



# 2013

SHARED VALUE



OCEANA GROUP

Oceana Group Limited Sustainability Report 2013

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Oceana Group Limited  
Incorporated in the Republic of South Africa  
(Registration Number 1939/001730/06)  
(Oceana or the company or the group)

## ABOUT THIS REPORT

### SCOPE AND BOUNDARY

Oceana Group's online sustainability report covers the full business operations of the group, which comprise subsidiaries in the fishing and commercial cold storage and logistics industries in South Africa and Namibia.

The report covers all material and relevant information relating to the social and environmental activities and impact of the group during the 2013 financial year. It reflects the manner in which sustainability has been integrated into our business in accordance with the recommendations of the King Code of Governance Principles for South Africa 2009 (King III).

### REPORTING PRINCIPLES

In preparing this report, Oceana applied the principles contained in King III, the JSE Limited (JSE) Social Responsibility Investment Index (SRI) and the Global Reporting Initiative's G3 sustainability reporting guidelines. The report also draws on the International Integrated Reporting Council (IIRC) Consultation draft of the International Framework for Integrated Reporting.

### EXTERNAL AUDIT AND ASSURANCE

During the year, a number of audits took place that were verified by independent service providers (all for the period 1 October 2012 to 20 September 2013):

Data category	External assurance provider	Scope
Broad-based black economic empowerment	Empowerdex	Oceana and its South African subsidiaries. Non-South African companies and Blue Atlantic Trading were excluded. Namibian companies were included in the training expenditure figures contained in the human resources review.
Carbon footprint	Compiled by Global Carbon Exchange and verified by Moore Stephens	Oceana's South African and Namibian operations and the Oceana corporate office in Cape Town. Blue Atlantic Trading was excluded.
Health and safety risk audit	Marsh Risk Consulting	All operations, hake and horse mackerel vessels. Small pelagic, squid and lobster vessels on 3-year rotational basis.
Environmental control system audits	Marsh Risk Consulting	14 land-based facilities and 3 vessels

Other information reported is derived from the group's own internal records and from information available in the public domain.

## STRATEGIC OVERVIEW

### GROUP PROFILE

Incorporated in 1918, Oceana Group is the largest fishing company in South Africa, and an important participant in Namibia's fishing industry. We are listed on both the Johannesburg (JSE) and Namibian stock exchange (NSX)

Our core fishing business is the catching, processing, marketing and distribution of canned fish, fishmeal, fish oil, lobster, horse mackerel, squid and hake. The business includes midwater fishing (horse mackerel), deep-sea trawling (hake), as well as inshore fishing for pelagic fish (anchovy, redeye herring and pilchard). Our products are sold and consumed in many African countries, Asia, the EU, USA and Australia.

While the group's principal market for fish is the lower-income consumer (canned fish and horse mackerel), we also sell product aimed at the upper-end consumer (lobster, hake and certain canned fish). The majority of sale revenues (69%) come from South Africa and Namibia, followed by markets in Southern and West Africa, Europe and the Far East.

### CORE PURPOSE

To be Africa's most efficient converter of fishing rights into value.

### STRATEGIC OBJECTIVES

- Leading stewardship of marine resources
- Driving transformation and localisation
- Optimising our operations
- Generating sustained financial returns by anticipating market trends
- Building trusted relationships

### WHY IS SUSTAINABILITY MATERIAL TO OCEANA AND THE FISHING SECTOR?

Globally, the supply of fish as a source of protein has grown and fish consumption has increased. Fish is a renewable natural marine resource which requires a responsible fisheries management approach to secure its future sustainability. As a producer of affordable protein to lower-income consumers in South Africa and other African countries, it is vital that our fishing practices are responsible and conform to best practice.

Food insecurity is a global challenge that is likely to remain while the global population increases. Ensuring the continued availability of the marine species that we harvest is fundamental to maintaining the sustainability of our business and to delivering value for our stakeholders. We adopt and implement responsible fishing practices across our business, participate in partnerships to promote an ecosystem approach to fishing, promote research to ensure the sustainability of our marine resources, and enforce a zero tolerance approach towards illegal and unregulated fishing.

Understanding the risks which may hinder us from achieving one of our key strategic objectives, namely being a leading industry steward of marine resources, and determining appropriate response measures, is critical to our sustainability.

## RISKS AND OPPORTUNITIES

The principal risks that have a material impact on Oceana's ability to create value are described below. These risks have been identified as part of the enterprise-wide risk identification and management system. These risks, our response measures and the associated strategic objectives are outlined below.

### (1) Inability to acquire fishing rights impacting growth strategy



#### Our risk context >

- Transfer of rights policy requirements not in-line with B-BBEE Act
- Not obtaining Competition Commission approval for acquisitions (where applicable due to size)

#### Our response measures >



- Active engagement with DAFF/MFMR to ensure policy aligned with B-BBEE Act
- Relying on joint venture and supply partners to increase volumes
- Monitor proposed policy and legislative changes
- Engage with government on the proposed policy and legislative developments

### (2) Reallocation of fishing rights after expiry



#### Our risk context >

- Long-term rights period expires within this year (squid sector) and in other sectors within two to seven years
- Material changes to Government directives and policy
- Possibility of reallocation of fishing rights to small-scale fishers

#### Our response measures >

- Monitor legislative and policy changes
- Engage directly with government and parliament on proposed policy and legislative developments
- Participate in consultation and policy development processes with government, business and labour bodies
- Ensure policy direction is communicated to operations and appropriate plans developed to ensure full compliance

### (3) Reputational risk



#### Our risk context >

- The group faces potential reputational risk associated with perceptions (valid or otherwise) relating to market size, level of transformation and localisation, and impacts on neighbouring communities and on the sustainability of marine resources
- Continuing need to maintain current very strong brand recognition and loyalty in Lucky Star and related brands

#### Our response measures >

- Prioritised stakeholder communication and engagement strategy in place, confirming Oceana as a black owned, black controlled company with sound values, a solid track record of compliance, and demonstrated commitment to social and environmental responsibility
- Ensure effective communication and engagement on activities relating to sustainable fishing, and contribution of fish in addressing food security as a low cost, low footprint, healthy source of protein
- Implement strategic social investment programme aimed at delivering benefits to neighbouring communities, with focus on education and food security
- Maintain positive relations with investors through consistent dividends and returns, a smooth earnings profile, and clear growth and capital expansion strategy
- Active monitoring programme in place to maintain strong brand value and customer loyalty

### (4) Food safety



#### Our risk context >

- Potential non-adherence to quality/safety standards locally and in our sourcing geographies

#### Our response measures >

- Implement systems to maintain quality and safety
- Engage third-party auditors to ensure imported products comply with relevant standards
- Product recall processes and insurance cover in place
- Implement proactive media engagement strategy
- Best practices hygiene and quality in catching and manufacturing (HACCP)

### (5) Legislative non-compliance



#### Our risk context >

- As a highly regulated industry, the group needs to maintain systems and skills to track, interpret and ensure compliance with legislative requirements

#### Our response measures >

- Engage with regulators through industry associations and personally by Executive committee members
- Comprehensive internal legislative compliance management systems in place
- Monitor and respond to recent legal developments

### (6) Exposure to market and exchange rate volatility



#### Our risk context >

- Impacted by movements in global market. Volatility in Rand/US dollar rates creates volatility in earnings

#### Our response measures >

- Manage a hedging policy on forward cover
- Natural business hedge flowing from group's different import and export activities

**(7) Inadequate quality and quantity of talent and skills**



**Our risk context >**

- Capacity to ensure continued growth impacted by the availability of skills in the market, and ability to attract, develop and retain talent

**Our response measures >**

- Policies and guidelines in place for talent management, recruitment selection, remuneration, training and skills development, and employment equity
- Succession planning process in place
- Zero tolerance policy in place on any form of harassment or discrimination

**(8) Risks to the health and safety of staff**



**Our risk context >**

- Inherent safety risks associated with activities on board fishing vessels and in factories

**Our response measures >**

- External and internal audits on all sites and vessels
- Effective safety monitoring, training and enforcement programmes
- Provision of appropriate equipment

**Environmental 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 that impact, or are potentially caused by, each division's activities, products and services. The consequence rating is chosen based on the most likely impact of the plausible worst case scenario of the various risks on the company and its stakeholders and takes possible financial, health and safety, environment, reputation, legal and compliance, and management impacts into consideration.

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 and any emerging risks. The risk registers are reviewed and updated quarterly. The group's Environmental Policy prescribes the procedure for reporting major environmental incidents to the chief executive officer, risk committee and at divisional meetings. The internal reporting and monitoring system requires that every major environmental incident should be reported to the chief executive officer immediately.

While Oceana takes care to minimise its impact on the environment, certain risk factors are beyond our direct control and can affect performance. Oceana has a detailed plan on how to address the impact within its control and influence and manage the factors outside its control.

**Key environmental risks**

**(1) Pollution of atmosphere, sea and land**



**Our risk context >**

- Bunkers spills while refuelling
- Pollution within normal operations:
  - Green-house gas emissions
  - Emissions from boilers and stacks
  - Leakage of coolant gases
  - Fish processing odours
  - Noise from quay or plant
- Garbage and plastics from vessels
- Pollution due to an incident (fire/explosion)
- Waste from factories being pumped into the ocean
- Chemical and oil spillages

**Our response measures >**

- Standard operating procedures in place for bunker refuelling
- Environmental Control System (ECS) in place at land-based facilities.
- Equipment maintenance to minimise emissions
- Major Hazardous Installation (MHI) assessments on 100% of land-based sites
- Liaising with external stakeholders on water quality issues, where applicable
- Chemical spillage kits available at all land-based facilities
- Oil spillage procedure in place for all vessels/facilities

**(2) Reputational damage due to changes in environmentally responsible best practices**



**Our risk context >**

- Increasingly stringent JSE SRI requirements
- Increasing public awareness of environmental issues
- Changes in legislation (emissions/water)
- Emissions (carbon/odour)
- Land rezoning (from industrial to commercial/residential)

**Our response measures >**

- Sustainability forum in place to monitor change in requirements and legislation
- Group Environmental Policy clearly outlines the group's environmental objectives
- Measurement and reporting on emissions (GHG and other) across group
- Emission reduction targets in place
- Environmental awareness training
- ECS in place to measure environmental compliance

**(3) Disruption in operations due to no fresh water or inadequate quality fresh water**



**Our risk context >**

- Inadequate fresh water infrastructure and management could lead to loss of production
- Inadequate fresh water on large vessels due to improper desalination could lead to loss of production

**Our response measures >**

- Periodic water analysis of fresh water
- Implementation of water usage alternatives (eg use of seawater at Lobster, Lucky Star cannery)
- Engineers on-board horse mackerel and hake vessels can perform emergency repairs on desalination plants

**(4) Unsafe environmental practices by suppliers of raw material, product and services, eg chemical contamination; disregard for safety of sea birds, animals and dolphins; inadequate or failing sewage and waste disposal systems**



**Our risk context >**

- Suppliers/service providers acting irresponsibly
- Lack of capacity in local government to enforce legislation
- Lack of regulatory framework and enforcement in international waters

**Our response measures >**

- Master independent contractor agreement in place at all factories and vessels in terms of section 28 of Occupational Health and Safety Act (OSHA)
- Valid letter of good standing for all contractors
- Comprehensive insurance programme in place
- Product recall programme in place
- Approved supplier code of conduct with relevant environmental clauses included to be implemented

**(5) Variation in availability of marine resources due to human action**



**Our risk context >**

- Over-exploitation of resource due to poaching/illegal fishing
- Inadequate marine research and/or poor scientific data analysis
- Change in ecosystem
- Target specie mixed with non-target species
- Fishing gear or method impacts negatively on marine ecosystem
- Contraventions of permit conditions with respect to by-catch

**Our response measures >**

- Influence and participate in government resource management working groups (Namibia and South Africa)
- Participate in government's scientific working groups
- Commissioning 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
- Utilising capacity where best suited for availability (where applicable)
- Implemented Bird Mitigation Plans (BMP) on hake vessels
- Independent observers on horse mackerel vessel in South Africa

**(6) Variation in availability of primary resources due to environmental changes**



**Our risk context >**

- Climate change
- Natural environmental disasters

**Our response measures >**

- CCS Logistics changed business strategy to accommodate change in cold store commodities
- French Fries sources potatoes from various regions in SA
- French Fries involved in developing alternative potato cultivar with seed growers
- Lucky Star has alternative sourcing locations built into business model
- Risk and vulnerability study on climate change in progress

**(7) Disruption in operations due to no seawater or inappropriate quality seawater**



**Our risk context >**

- Mechanical failure of the seawater pumps
- Seawater pump siting unable to accommodate unusual tide levels
- Contaminated seawater
- Spillage/damage due to non-environmental reason at the seawater inlet point

**Our response measures >**

- 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)

**Emerging risk**

**(8) Increased exploratory mining activities in fishing grounds**



**Our risk context >**

- Mining licences issued without full consideration of impact on fishing operations or employment
- Lack of integration of inter-governmental processes of awarding exploratory mining licences in marine environment

**Our response measures >**

- Registered as interested and affected party with environmental consultants
- Commentary provided through industry associations during mining exploration application process

**(9) Exposure to carbon tax legislation**



**Our risk context >**

- Climate Change Policy
- Carbon tax to be imposed on direct emissions
- Level of direct emissions from Oceana
- Indirect liability for carbon tax in supply chain
- Department of Environmental Affairs' proposed mandatory reporting of GHG emissions

**Our response measures >**

- Monthly and annual carbon footprint reporting
- Assessment of implications of direct carbon tax on emissions
- Environmental strategy includes long-term focus on becoming carbon neutral
- Developing energy and emissions reduction plan
- Provided commentary on Carbon Tax Policy to National Treasury

## REGULATORY DEVELOPMENTS

Given the highly regulated nature of the fishing sector, and the fact that Oceana's access to marine resources is governed through a competitive application process, it is essential that we ensure full compliance with government expectations. A priority focus area for us – and one that is strongly aligned with our core purpose of converting fishing rights into value – is our strategic commitment to meeting government expectations on transformation in South Africa and localisation in Namibia, both issues that have a critical bearing on our long-term success.

### Marine resource

During the year the fisheries branch of the Department of Agriculture, Forestry and Fisheries (DAFF) proposed a number of policy and regulatory changes. These include:

- The revision of the existing general policy governing the allocation of commercial fishing rights, which covers all sectors in which we operate.
- The revision of the sector-specific policies that govern the fisheries in which commercial fishing rights expire at the end of 2013.
- Extensive amendments to the Marine Living Resources Act, 18 of 1998 (MLRA).
- The implementation of the small-scale fisheries policy.

DAFF anticipates that the amendments will be signed into law before the close of the current parliamentary sitting to ensure the implementation of the small-scale fisheries policy.

### Transformation and localisation

#### South Africa

The B-BBEE Amendment Bill which seeks to amend certain provisions of the B-BBEE Act, 53 of 2003 (the Act), was gazetted during November 2012 and passed on 20 June 2013. Among other things, the bill aims to align the Act with other existing legislation and the Department of Trade and Industry's (DTI) Codes of Good Practice. The trade and industry parliamentary portfolio committee requested comments on the bill, which were submitted during March 2013.

As the bill also applies to provinces, approval in terms of section 76 of the Constitution is required. It has been tabled with the National Council of Provinces before the president signs it into law. We anticipate that the president will sign the amendments into law before the close of the current parliamentary sitting.

In October 2013, the DTI gazetted Final Amended Codes of Good Practice on B-BBEE 'Codes'. The Minister indicated that the refined Codes symbolise a new beginning in the re-orientation of the transformation policy to focus more on productive B-BBEE and growing effective black-owned enterprises.

#### Namibia

During the year, developments included engagement with the Namibian Ministry of Fisheries and Marine Resource (MFMR) on:

- the Law Reform and Development Commission on the management, protection and use of marine resources;
- the horse mackerel management plan for the MFMR; and
- the value addition and job creation possibilities in the horse mackerel sector.

A further legislative development is the national broad-based New Equitable Economic Empowerment Framework (NEEEF). The Namibian government's objective is to create an equitable and socially just society in which the distribution of income becomes far more equitable than it is at present. The policy framework outlined in NEEEF is aimed at promoting the economic empowerment of all Namibians and accelerating the process of transformation in Namibia.

### People

During the year, the Department of Labour continued its formal investigation into the fishing sector to determine if a sectoral determination is required to regulate the terms and conditions of seagoing employees who are not covered by existing bargaining or statutory councils. The outcome of this investigation will affect our pelagic and lobster division.

Divisional representatives in the affected divisions actively supported the requirement to become self-regulated. An employer's association was formed to participate in a bargaining or statutory council arrangement by the appropriate fishing associations. This resulted in the establishment of the Amalgamated Fishing Employers Organisation (AFEEO). A constitution was developed and registration to the Department of Labour has been submitted.

The Merchant Shipping Act, 57 of 1951, was reviewed during the year and we are awaiting promulgation. There is a proposed eight-hour working day for seagoing employees, which would not be applicable in the fishing sector where there are bargaining or statutory council structures in place. The impetus to become self-regulated has increased, as the impact on all players in the industry is significant. However, this would not be operationally feasible to implement due to fishing patterns.

### Environmental

The Minister of Finance announced the introduction of Carbon Tax during the budget speech in February 2013. In May 2013, the Carbon Tax Policy paper was released for comment. Oceana engaged and submitted detailed commentary on the policy paper and highlighted the omission of the fishing industry from the sectors discussed in the paper and the practical implementation because of the complexity of the nature and structure of the fishing industry.

## MANAGEMENT STATEMENTS

### OVERALL RECOGNITION

- Ranked 55th out of 100 international seafood companies by *Undercurrent News* a publication for the seafood industry, which ranked companies by turnover
- Ranked 73rd in the International IntraFish 150 listing, a new seafood business annual ranking of the largest seafood companies by annual sales
- Listed as the 15th top performing company in South Africa in a *Financial Mail* Special Edition
- Listed as the second most empowered JSE-listed company in the *Mail and Guardian* Top Empowerment Companies survey
- Lucky Star was named second in the Tinned Food category and eighth in the Overall Favourite Brand category in the annual *Sunday Times/TNS* Top Brands Survey in 2013

### PERFORMANCE HIGHLIGHTS

#### Overall

- Included in the JSE's Socially Responsible Investment (SRI) Index for nine consecutive years
- Retained a 95% score in CDP 2013.
- Independent level 2 B-BBEE rating of 95,17

#### Marine resource

- 99,6% of South African commercial rights harvested by Oceana are on the South African Sustainable Seafood Initiative (SASSI) green list
- The South African Hake Deep Sea Trawl fishery is Marine Stewardship Council (MSC) accredited
- Hake operations retained MSC chain of custody certification
- International Fishmeal and Fish Oil Organisation (IFFO) Responsible Supply (RS) accreditation for Hout Bay and St Helena Bay fishmeal plants retained

#### Transformation and localisation

- 54,9% black ownership
- 91% black employees in South Africa
- 79% Namibian employees in Namibia
- 2 706 employee beneficiaries hold approximately 13 986 967 shares in Oceana through the Oceana Empowerment Trust
- R1,4 billion spent on preferential procurement with B-BBEE suppliers

#### Food Security and Food Safety

- Important provider of food security with a significant protein footprint in Africa
  - 3 million Lucky Star meals consumed per day in Southern Africa
  - 1,4 million estimated servings of horse mackerel consumed per day in Africa
- 21 vessels have hazard analysis and critical control point (HACCP) certification, which is a food safety management system, where all hazards to food safety are identified and effective control measures are put in place
- Lucky Star's St Helena Bay cannery is certified by the National Regulator for Compulsory Specifications (NRCS) and is HACCP certified

#### People

- Zero production days lost to strike action or labour unrest
- R12,8 million invested in employee skills development
- Disabling injury frequency rate (DIFR) 0,5

#### Environment

- An average environmental audit score of 94% was achieved for all land-based sites and an average environmental audit score of 94% was achieved for all vessels during an independent ECS audit conducted by Marsh Risk Consulting
- GHG emission reduced by 22% from the base year which is F2009
- The lowest industrial anchovy landings by South African small pelagic industry in 50 years.

#### Communities – building trust relationships

- R3,4 million in corporate social investment (CSI) spend in South Africa, primarily directed towards West Coast fishing communities during 2013
- N\$12,8 million in CSI initiatives in Namibia during 2013



## KEY CHALLENGES

### Marine resource

- Low squid catch rates for third consecutive year
- Lowest South African industry anchovy landings in 50 years (see graph below)
- Lack of availability of a suitable vessel for annual scientific surveys
- West coast rock lobster (WCRL) added to SASSI orange list

### Community – building trust relations

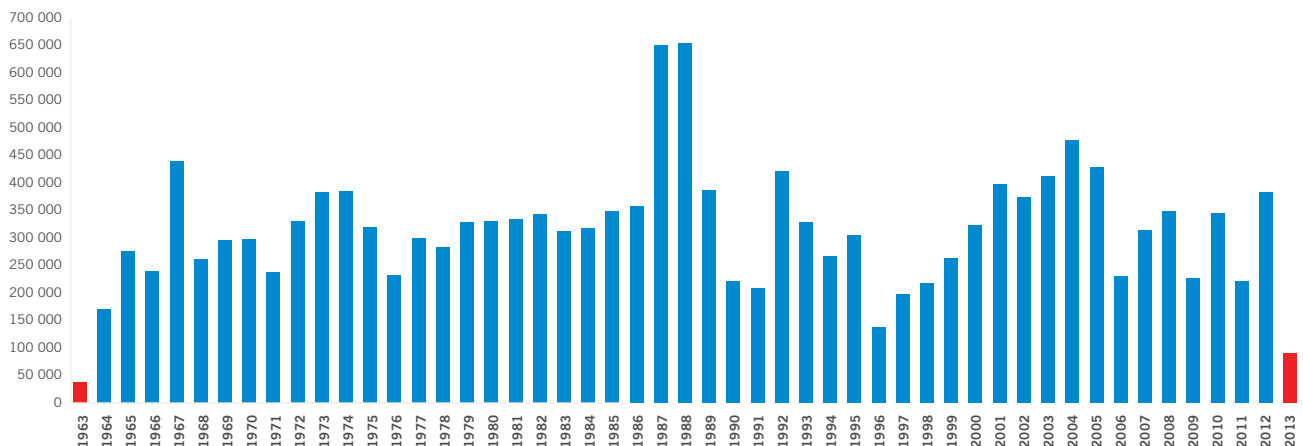
- High unemployment and poverty levels
- Limited infrastructure at schools in communities in which we operate
- Community complaints about odour from fishmeal factories

available for the scientific survey of the South African small pelagic resource. Independent studies on the status of the resources that we harvest were commissioned during the year and the detailed reports are available online.

We actively manage our environmental footprint. We have a comprehensive environmental management system in place, and have conducted environmental audits at all of our land-based facilities and some of the group's vessels. This year we commissioned an external consultant to develop an energy-reduction action plan that will provide the basis for setting divisional targets linked to energy-efficiency projects and renewable energy projects. This was the ninth year that Oceana was listed on the JSE SRI Index and the fourth year that we have participated in the CDP (formerly known as the Carbon Disclosure Project).

Food security remains a key challenge globally. Oceana has a significant protein footprint in Africa. Canned fish is a key staple

TOTAL INDUSTRY INDUSTRIAL LANDINGS



## COMMENTS FROM THE CHIEF EXECUTIVE OFFICER

Oceana's core purpose is to be Africa's most efficient converter of fishing rights into value. Our drive to integrate economic, social and governance aspects across the group remains a priority.

In line with the emerging governance expectations relating our sustainability report provides, how Oceana creates value, and of the resources and relationships that affect our ability to create and share value.

The group has established itself as a leader in environmentally responsible business practices, particularly in terms of promoting responsible fishing practices within the company and the broader sector. Ensuring good science is a critical element in responsible fisheries management, which requires that annual scientific surveys take place as scheduled. During the year, one of the vessels in the hake fleet– the Compass Challenger was made

protein choice for South African consumers and is eaten in more than 3 million meals every day. In addition, 1,4 million estimated servings of horse mackerel are provided per day in Africa.

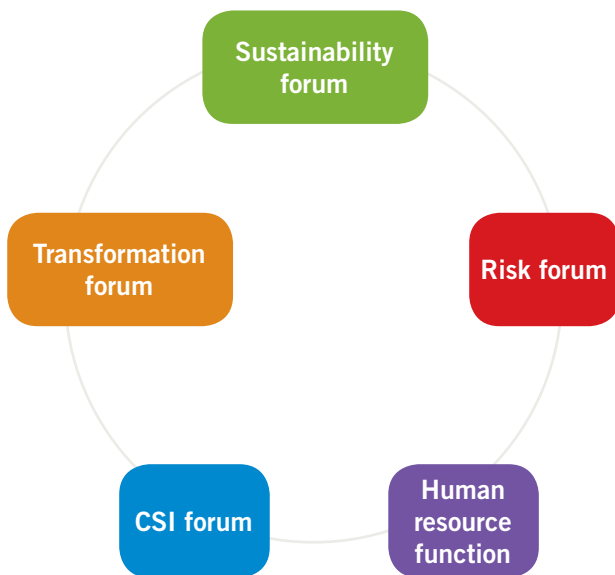
We continue supporting local communities through employment and training and skills development. In this manner we contribute to reducing poverty and food insecurity in the fishing communities in which we operate.

## GOVERNANCE OF SUSTAINABILITY

Sustainability is integrated into the Oceana governance structure. The board has delegated its responsibilities for social and economic development, good corporate citizenship, the environment, health and safety, and labour and employment to the social, ethics and transformation committee. The committee charter requires two meetings per year, which were duly held and attended by all members.

### INTERNAL GOVERNANCE STRUCTURES

The internal governance structure below illustrates the different forums that deal with all the relevant environmental social and governance (ESG) matters across the group. All these forums meet quarterly and provide feedback to the social, ethics and transformation committee.



### GOVERNANCE ISSUES

#### Environmental

##### *Policy and strategy*

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

##### *Communication and training*

Our Environmental Policy requires the development of skills and awareness concerning environmental issues and responsibility among employees. Compliance with the Environmental Policy is a

condition of employment with the consequence of disciplinary proceedings for non-compliance. Awareness is promoted through a variety of channels, including:

- Articles on environmental issues in the internal magazine, *Oceana Tidings*
- Presentations on environmental issues, including the ECS
- 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
- Maintaining divisional and group environmental risk registers and reviewing progress on actions quarterly

##### *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 no major instances of non-compliance with environmental regulations nor prosecutions or fines. 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 as far as reasonably possible, in the business activities of external parties supplying fish, goods and services to group companies.

On 25 April 2013 an effluent spill occurred in the harbour area adjacent to the Lucky Star Hout Bay fishmeal factory. A complaint was received from the community via the Oceana Whistle blower line. An investigation undertaken by Oceana and the relevant authorities concluded that Oceana did not cause the spillage into the harbour.

The authorities will attempt to find the root cause of the incident and possible failure of the harbour system in order to prevent any reoccurrences.

During the year Lamberts Bay Foods received a pre-directive for non-compliance in respect of its Water Use License. Lamberts Bay Foods is seeking to amend the conditions and will continue engaging with the Department of Water Affairs (DWA) and Department of Environmental Affairs (DEA) on this matter.

During the year, several ad hoc inspections were conducted on vessels and at processing facilities.

The following schedule indicated the inspections conducted:

Inspection authority	Division	Focus	Outcome
SAMSA	Lobster, squid and French fries: Safety Squid vessels		SAMSA noted that all items identified during the original audit were dealt with, and the company was complimented on the systems that were put in place.
SAMSA	Lobster, squid and French fries: Safety Lobster vessels		No major defects found
DAFF patrol vessel	Lobster, squid and French fries: Marine resource Lobster vessels		No major defects found
DEA&DP and West Coast District Air Quality Authority	Lucky Star: St Helena Bay operation	Environment – atmospheric emissions	Final atmospheric emission licence (AEL) review and plant inspection was conducted, which was the final stage of the AEL renewal process.
DEA&DP and City of Cape Town	Lucky Star: Hout Bay operation	Environment – atmospheric emissions	Authority conducted AEL review and plant inspection.
SAMSA	Blue Continent Products: Hake vessels	Safety	No major defects found

## People (Human Resources and health and safety)

### Policy

The human resource function plays a key role in instilling Oceana's values and business philosophy and in delivering on its strategic objectives. These key profiles are:

- **Employment Equity policy**  
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 forms of unfair discrimination.
- **Health and Safety Policy and Statement**  
The health and safety of Oceana employees is important and therefore the Oceana Health and safety policy is communicated with land-based and vessel employees.
- **Business Code of Conduct**  
The group's code 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.
- **Human Rights Policy and Statement**  
Oceana is committed to developing an organisational culture which implements a policy of support for internationally recognized human rights and seeks to avoid participation in human rights abuses. The human rights policy was adopting and is being applied on all Oceana operations in South Africa and Namibia.

- **Learning and Development Policy**

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

### Communities and Stakeholder Engagement

#### CSI Policy and strategy

The CSI policy guides Oceana's strategy to invest in education and food security in the bays that it operates.

### UNITED NATIONS GLOBAL COMPACT (UNGC)

The group is committed to integrating the 10 principles of the Global Compact into the strategy, culture and day-to-day operations of the business - and engaging in collaborative projects that advance the broader development goals of the United Nations, particularly the Millennium Development Goals. Oceana has formally adopted the UNGC's 10 principles and was accepted as a participant.

A human rights policy and a supplier code of conduct were developed and approved by the social, ethics and transformation committee. An implementation plan is being developed. A detailed progress report will be submitted to the UNGC in December 2013.

## SUSTAINABILITY FOCUS AREAS

The following strategic sustainability-related focus areas have a direct impact on our ability to deliver on our business strategy and create value:

- Marine resource
- Transformation and localisation
- Food security and food safety
- People (human resources and health and safety)
- Environmental management
- Communities and stakeholder engagement.

### FOCUS AREA 1: MARINE RESOURCE

#### Material issues

Protecting the marine resources we harvest is fundamental to the sustainability of our business. Some of the material issues that affect the health of these marine resources are:

- Lack of evidence based fisheries management practices
- Irresponsible fishing practices impacting resource negatively
- Declining availability of marine research and scientific skills within government
- Global threat of illegal and unregulated fishing
- Over fishing and poaching of marine resources

#### Strategic objectives

##### Leading stewardship of marine resources

Ensuring the sustainability of marine resources through:

- responsibly harvesting our marine resource allocations; and
- partnering with others to promote responsible fisheries management.

#### Key performance indicators

##### Promoting a responsible ecosystem approach to fishing

- Measurement of our commercial fishing rights against the SASSI green list
- Promoting responsible fishing practices:
  - Maintaining certification for sustainable practices
  - Continuing effective partnerships
  - Responsible fishing training with all vessel crew
  - Monitoring and recording levels of all targeted and by-catch species and reporting against the SASSI list

##### Promoting research:

- Effective participation in scientific working groups in each commercial sector in which we are active to develop and influence the management of the marine resources
- Commissioning annual independent scientific studies

##### Compliance with provisions of the Marine Living Resources Act, 18 of 1998 as amended (MLRA), and catching and processing permit conditions

- Enforcing a zero tolerance approach to illegal and unregulated fishing
- Compliance with catching and processing permit conditions

##### Promoting a responsible ecosystems approach to fishing

##### Measuring our commercial fishing rights against the SASSI green list

We strive to ensure that all commercial rights harvested are on the SASSI green list. All but two of our South African commercial fishing rights fall within the green category of the updated SASSI list (see table below).

Commercial fishing right	SASSI <sup>1</sup> category
Anchovy	Green
Pilchard	Green
Squid	Green
South coast rock lobster	Green
Horse mackerel	Green
Deep-sea hake	Green
Sole	Orange
West coast rock lobster	Orange

<sup>1</sup> 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.

##### Promoting responsible fishing practices

##### Maintaining certification for responsible fishing practices

At Oceana we follow the requirements of two key certification initiatives: the Marine Stewardship Council (MSC) and the responsible supply standards of International Fishmeal and Fish Oil Organisation (IFFO).

The hake deep-sea trawl fishery MSC accreditation and the Oceana hake operation retained their MSC chain of custody certification. During the year, Intertek Moody Marine Limited conducted a survey of the South African trawl fishery and confirmed that the fishery continues to perform in line with the environmental standards of the MSC certification requirements.

Lucky Star's fishmeal plants were certified during 2012 as responsible supply plants in terms of the IFFO requirements. During August 2013 the feed material assurance scheme

(FEMAS) audits were conducted at both our fishmeal factories, a prerequisite for IFFO certification.

The IFFO responsible supply accreditation obtained during 2012 was retained during 2013 for the Hout Bay and St Helena bay fishmeal plants.

**Continuing effective partnerships**

We are a founding member of the Responsible Fisheries Alliance (RFA), a partnership with WWF-South Africa, BirdLife South Africa, and three other fishing companies. Good progress was made within the RFA in implementing an ecosystem approach to fisheries management and promoting responsible fishing practices.

Now, five years since formation, the RFA continuously encourages all relevant stakeholders to understand and support the implementation of an ecosystem approach to fisheries management in South Africa. During the year the RFA's most successful projects were the responsible fisheries training programme, bird mitigation plans, and the inshore trawl by-catch management programme. Since the inception of the RFA responsible fisheries training programme in 2010 more than 650 seagoing and prospective seagoing employees have attended this training. Further detail regarding the activities of the RFA may be found on their website. (<http://www.rfalliance.org.za/>)

**Responsible fishing training for all vessel crew**

Seagoing employees are required to attend responsible fisheries training to develop a clear understanding of fisheries management, ecological health, monitoring and enforcement. We trained 139 employees during the year.

**Monitoring and recording levels of all targeted and by-catch species and reporting against the SASSI list**

Systems to monitor and record levels of all targeted and by-catch species are being reviewed ahead of a common group-wide framework being introduced to ensure a consistent approach to reporting across all species.

*Promoting research*

**Effective participation in scientific working groups in the commercial sectors in which we operate to develop and influence the management of the marine resources**

The fisheries branch of DAFF is responsible, inter alia, for promoting the conservation and sustainable use of marine resources. Within the branch, the Resources Research department is required to advise on, and promote, the sustainable use of coastal and living marine resources and the conservation of marine and coastal ecosystems by conducting and supporting appropriate research, which involves, among others:

- Conducting scientific research into exploited resources
- Performing resource assessments
- Making total allowable catch (TAC) and total allowable effort (TAE) recommendations for management

- Capturing and verifying catch data
- Investigating the potential for new fisheries

The Resource Management directorate is also responsible for ensuring sustainable use and equitable access to marine resources. The scientific research surveys are critical in developing recommendations to the Minister on the TAC and/or TAE to be applied in the 22 key fisheries sectors. The fisheries surveys collect data on the catches, abundance, distribution and biology and associated environmental information. Other systems are

- fisheries and observer-based data collection,
- scientific working groups that meet regularly,
- teams of scientists working on biological and environmental information to provide input to the working groups,
- regular status reports on the key resources, and
- research infrastructure such as laboratories, vessels, small boats and equipment required to support these activities.

Senior and executive management are active members of scientific working groups in the commercial fishing sectors in which we operate.

**Commissioning annual independent scientific studies**

Each year we commission and publish scientific studies relating to the marine resources that we harvest, which follow:

- [Lobster and squid](#)
- [Pelagic](#)
- [Horse Mackerel](#)
- [Hake](#)

*Compliance with provisions of the MLRA, and catching and processing permit conditions*

**Enforcing a zero tolerance approach to illegal and unregulated fishing**

The impact of commercial fishing on marine life is managed by a comprehensive process of regulatory control, industry involvement and engagement, and company-specific management procedures. Catch and/or effort limits are set by the Minister of Agriculture, Forestry and Fisheries after scientific surveys to assess the biomass, in consultation with key stakeholders. Skippers on all our vessels have committed to abide by formal policies that regulate issues such as which species may be targeted; avoiding by-catches of other species; prohibiting dumping of fish, fuels and plastics at sea; and procedures for refuelling, handling spills of fuel and oil, cleaning of tanks and garbage disposal.

**Compliance with catching and processing permit conditions**

Aside from the laws and controls implemented by regulatory authorities, we have introduced our own formal operating procedures to promote compliance, with disciplinary actions to follow transgressions. All operations are required to ensure the



validity of permits and licences, which are reviewed regularly by management. Assurance is obtained through periodic site and permit reviews or audits by professional consultants. During 2013, the two hake vessels acquired from Lusitania were successfully integrated into the business and the requisite systems were introduced to ensure compliance.

## FOCUS AREA 2: TRANSFORMATION AND LOCALISATION

In line with our core purpose of being Africa's most efficient converter of fishing rights into value, we have a strong strategic commitment to meeting government expectations on transformation (in South Africa) and localisation (in Namibia). Delivering on this commitment not only contributes positively to the general business environment, but it is also critical in maintaining our access to marine resources, particularly given the fact that the allocation of fishing rights will still be governed by a competitive application process. Therefore, we view transformation as integral to the sustainability of the business.

### Material issues

- DAFF's continued narrow measure of transformation considering only ownership and management.
- Ensuring that we appoint and retain skilled black employees at management levels.
- Directing an increasing level of procurement to black-owned and black female-owned suppliers and ensuring compliance by suppliers.

### Strategic objective

#### **Driving transformation and localisation**

The objective that was set for 2013 was to maintain an independently accredited B-BBEE level 2 rating in South Africa. This objective was achieved.

### Key performance indicators

- Overall target is to maintain our independently accredited level 2 rating with a score above 90 points
- *Ownership*: Maintain black-owned and controlled status; retain points achieved in 2012.
- *Management control*: Maintain and/or increase black representation at board and executive level; retain points achieved in 2012
- *Employment equity*: Achieve a score of 10 points
- *Skills development*: Achieve a score of 14 points
- *Preferential procurement*: Maintain or increase score achieved in 2012
- *Enterprise development*: Maintain maximum score achieved by contributing 3% of net profit after tax (NPAT) to qualifying initiatives
- *Socio-economic development (SED)*: Maintain maximum score by at least contributing 1% of its NPAT to on qualifying SED beneficiaries

### Performance review

The B-BBEE scorecard consists of seven elements and will be reviewed per element. The following scorecard reflects the result of a verification report issued by independently SANAS-accredited rating agency Empowerdex for the period 1 October 2012 to 30 September 2013.

Element	Category	Indicator	Target score	Verified score	Verified level	Compliance targets	
						Years 0 – 5	Years 6 – 10
<b>Ownership</b>	Voting rights	Exercisable voting rights in the enterprise in the hands of black people	3,00	3,00	54,90%	25% + 1 vote	25% + 1 vote
Ownership of companies by black people		Exercisable voting rights in the enterprise in the hands of black women	2,00	2,00	10,71%	10%	10%
	Economic interest	Economic interest of black people in the enterprise	4,00	4,00	54,90%	25%	25%
Code 100		Economic interest of black women in the enterprise	2,00	2,00	10,53%	10%	10%
Total points: 20		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	1,00	1,00	22,75%	2,5%	2,5%
	Realisation points	Ownership fulfilment	1,00	0,00	Not fulfilled	No restrictions	
		Net value	7,00	7,00	44,22%	25%	25%
	Bonus points	Involvement in the ownership of the enterprise of black new entrants	2,00	2,00	15,73%	10%	10%
		Involvement in the ownership of the enterprise of black participants: • in employee ownership schemes; • of broad-based ownership schemes; or • in co-operatives	1,00	1,00	22,60%	10%	10%
	Score		20,00	22,00			
<b>Management control</b>	Board participation	Exercisable voting rights of board members who are black, adjusted, using the adjusted recognition for gender	3,00	3,00	56,82%	50%	50%
Measures effective control		Black executive directors, adjusted, using the adjusted recognition for gender	2,00	2,00	58,33%	50%	50%
Code 200	Top management	Black senior top management, adjusted, using the adjusted recognition for gender	3,00	3,00	53,33%	40%	40%
Total points: 10		Black other top management, adjusted, using the adjusted recognition for gender	2,00	0,42	8,33%	40%	40%
	Bonus points	Black independent non-executive board members	1,00	1,00	75,00%	40%	40%
	Score		10,00	9,42			

Element	Category	Indicator	Target score	Verified score	Verified level	Compliance targets	
						Years 0 – 5	Years 6 – 10
<b>Employment equity</b> Measures initiatives intended to achieve equity in the workplace Code 300	Disabled	Black disabled employees as a percentage of all employees, using the adjusted recognition for gender	2,00	2,00	3,01%	2%	3%
	Senior	Black employees in senior management as a percentage of all such employees, using the adjusted recognition for gender	5,00	2,27	27,27%	43%	60%
	Middle	Black employees in middle management as a percentage of all such employees, using the adjusted recognition for gender	4,00	2,30	43,07%	63%	75%
	Junior	Black employees in junior management as a percentage of all such employees, using the adjusted recognition for gender	4,00	2,99	58,89%	68%	80%
	Bonus points	For meeting or exceeding the EAP targets in each category above	3,00	0,00	0,00%		
Total points: 15			Score	15,00	9,56		
<b>Skills development</b> Measures extent to which employers develop the competencies of black employees Code 400		Skills development expenditure on learning programmes for black employees as a percentage of leviable amount, using adjusted recognition for gender	6,00	5,63	2,82%	3%	3%
	Skills expenditure	Skills development expenditure on learning programmes specified in the LPM <sup>1</sup> for black employees with disabilities as a percentage of leviable amount, using adjusted recognition for gender	3,00	2,88	0,29%	0,30%	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	6,00	6,00	8,85%	5%	5%
Total points: 15			Score	15,00	14,51		
<b>Preferential procurement</b> Measures the extent to which companies buy goods and services from BEE entities and black-owned entities Code 500		B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	12,00	12,00	97,24%	50%	70%
		B-BBEE procurement spend from QSE <sup>2</sup> or EME <sup>3</sup> based on applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	3,00	3,00	24,47%	10%	15%
		B-BBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend	3,00	3,00	21,78%	9%	20%
		• Suppliers that are more than 50% black owned; or • Suppliers that are more than 30% black women owned	2,00	1,68	6,72%	6%	
Total points: 20			Score	20,00	19,68		



Element	Category	Indicator	Target score	Verified score	Verified level	Compliance targets	
						Years 0 – 5	Years 6 – 10
<b>Enterprise development</b>		Average annual value of all enterprise development contributions and sector-specific programmes made by the measured entity as a percentage of the target	15,00	15,00	10,87%	3% of NPAT	3% of NPAT
Measures the extent to which companies carry out incentives contributing to enterprise development.							
Code 600							
Total points: 15							
Score			15,00	15,00			
<b>Socio-economic development</b>		Average annual value of all SED contributions made by the measured entity as a percentage of the target	5,00	5,00	1,19%	1% of NPAT	1% of NPAT
Measures the extent to which companies support socio-economic development.							
Code 700							
Total points: 5							
Score			5,00	5,00			
Overall score				95,17			

#### Ownership

During the 2013 financial period, Oceana retained its status of being a black-owned and black-controlled company in terms of the definition in the DTI Codes of Good Practice. The status was maintained as at the end of the financial year at 54,90% (2012: 55,84%).

#### Management control

The appointment of a black executive director to the Oceana board has led to an increase in the management control points achieved to 9,42 points (2012: 8,84).

#### Employment equity

We met the sub-minimum target of 40% for each management indicator. This allows a score to be awarded per category. Oceana has managed to achieve a score of 9,56 for 2013 (2012: 9,10).

#### Skills development

The value of the training expenditure on all black employees increased to R17 million (2012: R13 million). This enabled Oceana to achieve an increased score of 14,51 (2012: 14,42).

#### Preferential procurement

During the period under review, procurement with B-BBEE enterprises, stated as a percentage of the group's total procurement spend was maintained above the 70% level. Expenditure with B-BBEE suppliers increased slightly from R1,1 billion in 2012 to R1,4 billion in 2013. Expenditure with black female-owned suppliers increased from R87 million in 2012 to R98,7 million in 2013.

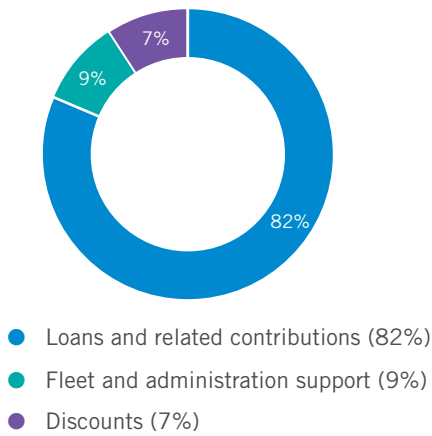
Oceana achieved a procurement score of 19,68 of 2013 (2012: 19,62).

*Enterprise development*

During 2013, Oceana spent R35,6 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.

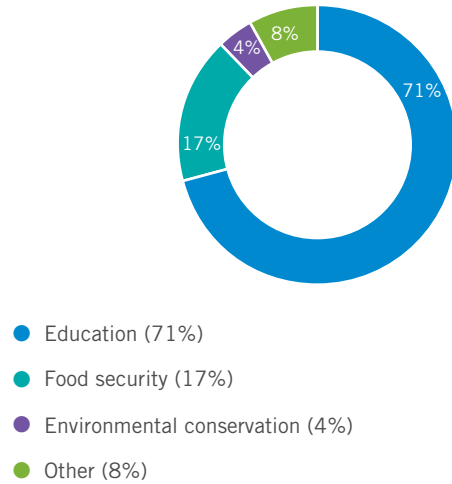
A breakdown of the type of enterprise development initiative and its contribution to the overall expenditure is listed below:

ENTERPRISE DEVELOPMENT



A breakdown of the socio-economic development programmes by category supported for the financial period 2013 is listed below:

SOCIO-ECONOMIC DEVELOPMENT INITIATIVES FOR 2013



Challenges

A key challenge is the level of black representation at senior management levels. Achieving the score on skills development was challenging as the leviable payroll increased significantly due to senior managers exercising their rights to phantom shares which increases the base used to calculate the training performance. On preferential procurement the challenge remained one of directing an increased percentage of our spend towards black-owned and black female-owned suppliers.

Commitment going forward

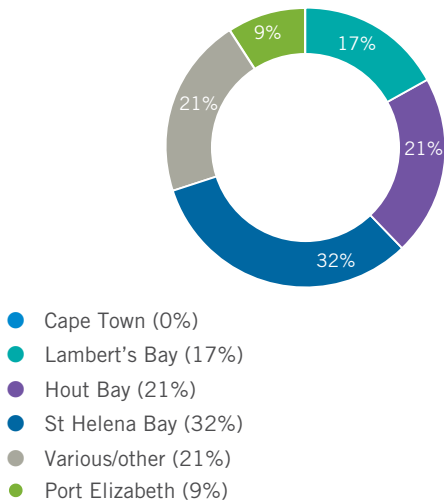
The revised Codes of Good Practice were gazetted in October 2013, which will require that we develop a thorough understanding of the impact of the changes on our current internal monitoring systems and targets.

*Socio-economic development*

During the 2013 financial year, 1,19% of the group's NPAT was distributed to beneficiaries that have a black base of 75%.

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

SOCIO-ECONOMIC DEVELOPMENT EXPENDITURE FOR 2013 PER GEOGRAPHICAL AREA



### FOCUS AREA 3: FOOD SECURITY AND FOOD SAFETY

#### Food security

The increase in global food insecurity and increasing global population growth rate has an impact on the sustainability of global marine resources. Fish remains the cheapest form of animal protein, with canned fish typically sold at a lower cost compared to other fish products. While the group's principal market for fish is the lower-end consumer (canned fish and horse mackerel), we also sell product aimed at the upper-end consumer (lobster and hake). The majority of sale revenues (69%) come from South Africa and Namibia, followed by markets in Southern and West Africa, Europe and the Far East.

Oceana is an important provider of food security with a significant protein footprint in Africa. Canned fish is a key staple protein choice for South African consumers and is eaten in more than 3 million meals every day. In addition, 1,4 million estimated servings of horse mackerel are provided per day in Africa. In this section our primary focus is on canned fish and horse mackerel. Oceana has also aligned its corporate responsibility investment policy with this key focus area and therefore invest in food security projects within the bays in which it operates.

#### Canned fish

The volume of pilchard required to support sales of Lucky Star products exceeds that available from landings of fish in South Africa and Namibia with our own quotas. This necessitates securing additional raw fish and canned product from other sources, including from rights holders and factories in South Africa, and from suppliers in Namibia, Morocco, the Americas and Asia. Approximately 60% of our local requirements are sourced from over 14 canneries around the world. In recent years, the supply side of the business has grown into a complex logistical operation requiring significant working capital and specialist knowledge and skills. In addition we procure frozen fish in Mexico, USA, Morocco, Japan and Canada for canning in factories in Thailand and China, with increasing volumes being sent to our own plants in South Africa and Namibia.

Lucky Star sardines, pilchards, mackerel and tuna are high in omega 3 and protein and are endorsed by Diabetes South Africa. These products have all been approved as part of the South African Heart and Stroke Foundation's eating plan, which promotes a healthy lifestyle and healthy eating plan as it meets the following criteria:

- Lower in saturated fats
- Lower in salt
- Lower in cholesterol

Lucky Star was placed second in the tinned food category in the *Sunday Times/TNS* Top Brands survey for the fourth consecutive year, and maintained eighth position in the overall favourite brand category. Canned fish is a key protein choice of Southern African consumers. Canned pilchards are marketed and sold

under the Lucky Star, Seafarer and Seafare brands in South African and other African markets. Canned tuna, sardines, jack mackerel, and mackerel are marketed and sold under the Lucky Star brand in South Africa. Canned pilchard is marketed under the Glenryck brand in the UK.

#### Horse mackerel

South African horse mackerel is sold principally into the Angolan and Cameroon markets, which prefer larger sized fish with a higher fat content. The Namibian species is generally a slightly smaller sized fish than those caught in South Africa. It is sold predominantly in the Democratic Republic of the Congo, South Africa, Mozambique, Southern Angola, Namibia, Zambia and Zimbabwe. Frozen fish from South America, North Africa, New Zealand, South East Asia, Europe and Southern Africa is sourced and supplied by Oceana International via refrigerated containers or reefer vessels for distribution in Cameroon and Angola.

#### Food safety

We aim to provide the market with products that are safe and of the highest quality, fulfilling our consumers' expectations.

There is currently no food inspection system or programme able to demonstrate to consumers, governments or food operators that there is no risk in the consumption of food provided by the food trade. However, our customers rely on us to safeguard the integrity, quality and wholesomeness of the products we produce and sell. Therefore, we are committed to providing safe food and animal feed products and services.

Our definition of food safety is simple – protecting people and animals from illness or injury, from handling or consuming our branded food products. However, our efforts to ensure food safety – all along the vast supply chain, from procurement to production, to sales and distribution (harvest to fork) right up to consumption – is more complex. Because we touch the global food supply chain in so many ways and in so many places, it is important that we implement a broad, comprehensive approach to ensuring the safety and integrity of all of our products.

Our food safety system is founded on science and internationally recognised technical regulations and standards that improve public health. We meet the minimum requirements of the compulsory specifications administered in South Africa, and standards and principles of Codex Alimentarius and ISO. The World Organisation for Animal Health principles are used as the basis for animal health systems.

This approach is designed to address allergens and biological, chemical and physical hazards which can occur if not controlled. To ensure this, we conduct audits, inspections, surveillance and examinations of product designs, products, services, processes or processing plants to determine their conformity with specific or general requirements. We have an annual documented audit and inspection schedule, devised on a risk-based analysis and science approach.

#### *Lucky Star division*

As our Lucky Star division is a large importer of canned fish and fishery products, it is important to exercise controls that are deemed necessary. Imported products have to be verified and tested and where food safety or suitability problems are experienced, this should be followed up with producers in the countries of origin. Where required, processing facilities of both raw materials and final product suppliers have to be verified, to establish whether they have the necessary preventative food safety systems in place that can prevent food hazards.

Lucky Star also makes use of a third-party service provider in Thailand and China to conduct inspections. The third-party test and inspection must be formally verified once per annum against in-house product and process inspections conducted and tests performed.

Tests are performed by outside laboratories on products intended for human consumption or for animal feed and the results obtained may be critical for decision-making purposes regarding distribution (eg mercury or histamine levels in a consignment of frozen or canned tuna or Free Fatty Acids (FFA) or microbiological levels in fishmeal and oil.)

We keep an acceptance register of all third-party service providers, such as inspection bodies (WGP, SGS, etc.) and test laboratories (SABS, SGS, Nampak R&D, Muller Laboratories, FIRI, etc.). We also obtain proof of the accuracy and competence of these outside laboratories (service providers), eg by SANAS accreditation of test methods, or through proper self-conducted contract reviews with test houses, especially regarding test methods used and levels of testing.

Food control places emphasis on risk prevention and controls exercised from "harvest to fork". Therefore, the emphasis should be on finding and controlling risks or food safety hazards, wherever they are, and not on final product inspection alone. Documented processing plant audit and inspection checklists (raw materials, canners and can manufacturers) are completed to indicate the status of a particular supplier. Planned visits to processing facilities are largely in line with the present procurement plan in place at any given time; ie what is being procured for the year and new product development can dictate where audits and inspections will take place.

In the unlikely event of a serious product non-conformance, it is necessary to have a recall procedure in place, to minimise any potential health risk to consumers and our business. Lucky Star conducts an annual review and update of its product recall process and submits the review results to the product recall committee for consideration and approval.

Key responsibilities may include the following actions:

- Establish and maintain a food recall plan, using the appropriate documented operational procedures.
- Maintain records of who suppliers have sourced food from (including ingredients of raw material) and sold food to, as part of the food traceability system.
- Establish procedures for verification of traceability and recall; eg conduct regular recall simulation exercises (mock recalls) to ensure that contact lists are up to date and employees are trained appropriately.
- Train employees to execute the food recall plan.
- Remove unsafe food rapidly from the market.
- Inform the consumers concerned, if the food under recall has reached them.
- Notify and co-operate with the competent authority when undertaking recall activities.
- Notify other relevant food business operators within the food chain, as may be appropriate.
- Communicate recall details and information to relevant parties and respond to media and consumer queries.
- Manage the recalled product appropriately (safe disposal or reprocessing).
- Undertake regular evaluations of the food recall plan, to bring lessons learned from previous recalls into consideration. As a result of this analysis, it may be necessary to revise the recall plan.

During the year we took the precautionary step of removing one non-conforming product.

Lucky Star sources product from its own factories in South Africa and Namibia and from countries such as Chile, Peru, Mexico, United States, Canada, Morocco, Thailand, Pakistan and China. Maintaining high food safety and quality standards across all areas of the supply chain and in all geographies is demanding, as is meeting the Lucky Star objective of ensuring consistency, quality and trust.

To achieve these objectives Lucky Star adopts a multi-dimensional and comprehensive quality management system with the following attributes:

- Founded on risk-based science.
- Considerable focus on prevention, process controls from “harvest to fork” and final product inspections.
- Supplier qualification and assurance systems.
- Traceability throughout the supply chain.
- Verified by annual in-house audits, national and international audits conducted by the relevant health authorities and external service providers.
- Extensive use of accredited third-party inspection agencies both locally and internationally and accredited laboratories to provide the necessary analysis.
- Continuous improvement of the plan based on lessons learnt and by identifying, adopting and sharing best practices.

#### *Fishmeal*

Lucky Star is a member of the International Fishmeal and Fish Oil Organisation (IFFO) and the plants are certified as IFFO responsible supply (RS) plants. IFFO's vision is to enhance human and livestock health and welfare through superior nutrition to the benefit of consumers worldwide. Lucky Star was also 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. Fishmeal and fish oil is also certificated by the Department of Agriculture under the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 36 of 1947 as amended.

#### *Blue Continent Products (BCP) division*

Strict food safety systems are adhered to and product quality controllers are on board every fishing trip in South Africa and Namibia. The BCP hake and horse mackerel vessels are HACCP accredited through the National Regulator for Compulsory Specifications (NRCS).

#### *OLSF division*

The Oceana lobster and squid factory, and vessels received HACCP accreditation through the NRCS. Product quality and safety is ensured by the internal quality managed system. 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.

## FOCUS AREA 4: ENVIRONMENTAL MANAGEMENT

### Material Issues

The environmental material issues that impact Oceana's long-term sustainability were identified as:

- Climate change and energy
- Odorous emissions

### Strategic objectives

- Monitoring and managing the group's impact on the environment
- Promoting energy efficiency and managing the impact of climate change
- Ensuring sound management of the impact of climate change and energy
- Ensuring long-term focus on achieving carbon neutral environments

The areas will be expanded next year to include:

- Ensuring responsible water usage and disposal
- Ensuring effective management of waste and disposal

### Performance review

During the year there was an increased focus on improving our energy-efficiency, reducing the consumption of non-renewable energy and on assessing and responding to the possible impact of climate change.

### Key performance indicators

An environmental performance system was developed to improve the integration of sustainability strategy across all companies. The identified key performance areas are:

- Improving energy-efficiency and reducing consumption of non-renewable energy
- Reducing Freon consumption
- Achieving a 90% score on the CDP (formerly the Carbon Disclosure Project)
- Implementing climate change awareness and adaption measures
- Maintaining or increasing the environmental control system audit score for land-based plants and vessels
- Decreasing greenhouse gas (GHG) emissions


Division	Target F2013
Lucky Star	2,5% reduction from base year F2009
Lobster, squid and French fries	2,5% reduction from base year F2009
Hake and horse mackerel	20% reduction from base year F2009
CCS Logistics	20% reduction from base year F2009
Etosha	15% reduction from base year F2010

### *Improving energy-efficiency and reducing consumption of non-renewable energy*

This year all divisions undertook a review of their energy usage and developed a list of options with corresponding cost implications to implement mitigation measures. An external consultancy was commissioned to develop an energy and emissions reduction action plan that would provide the basis for determining divisional emissions reduction targets; they also provided practical guidance on how to achieve agreed targets. During the process we reviewed our historic carbon footprint assessments, and the results from our energy-efficiency audits and carbon emissions reduction activities. Our group-wide reduction plan includes short-term, medium and long-term targets linked to energy-efficiency projects and renewable energy projects. Each division's targets differ as the use of energy varies annually from division to division. The reasons for the variability of energy use are:

- total allowable catch or total allowable effort of a specie;
- the location of fish;
- distance to processing plants;
- weather conditions;
- length of production runs; and
- volume of catch and landings.

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.

A list of energy reduction initiatives that have been implemented since 2009 is available on our website in the latest carbon footprint report. 

### *Reducing Freon consumption*

Compulsory Freon reporting was changed during the year and is no longer required as part of the total GHG emissions report. However, Freon gas is a large contributor to our GHG emissions. During the year systems were implemented to identify Freon leaks and encourage immediate action to repair and minimise future leaks. The two hake vessels, which were incorporated into

the hake fleet following the Lusitania acquisition, had several leaks during the year which increased the overall group Freon consumption year on year.

*Achieving a score of 90% on the CDP*

This year marked the fourth year in which we participated in the CDP. This investor-driven initiative encourages companies to measure and disclose their GHG emissions. During 2013, we exceeded our target of 90% score by maintaining our 95% CDP score (2012: 95%). Oceana received a gold award for being placed within the Top 10 companies on the Index in 2010 and in 2012.

Oceana completed a study on the fishing industry's role in adapting to climate change in 2012 and commissioned a climate change risk and vulnerability study during 2013. Oceana has set short, medium and long-term GHG emission reduction targets. In addition, Oceana is committed to increasing awareness among its stakeholders regarding climate change issues. Climate change awareness training was conducted with 990 employees during 2013.

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 2013, Oceana trained 139 seagoing employees in responsible fishing practices.

*Maintaining or increasing the environmental control system audit score for land-based facilities and vessels*

**Land-based facilities**

Oceana's environmental control system (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, and the local South African legal requirements. Environmental targets were set for 2013, which required an overall average score of 85%, and a minimum score of 65% for each element in the audit.

During 2013, Marsh Risk Consulting conducted independent environmental audits at 14 Oceana land-based facilities. Assessments were conducted at the cold store acquired, and the Etosha cannery and fishmeal operations. The table below indicates the audit scores achieved during 2013 compared with 2012, and the target per audit element for each division. All divisions showed an improvement on their overall scores, met the minimum target for the overall and individual elements, and resulted in an increase of the overall group score from 93% to 94%.

During 2013, Marsh Risk Consulting conducted an environmental legal review and updated all legal registers at land-based sites.

**F2013 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	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Oceana Brands	93	96	97	95	81	91	91	98	90	94	98	92	90	95	97	97	90	91	98	99
Lobster, Squid, Fries	58	88	93	90	88	90	88	99	83	87	90	88	89	94	93	100	89	97	100	75
Commercial Cold Storage	46	81	87	92	80	78	75	92	88	87	95	93	94	95	96	98	100	100	100	100
Average	66	85	90	92	83	83	81	96	87	88	94	91	91	95	95	98	93	98	100	91

Division	Land quality management				Site management				Packaging				Energy				Average			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Oceana Brands	98	100	70	100	95	95	85	100	N/A	N/A	100	100	N/A	N/A	100	100	91	95	97	96
Lobster, Squid, Fries	100	100	90	100	95	95	94	100	N/A	N/A	100	100	N/A	N/A	100	100	73	90	94	93
Commercial Cold Storage	90	98	98	100	95	95	75	87	N/A	N/A	100	100	N/A	N/A	100	100	68	86	90	94
Average	96	99	91	100	95	95	82	96	N/A	N/A	100	100	N/A	N/A	100	100	77	88	92	94

**Vessels**

During 2012, we implemented an ECS for all vessels and rolled the system out to the Namibian vessels during 2013. The ECS system was designed in accordance with international best practice, specifically the ISO 14000 series, taking cognisance of 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. During 2013, a hake vessel, a Namibian horse mackerel vessel and a pilchard vessel were audited by Marsh Risk Consulting and the table below indicates an average score of 94% achieved during 2013 (2012: 88%).

## F2013 ENVIRONMENTAL AUDIT RESULTS FOR SEA-BASED FACILITIES

Division	Admin and records		Water quality management		Waste management		Hazardous materials management		Air quality management		Resource management		Vessel management		Average	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Oceana Brands	92	96	91	91	94	97	98	98	100	100	78	80	94	92	93	95
Lobster, Squid, Fries**	60	N/A	100	N/A	93	N/A	86	N/A	100	N/A	78	N/A	90	N/A	76	N/A
Blue Continent Products – Horse mackerel vessel	96	94	88	92	93	97	98	98	100	100	94	78	94	96	94	94
Blue Continent Products – Hake vessel	N/A	87	N/A	96	N/A	100	N/A	99	N/A	100	N/A	78	N/A	96	N/A	93
Average	83	92	93	93	93	98	94	98	100	100	83	79	93	95	88	94

\*\* Internal audit conducted on lobster vessel against F2012 external audit

### Decreasing GHG emission

The group monitors the CO<sub>2</sub> emissions in absolute terms, and per unit of normalised activity. During 2013, the intensity emissions for Lucky Star and CCS Logistics decreased and Lobster, Squid, Fries and BCP increased. The F2009 base year was restated to include the emissions and products of the two vessels acquired from Lusitania. Corrections were also made to the F2012 fuel consumption of Etosha and Lucky Star vessels.

## ABSOLUTE GHG EMISSIONS

Division	Total Scope 1, Other Direct and Scope 2 emissions (tCO <sub>2</sub> e per activity)					% change from 2012 to 2013	% change from 2009 to 2013	Commentary
	2009	2010	2011	2012	2013			
Lucky Star	61 012,49	64 530,19	51 813,20	59 676,49	42 399,56	(28,95)	(30,51)	Low volumes of industrial fish landed, resulting in lower usage figures but negatively impacts efficiencies. Longer production runs and higher landings result in improved efficiencies if compared on a per ton basis.
CCS Logistics	42 653,38	38 463,95	33 383,65	32 093,56	35 451,00	10,46	(16,89)	Electricity consumption increased due to two additional stores which resulted in year on year increase, however due to focus on energy efficiency, electricity consumption was still lower than base year.
BCP	122 263,05	126 142,42	109 011,82	104 865,44	125 426,89	19,61	2,59	BCP SA: The hake vessel acquisition resulted in an increase in fuel and freon consumption/losses. BCP Namibia: Higher fish landings resulted in increased efficiencies.
Lobster, squid and French fries	23 424,41	19 693,94	23 866,86	23 804,72	24 556,62	3,16	4,83	Fries production volumes are on par with the prior year, but poor quality potato purchased and processed resulted in lower yields and outputs. Electricity usage was in line with previous year. Coal reflects higher usage due to lower yields (negative efficiency variance).
Etosha	–	9 856,65	8 759,33	11 755,01	10 539,53	(10,34)	6,93	Stationary fuel emissions decreased due to boiler upgrade. However the mobile fuel consumption increased due to fish caught in Angola.
Group corporate	–	–	–	1 136,85	891,63	(21,57)	–	
Oceana Group Limited Total	249 353,33	258 687,16	226 834,86	233 332,05	239 265,23	2,54	(7,69)	



## GHG EMISSIONS PRODUCT INTENSITY

Division	Total Scope 1, Other Direct and Scope 2 emissions (tCO <sub>2</sub> e per activity)					% change from 2012 to 2013	% change from 2009 to 2013	Commentary
	Base year 2009	2010	2011	2012	2013			
Lucky Star	1 586,35	1 379,12	1 647,22	1 546,42	<b>1 505,79</b>	(2,63)	(5,08)	Lower volumes of industrial landings resulted in lower emissions mainly from stationary fuel appliances.
CCS Logistics	78,78	73,09	60,54	50,40	<b>54,27</b>	7,68	(31,11)	Focus on energy efficiency combined with increase in occupancy levels resulted in significant decrease in intensity reduction from base year. However the two stores acquired resulted on a year on year increase.
BCP	1 116,96	1 160,40	952,03	893,35	<b>1 067,96</b>	19,55	(4,39)	BCP SA: The hake vessel acquisition resulted in an increase in fuel and freon consumption/losses. BCP Namibia: Higher landings of fish resulted in increased efficiencies.
Lobster, squid and French fries	1 198,49	1 319,09	1 483,15	1 179,41	<b>1 234,83</b>	4,70	3,03	Fries production volumes are on par with prior year, but poor quality potato resulted in lower yields and outputs. Coal reflects higher usage increase due to lower yields which is negative efficiency variance. The squid volumes were down, however other products were stored in the squid cold store which resulted in additional scope 2 emissions, but that product has been excluded from the product intensity.
Etosha	-	1 162,48	870,80	739,03	<b>1 098,15</b>	48,59	(5,53)	Increase in boiler efficiency resulted in lower HFO consumption. All emissions for vessels and factory fuel burning appliances have been included. However the product caught in Angola has been excluded from intensity calculation as well as 52% of product that was put through the factory. The intensity is therefore overstated due to methodology used. If all product is taken into account the intensity reduction is equivalent to a 31% reduction from base year.
Group corporate	369,08	366,86	313,50	281,50	<b>288,85</b>	2,61	(21,74)	

#### Listed activity emissions

Fishmeal plants and boiler plant operations are listed activities in terms of the Air Quality Act. Listed activity emissions are regulated and the listed activity operations require an atmospheric emission licence. The Lucky Star division continued their efforts to reduce the impact of their fishmeal operations on the communities where they operate. During 2013, an independent consultant was appointed to investigate further mitigation measures to decrease the non-condensable odorous emissions from the factory. A formal application was made to secure the renewal of the provisional atmospheric emission licence (AEL). The Lucky Star Hout Bay facility obtained their final AEL.

At the St Helena Bay facilities the fishmeal plant, boiler air and other stack emissions were independently measured during

2013. The hydrogen sulphide stack emission analysis for both factories was found to be below the limits in the AEL.

Community air quality forum meetings were held in St Helena Bay where the results from the stack monitoring and the progress on the implementation of AEL conditions were communicated.

Emissions are discharged from the boiler plant at the Lambert's Bay French fries plant which is not listed as a scheduled activity as the boiler capacity is less than 50 MW. Notwithstanding the fact that legalisation does not require stack sampling, the Lambert's Bay management team decided to have the boiler stack emissions tested by an independent consultant in 2012 and 2013.

During the year, complaints were lodged with both plants regarding the odour emitted while processing.

#### Water management

	2013			2012		
	Usage (kilolitres)	Product volume (tons)	Usage per unit of activity	Usage (kilolitres)	Product volume (tons)	Usage per unit of activity
Lucky Star	336 226	41 147	8,17	387 310	38 590	10,04
Etosha	175 812	14 462	12,16	89 850	15 907	5,65
Blue Continent Products	3 093	117 445	0,03	629	117 385	0,01
Lobster, Squid and French fries	302 456	19 887	15,21	257 247	20 184	12,75
Oceana corporate office	1 054			1 613		
		Pallets handled (tons)			Pallets handled (tons)	
CCS Logistics	115 545	653 259	0,18	95 254	636 809	0,15
Total	934 186	846 200	1,10	831 903	828 874	1,00
	2011			2011		
	Usage (kilolitres)	Product volume (tons)	Usage per unit of activity	Usage (kilolitres)	Product volume (tons)	Usage per unit of activity
Lucky Star	312 048	31 455	9,92			
Etosha	54 900	8 488	6,47			
Blue Continent Products	–	114 505				
Lobster, Squid and French fries	235 219	16 092	14,62			
Oceana corporate office						
		Pallets handled (tons)			Pallets handled (tons)	
CCS Logistics	101 311	551 444	0,18			
Total	703 478	721 984	0,97			

The group's policy and management practice is to use water as sparingly and efficiently as possible in production, cleansing and domestic applications. Detailed water management plans will be completed for each division during 2014. Usage in factories and on vessels directly under the company's control is monitored on a monthly basis and reported at monthly management meetings, and the bi-monthly sustainability forum meeting.

Drain water from cooling pods is used to wash the floors or returned back to condenser sumps and urinal flushing units at

three of the cold stores. The City Deep cold store collects rainwater 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 which generated water on board.

#### Waste and effluent management

Over the past year, the group focused on waste minimisation and safe disposal, which will remain a key focus area in 2014.

*Recycling*

BCP recycles sludge, waste oils and scrap metal on horse mackerel and hake vessels. Recycling of paper, glass and tin was introduced at the Oceana corporate office. International recycling and trash can logos are reflected on the frozen horse mackerel packaging. All horse mackerel caught on fishing vessels, which is not suitable for the frozen fish market, is processed on-board 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. Rolling out this initiative to the other cold stores is being investigated. Most of the cold stores recycle scrap metal, carton rolls, paper and used lubrication oil.

The lobster, squid and French fries division recycles paper, cardboard, plastic bags, used lubrication oil and coal ash. Minimising organic potato waste generated by the French fries facility in Lambert's Bay remains a key focus area. The majority of potato waste is sold to cattle farmers, with the rest of it disposed of in waste sites approved and controlled by the local authority.

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.

Offal from the cannery (fish heads, tails and guts) is processed into fishmeal and offloading at the plants uses recycled water (freshwater and seawater). Fish and waste in the cannery are moved dry whereas water for cooling in retorts is filtered and reused.

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.

*Waste disposal to landfills*

All general waste not recycled is sent to landfills. The potato waste generated from the French fries production was mainly sold to cattle farmers and hence the reduction in the total waste to landfills in table below.

The waste sent to landfills are depicted in the table below.

**SOLID WASTE DISPOSAL TO LANDFILL**

	Waste disposed during 2013			Waste disposed during 2012		
	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	406	41 147	9,87	317	38 590	8,20
Etosha*	27,70	14 462	1,92	36	15 907	2,28
Blue Continent Products**		117 445	–	–	117 385	–
Lobster, Squid and French fries	5,04	19 887	0,25	3 605	20 184	178,62
Oceana corporate office	8,64			51		
		Pallets handled (tons)			Pallets handled (tons)	
CCS Logistics	6,86	653 259	0,01	10	636 809	0,02
Total	454	846 200	0,54	4 019	828 874	4,85

	Waste disposed during 2011		
	Tons of waste	Product volume (tons)	Kg of waste per unit of activity
Lucky Star	341	31 455	10,83
Etosha*		8 488	–
Blue Continent Products**		114 505	–
Lobster, Squid and French fries	3 214	16 092	199,73
		Pallets handled (tons)	
CCS Logistics	11	551 444	0,02
Total	3 565	721 984	4,94

\* Etosha is not collating general waste data

\*\* BCP has not collated waste data.

All hazardous waste is sent to an approved hazardous waste facility. The hazardous waste include medical waste, condemned canned fish, fluorescent tubes and expired flares.

#### Waste water

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. The water effluent is pumped to the City of Cape Town's sewage plant in Hout Bay. The factory samples the water effluent monthly and sends it to an independent laboratory for analysis. The French fries plant's wastewater is discharged into the sea. Marsh Risk Consulting conducted an independent audit on the Water licence conditions of the Lambert's Bay site.

The Etosha Fishing Corporation facility in Walvis Bay has an effluent treatment plant and has started measuring their waste water effluent disposed. The table below indicates how much water was disposed during F2013.

#### WATER EFFLUENT

	Kilolitres of water (kl)	Product volume (tons)	Kilolitres of water per unit of activity
Etosha	175 812,00	14 462	12,16

#### FOCUS AREA 5: PEOPLE (HUMAN RESOURCES AND HEALTH AND SAFETY)






##### Material issues

- Ensuring that we appoint and retain skilled black employees at management levels
- Develop and retain critical and scarce skills.

#### NUMBER OF EMPLOYEES

Divisions	2013			2012		
	Direct	Indirect	Total	Direct	Indirect	Total
Horse mackerel and hake	810	26	836	771	29	800
CCS Logistics	332	297	629	307	324	631
Lucky Star	1 446	85	1 531	1 342	108	1 450
Lobster, squid and French fries	609	23	632	634	23	657
Oceana corporate office	78		78	60		60
<b>Total</b>	<b>3 275</b>	<b>431</b>	<b>3 706</b>	<b>3 114</b>	<b>484</b>	<b>3 598</b>

#### Strategic objectives

-  • Meeting employment equity targets
-  • Promoting skills development
-  • Driving performance management
-  • Ensuring full compliance with changing regulatory requirements on employment
-  • Implementing effective incentive schemes

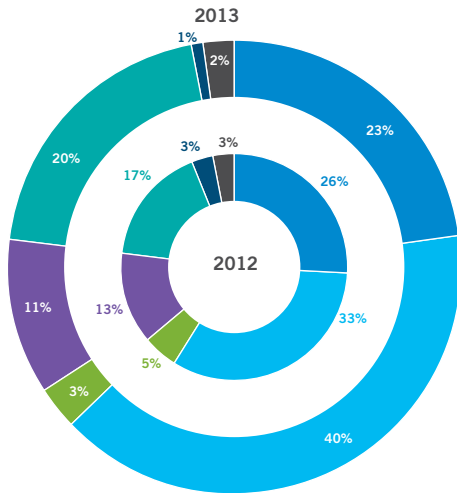
#### Key Performance Indicators

- Labour turnover below national average of 10,3%
- EE at Executive management and senior level 50% by 2016
- Skills development expenditure of 3% of total leviabile payroll
- 100% personal development plans in place for all non-bargaining unit employees
- Disabling frequency rate below 2
- No production days lost to strike action or labour unrest

#### Performance Review

The human resource function plays a key role in instilling Oceana's values and business philosophy and in delivering on its strategic objectives. We seek to create and maintain a stimulating, culturally diverse, and healthy working environment that provides employees with opportunities to use and develop their talents. We strive to attract, retain and develop high-potential individuals who can contribute to our goal of delivering value for stakeholders.

## LABOUR TURNOVER



%	2013	2012
Retirement/health/death	23	26
Dismissal	40	33
Retrenchment	3	5
Personal circumstance/self-employment	11	13
Dissatisfaction with pay/benefits/opportunities	20	17
Incompatibility	1	3
Location	2	3

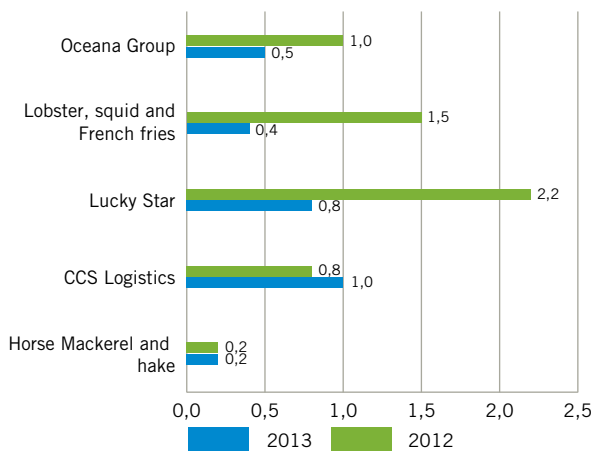
The labour turnover figure of 7,3% for the group is below the national average of 10,3% (as per Deloitte Human Capital Corporation).

## EMPLOYMENT EQUITY

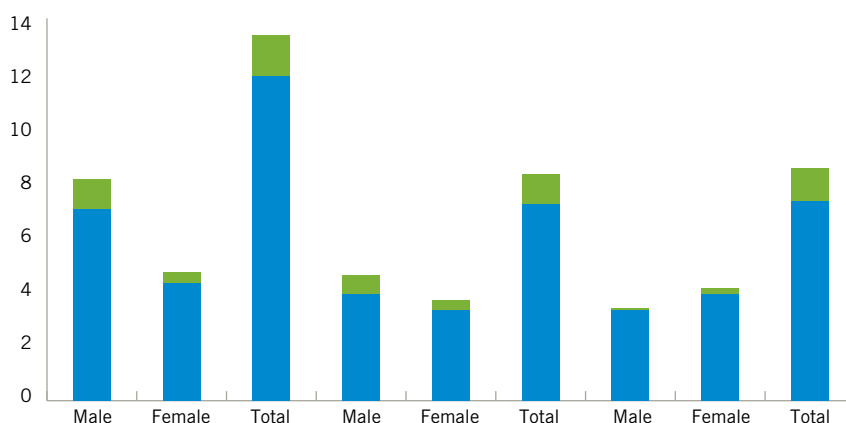
	Target 2016			2013			2012			2011		
	Female	Black <sup>1</sup> female	Black	Female	Black female	Black	Female	Black female	Black	Female	Black female	Black
Executive	25	25	50	22	11	33	22	11	22			17
Senior management	29	18	50	24	12	30	26	13	29			16
Middle management	22	17	68	18	13	61	18	11	54	Not reported separately		35
Supervisory	22	20	83	22	19	82	24	21	83			66
Clerical and other employees	41	40	97	41	41	97	43	42	97			98
Disabled		2,7			2,5			3		Not reported		
% Overall	37	35	92	37	35	91	38	37	92			98

<sup>1</sup> Statistics included in the tables in this section relate to the group's South African divisions only.

## DISABLING INJURY FREQUENCY RATE (DIFR) BY DIVISION



### TOTAL SPEND OF TRAINING ACROSS RACE AND GENDER



	2013			2012			2011		
	Male Rm	Female Rm	Total Rm	Male Rm	Female Rm	Total Rm	Male Rm	Female Rm	Total Rm
Total	8,1	4,7	12,8	4,6	3,7	8,3	4,7	3,8	8,4
White	1,1	0,4	1,5	0,7	0,4	1,1	0,1	0,2	1,2
Black	7,0	4,3	11,3	3,9	3,3	7,2	3,3	3,9	7,3

### EXPENDITURE ON ADULT EDUCATION AND TRAINING, SUPERVISORY, LEADERSHIP AND OTHER TRAINING

Division	2013 Rm	2012 Rm
Adult education and training (AET)	1,4	1,1
Leadership and supervisory training	1,8	1,8
Maritime	1,0	0,5
Health and safety	1,8	1,7
Technical	4,7	1,8
Diversity/equity	0,1	
Other	2,0	1,4
Total	12,8	8,3

#### Driving transformation and localisation

##### *Adhering to employment laws and fostering respect for human rights*

As a responsible employer, we adhere to all labour legislation relevant to the countries within which we operate. Our employees receive training on the implications of relevant labour legislation. The group does not permit child labour or forced or compulsory labour. We experienced no litigation pertaining to discrimination, anti-union practices or alleged human rights violations during the year.

An external human resources audit was completed during the year. This included a focus on the group's compliance with legislation and internal employment policies and procedures. The findings were presented to the audit committee and an action plan implemented to correct the findings identified.

Amendments to the various pieces of employment legislation have been anticipated and promulgation is awaited to ensure full compliance across the group.

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 that address the key items covered by the Code. A customized programme was launched in late September 2013 for 538 employees covering Oceana's Code of Business Conduct and Ethics. To date 88 employees have completed the programme, 93 are in progress and 357 still have to start. 201 employees have completed the training programme on anti-bribery and corruption in 2013 and a further 112 will be trained. During the reporting period, three employees were dismissed for incidents involving corruption (theft) and one employee was dismissed for fraudulent conduct (misrepresentation of sick notes and clock cards). A further six employees were disciplined.

##### *Promoting employment equity in our South African operations*

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 forms of unfair discrimination.

All operations in South Africa comply with the Employment Equity Act, 55 of 1998 (the EE Act), and the Employment Equity Regulation (2006). Oceana submits reports each year to the Department of Labour. Appropriate employee communication channels are in place to serve the requirements of both acts.

### 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 2013 is as follows:

### Workforce – occupational levels

At 30 August 2013, Oceana's current employment equity profile by occupational level is presented in the tables below, as set out in the amendments to the Employment Equity Regulations (2006).

### TOTAL NUMBER OF EMPLOYEES PER OCCUPATIONAL LEVELS – SOUTH AFRICAN COMPANIES

Occupational levels	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	1	1	5	0	1	0	0	0	1	9
Senior management	1	4	2	20	0	4	0	3	1	0	35
Professionally qualified and experienced specialists and mid-management	8	67	6	54	5	12	5	10	4	1	172
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	53	180	19	40	16	50	9	10	17	2	396
Semi-skilled and discretionary decision-making	429	389	28	24	64	199	11	13	17	0	1 174
Unskilled and defined decision-making	363	210	5	1	282	256	0	0	8	0	1 125
Total permanent	854	851	61	144	367	522	25	36	47	4	2 911
Temporary employees	92	103	4	5	43	47	2	2	0	0	298
Total	946	954	65	149	410	569	27	38	47	4	3 209

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

### Workforce – disability

### TOTAL NUMBER OF EMPLOYEES PER OCCUPATIONAL LEVEL AND DISABILITY – SOUTH AFRICAN COMPANIES

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	5	1	2	0	5	0	0	0	0	13
Semi-skilled and discretionary decision-making	8	7	0	0	4	8	0	0	0	0	27
Unskilled and defined decision-making	3	1	0	0	12	10	0	0	0	0	26
Total permanent	11	14	1	3	16	24	1	0	0	0	70
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Total	11	14	1	3	16	24	1	0	0	0	70

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

Of the 201 opportunities graded A – C<sup>1</sup>, 189 (94%) were filled with candidates from designated groups (black people, women and people with disabilities). This compares with 97 opportunities (92%) in 2012. At the D – F<sup>1</sup> level, 19 of the 25 opportunities (76%) have candidates from the designated groups (2012: 22 (68%).

The group remains under the Director-General's review in terms of section 43 of the EE Act. Follow up communication was received from the Department of Labour and additional documentation provided to them. No further communication has been received. A further updated employment equity plan was submitted at the end of September together with the integrated report required in terms of the EE Act.

### Promoting localisation in our Namibian operation

We continually focus on increasing the number of Namibians employed within the horse mackerel operations. Currently 64% of the total employees and 90% of the land-based employees are local. In light of the high level of competency required in the navigation and maintenance positions on board fishing vessels that exceed 5 500 grt, a number of foreign employees are employed. We embarked on a long-term training initiative to improve the skills levels of local Namibians in the navigation and marine engineering fields. Currently the more junior positions are held by Namibians and more senior positions by foreigners, while the skills transfer process is underway.

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

## Optimising our operations

### *Investing in training and development*

Oceana's Learning and Development Policy was reviewed and updated this year. The 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.

Oceana offers ongoing programmes that meet the competency levels identified in its leadership academy. This year, we ran four training sessions for senior managers. Eleven middle level managers completed the Oceana "Leader as Coach" programme and nine managers completed the Oceana Leadership Management Development programme. Both programmes are run by the University of Stellenbosch Business School.

We have also expanded our offering of leadership development through the implementation of two additional programmes: six managers completed a management skills programme and 17 supervisors completed a programme on core supervisory skills.

The group has also embarked on a special project for unemployed learners with a disability. To date, 11 learners have completed the NQF 1: Domestic Services learnership and a further eight will be commencing the NQF 2: Business Administration learnership. The learnerships were implemented to address the development of skills in specific areas, and provide meaningful and portable qualifications. The group has also embarked on an apprenticeship programme. Two unemployed learners were appointed to this role at Lamberts Bay Foods.

### *Learnerships*

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

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

### *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 are as follows:

Division	Number of learners
Horse Mackerel and hake	14
Lucky Star	100
Lobster, squid and French fries	61

### *Personal development plans, workplace skills and training*

A personal development plan was completed by 73% of non-bargaining unit employees during the year (2012: 50%). This process allows employees to identify their development needs and agree on action plans with their managers.

In line with the Skills Development Act, 97 of 1998, 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.

This year we invested a total of R12,8 million in all employees (2012: R8,3 million), R11,3 million of which was invested in black employees (2012: R7,2 million). An average of 2% of the leviable amount of payroll was spent on training (2012: 1,7%). 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 R5 039 per employee (2012: R3 279). The target for 2013 was to achieve spend of R7 703 per employee.

A further R3,7 million was spent on administrative costs incurred by the group in facilitating and managing the training function (2012: R2,6 million). Expenditure was incurred on a number of specific projects (detailed in the table on page 28) and for specific interventions related to divisional strategy and personal training needs arising during performance appraisals and personal development plan discussions.



**Training case studies**

**Apprentices at Lamberts Bay Foods**

Our first apprentices were appointed at Lamberts Bay Foods in December 2012. The site received workplace approval by the Manufacturing, Engineering and Related Services SETA (MERSETA) to accommodate the following trades: fitter, turner, fitter and turner, electrician and millwright. Thimity Koozen is doing a programme in fitting and turning and Bradley Victor, a programme in electrical engineering at N4 level.



Photo: Benjamin Rich, Fitter and Turner (Thimity's Mentor), Daan Smit, Electrician (Bradley's Mentor), Bradley Victor and Thimity Koozen

**Desert Diamond Fishing Vessel accredited for the accelerated training programmes for engineering and deck ratings**

The *Desert Diamond*, the largest vessel in our fleet and the largest fishing vessel in South Africa, has received accreditation from the South African Maritime Safety Authority (SAMSA) to conduct accelerated training programmes for deck and engineering ratings. The accreditation is for a period of three years. Vincent de Wet, the fourth engineer and Eugene Bergens, the mate for *Desert Diamond* have been recognised as the approved facilitators and examiners in respect of the accreditation. The vessel has nine crew members who completed a National Certificate in Maritime Operations.



**Performance and talent management**

We have reviewed and updated our performance management guidelines, which now require that all non-bargaining unit employees have an individual performance agreement (IPA) in place. In 2013, 78% of non-bargaining unit employees had an IPA (2012: 82%). There will be an increased focus on performance management during the next period.

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 of key employees received significant focus again 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.

**Absenteeism by division**

Absenteeism as a result of both normal sick leave and injuries on duty was 1,9% (2012: 2,1%).

Division	2013	2012
Horse mackerel and hake	1,6%	0,9%
Lucky Star	2,1%	2,5%
CCS Logistics	1,9%	1,3%
Lobster, squid and French fries	1,9%	2,9%
Oceana corporate office	1,5%	1,8%
	1,9%	2,1%

**Ensuring occupational health and safety**

Managing directors of all the operating divisions are responsible for ensuring full compliance with relevant occupational health and safety legislation and that required structures are in place. Health and safety committees are in place in line with the requirements of the Occupational Health and Safety Act, 85 of 1993. Recognition agreements with unions in the Oceana Brands and Blue Continent Products divisions cover health and safety issues.

The group's DIFR for 2013 was 0,5 (2012: 1,00). The decrease in the DIFR is due to management's ongoing focus in this area. A detailed analysis of injury incidents was undertaken resulting in the re-emphasis on preventative controls and operating processes. No fatalities occurred during the reporting period under review.

**DIFR by division**

**DISABLING INJURY FREQUENCY RATE (DIFR) BY DIVISION**

Division	2013	2012
Horse mackerel and hake	0,2	0,2
CCS Logistics	1,0	0,8
Lucky Star	0,8	2,2
Lobster, squid and French fries	0,4	1,5
<b>Oceana Group</b>	<b>0,5</b>	<b>1,0</b>

### Vessel risk audits

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 illustrate the high level of compliance in terms of risk, and health and safety standards and regulations.

### F2013 VESSEL AUDIT RESULTS

Vessels	Shore organisation				General admin				Machinery and equipment				Electrical				Occupational health and safety			
	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010
<i>Desert Jewel</i>	99	99	92	81	100	99	98	90	97	94	94	90	98	98	98	94	99	99	98	91
<i>Desert Rose</i>	100	100	93	78	100	98	96	90	97	95	95	92	95	98	94	98	99	99	98	94
<i>Desert Ruby</i>	100	93	92	81	100	99	96	93	98	96	94	91	95	98	98	97	99	99	97	95
<i>Desert Diamond</i>	100	97	100	98	100	99	98	91	100	97	94	94	98	98	98	97	100	99	96	93
<i>Compass Challenger</i>	100	100	97	93	100	99	98	88	96	96	94	98	97	96	97	98	100	98	98	93
<i>Realeka*</i>	94	94	100	96	97	96	93	93	97	96	93	93	100	100	98	98	100	99	98	98
Pelagic Fleet	100	97	98	80	100	99	100	90	97	98	97	97	96	97	100	100	98	99	99	97
Lobster Fleet	97	95	89	80	87	84	84	85	93	97	100	86	100	100	97	100	98	98	97	98
Calamari Fleet	100	100	94	95	97	97	93	92	96	95	93	93	93	100	100	100	97	97	97	98
Etosha Fleet	95	93	95	85	95	94	92	88	95	96	97	98	95	99	100	91	99	98	98	98
Sandile***	99	N/A	N/A	N/A	95	N/A	N/A	N/A	81	N/A	N/A	N/A	86	N/A	N/A	N/A	88	N/A	N/A	N/A
Toralla***	97	N/A	N/A	N/A	88	N/A	N/A	N/A	81	N/A	N/A	N/A	73	N/A	N/A	N/A	89	N/A	N/A	N/A
Average	98	97	95	86	97	96	95	90	94	96	95	93	94	98	98	97	97	99	98	95

Vessels	Life saving appliances				Fire defence				Emergency planning				Average			
	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010
<i>Desert Jewel</i>	100	100	100	100	98	99	98	95	100	100	100	89	98	98	97	91
<i>Desert Rose</i>	100	100	100	100	98	99	98	94	100	100	100	89	98	98	96	91
<i>Desert Ruby</i>	100	100	100	100	99	98	96	94	100	100	100	89	99	97	96	92
<i>Desert Diamond</i>	100	100	100	100	100	100	100	96	100	100	100	98	99	99	98	95
<i>Compass Challenger</i>	100	100	100	100	100	99	98	98	100	100	100	98	99	98	97	96
<i>Realeka*</i>	99	100	100	100	99	100	100	89	96	98	100	93	98	97	97	96
Pelagic Fleet	100	96	100	100	97	98	97	94	100	96	100	89	98	98	98	94
Lobster Fleet	98	100	100	100	94	94	93	95	96	98	98	87	95	95	94	90
Calamari Fleet	100	100	100	100	96	96	98	94	100	100	87	89	97	97	96	95
Etosha Fleet	100	100	100	100	97	97	97	97	96	91	84	89	96	96	96	94
Sandile***	100	N/A	N/A	N/A	89	N/A	N/A	N/A	73	N/A	N/A	N/A	89	N/A	N/A	N/A
Toralla***	100	N/A	N/A	N/A	86	N/A	N/A	N/A	82	N/A	N/A	N/A	87	N/A	N/A	N/A
Average	100	100	100	100	96	98	98	95	95	98	97	91	96	97	97	93

\*\*\* Vessels incorporated into BCP fleet after Lusitania acquisition.

### Land-based facility risk audits

The land-based facility audit results are depicted in table below. As a group, the average compliance score for risk control remained at 95%. The health and safety score increased to 95% (2012: 93%). Oceana's corporate office (Oceana House) was audited for the first time and achieved an average risk control score of 85%.

### F2012 GRADING AUDIT RESULTS

Division	Risk control				Fire defence				Security				Emergency planning			
	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010
Lucky Star	100	99	98	96	98	93	95	94	100	99	99	99	100	98	99	93
Etosha Fisheries	99	99	N/A	N/A	94	94	N/A	N/A	100	99	N/A	N/A	100	100	N/A	N/A
Lobster, Squid and French Fries	100	91	93	83	98	93	89	88	97	96	96	96	99	91	93	89
Commercial Cold Storage	100	100	100	83	95	95	95	87	99	97	99	97	99	100	98	79
Oceana House	100	90	N/A	N/A	98	83	N/A	N/A	100	98	N/A	N/A	75	47	N/A	N/A
Average	100	97	96	83	96	93	94	87	99	97	98	97	98	94	97	84

Division	Health & safety				Motor				Average rating				DIFR indicator			
	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010
Lucky Star	99	93	94	92	100	99	100	95	99	95	96	94	99	93	96	N/A
Etosha Fisheries	95	94	N/A	N/A	97	91	N/A	N/A	96	95	N/A	N/A	95		N/A	N/A
Lobster, Squid and French Fries	98	91	91	90	100	99	99	94	99	95	93	90	98	85	88	N/A
Commercial Cold Storage	99	97	94	85	99	99	99	98	98	97	96	87	99	98	94	N/A
Oceana House	100	95	N/A	N/A	100	100	N/A	N/A	97	86	N/A	N/A	100	93	N/A	N/A
Average	98	95	93	88	99	98	99	96	98	95	95	89	98	94	92	N/A

An independent consultant completed a comprehensive annual risk audit at the larger sites focusing on compliance with this legislation and insurance-related requirements. A report on this process is presented to the risk committee annually.

The larger operational sites provide clinic facilities, managed either in-house or outsourced. The clinics provide both primary healthcare and occupational healthcare 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.

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 takes place, for example, fire fighting, first aid, hazardous chemical handling and SAMSA-accredited training for all seagoing employees. Personal protective clothing is issued to employees in accordance with legislative requirements.

Risk assessments are conducted regularly 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 one team from CCS in Epping proceeding to the national finals for a second consecutive year.

### Addressing HIV/Aids and promoting wellness

The Employee Wellness programme managed by Kaelo, an independent service provider was further extended this year to include both financial and legal assistance through telephonic and face-to-face counselling for employees and their families. This service also offers telephonic and face-to-face counselling in the event of emotional, mental or other types of trauma.

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.

The personal protection programme and trauma cover remains in place. This service provides employees and their families with access to antiretroviral (ARV) treatment in the event of trauma (such as a vehicle accident or assault) that results in exposure to bodily fluids that may be infected with HIV/Aids. Together with the distribution of free condoms and ongoing education and awareness, forms part of the group's HIV/Aids prevention strategy.

We have adopted the AidsRating® analysis tool to manage our strategy relating to the impact of HIV/Aids. This is a document consisting of 93 questions, which provides a score and allows for internal and external benchmarking with other companies and industries. The tool will allow us to measure year-on-year improvements and will identify areas of weakness, and best practice. The group target was a score of 60% by 2013 and scored 66% as at August 2013 (2012: 66%).

### Building trusted relationships

#### Fostering positive employee relations

The group's employees, who are members of a union, constitute 53% (2012: 47%). In South Africa, our 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). Various unions have recognition agreements with different companies within the group.

Wages and conditions are negotiated by industry bodies. In the lobster sector, 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 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. During the year, the pelagic sector withdrew from the SA Pelagic Fish Processors Association to conduct plant-based negotiations, which it completed successfully. In other parts of the group, negotiations are conducted 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. This year annual wage negotiations were successfully completed in all divisions and there was no strike action, despite the prevailing economic climate.

#### *Promoting effective employee engagement*

Employee forums exist at 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 EE 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, 66 of 1995. This relates to the impact of the changes and the numbers of employees affected. During 2013, there were no significant operational changes of this nature.

Comprehensive discipline and grievance procedures in line with the requirements of the Code of Good Practice: Dismissal (Schedule 8, Labour Relations Act, 66 of 1995) 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.

#### Effective employee engagement case study

##### *Building a sustainable industrial relationship*

CCS Logistics embarked on a process in 2011 whereby they held workshops with the shop stewards and the employee forum about setting the company values and understanding the company's vision. This was then carried through to the entire workforce.

In July 2013, members of the CCS Logistics' senior management team embarked on a team-building workshop with their union, FAWU. The union team comprised two shop stewards from each cold store nationally and the union official.

The theme of the workshop was: "Building a sustainable IR relationship".

In this workshop CCS management and FAWU shop stewards described the state of their industrial relationship as best depicted by Purcell's 'co-operative constitutional' model, based on high trust and high formalisation.

Both parties have a general respect for each other and that FAWU is accepted as being a legitimate union where there is close co-operation between management and the shop stewards.

The CSS Logistics management team views the role of the FAWU shop steward body as follows:

*"To be a stakeholder and advisor to promote and instil a culture of excellent customer service and an ethical approach to the workplace and to act as a vehicle of sound communication with management and work towards building a 'win-win' mindset based on mutual trust and respect."*

The shop stewards of CCS Logistics view the role of the FAWU shop steward body as follows:

*"To build and maintain a relationship with the company with a view to improve the interests of all members, to promote an environment of mutual respect and to work towards the long-term growth and prosperity of the company."*

To entrench a more collaborative industrial relationship the company and the union have set a clear way forward on what is expected from both parties, in terms of:

- Communication
- Understanding the business
- The role of the supervisor

CCS Logistics looks forward to continuing this process and will be doing a follow up in six months' time.

## FOCUS AREA 6: COMMUNITIES AND STAKEHOLDER RELATIONSHIPS

### Material issues

Education and food security have been identified as material issues in the bays that the company operates in.

### Objectives

The objective is to protect and enhance the reputation of the group and its brands to foster long-term relationships with the communities in which the group operates.

### Key performance indicators and targets

- 1% of net profit after tax on socio-economic development projects

### Performance review

Oceana is committed to spending at least 1% of its net profit after tax on qualifying socio-economic development beneficiaries. During this year, the Oceana Foundation has engaged communities, schools, non-profit organisations and various levels of government to ensure that the planned projects are aligned with all expectations. These discussions were integral to identifying our key flagship projects to be implemented this year. In total R16,2 million was spent on CSI initiatives in South Africa and Namibia during the year, which is 3,1% of net profit after tax.

Through the Oceana Foundation, CSI expenditure is consolidated and managed centrally at group level. The key focus areas for CSI expenditure are education and food security, which is in line with two of the eight United Nations Millennium Development Goals. 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 divisional managing directors.

### Education

#### South Africa

Oceana Group remains committed to improving education and increasing the skills base in South Africa. Following meetings with the school principals and identifying critical projects, the Foundation identified and implemented the following projects during the year.

- St Helena Bay Primary in St Helena Bay: Infrastructure project included painting the internal school buildings, providing a much-needed school feeding kitchen, with the necessary infrastructure and kitchen utensils.
- EJ Malgarte Primary in St Helena Bay: Infrastructure project included providing a much-needed school feeding kitchen, with the necessary infrastructure and kitchen utensils.
- PW de Bruin Primary and Graafwater Primary in Lambert's Bay: Infrastructure project included providing a much-needed

school feeding kitchen, with the necessary infrastructure and kitchen utensils.

- Sentinel Primary in Hangberg, Hout Bay: Infrastructure project included phase 2 of the painting of the external school buildings.
- Oranje Kloof Primary in Imizamo Yethu, Hout Bay: Infrastructure project included providing a much-needed school feeding kitchen, with the necessary infrastructure and kitchen utensils.
- Silikamva High School in Imizamo Yethu, Hout Bay: Infrastructure project included providing a much-needed school feeding kitchen, with the necessary infrastructure and kitchen utensils.
- Papenkuil Primary in Gelvandale, Port Elizabeth: infrastructure project included fencing the school to improve the safety of learners, the cleaning of the roof and upgrading of ablution facilities.

These infrastructure projects benefited 5 122 learners at eight schools.



Refurbishment of Sentinel Primary School, Hout Bay



Refurbishment of Sentinel Primary School, Hout Bay



School principals, Education Department officials and Oceana Directors at School Feeding Kitchen handover event



School feeding kitchen at Silikamva High School, Hout Bay



Refurbishment of Papenkuil Primary School, Port Elizabeth



School feeding kitchen at Silikamva High School, Hout Bay

- Lucky Star invested in two initiatives, which benefited all the primary schools in Hout Bay and Lambert's Bay, namely the Kommunity Lapdesk project and the Pick n Pay School Club. Lapdesks and lunchboxes full of Lucky Star goodies were donated to learners, and teachers were provided with learning aides.



As transport in the west coast region is limited, funding was provided to transport learners to and from school in St Helena Bay.

### Namibia

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. The follow projects were supported in Namibia during 2013:

- A donation towards school funds were provided to six schools, namely Kamwandi Junior Secondary, Kolin Foundation Secondary, Urbanus Dax Primary, Katora Primary, Arandis Primary and Erongosig Primary to the value of N\$310 000.



- Funding of the construction of two classrooms which included the provision of desks as well to Arandis Primary to the value of N\$400 000
- Erongosig Primary received additional support in the form of a Quantum School Bus to the value of N\$250 000



Construction of 2 classrooms in Arandis

- Support to the value of N\$170 000 is provided to Arandis Kindergarten in the form of maintaining the building and the facilities, which includes funding teachers' salaries and payment of utilities (water and electricity).
- A donation to the value of N\$145 000 was provided to a welfare organisation, which services various communities within Walvis Bay. Some of the projects funded includes a feeding scheme for about 85 elderly and unemployed people; the unique Wilderness Therapy project which provides a powerful learning experience for youths who normally cannot be reached by traditional therapeutic methods, as well as create a platform for psychosocial support for young people manifesting, or at risk of experiencing, emotional and behavioural difficulties.

- Funding to the value of N\$140 000 to an after school program which supports registered orphans and vulnerable children in Walvis Bay administered by Catholic Aids Action Group.
- Bursaries to the value of N\$500 000 was provided to five full time disadvantaged students from the Erongo Region
- Construction of a girls dormitory, which includes provision of beds, mattresses, lockers, mirrors and ablution block to Oshela Senior Secondary at a cost of N\$685 000
- Donation to the value of N\$60 000 was provided to annual Erongo Science Fair



Construction of girls dormitory at Oshela Senior Secondary in Okongo

*Food security*

**South Africa**

The Oceana Foundation continued its partnership with Stop Hunger Now Southern Africa (SHNSA) during the year through a number of meal packaging events. SHNSA offers a social investment opportunity to provide fully balanced nutritional meals for preschool children. Through the meal packaging events the Oceana Foundation managed to pack 44 712 meals, reaching 680 beneficiaries through the following projects during the 2013 financial year:

- A meal-packaging event with employees at Oceana House was held in celebration of Nelson Mandela Day with each employee contributing 67 minutes of their time towards packaging. A total of 108 boxes were funded which amounted to 23 328 meals. The packaged product was distributed to four crèches in Hout Bay (Angel Starfish, Noluthando Silindokuhle, Zizamela, and Vukuzenzele).
- Sponsorship of 8 208 meals at a public meal-packing event at Canal Walk on Nelson Mandela Day, which was hosted by Canal Walk Foundation and SHNSA.
- A meal-packaging event was held with employees from our lobster and Lucky Star operations in St Helena Bay in celebration of World Food Day on 16 October 2013. The employees managed to pack 61 boxes, which amounted to 13 176 meals.



Support through donations of canned fish was provided to crèches in St Helena Bay, TSiBA, Food Bank in Durban and non-profit organisations in Johannesburg, which reached approximately 975 beneficiaries. In response to a request from DAFF, the foundation also donated R250 000 worth of product in aid of 180 000 farm workers and communities affected by strike action in the Western Cape.

**Namibia**

- Assistance was provided to drought relief through product donation to the value of N\$ 9 817 376.







Etosha provided product to the following beneficiaries, namely Hope House, Flamingo Primary, Duneside High, Tataleni Primary, Duinesig Primary, Narras Primary, Kuiseb Primary and Narraville Primary to the value of R168 000.

Annually Etosha sponsors the Lucky Star Marathon, through which the aim is to promote community involvement and the benefits of a healthy lifestyle among Namibia's youth.

#### Environment

Oceana supports various voluntary associations such as the National Sea Rescue Institute (NSRI), South Africa Sea Cadets, and the National Business Initiative's climate change and energy programme. Oceana is the largest fishing company in South Africa and recognises the need to support an organisation on which we are very reliant, particularly in the event of an emergency. The company has decided to support NSRI as a platinum member. Oceana has signed a five-year commitment to the value of R675 000.



#### Other

During December 2012, the Oceana Foundation arranged and held a Christmas party at Maitland Cottage Home in Newlands, Cape Town, which is the only public paediatric orthopaedic hospital in the country. The event benefited 66 children of the home.

#### STAKEHOLDER ENGAGEMENT

Oceana's sustainability is closely linked to the success of the communities where it operates. In those communities there are many diverse individuals and groups with which we engage on various issues. These stakeholder communities are diverse and range, inter alia, from employees, consumers, customers, suppliers, standards generating bodies, media, business and joint venture partners to government and local residents in the operating bays. Stakeholder management assists in Oceana identifying and managing the potential impact of risks, issues and opportunities.

One of our business strategy focus areas is building trusted relationships with officials and politicians within government at all levels through effective public platforms, engaging with local communities and CSI beneficiaries, sharing financial and business information with Oceana Empowerment Trust beneficiaries and focusing on media management. The continuing high poverty levels in coastal communities, limited public service delivery and the changing environmental condition compel us to always consider the impact of our operations in a broad societal context.

The Oceana Group chief executive officer scheduled and held quarterly meetings with Oceana Empowerment Trust representatives to share any developments in the business and address any queries from the employee beneficiaries. The chief executive officer engages with the local media in face-to-face meetings to address any issues that may arise. As much as possible he also engages with international media who may want to understand the Oceana Group operations. A team of senior managers is responsible for engaging with the different industry associations and academic institutions. A senior manager was appointed to focus on managing government, parliament portfolio committees and key community leaders. Efforts are continuously made to increase proactive direct communication and ensure visibility of the group within its operating areas.

In addition, the group ensures that information is co-ordinated and shared within the group on engagement with relevant authorities – such as the Departments of Agriculture, Forestry and Fisheries, Labour, Public Works, Trade and Industry, Parliament Portfolio Committees, NRCS, MSC, ISO, SAMSA – among other stakeholders about its operations.

## IDENTIFYING AND RESPONDING TO STAKEHOLDER INTERESTS

Stakeholder group	Our engagement activities	Main issues raised	Our response
Government and regulatory authorities	<ul style="list-style-type: none"> <li>• Face-to-face meetings with relevant representatives</li> <li>• Written communication</li> <li>• Ongoing advocacy work through industry bodies and directly</li> <li>• Engagement with parliamentary portfolio committees</li> </ul>	<ul style="list-style-type: none"> <li>• Full compliance with permit and related requirements</li> <li>• Contribution to developmental priorities such as transformation/localisation, job creation, skills development, and food security</li> <li>• Contribution to tax and trade balance</li> </ul>	<ul style="list-style-type: none"> <li>• Clear designation and appointment of executive and management responsibility for engagement and compliance</li> <li>• Regular direct engagement with authorities</li> <li>• Strong focus on transformation/localisation, and on appropriate distribution of value generated</li> <li>• Formal policies and operating procedures, with internal audits, training and reporting, to facilitate compliance</li> <li>• Prompt response in instances of non-compliance, with disciplinary action as required</li> <li>• Enhanced communication through advertising, events</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Presentations and roadshows</li> <li>• Integrated report</li> <li>• Media releases</li> </ul>	<ul style="list-style-type: none"> <li>• Consistent delivery of dividends and returns, smooth earnings profile, clear growth and capital expansion strategy</li> <li>• Responsible corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Strong board and executive leadership. Good corporate governance practices</li> <li>• Succinct reporting through SENS, website, hard copy and presentations</li> <li>• Enhanced communication via advertising, face-to-face engagement, events and increased media coverage</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Newsletters and posters</li> <li>• Group intranet</li> <li>• Shop-floor briefings</li> <li>• Internal performance reviews</li> <li>• Management roadshows</li> </ul>	<ul style="list-style-type: none"> <li>• Safe, healthy and congenial working conditions</li> <li>• Market-related terms of employment and remuneration</li> <li>• Job security, satisfaction and recognition</li> <li>• Opportunities for skills acquisition, career development and empowerment</li> <li>• Employee benefits, pension and provident funds, health awareness, life skills</li> </ul>	<ul style="list-style-type: none"> <li>• Group code of business conduct and ethics, and board-approved employment equity targets</li> <li>• Compliance with employment legislation and B-BBEE codes</li> <li>• Skills training and development</li> <li>• Reporting through employees associations and <i>Oceana Tidings</i> (corporate printed publication), SharePoint, electronic bulletins, face-to-face engagement and events</li> </ul>
Trade unions South Africa: FAWU, TALFU, NCFAWU, UDF and CWU	<ul style="list-style-type: none"> <li>• Personal engagements at appropriate executive and management level</li> <li>• Participation in industry bodies</li> <li>• Shop-floor briefings</li> </ul>	<ul style="list-style-type: none"> <li>• As above (for employees)</li> <li>• Willingness to negotiate in good faith</li> </ul>	<ul style="list-style-type: none"> <li>• Recognition agreements</li> <li>• Wages and conditions negotiated through industry bodies and/or relevant unions at plant level</li> <li>• Regular communication through employee forums</li> <li>• Disciplinary and grievance procedures</li> </ul>
Customers and consumers	<ul style="list-style-type: none"> <li>• Customer meetings and site visits</li> <li>• Conferences</li> <li>• Business association meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Providing safe, essential and quality products at competitive prices</li> <li>• Continuity of supply</li> <li>• Product information</li> </ul>	<ul style="list-style-type: none"> <li>• Regular direct contact with major customers, locally and abroad</li> <li>• Independent audit and checking of processes and quality; market and customer surveys; group and divisional websites with product information, contact details and helpline numbers</li> <li>• Prompt attention to and follow-up of enquiries and complaints</li> </ul>

Stakeholder group	Our engagement activities	Main issues raised	Our response
Suppliers and service providers	<ul style="list-style-type: none"> <li>Supplier relationship management programme with identified strategic suppliers</li> <li>Supplier meetings and site visits</li> </ul>	<ul style="list-style-type: none"> <li>Promoting joint growth opportunities in a responsive and mutually respectful manner</li> <li>Timely payment and favourable contract terms</li> <li>Commitment to and progress in furthering B-BBEE procurement</li> </ul>	<ul style="list-style-type: none"> <li>Regular direct communication with major suppliers</li> <li>Group-wide code business conduct and ethics, with supplementary policies</li> <li>Qualified and experienced management with appropriate skills to negotiate, conclude and manage contracts and relationships</li> <li>Monitoring B-BBEE procurement levels of suppliers and partners</li> <li>Formal procedures in place for handling of queries and complaints</li> <li>Preference for expeditious and practical dispute resolution</li> </ul>
Local communities, and NGOs	<ul style="list-style-type: none"> <li>Public and personal meetings with community and NGO representatives</li> <li>Various multi-stakeholder initiatives and partnerships.</li> <li>CSI initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Operations conducted in a safe and lawful manner</li> <li>Access to job and supplier opportunities</li> <li>Investment in community infrastructure</li> <li>Responsive to concerns and effects (e.g. odour)</li> <li>Contributing responsibly and transparently to broader societal interests</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened our consultation and communication with local communities, schools and local government through formal and informal processes</li> <li>Ensured more effective co-ordination of our CSI initiatives with the aim of improving the socio-economic conditions within the coastal communities in which we operates.</li> <li>Prompt attention to dispute resolution</li> </ul>
Other businesses and business bodies	<ul style="list-style-type: none"> <li>Business body memberships</li> <li>Participation in meetings and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Contributing responsibly and credibly to the collective business voice</li> </ul>	<ul style="list-style-type: none"> <li>Fishing industry body, FishSA, created to address and respond to issues of mutual concern</li> <li>Participation in and membership of relevant industry bodies and associations, for example, Responsible Fishing Alliance (RFA); West Coast Rock Lobster Association; SADSTIA, SAPFIA, SASMIA, MTA, Global Cold Chain Alliance</li> </ul>
Media	<ul style="list-style-type: none"> <li>Media releases and briefings</li> </ul>	<ul style="list-style-type: none"> <li>Receipt of quality information of interest to stakeholders and public</li> <li>Integrity and promptness in responding to queries</li> <li>Accessibility in engaging</li> <li>Supporting media's role through advertising</li> </ul>	<ul style="list-style-type: none"> <li>Improved proactive communication through face-to-face engagement</li> <li>Terms of the Oceana Group code business conduct and ethics</li> <li>Comply with JSE and NSX rules</li> <li>Informative, updated websites, including JSE SENS announcements</li> <li>Invitation to media to attend events, press releases</li> <li>Responding to media queries in a timely and appropriate manner</li> </ul>

## GLOSSARY

### Abbreviations and acronyms used in this report

<b>AEL</b>	Atmospheric Emission Licence
<b>AET</b>	Adult education and training
<b>AFEO</b>	Amalgamated Fishing Employers Organisation
<b>B-BBEE</b>	Broad-based black economic empowerment
<b>BCP</b>	Blue Continent Products Proprietary Limited
<b>BMP</b>	Bird Mitigation Plan
<b>CCS Logistics</b>	Commercial Cold Storage
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>DAFF</b>	Department of Agriculture, Forestry and Fisheries
<b>DEA</b>	Department of Environmental Affairs
<b>DIFR</b>	Disabling injury frequency rate
<b>DTI</b>	Department of Trade and Industry
<b>DWA</b>	Department of Water Affairs
<b>ECS</b>	Environmental Control System
<b>EE</b>	Employment Equity
<b>EU</b>	European Union
<b>Exco</b>	Executive management committee
<b>FAWU</b>	Food and Allied Workers Union
<b>FEMAS</b>	Feed Material Assurance Scheme
<b>FFA</b>	Free Fatty Acids
<b>GHG</b>	Greenhouse gas
<b>GRI</b>	Global Reporting Initiatives
<b>HACCP</b>	Hazard Analysis and Critical Control Points
<b>HR</b>	Human resources
<b>IFFO</b>	International Fishmeal and Fish Oil Organisation
<b>IPA</b>	Individual Performance Agreement
<b>IR</b>	Industrial relations
<b>IIRC</b>	International Integrated Reporting Council
<b>JSE</b>	Johannesburg Stock Exchange
<b>King III</b>	King Code of Governance Principles for South Africa 2009

<b>LoGS</b>	Letter of good standing
<b>MERSETA</b>	Manufacturing, Engineering and Related Services
<b>MFMR</b>	Ministry of Fisheries and Marine Resources
<b>MICA</b>	Master independent contractor agreement
<b>MLRA</b>	Marine Living Resources Act
<b>MSC</b>	Marine Stewardship Council
<b>NEEEF</b>	New Equitable Economic Empowerment Framework
<b>NPAT</b>	Net profit after tax
<b>NQF</b>	National Quality Framework
<b>NRCS</b>	National Regulator for Compulsory Specifications
<b>NSRI</b>	National Sea Rescue Institute
<b>NSX</b>	Namibian Stock Exchange
<b>RFA</b>	Responsible Fisheries Alliance
<b>RS</b>	Responsible Supply
<b>SAMSA</b>	South African Maritime Safety Association
<b>SANAS</b>	South African National Accreditation System
<b>SASSI</b>	Southern African Sustainable Seafood Initiative
<b>SED</b>	Social Economic Development
<b>SENS</b>	Stock Exchange News Service
<b>SETA</b>	Sectoral Education and Training Authority
<b>SHNSA</b>	Stop Hunger Now Southern Africa
<b>SRI</b>	Social Responsibility Investment Index
<b>TAC</b>	Total allowable catch
<b>TAE</b>	Total allowable effort
<b>TALFU</b>	Trawler and Line Fishermen's Union
<b>UNGC</b>	United Nations Global Compact
<b>USA</b>	United States of America
<b>WCRL</b>	West coast rock lobster
<b>WWF</b>	World Wide Fund for Nature

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