




OCEANA GROUP

POSITIVELY IMPACTING LIVES

**APPLICATION OF THE KING IV™ REPORT ON  
CORPORATE GOVERNANCE**

2021





**1** Leadership, Ethics And Corporate  
Citizenship

**2** Strategy, Performance And Reporting

**3** Governing Structures And Delegation

**4** Governance Functional Areas

**5** Legitimacy, Good Performance and Ethical  
Culture

**6** *End*

### OPENING STATEMENT

Oceana is committed to achieving the highest standards of corporate governance, to ensure that we continue to operate ethically and sustainably and to deliver long-term value to our shareholders and other stakeholders.

The Chairman's Report as reflected on Pages 18 – 21 of the Oceana Integrated Report for 2021, contains full details of the challenges faced by the company arising from a whistle-blower report at year-end.

As stated in the Chairman's Report, we re-iterate that throughout this period, the Company has been unwavering in its adherence to sound corporate governance principles, and in particular, to the principles as set out in this Report.





# LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

## GOVERNANCE OUTCOME: ETHICAL LEADERSHIP

### PRINCIPLE ONE: LEADERSHIP

*The Governing Body should lead ethically and effectively.*

Oceana is committed to achieving the highest standards of corporate governance. The Board is the focal point and custodian of corporate governance in the Company and assumes ultimate accountability for the performance and affairs of the Group, to ensure that we continue to operate ethically and sustainably and to deliver long-term value to our shareholders and other stakeholders. All deliberations, decisions and actions of the Board are based on fairness, accountability, responsibility and transparency.

Refer to Pages 96 – 103 of the Oceana Integrated Report

### PRINCIPLE TWO: ORGANISATIONAL ETHICS

*The Governing Body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.*

The Board considers good corporate governance to be a significant contributor to value creation and ensures that the practices recommended in association with the King IV™ principles are incorporated into the Group's Governance Framework and related policies and practices. Oceana's Governance Framework is aimed at managing the Group's operations in an ethical and responsible manner, after considering risk parameters within an effective control environment. The Board is of the opinion that the Group currently complies with all governance principles contained in King IV™, as well as with all requirements of the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements.

Refer to Pages 96 – 103 of the Oceana Integrated Report.



# LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

## GOVERNANCE OUTCOME: ETHICAL LEADERSHIP

### **PRINCIPLE THREE: RESPONSIBLE CORPORATE CITIZENSHIP**

*The Governing Body should ensure that the organisation is and is seen to be a responsible corporate citizen.*

The Board is assisted by the Social, Ethics and Transformation Committee in fulfilling its role in ensuring that the Group is, and is seen to be, a responsible corporate citizen. This role includes ensuring compliance with all applicable laws, regulations and standards impacting the group, as well as its own code of business conduct and policies.

The Board further has oversight of the Group's social investment initiatives with the aim of uplifting and improving the lives of all, in line with its core values of generosity and positively impacting lives.

The Group is committed to environmental sustainability and is continually striving to improve operations to limit environmental impacts and to operate well within natural boundaries.

Refer to Pages 96 – 103 of the Oceana Integrated Report.



## STRATEGY, PERFORMANCE AND REPORTING

### GOVERNANCE OUTCOME: GOOD PERFORMANCE AND LEGITIMACY

#### **PRINCIPLE FOUR: STRATEGY AND PERFORMANCE**

*The Governing Body should ensure that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.*

The Board provides overall guidance and direction for the development and annual review of the strategy, which articulates the key imperatives and enablers required to deliver on the Group's outcomes.

The Oceana Integrated Report, in its entirety, explains how the Board has ensured that Oceana's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. Please refer to the Contents Page of the Oceana Integrated Report which explains how to navigate the various sections of the Integrated Report.

#### **PRINCIPLE FIVE: REPORTING**

*The Governing Body should ensure that the reports issued by the organisation enable the stakeholders to make informed assessments of the organisations performance and its short, medium and long-term prospects.*

The Board takes responsibility for the Group's financial and integrated annual reporting, supported by internal and external assurance mechanisms. The Board has ensured that the following reports: Oceana Integrated Report, the Sustainability Report and the Annual Financial Statements, which are available at [www.oceana.co.za](http://www.oceana.co.za), enable stakeholders to make informed assessments of the Group's performance and its short, medium and long-term prospects.

## GOVERNING STRUCTURES AND DELEGATION

### GOVERNANCE OUTCOME: GOOD PERFORMANCE AND EFFECTIVE CONTROL



#### **PRINCIPLE SIX: PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD**

*The Governing Body should serve as a focal point and custodian of corporate governance in the organisation.*

The Board embraces its role as custodian of governance in the organisation and is fully committed to business integrity, fairness, transparency and accountability of all its activities.

Refer to the Chairman's Report on Pages 18 – 21 and the sections on Board governance and leadership on Pages 96 – 103 of the Oceana Integrated Report.

#### **PRINCIPLE SEVEN: COMPOSITION OF THE BOARD**

*The Governing Body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.*

The Board composition aligns with the relevant King IV™ principles and its membership comprises the necessary expertise, skills and experience to lead the Company. The independence of the non-executive directors is reviewed on an annual basis against the criteria stipulated in King IV™. The Board has delegated the responsibility of assessing the skills and composition of the Board to Corporate Governance and Nominations Committee, and is satisfied that the composition of the Board is appropriate and constitutes a balance of power and authority so that no one individual or block of individuals is able to dominate the Board's decision-making process.

The Board member profiles are reflected in Oceana's Integrated Report and summarises the qualifications, status of each Board member and indicates their respective tenures. Brief resumes of the directors as well as the Board Diversity Policy are available at [www.oceana.co.za](http://www.oceana.co.za).

## GOVERNING STRUCTURES AND DELEGATION

### GOVERNANCE OUTCOME: GOOD PERFORMANCE AND EFFECTIVE CONTROL

#### **PRINCIPLE EIGHT: COMMITTEES OF THE BOARD**

*The Governing Body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and effective discharge of its duties.*

The Board is satisfied that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and effective discharge of its duties. Please refer to Pages 96 – 103 of the Oceana Integrated Report for an explanation of how the Board delegates within its own structures.

#### **PRINCIPLE NINE: EVALUATIONS OF THE PERFORMANCE OF THE BOARD**

*The Governing Body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.*

The Board has adopted a performance appraisal process which is conducted every two years in line with King IV. The Board evaluations are conducted on an anonymous basis and the results are submitted to the company secretary and tabled and discussed at the following Board meeting. Evaluations for each Committee are also conducted and this feedback is reported to the Board.

With the significant Board changes and the restructuring of Board Committees, formal Board and Committee evaluations have been scheduled for 2022 to allow the Board and Committees the opportunity to function under its new leadership and composition. Refer to Pages 96 – 103 of the Oceana Integrated Report on the Board and its Committees.





#### **PRINCIPLE TEN: APPOINTMENT AND DELEGATION TO MANAGEMENT**

*The Governing Body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.*

The Board is satisfied that the appointment of, and the delegation to Management contributes to role clarity and the effective exercise of authority and responsibilities. Please refer to Page 17 and Pages 96 – 103 of the Oceana Integrated Report for an overview of the executive management and the interaction between the Board and Oceana Management.

Individual directors or the Board Committees as a whole are entitled, at the expense of the Company, to take independent professional advice in connection with their duties, subject to an approved process being followed. The Company Secretary guides and advises individual directors and the Board collectively on discharging their responsibilities and duties and on matters of good governance.



## GOVERNANCE FUNCTIONAL AREAS

### GOVERNANCE OUTCOME: ETHICAL CULTURE, GOOD PERFORMANCE AND EFFECTIVE CONTROL

#### PRINCIPLE ELEVEN: RISK GOVERNANCE

*The Governing Body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.*

The Board's responsibility for risk governance is expressed in the Board charter and the risk management plan and policy. Management is tasked with demonstrating to the Board that its risk responses provide for the identification and exploitation of opportunities to improve the performance of the company. The Board delegates to management the responsibility to continuously identify, assess, mitigate and manage risks within the existing operating environment. To the extent appropriate, mitigating controls are in place to address these risks, which are monitored on a continuous basis.

Please refer to Pages 48 – 51 and Page 102 of the Oceana Integrated Report for an overview of how the Board governs risk in a way that supports Oceana in setting and achieving its strategic objectives.

#### PRINCIPLE TWELVE: TECHNOLOGY AND INFORMATION GOVERNANCE

*The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic goals.*

Governance processes and structures are in place to manage the operational, tactical and strategic initiatives for Oceana Group IT. Call management, incident management and change management are in place and measured against agreed service levels. Please refer to Page 77 and Page 113 of the Oceana Integrated Report for an overview of IT.



## GOVERNANCE FUNCTIONAL AREAS

### GOVERNANCE OUTCOME: ETHICAL CULTURE, GOOD PERFORMANCE AND EFFECTIVE CONTROL

#### PRINCIPLE THIRTEEN: COMPLIANCE GOVERNANCE

*The Governing Body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.*

Please refer to these various sections the Oceana Integrated Report and Sustainability Report for an overview of how the Board governs compliance:

- a. Oceana IR – Pages 48 – 51 “Managing our Material Risks”
- b. Oceana IR – Pages 77 – 81 “Ensure Good Governance and Sustainability”
- c. Oceana IR – Pages 54 - 76 “Strategic Imperatives”
- d. Sustainability Governance and Management – [www.oceana.co.za](http://www.oceana.co.za)

#### PRINCIPLE FOURTEEN: REMUNERATION GOVERNANCE

*The Governing Body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.*

Please refer to the report of the Remuneration Committee on Pages 114 – 121 of the Oceana Integrated Report. The remuneration policy and implementation report will be tabled at the next Oceana Group Limited Annual General Meeting, scheduled for 05 May 2022, for a separate non-binding advisory vote by shareholders. By implementing the remuneration policy, in conjunction with other human resources-related policies, the group aims to maintain a positive, quality, motivated workforce which operates responsibly within an ethical culture. This in turn will maximise shareholder value. The Board, assisted by the Remuneration Committee, ensures that executives and general employees are remunerated fairly and responsibly in line with industry standards.

## GOVERNANCE FUNCTIONAL AREAS

### GOVERNANCE OUTCOME: ETHICAL CULTURE, GOOD PERFORMANCE AND EFFECTIVE CONTROL

#### PRINCIPLE FIFTEEN: ASSURANCE

*The Governing Body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.*

The Board is satisfied that its combined assurance model enables an effective control environment and supports the integrity of information used by Oceana for internal decision-making and for its external reports. The approach includes, but is not limited to, the Group's established outsourced internal audit function, its risk management and compliance functions, the external auditors and regulatory inspectors, together with such other external assurance providers as may be appropriate or deemed necessary from time to time, including the company secretary who provides guidance on aspects of corporate governance, and a JSE sponsor which advises on the JSE Listings Requirements.

Please refer to "About This Report" section at the beginning of the Oceana Integrated Report and Sustainability Report, and the report of the Audit Committee on Pages 104 - 113 of the Oceana Integrated Report.



### PRINCIPLE SIXTEEN: STAKEHOLDERS

*In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.*

The Social, Ethics and Transformation Committee assists the Board with monitoring stakeholder management and with setting the approach to stakeholder relationships. The way in which Oceana considers and engages with its stakeholders is addressed in both the Oceana Integrated Report and Sustainability Report.

Please refer to the “Engage Stakeholders and Manage Reputation” section on Pages 74 – 76 of the Oceana Integrated Report. Please further refer to the Sustainability Report.







OCEANA GROUP

POSITIVELY IMPACTING LIVES

THANK YOU

