCL of 5 000 tons has been set for the small pelagic sector in recent years. In late 2011 and early 2012 this catch limit for the small pelagic sector was problematic. With increasing volumes of juvenile horse mackerel being caught by the purse seine vessels on the south coast, as well as a noticeable increase in the abundance of juveniles on the west coast, fishers found it increasingly difficult not to exceed the 5 000 tons catch limit (due to incidental catches). This precautionary catch limit was subsequently temporarily increased to 12 000 tons. A new management procedure to accommodate the variability in juvenile abundance has been agreed upon and will be implemented following acceptance by resource management. This management protocol is based on a three-year PUCL of 18 000 tons. Each year's catch in the cycle will be deducted from the 18 000 tons.

HAKE

Maintaining research surveys and the data collected from these surveys are of utmost importance for the ongoing management of the hake fishery. The DAFF is responsible for the management of South Africa's hake stocks. Since 1986 DAFF (formerly Sea Fisheries Research Institute and Marine and Coastal Management) has been conducting biomass surveys on the west and south coast using the research vessel, *FRS Africana*. These biomass results are essential inputs into the annual stock assessment of both hake species and are also combined with the CPUE of the commercial trawling fleet. These surveys have normally taken place on the west coast in January and on the south coast in May. Although these are only "snapshots", they provide critical input into the stock assessments. It is for this reason that the fishing industry expressed concern when, at the end of 2011, the current fisheries patrol and research fleet was embroiled in controversy and was effectively handed over to the South African Navy. As these surveys are independent, it is vital to maintain a consistent time series of data as an indicator of relative abundance of the two hake stocks.

Two critical areas of research are the collection of hake gonads for staging of reproductive capacity and the collection of otoliths for ageing hake. The South African Deep-sea Trawling Industry Association (SADSTIA) has initiated a research programme deploying observers on industry trawlers to collect gonad data year round. When these data are consolidated they should enhance the knowledge on hake spawning behaviour.

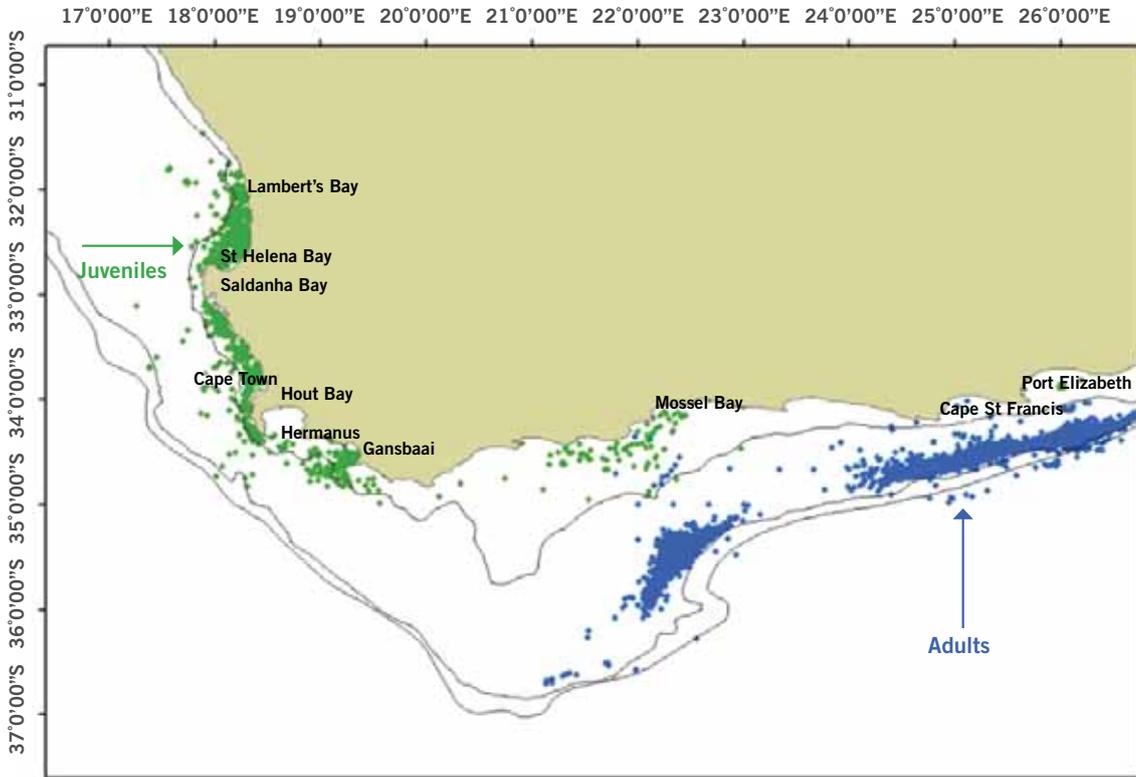
The gap created in the data due to the cancellation of the research surveys can therefore have a critical impact on the management of the hake stocks. Although methods are used to compensate for missing data, any recurrence will increase the uncertainty in the stock assessments.

The hake OMP model estimate the shallow-water hake to be above the MSY and the spawning biomass at about 47% of the initial (unexploited) spawning biomass. MSY is referred to as a "target reference point". The *M. paradoxus* stock, on the other hand, is estimated to be below the MSY level and well below the unexploited spawning biomass. For this reason, management of both species is conservative and aimed at recovery of the deep-water hake as well as maintaining the relative status of the shallow-water hake at or above MSY. Although the stock assessment is done separately for the two species, the overall TAC is specified as a combination of the two. For 2012 the TAC increased by 9% from 131 780 tons in 2011 to 144 741 tons in 2012.

The fishing industry continues to work closely with the DAFF to support a high level of scientific work and to promote strongly the continuance of sea-based research. The industry itself has also developed an ongoing sea-based research programme using independently deployed scientific observers.

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

FIGURE 1: Observer data showing the distribution of juvenile horse mackerel (primarily on the west coast) and adults on the south coast.



SMALL PELAGIC

The South African pelagic fishery is a limited-access, rights-based fishery, based on three species: sardine, anchovy and round herring. These species are found in South African waters ranging from the Orange River in the west to Port Alfred in the east and are caught with a mixture of wooden and steel-hulled purse seine vessels. Anchovies and round herring are reduced to fishmeal, whereas most of the sardines caught are canned, although some are marketed as fresh fillets or bait.

Sardine and anchovy are known as forage fish and they play a crucial role in marine foodwebs in many ecosystems. The South African government is committed to an ecosystems-based approach to fisheries management. Over the past five years much progress has been made in attempting to incorporate into the management procedures the needs of at least some of the top predators in the ecosystem that depend on forage fish, for example, penguins.

The joint South African pelagic OMP was developed specifically to deal with the risks inherent in fishing for short-lived species, such as sardine and anchovy, in the highly dynamic and changeable marine environment, which characterises our temperate waters where these two species are found in great but fluctuating abundance. The duty cycle of an OMP is usually only four years before it has to be revised. The OMP revision started in 2011 and continued during 2012 in full consultation with the industry and other role players involved in the management of the pelagic fishery with implementation planned for 2013. A number of constraints and control parameters are in place in the OMP to ensure maximum industry stability, without exceeding generally accepted levels of risk for the two main pelagic species.

The Small Pelagic Working Group of the Branch Fisheries Management of the DAFF met on 15 December 2011 to consider the results of the November 2011 spawner biomass survey and to recommend the final

sardine and initial anchovy TACs for 2012. The 2012 final directed sardine TAC, initial normal season TAC (A-season) for anchovy, and initial normal season total allowable by catch (TAB) for sardine were recommended in terms of OMP-08 as follows:

- Directed sardine TAC: 100 595 tons
- Initial normal season anchovy TAC: 202 718 tons
- Initial normal season sardine TAB for anchovy-directed fishing: 21 947 tons
- Sardine TAB for round herring-directed fishing: 3 500 tons

MONITORING AND MANAGEMENT OF IMPACTS OF COMMERCIAL FISHING

COMPLIANCE WITH RULES AND REGULATIONS

The impact of commercial fishing on each species and marine life is managed by a comprehensive process of regulatory control, industry involvement and engagement, and company-specific (in Oceana Group's case) management procedures. Catch controls are set by the Minister of Agriculture, Forestry and Fisheries after scientific surveys and study of the biomass and in consultation with major stakeholders.

Oceana is directly and indirectly involved in interacting with the DAFF through various industry organisations. The industrial or commercial part of the TAC is allocated among long-term fishing rights holders, who obtained such rights on the basis of being eligible in terms of various criteria, including performance and legal compliance. Fishing in terms of a right may not commence without a permit issued by the authorities for a season or period, and includes conditions with respect to species, size, by-catch, controlled areas, etc.

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

INDEPENDENT OBSERVERS

Compliance with the legal framework and permit conditions is facilitated by a system involving independent observers on vessels during fishing trips; monitoring vessel location and movement by the DAFF in South Africa through satellite and cellular phone technology; and only landing catches at discharge sites specified in permits. Independent monitors, appointed by the DAFF, must be present during offloading to check mass, species mix and size, presence of by-catch, etc.

OCEANA'S OWN SYSTEMS OF COMPLIANCE

Apart from the laws and controls implemented by regulatory authorities, Oceana has introduced its own formal operating procedures to promote compliance, with disciplinary actions outlined for transgressions. All operations are required to maintain up-to-date permits and licences, which are reviewed regularly by management. Assurance is obtained through periodic site and permit reviews or audits by professional consultants.

Skippers on all the group's fleets are bound to formal policies that regulate issues such as targeting species; avoiding by-catches of other species; prohibiting dumping of fish, fuels and plastics at sea; and procedures for refuelling, handling spills of fuel and oil, cleaning of tanks and garbage disposal.

Operating procedures for work to be done by trained and responsible staff, such as adequate supervision, reporting of failures and omissions and further investigation thereof, are adhered to in all major areas of business, including cold storage. Factories and cold stores have procedures to test higher-risk installations (eg oil and ammonia stores) and to react to failures or damage.

The terms of its supply agreements assist the group in clarifying legal liability in the case of environmental incidents such as fuel leaks or spills, or loss and damage to fish en route to a processing plant. Recovery plans and insurance are in place to cover the consequences where the group has liability or might incur loss.

OTHER COMPLIANCE METHODS

The hake trawl fishery is certified by the MSC. Independent verification of compliance is provided by the DAFF; the Department of Water and Environmental Affairs (DWEA); and other local authorities. Verification covers landings of fish, fishing operations at sea and emissions. This verification includes:

- checking landings
- inspectors on board fishing vessels
- monitoring adherence to fishing zones
- monitoring of by-catch
- checking documentation
- issuing permits for vessels to fish
- atmospheric emissions
- water effluent discharge

The South African Maritime Safety Association (SAMSA) checks vessel registration, safety and navigation compliance. A survey of International Air Pollution certification of vessels is conducted annually on horse mackerel vessels.

Documentation pertaining to the use, management and control of resources is maintained. This includes fishing rights and permits, permits regulating activity in processing plants, product clearances, storage and use of flammable liquids and major hazardous installations.

NON-COMPLIANCE

Structures are in place to address non-compliance with policies and ensure that preventative and corrective action is implemented. These include reporting and follow-up procedures in the Environmental Policy; control systems outlined in the risk registers; and the relevant disciplinary actions for any breaches are prescribed in the Discipline and Grievance Code and Guidelines.

During the year there were neither major instances of non-compliance with environmental regulations nor prosecutions nor any fines. No spillages occurred during the reporting period.

Oceana's environmental management systems are subject to review as circumstances require. The Environmental Policy and the Code of Business Conduct and Ethics confirm the principle of legal compliance in group operations and, so far as reasonably possible, in the business activities of outside parties supplying fish, goods and services to group companies.

ENVIRONMENTAL MANAGEMENT SYSTEM

An average environmental score of 94% was achieved by land-based sites and an 88% overall score by Oceana vessels during an Environmental Control System audit conducted by Marsh Risk Engineering services.

LAND-BASED FACILITIES

Oceana's ECS provides for the identification, monitoring and control of environmental issues identified by the group. In designing this system, international best practices were taken into consideration, specifically the ISO 14000 series, as well as the local South African legal requirements. Environmental targets were set for 2012, which required an overall average score of 85%, as well as a minimum score of 65% for each element in the audit. During 2012, Marsh Risk Engineering Services conducted independent environmental audits at all Oceana land-based sites. The table below indicates the audit scores achieved during 2012 vs 2011, as well as the target per element of the audit for each division. All divisions showed an improvement on the overall scores and also met the minimum target for the overall and individual elements. In summary, the targets set were met across the group and resulted in an increase of the overall group score from 90% to 93%.

OCEANA GROUP LIMITED F2012 ENVIRONMENTAL AUDIT RESULTS FOR LAND BASED FACILITIES

Division	Admin and records			Water quality management			Waste management			Hazardous materials management			Air quality management		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Oceana Brands	93	96	97	81	91	91	90	94	98	90	95	97	90	91	98
Lobster, Squid, Fries	58	88	93	88	90	88	83	87	90	89	94	93	89	97	100
Commercial Cold Storage	46	81	87	80	78	75	88	87	95	94	95	96	100	100	100
Average	66	85	90	83	83	81	87	88	94	91	95	95	93	98	100

Division	Land quality management			Site management			*Packaging			*Energy			Average		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Oceana Brands	98	100	70	95	95	85	N/A	N/A	100	N/A	N/A	100	91	95	97
Lobster, Squid, Fries	100	100	90	95	95	94	N/A	N/A	100	N/A	N/A	100	73	90	94
Commercial Cold Storage	90	98	98	95	95	75	N/A	N/A	100	N/A	N/A	99	68	86	90
Average	96	99	91	95	95	82	N/A	N/A	100	N/A	N/A	100	77	88	92

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

SEA-BASED FACILITIES

During 2012 Oceana implemented an ECS for the vessels. This system was designed in accordance with international best practices, specifically the ISO 14000 series, as well as the local South African legal requirements. The target set for the vessels was that one vessel in each of the operational divisions must be audited in 2012 and achieve a 65% minimum score for each element. Three vessels were audited by Marsh Risk Engineering Services and the table below indicates an average score of 88% achieved during 2012. Two vessels exceeded the minimum element score, but the lobster vessel scored below the minimum for the administration and records element.

Division	Admin and records	Water quality management	Waste management	Hazardous materials management	Air quality management	Resource management	Vessel management	Average
Year	2012	2012	2012	2012	2012	2012	2012	2012
Oceana Brands	92	91	94	98	100	78	94	93
Lobster, Squid, Fries	60	100	93	86	100	78	90	76
Blue Continent Products	96	88	93	98	100	94	94	94
Average	83	93	93	94	100	83	93	88

RISK REGISTERS

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 registers record and analyse the major risks impacting, or potentially caused by, each division's activities, products and services. The consequence rating is chosen on the basis of the most likely impact(s) of the plausible worst case scenario of the various risks on the company and its stakeholders and takes into consideration possible financial, health and safety, environment, reputation, legal and compliance, and management impacts.

The risk registers detail action and assurance plans regarding the company's ability to respond to, and manage, the risks identified and their possible consequences. The risk registers are reviewed and updated quarterly. The group's Environmental Policy prescribes the procedure for reporting major environmental incidents to the CEO, risk committee and at divisional meetings. The internal reporting and monitoring system includes immediate reports to the CEO of every major environmental incident.

THE IMPACT ON THE ENVIRONMENT, INCLUDING FACTORS WITHIN AND BEYOND OCEANA'S CONTROL

While Oceana takes care to minimise its impact on the environment, certain risk factors are beyond their direct control and can affect performance. Oceana has a detailed plan on how to address the impacts within their control as well as influence and manage the factors outside their control. These are described in the table below:

Risk issue	Impact/Consequence	Current mitigation actions	Future mitigation action
Reputational damage due to non-environmentally responsible actions	<ul style="list-style-type: none"> JSE SRI delisting Closure of factory/cancellation of licences Reputational damage Loss of brand/share value Loss of profitability Penalties due to non-compliance with legislation 	<ul style="list-style-type: none"> Sustainability forum in place Environmental Policy Measure/control/report on emissions (GHG and other) at divisional level Determined targets for emission reduction Participate in CDP Liaise with external stakeholders on water quality issues (where applicable) Environmental training and awareness Environmental control system in order to measure environmental compliance (audited) 	<ul style="list-style-type: none"> Sustainability training matrix/framework being developed Roll-out of sustainability strategic framework Development of sustainability scorecard Environmental control system to be implemented on all vessels
Pollution of atmosphere, sea and land by Oceana	<ul style="list-style-type: none"> Withdrawal of permit Reputational damage Fines/penalties Injury/death (employees/public) Liability claims Disruption of business Cost of cleaning up operations 	<ul style="list-style-type: none"> Environmental Policy Monitoring compliance and action taken for non-compliance Standard operating procedures in place ECS and EMP in place at land based facilities. Internal and external environmental audits MHI assessments, hazardous zone assessment Emergency response plan Storage of hazardous substances and chemicals in accordance with requirements Equipment maintenance to minimise emissions Equipment replacement in line with international best practices P&I Insurance Training and awareness training Oil spillage procedure for all vessels/facilities Chemical spillage kits at all land-based facilities Use of biodegradable chemicals on vessels (where possible) Waste management plans for each land-based site Waste Act awareness training 	<ul style="list-style-type: none"> Community awareness on disaster management Ensure MHI compliance certificates have been received from the DoL Engage proactively with communities in Hout Bay and St Helena Bay Improve stakeholder engagement Investigate further mitigation to reduce the fishmeal odour emissions In process of rolling out environmental control system for vessels Ensure water usage is monitored consistently across all businesses Ensure monitoring of recycling is in place consistently across all businesses

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

Risk issue	Impact/Consequence	Current mitigation actions	Future mitigation action
Variation in availability of marine resources due to human action	<ul style="list-style-type: none"> Over exploitation of resource (poaching/illegal fishing) Incorrect marine research and poor scientific data analysis by government Change in ecosystem 	<ul style="list-style-type: none"> Influence and participate in resource management along with industry and government (Namibia and South Africa) Member of RFA Participate in scientific working groups Obtain independent research reports of the resources in order to monitor the status of the resources Compliance with the regulatory framework Compliance with responsible fishing practices Utilise capacity where best suited for availability (where applicable) 	<ul style="list-style-type: none"> Train crew on responsible fishing practices Consider marine-related training bursaries for students
Disruption in operations due to no water or inappropriate quality fresh water	<ul style="list-style-type: none"> Loss of production Loss of profitability Product contamination 	<ul style="list-style-type: none"> Monthly water analysis and continuous engagement with supplier Have implemented water usage alternatives (use of seawater lobster, Brands) 	<ul style="list-style-type: none"> Develop a water management plan for each division
Unsafe environmental practices by suppliers of raw material, product, eg chemical contamination, reckless as to seabirds, animals, dolphins Inadequate or failing sewage and waste disposal systems	<ul style="list-style-type: none"> Reputational damage Financial loss Loss of market share Health and safety issues 	<ul style="list-style-type: none"> Master independent contractor agreement (MICA) in place for section 28 of OHS Act at all factories Comprehensive insurance programme in place Group communications manager in place Independent media communication specialist Product recall programme in place 	<ul style="list-style-type: none"> Introduce supplier screening vs environmental criteria Introduce into supplier agreements environmental requirements Research applicable global procurement/supply chain criteria
Variation in availability of primary resources due to environmental changes	<ul style="list-style-type: none"> Variation in availability of marine resources Variation in availability of potatoes Variation in cold store commodities 	<ul style="list-style-type: none"> CCS Logistics: changing business strategy that accommodates change in cold store commodities FF: sourcing potatoes from various regions in SA FF: alternative potato cultivar development with seed growers Lucky Star: Alternative sourcing locations built into business model 	<ul style="list-style-type: none"> Proactive climate change research that includes a risk and vulnerability study for Oceana in process
Disruption in operations due to no water or inappropriate quality seawater	<ul style="list-style-type: none"> Loss of production Loss of profitability Product contamination 	<ul style="list-style-type: none"> Testing and treating of seawater Dredging of harbour in order to ensure sufficient depth for seawater pump Member of Water Quality Trust (St Helena Bay) Participate in the Benthic survey 	<ul style="list-style-type: none"> Develop a water management plan for each division

CLIMATE CHANGE

Oceana updated the study on the fishing industry's role in adapting to climate change in 2012 and has commissioned a climate change risk and vulnerability study. Oceana has set short-term, medium-term and long-term greenhouse gas (GHG) emission reduction targets. In addition, Oceana is committed to increasing awareness amongst its stakeholders regarding climate change issues.

CARBON DISCLOSURE PROJECT

This marked the third year in which the group participated in the Carbon Disclosure Project, which encourages companies to measure and disclose their GHG emissions. Oceana continues to seek innovative ways of managing GHG emissions in all its operations. Oceana was included in the CDLI during 2010 and received a gold award being placed in the Top 10 companies on the Index. To be included in the CDLI, companies must be part of the JSE Top 100 sample, provide a publicly available response using the Online Reporting System, and achieve a disclosure score within the top 10% of the reporting population. During 2011, while Oceana was not included in the JSE Top 100 sample for inclusion on the CDLI, Oceana achieved a score equivalent to sixth place. Oceana is committed to directing its focus in the long term towards achieving

carbon neutral status. During 2012 Oceana received a gold award for its inclusion in the CDLI. The 2012 score increased to 95% and reflects the consistent increase in focus on climate change management.

Oceana completed a study in 2012 on the fishing industry's role in adapting to climate change and commissioned a climate change risk and vulnerability study which will be completed during 2013. Oceana has set short, medium and long-term GHG emission reduction targets. In addition, Oceana is committed to increasing awareness amongst its stakeholders regarding climate change issues.

ENERGY USAGE AND LIMITATIONS OF EMISSIONS

Oceana is committed to directing its focus in the long term towards achieving carbon neutral status. During 2012 the group continued its drive to achieve reduced energy consumption (diesel and electricity) in vessels and plants through revised operating procedures, technological enhancements, recycling and reusing renewable and non-renewable resources (waste heat, water and packing materials), and it also enhanced control of emissions to reduce the group's carbon footprint and save costs. There has been an increased focus on ensuring the accurate measurement and reporting of emissions and energy usage. This report includes detail regarding the group's business practices and performance in terms of how the group manages its impact on the environment and society, and provides extensive quantitative and qualitative data.

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

ENERGY USAGE AND LIMITATIONS OF EMISSIONS

Oceana is committed to a long-term approach to achieving a carbon neutral status. It is therefore imperative for Oceana to ensure an increased focus on decreasing its energy consumption.

The utilisation of energy varies annually from division to division depending on, for example, the TACs; the location of marine resources, distance to processing plants; weather and factory production runs. In terms of Oceana's Environmental Policy, factories and vessels are required to minimise usage of fossil fuels and emissions of gases, particulate materials and odours into the atmosphere. Factories comply with conditions imposed by legislation.

During the year under review, the Lucky Star division installed a high efficiency seawater scrubber to condense vaporous emissions. Lucky Star is investigating the optimisation of its fugitive emission collection system, and treatment options for non-condensable vapour at the St Helena Bay factory. This will assist with the minimisation of odour emissions. The fishmeal plant, boiler air and other stack emissions have been independently measured and analysed for two years as per the requirement of the new provisional AEL. Boiler stack emissions are submitted annually while hydrogen sulphide stack and ambient emissions are tested and submitted biannually to the West Coast District Air Quality Officer.

At the Lucky Star Hout Bay facility the fishmeal plant, boiler air and other stack emissions have been independently measured and analysed

for two years. The hydrogen sulphide stack emission analysis was submitted to the City of Cape Town's Air Quality Officer, as per the requirements of the AEL.

The Lambert's Bay French fries plant has emissions discharged from the boiler plant, which are not listed as a scheduled activity as the boiler capacity is less than 50 MW. That is, the national air quality standards have set a boiler emission limit for boilers larger than 50 MW. Despite the fact that legalisation does not require stack sampling, the Lambert's Bay plant management team decided to have the boiler stack emissions tested for the last two years by an independent consultant.

There is a continuous drive to achieve reduced energy consumption (coal, fuel, heavy furnace oil and electricity) in vessels and plants through revised operating procedures and technological enhancements, recycling and reusing renewable and non-renewable resources (waste heat, water, packing materials), and enhanced control of emissions – all of which reduce the group's carbon footprint and save costs.

The sustainability forum reviews the energy reduction initiatives on a bi-monthly basis. A list of energy reduction initiatives that have been implemented or commenced since 2009 is available on the Oceana website in the latest Carbon Footprint report. During 2013 an energy reduction mitigation plan will be developed with short and long-term energy reduction targets per division.

The group monitors the CO₂ emissions in absolute terms, as well as per unit of activity (normalised).

ABSOLUTE EMISSIONS

	Total Scope 1, Other Direct and Scope 2 emissions (tCO ₂ e)				% change from base year 2009 to 2012*	% change from 2011 to 2012	Reasons for change from F2011 to F2012
	2009	2010	2011	2012			
OB	59 835,87	64 530,19	51 228,28	59 701,69	(0,22)	16,54	Absolute emissions increased by 16,5% from 2011 due to a 22% increase in fish volumes processed. Absolute emissions are in line with those of 2009 as a result of the increase in volumes processed during the current year. The 26,4% increase in coal usage at the St Helena Bay plant relates to a 41,9% increase in fish volumes processed. The impact of the higher fish volumes processed was offset by increased boiler efficiency and bigger batches processed at a time.
CCS	42 651,40	38 463,95	32 205,38	32 128,56	(24,67)	(0,24)	An increased focus on energy efficiency has resulted in a 0,24% decrease in absolute emissions. The energy efficiency initiatives are listed in the Carbon Footprint report.
BCP	101 781,96	126 142,42	104 883,07	101 114,12	(0,66)	(3,59)	Fuel emission increased by 7% due to increased steaming time. However from emission decreased by 36% since F2011 and therefore decreased the overall absolute emissions by 3,59%.
OLSF	22 883,99	19 693,94	23 323,11	23 735,13	3,72	1,77	Lobster production volumes have increased by 15% year on year mainly due to 75 tons of interim relief lobster quota purchased. Electricity usage is higher due mainly to high stock holdings necessitating the use of all cold rooms in St Helena Bay. Fuel usage is also higher on the lobster vessel side due to poorer catch rates resulting in 694 fishing days (2011: 567 fishing days). Squid production volumes are 27% lower than prior year due to a very poor catch season. Overall usage across all resources is accordingly lower due to the reduced volume. Fries production volumes are 31% higher than prior year driven by improved sales volumes and better utilisation.
Etosha*	0,00	9 856,65	8 944,62	10 791,28	9,48	20,65	Ethosha processed double the volume of fish that was processed in F2012. The electricity and HFO used increased dramatically. Rework of bought-in product also increased the electricity consumption dramatically. The HFO consumption increased by 31%, however this was offset by the one boiler that was decommissioned. In F2011 three boilers were used and in F2012 only two boilers were used at lower steam pressures which offset the total consumption.
Corporate	-	-	-	1 177,98		-	
Group (total including Etosha)	227 153,22	258 687,15	220 584,46	228 648,76	(3,53)	3,66	
Group (total excluding Etosha)	227 153,22	248 830,50	211 639,84	217 857,48	(4,09)	2,94	

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

PRODUCT INTENSITY EMISSION

	Emissions Intensity per 1 000 tons of product (in tCO ₂ e)				% change from 2009 to 2012*	% change from 2011 to 2012	Reasons for change from F2011 to F2012
	2009	2010	2011	2012			
OB	1 555,76	1 379,12	1 628,62	1 547,08	(0,56)	(5,01)	The intensity for OB decreased by 5,01% from the previous year due to an abundance of industrial fish being available from very early in the fishing season. This resulted in larger landings and bigger production batches, which in turn meant better fuel consumptions and efficiencies for both the fishing vessels and production plants. This was supported by the commissioning of a three-stage waste heat evaporating system. This utilises used heat which is generated during the indirect steam drying operations. In addition there were energy saving initiatives in the boiler operations with further enhancements planned for the coming year. The benefits of the decommissioning of two freon plants during the previous financial year was also realised during the current financial year. These improvements were partially offset by poorer yields in the fishmeal operations, which remain a focus area, and other production difficulties experienced resulted in some rework of product being required. The MGO emissions decreased as a result of no longer using the chartered vessel which accounted for 638 342 litres of fuel in 2011, but had low levels of fish caught.
CCS	78,77	73,09	58,40	50,45	(35,95)	(13,61)	Higher occupancy levels combined with lower energy consumption due to energy efficiency focus resulted in a 13,61% decrease in intensity.
BCP	1 149,38	1 160,40	915,97	861,39	(25,06)	(5,96)	The total fuel emissions increased by 6%, however the impact of the 2,5% increase of fish volumes as well as the dramatic decrease in freon consumption resulted in an intensity decrease of 5,96%.
OLSF	1 170,83	1 319,09	1 449,36	1 175,96	0,44	(18,86)	Squid production volumes are 27% lower than prior year due to a very poor catch season. Overall usage across all resources is accordingly lower due to the reduced volume. Fries production volumes are 31% higher than prior year driven by improved sales volumes and better utilisation. Yield at 61,0% is up on 55,6% prior year. Although resource usage is higher, carbon emissions are lower due to more effective and efficient resource utilisation.
Etosha*		1 162,48	889,22	678,44	(41,64)	(23,70)	Only one vessel caught industrial fish this year. More fish was caught per trip as well as fish caught near Namibia in F2012 and not near to Angola as per F2011. The decrease in fuel consumption directly positively impacted the intensity of Etosha. Etosha processed double the volume of fish that was processed in F2011. However this was offset by the one boiler that was decommissioned. The other two boilers were operated at lower steam pressures.
Corporate	-	-		-			
Group (total including Etosha)	330,15	366,86	304,86	275,85	(18,93)	(9,51)	
Group (total excluding Etosha)	330,15	357,18	296,62	267,98	(18,83)	(9,66)	

* Etosha base year 2010

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

WATER MANAGEMENT

	2012			2011		
	Usage (kilolitres)	Product volume (tons)	Usage per unit of activity	Usage (kilolitres)	Product volume (tons)	Usage per unit of activity
Lucky Star	387 310	38 590	10,04	312 048	31 455	9,92
Etosha	89 850	15 907	5,65	54 900	8 488	6,47
Blue Continent Products	629	117 385	0,01	–	114 505	
Oceana Lobster, Squid and French Fries	257 247	20 184	12,75	235 219	16 092	14,62
Oceana corporate office	1 613					
		Pallets handled			Pallets handled	
CCS Logistics	95 254	636 809	0,15	101 311	551 444	0,18
Total	831 903			703 478		

	2010**			2009*		
	Usage (kilolitres)	Product volume (tons)	Usage per unit of activity	Usage (kilolitres)	Product volume (tons)	Usage per unit of activity
Lucky Star	404 956	46 791	8,65	327 913	38 461	8,53
Etosha	1 610 551	19 060	84,50			
Blue Continent Products	–	108 706		–	88 554	
Oceana Lobster, Squid and French Fries	215 531	15 265	14,12	176 897	19 545	9,05
Oceana corporate office						
		Pallets handled			Pallets handled	
CCS Logistics	136 212	526 228	0,26	123 063	541 470	0,23
Total	2 367 249			627 874		

* All years excluding F2009 water data updated by including Etosha data.

** Etosha used fresh water for defrosting of imported fish; product volume include as total volume.

The group's policy and management practice is to use water as sparingly and efficiently as possible in production, cleaning and domestic applications. Usage is monitored on a monthly basis in factories and on vessels directly under the company's control and is reported at monthly management meetings, as well as the bi-monthly sustainability forum meeting. Drain water from cooling pods are used to wash the floors, returned back to condenser sumps and urinal flushing units at three of the cold stores. The City Deep cold store collects rain water from the cold store roofs and drain water to top up condenser sumps. The Walvis Bay cold store collects condenser overflow water and uses it in urinal and toilet flushing units. All hake and horse mackerel vessels have their own water desalination plants and therefore water is generated on board.

WASTE AND EFFLUENT MANAGEMENT

Over the past year, the group continued to focus on waste minimisation. Blue Continent Products (BCP) recycles sludge and waste oils as well as scrap metal on horse mackerel and hake vessels. Paper, glass and tin recycling were initiated in the Oceana corporate office. International recycling and trash can logos are featured on wrapping for frozen horse mackerel products. All horse mackerel caught on fishing vessels, which is not suitable for the frozen fish market, is processed onboard into fishmeal.

CCS Logistics conducts in-house sorting of their solid waste. The company has entered into an agreement with an external waste management company to sort and recycle their waste at three of their seven South African cold stores. The roll-out of this initiative to the other cold stores is being investigated. Most of the cold stores are recycling scrap metal, paper cartons, paper and used lubrication oil.

The Lobster, Squid and French Fries division recycles paper, cardboard, plastic bags, used lubrication oil and coal ash. The minimisation of potato organic waste generated by the French fries facility in Lambert's Bay continues to be a key focus.

During the implementation of the waste procedure at Lucky Star, bins were allocated per department for waste separation. An onsite baler is used at the cannery and fishmeal plant facility in St Helena Bay to bale the separated waste streams after which specialist contractors remove and recycle waste oils, plastics, paper cartons and coal ash as per respective agreements.

With regard to recycling or reclamation of fish waste material, offal from the cannery (fish heads, tails and guts) is processed into fishmeal. Offloading of fish for the cannery and fishmeal plant uses recycled water (freshwater and seawater). Fish and waste in the cannery are moved dry, instead of in water. Water for cooling in retorts is filtered and reused.

Condemned canned fish is destroyed under controlled conditions. A procedure pre-approved by the National Regulator for Compulsory Specifications (NRCS) is used for the safe disposal of any canned fish not suitable for human consumption. Hazardous waste certificates are issued by the landfill and hazardous waste removal service provider.

Stick water in the fishmeal plant is reprocessed to extract all proteins and solids. In fishmeal plants, condensate and steam for heating and drying are returned to the boiler for reuse, and also in a waste vapour heat recovering system. The waste vapour is condensed in seawater scrubbers. Waste water is returned to the sea at ambient temperatures in terms of authorised conditions of use.

At the Lucky Star Hout Bay facility sewage water effluent is pumped into the municipal sewage system. No water effluent is discharged into the sea at the Hout Bay fishmeal facility; the water effluent is pumped to the City of Cape Town's sewage plant in Hout Bay. The water effluent is sampled monthly by the factory and sent to an independent laboratory for analysis.

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

At the Lucky Star St Helena Bay facility sewage water effluent is pumped into the municipal sewage system. Water effluent from processing is discharged into the sea. This effluent is sampled monthly by the factory and analysed by an independent laboratory accredited by the South African National Accreditation System (SANAS). The results are submitted to the DWEA. The site is a member of the local Water Quality Trust, which samples and analyses effluent on a bi-weekly basis from a location in close proximity to the factory's effluent discharge point. The DWEA is represented on the Water Quality Trust and receives the results of the microbiological measurements. The St Helena Bay Water Quality Trust initiated the long-term monitoring of the facility in 2001. The monitoring programme focuses on water and sediment quality and biotic indices of health, and was designed to provide an overview of trends in the health of the bay, and to track changes that may be caused by human activities. A benthic macro fauna survey is conducted approximately every five years. The third survey was conducted during 2012 and the report is available on the St Helena Bay Water Quality Trust website (www.swt.org.za).

The water effluent of Oceana Lobster's St Helena Bay facility is limited, as untreated seawater is used to keep lobster alive, and ultraviolet treated seawater is used for cooling of cooked products. No significant

contamination of water occurs during these two processes. The St Helena Bay Water Quality Trust draws samples from a sample point in close proximity of the effluent discharge point from the lobster factory on a bi-weekly basis and an independent laboratory analyses the water. The DWEA has representation on the St Helena Bay Water Quality Trust and receives the results of the said microbiological measurements.

The Lamberts Bay Foods (LBF) factory uses seawater to transport raw potatoes. The water effluent from LBF is pumped into the sea. This effluent is measured monthly and analysed by an independent SANAS accredited laboratory.

Oceana's activities do not generate or involve transportation, storage or trade in hazardous waste that requires special treatment.

The sustainability forum reviews waste generation, recycling and disposal of waste in all divisions at bi-monthly meetings. Oceana will continue to increase its focus on sustainability in the short and medium-term, thereby ensuring that its activities meet the expectations of all stakeholders. It remains our intention to position Oceana as a leader in sustainability within the fishing industry. Our belief is that this will only be achieved through collective, committed and consistent effort.

USE OF RESOURCES AND USAGE TREND

Type	Unit of measure	2012		2011		2010		2009 excludes Etosha	
		Usage	CO ₂ emission tons	Usage	CO ₂ emission tons	Usage	CO ₂ emission tons	Usage	CO ₂ emission tons
Ammonia	kg	26 892	–	27 199	–	12 542	–	12 884	–
Nitrogen	kg	131 000	–	–	–	–	–	–	–
Freon	kg	9 243	16 730	15 891	28 763	24 801	44 890	16 745	30 308
Coal ¹	tons	15 451	37 832	12 156	29 764	15 184	37 179	12 584	30 812
Petrol – company vehicles	litres	247 936	574	364 840	844	271 414	628	270 603	626
Diesel and marine gas oil	litres	9 545 767	25 553	10 001 101	26 772	9 615 444	25 740	7 837 864	20 981
Electricity ²	kWh	64 332 153	61 685	57 914 077	55 953	66 189 251	63 548	66 577 212	65 246
Liquid petroleum gas ³	kg	43 436	132	41 865	127	55 936	170	12 542	38
Intermediate fuel oil	litres	23 466 667	70 165	22 135 998	66 187	24 341 013	72 780	22 762 763	68 061
Heavy fuel oil	litres	4 900 147	15 764	3 733 077	12 010	4 202 173	13 519	3 444 350	11 081
Lubricants ⁴	litres	287 687	–	264 336	–	296 771	–	–	–
Lubricants ⁵	litres	61 779	212	47 964	165	67 835	233	–	–
Potable water ⁶	kilolitres	831 903	770	703 478	651	2 367 249	2 190	627 874	581
Travel (air and car)	–	–	1 287	–	1 444	–	575	–	424
Packaging	tons	7 319	14 814	6 194	11 768	–	–	–	–
Waste	tons	6 825	1 408	3 556	1 398	–	–	–	–
Paper	no reams	11 484	29	11 411	30	–	–	–	–
Total			246 955		235 875		261 452		228 158

¹ A more accurate coal emission factor was sourced for the coal used by Oceana operations and emissions for previous years were recalculated.

² An updated electricity emission factor has been obtained from Eskom, however the mixture of coal used during electricity generation is different for each of the years and relevant factor used and electricity.

³ An updated LPG emission factor was obtained and emissions for previous years were recalculated; F2009 LPG usage corrected.

⁴ The lubricant oil used in stationary equipment and 80% of mobile equipment is not burnt and therefore no emissions.

⁵ 20% of lubricants used in mobile assets are burnt.

⁶ An updated water emission factor was obtained and emissions for previous years were recalculated.

All years excluding F2009 data have been updated to include Etosha.

FOCUS ON ENVIRONMENTAL SUSTAINABILITY CONTINUED

	Waste disposed during 2012			Waste disposed during 2011		
	Tons of waste	Product volume (tons)	Kg of waste per unit of activity	Tons of waste	Product volume (tons)	Kg of waste per unit of activity
Lucky Star	317	38 590	8,20	341	31 455	10,83
Etosha*	36	15 907	2,28		8 488	–
Blue Continent Products**	–	117 385			114 505	–
Oceana Lobster, Squid and French Fries	3 605	20 184	178,62	3 214	16 092	199,73
CCS Logistics	10	Pallets handled 636 809	0,02	11	Pallets handled 551 444	0,02
Total	3 932			3 565		

Recycled material excluded.

* Etosha does not have F2011 data measurement.

** BCP has not yet implemented waste data measurement.

PRODUCT RESPONSIBILITY

Food safety is a key focus across all the Oceana divisions. The current mitigation action used to ensure strict compliance with food safety regulations includes the following:

- Internal systems are in place to ensure maintenance of quality and safety standards
- Employee third-party auditors to ensure imported products comply with relevant standards
- Product recall processes in place
- Insurance cover for liability claims
- Proactive media engagement strategy

CANNED FISH

Canned fish is a key staple protein choice of Southern African consumers being eaten in over 2,6 million meals every day. Lucky Star products are endorsed by the South African Heart and Stroke Foundation as well as Diabetes South Africa. The Lucky Star brand is protected through vigilance and immediate legal action for violation. Customer service includes a helpline and personal service to respond to and follow up on all product enquiries, concerns or complaints. Annual NRCS audits are conducted at the Oceana canneries, as well as internal food safety management audits. The food safety management system receives high priority and is reported on in the monthly management meetings. All products not fit for human consumption are destroyed in accordance with the pre-approved procedure pre-authorized by the NRCS. The canned product labels adhere to the National Consumer Act. The packaging of the sardine range of products has been changed from cartonettes to lithograph cans.

FISHMEAL & OIL

Lucky Star is a member of the International Fishmeal and Fish Oil Organisation (IFFO) and the plants are certified as IFFO RS (Responsible Supply) plants. IFFO's vision is to enhance human and livestock health and welfare via superior nutrition to the benefit of consumers worldwide. In addition, it was accredited by the Feed Materials Assurance Scheme (FEMAS), which is based on hazard analysis and critical control point (HACCP) principles, an internationally recognised system of hazard analysis. The scheme itself is audited and certified by an independent certification body, in accordance with the internationally recognised standard EN45011. Certification of fishmeal and fish oil is also done by the DAFF under the Farms Feed Act.

HORSE MACKEREL

Horse mackerel is a major contributor to fish biomass in the South African and Namibian region and is probably the largest source of fish protein in Africa, making it a key source for food security. Strict food safety systems are adhered to and product quality controllers are on board every Oceana fishing trip in South Africa and Namibia.

HAKE

The Oceana hake product holds a Marine Stewardship Council (MSC) certificate for compliance with the MSC chain of custody requirements. The South African hake trawl fishery is MSC certified, which confirms compliance with the MSC's rigorous standards concerning responsible and sustainable fishing.

LOBSTER AND SQUID

The Oceana lobster and squid factory and vessels are HACCP accredited by the NRCS. The highest product quality and safety is ensured by the internal quality management system.

FRENCH FRIES

The Oceana French fries factory's hygiene, quality and safety practices are audited annually by independent assessors appointed by key customers. The factory is HACCP accredited by the NRCS and has an internal quality department that ensures compliance with food safety regulations.

Oceana targets zero non-compliance with regulations and voluntary codes, in terms of the following categories related to the health and safety of its products and services:

- Incidents of non-compliance with regulations resulting in a fine or penalty;
- Incidents of non-compliance with regulations resulting in a warning; and
- Incidents of non-compliance with voluntary codes.

HUMAN RESOURCES

OVERVIEW

Oceana's goal is to create and maintain a stimulating, culturally diverse and healthy working environment. As such, the human resource function plays a key role in driving the values and business philosophy of Oceana. The group aims to provide employees with opportunities to use their talents to achieve short and long-term goals, as well as attract, retain and develop high-potential individuals.

The corporate values, approved by the board in the prior reporting period, were launched to the management team with a communications programme being rolled out across the group in order to integrate the values into all aspects of the business.

NUMBER OF EMPLOYEES AND WAGE BILL

The headcount at the end of September indicated 1 849 permanent employees and 553 seasonal employees.

The wage bill for the reporting period was R546,4 million (2011: R447,4 million).

ADHERENCE TO ALL EMPLOYMENT LAWS AND FOSTERING OF HUMAN RIGHTS

As a responsible employer, Oceana adheres to all labour legislation relevant to the countries within which it operates. In South Africa, this includes the Constitution of the Republic of South Africa Act, the Labour Relations Act, the Employment Equity Act, the Skills Development Act and Levies, the Basic Conditions of Employment Act, and the Occupational Health and Safety Act.

Oceana's employees receive training on the above legislation. The group does not permit child labour or forced or compulsory labour. It experienced no litigation pertaining to discrimination, anti-union practices or alleged human rights violations during the year.

The anticipated changes following the government's review of the Labour Relations Act and Basic Conditions of Employment Act have been considered and the required changes to terms and conditions of employment will be made. This includes reviewing the usage of fixed term contracts across the group. An internal human resources (HR) audit was completed during the period under review. This included a focus on the group's compliance with employment legislation and the working practices and procedures related to the legislation. No significant findings were made.

INDUSTRIAL RELATIONS AND UNION MEMBERSHIP

Forty seven per cent (2011: 50%) of the group's employees are members of a union. Annual wage negotiations were completed successfully in all divisions and there was no strike action, despite the prevailing economic climate. The group HR manager is the person accountable for employee relations and union negotiations.

Various unions have recognition agreements with different companies within the group. In South Africa, Oceana's employees are members of the Food and Allied Workers Union (FAWU); the Trawler and Line Fishermen's Union (TALFU); the National Certificated Fishing and Allied Workers Union (NCFAWU); and the United Democratic Food & Combined Workers Union (UDF & CWU). The Namibian unions are the Namibia Food and Allied Workers Union (NAFAU) and the Namibia Transport and Allied Workers Union (NATAWU).

Wages and conditions are negotiated via industry bodies. In the pelagic and lobster sectors, negotiations are conducted through the SA Pelagic Fish Processors Association, and in white fish and midwater trawl through the Fishing Industry Bargaining Council, which consists of the Deep-sea, Midwater and Inshore Trawling chambers. Calamari Fishing (Pty) Limited is involved in the squid industry's statutory council and is an active member of the Employers Organisation for the Cephalopod and Associated Fisheries, which is an employers' association for the industry.

In other parts of the group, there are negotiations with the relevant union at plant level.

All employees in the bargaining unit are paid in line with an agreement, which includes minimum rates of pay. Currently the DoL is concluding a formal investigation into the fishing sector in order to determine if a sectoral determination is required to regulate the terms and conditions of sea-going employees who are not covered by existing bargaining or statutory councils. In the case of Oceana this will affect both the pelagic and lobster division. The requirement to become self-regulated through the formation of an employer's association in order to participate in a bargaining or statutory council arrangement is actively being supported via the appropriate fishing associations by divisional representatives in the affected divisions. If self-regulation is not mandated, the group does not expect to be affected by the prescription of rates of pay or specific benefits that may be contained within the sectoral determination, as this is already in place. However, the impact of unreasonable working hours or shift restrictions may have a cost impact on the business.

In addition, the Merchant Shipping Act has also been reviewed and is currently being debated at the National Economic Development and Labour Council (Nedlac). There is a proposed eight-hour working day for sea-going employees which would not be applicable in the fishing sector if there are bargaining or statutory council structures in place. Therefore, the impetus to become self-regulated is increased as the impact on all players in the industry is significant – operationally, this would not be feasible to implement, due to fishing patterns.

Employee forums exist at both unionised and non-unionised sites to facilitate consultation and communication. The participants in the forum are representative of occupational levels, gender, race and employees with disabilities at the specific site and in line with the requirements of the Employment Equity Act.

In the event of any operational changes required in the business, the minimum notice periods given are as prescribed in the Labour Relations Act. This relates to the impact of the changes and the numbers of employees affected. During the reporting period there were no significant operational changes of this nature.

HUMAN RESOURCES CONTINUED

NUMBER OF EMPLOYEES

Division	2012			2011			2010		
	Permanent	Seasonal	Total	Permanent	Seasonal	Total	Permanent	Seasonal	Total
Blue Continent Products	507		507	406		406	349		349
Commercial Cold Storage	302		302	262		262	274		274
Oceana Brands	613	444	1 057	635	413	1 048	376	804	1 180
Oceana Lobster, Squid and French Fries	363	109	472	348	99	447	386	78	464
Oceana corporate office	55		55	52		52	41		41
Blue Atlantic Trading ¹	9		9	8		8	8		8
Total	1 849	553	2 402	1 711	512	2 223	1 434	882	2 316

¹ Blue Atlantic Trading represents 50% of the division's employees due to Oceana's 50% ownership.

DISCIPLINARY PROCEDURES

Comprehensive disciplinary 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 ongoing education and training programmes take place at various employee levels and with shop stewards. No grievance related to human rights was filed during the year under review.

CODE OF BUSINESS CONDUCT AND ETHICS

The group's Code of Business Conduct and Ethics is distributed to all new employees on joining the group and there are regular refresher sessions addressing the key items covered by the Code. The Code was revised in May 2012 and changes were accepted by the board. During the reporting period, four employees were dismissed for incidents involving corruption (theft) and three employees were dismissed for fraudulent conduct (misrepresentation of sick notes and clock cards).

HUMAN CAPITAL DEVELOPMENT

Oceana's Training and Development Policy is implemented by the central training and development team, which reports to the group HR manager. This policy supports the learning, growth and development of all employees and ensures a uniform and fair approach to training and development.

LEADERSHIP ACADEMY: SENIOR, MIDDLE AND EMERGING MANAGEMENT LEVELS

The leadership academy offers programmes to managers at senior and junior levels. These are run by reputable local institutions. During the year 12 managers completed the Oceana Emerging Managers Development programme, 13 managers complete the Oceana Leader as Coach programme and eight employees commenced a Supervisory skills programme.

LEARNERSHIPS

The company has broadened the scope of learnerships across the various learning areas as follows:

Learning area	Learnership title	Number of learners 2012	Number of learners 2011
Leadership	NQF 3: Generic Management	13	13
Operations	NQF 2: Wholesale and Retail Distribution	19	21
Office administration	NQF 2: Business Administration	18	21
Maritime	NC: Maritime Operations	8	1
IT	NQF 4: IT Support		1
	NQF 2: Contact Centre Support	1	1
Payroll	NQF 4: Payroll administration	1	1

The learnerships were implemented to address the development of skills in specific areas, as well as providing meaningful and portable qualifications.

HUMAN RESOURCES CONTINUED

ADULT EDUCATION AND TRAINING (AET)

AET remains a key focus within Oceana to ensure that employees can progress into formal training programmes once their literacy levels have improved. The number of participants in AET literacy and numeracy training programmes increased as follows:

Site	Number of learners 2012	Number of learners 2011
Oceana Lobster, St Helena Bay	25	21
Oceana Lobster, Hout Bay	10	10
Lamberts Bay Foods	21	18
Calamari Fishing	5	
Oceana Brands, St Helena Bay	47	35
Oceana Brands, Hout Bay	53	31
Blue Continent Products	14	14

PERSONAL DEVELOPMENT PLANS

A personal development plan was completed by 51% (2011: 69%) of non-bargaining unit employees during the year under review. This process allows employees to identify their development needs and agree on action plans with their managers. There will be an increased focus on the use of development plans during the next period.

TOTAL SPEND OF TRAINING ACROSS RACE AND GENDER

	2012			2011			2010		
	Male Rm	Female Rm	Total Rm	Male Rm	Female Rm	Total Rm	Male Rm	Female Rm	Total Rm
Black	4,0	3,5	7,5	5,6	3,0	8,6	4,7	1,8	6,5
White	0,8	0,4	1,2	0,9	0,5	1,4	1,0	0,3	1,3
Total	4,8	3,9	8,7	6,5	3,5	10,0	5,7	2,1	7,8

A further R2,6 million was spent on administrative costs incurred by the group in facilitating and managing the training function (2011: R2,2 million). Expenditure was incurred on a number of specific projects (detailed in the table to the right) and for specific interventions related to divisional strategy and personal training needs arising during performance appraisals and personal development plan discussions.

EXPENDITURE ON AET, SUPERVISORY, LEADERSHIP AND OTHER TRAINING

	2012 Rm	2011 Rm	2010 Rm
Adult education and training (AET)	1,2	0,4	0,2
Leadership and supervisory training	1,8	2,0	0,9
Maritime	0,6	0,7	1,9
Health and safety	1,7	1,2	1,0
Technical	1,8	3,6	1,5
Diversity/Equity	–	0,1	–
Other	1,6	2,0	2,3
Total	8,7	10,0	7,8

WORKPLACE SKILLS, PLANS AND REPORTING

In line with the Skills Development Act, Oceana submits workplace skills plans and implementation reports to the relevant Sectoral Education and Training Authority (SETA) each year. The workplace skills plans ensure that both the strategic needs of the business and the personal development needs of all employees are incorporated and that implementation is planned and budgeted for during the year.

TRAINING EXPENDITURE

Expenditure on all employees and black employees:

	2012 Rm	2011 Rm	2010 Rm
All employees	8,7	10,0	7,8
Black employees	7,5	8,6	6,4

An average of 1,7% (2011: 2,4%) of the leviable amount of payroll was spent on training. This was in addition to the 1% payroll levy paid to the relevant SETAs. A target of 3% of the leviable amount of payroll is in place. The average spend amounted to R3 279 per employee (2011: R4 138). The target for 2012 was to achieve spend of R5 701 per employee.

PERFORMANCE AND TALENT MANAGEMENT

The performance management guidelines require that all non-bargaining unit employees have an individual performance agreement (IPA) in place. In 2012, 82% (2011: 80%) of non-bargaining unit employees had an IPA. There will be an increased focus on performance management during the next period.

SUCCESSION PLANNING

Succession planning is conducted by developing a group talent pool with separate divisional talent pools. This allows focused development to fast-track the identified employees. The remuneration and nomination committee reviews the group succession plan on an annual basis.

RETENTION MECHANISMS

Retention of key employees continued to receive significant focus this year, particularly in the engineering and technical disciplines, which are critical to the optimal functioning of factories and vessels. Appropriate retention mechanisms are considered on an ongoing basis.

EMPLOYMENT EQUITY ACT AND AFFIRMATIVE ACTION

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

The group's Employment Equity Policy affirms the 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 the elimination of all global forms of unfair discrimination.

Statistics included in the tables in this section relate to the group's South African divisions only.

HUMAN RESOURCES CONTINUED

	Target 2016			2012			2011			2001		
	Female	Black ¹ female	Black	Female	Black female	Black	Female	Black female	Black	Female	Black female	Black
Executive	25%	13%	25%	22%	11%	22%	22%	11%	22%			17%
Senior management	27%	15%	36%	26%	13%	29%	23%	10%	23%	Not reported separately		16%
Middle management	23%	17%	65%	18%	11%	54%	20%	11%	52%			35%
Supervisory	23%	20%	81%	24%	21%	83%	24%	19%	82%			66%
Clerical and other staff	41%	40%	98%	43%	42%	97%	42%	41%	98%			98%
Disabled		3%			3%			3%		Not reported		
% Overall	36%	34%	91%	38%	37%	92%	37%	35%	91%			98%

¹ Employment Equity Act 55 of 1998: "black people" is a generic term which means Africans, Coloureds and Indians

EMPLOYMENT OPPORTUNITIES

Of the 97 positions graded A – C¹, 92% was filled with candidates from the designated groups² (2011: 164 positions, 82% designated candidates). Of the 22 positions graded D – F¹, 68% was filled with candidates from the designated groups² (2011: 34 positions, 68% designated candidates).

¹ Paterson grading system: grade D – F: executive, senior and middle managers, grade A – C: supervisory, clerical and other employees

² Employment Equity Act 55 of 1998: "designated groups" means black people, women and people with disabilities

GROUP EQUITY PROFILE

As required by the amendments to the Employment Equity regulations (2006), the group's current employment equity profile by occupational level at 31 August 2011 is as follows:

WORKFORCE – OCCUPATIONAL LEVELS

Total number of employees by occupational levels:

Occupational levels	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	1	0	6	0	1	0	0	0	1	9
Senior management	0	4	2	19	0	3	0	3	0	1	32
Professionally qualified and experienced specialists and mid-management	2	52	5	57	1	13	3	11	1	1	146
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	28	161	19	42	14	41	12	9	0	2	328
Semi-skilled and discretionary decision-making	379	338	21	19	53	168	15	13	7	0	1 013
Unskilled and defined decision-making	378	382	0	0	276	287	0	0	1	0	1 324
Total permanent	787	938	47	143	344	513	30	36	9	5	2 852
Temporary employees	51	33	3	3	26	31	0	2	31	0	180
Total	838	971	50	146	370	544	30	38	40	5	3 032

A – Africans; C – Coloureds; I – Indians; W – Whites

WORKFORCE – DISABILITY

Total number of employees by occupational level and disability:

Occupational levels	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	1	0	1	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	0	1	0	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	3	1	1	0	5	0	0	0	0	10
Semi-skilled and discretionary decision-making	4	7	0	0	1	5	0	0	0	0	17
Unskilled and defined decision-making	3	1	0	0	6	11	0	0	0	0	21
Total permanent	7	12	1	2	7	22	1	0	0	0	52
Temporary employees	0	0	0	0	8	0	0	0	0	0	8
Total	7	12	1	2	15	22	1	0	0	0	60

A – Africans; C – Coloureds; I – Indians; W – Whites

HUMAN RESOURCES CONTINUED

The group remains under the DDG's review in terms of section 43 of the Employment Equity Act. Feedback in respect of the revised employment equity plan, which was submitted in August 2011, was still being awaited from the department at the time that this report was being produced.

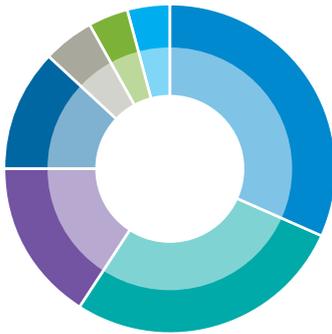
All female employees are entitled to maternity leave. All employees who had taken maternity leave in the prior reporting period were still in employment.

The Department of Labour is conducting a formal investigation to determine whether the terms and conditions of employment of sea-going employees, who are not covered by existing bargaining or statutory councils, should be regulated. The outcome of this investigation could impact Oceana negatively.

LABOUR TURNOVER

The labour turnover figure of 7% for the group is below the national average of 12,8% (as per Deloitte Human Capital Corporation).

LABOUR TURNOVER



- Dismissal (32%)
- Retirement/Health/Death (28%)
- Dissatisfaction with pay/Benefits/Opportunities (16%)
- Personal circumstances/Self-employment (12%)
- Retrenchment (5%)
- Incompatibility (4%)
- Location (4%)

None of the new employees who joined the group in the reporting period have left in the same period.

Retiring employees are given access to additional specific financial and investment advice.

OCCUPATIONAL HEALTH AND SAFETY

All operations in South Africa comply with the Occupational Health and Safety Act and Regulations 1993 and in Namibia with the Labour Act (1997). Managing directors of all the operating divisions are responsible for ensuring the implementation of this legislation and that the required structures are in place. Health and safety committees are in place in line with the requirements of the Act. Recognition agreements with unions in the Oceana Brands Limited (OB) and BCP divisions cover health and safety issues.

An independent consultant completes a comprehensive annual risk audit at the larger sites focusing on compliance with this legislation and insurance-related requirements. An annual report-back on this process is presented to the risk committee. The land and sea-based facilities covered by the health and safety audit contributes to a total of 97,3% of Oceana's turnover.

The land-based facility audit results are depicted in table on page 18. As a group, the average compliance score for risk control remained at 95%. The health and safety score increased to 95% from previous year (93%). Oceana's corporate office (Oceana House) was audited for the first time and achieved an average risk control score of 85%.

HUMAN RESOURCES CONTINUED

F2012 GRADING AUDIT RESULTS

Division	Risk control			Fire defence			Security			Emergency planning		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Oceana Brands	99	98	96	93	95	94	99	99	99	98	99	93
Lobster, Squid and French Fries	91	93	83	93	89	88	96	96	96	91	93	89
Commercial Cold Storage	100	100	83	95	95	87	97	99	97	100	98	79
Oceana House	90	N/A	N/A	83	N/A	N/A	98	N/A	N/A	47	N/A	N/A
Average	97	96	83	93	94	87	97	98	97	94	97	84

Division	Health & safety			Motor			Average rating			DIFR indicator		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Oceana Brands	93	94	92	99	100	95	95	96	94	93	96	N/A
Lobster, Squid and French Fries	91	91	90	99	99	94	95	93	90	85	88	N/A
Commercial Cold Storage	97	94	85	99	99	98	97	96	87	98	94	N/A
Oceana House	95	N/A	N/A	100	N/A	N/A	86	N/A	N/A	93	N/A	N/A
Average	95	93	88	98	99	96	95	95	89	94	92	N/A

Audits are conducted on all hake and horse mackerel vessels annually. The pelagic, lobster and calamari vessels are audited on a rotational basis. Each vessel is audited every three years due to the amount of vessels in these divisions. The results in the table below illustrates the high level of compliance in terms of risk and health safety standards and regulations.

F2012 VESSEL AUDIT RESULTS

Vessels	Shore organisation			General admin			Machinery and equipment			Electrical			Occupational health and safety		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
<i>Desert Jewel</i>	99	92	81	99	98	90	94	94	90	98	98	94	99	98	91
<i>Desert Rose</i>	100	93	78	98	96	90	95	95	92	98	94	98	99	98	94
<i>Desert Ruby</i>	93	92	81	99	96	93	96	94	91	98	98	97	99	97	95
<i>Desert Diamond</i>	97	100	98	99	98	91	97	94	94	98	98	97	99	96	93
<i>Compass Challenger</i>	100	97	93	99	98	88	96	94	98	96	97	98	98	98	93
<i>Realeka*</i>	94	100	96	96	93	93	96	93	93	100	98	98	99	98	98
Pelagic Fleet	97	98	80	99	100	90	98	97	97	97	100	100	99	99	97
Lobster Fleet	95	89	80	84	84	85	97	100	86	100	97	100	98	97	98
Calamari Fleet	100	94	95	97	93	92	95	93	93	100	100	100	97	97	98
Etosha Fleet	93	95	85	94	92	88	96	97	98	99	100	91	98	98	98
Average	97	95	86	96	95	90	96	95	93	98	98	97	99	98	95

Vessels	Life-saving appliances			Fire defence			Emergency planning			Average		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
<i>Desert Jewel</i>	100	100	100	99	98	95	100	100	89	98	97	91
<i>Desert Rose</i>	100	100	98	99	98	94	100	100	89	98	96	91
<i>Desert Ruby</i>	100	100	100	98	96	94	100	100	89	97	96	92
<i>Desert Diamond</i>	100	100	100	100	100	96	100	100	98	99	98	95
<i>Compass Challenger</i>	100	100	100	99	98	98	100	100	98	98	97	96
<i>Realeka*</i>	100	100	100	100	100	89	98	100	93	97	97	96
Pelagic Fleet	96	100	100	98	97	94	96	100	89	98	98	94
Lobster Fleet	100	100	96	94	93	95	98	98	87	95	94	90
Calamari Fleet	100	100	100	96	98	94	100	87	89	97	96	95
Etosha Fleet	100	100	100	97	97	97	91	84	89	96	96	94
Average	100	100	99	98	98	95	98	97	91	97	97	93

HUMAN RESOURCES CONTINUED

CLINIC FACILITIES

The 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.

HEALTH INDUCTION TRAINING

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 ongoing 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 clothing is issued to employees in accordance with legislative requirements.

RISK ASSESSMENTS

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

Fire fighting has been a key focus during the year under review, with several employees attending the relevant training. A number of teams entered the Mutual Risk Group fire team competition for the Cape region with two from Oceana Brands St Helena Bay and one team from CCS Paarden Eiland proceeding to the national finals. The CCS Paarden Eiland team will be participating in national finals for a second consecutive year. During the year the Oceana Brands St Helena Bay operation had a fire in their cannery which was successfully extinguished by the fire team members.

INJURY FREQUENCY RATE

The group's DIFR for 2012 was 0,96 (2011: 1,20). The decrease in the DIFR is as a result of management's ongoing focus on this area. A detailed analysis of injury incidents has been undertaken resulting in the re-emphasis on preventative controls and operating processes.

DIFR BY DIVISION

Division	2012	2011	2010
Blue Continent Products	0,2	0,1	0,3
Commercial Cold Storage	0,8	1,4	1,8
Oceana Brands	3,2	2,8	2,0
Etosha	0,4	1,1	2,2
Oceana Lobster, Squid and French Fries	1,5	2,9	2,4
Oceana corporate office	0	0	0
Blue Atlantic Trading	0	0	0
Oceana Group	0,96	1,2	1,4

No fatalities occurred during the reporting period under review.

ABSENTEEISM BY DIVISION

Division	2012	2011	2010
Blue Continent Products	0,8%	2,8%	0,2%
Commercial Cold Storage	1,3%	2,2%	2,2%
Oceana Brands	2,7%	1,7%	2,6%
Etosha	0,8%	2,0%	1,2%
Oceana Lobster, Squid and French Fries	2,9%	2,0%	1,7%
Oceana corporate office	1,8%	1,7%	1,6%
Blue Atlantic Trading	1,4%	1,6%	1,4%
Oceana Group	2,1%	1,9%	1,2%

Absenteeism as a result of both normal sick leave and injuries on duty was 2,1% (2011: 1,9%).

HIV/AIDS AND WELLNESS POLICIES

During the period under review an actuarial HIV prevalence study was completed. Demographic information of the group's current employee profile was provided together with information relating to the benefits on the various retirements funds, medical aid, sick leave entitlements and current sick leave balances. This information, together with the results of the two wellness interventions, was used to inform the outcome. The Actuarial Society of South Africa (ASSA) 2008 model was used to calculate the projections. The results of the impact study indicate an estimated 10,9% prevalence rate currently and that this will reduce to 10,5% by 2022 at the group level. The stabilised rate and slight reduction is as a result of the epidemic having reached a plateau in the Western Cape. This information will be used to inform decisions relating to future wellness interventions.

VOLUNTARY TESTING AND COUNSELLING

The Employee Wellness programme managed by Kaelo, an independent service provider, was adopted in 2012 and an Employee Assistance Programme was launched that provides telephonic and face-to-face counselling for employees and their families in the event of emotional, mental or other types of trauma. This programme, together with awareness and education sessions for employees on substance abuse, as well as training for leaders at all levels in the business on how to manage substance abuse at work, will form the focus of the wellness initiative until early 2013.

As there has not been any further screening undertaken during the period under review, the HIV/Aids prevalence of 11% for the group as at 2011 remains unchanged. At-risk employees identified during the previous screening interventions remain on the patient management programme, which is also part of the service offered by the wellness provider. This consists of individual case management through telephonic follow-up to ensure that employees are receiving the correct treatment and support for their medical programme, as well as assisting the employees to change their lifestyle where appropriate.

PERSONAL PROTECTION PROGRAMMES

The personal protection programme and trauma cover remains in place. This service provides access to anti-retroviral (ARV) treatment in the event of trauma resulting in exposure to body fluids that may be infected with HIV/Aids (for example, a vehicle accident, assault or rape) for employees and their families. This, together with the distribution of free condoms and ongoing education and awareness, forms part of the group's HIV/Aids prevention strategy.

AIDS STRATEGY TOOL

Oceana has adopted the Aids Rating® analysis tool to manage its strategy relating to the impact of Aids. This is a document consisting of 93 questions, which provides a score and allows for benchmarking, internally and externally, with other companies and industries. The tool will allow the group to measure year-on-year improvements and will identify areas of weakness, as well as best practice. The group is targeting a score of 60% by 2012 and scored 66% as at August 2012 (2011: 53%).

STAKEHOLDER FEEDBACK

NCFWU: "The relationship with Oceana has stabilised and developed into a partnership built on trust and honesty and recognition of co-existence and inclusiveness. We believe the relationship is very conducive to a healthy workplace. The interaction has been robust when necessary but we believe that Oceana's HR department has really improved its management of the group's human capital at shop floor level."

FAWU: "Our relationship with Oceana has improved significantly. While we still had our disagreements and shortcomings, what has changed is how we managed them. The levels of maturity and understanding between the union and the group's HR department have grown from strength to strength in recent years, as a result of a more constructive approach to communication. We wish that this will continue and that our relationship will continue to grow."

HUMAN RESOURCES CONTINUED

UNIVERSITY OF STELLENBOSCH BUSINESS SCHOOL (USB):

“Executive Education has enjoyed a proud association with the Oceana group for the past five years. We have successfully run the Leader as Coach Programme, the Leadership Management Development Programme and the Executive Management Development Programme for several dozen of Oceana’s team of staff. What makes us proud to be associated with the organisation is the fact that Oceana embraces many of our self-held values of inclusivity, diversity, a progressive learning organisation, and all of the aforementioned across all levels of the organisation. We look forward to partnering with Oceana on their future development initiatives for many years to come.”

HUMAN CAPITAL DEVELOPMENT SPECIALISTS, PMI: “The PMI and Oceana partnership is a true example of organisations committed to people development. From 2011 January to date, 50 learners have completed various learnership programmes. This partnership also saw one Higher Education student graduate with a BSc Hons degree in April 2012.”

MEDIA WORKS: “Adult Education is identified as a critical priority in South Africa and plays a vital role in equipping employees with the necessary knowledge, skills and values in order to be functional in society and as a person by contributing to the workforce, community and economy. The Oceana Group embraces and acknowledges this priority and, in achieving its strategic learning objectives, has implemented such programmes in its operating divisions of Oceana Brands; Lobster, Squid and French Fries; and Blue Continent Products.”