OCEANA GROUP

united in purpose

POSITIVELY IMPACTING LIVES

2020 INTEGRATED REPORT

FOR THE YEAR ENDED 30 SEPTEMBER

start here

NAVIGATING OUR REPORT

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HOME
Back to contents page

Access additional information on the web

Cross-reference within the Sustainability Report

IR
Integrated Report

AFS
Annual Financial Statements

SR
Sustainability Report

PRINT

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CONTENTS

THE FOLLOWING ICONS WILL HELP YOU NAVIGATE THIS REPORT:

STRATEGIC IMPERATIVES

SI 1 Protect and optimise our quota businesses

SI 2 Deliver organic growth

SI 3 Sustainable earnings through diversification

STRATEGIC ENABLERS

SE 1 Galvanise the workforce

SE 2 Engage stakeholders and manage reputation

SE 3 Ensure good governance and sustainability

OUR CAPITALS

The resources and relationships on which we depend can be described as different forms of "capital stock" – the assets we need to protect and enhance in order to achieve our strategic objectives. We make trade-offs between our capitals, as discussed on *pages 32 and 33.*

Natural Capital:
The long-term sustainability of the marine resources that we harvest is critical to our existence. We actively support responsible fishing practices, robust resource management and strict regulatory compliance. We measure and manage our impact on the environment in an effort to reduce this to a minimum.

Human Capital:
Our performance-driven culture that positively impacts lives with the correct reward, motivation and development of each employee is critical in enabling them to reach their full potential and to achieve our purpose. We maintain a safe and productive work environment, free from discrimination or harassment that engages the passion and commitment of our employees.

Intellectual Capital:
Our brand value, research and development, innovation capacity, reputation and strategic partnerships. We strive to uphold the highest ethical standards and regulatory compliance in all our business practices.

Social and Relationship Capital:
Our relationships with our stakeholders, including the communities in which we operate. We recognise the role the fishing industry and food business operators play in building a strong and thriving society.

Manufactured Capital:
Our fleet, processing plants, cold storage and equipment, our products, as well as our information technology provide the framework and mechanics of how we do business and create value.

Financial Capital:
Efficient management of our shareholders' equity and funding from investors and lenders that are used to support our business and operational activities, including working capital.

OUR REPORTING SUITE

Our Integrated Report is supplemented by our full suite of online publications that cater for the diverse needs of our broad stakeholder base as part of our comprehensive Integrated Reporting process. These can be accessed a *www.oceana.co.za*

INTEGRATED REPORT
Succinct review of our strategy and business model, operating context, operational performance and governance, targeted primarily at current and prospective investors and government.

SUSTAINABILITY REPORT
Reviews our approach to managing our significant economic, social and environmental impacts, and to addressing those sustainability issues of interest to a broad range of stakeholders.

ANNUAL FINANCIAL STATEMENTS
Detailed disclosure of our financial results, with audited financial statements, prepared in accordance with IFRS.

KING IV DISCLOSURE REPORT
Detailed disclosure against the King Code on Corporate Governance 2016 for South Africa (King IV).

SCIENTIFIC REPORTS
Status reports for the species of fish harvested by the Group, including total allowable catch and fisheries management systems.

UN GLOBAL COMPACT COP
A Communication on Progress (COP) in meeting the 10 principles of the UN Global Compact, covering human rights, labour, environmental and anti-corruption issues.

CDP (FORMERLY CARBON DISCLOSURE PROJECT)
Overview of our climate change governance and mitigation measures, the climate change impacts on Oceana, and our scope 1, 2 and 3 greenhouse gas emissions for our Southern Africa operations.

We welcome your feedback on this report. Please address any queries or comments to our Company Secretary:
companysecretary@oceana.co.za or call +27 21 410 1504.

INTRODUCTION

ABOUT THIS REPORT

SCOPE, BOUNDARY AND REPORTING CYCLE

Oceana Group Limited's 2020 Integrated Report provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance, covering the financial year ended 30 September 2020. We endeavour to illustrate a comprehensive view of the business by analysing our performance against the Group's strategic objectives, highlighting successes and challenges experienced this year.

This report focuses on the main operations and activities that contribute to Oceana's performance ***(see page 6).*** Unless otherwise stated, all performance data is for the 12-month period ended 30 September 2020, and relates to all of the Group's South African, Namibian and USA operations. The broad-based black economic empowerment (B-BBEE) assessment, as well as the employment equity statistics, exclude all non-South African companies and operations. There have been no significant restatements of data during the year.

REPORTING BOUNDARY FOR THE INTEGRATED REPORT

(risks, opportunities and outcomes)

Operating Context | Governance | Delivering On Our Strategy | Performance Reviews

Financial reporting entity

(control and significant influence)

OCEANA GROUP

Subsidiaries | Joint ventures | Investments

Employees and trade unions | Government and regulatory authorities | Shareholders, investors and media | Customers and consumers | Local communities, small-scale fishers and NGOs | Suppliers and service providers | Industry organisations, research bodies and business partners

REPORTING PRINCIPLES

Oceana has applied the principles contained in the International Financial Reporting Standards (IFRS), the King IV, the JSE Listings Requirements, and the Companies Act, 71 of 2008, as amended (Companies Act). The report has been developed in accordance with the International <IR> Framework of the International Integrated Reporting Council (IIRC).

MATERIALITY PROCESS

This report focuses on those matters that we see as being most material to our capacity to create value, and to delivering on our core purpose.

In assessing the issues that materially impact value creation we have included the significant risks, opportunities and impacts associated with our activities over the short-term (less than 12 months), medium-term (two to five years) and long-term (beyond five years).

Our approach to managing these material matters is reflected in our strategic imperatives and enablers ***(page 64)***. These have been identified based on an assessment of how we create value ***(page 26)***, the impact of the external operating context on value creation ***(page 34)***, the material interests of our stakeholders ***(page 40)***, and the principal risks facing the Group ***(page 42)***.

Additional information that is considered to be material for these purposes, but that may be of interest to other stakeholders, is provided in the separate accompanying reports.

TARGET AUDIENCE

This report has been prepared primarily for current and prospective investors (to support their capital allocation assessments), and for representatives from government and regulatory authorities in South Africa and Namibia (to inform their assessments of our performance).

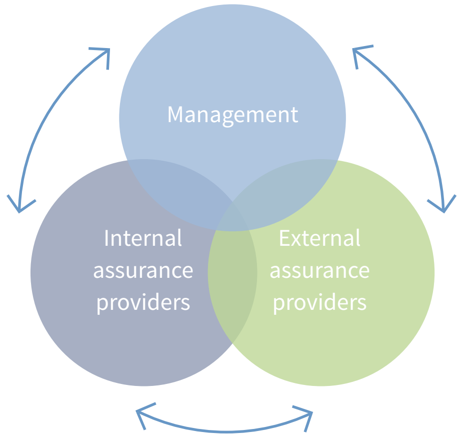
FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to Oceana's plans and expectations relating to its future financial condition, performance, operations and results. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. All forward-looking statements are solely based on the views and considerations of directors.

EXTERNAL AUDIT AND COMBINED ASSURANCE

An independent audit of the Group's Annual Financial Statements was performed by Deloitte & Touche. The B-BBEE scorecard information was verified independently by Empowerdex and the greenhouse gas emissions by GCX Africa. The rest of this Integrated Report has not been subjected to independent audit or review. Information reported, other than that mentioned above, is derived from the Group's own internal records and from information available in the public domain.

Oceana has adopted a combined assurance model that facilitates a coordinated approach to all assurance and governance activities. Together with our integrated risk management practices, this enables an effective control environment and supports the integrity of information used by Oceana for internal decision-making and for its external reports.



STATEMENT OF THE BOARD OF DIRECTORS ON OCEANA GROUP LIMITED'S 2020 INTEGRATED REPORT

The Board acknowledges its responsibility of ensuring the integrity of this Integrated Report, which in the Board's opinion, provides a fair and balanced account of the Group's performance on those material matters that it has assessed as having a bearing on the Group's capacity to create value over the short-, medium- and long-term.

This report has been prepared in accordance with the IIRC's International <IR> Framework, and complies with the recommendations of King IV, Principle 5. The report, including the Annual Financial Statements of the Group for the year ended 30 September 2020, was approved by the Board of directors on 20 January 2021, and signed on its behalf by

Mustaq Brey
Chairman

Imraan Soomra
Chief Executive Officer

Hajra Karrim
Chief Financial Officer

Peter de Beyer

Nomahlubi Simamane

Shams Pather

Zarina Bassa

Nisaar Pangarker

Lesego Sennelo

Bakar Jakoet

INTRODUCTION
OUR BUSINESS
OUR OPERATING CONTEXT
OUR GOVERNANCE
OUR STRATEGY AND OUTLOOK
OUR PERFORMANCE REVIEWS
ADMINISTRATION

GROUP PROFILE

OUR CORE PURPOSE

To be a leading global fishing and commercial cold storage company creating sustainable value and positively impacting the lives of all our stakeholders.

MISSION STATEMENT

- In achieving our core purpose, we
  - responsibly harvest and procure a diverse range of global marine resources;
  - promote food and job security by efficiently producing and marketing relevant products for global markets;
  - actively harnessing talent and developing the potential of all employees;
  - support diversity and empowerment; and
  - invest in communities in which we operate,

thereby consistently converting resources into shared value and providing superior and sustainable returns to all stakeholders.

DELIVERING SOCIETAL VALUE: OUR ALIGNMENT TO THE 2030 UN SDGs

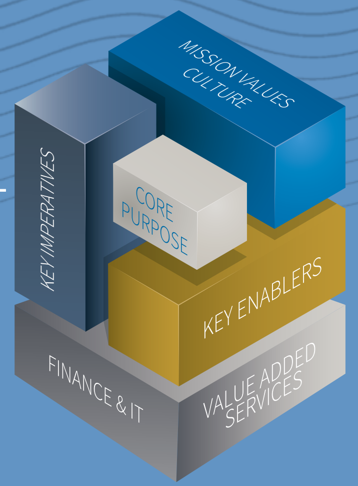
The United Nations Sustainable Development Goals (UN SDGs) provide the best articulation of what sustainable value should look like, setting a clear long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Oceana's culture is built around positively impacting lives and is committed to playing its role, as a private sector company, in the attainment of these SDGs by working alongside government, communities and other businesses. Through our core business of responsibly harvesting, procuring and processing a diverse range of global marine resources, we are making a significant contribution to national and global developmental objectives.

We have identified and prioritised five SDGs, as depicted below, where we believe we can have the most meaningful impact:

OUR STRATEGIC IMPERATIVES AND ENABLERS

OUR STRATEGIC IMPERATIVES
focus the Group's effort to create shared value:

- Protect and optimise our quota businesses
- Deliver organic growth
- Sustainable earnings through diversification



OUR STRATEGIC ENABLERS
protect and enable the delivery of shared value:

- Galvanised workforce
- Stakeholder engagement and reputation management
- Governance and sustainability

REDUCED ENVIRONMENTAL IMPACT	INNOVATING FOR INCLUSIVE DEVELOPMENT/INVESTING IN OUR PEOPLE	RESPONSIBLE FISHING	FOOD SECURITY: HEALTHY, AFFORDABLE PROTEIN	RESPONDING TO COMMUNITY NEEDS

Our approach on delivering on these goals is reviewed briefly on ***page 63*** and in detail in our ***Sustainability Report 2020.***

WHO WE ARE

Incorporated in 1918 and listed on the Johannesburg (JSE) and Namibian (NSX) stock exchanges, Oceana Group is a global fishing company, and an important participant in the South African, Namibian and USA fishing industries.

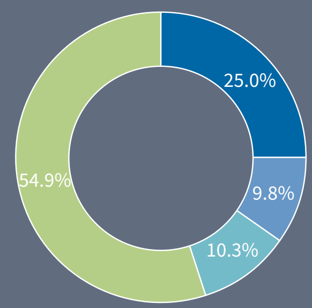
We employ 4 450 people globally, of whom 3 005 are directly employed and 1 445 are indirectly employed. Oceana is a black-owned company and a Level 1 B-BBEE contributor.

Level 1 B-BBEE CONTRIBUTOR

4 450 PEOPLE EMPLOYED GLOBALLY

R8,4bn MARKET CAPITALISATION AS AT 31 DECEMBER 2020

OWNERSHIP



WHAT WE DO

Our core fishing business is the catching, procuring, processing, marketing and distribution of canned fish, fishmeal, fish oil, horse mackerel, hake, lobster and squid. The business includes midwater trawling (horse mackerel), deep-sea trawling (hake), and inshore fishing for pelagic fish (anchovy, the Gulf menhaden species, redeye herring and pilchard).

In addition, we provide refrigerated warehouse facilities and logistical support services. We market and sell approximately 263 000 tons of fish and fish products to consumers across the consumer spectrum, in 45 countries in Africa, North America, Asia, Europe and Australia.

45 CUSTOMER GEOGRAPHIES

5 FISHING GEOGRAPHIES

263 000 TONS OF PRODUCTS SOLD

GROUP PROFILE continued

OUR GROUP PROFILE

Oceana's operations are split into four different business units: Canned fish and Fishmeal (Africa), Fishmeal and Fish Oil (USA), Blue Continent Products (BCP): Horse mackerel, Hake, Lobster and Squid and Commercial Cold Storage and Logistics (CCS). Except for the USA operation, all other business units have operations in South Africa and Namibia.

CANNED FISH AND FISHMEAL (AFRICA)

Contribution to revenue

53%

Contribution to operating profit

38%

Lucky Star harvests, processes and procures small pelagic species, and markets and sells the derived products. Oceana's pelagic business is conducted through Lucky Star and Amawandle Pelagic. Our primary product is canned fish, mainly pilchard, but also tuna, sardine and mackerel all of which are marketed under the Lucky Star brand. The brand has more recently expanded into adjacent protein categories including canned meat, chakalaka and baked beans. Lucky Star also markets fishmeal and oil in South Africa and internationally, primarily for the aqua feed and animal feed sectors. 80% of Lucky Star's revenue is generated in South Africa and 20% from export sales.

FISHMEAL AND FISH OIL (USA)

Contribution to revenue

23%

Contribution to operating profit

30%

Daybrook is involved in the harvesting and processing of the Gulf menhaden species, and in the marketing and selling of derived fishmeal and fish oil products. The fishmeal is processed using the application of an indirect drying process that enables us to provide customised products required for specialised diets in various high-performance feeds. Daybrook produces prime pet food and FAQ (fair average quality) grade fishmeal primarily for the aquaculture, hog farming and speciality pet food industries. Daybrook also produces an omega-3-rich crude fish oil that is utilised by the aquaculture feed industry and to a lesser extent into the beef and dairy cattle feed industry.

BCP: HORSE MACKEREL, HAKE, LOBSTER AND SQUID

Contribution to revenue

19%

Contribution to operating profit

26%

Oceana's horse mackerel fishing business is conducted through our subsidiaries Blue Continent Products (BCP) in South Africa, and Erongo Marine Enterprises (Erongo) in Namibia. Catches are processed at sea into frozen packs in the format required by targeted markets. All our vessels on each trip carry scientific observers or fisheries inspectors, who act as compliance observers. Horse mackerel is in high demand as an important source of affordable protein in Southern, Central and West Africa.

Oceana's hake business is conducted through BCP and Amawandle Hake (AH). The hake deep-sea trawling fleet supply headed and gutted (H&G) hake to local and international markets in frozen form. Our lobster and squid business units are involved in the catching, processing and marketing of West and South Coast rock lobster and squid. Export sales account for 74% of BCPs total revenue.

COMMERCIAL COLD STORAGE AND LOGISTICS

Contribution to revenue

5%

Contribution to operating profit

6%

Commercial Cold Storage and Logistics (CCS) has a long-standing respected reputation in the primary storage and handling of mainly perishable products on behalf of major manufacturers, exporters and importers. The location of our cold stores, the range of services offered and the ability to integrate these services cost-effectively into the outbound supply chain of customers, are key drivers in high storage occupancies in the cold storage industry. CCS continues to play an instrumental role in enabling effective implementation of Lucky Star's frozen fish strategy.

OUR MARKET POSITIONING IN CONTEXT

Oceana is a diversified fishing group that harvests and procures fishing resources from four coastlines across five countries. Trading in multiple species with products sold in 45 countries remains one of the strengths of Oceana, providing a natural hedge when environmental conditions change or in the face of market volatility and economic downturns.

Lucky Star is a participant in the South African pelagic fishery and market leader in the canned fish category across South Africa and several other African markets. Its iconic South African brand is enjoyed by over 4 million people daily.

The largest fishery that we operate in, through Daybrook, is the USA Gulf menhaden, which has a total biomass of 5.2 million tons; this is comparable with the Peruvian anchovy biomass of 6.7 million tons, the largest reduction fishery in the world.

BCP is a rights holder of horse mackerel in South Africa and Namibia as well as a participant in the South African hake fishery. BCP relies on its commercial fishing rights allocation, as well as the allocation of joint venture partners, to maintain sufficient scale in order to optimise its operations across the value chain.

Our key value proposition is our ability to convert fishing resources into value, which is facilitated by the scale of our business. The diversity of operations, both species specific and geographic, and activities within a larger group ensures greater resilience in the context of cyclical fishing patterns and market volatility, enabling the sustained provision of benefits to all our stakeholders. Well-resourced and efficient operations facilitate more effective regulatory monitoring and compliance.

Enhanced efficiencies enable a more cost-effective contribution to food security through the provision of healthy and low-cost protein.

A well-maintained, efficient and reliable fishing fleet, contributes to improved sea days and vessel availability. It also supports scientific surveys and monitoring of the health of the biomass, to inform the appropriate setting of permit requirements. Our ability to procure frozen fish internationally when cyclical biomass levels of local pilchard resources are low, allows us to continue processing in South Africa and Namibia, providing job security in a region of the world where unemployment is significantly high.

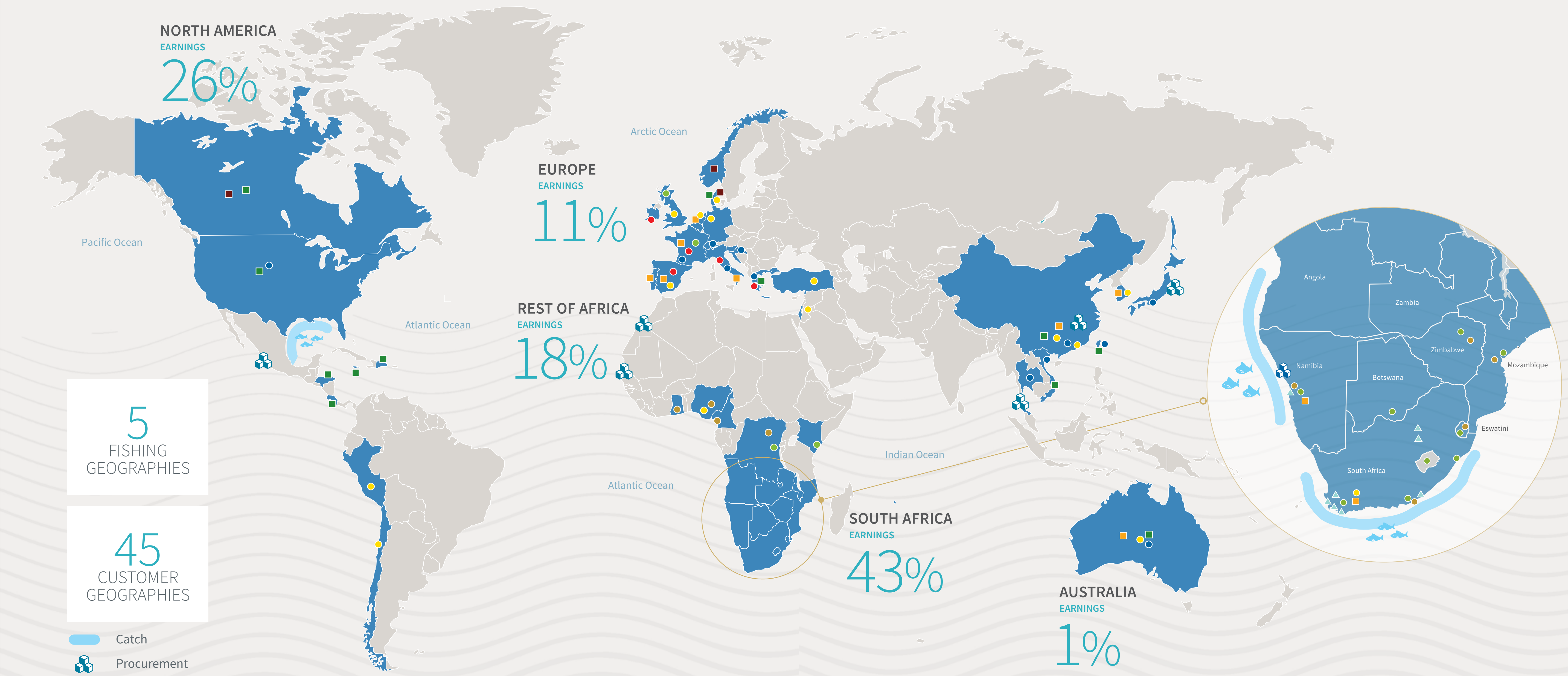
Our well-established sales and marketing operations allow us to access larger wholesalers in export markets and commit to consistent monthly volumes at better prices. In the horse mackerel business, we compete in Africa against other commodity type products namely whole fish and other proteins. Lucky Star pilchard is a market leader in the canned fish category and is priced near parity to chicken in South Africa.

We benchmark our performance internally against best-in-class global listed seafood companies. These are reviewed annually by the Board. The Group's performance improved against our peer group in both operating performance and balance sheet management.

THE OCEANA GROUP AT A GLANCE

PRODUCTS AND MARKETS

REGIONAL CONTRIBUTION TO GROUP EARNINGS



LUCKY STAR

16 Vessels	6 Production facilities	2 351 Employees

DAYBROOK

11 Vessels	12 Planes	1 Production facility	382 Employees

BLUE CONTINENT PRODUCTS

18 Vessels	4 Production facilities	1 111 Employees

CCS LOGISTICS

8 Cold storage facilities	113k Pallets	474 Employees

CANNED FISH ● FISHMEAL AFRICA ● FISHMEAL (USA) ■ FISH OIL ■ HORSE MACKEREL ● HAKE ■ LOBSTER ● SQUID ● COLD STORAGE AND LOGISTICS ▲

OUR PERFORMANCE AT A GLANCE: OUR VALUE CONTRIBUTION

FINANCIAL PERFORMANCE

REVENUE	OPERATING PROFIT	HEPS	OPERATING PROFIT MARGIN
R8,3bn	R1,4bn	628.4 cents	16.8%
2019: R7,6bn	*2019: R1,2bn*	*2019: 544.3 cents*	*2019: 15.1%*

CASH BALANCE	LEVERAGE RATIO	DPS	VOLUMES SOLD
R1,2bn	1.4 times	393 cents	263 265 tons
2019: R588m	*2019: 2.2 times*	*2019: 363 cents*	*2019: 267 601 tons*

EMPOWERMENT AND GENDER STATISTICS

Level 1 B-BBEE

1st Most empowered food producer in 2019

42% Female representation at senior management level

FOR OUR CUSTOMERS AND SUPPLIERS

9,5m CARTONS OF FROZEN FISH imported from Northwest Africa making us the largest global consumer of pilchards

R6,9bn procurement on goods and services (2019: R6,5bn)

57 000 tons of horse mackerel sold to markets across Africa and 8 500 tons of hake sold to Europe

113 000 PALLET SPACES IN SOUTH AFRICA AND EUROPE

FOR OUR ENVIRONMENT

Maintained MSC certification for Gulf menhaden and hake

89% of fish harvested is SASSI green rated

Carbon neutrality target launched

Maintained our JSE FTSE4 Good rating

FOR OUR EMPLOYEES

R1,3bn in wages (2019: R1,2bn)

R60,9m on employee skills development (2019: R28,3m)

Oceana Leadership Acceleration Programme in collaboration with GIBS

R20m gratuity bonus paid during Covid-19 for frontline workers

FOR OUR GOVERNMENTS AND COMMUNITIES

Enhanced public finances by R235m in tax (2019: R263m)

55 000 cans of Lucky Star product donated to vulnerable communities

R30m *for Covid-19* relief measures

R20.6m invested in Oceana Maritime Academy in year one

FOR PROVIDERS OF FINANCIAL CAPITAL

R366m net debt settled (2019: R220m)

R397m declared in dividends to equity shareholders (2019: R499m)

R245m paid in interest to debt funders (2019: R287m)

INTRODUCTION > OUR BUSINESS > OUR OPERATING CONTEXT > OUR GOVERNANCE > OUR STRATEGY AND OUTLOOK > OUR PERFORMANCE REVIEWS > ADMINISTRATION

OUR COVID-19 RESPONSE

As infection rates escalated around the world and the respective lockdown periods followed, the Covid-19 pandemic impacted on individuals, families, businesses, and societies. Oceana leadership and the entire workforce were quick to respond, managing Covid-19 first and foremost as a humanitarian crisis, more than just an economic challenge.

We feel proud of how we have handled the crisis with agility, compassion and care, providing our people with job security during the lockdown levels, supporting them and their families, and providing an enabling environment for people's humanity to come to the fore. This in turn has ensured the resilience and continuity of our business through some of the toughest periods.

Our primary focus has been on the health, safety and wellness of our staff, alongside the continuous and uninterrupted provision of affordable and healthy seafood and canned products to our customers, while meeting the needs of families and communities impacted by the crisis. We spent R30 million on achieving these objectives, including on personal protective equipment (PPE), hand sanitiser, Covid-19 test kits, nursing staff and mobile screening facilities, transport services and weekly food parcels for all frontline staff, quarantine facilities, physical and mental wellness programmes, and support for vulnerable communities in the form of medical supplies, essential care packs and food parcels.

In an unprecedented year, we were able to navigate the Covid-19 crisis with minimal disruption and no significant financial loss to the Group. As a responsible corporate citizen, we focused our efforts and resources on providing support to our stakeholders and the communities in which we operate.

In our South African manufacturing and processing operations, we saw facilities in Cape Town impacted first, with the region initially being at the epicentre of the virus, followed by Covid-19 cases up the West Coast in St Helena Bay and Laaiplek.

When staff tested positive, this required management to work late nights to ensure protocols were followed and to bring a sense of calm to the workforce. In all cases, thanks to the effective efforts implemented across the Group, the recovery rate has been good and new cases have been kept to a minimum. The percentage of fishing days lost due to the pandemic in our various divisions was just under 10% enabling us to meet our strategic priorities for the year and deliver an overall strong performance.

For a detailed overview of our Covid-19 response measures across our various stakeholder groups refer to our Chief Executive Officer's Report *(page 20)*, the letter from the chairman of our Remuneration Committee *(page 52)* and our ***online Sustainability Report.*** We report on the Covid-19 impacts at a divisional level *(page 86)*.

COVID-19 DECISION-MAKING TIMELINE

26 Feb	International travel prohibited
10 Mar	Local travel prohibited; Access restrictions at head office and sites
12 Mar	Virtual meetings commence; Vessel fleet screening rolled out to skippers
13 Mar	Covid-19 Health and Safety protocols implemented
16 Mar	Supply chain risk assessed and identified; USA work from home
18 Mar	Africa work from home; Isolation rooms identified and quarantine protocols implemented
24 Mar	Private transport for employees; Masks distributed to sites
2 Apr	Sites ramp up security
4 Apr	Wellness initiatives for employees
19 Apr	Mist sprayers installed at sites
22 Apr	DoL approves Covid-19 protocols at St Helena Bay and Laaiplek
27 Apr	Adoption of industry accepted protocols
22 May	1st positive infection
30 May	Covid-19 positive cases at 0.5% of the workforce
1 Jun	Decision to defer dividend
1 Jul	Rapid Covid-19 testing available at Oceana House
17 Aug	Payment of deferred dividend
24 Aug	Work from home protocol for remainder of 2020

A MESSAGE OF APPRECIATION TO ALL OUR STAKEHOLDERS

We would like to say thank you to everyone that stepped up during the Covid-19 crisis.

- To all our stakeholders who have contributed in a meaningful way to keep our business operational during these unprecedented times, we remain deeply grateful for your support.
- To the governments and regulators in SA, the USA and Namibia and in particular the Minister of Forestry, Fisheries and Environmental Affairs in South Africa, Honourable Barbara Creecy, who supported us during the various lockdown levels.
- To our Board who provided constant guidance and direction
- To our leadership team who led with courage and conviction.
- To our vessel crews and frontline workers who place their lives at risk each day.
- To our head office and administrative staff whose productivity levels were never as high as during this crisis.
- To our healthcare workers at site who act swiftly and with care when there is a risk of infection.
- To our customers who continue to support us and trust our brand.
- To our banking community who made funding available so that we were never at risk of being unable to pay our employees and suppliers.
- To our suppliers and service providers who went the extra mile to ensure that our businesses continued uninterrupted.
- To our partners and communities that we invest in, that allow us to continue providing essential services and address food security needs both locally and globally.

LOOKING AHEAD TO 2021

- We will explore a hybrid arrangement of working from home and office for administrative and support service employees. We will also continue to provide PPE and sanitising protocols to maintain a high level of hygiene awareness, including training, at operational level. Appropriate ongoing social distancing practises and infection-control measures will remain in place to safeguard employees.
- We will increase our focus on mental wellbeing as employees and workers confront new challenges under these revised working arrangements.

Our support for vulnerable communities

INTRODUCTION
OUR BUSINESS
OUR OPERATING CONTEXT
OUR GOVERNANCE
OUR STRATEGY AND OUTLOOK
OUR PERFORMANCE REVIEWS
ADMINISTRATION

OUR BUSINESS
WHO GOVERNS US

DIRECTORATE

Our Board provides ethical leadership and guidance in order to deliver long-term value to shareholders and stakeholders and is committed to ensuring that good governance practices are applied throughout all aspects of the business.

We have a unitary board with ten directors, the majority of whom are non-executive directors, and a strong lead independent director to ensure that the necessary independence is maintained in the functioning of the Board.

The Board of directors confirm compliance with the provisions of the Companies Act and/or relevant laws of establishment, specifically relating to its incorporation and furthermore operating in conformity with its MOI and/or relevant constitutional documents.

BOARD DIVERSITY AND INDEPENDENCE

The Board appreciates that it requires a diverse array of knowledge, skills, experience and diversity as well as independence to discharge its governing roles and responsibilities, and to remain relevant. Board appointments are made on merit, having due regard for the benefits of diversity in its widest sense. We believe that companies that embrace gender, race and ethnic diversity achieve better financial performance and Oceana has achieved recognition as having one of the most diverse boards on the JSE.

Although the Chairman is not an independent non-executive director, a strong lead independent director ensures that the necessary independence is maintained in the functioning of the Board. The roles and responsibilities of the Chairman and lead independent director can be found in the Board Charter available on our website at ***www.oceana.co.za.***

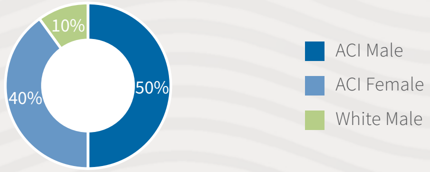
The Board is comfortable that its lead independent director, its independent non-executive directors and its Company Secretary remain independent as required by King IV. The Board is comfortable that an arms-length relationship between the Board and the Company Secretary, Ms Adela Fortune, is in place. Based on the Board's assessment of the Company Secretary, the Board confirmed it has received the required guidance on governance and compliance matters, has received timeous communication and is satisfied with the qualifications and expertise of the Company Secretary.

BOARD COMPOSITION

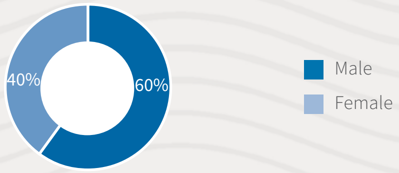
5 + 3 + 2 = 10

5	3	2	10
Independent non-executive directors	Non-executive directors	Executive directors	Directors at the date of this report

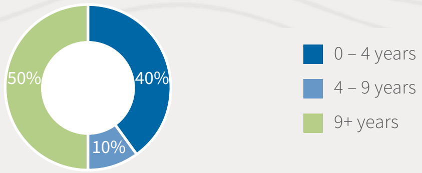
RACE



GENDER



TENURE



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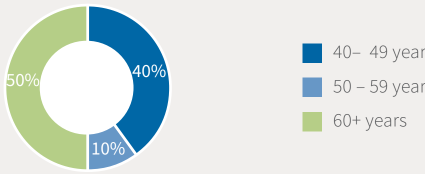
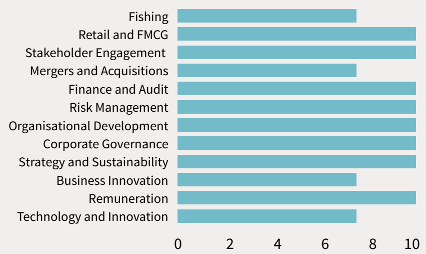


SKILLS AND EXPERTISE



Mustaq Brey (66)

Chairman,
non-executive director
BCompt (Hons), CA(SA)
25 | 43

Imraan Soomra (45)

Chief Executive Officer,
executive director
BCompt (Hons), CA(SA)
8 | 20

Hajra Karrim (43)*

Chief Financial Officer,
executive director
BCom (Hons), CA(SA)
18

Shams Pather (69)

Lead independent director
BBusSc, BCom (Hons), MBA
24 | 47

Peter de Beyer (64)

Independent
non-executive director
BBusSc, FASSA
12 | 43

Zarina Bassa (56)

Independent
non-executive director
BAcc, Dip Acc, CA(SA)
9 | 32

Nomahlubi Simamane (61)

Independent
non-executive director
BSc (Hons)
11 | 33

Lesego Sennelo (43)

Non-executive director
BComp, BCom Acc (Hons), HDip Auditing, CA(SA)
2 | 17

Nisaar Pangarker (48)

Non-executive director
BBusSc, MBA
2 | 25

Bakar Jakoet (64)

Independent
non-executive director
CA(SA)
1 | 39

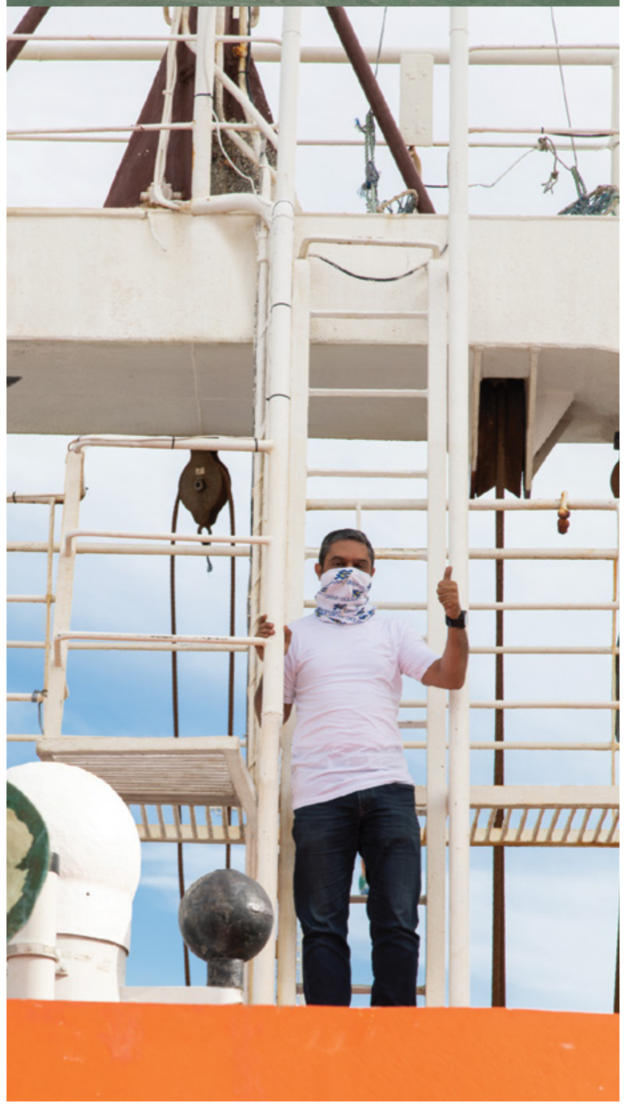
* *Appointed 1 November 2020*

Years of service | Years of experience

WHO LEADS US

EXECUTIVE COMMITTEE

Our Executive Committee (Exco) comprises of 10 individuals. The combined skills and experience of our executives, each with a clearly defined and focused portfolio has contributed to Oceana delivering sustainable value for all its stakeholders.



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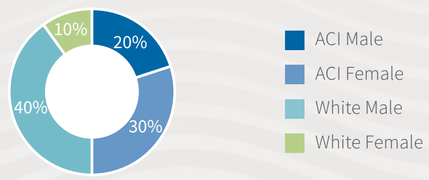

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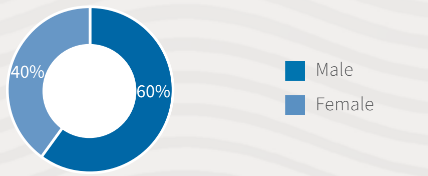
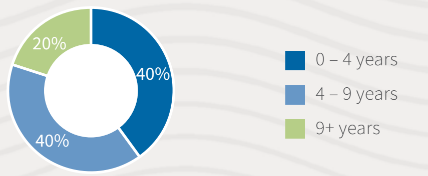


TENURE



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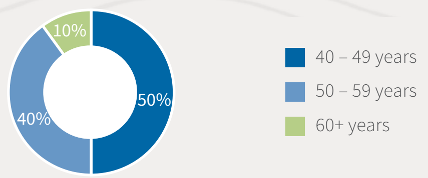


Imraan Soomra (45)

Chief Executive Officer, executive director
BCompt (Hons), CA(SA)
8 20

Hajra Karrim (43)*

Chief Financial Officer, executive director
18
BCom (Hons), CA(SA)

Trevor Giles (50)

Group Executive: Business Development and Mergers and Acquisitions
BCom (DipAcc), CA(SA)
21 25

Bronwynne Bester (42)

Chief People Officer
BCom (Hons), MCom
16

Zodwa Velleman (44)

Group Executive: Regulatory and Corporate Affairs
BJuris, LLB (Admitted Attorney)
2 17

Suleiman Salie (53)

Managing director of Lucky Star Operations
BSc Mech Eng
10 30

Jay Erskin (53)

President of Daybrook Fisheries
Bachelors in Aeronautics, MBA
2 27

Jillian Marais (48)

Group Executive: Risk and Compliance
BA LLB (Admitted Attorney)
9 22

Lourens de Waal (54)

Managing director of Lucky Star Marketing and Sales
HND in Cost & Management Accounting
8 30

Neville Brink (60)

Managing director of Blue Continent Products
Marketing Management
24 34

* *Appointed 1 November 2020*

Years of service

Years of experience

INTRODUCTION
OUR BUSINESS
OUR OPERATING CONTEXT
OUR GOVERNANCE
OUR STRATEGY AND OUTLOOK
OUR PERFORMANCE REVIEWS
ADMINISTRATION

CHAIRMAN'S INTRODUCTION

Oceana's positive earnings results this year is a remarkable achievement given the incredibly challenging context that we have all faced. The Covid-19 pandemic, imposed on an already very fragile economy, is likely to have a profound long-term impact on the South African economy, placing further pressure on existing high unemployment levels and low levels of consumer and business confidence. The fact that Oceana has managed to increase the bottom line within these tough conditions reflects its resilience, the strength of its diverse portfolio and the phenomenal response of the management team and staff.

Mustaq Brey
Chairman

The outbreak of the Covid-19 pandemic earlier this year, and the severe lockdown measures introduced across almost all of our markets, prompted an immediate response from the leadership team. They prioritised the safety and wellbeing of employees, maintaining the secure supply of affordable protein, and upholding the economic resilience of communities in which we operate. With Oceana classified as an essential service provider, the Group was able to continue operating, with all employees abiding by stringent standard operating procedures and protocols.

While the Group benefited from being an essential service provider, as well as from the sustained demand and firm pricing across most of its product categories that are predominately consumed in-home, the strong performance ultimately reflects the incredible response of the Group's employees and management teams. Whether working in Oceana's canning and fishmeal plants, vessels at sea, cold storage facilities or remotely from home, there has been a strong sense of camaraderie, with record low levels of absenteeism and a clear demonstration of solidarity from the executive team who were out on the factory floor on the first day of lockdown. The team spirit has been commendable, reflecting valuable progress on the leadership team's commitment to instilling a cohesive purpose-led culture across the organisation, and laying a strong foundation for the future.

During the year the Board once again undertook a detailed review of the Oceana Group's growth strategy, participating in a consultative process with the executive and divisional leadership in reviewing and updating the strategy. Through this process, we reaffirmed the six strategic focus areas approved last year. In our strategy engagements, it has been encouraging to see the management team seizing on our challenge to them to think laterally in identifying new opportunities; this is evidenced for example by the successful market penetration of the recently launched flat-can sardines and entry into adjacent categories. Not only do these innovations contribute to top and bottom-line growth, but they have also enabled the canning plants to make use of spare capacity and increase employee workdays in our host fishing communities.

I spoke last year of Oceana's exciting multi-million rand investment in establishing the Oceana Maritime Academy in Hout Bay, developed in collaboration with the Department of Environment, Forestry and Fisheries (DEFF). It was particularly pleasing to see the construction of the Academy being completed this year, with the first courses starting in 2021. The academy will make a significant contribution in driving transformation, promoting sustainable employment opportunities, and contributing to the country's food security by supporting more than two thousand small-scale fishers in the Western Cape with practical training and assistance in running successful businesses.

We have had some productive discussions this year in reviewing the Board and executive leadership and agreeing a clear succession plan. Recognising the longevity of some of our Board members – with five directors having served for nine years or more – we are in the process of seeking replacements, ensuring that we achieve the best balance in terms of skills, experience, insight and diversity. While our current Board has strong levels of diversity from a race and gender perspective, there is scope to deepen the diversity in terms of talent. We have begun to identify new potential Board members who bring the right combination of entrepreneurial and fishing sector skills, as well as international business experience, while maintaining a good balance in terms of race and gender. Once appropriate replacements have been approved, there will be an 18-month transition period to ensure the appropriate transfer of knowledge.

The Board would like to express its appreciation for the professionalism and personal commitment of Trevor Giles, who took on the role of Interim Chief Financial Officer (CFO) following the resignation of the CFO, Mr Elton Bosch. Trevor has since resumed his role as Group Executive: Business Development.

We are very pleased to welcome Hajra Karrim who was appointed CFO with effect from 1 November 2020. Hajra holds BCom (Honours) and CA(SA) qualifications and is a seasoned finance executive with an established record of strategic, financial and operational experience across multiple geographies. We were also pleased to welcome Bronwynne Bester on the executive team, joining as Chief People Officer in July 2020, bringing skills and experience from the FMCG sector, and already making an impressive contribution to the business. These two appointments add valuable insights, experience and diversity to the leadership team.

Looking ahead, we anticipate another tough year, with the recent upsurge of Covid-19 in the EU and USA suggesting a sustained economic downturn, with significant implications for the global economy, consumer consumption levels, currency volatility and potential supply chain disruptions. I am confident that Oceana will continue to prove its resilience given the diversity of its portfolio, the nature of its key products in the affordable nutrition space, the strength of its balance sheet, and the quality of its management team and workforce.

I would like to thank my fellow Board members for the extra time and effort put in this year in ensuring that Oceana pulled through the challenges of the pandemic, and for generously donating part of their director fees to hunger relief efforts during the lockdown period. On behalf of the Board, I wish to express our deep appreciation to Imraan Soomra and the full executive team for their incredibly humane response to the crisis and for the manner in which they inspired a deep collaborative spirit across the Group, while at the same time ensuring very effective management of costs and cashflow. Finally, a profound thank you to all of Oceana's employees for their dedication in walking the extra mile this year to ensure that Oceana continued to deliver on its commitment to positively impact the lives of all of its stakeholders.

Mustaq Brey

Chairman

20 January 2021

CHIEF EXECUTIVE OFFICER'S REPORT: STRATEGIC PERFORMANCE REVIEW

The year has made it abundantly clear that how a business acts in relation to its people and other stakeholders, significantly influences its longer-term sustainability and success. I believe firmly that when these actions are sincere, this converts into the economic stimulus that every business needs to grow.

Imraan Soomra
Chief Executive Officer

The Covid-19 pandemic has made 2020 one of the most challenging years that we have faced as a workforce. It has been challenging for all of us, wherever we live and work, affecting each of us in different ways – be it through the loss of loved ones, illness among family members and close friends, a decline in household income, or the psychological impact of being in lockdown for long periods and witnessing rising levels of poverty, hunger and inequality.

If we look back at the pandemic, and some of the other significant developments that happened this year, there are several lessons that stand out for us as a company. It's a year in which we have learnt that diversity, equality and inclusivity must take centre stage, that empowerment of the disempowered must be at the forefront of our thoughts, and that sharing economic and social benefits with those most in need should inform our actions. It's a year in which we have been firmly reminded that life is precious and fragile, that giving is better than receiving, and that people are greater and more important than profits.

The year has made it abundantly clear that how a business acts in relation to its people and other stakeholders, significantly influences its longer-term sustainability and success. I believe firmly that when these actions are sincere, this converts into the economic stimulus that every business needs to grow.
And I would suggest that our experience this year demonstrates this point – that in the long-run, purpose-led businesses are more profitable.

DELIVERING ON OUR PURPOSE: OUR RESPONSE TO COVID-19

In recognition of the global move towards more inclusive participation of all stakeholders, and a meaningful shift towards "conscious capitalism", last year we began a process of redefining the organisational culture and instilling a set of behaviours and values aimed at effecting a shift to an authentic purpose-led organisation. The challenges presented this year by the Covid-19 pandemic provided an opportunity for us to test this emerging culture, and to assess the extent to which we are enabling inclusive participation of all stakeholders.

Our response to Covid-19 has focused on three main areas: protecting the health, safety and wellbeing of our staff, ensuring the uninterrupted provision of affordable and healthy protein to customers, and addressing the needs of families and host communities impacted by the crisis. In our response in each of these areas, we have seen an incredible sense of shared responsibility and accountability across the workforce and the leadership team for our collective wellbeing. Despite the emotional, social and physical challenges of the pandemic – whether adapting to new conditions and protocols at our factories, vessels and cold stores, or adjusting to the challenges of remote working from home – we have seen productivity and output at their highest ever levels. We have seen members of the executive team out on the factory floor, engaging with the first shift on the first day of lockdown. And we have seen employees mobilising proactively and creatively, pulling together in our Covid-19 relief efforts, and reinforcing our goal of instilling a cohesive culture.

I believe we have seen first-hand this year how developing a cohesive purpose-led culture can generate significant value. While it is true that Oceana benefitted from being an essential service in the in-home consumption space, none of what we achieved this year would have been possible without our employees stepping up in the manner that they did.
And everyone stepped up. In appreciation of this effort, the Board approved above-inflation salary and wage increases for the entire workforce this year, and we allocated approximately R20 million as an additional once-off gratuity bonus; all eligible frontline employees received a post-tax payment of up to R5 000 at the end of October 2020, over and above any traditional performance and production bonuses.

The onset of Covid-19 saw the delivery of internal communication and support initiatives to address the crisis, which served to strengthen the emotional affiliation to the Oceana brand. Based on ongoing feedback, our care packages for staff and little gestures throughout the lockdown period, made employees feel valued. The personalised video "Lean on Me", created by Exco for the Oceana workforce during the peak of the crisis, also helped to position leadership as open, accessible and approachable. We will continue to introduce initiatives to make employees feel valued, validated, appreciated and motivated.

In May this year, major protests erupted across the USA following the death in police custody of George Floyd, an African American, in Minneapolis. The demonstrations in the USA rapidly extended into a global outrage, with increasing calls to address deep-seated racism in society as part of the #BlackLivesMatter movement. As an organisation, Oceana does not tolerate racism in any form. Our position on #BlackLivesMatter is that we need to recognise and address the deep-seated prejudices and injustices that have been in place for hundreds of years. We believe we need to work together to address these continuing prejudices and to overcome the unconscious bias that prevails in our societies at large.

There is no life that does not matter at Oceana; we want every individual to feel important and we want this to filter through our culture and the way we treat our staff.

DELIVERING STRONG PERFORMANCE ACROSS THE GROUP

Despite the difficult trading conditions, it has been a very positive year for the Group, with strong performance across all of its divisions, reflecting the incredible contribution of our staff and service providers in ensuring effective execution of our strategy.

Aided by sustained demand for canned fish, horse mackerel and hake, firm pricing across all sectors, increased cold storage occupancy levels, and the favourable impact of the weaker rand on export revenues, we achieved overall revenue growth of 9%. In our Africa operations, operating profit was up 21%, while in Daybrook we saw profit growth of 18% in rand terms and 3% in dollar terms despite reduced landings. We have strengthened our balance sheet, reduced our debt levels, and emerged from this crisis energised both on the people front and financially, in a strong position to deliver further growth.

CANNED FISH AND FISHMEAL (AFRICA)

Our Lucky Star canned fish business delivered a third successive year of growth in canned pilchard volumes and market share, achieving volume and price growth of 1% and 4% respectively. The weaker exchange rate negatively impacted import costs and margins, particularly in the second half of the year, although this was partially offset by negotiating a zero-cost increase on imported raw fish and securing improved supplier payment terms. Lucky Star broadened its extensive reach across consumer groups in South Africa, successfully launching new product categories supported by an effective marketing campaign.

Our canneries saw further increases in daily throughputs and improvements in quality processes. Our frozen fish strategy continues to deliver substantial financial and societal value, with the consistent supply enabling us to improve production planning and deliver valuable process efficiencies, while sustaining over 3 000 jobs and ensuring a reliable supply of affordable protein.

Our African fishmeal and fish oil operations benefited from improved catch rates, the right-sizing of our fleet, increases in plant uptime, higher oil yields year-on-year, and strong oil pricing in the aquaculture market. Following an extensive consultation process, we closed our Hout Bay fishmeal plant, redeploying workers to our West Coast operations, and successfully absorbing the added volumes following facility upgrades and major maintenance work. We continue to see benefits from our global fishmeal sales and marketing strategy and enhanced cross pollination between our USA and South African teams.

FISHMEAL AND FISH OIL (USA)

In our US business, operating conditions this season were severely hampered by a combination of Covid-19 disruptions and an abnormally active hurricane season, both of which contributed to a reduction in overall fishing days for the season. Covid-19 disruptions were experienced primarily at the commencement of the season due to staffing capacity and availability and further exacerbated by additional virus exposure subsequent to national holidays in June and July.

Despite these impediments, landings and throughputs remained stable, assisted by additional efficiencies from the Westbank fleet, and slight improvement in oil yields, with growth in the domestic pet food sector offsetting softness in international markets. Our focus on the mid-tier customer base is delivering results, allowing us to secure price premiums.

We continue to see encouraging growth prospects and are working to drive further improvements in operating efficiencies, increase our market share in USA pet food, and deepen the vessel crew talent pool to offset the reduced foreign skill allocation following recent regulatory changes.

CHIEF EXECUTIVE OFFICER'S REPORT: STRATEGIC PERFORMANCE REVIEW continued

BCP: HORSE MACKEREL, HAKE, LOBSTER AND SQUID

BCP had a positive year, with the increase in in-home consumption during the global lockdown offsetting the additional costs and fishing disruptions arising from the pandemic. There was strong retail demand for headed and gutted hake in Europe, and for horse mackerel in our African markets.

We had improved catch rates for horse mackerel in South Africa and indications are that the resource is strengthening, with feed and water temperature promoting larger fish sizes. The hake business benefitted from good landings of quota, and continued strong demand and pricing, with the long-term outlook for the biomass remaining positive.

CCS LOGISTICS

We saw a positive turnaround and renewed staff and customer engagement levels under the new management team. Our Gauteng sites benefited from increased demand for storage during the lockdown, while Cape Town delivered another good performance. Our import-heavy Durban business was impacted by exchange rate fluctuation, reduced imports and new chicken duties, but saw improved performance towards financial year end. Namibia also had a challenging year with reduced fishing days resulting in reduced stock to stores, although we recovered some ground by diversifying the customer base.

PROGRESSING ON OUR LONG- TERM GROWTH STRATEGY

In my first review as CEO last year, I presented our recently revised long-term growth strategy that we had developed following a consultative bottom-up approach. We followed a similar process this year, in which the Board, executive team and divisional leadership reaffirmed the three strategic imperatives and three strategic enablers agreed last year. Given the current uncertainties, we agreed that while the long-term strategy remains intact, we would place heightened effort on ensuring the integrity and safety of our plant, equipment and processes, and focus on improving balance sheet strength in order to mitigate short-term uncertainty.

It is encouraging to report that we made valuable progress this year on each of our strategic pillars.

PROTECTING AND OPTIMISING OUR EXISTING AFRICAN QUOTA BUSINESSES

Optimising our existing quota businesses is underpinned by our commitment to promoting B-BBEE in South Africa and localisation in Namibia. At year-end, Oceana was once again assessed as the most empowered food company on the JSE, with an effective black ownership of 87.5%. This reflects Oceana's longstanding leadership in protecting and enhancing job opportunities, investing in our host communities, promoting the broader fishing sector, and enabling broad-based empowerment, including for example through the Oceana Empowerment Trust (OET), which has distributed more than R490 million to 2 413 beneficiaries since its establishment in 2006. Our Namibian fishing rights' businesses are majority-owned by Namibians, and benefits are shared more broadly through the Erongo Harambee Workers Trust, which was extended in scope this year to include our Namibian cold storage business.

DELIVERING ORGANIC GROWTH BY GROWING THE COMPANY'S CORE BUSINESSES

We aim to deliver continued organic growth in the company's core businesses in canned foods, fishmeal and fish oil, hake, horse mackeral and cold storage. We have secured growth in each of these areas, by maintaining affordability and supply consistency, improving our catch rates and plant efficiencies, increasing channel penetration in new and existing geographies.

ENSURING CONSISTENCY AND GROWTH IN EARNINGS THROUGH DIVERSIFICATION

We have expressed our ambition previously of realising strategic growth opportunities in aquaculture and vertically integrated fishing businesses to further enhance earnings, increase geographic and species diversification, and reduce portfolio imbalance. Given recent developments, our acquisition plans are currently a less immediate priority as we wait to see how a post-pandemic market unfolds. We will continue to evaluate opportunities on an ongoing basis.

ENABLING A GALVANISED WORKFORCE

From an employee perspective, a major achievement this year was the collective nature of our response to Covid-19, which permeated across all our employee initiatives. In July 2020, we appointed a new Chief People Officer, who brings valuable HR skills from within the FMCG sector. We continued to invest in employee talent management and skills development, boosted our employee wellness activities with a strong focus this year on remote wellness initiatives, and deepened management engagements with staff. Although many of our scheduled training programmes were impacted by the pandemic, particularly for seagoing crew, we are adapting well with increased adoption of digital training where appropriate.

A strategic focus this year was on Oceana's internal communication strategy to improve relationships and communication between management and the workforce, to evolve the culture and improve morale. We initiated a series of breakfast sessions where operational staff had the chance to engage with me and these were very well received.

ENGAGING STAKEHOLDERS AND MANAGING REPUTATION

Our commitment to build meaningful relationships with our stakeholders continued this year through the office of the Regulatory and Corporate Affairs Executive. We have continued to engage actively across key stakeholder groups, including regulators, investors, suppliers, communities, NGOs and marine research bodies. A significant development this year was the completion of the Oceana Maritime Academy in Hout Bay, with our first courses starting in 2021. Developed in collaboration with DEFF, community representatives and other stakeholders, the Academy aims to address the critical skills shortage in the fishing sector, with particular focus on small-scale fishers.

ENSURING GOOD GOVERNANCE AND SUSTAINABILITY

Our Group-wide executive-level compliance structure has enhanced oversight on compliance matters, ensured robust reporting to the Board and contributed to embedding a culture of compliance. It proved invaluable in ensuring a quick response at the onset of Covid-19 and has led to improved performance in the critical areas of food safety, occupational health and safety, and environmental management. Following a gap analysis of our food safety and quality management systems, we have invested in a new fishmeal laboratory and have established 11 new roles to support our food safety and quality teams in our local canning and fishmeal and fish oil businesses, all of which have progressed with the implementation of the globally recognised food safety standard, FSSC 22000. We remain committed to making a positive contribution to the delivery of the UN Sustainable Development Goals (SDGs) and have prioritised five SDGs where we believe we can have the most meaningful impact. An important achievement this year was the finalisation of carbon reduction and renewable energy targets to 2030, 2035 and 2040, with the goal of being carbon neutral by 2050. These targets will be published annually and included in executive KPIs and staff reward programmes.

OUTLOOK

Our resilient performance in 2020 was underpinned by in-home consumption of most of our products, matched with consistent supply brought about by the adoption of strong safety protocols across our workforce. We believe that this will continue to drive our activity and performance in the short-term.

The immediate outlook remains uncertain, with very different projections regarding the duration and severity of the pandemic. The second wave has been very severe in a number of countries globally, resulting in further economic restrictions which will impact economic activity in 2021. Logistical and financial challenges are expected for many countries in the short- to medium-term and this will present demand and supply challenges for the seafood sector. The successful development of a number of vaccines, and their expected roll-out during 2021, will have a positive impact later in the year.

Over the medium term we anticipate that our diverse operations will continue to offer risk mitigation. Our product spectrum remains attractive and we will seek to extract earnings growth primarily in our canned fish and fishmeal segments.

More broadly, we believe that the pandemic will drive a sustained shift in working patterns, changing some of the traditional management/employee dynamics, and heightening expectations for responsible leadership and strong performance and disclosure on environmental, social and governance (ESG) issues. Despite the potentially volatile outlook, I believe that Oceana is well placed to benefit from these emerging trends, and that our recent performance demonstrates this.

In SA, updated timelines for the 2021 Fishing Rights Allocation Process (FRAP) have been published. It is currently anticipated that applications and allocations will be concluded during November 2021. We remain confident of an objective and transparent policy setting, application and adjudication process.

In Namibia we continue to engage government to ensure that our businesses, which employ over 1 100 staff, continue to be viable by receiving long-term fishing rights and leases.

A more detailed outlook review, insight on FRAP 2021 and Daybrook growth is provided in the CEO interview on ***pages 24 to 25***.

ACKNOWLEDGEMENTS

As an executive team, we were pleased recently to welcome two new members, with Bronwynne Bester joining us as Chief People Officer in July 2020, and Hajra Karrim appointed as Chief Financial Officer with effect from 1 November 2020. These are two exciting appointments, bringing new insights and perspectives into two critical areas, and I am very much looking forward to working with this new team. I wish to thank Trevor Giles, who so ably took on the role of interim Chief Financial Officer during the recruitment period.

In closing, I would like to thank all my colleagues on the Board, the executive and the divisional management teams for their support and dedication over this challenging year.

I am incredibly proud of our teams who have shown remarkable resilience and humility during this period. Finally, on behalf of the Oceana leadership, I would like once again to express my deep appreciation to all of Oceana's employees for their unbelievable commitment. Working together, they have ensured that Oceana continues to contribute to food security across our global markets, enabling us to deliver on our purpose: positively impacting lives.

Imraan Soomra

Chief Executive Officer

20 January 2021

LOOKING TO THE LONG-TERM: INTERVIEW WITH THE CEO

Q. Given the current uncertainty, what's your vision for Oceana for the next 5 – 10 years? Where do you see the Company's potential to continue creating value over the longer-term?

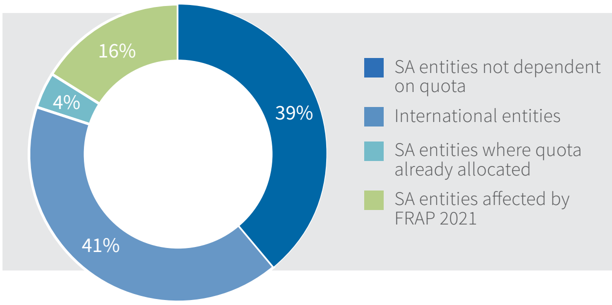
One of the reasons we were able to deliver a significant return during this particularly unusual year, is the diversified nature of our portfolio – across fish species, consumer markets and geographies – which enhances our resilience in the context of market downturns, exchange rate volatility, localised weather events, or pressures on specific species biomass. Our aim is to benefit from the strength of our balance sheet to further diversify this portfolio through opportunities in other geographies, species and markets.

In addition to securing growth through acquisitive diversification, we see substantial opportunities for organic growth within our existing portfolio. In our canned foods business, we are confident that we will deliver above-market growth by maintaining affordability and supply consistency, increasing channel penetration in new and existing geographies, and ensuring continued product innovation including in adjacent product categories. In the fishmeal and oil businesses, we will be optimising the utilisation of the healthy resource biomass in the USA and South Africa by further increasing our catch rates, improving plant efficiency and throughput rates, and growing sales volumes as part of a global Group-wide sales and distribution strategy. We expect our horse mackerel and hake businesses to deliver growth off the back of continued demand for affordable fresh fish protein in Africa and strong demand for white fish products in Europe, with some market expansion into Asia. Finally, we see opportunities for profit growth in CCS, particularly in the coastal cold storage market where we have a locational advantage and strong customer base. With the benefit of these opportunities, we are very well positioned to continue to deliver value growth over the long-term.

Q. The outcome of the 2021 Fishing Rights Allocation Process (FRAP), will have implications for some of your divisions. What are your expectations?

The outcome of the 2021 FRAP is certainly very important to our business, with our existing fishing rights for pelagic (pilchard and anchovy), hake deep-sea trawl, South Coast rock lobster and squid all due for renewal by 31 December 2021, which currently affects 16% of our total enterprise value. In the rest of our South African fishing operations, our rights for horse mackerel and hake inshore have been allocated through to 31 December 2031, and for West Coast rock lobster to 31 July 2032. Although we have substantially de-risked this aspect of the business through various recent local and international acquisitions, the FRAP process will be a focus area for our business in 2021. We have thus been engaging actively with government to ensure that our transformation activities are appropriately aligned with government expectations.

EXPOSURE TO FRAP 2021 BY ENTERPRISE VALUE



Since the previous rights allocation process 15 years ago, Oceana has made a profound contribution to the local and national economy, transforming our business and elements of the sector, and delivering broad-based empowerment through our investments in skills development and community upliftment. Our leading employee share ownership scheme, our creation and retention of jobs, and our continued support to small- and medium-sized rights holders and their communities have been industry-leading. The evidence regarding Oceana's socio-economic impact is unequivocal, supported by a recent external assessment of our contribution to the South African economy, and reflected in the fact that we are rated the most empowered food company on the JSE 2019 and consistently in the Top 5 most empowered companies. Oceana has a 87.5% black shareholding, a board that is 90% black and an executive team that is 50% black and 40% female, with a workforce that is 85% black, and with almost 85% of our measured spend on empowered suppliers.

We appreciate the constructive engagement that government has been taking with the sector, primarily through FishSA, and we welcome the fact that the Minister has committed to a transparent process and an objective scorecard and assessment. We trust that Oceana's significant contribution to promoting genuine broad-based empowerment and economic activity will be fully recognised in this process.

Q. It's been five years now since Oceana's significant investment in Daybrook and Westbank in the USA. Has the acquisition delivered what you expected, and is it a good basis for long-term growth?

This was a substantial transaction by any measure. With a total purchase consideration of R4,6 billion, it is understandable that some of our shareholders and investors were nervous. But if we look back on the various promises that we made five years ago, it's fair to say that Daybrook has delivered largely what we expected, certainly from a cash flow return perspective.
The areas where we have performed well, have generally been the areas that we can control: we have delivered overall operational and labour cost savings, increased plant capacity by 40%, ensured the successful transition of the Westbank fishing partner, delivered landings and production volumes which were 20% higher than the investment case, and achieved synergies through our global fishmeal sales and marketing strategy. It's true, of course, that we benefitted from the 2018 reduction in the federal tax rate in the USA.

Daybrook's net debt is currently at US$87 million (US$127 million at acquisition) and R730 million of the R2,4 billion investment by Oceana has already been received in the form of dividends.

Some of the challenges we have faced have been in areas beyond our control. While we recognised that fishmeal prices globally are variable, there has been more variability in pricing than we anticipated five years ago, with the market impacted by unforeseen events such as the African Swine Fever, the increase in tariffs resulting from the China/USA trade war, and the impact of Covid-19 on market demand. Recognising that there may be further volatility ahead, our strategy is to tackle this on two fronts:

- Firstly, we will grow the business by growing volumes. We will increase landings by adding a 12th vessel to the Westbank fleet, introducing "run boats" to significantly enhance efficiency, and enhancing capacity in our Daybrook factory, with the goal of incrementally delivering 10 – 15% additional volumes year-on-year.
- Secondly, we have a focused strategy for delivering growth in the USA fishmeal space. We are working aggressively to gain market share in the pet food segment, to compete effectively with Fishmeal and oil (FMO) imports into North America, and to leverage a price premium associated with MSC certification.

Through this two-pronged approach I believe the Daybrook and Westbank businesses will continue to provide significant value to our shareholders, building on the positive results that have already been delivered.

Q. Looking to the long-term, what are your most significant concerns regarding Oceana's ability to deliver long-term value?

There are four areas that will need continued focus to ensure we can deliver on our growth plans:

- The first is culture. While we have made significant progress in the last 18 months in tackling a deeply entrenched culture, there is a lot more that still needs to be done to fully embed the change in culture aimed at ensuring that Oceana becomes a purpose-led organisation. We need to ensure that the recent philosophical shifts that we have achieved in the business, led by the executive team, are sustainable and permeate throughout the organisation.
- Linked to this, it is critically important that we have the right depth of leadership capability. This is a potential game changer for us, particularly as we expand globally. Having seen the outcome of this year's Oceana Leadership Acceleration Programme (OLAP), I am comfortable that we have a solid pool of individuals who are ready to become leaders in the next five to eight years, and it is important that we nurture them. Our local talent pool is strong, though in the short-term we lack sufficient depth of global expertise at our Exco level, and this is something we are actively working on. We are developing a future fit/future ready workforce through cementing skills learnt from OLAP and recruiting for future skills requirements.
- Thirdly, changing weather patterns and climate change are a worry for me. We have seen significant impacts recently on our operations, associated with the growing incidence of extreme weather events, as well as potentially climate-induced shifts in some of our target fisheries biomass. Over the longer term, this underscores the benefits of diversifying into farmed fish. While climate adaptation is arguably the more material issue for us, we are also committed to driving mitigation measures. This year we formally announced our commitment to a 50% reduction in greenhouse gas emissions by 2030 and carbon neutrality by 2050. This will be achieved through the uptake of renewable energy at our land-based operations and by converting our freon-based freezing facilities on our hake vessels to ammonia, underpinned by clear annual targets and short-term incentives for the management team.
- Finally, we need to ensure that we develop and maintain the health and wellbeing of the workforce. The pandemic is unlikely to be a once-off event, and some of the longer-term socio- economic impacts of this pandemic are likely to be profound. We need to ensure that we have the right infrastructure and systems in place to maintain employee wellbeing, including specifically their mental wellness, as we transition into what is likely to be a very different way of working. And it's critically important that we do what we can to protect the wellbeing of the broader workforce in the face of deep systemic challenges – such as increasing joblessness and growing social inequalities – that are undermining our collective capacity to create value.

OUR BUSINESS MODEL: HOW WE CREATE VALUE

Our core purpose is to be a leading global fishing and commercial cold storage company, creating sustainable value and positively impacting the lives of all our stakeholders. We seek to deliver on our core purpose through our three strategic imperatives and three strategic enablers *(page 4)*. To turn our strategy to action, our business model depicts the process of value creation through the resources and relationships (capitals) on which we depend.

Although Oceana is a diversified business, value creation is still impacted by wider issues *(page 42)*, such as volatile weather patterns and fluctuating currency value. Our culture and strategy determine our resilience and ability to create value in the short-, medium- and long-term.

GOVERNING THE VALUE CREATION PROCESS

The divisional managers oversee the day-to-day operations and activities of the Group; our Board of directors is responsible for:

- Steering and setting strategic direction
- Approving policy and planning
- Overseeing and monitoring
- Ensuring accountability

OPERATING CONTEXT

ISSUES IMPACTING VALUE *(pg 34)*

- Covid-19 pandemic
- Global market downturn and challenging economic outlook
- Emerging political issues impacting our operations
- Climate change, temperature shifts and extreme weather events
- Increasing interest from investors on ESG matters

OUR MATERIAL RISKS *(pg 42)*

- Market volatility
- Reallocation of fishing rights
- Resource availability and ability to harvest
- Business interruption/ industrial action
- Scarcity of critical skills
- Sustainability of workforce
- Cash flow management
- Portfolio imbalance
- Food safety
- Legislative non-compliance

RESOURCES AND RELATIONSHIPS

VALUE IN

NATURAL CAPITAL *(pg 28)*
- Reliable access to sustainably managed marine biomass, energy, fuel and water.

HUMAN CAPITAL *(pg 29)*
- Experienced, diverse leadership team and skilled employees.

SOCIAL AND RELATIONSHIP CAPITAL *(pg 30)*
- Positive relations with our stakeholders.

MANUFACTURED CAPITAL *(pg 30)*
- Integrated, optimised value chain, including fleet and landing capability, cold storage, manufacturing, processing and logistics capabilities.

INTELLECTUAL CAPITAL *(pg31)*
- Trusted brand, reputation and systems to retain confidence in product integrity and safety.

FINANCIAL CAPITAL *(pg 31)*
- Access to financial capital through our shareholders, investors and lenders.

RELATIONSHIP MANAGEMENT

- Strong focus on maintaining trusted relationships with all critical stakeholders with active engagement and participation

MANUFACTURING AND PROCESSING

- Maintain a productive and innovative work environment and culture, attracting, retaining and developing best talent
- Operate efficient and safe processing and canning operations
- Adhere to strict traceability and product quality and safety standards

HARVEST AND PROCURE EFFICIENTLY

- Optimise our operations and fleet to land assigned quotas, efficiently and safely
- Maintain and expand fishing rights through delivery on government expectations and through partnerships and acquisitions
- Collaborate in ensuring sustainable fishing practices to maintain biomass
- Source additional raw, frozen and canned fish through well-established supply chain networks

STORAGE AND DISTRIBUTION ACTIVITIES

- Manage owned and leased cold storage and logistics operations, supported by effective supplier relationships
- Deliver product to individuals, retailers, wholesalers, importers, exporters, restaurants, food producers, feed manufacturers and pet owners in diversified global markets across consumer segments
- Ensure competitive pricing, continuity in supply, appropriate product information, and healthy, quality, safe, branded product

PRODUCT MARKETING AND BRANDING

OUR PRODUCTS AND OUTPUTS

1. Canned fish, fishmeal and fish oil
2. Frozen, chilled, and live fish products
3. Cold storage and distribution services

VALUE OUT

IMPACTS (OUTCOMES)

NATURAL CAPITAL

Generating positive financial and socio-economic benefits through our activities results in unavoidable extraction of fisheries resources, water and energy consumption, waste, and atmospheric pollutants. These impacts are borne largely by the communities around our fish processing facilities with potential consequences for key relationships.

In addition to mitigating the negative impacts of our environmental activities, we seek to offset them through the responsible delivery of socio-economic benefits through our core activities.

HUMAN CAPITAL

We rely on the skills, wellbeing and motivation of employees, contractors and service providers to generate value. Providing a safe working environment, encouraging local employment, investing in training and ensuring fair labour practices, are critical to maintaining effective employee relationships.

SOCIAL AND RELATIONSHIP CAPITAL

We strive to: maintain positive relations with employees, regulators and other stakeholders through demonstrated performance on transformation and responsible ocean stewardship; minimise negative community relationships associated with odour complaints; and create value for customers and communities through investments in food safety, job security, skills development and food security.

MANUFACTURED CAPITAL

Significant financial investment in the purchase, development and maintenance of property, vessels, plants, storage facilities and equipment has provided us with the capacity to generate longer-term returns.

INTELLECTUAL CAPITAL

The success of our business model is dependent on having the right people, in the right roles, informed by effective management systems and company culture. Investing in these skills and systems and innovative ways of working requires sufficient financial capital and will have a positive impact in developing our people.

FINANCIAL CAPITAL

Consistent delivery of investor returns and sustained market confidence.

OUR CULTURE AND STRATEGY

Driven by Exco and supported by our Board:

- Positively impacting lives
- Three strategic imperatives
- Three strategic enablers

VALUE PROPOSITIONS

CUSTOMER VALUE PROPOSITION

Reliable and affordable provision of responsibly harvested and processed products to individuals, retailers, wholesalers, restaurants, food producers, and feed manufacturers in diversified global markets across consumer segments.

SOCIETAL VALUE PROPOSITION

Efficiently converting global fishing resources into sustainable value for our key stakeholders.

EMPLOYEE VALUE PROPOSITION

Learn and earn, innovate and grow, as responsible stewards of fishing resources.

SHAREHOLDER VALUE PROPOSITION

Consistently superior returns from well-managed operations and strategic partnerships, with acquisitive and organic growth in response to market opportunities.

OUR BUSINESS MODEL continued

CONVERTING FISHING RESOURCES INTO VALUE: HOW WE SUSTAIN VALUE

Through our people, technology and know-how, our fleet, processing plants, cold storage and equipment, our financial expertise and resources, and our positive relationships with critical stakeholders, we deliver significant value from a renewable natural resource. By reinvesting this value in the capitals upon which our business depends, we maintain our capacity to create value into the future. The below reflects the value that the Group creates, preserves or erodes.

NATURAL CAPITAL

KEY INPUTS

- Marine biomass: pilchard, Gulf menhaden, anchovy, redeye herring, horse mackerel, hake, squid and lobster
- 385 528 tons of fish landed, all within government assigned TAC
- 78 154 tons of fish procured, all within fisheries management regulations
- 65 674 Mwh electricity used
- 18 016 655l fuel used
- 300 502kl water used

ACTIVITIES TO SUSTAIN VALUE

- Actively participated on government scientific committees and industry associations for each species of fish harvested
- Actively engaged with and supported West Coast rock lobster (WCRL) fisheries conservation plan
- Source pilchards from fisheries in Morocco that continuously undergo improvements
- Implemented water stewardship and energy measures
- Implemented climate change mitigation and adaptation measures

OUTCOMES

Manage resources within sustainable limits

- ✓ 89.12% of targeted SA commercial fishing rights on SASSI green list
- ✗ 10.80% of targeted SA commercial fishing rights on SASSI orange list
- ✓ Traceability task-force in place to enhance traceability of WCRL
- ✓ Hake operations and Gulf menhaden retained MSC chain of custody certification
- ✓ 99% reduction in accidental seabird mortalities in hake trawl sector maintained
- ✓ IFFO RS-accreditation retained for 100% of fishmeal and fish oil operations
- ✓ Independent resource status reports completed for 100% of target species

Continuing efforts to reduce the impacts of our operations

- ✓ 313 004 tons of CO_2 emissions (scope 1, 2, 3) (4.1% decrease in GHG intensity at land-based facilities)
- ✓ Carbon emissions and neutrality targets launched and energy resilience projects started
- ✓ 30% water saved based on 2018 baseline
- ✓ Granted coastal water discharge permits in all our facilities

Combined assurance

Assurance over natural capital is provided through internal and external providers. In terms of the fish resource, we have DEFF observers on board our large vessels and recorded landings are signed-off by DEFF in South Africa and MFMR in Namibia. For the smaller vessels, daily landings are submitted to DEFF through logbooks. Oversight of the Gulf menhaden resource is by the Gulf States Marine Fisheries Commission. We also subscribe to annual scientific reports on resource sustainability and two of the species we harvest are MSC certified. Environmental control system audits are assured through Marsh. Carbon verification assurance is provided through Verify CO_2 Verification Agency.

HUMAN CAPITAL

KEY INPUTS

- 4 450 skilled and motivated employees
- Strong and diverse leadership team
- An agile, performance-based, purpose-led culture

ACTIVITIES TO SUSTAIN VALUE

- Continued emphasis on Oceana's culture of "Positively Impacting Lives" with a series of videos created by management and workforce
- Delivery of the Oceana Leadership Acceleration Programme (OLAP) with GIBS
- Health and safety protocols adapted to address Covid-19 pandemic
- Wellness initiatives implemented across the business
- Developed the Maritime Academy infrastructure and strategy, to house all internal employee training needs

OUTCOMES

Maintained employee motivation, skills, diversity and talent through:

- ✓ R1,3 billion invested in salaries and benefits
- ✓ 2 431 beneficiaries received R21 million in dividends through the OET in 2020 and more than R490 million since inception
- ✓ R60,9 million invested in employee skills development (80% on black employees)
- ✓ 27 employees underwent the OLAP programme to enhance leadership, strategic, adaptive and future fit skills
- ✓ Invested R40 million in the Maritime Academy with emphasis on addressing skills deficit in the fishing industry, succession planning, and career paths

Evidence of staff satisfaction:

- ✓ 3.8% (2019: 4.2%) voluntary staff turnover

Impacts on safety:

- ✓ Zero fatalities
- ✓ Disabling Injuries Frequency Rate of 1.34 is lower than threshold of 1.5 (2019: 0.93)
- ✓ Health and safety culture entrenched with Covid-19 bringing enhanced discipline and procedures

Combined assurance

External risk and safety control system audits are assured through Marsh. Oceana is committed to ensuring a safe and compliant work environment and as such invested in the completion of 4 428 training interventions in 2020, despite Covid-19, covering various risk, compliance and statutory requirements. This included 228 employees trained in compliance programmes, 16 trained in environmental safety, 37 trained in risk related food safety and 287 in statutory food safety training. Oceana equipped 2 761 employees in risk-related health and safety and 687 in statutory health and safety interventions. A further 195 statutory maritime programmes, and 57 statutory equipment training programmes were concluded. Twenty-seven employees participated in the OLAP programme.

OUR BUSINESS MODEL continued

SOCIAL AND RELATIONSHIP CAPITAL

KEY INPUTS

- Positive customer relationships
- Positive employee relations
- Constructive engagement with government and regulators
- Investor confidence
- Positive supplier and partner relations
- Community trust and collaborative partnerships

ACTIVITIES TO SUSTAIN VALUE

- Maintained employee numbers and salaries during the Covid-19 crisis, with a voluntary reduction in Exco salaries and Board fees to develop a Covid-19 relief fund
- Engaged with small-scale fishing communities and DEFF to shape the strategy of the Maritime Academy
- CSI focus placed on vulnerable communities most impacted by Covid-19 crisis

OUTCOMES

Maintained positive employee relations

- ✓ Minimal disruption to production days due to industrial action
- ✓ Ten weekly donations of Lucky Star products to all frontline staff during the lockdown period which included eight trays of fish and two food parcels

Maintained positive government relations

- ✓ R235 million (2019: R263 million) in taxes paid in South Africa, Namibia and USA
- ✓ Achieved a level one rating in B-BBEE
- ✓ Continued engagement with DEFF on FRAP 2021

CSI strategy geared to tackle Covid-19

- ✓ Donated 3 000 care packs, 16 000 food parcels and 55 000 cans of Lucky Star product to vulnerable communities

Combined assurance

Oceana was assessed as a Level 1 B-BBEE contributor and was ranked first in the Food Processor Category in 2019. 65% of our management is black and we have 42% female representation at senior management level. Our employment equity and workforce diversity are assured through Empowerdex's annual external B-BBEE audit, the Department of Labour and through our internal audit function conducted by EY.

MANUFACTURED CAPITAL

KEY INPUTS

- Fishing fleet (45 fishing vessels and 12 spotter planes)
- Three canneries
- 8 production facilities
- 8 cold storage facilities
- Head office and supporting facilities

ACTIVITIES TO SUSTAIN VALUE

- Maintained our facilities through targeted investment
- Generators installed in the West Coast
- Consolidated CCS capacity

OUTCOMES

Manufactured capital

- ✓ R240 million (2019: R254 million) capital investment
- ✗ R263 million (2019: R210 million) depreciation, amortisation and impairment loss

Increased through-puts

- ✓ Daily through-puts increased 18% in canneries in Africa
- ✓ Daily through-puts increased 5% in fishmeal plants in Africa

Consolidated capacity in CCS operations

- ✓ Exited an unprofitable leased cold storage facility in Gauteng, driving profitability

Combined assurance

Our vessel compliance is audited through regulatory bodies including SAMSA and DEFF in South Africa and DMA in Namibia. Marsh conducts grading audits on our vessels and production facilities.

INTELLECTUAL CAPITAL

KEY INPUTS

- Robust governance systems
- Fishing processes
- Well-established supply chain processes
- Service providers delivering on agreed terms
- Robust safety and quality management systems
- Trusted brand and reputation

ACTIVITIES TO SUSTAIN VALUE

- Implemented Covid-19 protocols across the workforce taking proactive measures prior to lockdown periods
- Continued progress towards the GFSI recognised food and feed safety standard, FSSC 22000, for canning factories and fishmeal plants
- Continued cross-pollination of ideas between fishmeal and fish oil teams

OUTCOMES

Culture of compliance:

- ✓ Established Covid-19 task groups at Exco and operational levels to drive compliance and increased communications with DOL and DOH to align Covid-19 protocol requirements

Leveraging our intellectual capital

- ✓ Progressed with FSSC 22000 food and feed safety management certification scheme for canneries and fishmeal plants
- ✓ Maintained BRC certification for hake, an important accreditation for European markets
- ✓ HACCP certification achieved across all our land-based facilities and vessels

Maintained brand and reputation

- ✓ Lucky Star retained its status as an iconic brand and one of South Africa's top ten brands
- ✓ 4 million Lucky Star meals consumed per day
- ✓ Produced products that were safe, protecting the brand and the Company
- ✓ Experienced zero incidences of critical non-conformance
- ✓ Product recall simulation conducted on an annual basis

Combined assurance

We comply with several global compliance and food safety standards and regulations. International assurance providers include IFFO Global Standard Certification, FDA, GMP and NOAA (USA). Local assurance providers include BRC, HACCP, DEFF, NRCS, PPECB, CWDP and FEMAS. Oceana's portfolio of trademarks are managed by the inhouse legal department who are assisted by Adams and Adams Attorneys. Lucky Star has consistently been recognised as a leading brand in South Africa having rated 7th in the *Sunday Times* Top Brands of 2020. Lucky Star was also ranked 4th in the 2019/2020 Kasi Star brands Survey.

FINANCIAL CAPITAL

KEY INPUTS

- Debt and equity financing
- Reinvestment

ACTIVITIES TO SUSTAIN VALUE

- Regularly engaged with existing and potential investors
- Actively de-geared balance sheet through early settlement of rand denominated loan with dividends received from Daybrook
- Managed compliance of our covenant levels
- Actively managed cash requirements through generation of 12-week rolling cash flow forecasts

FINANCIAL CAPITAL

R8 308 billion (2019: R7 647 billion) revenue

R816 million (2019: R648 million) profit after taxation

R442 million (2019: R544 million) paid as dividends

1.4 times leverage ratio (2019: 2.2 times)

Combined assurance

External assurance providers include Deloitte as our external auditors and EY as out internal auditors. The OET, which benefits black employees, was established and launched in November 2006. External assurance is measured through Empowerdex and the B-BBEE commission review.

MANAGING TRADE-OFFS TO DELIVER LONG-TERM VALUE

Our core purpose, and our underlying business model, relates to the efficient conversion of one capital stock (global fishing resources) into value across all six capitals. These capitals are not entirely independent, and the nature of their interaction is a function of organisational focus and beliefs. Optimising value inevitably involves trade-offs in how and when value is shared between different stakeholder groups, and in how that value is created, transformed or depleted across the capitals. Deciding on these trade-offs often involves some difficult decisions, particularly when it's accompanied by some strongly competing stakeholder interests.

We have identified below some examples of recent trade-offs undertaken across the Group, with an explanation on the reasons for the decisions that were taken.

FROZEN FISH PROCUREMENT STRATEGY: INCREASED COSTS AND COMPETITION PROVIDE SUPPLY CHAIN CERTAINTY AND SOCIETAL BENEFITS

Given the continued low pilchard TAC in South Africa, challenging harvesting conditions, uncertainty regarding future quota allocations and the moratorium on pilchard fishing in Namibia, the majority of the pilchard raw material for canning at our Lucky Star operations is procured internationally as frozen fish. This increases working capital requirements, greater exposure to any weakening in the rand, and more challenging margins. However, the strategy has reduced our reliance on the local pilchard resource and TAC, enhanced our capacity to consistently deliver optimum quality product, and made an important contribution to increasing the hours worked and wages earned by our employees.

Capital depleted

- 78 154 tons of frozen fish procured
- Greater working capital utilisation
- Costs incurred with rand depreciation

Capital increased

- Increased employee earnings
- Higher investment in local infrastructure
- Improved community and government relations
- Greater certainty in meeting customer needs

WEST COAST ROCK LOBSTER: BALANCING RESOURCE PROTECTION AND REPUTATIONAL RISK

A critical trade-off that lies at the heart of our WCRL business is the need for the industry to remain engaged in a SASSI red-listed fishery against adherence to our own imperative of only operating in sustainable fisheries. The WCRL fishery has been red-listed by WWF for a number of years due to problems around poaching and the resource remains under threat. The TAC was kept the same this year with DEFF opting to rather keep people employed following the Covid-19 economic impacts. Our active engagement with stakeholders and contribution towards the protection of the species illustrates the value of us remaining in this sector. The TAC remains low, leading to further rationalisation of assets to maintain our viability in the sector. We will continue to work with DEFF, WWF and the industry to identify the most effective way of policing and managing the resource.

Capital depleted

- Reduced revenue and profit from a low TAC
- Under-utilised fleet; rationalisation of assets
- Reputational risk of operating in a SASSI red-listed fishery

Capital increased

- Greater long-term biomass viability
- Improved long-term job creation
- Higher long-term financial return

LUCKY STAR PRICING: BALANCING SHORT-TERM MARGIN GAIN FOR LONG-TERM CUSTOMER LOYALTY

The weakening exchange rate increased the costs of Lucky Star's procurement of imported frozen fish. Despite the increase in cost, we made the conscious decision not to pass this on to the consumer. Key to Lucky Star's strategy is its relative affordability and although this increased cost placed pressure on margins, the competitive positioning of the product bolstered volume sales and product uptake as part of a consumer switch to a lower-cost protein source, as households shifted spending towards cheaper grocery brands following the deepening of the recession. This increased the overall performance of the division and protected the Lucky Star pilchard category during a very challenging economic period impacted by Covid-19.

Capital depleted

- Reduced margins

Capital increased

- Increased sales volume
- Enhanced customer and brand loyalty

CCS STORAGE: BALANCING EXTERNAL CCS OPERATING PROFIT TO ENABLE THE INTERNAL LUCKY STAR FROZEN FISH STRATEGY

The CCS division provides cold storage solutions to external customers. Given our frozen fish strategy, significant space is reserved to accommodate the frozen fish requirements of Lucky Star. This comes at a cost of external CCS customers that would ultimately have improved CCS performance. However, the benefit to Lucky Star enables the division to achieve its record sales volumes.

Capital depleted

- Reduced profit
- Impacts CCS long-standing customer relationships

Capital increased

- Continuous supply of Lucky Star inventory to meet demand
- Enhanced Lucky Star customer and brand loyalty

OUR OPERATING CONTEXT
THE EXTERNAL ENVIRONMENT

> "Our ability to generate value and deliver on our core purpose is impacted, both negatively and positively, by various factors in our external environment. This year we have identified and prioritised the following five issues that have a material impact on our business model. Our five-year strategic outlook ensures that we are best positioned to seize the opportunities and mitigate the risks associated with each of these issues."

THE COVID-19 PANDEMIC

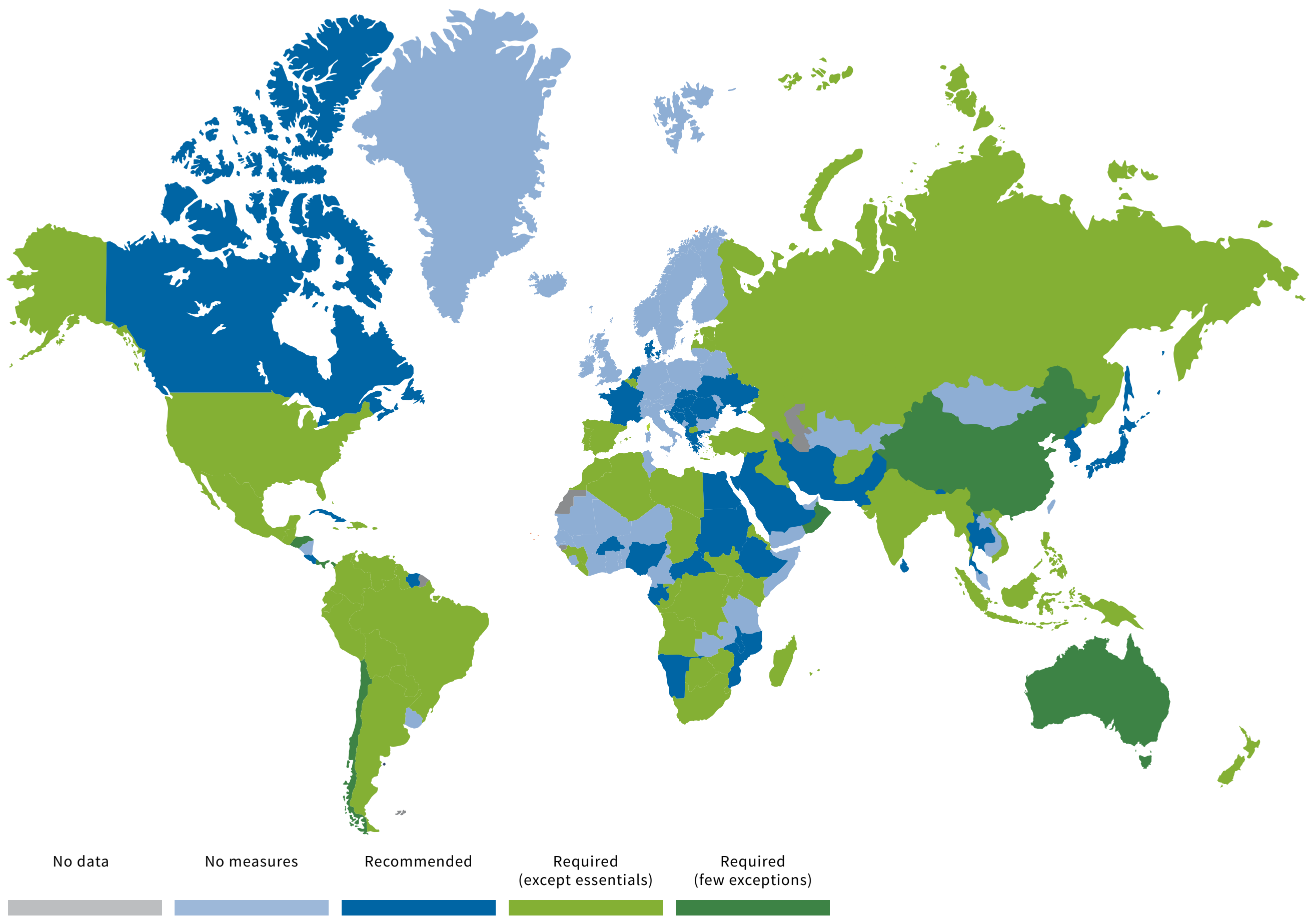
Covid-19 gained momentum in early 2020, causing unprecedented global turmoil. We saw necessary and restrictive measures being taken by governments in all our operating markets. In South Africa, President Cyril Ramaphosa declared a national state of disaster in mid- March followed by a three-week nationwide lockdown (level five) which was subsequently extended to May 2020. This placed severe restrictions on travel, and all non-essential services were closed. Similar preventative measures were taken in the USA and Namibia, including travel restrictions, nation-wide social distancing rules, limitations on public gatherings, and avoiding public places. The pandemic and the required emergency measures to curb the spread of the virus shut down entire sectors of economies, disrupted supply chains, and placed many people out of work. Fortunately, all our operations were classified as essential service providers and continued to operate during the lockdown. We took all precautions necessary to align with government protocols and regulations.

IMPLICATIONS FOR VALUE

As the infection rate in South Africa and the USA increased, interruptions were experienced in our vessel operations, with the percentage of fishing days lost due to the pandemic in our various divisions: Hake (4%); Horse mackerel SA (2%); Horse mackerel Namibia (10%); and Daybrook (10%). Despite the resulting periods of inactivity, overall performance was not impacted and there was no large-scale financial impact across any of the divisions. We experienced delays at ports at the outset of the pandemic for all products. However, our export performance was bolstered by a weakening exchange rate, especially in the second half of the year, significant growth in Africa fishmeal and fish oil sales due to improved landings, improved exports of hake into Europe and horse mackerel into African markets. Globally, short-term demand for out-of-home consumption has been materially reduced and prices have fallen for many species, particularly those important to the restaurant industry.

We have been fortunate in that most of our products are consumed primarily in-home, which has protected us from closures in the tourism and hospitality industries. Despite the difficult trading conditions, the Group delivered a resilient operating performance, recording a Group operating profit increase of 21%, primarily driven by sustained demand for canned fish, horse mackerel and hake, increased cold storage occupancy levels, firm pricing across all sectors and the favourable impact of the weaker rand on export revenues. While the duration and severity of the pandemic remains uncertain, a prolonged market downturn can be expected even after current restrictions are lifted or relaxed. With new working arrangements and broader societal impacts, the mental health of the workforce has become an emerging risk.

STAY-AT-HOME REQUIREMENTS DURING THE COVID-19 PANDEMIC, 19 AUGUST 2020



Source: Hale, Webster, Petheric, Phillips, and Kira (2020). Oxford Covid-19 Government Response Tracker – Last updated 19 August, 05:30 (London time)

Note: There may be sub-national or regional differences in restrictions. The policy categories shown my not apply at all sub-national levels. A country is coded as having these restrictions if at least some sub-national regions have implemented them. OurWorldInData.org/coronavirus

OUR STRATEGIC RESPONSE

- We implemented stringent health and safety standards and protocols across all our operations in February and early March 2020, prior to lockdowns, and were thus well prepared. This ensured Covid-19 infections were manageable and kept to a minimum.
- We were agile in accommodating our administrative and support staff to work from home through technology enablement.
- Protecting the mental health and wellbeing of our workforce was a major focus during the lockdown period, with initiatives rolled out across our offices, plants and vessel operations. New KPIs on mental health/wellbeing have been incorporated into our 2021 strategy.
- As part of business continuity monitoring, our procurement team conducted a supply chain analysis to identify where we could be impacted. We managed our risk appropriately so that there was no single concentration on a particular supplier; our proactive engagement with suppliers and customers was key to ensuring the least disruption.
- Our geographical spread provides us with significant flexibility with multiple canneries, warehouses, and raw material suppliers. We also maintained flexibility in terms of logistics, merchandising and sales.
- Our suppliers and service providers demonstrated incredibly strong commitment in ensuring that our businesses continued uninterrupted; we in turn supported them in whatever ways we could, including accommodating earlier payment settlements where appropriate.
- Given the uncertainty posed by Covid-19 and its effect on macro-economic conditions, we took the prudent decision to preserve cash and defer the Group's interim dividend.

THE EXTERNAL ENVIRONMENT continued

GLOBAL MARKET DOWNTURN, WEAKENING SOUTH AFRICAN CURRENCY AND CHALLENGING ECONOMIC OUTLOOK

The negative impact on economic activity from Covid-19 has been dire, with global growth projected at -4.9% in 2020. The adverse impact on low-income households has been particularly acute, imperilling the significant progress made since the 1990s in reducing extreme poverty globally. The impact of the lockdown on GDP in South Africa has been severe with the already stressed economy entering a deep recession.

Global recovery is projected to be more gradual than previously forecast, with 2021 global growth at 5.4% and GDP 6.5% lower than in the pre Covid-19 projections of January 2020. China is the first major economy to show signs of recovery since the pandemic, with business confidence improving. According to the IMF, the economic bounce back in Europe is expected to lag the global average, with real GDP only expected to recover to its 2019 level by 2023. The US dollar is expected to weaken into 2021 and the US unemployment rate is expected to peak at around 16% with improvement towards end of 2021, reaching pre-pandemic levels in 2022. A significant increase in spare capacity across emerging market economies post crisis is expected to persist into the foreseeable future; exchange rate risk is a major concern with relatively weak external and/or fiscal balance sheets, including especially in Turkey, South Africa and Brazil.

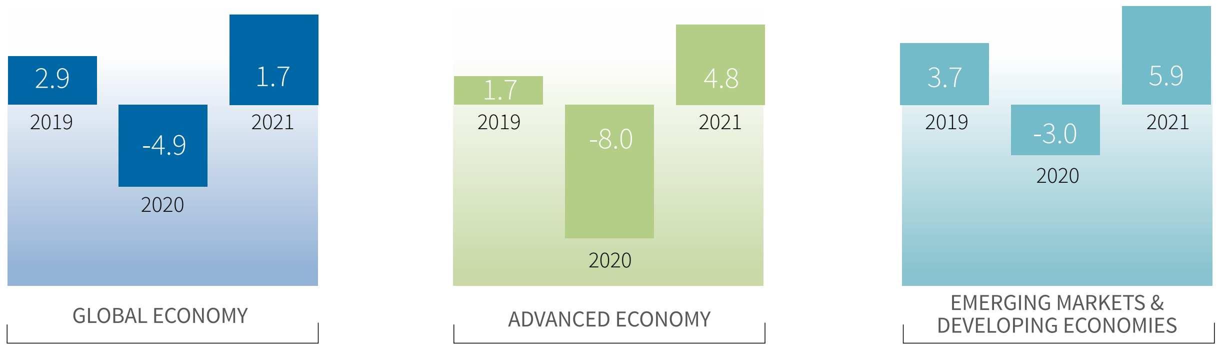
IMPLICATIONS FOR VALUE

Given our global business with customers in 45 countries, we remain vulnerable to the downturn in global markets, despite our essential service status and the sustained demands from in-home consumption of our fish products and pet food ingredient offerings. In South Africa, there was a shift in household spending towards cheaper grocery brands, which bodes well for our Lucky Star brand. In terms of the impacts of the weakening rand, an undervalued currency makes our exports more competitive and our imports more expensive. We saw benefits to our businesses with dollar-priced exports – namely fishmeal, fish oil, horse mackerel, lobster and squid – and the translation of dollar-based earnings from our operations in the USA, but our imports of canned finished products and frozen fish raw materials for canning were negatively affected. Given the volume of dollar-denominated exports and the impact of Daybrook, we remain more predisposed to a weaker currency.

OUR STRATEGIC RESPONSE

- Our strategy of both customer and geographic diversification is a natural hedge against market volatility and foreign currency exposure.
- We are well positioned across geographies and markets, addressing customer demand for fresh fish in Africa and Europe, pet food in the USA, fishmeal in Europe, Africa and Asia, and canned fish in South Africa.
- Our dollar cost this year has been higher than projected, with the impact of Covid-19 severely weakening the rand. To manage this, we renegotiated dollar pricing for globally sourced pilchard raw material and canned finished products.
- Forward cover positions for the procurement of fish and canned products continue to enable us to mitigate negative exchange rate exposure.
- We aligned with local government programmes and implemented a number of Corporate Social Investment (CSI) initiatives for vulnerable communities, specifically in response to the Covid-19 crisis, focusing on disaster relief, health and food security. Oceana Executives and Board members personally contributed R3 million towards the Oceana Covid-19 relief fund.

WORLD ECONOMIC OUTLOOK UPDATE JUNE 2020 GROWTH PROJECTIONS (%)



Source: International Monetary Fund

EMERGING POLITICAL ISSUES IN OUR OPERATIONAL GEOGRAPHIES

South Africa: The country faced ongoing service delivery constraints in key areas, such as the provision of reliable water and energy supply, housing and sewerage infrastructure.

The state power utility, Eskom, continues to burden the economy, battling with maintenance and load shedding. The unemployment rate rose to 30.1% in the first quarter of 2020, the highest jobless rate on record, further compounded by the lockdown period and reduced economic activity.

Economic hardship has increased the risk of social disorder. The 2021 local government elections will be a good indicator of where South Africa is headed politically, with President Ramaphosa facing a unique set of challenges that are likely to define the future of South Africa.

Namibia: Poverty reduction, education, housing, unemployment, and tackling high-level public-sector corruption amid a third year of recession, remain centre stage. The Namibian fishing sector was impacted in November 2019 by the "Fishrot" scandal, in which one of Iceland's largest international fishing companies was accused of paying bribes to certain Namibian cabinet ministers and businessmen in return for horse mackerel fishing quota access, dating back to 2012.

USA: The international tariffs and trade war with China continued this year, with the Trump administration continuing to impose tariffs on Chinese imports with the goal of correcting alleged intellectual property theft by Chinese firms and to rebalance the USA trade deficit with China. The Trump administration's pro-business policies saw corporate tax rates being cut from 35% to 21% in 2018, with no expiration. The administration's anti-immigration position continued, with announcements to temporarily suspend work visas as part of a policy move to prohibit American companies from replacing US citizens with lower cost foreign workers. This reduced the number of "H2B" working visas that allow foreign nationals to enter into the USA temporarily and engage in non-agricultural employment that is seasonal, intermittent, meets a peak -load need, or a one-time occurrence; this includes the seafood and fishing sector. The outcome of the presidential elections in November 2020 will impact on tariffs, tax rates, H2B workers, and economic recovery.

IMPLICATIONS FOR VALUE

South Africa: While the impact of a constrained consumer environment has been visible across most of the South African food and retail sector, our Lucky Star products continue to show exceptional results, reflecting their positioning as an affordable and consistently priced quality protein, with a very visible brand. Late in the year we saw service delivery protests spreading to the Cape West Coast, predominantly due to a shortage of housing in the area, causing slight disruption for staff getting to work and reputational concerns with the local communities. In terms of access to fishing rights, a critical policy concern facing the commercial fishing sector remains the 2021 Fishing Rights Allocation Process (FRAP). Pelagic (pilchard and anchovy), hake deep sea, South Coast Rock Lobster and squid are due for renewal by 31 December 2021, impacting 16% of our business.

Namibia: The fishing industry in Namibia remains in a state of flux. A new fisheries Minister has been appointed and Namibia is now in the process of developing a new fisheries policy, which we welcome. While this has caused delays in horse mackerel fishing quota allocations, our partners obtained reduced rights. We managed to make up for this shortfall through the purchase from other quota holders. Despite the declining quota allocation, Namibia remains a viable business and provides geographic diversity for the Group. The horse mackerel resource is well managed, and we would welcome the assurance of our operations there with more long-term policy planning.

USA: As a result of Daybrook's pet food strategy, it experienced minimal financial consequences from tariffs on fishmeal products exported to China, which have subsequently been removed, or from delays in the China license renewal. The pet food sector continues to grow in the USA, which has helped offset some of the softness in international markets. While we benefited from a reduction in the USA federal tax rate, the H2B visa reduction negatively impacted the Westbank business, due to its reliance on Mexican nationals who are experienced fishers with specific skills sets such as maritime welding and dock operations. Local talent required additional training.

THE EXTERNAL ENVIRONMENT continued

OUR STRATEGIC RESPONSE

South Africa: We were able to secure jobs this year despite the depressed local environment, with no decrease in employees' salaries required during the Covid-19 pandemic, and we provided additional support to blue-collar workers to ease the broader pressures on families. CSI partnerships enabled us to meet the needs of local communities through the delivery of food parcels, care packs and desalinated water for hygiene purposes.

In response to the service delivery protests in South Africa along the West Coast we have worked with the municipality to quicken the pace of a land donation, a commitment in place from the prior year, but unfortunately not delivered due to Covid-19. We remain one of the largest employers on the West Coast and contribute significantly to the local communities.

Our investments in generators as a short-term solution to load shedding has been a success in South Africa and the implementation of an energy resilience action plan remained a key focus; we identified solar renewable energy options for our West Coast operations.

In anticipation of the FRAP process in South Africa, we continue to engage actively with government and regulators to ensure that our transformation and localisation activities are appropriately aligned with government expectations.

Namibia: While the pilchard moratorium in Namibia remains in place, we continue to import frozen pilchards to keep the Etosha cannery operational and to sustain the Company's 600 jobs. The state-of-the-art cannery presents an opportunity for when the pilchard resource returns.

In anticipation of the revised fisheries policy in Namibia, we continue to engage actively with government and regulators to ensure that our transformation and localisation activities are appropriately aligned with government expectations.

USA: To replace the experienced fishermen and workers usually employed from Mexico in our USA fishing operations, the Westbank team hired local talent and implemented intensive training. Going forward, only two foreign nationals will be allocated per vessel and a robust training and retention program will be implemented.

CLIMATE CHANGE, TEMPERATURE SHIFTS AND EXTREME WEATHER EVENTS

Climate change is one of the most pressing issues of our time. The IPCC's 2019 Special Report on the Ocean and Cryosphere identifies the oceans as a major absorbent of heat and carbon emissions leading to ocean warming, acidification and oxygen loss with some evidence of changes in nutrient cycling and primary production Climate change also increases the exposure and bioaccumulation of contaminants such as persistent organic pollutants and mercury, and their risk of impacts on marine ecosystems and seafood safety.

We have observed in our own target fisheries that when environmental conditions change, the resource moves to an area that is comfortable for them. Anchovy tend to favour a cooler system, while sardines/pilchards prefer a warmer system.

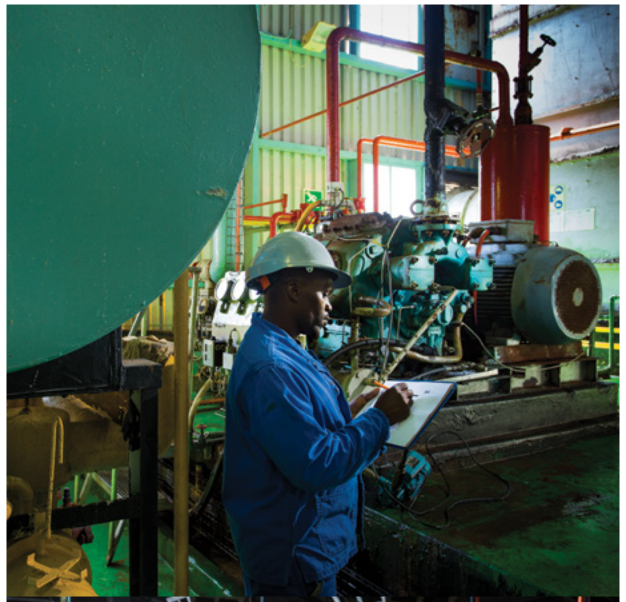
As the 14th largest greenhouse gas emitter in the world, South Africa – our largest operational base – has brought in progressive measures to tax greenhouse gas-emissions, applicable to any company, including municipalities. South Africa's new Carbon Tax Act was signed into law and became effective from June 2019. We are also seeing large operators move towards carbon neutrality by 2030, which could drive up the cost for importing supplies.

IMPLICATIONS FOR VALUE CREATION

Small pelagic fish in South Africa are considered vulnerable to climate change. While anchovy and redeye herring are in a healthy state, the cyclical reduction in pilchard catches in South Africa and the continued moratorium on Namibian pilchard fishing means that raw material for our Lucky Star operations is now almost fully imported. This increases the businesses exposure to competition for frozen fish supply from local and international buyers and working capital constraints. We saw a marginal recovery in the local pilchard resource in South Africa with improved catches this year and the recruitment survey has indicated an increased amount of fish. This bodes well for the 2021 pilchard TAC. While Daybrook has not seen any long- term material changes in fish distribution or catch, its physical infrastructure in the Gulf of Mexico is susceptible to regional adverse weather conditions such as tropical storms and hurricanes. The storm season runs from April to October and this year we saw four tropical storms, one in May, two in August, and one in September.

OUR STRATEGIC RESPONSE

- Climate variation features as one of our top three environmental risks and we continually develop our understanding and response to the potential effects on our business and value chain. Our investments along different coastlines ensure impacts are not all felt at once.
- We have implemented formal targets to reduce our carbon emissions by 50% by 2030 and 100% by 2050, underpinned by renewal energy projects on the South African West Coast.
- The agility of our business also enables us to remain flexible when South African TACs for target fisheries are low, as in the case of pilchards, where we secure the supply of frozen pilchards for canning locally and canned finished products to supplement the loss in wet fish.
- We took precautions to shut down the plant and vessels in the USA in response to the four tropical storms. While they did not have a big impact on Daybrook's facilities, surrounding areas were impacted. Our insurance programmes adequately cover this specific business risk. Despite losing fishing time, the Westbank team mitigated this through increased fishing activity by the introduction of a run boat, which allowed for vessels to be longer out at sea, and fishing over weekends.



INCREASING INTEREST FROM INVESTORS ON ESG MATTERS

Pressure is growing worldwide for investment managers to consider the environmental, social and governance (ESG) impact of investments alongside risk and return. This is not only driven by some investors' desire to take social return seriously, but also by solid long-term investment criteria of sustainable returns and linking management reward to long-term value creation. We have seen an increase in interest on ESG matters in the equity and debt capital markets. In investor meetings over the last two years, specific questions on long-term ESG objectives and related KPIs have consistently been raised, especially by European investors. We have also recently seen growing interest from local investors.

IMPLICATIONS FOR VALUE

International investors now make up about 15% of Oceana's shareholder base. While local investors tend to be more aware of Oceana's business, international investors have shown a keen interest in understanding the leadership and people elements of the Company and Oceana's overall ESG performance. We are also recognising the growth in ESG product offerings from the lending community with associated pricing benefits to borrowers, such as sustainability linked funding, green, social and sustainable bonds, and green loans. In the last six months alone, Oslo-listed seafood companies have raised over US$300 million in green bonds to invest in sustainability related projects. Numerous South African lenders and institutions are already creating green funds and there are large incentives in green bonds such as tax exemption and tax credits. Green bond issuers continually cite heavy demand and oversubscription.

OUR STRATEGIC RESPONSE

- Recognising the higher level of interest in ESG matters from investors and in particular on people and leadership from international investors, all material ESG matters have been highlighted in this Integrated Report with cross-referencing to the annual Sustainability Report and other relevant reports for details.
- While the principles of sustainability have always been a core part of our business, we are formalising and further entrenching our approach with specific ESG KPIs filtered down into our divisional levels. In this way we aim to ensure our sustainability strategy gets buy-in across the business and we are now aligning our executive incentive structure to ESG.

ENGAGING OUR STAKEHOLDERS

ADDRESSING MATERIAL STAKEHOLDER INTERESTS

Understanding and being responsive to the interests of our stakeholders through effective dialogue and engagement is critical to delivering on our core purpose. Across our operations, the focus of our engagement continues to be with stakeholders who have the most significant impact on our business and its ability to create value.

The following table provides a brief review of our key stakeholder groups, their contribution to our value creation, the most material interests of that group, and how we engage with them to address these interests. We recognise that there is significant diversity within each group, with individual stakeholders often having very different interests. The priority interests listed below are a broadly indicative reflection of each stakeholder group's priorities as assessed by the management team on the basis of our ongoing engagements. For details on our Covid-19 measures impacting stakeholders refer to our ***online Sustainability Report.*** For details on our response to other key stakeholder issues this year refer to ***page 12***.

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
EMPLOYEES AND TRADE UNIONS	Our employees provide the skills, experience, diversity and productivity needed to operate our facilities efficiently and safely.	Internal newsletters, management meetings, personal interactions and consultative employee forums.
Priority interests	Job security, satisfaction and recognition; opportunities for career and personal development; market-related terms of employment and staff benefits; safe, healthy and congenial working conditions; health awareness and life skills; superannuation funds.	
Our response	Skills training and development initiatives; competitive remuneration and employment conditions; transformation initiatives to encourage diversity in the workplace; Group code of business conduct and ethics; employee education and compliance with health and safety regulations.	

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
SHAREHOLDERS, INVESTORS AND MEDIA	We have over 8 000 shareholders who provide the financial capital needed to invest in and sustain growth. Media supports our brand value through reporting and advertising.	Periodic investor briefings, annual reports, press releases, SENS, websites, and media releases, regular executive team meetings with institutional investors.
Priority interests	Growth in shareholder value; effective leadership; responsible governance; accessibility in engaging; integrity and promptness in responding to queries; receipt of quality information.	
Our response	Strong Board and executive leadership; sound corporate governance practices; succinct reporting via SENS and our website, reports and presentations; enhanced communication via advertising, face-to-face engagement, events, press releases and increased media coverage; being easily accessible for engagement sessions and prompt response to queries.	

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
GOVERNMENT AND REGULATORY AUTHORITIES	Government and regulators provide us with our fishing permits, and with the regulatory and policy framework that is critical to value creation. Through legislation and policy, they inform what we can do, how we do it, and where we can operate.	We seek to be known by our stakeholders as partners for change, growth and shared value. The CEO and senior leadership team maintain positive relationships with government officials in each of our regions. We engage with the National Regulator for Compulsory Specifications (NRCS) on food safety matters. In Namibia we engage on issues in relation to permitting and localisation and continued investment in Namibia. In the USA we engage with agencies that encompass federal, state and local jurisdictions, including especially the Gulf States Marine Fisheries, which monitors fish resources.
Priority interests	Oceana's contribution to development imperatives of food security, job creation, transformation/localisation, and skills development; compliance with permit and related requirements; responsible fishing; food safety; contribution to tax and trade balance.	
Our response	Job retention and creation, preferential procurement and transformation/localisation; support for small-scale fishers through our flagship project the Oceana Maritime Academy; regular direct engagement with relevant authorities on strategic matters; formal policies and operating procedures.	

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
CUSTOMERS AND CONSUMERS	Delivering an effective customer value proposition is the basis for all other value generated and shared. We have a significantly diverse range of customers, from wholesale and retail operations to individual consumers across a range of income groups in 45 countries.	The nature of the engagement varies depending on the type of customer. We strive to engage regularly and be responsive to customer interests across our value chain, seeking feedback through individual engagements, as well as broader customer surveys and research. Providing a quality product, reliably and affordably is the basis of our continued growth.
Priority interests	Safe, quality products at good price; continuity of supply; product information.	
Our response	Regular contact with major customers; independent audit and checking of processes and quality; market and customer surveys; Group and divisional websites with product information, contact details and helpline numbers; prompt follow-up of enquiries and complaints.	

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
LOCAL COMMUNITIES, SMALL-SCALE FISHERS AND NGOS/NPOS	These stakeholders are key in holding us true to our commitment to positively impact lives. Through these relationships, we are better able to know areas of need and focus in supporting the communities we work with.	We engage with community representatives through our corporate social investment activities in the main regions in which we operate.
Priority interests	Positively impacting lives; living out our philosophy; societal support and empowerment; investing in the fabric of communities; responsive corporate social investments.	
Our response	Strengthened consultation and communication with local communities; demonstrated commitment to finding beneficial solutions; support for small-scale fishers through the Oceana Maritime Academy; effective coordination of our CSI initiatives.	

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
SUPPLIERS AND SERVICE PROVIDERS	Ensuring positive supplier relationships, based on mutual respect, enables us to deliver our customer value proposition efficiently and effectively.	We engage regularly with our major suppliers to ensure a mutually beneficial relationship. We conduct regular audits of key suppliers to ensure adherence with our food safety standards and other company requirements.
Priority interests	Joint growth opportunities; favourable terms; timely payment; B-BBEE procurement; sustainable business relationships.	
Our response	Regular direct communication with major suppliers; Group-wide code of business conduct and ethics, with supplier policies; qualified and experienced management with appropriate skills to negotiate, conclude and manage contracts and relationships.	

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
INDUSTRY ORGANISATIONS, RESEARCH BODIES AND BUSINESS PARTNERS	Engaging with these organisations is key to driving business best practice, identifying new opportunities, and creating a conducive long-term business environment.	We are active participants in numerous scientific working groups and industry associations, including (but not limited to): Responsible Fisheries Alliance (RFA); South African Deep Sea Trawling Industry Association (SADSTIA); South African Mid-water Trawling Association; South African Pelagic Fishing Industry Association; West-Coast Rock Lobster Association and the West-Coast Rock Lobster Traceability Task-Force; Fish SA; Menhaden Advisory Committee to the Gulf States Marine Fisheries Commission; the International Fishmeal and Fish oil Organisation, the South African Bureau of Standards (SABS) technical committee on food safety; the National Business Initiative (NBI); and SACGC Consumer Goods Council.
Priority interests	Provision of leadership; collaboration; responsible fishing; food safety; societal responsibility; contributing to the collective business voice.	
Our response	Dedicated time resources allocated towards scientific working groups and associations; active participation, support and funding research.	

MANAGING OUR MATERIAL RISKS

Oceana has a structured and systematic process of identifying and managing all material risks across the Group. The principal risks that have a material impact on Oceana's ability to create value are outlined in the heat maps and table below.

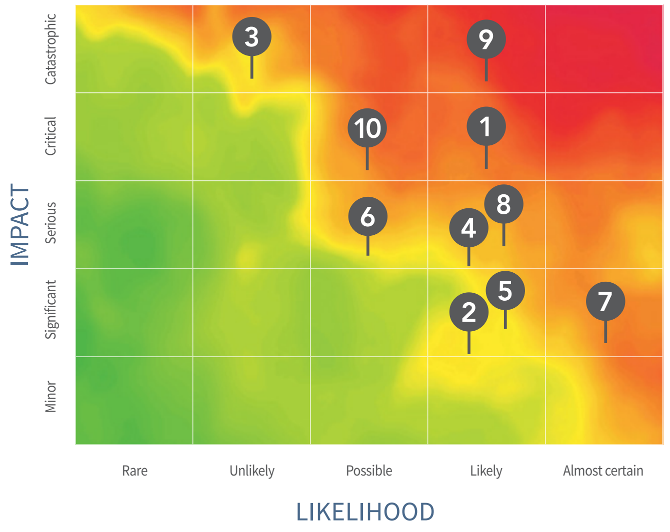
ROLE OF THE BOARD AND RISK COMMITTEE

The Board provides oversight over Oceana's risk framework, policies and processes. While it delegates these matters to the Risk Committee it remains ultimately responsible for the development and implementation of the risk management strategy and plan. The Board formally assesses the effectiveness of Oceana's risk management process at year-end, both for disclosure purposes and to provide a basis for updating the risk management plan. The Oceana Group Risk Management Policy and Framework aims to provide stakeholders with the assurance that all material risks across the Group have been properly identified, assessed, mitigated, tolerated and monitored. The Board is satisfied that the Group's risk management processes are effective.

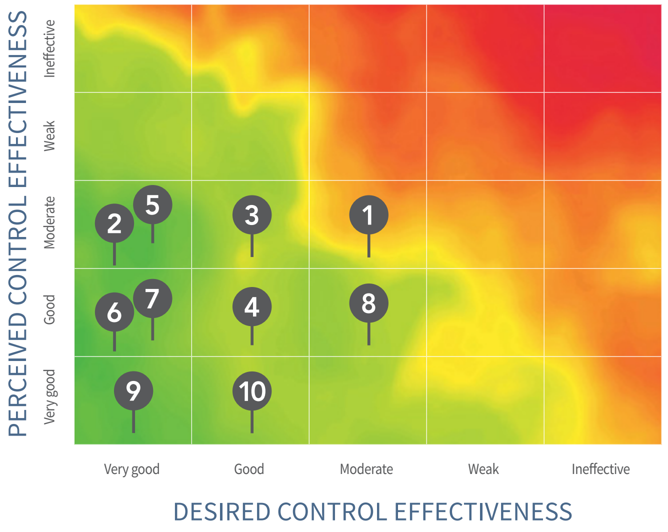
2020	Material risk	2019
1	Market volatility	4
2	Reallocation of fishing rights	3
3	Resource availability and ability to harvest	1
4	Business interruption/industrial action	9
5	Scarcity of critical skills/succession planning	7

2020	Material risk	2019
6	Sustainability of workforce	new
7	Cashflow management	2
8	Portfolio imbalance	5
9	Food safety	8
10	Legislative non-compliance	10

INHERENT RISK EXPOSURE



RESIDUAL RISK EXPOSURE



1 MARKET VOLATILITY (4)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Over-leveraged balance sheet • Increase in US dollar/Euro price for fuel • Weakening ZAR impacts US dollar imports of frozen and raw fish • Sensitivity to fishmeal and oil price to global supply and demand dynamics	• Inability to maintain margins • Cost increases • Decline in earnings • Impede capital raising ability • Compliance with debt covenants	• Execute hedging policy • Natural business hedge, with both imports and exports • Fixed interest rate • Strict repayment of debt and covenant compliance • Negotiate lower US dollar prices, currency, fuel and interest rates • Diverse customer base in different geographic locations

Risk area: Financial

2 REALLOCATION OF FISHING RIGHTS (3)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• BCP hake deep-sea trawl, squid and South Coast rock lobster, and Lucky Star pelagic rights up for reallocation in SA in 2021	• Loss of profitability • Higher cost of contracted quota • Reduced throughput at factories leading to under-utilisation of assets (factories/vessels)	• Monitor policy and legislative changes, and engage actively with authorities on the policy and legislative framework • Comply with all relevant legislation and retain credible empowerment and localisation credentials • Engage with government and communities to partner with community co-operatives • Be the market leader in production quality and efficiency thereby ensuring the most attractive value proposition to new quota holders

Risk area: Strategic

3 RESOURCE AVAILABILITY AND ABILITY TO HARVEST (1)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Reduction in pilchards and anchovy (SA and Namibia) beyond normal cyclicality • Decrease in TAC of certain species where resource appears under pressure • Changes in ecosystem from various environmental factors • Impact of ocean-based mining and seismic surveys	• Loss of revenue and increased marginal costs reducing profitability • Under-utilisation of assets (factories/vessels) • Closure of operations with resulting socio-economic impacts	• Participate in and exert a positive influence on resource management initiatives with industry, government and scientific working groups in the USA, SA and Namibia • Comply with regulations and responsible fishing practices • Utilise own resources to support scientific surveys and provide input to government • Diversify targeted species

Risk area: Strategic

4 BUSINESS INTERRUPTION/INDUSTRIAL ACTION (9)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Disruption at own facilities and vessels as a result of pandemic, technical breakdown, utilities failure, fire or flooding, political or labour unrest, interruption in IT systems, electrical disruption, inconsistent water pressure/supply • Inability to settle wage negotiations in unionised environment	• Inability to continue operations, catch, process and trade resulting in loss of market share • Increase in processing costs and reduced profits • Under-utilisation of labour/loss of earnings	• Pandemic risk mitigation strategy, SOP and procedures in place • Health, Environment, Safety and work from home policies in place • Business interruption insurance in place • Business continuity process complete and in place • Power outage, maintenance and site safety procedures in place and audited • Standard operating procedures in the event of labour unrest in place • IT disaster recovery plan in place

Risk area: Strategic

5 SCARCITY OF CRITICAL SKILLS/SUCCESSION PLANNING (7)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Inadequate pipeline of skills to lead new business opportunities, support current business operation, or replace retiring personnel • Challenges in attracting, developing and retaining best talent	• Inability to sustain current business model and growth strategy • Impact on employment equity targets • Inability to fill key positions	• Global recruitment strategy • Implement policies and guidelines for talent and recruitment management, remuneration, skills development and succession planning • Leadership Acceleration Programme

Risk area: Human Resources

MANAGING OUR MATERIAL RISKS continued

6 SUSTAINABILITY OF WORKFORCE (NEW RISK)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Work from home protocols requires further change management and management training • A significant portion of the workforce experience health challenges • Mental health and substance abuse issues are increasing given the current economic and social stressors	• Loss of productivity • Increased absenteeism • Increased incidents and disabling injury frequency rate • Increased risk of labour unrest • Increased risk of theft and fraud	• Management training on work from home protocols • Review of wellness program with a view to improving staff engagement • Investigate introduction of medical aid for all employees • Industrial relations strategy in place • Compliance awareness campaign – whistle-blowers and fraud campaign

Risk area: Strategic

7 CASH FLOW MANAGEMENT (2)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Ineffective management of cash resources • Off-take below sales targets resulting in increased stock levels, and negatively impacting cash flow • Procurement of large volumes of frozen fish by Lucky Star	• Liquidity strain • Financial loss • Inability to meet financial debt covenants or repay interest and capital on term loans • Delayed creditor payments	• Formalised cash flow process and insight into future requirements • Rigorously reviewed capital and major maintenance expenditures • Negotiated extended payment terms with material frozen fish suppliers • Enforced terms timeously with regard to collection of debtors

Risk area: Financial

8 PORTFOLIO IMBALANCE (5)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Concentration of earnings in a particular unit exposes the Group to greater earnings volatility	• Increased volatility of earnings	• Business strategy focused on growth and diversification of portfolio • Business expansion into aquaculture

Risk area: Strategic

9 FOOD SAFETY (8)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Potential deviation from quality or safety standards with own and third-party (local and foreign) producers and suppliers • Mismanagement of non-conforming product by traders • Increase in counterfeit product and sabotage • Possible negative publicity including through social media	• Illness of consumer • Damage to brand and reputation • Loss of market share • Product recall and liability claims • Negative impact on insurance renewal terms, rates and policy limits	• Internal technical department and third-party auditors to ensure compliance with standards • Product recall processes and insurance cover in place • Adhere to best practices hygiene and quality standards, with HACCP accreditation • Introduction of FSSC 22 000 • Proactive media engagement strategy

Risk area: Operational

10 LEGISLATIVE NON-COMPLIANCE (10)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Need to maintain systems and skills to track, interpret and ensure effective compliance with often-changing legislative requirements in a highly regulated industry	• Damage to the brand • Fines and penalties • Administrative cost of implementation • Loss of current and future fishing rights	• Comprehensive legislative compliance, monitoring, training and auditing systems in place • Ongoing engagement with regulators directly and through industry associations

Risk area: Compliance/legal

OUR GOVERNANCE

BOARD GOVERNANCE AT A GLANCE

Oceana is committed to achieving the highest standards of corporate governance. The Board is the focal point and custodian of corporate governance in the Group and assumes ultimate accountability and responsibility for our performance, to deliver long-term value to shareholders and stakeholders.

THE BOARD'S PILLARS OF GOVERNANCE

1. The Board serves as a focus point and custodian of corporate governance in the Group.
2. The Board is the custodian of ethics and takes the lead in determining the values of the Group.
3. The Board retains full and effective control of the Group.
4. The Board acts in the best interests of the Group

NUMBER OF BOARD MEETINGS: 9

ATTENDANCE RECORD: 99%

THE BOARD'S ROLES AND RESPONSIBILITIES

With a solid adherence to its governance pillars, the Board is responsible for:

1. Approving the strategic direction of the Group, taking into account its responsibilities as a corporate citizen and the needs of all its stakeholders. This includes the annual strategic plans at both divisional and Group level, budgets, targets and key performance indicators, as well as long-term strategies.
2. Reviewing audit requirements and ensuring that the Group has effective risk-based internal audit processes.
3. Determining the policies necessary to establish ethical business practices, reflective of effective compliance management, enterprise risk management, safety and sustainability, and overseeing management's implementation of such policies.
4. The integrity of the Integrated Report and other reports issued to enable stakeholders to make informed assessments of the Group's performance through reporting and disclosure.

The Board meets quarterly, and more regularly if needed. For the reporting period, the Board held its quarterly meetings, and an additional five special meetings. The Board uses its meetings to implement its governance and regulatory responsibilities. Meeting agendas are formal and follow a tailored work-plan, which is confirmed ahead of each meeting by the Chairman, CEO and the Company Secretary. The Board is satisfied that it has fulfilled its responsibilities in accordance with its Board Charter for the reporting period.

ENSURING A DEEP UNDERSTANDING OF THE BUSINESS AND GUIDING STRATEGIC MATTERS

Although the Board maintains its independence, it is important for it to have a deep understanding of the business by investigating, monitoring and engaging with management on multiple levels. In addition to the two executive Board members, the other Exco members engage with the Board, in strategy sessions and other Board committee meetings, as required.

The strategy review process takes place over a three-month period and the Board Chairman joins a meeting at the beginning stages to explore emerging issues that impact the business. Following the development of divisional strategies, the strategic plans are presented to the Board, where budgets and forecasts are decided for the short-, medium- and long-term. Performance against the strategy is reviewed at Board meetings on a quarterly basis. This year the Board appointed a sub-committee to consider specific strategic initiatives.

BOARD COMMITTEES

The Board delegates certain responsibilities to well-structured committees without relinquishing accountability. This delegation is formalised through Board-approved committee charters to the following committees:

- Audit Committee (AUDIT)
- Remuneration and Nomination Committee (REMNOM)
- Risk Committee (RISK)
- Social, Ethics and Transformation Committee (SETCOM)

The Board receives reports and minutes of each committee meeting. The composition, mandate and performance of the various Board Committees are reviewed at least annually and contribute to the effective discharge of the Board's duties and responsibilities.

The Board identified cyber security and optimising our IT infrastructure and systems to support organisational efficiencies as key focus areas during 2020. The Board is comfortable that Oceana complies with the technology and information governance principles of King IV. Oversight of this has been delegated to the Audit Committee.

The Board has also established a framework for the delegation of authority to the CEO.

BOARD AND COMMITTEE ATTENDANCE

	BOARD	AUDIT	REMNOM	RISK	SETCOM
Number of members	10	4	4	5	4
Number of meetings as per the Terms of reference	4	3	4	2	2
Number of meetings held in 2020	9	3	6	2	2

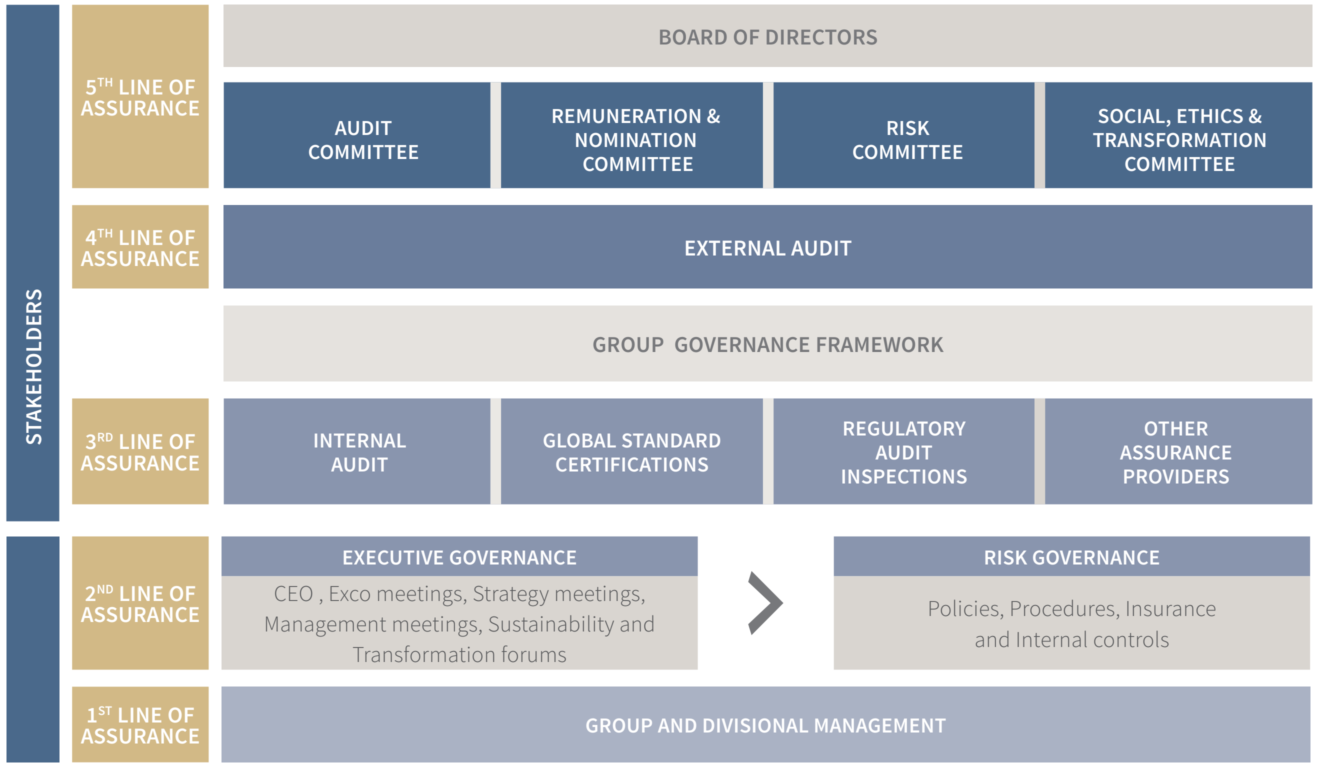
NAME OF DIRECTOR	Meetings attended	% attended	Meetings attended	% attended	Meetings attended	% attended	Meetings attended	% attended	Meetings attended	% attended
Mustaq Brey	9	100			6	100				
Peter de Beyer	9	100	3	100	6	100				
Shams Pather	8	89	3	100	6	100				
Nomahlubi Simamane	9	100			6	100			2	100
Zarina Bassa	9	100	3	100			2	100		
Nisaar Pangarker	9	100					2	100	2	100
Bakar Jakoet	9	100	3	100			2	100		
Lesego Sennelo	9	100					1	50	2	100
Imraan Soomra	9	100					2	100	2	100
Elton Bosch*	1	100								

* *Resigned 31 January 2020*

OUR GOVERNANCE CONTINUED

GOVERNANCE FRAMEWORK

Our 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 King IV Report on Corporate Governance advocates an outcomes-based approach and the role of the Board is to lead the Company to achieve the following governance outcomes: ethical culture, good performance, effective control and legitimacy with stakeholders. The principles espoused in King IV are entrenched in many of the Group's internal controls, policies and procedures governing corporate conduct. The Board is in the process of formalising and documenting the Governance Framework for the Group. The full powers and responsibilities of the Board are set out in the Oceana Group Charter for the Board of directors (Board Charter), which is reviewed annually.



DIVERSITY, TENURE AND SUCCESSION

Diversity and inclusion remain key considerations in the Board selection processes. The Board strives to maintain its composition as a transformed Board that closely reflects the demographics of South Africa with significant diversity achievements in both black and female Board members. The Board is in the process of reviewing its Diversity Policy to formalise its targets.

Board effective oversight and decision-making require a range of perspectives. Race, age and gender diversity, underpinned by the relevant skills as well as business, geographic and professional experience and background, enhance the composition of a truly diverse Board. While Oceana's Board is diverse from a race and gender point of view, it also strives to ensure diversity from a talent point of view.

The Board adopted a formal and deliberate succession plan in 2020 taking into account the critical need for diversity in skills as long-serving Board members rotate off the Board over the next few years.

This includes bringing entrepreneurs, fishing industry knowledge, and international experience onto our Board and the process to recruit suitable individuals, in accordance with the revised Diversity Policy has commenced. Whilst the Board has in place a twelve-year tenure policy for non-executive directors, the policy was further refined to ensure that where Board members have served for nine years or more, successors are appointed, with an 18 month overlap period to ensure Board continuity and transfer of knowledge as part of a deliberate Board transition plan.

BOARD COMMITTEES

AUDIT COMMITTEE (AUDIT)

CHAIR – Shams Pather

MEMBERS
Zarina Bassa, Bakar Jakoet, Peter de Beyer

COMMITTEE ROLE
- To ensure the effectiveness of the organisation's assurance function and services, with particular focus on the combined assurance arrangements, including external assurance service providers, internal audit and finance function.
- To ensure the integrity of the Annual Financial Statements and, to the extent delegated by the governing body, other external reports issued by the organisation.
- To oversee that the governance of information and technology is done in such a manner that it supports the group in setting and achieving its strategic objectives.

REMUNERATION AND NOMINATION COMMITTEE (REMNOM)

CHAIR – Peter de Beyer

MEMBERS
Mustaq Brey, Nomahlubi Simamane, Shams Pather

COMMITTEE ROLE
- To ensure that the Group remunerates fairly, responsibly and transparently.
- To oversee nominations and appointments, with consideration given to the composition of the Board, retirements, new appointments and recommendations.
- To evaluate the performance of the Chairman, CEO and Company Secretary against formalised criteria, outsourcing the assessment every three years.
- To oversee the Board succession plan, as well as ensuring that there is continuity of leadership in key positions.

RISK COMMITTEE (RISK)

CHAIR – Zarina Bassa

MEMBERS
Bakar Jakoet, Nisaar Pangarker, Lesego Sennelo, Imraan Soomra

COMMITTEE ROLE
- To assist the Board with the governance of risk, which encompasses considering opportunities and associated risks when developing the Group strategy.
- To ensure oversight of Oceana's risk framework, policies and processes by setting the direction for how risk is approached and managed, adopting a stakeholder inclusive approach.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE (SETCOM)

CHAIR – Nomahlubi Simamane

MEMBERS
Lesego Sennelo, Imraan Soomra, Nisaar Pangarker

COMMITTEE ROLE
- Oversight of social, environmental, compliance, stakeholder and ethical matters relating to Oceana as required under King IV and the Companies Act.

REPORT FROM THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The Committee has an independent role with accountability to the Board. The overall role of the Committee is to assist the Board with the oversight of social, ethical and transformation matters relating to the company. In fulfilling its functions, the Committee has received and reviewed reports on the following issues:

- Labour and employment practices: The Committee reviewed the employee headcount with a focus on the talent management process and reducing reliance on labour brokers. The Committee also considered developments regarding wage negotiations, employment equity reporting, skills development reporting and legislative updates
- Transformation: The Committee reviewed the company's performance against the DTI's B-BBEE scorecard as well as the results of the annual independent B-BBEE audit.
- Corporate Social Investment (CSI): The company's CSI expenditure and its progress against planned initiatives during the year was assessed and found to be satisfactory. The target set in terms of the Codes of Good Practice to spend 1% of net profit after tax on income-generating activities that benefit black beneficiaries, was met and exceeded
- Anti-corruption, ethics and compliance: During the year the Committee received various reports on ethics and compliance. All eligible new employees continue to undergo comprehensive training on Competition Law. Additionally, all eligible employees received and completed training on the Anti-bribery and Corruption Policy and related legislation, as well as training on Oceana's Code of Business Conduct and Ethics and the Compliance Policy
- Environment, health and public safety: The Environmental Policy was reviewed and recommended to the Board for approval. Annual progress against agreed targets for key environmental initiatives, the company's participation in external accreditation surveys and the results of health and safety and environmental audits of company sites and vessels were reviewed and found to be satisfactory. The Committee also received an update on product stewardship and public safety issues.

For more information on the committee roles and responsibilities, refer to the committee charters and the full King IV disclosure report available on our website at *www.oceana.co.za/governance*.

The Board is satisfied that the Group has substantially adopted the principles of King IV. The Board is further satisfied that the Company remains fully compliant with the JSE and NSX Listing Requirements.

OUR GOVERNANCE continued

GOVERNANCE ACTIVITIES FOR THE YEAR

We provide a summarised governance report, reviewing the main focus areas that impact on value creation and briefly outline our strategic response.

SI 1:	SI 2:	SI 3:	SE 1:	SE 2:	SE 3:
Protect and optimise our quota businesses	Deliver organic growth	Sustainable earnings through diversification	Galvanise the workforce	Engage stakeholders and manage reputation	Ensure good governance and sustainability

The Board's key activities and focus areas during the year included:

FOCUS AREA	STRATEGY	GOVERNANCE OUTCOME
CONFLICT OF INTEREST AND INDEPENDENCE		
• Considered declarations of interest at each meeting • Reviewed list of directorships and interest in contracts • Completed independent assessment reviews for directors • Completed a skills assessment, which informs the Board composition and its succession plans • Appointed one additional non-executive Board member • Performance of Board, chairman and committees were externally evaluated		Ethical culture Good performance Effective control Legitimacy with stakeholders
SUCCESSION PLANNING AND LEADERSHIP		
• Approved the appointment of a new CFO • Reviewed and approved the talent management and succession planning strategy • Approved the Oceana Leadership Acceleration Programme to ensure a sustainable talent pipeline		Good performance Legitimacy with stakeholders
CHARTERS, WORK PLANS, CODES OF CONDUCT AND KEY POLICIES		
• Reviewed and approved the Board and committee charters and work plans. The Board has commenced work to conduct an in-depth review of these charters as well as the Company's MOI to confirm it remains current in terms of the legal landscape and relevant in support of the Group purpose and strategy • Commenced work on the Corporate Governance Framework for the Group • Constituted the Policy Forum to oversee the revision of its Policy Framework • Approved a substantially updated Securities Dealings policy • Commenced detailed revisions of the Board Diversity Policy • Launched a whistle-blower refresh programme		Ethical culture Good performance Effective control Legitimacy with stakeholders
STRATEGY AND PERFORMANCE		
• Approved the 2021 annual budget and divisional KPIs • Reviewed performance against the five-year strategy at the annual strategy session • Ongoing review of the Group and Exco structure to identify efficiencies and improve synergies • Divisional managing directors attended all Board meetings to report on performance against strategy, budget and significant operational matters in their respective divisions • Constituted a sub-committee to consider specific strategic initiatives • Commenced work to consider a change to financial year end		Good performance Effective control Legitimacy with stakeholders
TECHNOLOGY AND INFORMATION		
• Reviewed and approved IT strategy, policies and Charter • Considered IT governance and incident reports on a regular basis, with additional focus during the Government lockdown period		Good performance Effective control

FOCUS AREA	STRATEGY	GOVERNANCE OUTCOME
RISK AND COMPLIANCE		
• As part of the succession plan, appointed one new member to both the Risk Committee and the Audit Committee • Maintained oversight of the Covid-19 pandemic with increased formal meetings and regular formal and informal updates received from management. In addition, the Board received instant updates on developments from the CEO on a media platform set up and managed by the Company Secretary • Considered and effected auditor rotation and timing • Reviewed and updated the Business Continuity Policy and Plans after a review by EY • Reviewed and enhanced the Combined Assurance Plan and Reporting Framework • Reviewed risk appetite and risk tolerance levels • Reviewed the Oceana Group Authorities Framework • Received assurance on fraud resilience • Received report from internal auditors (EY) on Enterprise Risk Management • Maintained oversight of reports on employee training on Competition Law, the Anti-bribery and Corruption Policy and related legislation, the Business Code of Conduct and Ethics, and the Compliance Policy • Completed annual governance review, including the assessment of the Board Chairman, each Board member and their activities at both a Board and sub-committee level • Completed an independence assessment of all the non-executive directors, outcomes are indicated on *page 14*		Ethical culture Effective control Good performance Legitimacy with stakeholders
GALVANISED WORKFORCE		
• Substantial focus on Covid-19 considerations and impacts on employee wellness • Considered developments regarding wage negotiations, employment equity reporting, skills development reporting and legislative updates • Considered plans to develop an employee value proposition through the delivery of a culture summit and baseline assessment • Reviewed strategy on driving the three pillars – to inform, engage and inspire – to build a strong emotional affiliation to the Group brand and support a galvanised workforce		Ethical culture Good performance Legitimacy with stakeholders
TRANSFORMATION		
• Reviewed performance against the DTI's B-BBEE scorecard and results of the annual independent B-BBEE audit		Ethical culture Legitimacy with stakeholders
ORGANISATIONAL HEALTH AND SAFETY, ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY		
• Reviewed the work and plans of the Covid-19 task team, comprising executive and senior management from operations and support services • Ongoing focus placed on redefining the corporate culture to "Positively impacting lives" with a drive towards organisational health as a strategic enabler • Reviewed health and safety audits of sites and vessels • Reviewed the Environmental Policy and assessed progress on targets for material environmental initiatives, external accreditation surveys and environmental audits • Reviewed level of assurance on material sustainability issues • Received updates on product stewardship and public safety issues		Ethical culture Effective control Good performance
CORPORATE SOCIAL INVESTMENT		
• Assessed CSI expenditure and progress against planned initiatives, as well as the CSI initiatives specifically in response to the Covid-19 crisis, focusing on disaster relief, health and food security • Approved the Oceana Covid-19 relief fund, where Oceana executives and Board members donated R3 million • Approved concept and roll out plans for the Oceana Maritime Academy		Legitimacy with stakeholders
STAKEHOLDER ENGAGEMENT		
• Received updates on stakeholder engagement at every meeting		Legitimacy with stakeholders

LETTER FROM THE CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE (REMNOM)

Oceana remains committed to responsible corporate governance practices, creating sustainable growth in shareholder value through consistent improvement in earnings, growth and expansion of capital, and engaging with its shareholders and other stakeholders.

PG de Beyer
Chairman

REMUNERATION AND PERFORMANCE

DEAR SHAREHOLDERS

On behalf of the Board, I am pleased to present Oceana Group Limited's 2020 Remuneration Report.

This report summarises the Group's philosophy, policy and framework for remuneration with a particular focus on executive directors, non-executive directors and management. Payments made to non-executive and executive directors during the year can be found in our AFS at ***http://oceana.co.za/investors/financial-results/***

Oceana remains committed to responsible corporate governance practices, creating sustainable growth in shareholder value through consistent improvement in earnings, growth and expansion of capital, and engaging with its shareholders and other stakeholders. As the REMNOM, it is our responsibility to ensure that responsible governance practices have been implemented and to provide a clear understanding of our remuneration policy.

In line with our commitment to fair and responsible remuneration, we continuously review our remuneration policies and practices to ensure that they remain fit for purpose and are aligned with Oceana's strategic objectives. We regularly investigate the internal wage gap and any disparities within remuneration within the Group, with the average increase in executive remuneration being determined after consideration of the average increase in remuneration for management and general staff. In 2020, the average executive increases were once again lower than that of other employees.

We have carefully reviewed the Group's remuneration policy and ensured that the remuneration practices are aligned with the policy objectives. The committee is satisfied that our current remuneration policy is still relevant and has thus agreed that the reward framework will remain in place.

ALIGNMENT WITH OUR STRATEGIC FRAMEWORK

When Oceana reviewed its strategy for long-term growth in 2018, it was with the ambition to be a leading global fish protein company, creating sustainable value and positively impacting the lives of all our stakeholders. The executive team and the Board participated in an open strategy process that adopted a 'bottom up' approach aimed at encouraging active discussion and input from the divisions. Through this process the Company identified, and the Board approved, key strategic imperatives and enablers to support a compelling growth agenda that targets CAGR on earnings from 2019 to 2023 that is significantly in excess of inflation. Our unified approach along with 24 value creation targets continue to drive our long-term strategy.

Empowering our people means providing job security, satisfaction, recognition and opportunities for skills and career development, but it is also about enabling our employees to grow with the Company and share the value created through their hard work. One of our most meaningful initiatives for delivering genuine social value from our fishing activities is the OET. It continues to be a point of great pride for the Group as it transforms the lives of previously disadvantaged employees who have now become financially empowered as authentic stakeholders in South Africa's formal economy.

REMUNERATION DECISIONS IN LINE WITH POSITIVELY IMPACTING LIVES

Being an essential service provider during the Covid-19 pandemic, coupled with our strong compliance culture and resilient measures taken, we were able to secure jobs despite the depressed local and global environment, with salary and wage increases at or slightly above inflation.

In response to President Ramaphosa's call for executives of large companies to come forward and provide financial assistance to meet the growing economic demands of Covid-19, Oceana's executive team and non-executive directors unanimously agreed to voluntarily donate a portion of their salaries and fees for three months to the Oceana Foundation Covid-19 relief fund. The broader Oceana senior management team were also invited to voluntarily sacrifice varying percentages of their salaries, based on affordability and up to 30%, to contribute towards the relief fund. Approximately R3 million was raised and has been used to support hunger alleviation initiatives of registered NPOs, as well as contributed to other government initiatives through the Covid-19 Solidarity Fund.

In addition to approving traditional performance-based bonuses, this year REMNOM also approved, on recommendation from management, a once-off discretionary Covid-19 gratuity bonus for all eligible frontline employees

REMNOM has agreed the following focus areas for the next financial year:

- Further differentiate rewards in terms of performance and to address underperformance;
- Ensure a greater focus on the development and retention of key successors;
- Encourage greater diversity in the senior leadership ranks, with a particular focus on female representation; and
- Continue to ensure fair and responsible executive remuneration practices.

PG de Beyer
Chairman of the Remuneration and Nomination Committee

REPORT OF THE REMUNERATION AND NOMINATION COMMITTEE

In accordance with the requirements of King IV, this report is divided into the three sections:

SECTION 1: Background statement regarding committee considerations and decisions

SECTION 2: Our remuneration philosophy, policy and framework

SECTION 3: Implementation and remuneration disclosure of the CEO, CFO and non-executive directors (NED)

SECTION 1: BACKGROUND STATEMENT REGARDING COMMITTEE CONSIDERATIONS AND DECISIONS

REMUNERATION AND NOMINATION COMMITTEE (REMNOM) GOVERNANCE

The REMNOM Chairman provides feedback to the Board after each REMNOM meeting of key recommendations, decisions and relevant discussions, and also attends the AGM to address questions by stakeholders on REMNOM's areas of responsibility. The committee's charter is reviewed annually by the Board.

In line with best practice, the majority of the committee members are independent, non-executive directors. The composition and attendance record are set out in the corporate governance section on *page 47*.

To assist the committee in the execution of its mandate, the CEO, Company Secretary, Chief People Officer and Group Rewards and Benefits Executive attend meetings of the committee by invitation. They are not present when their remuneration is discussed and hold no voting powers. Similarly, committee members do not decide on their own remuneration.

USE OF CONSULTANTS

During 2020, Deloitte provided benchmarking for executive remuneration and non-executive directors fees. Oceana uses PWC's Remchannel survey to benchmark the salaries of the rest of employees. Oceana's Long Term Incentive Scheme was also reviewed by Vasdex to ensure that it is aligned with the market. For the USA operations, Oceana uses benchmarks from Salary.com. The committee is satisfied that all service providers acted independently and objectively. Adopting King IV and the amended Johannesburg Stock Exchange (JSE) Listing Requirements is an on-going process and we will continue to align ourselves with best practice standards.

VOTING AT THE MARCH 2020 ANNUAL GENERAL MEETING

At the AGM held on 3 March 2020, the remuneration policy and Implementation Report received support of 79.12% and 85.32% respectively of shareholders voting in favour. More detail around our shareholder engagement mechanisms is set out in section 2.

The main concerns raised by our shareholders and our responses are detailed below:

SHAREHOLDER FEEDBACK	RESPONSE FROM THE COMMITTEE
Forward looking STI performance targets are not disclosed and are based on budgets, which is not transparent.	Budgets are approved by the Board on an annual basis. The Board, which consists of one major shareholder as well as independent non-executive directors, would only approve a budget that would be acceptable for all shareholders and would ensure that the budget would add positive returns to shareholders. Since the Board approves the budget, shareholders should be comfortable with this.
Use of different performance measures, not only HEPS, to account for short- and long-term schemes.	The STI measures for all employees include Budgeted HEPS, Budgeted Operating Profit/Segment Cost Centres, Budgeted RONA and Budgeted Net Working Capital. The STI also considers the operational KPIs for individuals, which accounts for 30% of the total bonus scorecard, while the financial performance accounts for 70%. Therefore, Oceana is using different STI performance measures to determine whether a bonus is paid or not. For LTI, we have three types of shares, namely Share Appreciation Rights (SAR), Restricted Shares (RS) and Performance Shares (PS). For each one there is a performance condition linked. For SAR the performance condition is to achieve a cumulative HEPS growth of CPI + 3% over the three-, four- and five-year period. For PS the performance condition is the Total Shareholder Return (TSR) performance which is compared against the JSE industrial Index. The position achieved would determine the percentage of shares that would vest. If we fall within the lower quartile, no vesting would take place. For RS, the entry level to have these shares offered to an employee is for the employee to have achieved an STI. The value of the STI would then determine the basis on the allocation of the shares. After allocation, time-based vesting of three years would apply for the share to vest. If no STI is achieved, then no shares are allocated. Therefore, we are using different performance measures for each LTI share.

In line with King IV and the JSE Listings Requirements, the remuneration policy together with the Implementation Report (section 3) will be tabled for two separate non-binding advisory votes by shareholders. In the event that 25% or more of the shareholders vote against either or both the remuneration policy and Implementation Report, the committee will:

1. Extend an invitation to dissenting shareholders in the Stock Exchange News Service announcement with the results of the AGM, for them to engage with the committee regarding their reasons for voting against the relevant resolution; and
2. Reveal the manner and timing of engagement within the invitation, which may include (but is not limited to) communication via email, telephone calls, meetings and roadshows.

After consideration of the results of shareholder engagement, the committee reserves the right to amend elements of the remuneration policy to further align it to market practice and shareholder value creation.

THE KEY DECISIONS MADE BY REMNOM DURING THIS YEAR WERE:

- Reviewed and approved the performance metrics and new rules for the 2020 financial year STI;
- Evaluated STI performance in the context of the Covid-19 pandemic and the strong performance of the business in protecting job and food security;
- Approved STI payments for those divisions that met the performance criteria;
- Considered and approved the allocation and award of options and shares in terms of the Group's 2013 long-term incentive plan (LTIP) rules (share appreciation rights, equity settled restricted and performance shares) to eligible participants;
- Approved and considered 2020 financial year increases in guaranteed pay for executives and all other employees that do not form part of a bargaining unit;
- Tested the extent to which the performance conditions for the tranche of long-term incentive (LTI) awards under the Oceana Group 2013 Share Plan were met (for the awards whose performance and vesting period ended in 2019);
- Reviewed the composition and performance of the Board as well as succession planning for the CEO, Executive Committee and chairman of the Board;
- Approved a once-off discretionary Covid-19 bonus to all eligible frontline employees; and
- Supported the recruitment and approved the appointment of a new Group Chief Financial Officer and Group Chief People Officer.

SECTION 2: OUR REMUNERATION PHILOSOPHY, POLICY AND FRAMEWORK

OUR REMUNERATION PHILOSOPHY AND POLICY

The Group's Remuneration Policy Framework is based on the principles of fair and responsible remuneration and is formulated to attract, retain, motivate and reward high calibre employees. We aim to encourage high levels of performance that are sustainable and aligned with the strategic direction and specific value drivers of the business. The way we remunerate employees reflects the dynamics of the market, as well as the social, economic and environmental context in which Oceana operates.

The committee aims to reward superior performance and the achievement of the Group's strategy and ensures that there are consequences for underperformance. Managers play a vital role in ensuring that the performance management process, in terms of the performance management policy and guidelines, provides accurate information required to inform remuneration decisions made by the committee.

Employment and remuneration arrangements of employees who are part of a bargaining unit or are independent contractors employed on fixed-term contracts are not covered by the Remuneration Policy Framework. These employees are governed by separate agreements and are negotiated at an operational level, subject to oversight from the committee. The scope of the policy will be further aligned with the King IV recommended practices.

Oceana's Remuneration Policy for top and senior management provides for the prescribed, target pay mixes per grade, with a balance between guaranteed pay and performance variable pay (and within performance variable pay between STIs, and LTIs). Implicit in the Remuneration Policy is that over time, executives should build up a combination of restricted and unencumbered shares, ensuring significant alignment between executives and shareholders.

The comprehensive Remuneration Policy is available on Oceana's website, accessible at ***www.oceana.co.za.***

This section of the report specifically deals with the remuneration for NEDs, the Executive Committee, management and other grades of employees. Remuneration for NEDs comprises only guaranteed pay, while management and staff comprises both guaranteed and variable pay. The remuneration mix reflects the relative proportions of each component in the package, which is linked to a job type and the nature of expected outcomes.

REPORT OF THE REMUNERATION AND NOMINATION COMMITTEE continued

The various components of remuneration include the following:

COMPONENTS OF REMUNERATION

	GUARANTEED PAY		VARIABLE PAY	
	BASIC SALARY	BENEFITS	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES
PURPOSE AND LINK TO STRATEGY	Attract and retain talent.	Improve employees financial planning and security on retirement.	Encourage a high-performance culture to promote the achievement of specific objectives: • Deliver financial KPIs • Meet liquidity profile and future cash requirements • Meet all non-financial KPIs	Retain and incentivise key staff by linking performance to shareholder expectations. This promotes the achievement of long-term objectives with the desired outcome of an appreciating share price and sustainable organisation.
ELIGIBILITY	All staff employed by Oceana.	All permanent staff. Benefit differentiated according to grade.	Permanent staff from junior management upwards.	All executives and senior management.
REMUNERATION METHODOLOGY	Reviewed annually against market benchmarks. Targeted pay for performing individuals, within a range of between 80% and 120% of market median	Market-related benefits: • Pension/Provident fund • Motor vehicle allowances • Medical aid	Performance bonuses are dependent on financial performance and achievement of agreed strategic and individual KPIs. All staff have a 70% financial weighting and 30% operational weighting component. CEO & CFO • On target: 75% of package; stretch target 112.5% of package • Based on a sliding scale of weightings between financial and operational component indicators	Allocations on annual basis subject to committee discretion. • CEO – share appreciation rights (SARs) (100% of GP), Performance shares (PS) (35% of GP) and RS (17% of previous year STI) • Executives (excluding CEO) – SARs (65% of GP), PS (18% of GP) and RS (17% of previous year STI) • Daybrook employees benefit from a deferred compensation plan. Nominated employees are eligible to receive an allocation equal to 25% of their guaranteed package. The allocation vests after three years.
PERFORMANCE CONDITIONS	Performance (ie meeting requirements of the job)	n/a	• Budgeted HEPS growth • Budgeted RONA • Budgeted Working Capital • Budgeted Divisional/SBU operating profit • On Target (Divisional): range from 75% to 100% of budget • Stretch target (Division): range from 101% to 110% of budget	Refer to next table for performance conditions and characteristics of each share element.

LTI allocation methodology

LONG-TERM INCENTIVE	ELIGIBILITY	PLAN ELEMENTS AND PERFORMANCE CONDITIONS
SHARE APPRECIATION RIGHTS	Executives, senior managers and nominated middle managers	• The SAR element is similar to the previous Phantom Share Option Scheme and is similarly cash-settled. • Allocations are based on a reduced multiple of package to accommodate the offer of the other LTI elements. • The full allocation is subject to performance criteria which stipulate the number of rights that vest in relation to the achievement of financial performance targets. • The value delivered to an individual on exercise is the growth of the underlying share price above its strike price. • Vesting occurs on the third, fourth and fifth anniversary of the date of allocation, to the extent that the performance condition has been met. Exercise may be delayed until the seventh anniversary of the date of the allocation. • The performance condition is shown below:
PERFORMANCE SHARES (conditional)	Executives and senior managers	• The performance share element rewards future company and shareholder return. • Performance shares are conditionally awarded to those individuals who can influence long-term strategic performance. • They vest on the third anniversary of their award; the number vesting being tied to the extent to which the Company has met pre-set performance criteria over the three-year period. • Currently, vesting is governed by Oceana's comparative Total Shareholder Return (TSR) performance in relation to the members of the JSE Industrial Index. • If the TSR over the three-year period places it in 45th position (approximate median), then the targeted number (one-third of the maximum number) of performance shares awarded will vest. • If the TSR over the three-year period places it in 15th position (approximate upper quartile) or better, then the maximum number (three times the targeted number) awarded will vest. • If the TSR over the three-year period places it in 75th position (approximate lower quartile) or worse, then all performance shares awarded will be forfeited. • TSR performance between any of the above points results in pro-rated vesting. • No retesting is allowed, any shares not vesting will lapse.

Sliding scale for the application of performance vesting conditions based on a targeted increase of 3% p.a. real growth in HEPS over three-, four- and five-year periods

Real HEPS growth	Vesting percent
>=0%	5%
>=0.5%	10%
>=1.0%	16%
>=1.5%	27%
>=2.0%	44%
>=2.5%	75%
>=3.0%	100%

REPORT OF THE REMUNERATION AND NOMINATION COMMITTEE continued

LONG-TERM INCENTIVE	ELIGIBILITY	PLAN ELEMENTS AND PERFORMANCE CONDITIONS
RESTRICTED SHARES	Executives and senior managers	• The restricted share (matching) element provides share-based reward for individual performance. • Restricted shares are granted on an annual basis, the number of which is calculated with reference to the prior year short-term incentive, thus ensuring a strong link to individual performance on an annual basis. • A standard matching ratio based on an "on target" bonus is defined as part of a reward strategy – pay mix policy; however, this ratio is applied to the actual bonus earned, resulting in higher performers receiving larger grants. • Restricted shares vest at the end of the three-year period, subject to continued employment. Although the primary link to performance of this element is the STI (and the performance criteria therein), all restricted share grants are subject to claw back should any unacceptable performance be subsequently identified.
RESTRICTED SHARES (elective deferral component)	Executive Committee Members	• Members of the Executive Committee are offered on an annual basis the opportunity to elect to defer a portion (25%, 33% or 50%) of STI pay into restricted shares. • The restricted share (elective deferral component) effectively re-orientates top executive performance variable pay away from STI pay for operational performance, and more towards reward for long-term (share-based) performance. • The election is made well prior to the end of the bonus performance period, but the number of restricted shares to be granted and matched, is only determined at the end of this period. • The bonus calculation undertaken at the end of the performance period recognises and incorporates any elective deferral, and the cash bonus payment paid in the normal course of events is commensurately lower than it might have been if an election had not been made. However, a commensurately higher number (depending on the level of deferral chosen) of restricted shares is granted in terms of the Plan Rules, matched one for one with additional restricted shares. • To encourage a greater participation in the elective deferral scheme amongst senior executives, the restricted shares resulting from the elective deferral by the executive is treated differently should the executive resign prior to the standard vesting period. The portion deferred by the executive will vest in full, as it is effectively a voluntary investment by the executive in support of shareholder alignment, while the matched portion will be forfeited.
Phantom Shares Option Scheme	Executives, senior management and nominated middle managers	• The options in the Phantom Share Option Scheme are cash-settled. • Options may be exercised in tranches of one-third after three, four and five years from the date of grant and must be exercised within six years from date of grant. • The cash settlement amount of an option is the difference between the volume weighted average price of an Oceana Group share on the JSE for the 30 trading days immediately prior to the exercise date, and the strike price. • The performance condition (hurdle rate) attached to 50% of these grants is that the Company's HEPS should increase by 3% per annum above inflation over the three-year performance period. • The target was set with regard to the cumulative HEPS over the performance period. • All grants have met their performance condition and are now subject to time-based vesting.

SHARE DILUTION LIMITS

A maximum of 1.7% of the issued shares are approved to be allocated to participants in terms of all share plans. The individual limit is a maximum of 20% of the shares in issue under the scheme.

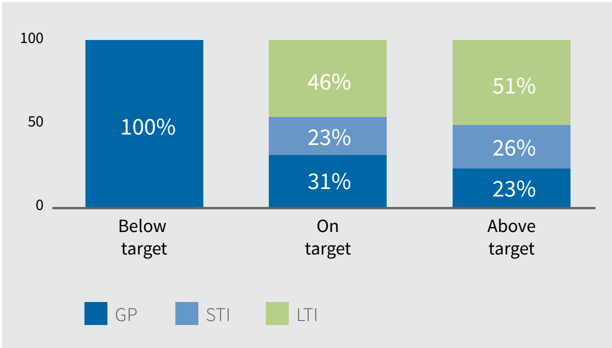
REMUNERATION MIX

The target remuneration mix varies at each grade. As a guideline, more senior employees should have a higher proportion of variable pay in their remuneration mix, as they have the ability to influence the financial performance and strategic outcomes of the Company and/or its various business units. The committee has designed the remuneration mix for executives in a way that avoids over-dependence on the variable pay components, which in turn discourages any excessive risk-taking behaviour. At lower levels, the remuneration mix is weighted in favour of guaranteed pay.

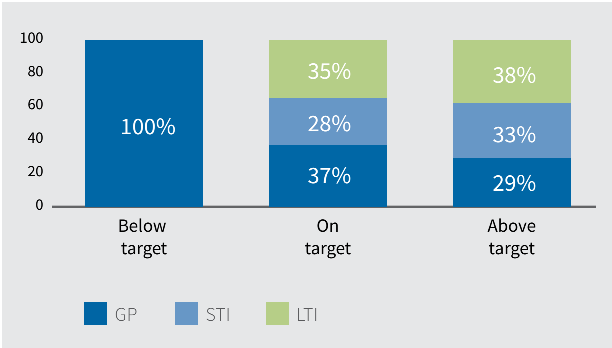
The total reward mix for the CEO and CFO is geared towards variable pay. The graph below illustrates the potential composition of the CEO and CFO at below, on target and above target. The following assumptions were used:

- For LTI illustration purposes, the annual share allocation levels as a percentage of guaranteed pay were used as a basis.
- Below target: performance conditions of STI and LTI are not met.
- On target: 100% vesting of LTI and STI performance conditions met.
- Above target: 100% vesting of SARs, RS and 300% of PS, STI target performance conditions met.

CEO PAY MIX



CFO PAY MIX



EXECUTIVE DIRECTOR SERVICE CONTRACTS

Oceana concludes permanent employment contracts with its executive directors which can be terminated by either party subject to a six-month notice period. In the event of termination of employment, the committee may elect to pay a departing executive director a cash lump sum in lieu of the notice period. The executive directors are subject to restraint of trade agreements. The retirement age for an executive director is 63 years.

In the event that an executive director's service contract is terminated due to operational reasons, Oceana's obligation to make a severance payment will be governed by the provisions of the Labour Relations Act.

NON-EXECUTIVE DIRECTORS

NED fees are paid on an annual retainer basis to account for the responsibilities borne by them throughout the year. They are not paid an attendance fee per meeting. The fee structure is evaluated on a regular basis based on NED fee surveys and the results of benchmarking exercises conducted by Deloitte.

Fees are reviewed annually, and proposed adjustments are tabled by the CEO for review by the committee, who will consider the proposed adjustments, taking into account increases across the Company. In the event of extraordinary work performed, they will be remunerated on an hourly rate basis, and *ad hoc* expenses will be reimbursed as and when required.

NEDs do not qualify for share options nor do they participate in any variable pay incentive schemes, in order to preserve their independence.

SECTION 3: IMPLEMENTATION AND REMUNERATION DISCLOSURE OF THE CEO, CFO AND NON-EXECUTIVE DIRECTORS

The Implementation Report details the outcomes of implementing the approved policy in the current financial year, as detailed in section 2 of this report.

The committee has reflected on the Group's application of the remuneration policy during the financial year and considers its adherence satisfactory. The Implementation Report discloses the detailed information and figures pertaining to the application of the remuneration policy in relation to the relevant executives.

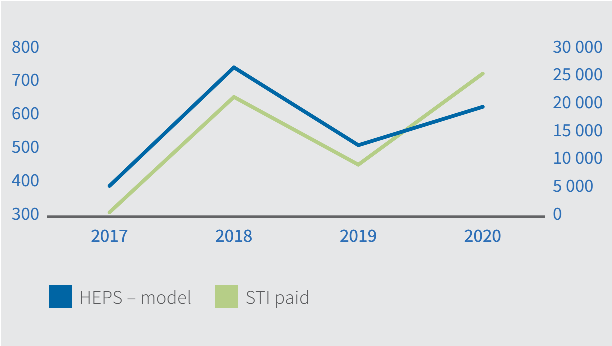
COMPANY PERFORMANCE VERSUS AVERAGE GROWTH IN EXECUTIVE REMUNERATION

The graphs below compare the Group's STI and LTI to its growth in HEPS and average share price against Oceana's financial performance for the 2020 financial year as contextualised in the CEO's Report. The committee is satisfied that remuneration is linked to long-term performance and value creation.

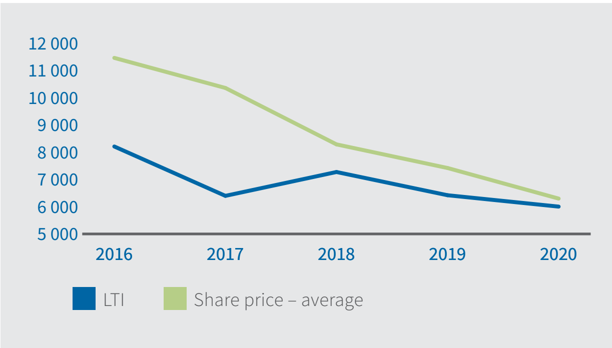
INTRODUCTION OUR BUSINESS OUR OPERATING CONTEXT OUR GOVERNANCE OUR STRATEGY AND OUTLOOK OUR PERFORMANCE REVIEWS ADMINISTRATION

REPORT OF THE REMUNERATION AND NOMINATION COMMITTEE continued

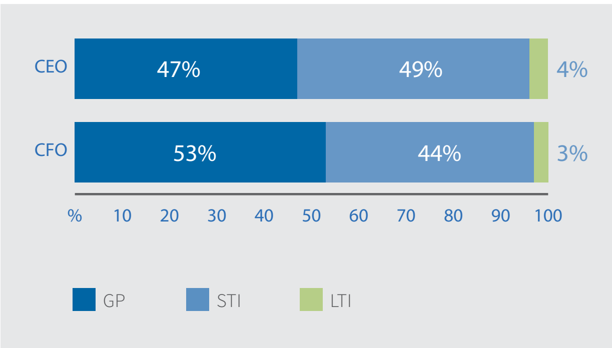
STI VS HEPS



LTI VS SHARE PRICE



The following graph has been prepared on the same basis as the chart in part 2 referring to pay mix which represents GP, STI and LTI which demonstrates the actual mix achieved for the year ended 30 September 2020.



GUARANTEED PAY

In line with the principle of fair and responsible remuneration, Oceana may continuously investigate the internal wage gap and disparities in remuneration in the Company. The average increase in executive remuneration is determined after consideration of the average increase in remuneration for management and general staff. For 2020, Oceana took the approach that a higher average percentage increase be implemented for the lower grades. Therefore, the average executive increases were once again lower than that of other employees.

SHORT-TERM INCENTIVE

In line with the STI performance conditions, the targeted HEPS growth, operating profits, net working capital and RONA were achieved at the Group and divisional level. The 2020 financial targets were all exceeded, which allows for outperformance bonuses to be achieved. Bonuses were paid to executive directors during the financial year under review. The Remnom is satisfied that the STI earned for the financial year 2020 is an accurate reflection of the Group/divisional and operational performance. Details of the executive directors' bonuses are disclosed in the ***AFS***.

LONG-TERM INCENTIVES

The annual allocation for CEO and CFO for the elements of LTI was approved by the committee during the 2020 financial year for which detail can be seen in the remuneration disclosure section below. The following LTI allocations, which were allocated in February 2017, vested during the financial year:

Share Appreciation Rights

The performance condition for SARs is HEPS growth of CPI plus 3% over the three-year performance period. Over the three-, four- and five-year period, the cumulative HEPS did not exceed the target. The tranches (one-third of award) relating to the February 2015, 2016 and 2017 allocations have therefore not vested. These tranches have therefore been forfeited.

Restricted Shares

The restricted shares component of the LTI is a retention mechanism which requires employees to remain in Oceana's employment for three years after the date of award. These shares vested for those individuals who were still employed in Oceana in February 2020.

Performance Shares

The performance condition for PS is TSR performance of the Company to the TSR Industrial Index of the peer group at the lower, median and upper quartiles. Oceana's TSR placed it in the 50th position of the JSE industrial index, which placed it between the lower and midpoint quartile. The performance shares therefore vested on a prorated basis. The level at which it vested can be seen in the remuneration disclosure note in the full ***AFS***.

SHARE DILUTION LIMITS

As at 30 September 2020, the number of equity settled shares that have been offered to participants under the 2013 Share Plan is 981 349 (2019: 866 762) which is below the threshold. As at 30 September 2020, no participants' holding exceeded 400 000 shares.

EXECUTIVE REMUNERATION FOR YEAR ENDED 30 SEPTEMBER 2020

Remuneration of executive directors is set out in the full ***AFS.*** The gain on exercise of share options is made in the period during which the directors dispose of shares. Therefore, the gain is not related to the performance of the Company in the 2020 financial year.

APPROVAL

The Remuneration Report was approved by the Remuneration and Nomination Committee of Oceana Group Limited.

OUR STRATEGY AND OUTLOOK

Our strategy for long-term growth enables ownership of the business objectives and alignment of targets across the Group. Having a unified approach with a single agenda and mission builds consensus. Our strategic planning sessions enable us to reflect on our ability to deliver on our ambitions and the phased approach in which to achieve it.

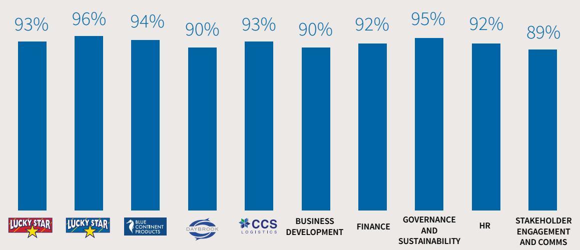
Each year our executive team, with Board participation, engage in a strategy review process over a three-month period.

The process begins in July, with a meeting between the CEO and the managing directors and financial directors of every division. These discussions feed into a more formal session where the Board Chairman joins, in which we explore emerging issues that impact the business. Divisions are asked to consider key growth trends, compliance issues and other parameters, before each division works on its strategy, which is then presented to the CEO and CFO and the full Exco team. In this way every Exco member can challenge and interrogate the strategy of other divisions. An external consultant facilitates these discussions to provide a third-party perspective. The strategic plans are refined, before being presented to the Board, where budgets and forecasts are approved for the short-, medium- and long-term. Performance against the strategy is reviewed at Board meetings on a quarterly basis.

As a result of Covid-19 and other factors, we agreed this year that while our long-term strategy remains intact, certain strategic items should be elevated, and others downgraded. The following was agreed:

- Certain strategic items should remain intact, irrespective of what happens to the business; this includes staff wellness, talent and leadership projects, sustainability, culture and behavioural shift initiatives, consolidated marketing and sales initiatives, global expansion and diversification initiatives, and land-based efficiencies.
- We have upgraded measures at our factories and vessels to prevent the spread of viruses.
- Our plans for acquisitive diversification remain part of the longer-term strategy but was downgraded for the year under review.

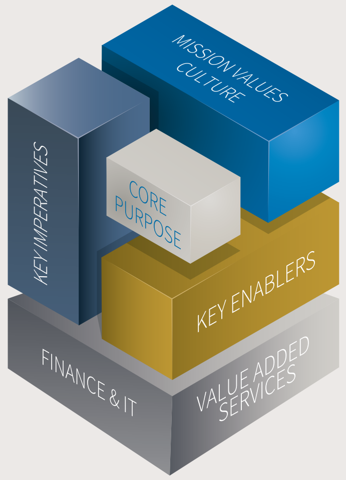
PROGRESS ON STRATEGIC DELIVERABLES 2020 (NON-FINANCIAL KPIs)(%)



OUR STRATEGIC IMPERATIVES

focus the Group's effort to create shared value:

- PROTECT AND OPTIMISE QUOTA BUSINESS
- DELIVER ORGANIC GROWTH
- SUSTAINABLE EARNINGS THROUGH ACQUISITIVE DIVERSIFICATION



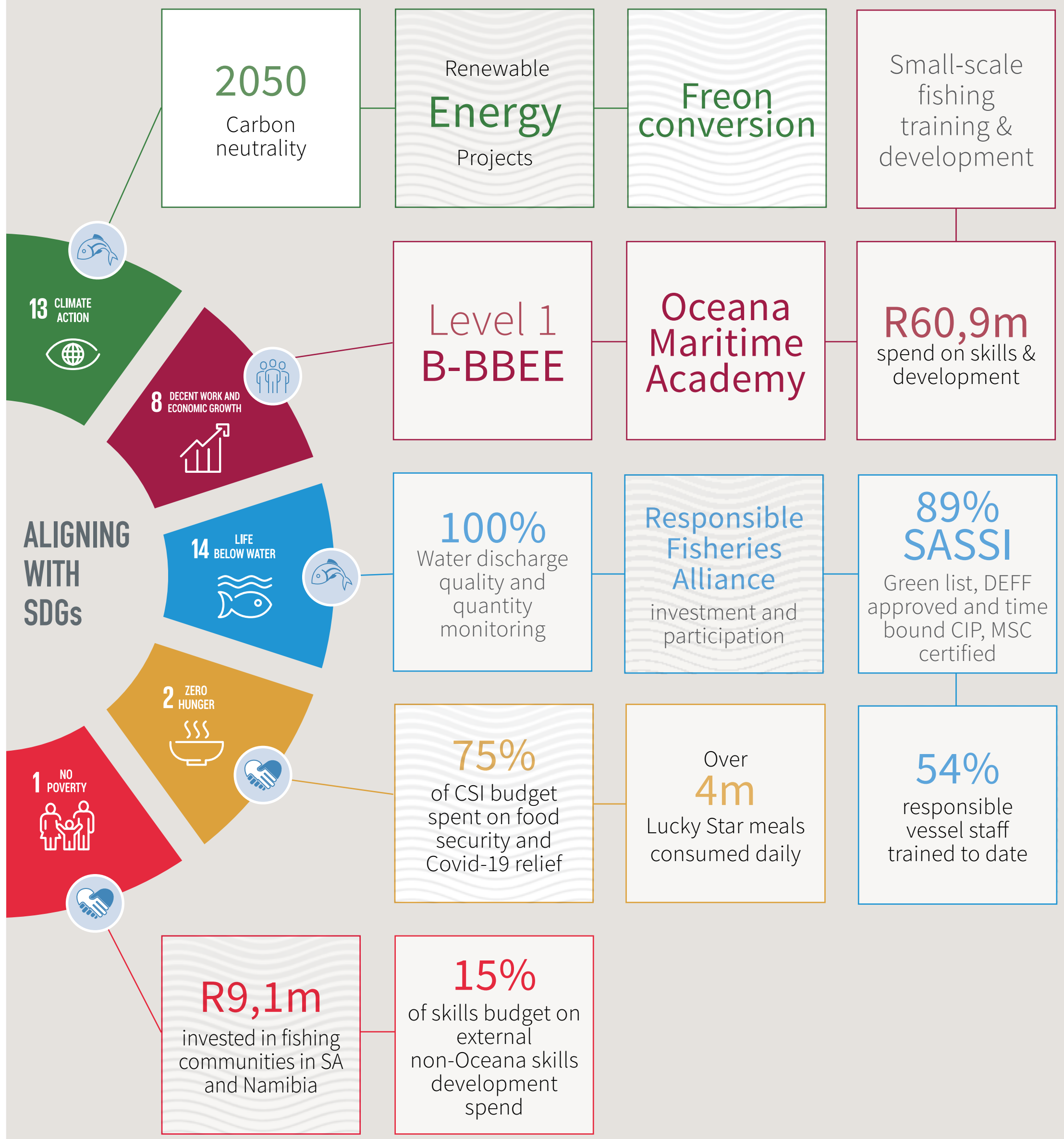
OUR STRATEGIC ENABLERS

protect and enable the delivery of shared value:

- GALVANISED WORKFORCE
- STAKEHOLDER ENGAGEMENT AND REPUTATION MANAGEMENT
- GOVERNANCE AND SUSTAINABILITY

The UN SDGs provide the best articulation of what that societal value should look like, setting a clear long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Oceana has a culture that is built around positively impacting lives and is committed to playing its role, as a private sector company, in the attainment of these SDGs, working alongside government, communities and other businesses.

Through our core business of responsibly harvesting and procuring a diverse range of global marine resources, we are making a significant contribution to national and global developmental objectives. We have identified and prioritised the five SDGs, where we believe we can have the most meaningful impact.



STRATEGIC IMPERATIVES

SI 1: PROTECT AND OPTIMISE OUR QUOTA BUSINESSES

Driving inclusive development in our core areas of operation is a strategic imperative that has a direct impact on our ability to retain and grow our commercial fishing rights.

VALUE CREATION TARGETS	
	• Protect the African quota-reliant businesses through transformation and localisation credentials
	• Achieve at a minimum an independently accredited B-BBEE level 2 rating in South Africa
	• Continue to invest in skills development and job security in the countries in which we operate

Oceana has consistently been recognised for its commitment, vision and leadership in promoting broad-based transformation in South Africa, and localisation in Namibia. Demonstrating this leadership is not only a fundamental part of our core purpose but is also crucial to our ability to secure long-term fishing rights. Ensuring visible and meaningful transformation that is aligned with the government's latest expectations has taken on added significance with most of our current rights allocations in South Africa up for renewal at the end of 2021.

PROMOTING TRANSFORMATION IN SOUTH AFRICA

There have been significant shifts in the South African transformation landscape with the legislative changes to the revised B-BBEE Codes of Good Practice becoming effective on 1 December 2019, introducing new principles, calculations, and more stringent measurement requirements for the skills development and enterprise and supplier development aspects of the Codes. We have adapted our transformation strategy to align with these changes and had training and awareness sessions delivered for employees involved in reporting on B-BBEE within the business. We continue to closely monitor legislative and policy developments, and to engage with regulators, to ensure that our long-standing empowerment activities have been clearly communicated and that our ongoing transformation activities are sufficiently aligned with government's expectations.

A summary review of our performance against the full scorecard is provided in our ***online Sustainability Report.***

SOUTH AFRICAN FISHING RIGHTS

The ability of fishing companies to increase their employment profile relies heavily on the availability of sufficient fishing rights to support their operations. Our rights for horse mackerel and hake inshore have been allocated to 31 December 2031 and West Coast rock lobster to 31 July 2032. Hake deep-sea trawl, squid, South Coast rock lobster, and small pelagic rights, which account for less than 16% of our enterprise value, are due for renewal by 31 December 2021.

OWNERSHIP AND THE OCEANA EMPOWERMENT TRUST

One of the key initiatives implemented by Oceana to advance its transformation strategy was the creation of the OET in 2006. The trust provides current and ex-employees with an important mechanism to grow the Company and to enjoy the fruits of their efforts in the workplace. As of September 2020, 2 431 beneficiaries have received over R490 million through the Trust, allowing them to become financially empowered active participants in South Africa's formal economy. This year, the beneficiaries received a monetary dividend pay-out of R21 million. The OET also offers its members with financial literacy programmes, as well as access to personal financial advice from certified financial advisors. Dividends from the OET have significantly impacted beneficiaries' socio-economic standing in different ways from being able to purchase a home and settling debts, to being able to fund dependents' tertiary education and establishing community outreach programmes.

The OET, the largest 100% black-owned fishing entity in South Africa in terms of ownership value, has a 10% shareholding in Oceana with a market value of R810 million. Oceana has an effective black ownership of 85.7% and was the most empowered food producer company on the JSE in 2019.

PROMOTING LOCALISATION IN NAMIBIA

Under Namibian law, only companies that are majority-owned by Namibians are eligible for fishing quotas. We have restructured our Namibian fishing rights' businesses to ensure that we meet the requirements of the Ministry of Fisheries and Marine Resources, aligned to the Namibian Equitable Economic Empowerment Framework (NEEEF), which is yet to be signed into law. Oceana operates through three companies in Namibia: Erongo Marine Enterprises (Proprietary) Ltd (Erongo), Commercial Cold Storage (Proprietary) Ltd (CCS) and Etosha Fishing Corporation (Proprietary) Ltd (Etosha) with a combined fixed assets value of N$670 million and more than 1 100 employees, excluding indirect jobs. Erongo operates in partnership with local horse mackerel rights holders (previously disadvantaged Namibians), which also includes the broad-based economic empowerment scheme Erongo Harambee Workers Trust.

Erongo, through the rights holding company Arechanab Fishing and Development, delivered the first dividends to the Harambee Trust for permanent Namibian workers in 2019 and this year we extended 31% of the ownership rights of the Trust to our Namibian cold storage business.

Etosha is a majority Namibian-owned company with Oceana owning 44.9%. Due to the pilchard moratorium in Namibia, Oceana has been importing frozen pilchards since 2010 to keep the Etosha cannery operational and to sustain the Company's 600 jobs.

We continue to make the case to the Namibian government for our significant contribution to job security and empowerment efforts through the Erongo Harambee Workers Trust. For the business to remain viable it would need sufficient horse mackerel quota to make up at least 75% of two vessels' annual catch capacity (45 000 tons).

CURRENT INVESTMENTS AND DIRECT EMPLOYMENT IN NAMIBIA

EME N$202m Fixed assets	**2** HM FREEZER (FACTORY) VESSELS • Sold one vessel in 2015 resulting in retrenchment; currently owns two vessels	**1** ONSHORE PROCESSING PLANT (OPP) • CCS premises	**452** EMPLOYEES • 220 seagoing • 20 office staff • 38 OPP, 174 casuals
CCS N$169m Fixed assets	**1** COLD STORE CAPACITY • Converted the original Namport C-shed into its current cold store capacity of 15 370	**15 370** PALLETS • 1982 – 4 890 • 1994 – 8 480 • 2013 – 2 000	**75** EMPLOYEES • 55 permanent • 20 temporary
ETOSHA N$297m Fixed assets	**1** CANNING FACTORY • Land-based	**1** REFRIGERATED SEAWATER VESSEL • sold three vessels in 2019 • converted purse seine vessel to a refrigerated seawater vessel	**611** EMPLOYEES • 94 permanent • 517 seasonal

OUR 2020 PERFORMANCE:

- ✓ Achieved a level 1 B-BBEE rating, with a score of 108.03 points out of 109.
- ✓ Maintained a recognition level of 135% for procurement in terms of the DTI's B-BBEE Scorecard.
- ✓ Achieved the maximum points at both Board member and executive director levels, and we continue to make reasonable progress in transforming our senior, middle and junior managerial ranks; black representation in our South African workforce is 96.47%; female representation is 43.66%, of whom 42.36% are black.
- ✓ Continued to invest in developing our employees against the backdrop of the scarcity of skills in our sector, investing R48,5 million in training black employees this year.
  We continued to support youth development through our learnerships for unemployed youth and placed 72 unemployed learners between the ages of 18 and 35 on our learnership, apprenticeship and internship programmes.
- ✓ Distributed 1.22% of the Group's net profit after tax in South Africa to beneficiaries that have a black base of at least 75%.
- ✓ 86.18% of our total measured procurement spend was with B-BBEE compliant suppliers.
- ✓ Continued to support small-scale fishers through joint ventures with smaller fishing companies and suppliers that are critical to our business. A requirement of the revised codes is that the beneficiary has to be either an exempt micro-enterprise (EME) or a qualifying small enterprise (QSE) that is 51% or more black-owned.
- ✓ Made significant progress on the infrastructure planning and strategy of the Oceana Maritime Training Academy, which will contribute significantly to skills development in the sector, especially for small-scale fishers *(see page 73)*
- ✓ Ranked the most empowered food producer on the JSE, in the top eight in terms of ownership and in the top ten in terms of management control.

LOOKING AHEAD TO 2021

We will:

- Retain our level 1 B-BBEE rating.
- Develop meaningful partnership with DEFF to support small-scale fishers and National Development Plan imperatives (strategic enabler #2 on *page 72*).
- Pro-active engagement with policy makers and lobbying through various industry associations.
- Ensure a strong partnership with stakeholders who make and influence public policy in order to build, strengthen and support FRAP 2021 desired outcomes.
- Build strong communication plan with key role players in government, industry, labour and business coalitions.
- Broaden the Namibian empowerment scheme.

SI 2: DELIVER ORGANIC GROWTH

We are exploring opportunities to achieve organic growth in the Group's core businesses.

VALUE CREATION TARGETS

- Grow pilchard consumption within the total protein category
- Explore alternative markets for canned food by leveraging the Lucky Star brand
- Deliver on product innovation and service offerings across divisions
- Improve raw material utilisation of canned food and fishmeal production
- Increase fishmeal volumes by enhancing the production process and investing in facilities improvement
- Enhance harvested volumes by improving fleet capacity and availability
- Leverage the skill set of USA and SA teams to maximise shared knowledge
- Enhance and leverage the benefits extracted from Group procurement and centralisation of services and a newly implemented enterprise resource planning system

CANNED FOODS

OUR 2020 PERFORMANCE:

LUCKY STAR BRAND

- ✓ Achieved 1% volume growth in canned pilchards within the context of severe economic decline and the South African consumer under pressure.
- ✗ Earnings were impacted by exchange rate value.
- ✓ Inventory levels were well managed with sufficient stock to withstand Covid disruptions to supply chain for three months.
- ✓ Formally embarked on the brand stretch and introduced new products in the canned food category; there appears to be brand acceptance for Lucky Star beyond fish.
- ✓ Innovations achieved in canned fish with the relaunch of a new category for sardines showing growth on a high margin product with Lucky Star taking two-thirds of market share.
- ✓ Achieved our target to gain market share in the Western Cape.
- ✗ Limited success in launching in additional African countries primarily driven by severe depreciation in their currencies.
- = School feeding programme closures impacted on category uptake but subsequently restored and outlook is positive with pilchard featuring on menu twice a week (as opposed to once).

LUCKY STAR CANNERY

- ✓ Increased daily throughputs by 25%.
- ✓ Geared ourselves to mitigate risk against load shedding through installation of generators at St Helena Bay and Laaiplek; canneries can now run at 100% throughputs during load shedding.

LOOKING AHEAD TO 2021

Lucky Star brand will drive market growth through increased pilchard consumption per household. We will:

- Identify new growth opportunities by stretching beyond canned fish.
- Optimise international geographies.
- Maintain relative affordability to other proteins.
- Continue marketing versatility of canned fish and innovation in terms of packaging and flavours.

Lucky Star cannery will optimise and create efficiencies through:

- Increased throughputs, reduced waste and flexible labour costs.
- Maximise fresh pilchards supply.
- Developing capability to process scale-on fish.
- Maximise capacity utilisation.

Galvanise the workforce with a focus on mental wellness and introduce sustainable energy initiatives at operations.

FISHMEAL AND FISH OIL

OUR 2020 PERFORMANCE:

USA

- ✗ Lower landings due to Covid-19 disruptions and an abnormally active hurricane season.
- ✓ Made progress in our pet food segment with 2% increase year-on-year in mid-tier customers.
- = Flat on through-puts, but oil yields up 1%.

Africa

- ✓ 20% increase in landings in South Africa with improved catches and fishmeal sales volumes also up.
- ✓ Benefitted from strong oil pricing in the aquafeed market.
- ✓ Geared ourselves to mitigate risk against load shedding through installation of generators at St Helena Bay and Laaiplek; fishmeal plants can run at 100% through-puts during load shedding.

LOOKING AHEAD TO 2021

In the USA, **Daybrook** will drive volumes through:

- Improved landings with Westbank Fishing.
- Step-change plant capacity and throughput.
- Entrench and grow pet food market share.

We will identify new growth opportunities through:

- Material uptick in meal protein and oil quality levels.
- Supplement supply with alternative species and procured meal.
- MSC certification.

In **South Africa**, we will optimise harvesting and processing through:

- Improving margins by right-sizing the fleet and quality enhancement.
- Increasing throughput by removing bottlenecks and increasing plant uptime.
- Identifying innovation opportunities in production process.

We will identify new growth opportunities through:

- Securing additional quota via joint ventures with SMEs.
- Targeting an increase in production capacity.

BLUE CONTINENT PRODUCTS

OUR 2020 PERFORMANCE:

- ✓ Gained market share for headed and gutted hake in Europe, with favourable pricing and exchange rate; increased horse mackerel sales to Namibia.
- ✓ Horse mackerel catch rates in South Africa improved relative to prior year.
- ✗ Namibia performance declined due to Covid-19 disruption.
- ✓ Strong market demand for both hake and horse mackerel.
- ✗ Covid-19-related factors caused disruptions in the lobster market and squid operations experienced lower catch rates.
- ✓ Continued to drive efficiencies and eliminate costs, shifting to hake freezer vessels only.

LOOKING AHEAD TO 2021

For **South African** operations, we will protect and optimise through:

- Being the most efficient and preferred operator in all species.
- Ammonia fleet conversion capacity upgrades from 2021 to 2024.

We will identify new growth opportunities through:

- Reviewing our ownership structure in line with FRAP policy guidelines.
- Exploring new hake markets.

For **Namibian horse mackerel**, we will protect and optimise through:

- Implementing new structures to meet rights renewal objectives of the government.
- Being the most efficient and preferred operator in Namibia.

We will identify new growth opportunities through:

- Exploring new partnerships to expand capacity and secure additional tonnage.
- Attracting rights holders via our land-based value-added processing option.
- Establishing synergies between Erongo, CCS, Walvis Bay and Etosha.

INTRODUCTION > OUR BUSINESS > OUR OPERATING CONTEXT > OUR GOVERNANCE > OUR STRATEGY AND OUTLOOK > OUR PERFORMANCE REVIEWS > ADMINISTRATION

SI 2: DELIVER ORGANIC GROWTH continued

COLD COMMERCIAL STORAGE

OUR 2020 PERFORMANCE:

- ✓ Turnaround in Gauteng with exiting unprofitable capacity coupled with high storage requirements during the onset of Covid-19.
- ✓ Cape Town enjoyed a fifth successive year of occupancy levels above 85%.
- ✓ Namibia delivered as expected.
- ✗ Durban performance was disappointing due to a reduction in import rates due to Covid-19.
- ✓ Built on the CCS brand in the cold storage industry and improved staff morale.

LOOKING AHEAD TO 2021

We will stabilise and enhance earnings through:

- Returning Gauteng to profitability.
- Selling the Durban leased cold store.

We will identify value realisation through:

- Optimising existing site capacity in the Western Cape and Walvis Bay while enabling the Oceana business (pilchards, horse mackerel and hake).

SI 3: SUSTAINABLE EARNINGS THROUGH DIVERSIFICATION

To supplement organic growth with strategic growth that helps to enhance earnings, increase diversification and reduce portfolio imbalance.

VALUE CREATION TARGETS	
	• Reduce earnings volatility by continuing to seek opportunities to increase geographic and species diversification
	• Reduce gearing levels to support an acquisition strategy

Wild capture production has remained static for the last three decades and this trend is expected to continue. Any growth in total fish production will be driven entirely by aquaculture production, which was expected to overtake total capture fisheries in 2020. Global capture fisheries and aquaculture production reached 179 million tons in 2018, excluding aquatic algae, with 96.4 million coming from capture fisheries production, while aquaculture production reached 82.1 million tons.[1]

A drive on aquaculture remains part of our core strategy to increase our geographic and species diversification. As a result of the Covid-19 crisis, we downgraded our focus on a high value aquaculture investment and continued to pursue low risk vertically integrated and emerging aquaculture opportunities, aligned with our investment criteria. We appointed a Business Development Executive to take this forward.

Our acquisition of Daybrook in 2015 was a significant achievement for Oceana, increasing both earnings and diversification. We continue to search for similar scale opportunities in the aquaculture space, while simultaneously identifying strategic targets in the wild capture landscape globally.

OUR 2020 PERFORMANCE:

- ✓ Evaluated and assessed merger and acquisition opportunities aligned to investment criteria in both emerging aquaculture and vertically integrated fishing business landscape.
- ✓ Provided financial and business impact assessment into various projects to drive growth through diversification.
- ✓ Development of capacity to drive growth through diversification.

LOOKING AHEAD TO 2021

We will:

- Continue to assess diversification opportunities.
- Continue to explore low risk aquaculture opportunities.

[1] *The State of World Fisheries and Aquaculture (SOFIA), FAO 2020.*

STRATEGIC ENABLERS

SE 1: GALVANISE THE WORKFORCE

HEALTHY ORGANISATION

To nurture a healthy organisation and a capable workforce. The enhancement of our leadership capability is intrinsically linked to Oceana's ability to deliver the Group's longer-term strategy, as well as being able to galvanise our workforce.

VALUE CREATION TARGETS

- Implement a talent management process to support succession planning and improve the skills level in our organisation
- Deliver programmes to nurture a healthy organisation

While a major achievement this year was our ability to pull together and deliver through Covid-19, we continued to deliver against our core focus areas around skills development and enabling a healthy organisation.

PROMOTING A DIVERSE AND INCLUSIVE WORKFORCE

Oceana is recognised as a leader in empowerment and diversity. In South Africa and Namibia, the focus has long been established through the respective legislative frameworks and we have made significant progress over the years. We have maintained our Level 1 B-BBEE rating in South Africa, supported by the excellent work of our Transformation Committee that comprises leadership across the business.

We have a diverse Board and we actively develop people and create opportunities for growth. We have enabled a lot more discussion this year on diversity and inclusion, with particular focus on #BlackLivesMatter and gender diversity.

There have been some positive developments this year in promoting gender diversity in the leadership team and succession planning at the Board level, with the appointment of a new CFO and a permanent HR executive, both of whom are women. Our HR executive has been renamed to Chief People Officer to align with out thinking of what we want to achieve.

TRAINING SPEND

	2020	2019	2018
Total amount invested in skills development	R60,9m	R28,3m	R22,0m
Total spent as a % of leviable payroll on black employees	3.3%	2.9%	2.6%
Total spent on black employees as a % of total amount invested in skills development	80.0%	86.5%	91.5%
Total spent on disabled employees as a % of total amount invested in skills development	8.2%	18.3%	11.5%
Total spent as a % of leviable payroll on black disabled employees	0.3%	0.3%	0.3%

OUR 2020 PERFORMANCE:

- ✓ Completed the Oceana Leadership Accelaration Programme with GIBS, and a Leadership Integration Programme at CCS.
- ✗ We were unable to deliver on some of the planned lower level skills development programmes.
- ✓ Worked closely with training providers and SAMSA to get online maritime qualifications recognised by industry authorities.
- ✓ Successfully built the physical infrastructure for the Oceana Maritime Academy.
- ✓ Continued with our ongoing coaching initiative of black talent across middle, senior and executive management to accelerate diversity in our managerial ranks.
- ✓ Invested R60,9 million on employee skills development in South Africa and Namibia.
- ✓ Arranged FSSC ISO 22000 training for the Lucky Star cannery and capacity building training for small-scale fishers.
- ✓ Employed via internship and learnership, eight apprentices in CCS and learnerships for 14 hearing impaired and disabled learners. Further sponsorship of two learners from the Lawhill Maritime Centre in an apprenticeship programme.
- ✓ In collaboration with internal corporate affairs, we delivered a number of programs focused on women in the workplace to foster gender diversity and inclusion.
- ✓ Focussing on wellness, we offered ongoing and regular online classes in mindfulness and meditation, emotional resilience and exercise sessions to employees working from home.

LOOKING AHEAD TO 2021

We will:

- Create and communicate the Oceana culture statement and define and deliver regular employee value proposition/culture interventions.
- Develop a future fit/future ready workforce through further executive development, recruitment for future skills requirements and improving technology adoption and drive innovation.
- Deliver a second staff empowerment scheme to replace the OET, designed to aid in the creation of an ownership mentality across the Group.
- Develop an integrated Employee Assistance Programme with a focus on mental, physical, and psychosocial wellbeing.
- Develop a post Covid-19 policy and safety protocols that allow for ongoing PPE costs and permanent changes to ways of working.
- Develop a more integrated approach to talent management and succession planning that enables all Oceana environments access to talent and skills development programmes.
- Deliver a programme at management level, the Oceana Management Advancement Programme (OMAP).
- Execute a consistent HR offering to all Oceana people.

SE 2: ENGAGE STAKEHOLDERS AND MANAGE REPUTATION

DIALOGUE AND ENGAGEMENT

Understanding and being responsive to the interests of our stakeholders through effective dialogue and engagement is critical to delivering on our strategic imperatives.

VALUE CREATION TARGETS	
	• Encourage proactive engagement with key stakeholders and decision-makers • Play a proactive and positive role in the determination of policy for issuing of fishing quotas in South Africa and Namibia

We firmly believe that our capacity to create value is inextricably linked to the value we create for our stakeholders, society and the broader environment. We are a purpose-driven company, and exist to make a meaningful difference in the lives of all our stakeholders.

For details on our key stakeholder groups, their contribution to our value creation, the most material interests of that group, and how we engage with them to address these interests see *page 40*. For our Covid-19 measures and how these impacted our stakeholders refer to *page 12.*

OUR 2020 PERFORMANCE:

- ✓ Mitigated risks associated with FRAP 2021. Oceana's current black ownership of 87.5% holds us in a strong position, along with our investments in the industry, creation and retention of jobs, our responsible fishing practices, our Oceana Maritime Academy, support for small-scale fishers, and our active participation in industry and government initiatives.
- ✓ Had constructive engagement with DEFF and the new Minister this year and the quality of the relationship has improved.
- ✓ Maintained sustainable employment levels. The quality of relationships between management, employees and labour unions was reflected in low employee turnover rates, minimal disruptions due to industrial action and successful conclusion of wage negotiations. Enhanced workdays and stable income was provided to seasonal employees through our frozen fish import strategy.
- ✓ Elevated the standards in the fishing industry through the Oceana Maritime Academy which provides Oceana a platform to drive the development and accreditation of industry-relevant programmes.
- ✓ Worked with the municipality in St Helena Bay to donate further land to the West Coast communities. Oceana has provided significant support over the years, including donation of land and the maintenance of a school in St Helena Bay.
- ✓ Provided focused support to communities through our CSI initiatives, co-ordinated primarily through the Oceana Foundation. Our strategic CSI programme was paused with resources redeployed to Covid-19 relief efforts. See our online ***Sustainability Report*** for details on our partnership work and CSI delivery in response to Covid-19.

LOOKING AHEAD TO 2021

We will:

- Continue to proactively engage with all our stakeholders.
- We will focus our efforts in growing the fishing sector and assist in empowering small-scale fishers.
- Continue to develop meaningful partnerships with government to support small-scale fishers and National Development Plan imperatives through the Oceana Maritime Academy.
- Build strong communication plan with key role players in government, industry, labour, business coalitions, political parties and parliament.
- Continue to build Oceana corporate brand awareness through online visibility, media presence, thought leadership and sponsorship of selected events.

"It was an incredible experience to learn about what Oceana does and the philosophy that the Company subscribes to. It is clear that our values are aligned. We are excited with the prospects of developing a working relationship between the two institutions and we are looking forward to the launch of your academy."

Thobile Lamati, Director General: Employment and Labour

OCEANA MARITIME ACADEMY

R20.6 million CAPITAL AND OPERATIONAL INVESTMENT IN YEAR ONE	5 000+ LEARNERS PER ANNUM	STATE-OF-THE-ART CLASSROOMS, COMPUTER TRAINING ROOMS, 85-seat AUDITORIUM	WORLD CLASS MARITIME SKILLS AND TRAINING FACILITIES

Based in Hout Bay harbour, Cape Town, the Oceana Maritime Academy is the first training academy of its kind in South Africa that focuses specifically on the needs of the fishing industry. We have engaged with more than 20 strategic stakeholders over the past 18 months to shape the strategy of the Academy and to align with the Small-Scale Fisheries Policy.

Before the end of 2021, over 10 500 fishermen and women organised in 110 co-operatives nationwide will be awarded 15-year small-scale fishing rights.

In order to access quota, fishers must form co-operatives and one of the key challenges facing these co-operatives is the need to open bank accounts. Oceana assisted and facilitated discussions and in collaboration with First National Bank offered this service.

While DEFF is responsible for registering these co-operatives, the Government realises that if these co-operatives are not supported, they will likely fail.

We are ensuring they will be given every chance to succeed. What started out with a significant degree of cynicism and doubt, it took us 18 months to win over the trust of the small-scale fishing communities and they are now more willing to embrace the assistance that we have to offer. We conducted training with DEFF and small-scale fishers in Port Elizabeth this year.

Offering support through Oceana infrastructure and skills, such as cold-chain facilities and marketing channels, has always been in place. Now we are engaging with fishers to identify other needs, including business administration training, financial literacy training, and technical training such as HACCP.

A positive knock-on effect of formalising the small-scale fishing community is that it will lead to a reduction in poaching in high-value species such as West Coast rock lobster and abalone. Formally recognising these fishermen and women with the allocation of quota, brings historical change to communities that have faced significant barriers to economic participation. The newly recognised small-scale fishers have remained marginalised in the value chain, with little to no control over the price of their catch. Assisting small-scale fishers on their path towards recognition and sustainability will help to transition these fisheries to sustainable status.

We are collaborating with DEFF in developing a series of customised skills and training programmes to address the skills shortages in the small-scale fisheries sector. We aim to train in sustainable fishing practices, as well as on how to establish co-operatives and run successful businesses, thereby equipping fishers with complementary skills to create opportunities for work outside of the fishing season.

As the Academy grows, we intend to expand the facility to include further industry-relevant specialist training and form international alliances to offer global best practice exchange opportunities.

INTRODUCTION
OUR BUSINESS
OUR OPERATING CONTEXT
OUR GOVERNANCE
OUR STRATEGY AND OUTLOOK
OUR PERFORMANCE REVIEWS
ADMINISTRATION

SE 3: ENSURE GOOD GOVERNANCE AND SUSTAINABILITY

To secure and enable growth by providing professional frameworks and trusted advice that assures good governance, in areas of corporate governance, compliance, risk and sustainability.

VALUE CREATION TARGETS	
	• Fully comply with laws and regulations of all countries where we harvest and transact
	• Adhere to strict food safety standards
	• Adhere to the best health and safety standards
	• Monitor, manage and mitigate the Group's impact on the environment
	• Manage odour and stack emissions through continued audits and engagement with communities
	• Reduce the usage of potable water through desalination initiatives
	• Drive energy efficiency and reduce atmospheric emissions
	• Continue to engage with regulators, scientists and other stakeholders to promote responsible fisheries management across species

COMPLIANCE

We continued to drive a culture of excellence in risk management and compliance across the business with the support of the governance department. This has enabled alignment and increased governance focus on the core areas of food safety, occupational health and safety, and environmental management. This structure ensures enhanced Group oversight on compliance matters and robust reporting back to the Board, and it proved invaluable at the onset of Covid-19.

OUR 2020 PERFORMANCE:

- Our Group-wide compliance team was quick to respond to the compliance needs of the business when the Covid-19 crisis erupted this year.
- Our compliance forum comprising senior executives across the Group continued to meet every second month to report on compliance issues, lessons learnt and to develop improvement plans. Best practice sharing between teams included: the "Good Catch" campaign to create a positive association to reporting on incidences, which Oceana will implement in 2021.
- Ensured adequate assurance coverage across all risks through the combined assurance model.

ADHERING TO STRICT FOOD SAFETY STANDARDS

Our food safety systems, which extend along the full supply chain from "ocean to plate", are founded on internationally recognised technical regulations and standards aimed at protecting public health.

We conduct regular audits, inspections, surveillance and examinations of product designs, products, services, processes and processing plants, to determine their conformity with specific or general requirements. We focus on allergens, as well as biological, chemical, physical and regulatory hazards that can occur if not controlled.

In our own operations, including both plants and vessels, each division has a documented food safety management system in place overseen by food safety and quality departments.

OUR 2020 PERFORMANCE:

- There were no incidents of critical non-conformances that required us to implement a product recall.
- We continued to maintain strong relationships with our suppliers. We conducted virtual audits with teams from all our canned food suppliers.
- We created 11 new roles to support our food safety and quality teams in our local canning and fishmeal and fish oil businesses following a gap analysis on our food safety and quality management systems.
- Maintained BRC certification for hake, an important accreditation for our European markets and HACCP certification across all our land-based facilities and vessels.

ADHERING TO THE BEST OCCUPATIONAL HEALTH AND SAFETY STANDARDS

To mitigate the inherent health and safety risks associated with our land- and sea-based activities, we implement safety monitoring, training and enforcement programmes, provide relevant PPE, ensure effective incident tracking and investigation, and undertake periodic safety audits on all sites and vessels. The managing directors of all operating divisions are responsible for ensuring full compliance with relevant occupational health and safety legislation, and that the required structures are in place.

OUR 2020 PERFORMANCE:

- The Oceana Group Vessel Safety Committee continued to drive health and safety across the Group.
- We launched a digital awareness campaign on vessels and CCS to encourage the reporting of near misses and lessons learnt.
- In our land-based facilities we also ran health and safety campaigns ("safe-tember" and "OSH-tober") to bring health and safety close to employees.
- We launched a near miss campaign at CCS relating to incidences such as occupational health and safety, environmental issues, asset damage, and business interruption, encouraging staff to report near-misses in the workplace through a rewards system.
- Occupational Health and Safety compliance audits were conducted by Marsh on land-based facilities and vessels, with in-house audits completed as another level of assurance.
- The number and severity of safety incidents recorded remained low: the Group's disabling injury frequency rate (DIFR) of 1.34 was once again below the Group margin ceiling of 1.5. Once again there were no occupational fatalities this year.
- We continued to implement the requirements of the ILO's Work in Fishing Convention (No. 188), which addresses labour and safety issues holistically for fishing vessels engaged in commercial fishing. Changes implemented included making our crew contracts more definitive and ensuring crew have access to healthy food.

ENVIRONMENTAL MANAGEMENT

We monitor and manage the material environmental impacts of our operations through our ISO 14001-aligned environmental control system (ECS). In committing to sustainable resource use and a reduced impact on the environment, we have set specific targets for energy and water consumption, and management of water and waste disposal across the Group. An overview of sustainability metrics can be found on ***page 77***. We report publicly against these targets each year in our online ***Sustainability Report.***

Our CEO has ultimate responsibility for the Group's environmental policy and ensuring investments made available are sufficient to mitigate risks. An Energy Resilience Team, established by the CEO in the prior year to identify sustainable, viable and cost-effective energy solutions for the business, has taken the lead in establishing our targets and reviewing gas and renewable energy options this year.

Our quarterly sustainability forums bring together key functional and divisional senior members to develop strategy, assess progress on energy and water conservation projects and our KPIs on climate change. These forums enable learning to be shared and initiatives to be driven as a collective.

Please refer to our ***Sustainability Report*** to read more about how our sustainability strategy focus areas align with the United Nations Sustainable Development Goals (2030) and our environmental management protocols.

OUR 2020 PERFORMANCE:

- We achieved a 30% absolute reduction in our municipal water consumption through our desalination plants at St Helena Bay and Laaiplek, our reverse osmosis plants at our CCS facilities, and water-use efficiency measures since inception in 2018.
- We extracted proteins and solids from our fish processing water (stick water) to enable its reuse and recovered condensate and steam in the fishmeal plants for reuse in boilers.
- We achieved our target of ensuring that no food fit for human or animal consumption was sent to landfills, but were instead directed to our fishmeal processing facilities.
- We were granted coastal water discharge permits in all our facilities.
- Introduction of carbon emissions targets to 2030 and a carbon neutrality target to 2050. All targets will be included into divisional management KPIs and reward programmes for 2021.
- We reduced energy usage by 25% and land-based GHG intensity by 4.5% due to production efficiency.
- We started using low sulphur fuel (less than 0.5%) for our vessels and by January 2020 we were in full compliance with the regulation.
- We assessed the impact of the South African carbon tax on our business to identify material costs and budgetary planning for divisions.
- We maintained our JSE FTSE4 Good rating.

INTRODUCTION > OUR BUSINESS > OUR OPERATING CONTEXT > OUR GOVERNANCE > OUR STRATEGY AND OUTLOOK > OUR PERFORMANCE REVIEWS > ADMINISTRATION

SE 3: ENSURE GOOD GOVERNANCE AND SUSTAINABILITY continued

SUSTAINABLE MANAGEMENT OF MARINE RESOURCES

The success of our business depends ultimately on the long-term viability of the fish biomass that we access. Promoting an ecosystem approach to fishing, ensuring full legal compliance within our highly regulated operating environment, and driving responsible fishing practices across our supply chain, remain fundamental business imperatives.

We have a zero-tolerance approach to illegal, unreported and unregulated (IUU) fishing. This undermines fish stocks, negatively impacts food security, and ultimately reduces social and economic opportunities. We commission fisheries audit reports on an annual basis on each species that we catch in South Africa, with the exception of lobster, and are committed to sourcing from fisheries that are considered low risk, well managed or undergoing fisheries improvement. Our latest scientific study findings are provided on our website ***www.oceana.co.za.*** We engage with regulators, scientists and other stakeholders, fund research and participate in industry workshops to support an ecosystem approach to fisheries management. We partner with the Responsible Fisheries Alliance (RFA) to deliver training to our seagoing employees on responsible fishing practices. We observe the South African Sustainable Seafood Initiative (SASSI) ratings on fish species.

OUR 2020 PERFORMANCE:

- ✓ The majority (91%) of our harvested commercial fishing rights were on the SASSI green list. For West Coast rock lobster (WCRL), listed as red, we were an active stakeholder in the traceability task-force to enhance the traceability of WCRL.
- ✓ Gulf menhaden retained its MSC certification, the best accreditation one can achieve for wild catch, making this fishery one of the few reduction fisheries in the world to be MSC certified.
- ✓ Hake operations retained its MSC chain of custody certification, with 99% reduction in accidental seabird mortalities.
- ✓ We retained our International Fishmeal and Fish Oil Organisation (IFFO) Global Standard for Responsible Supply (IFFO-RS) – accreditation for 100% of fishmeal and fish oil operations.
- ✓ Supported DEFF with a total of 48 seagoing research days with our lobster vessels and scientific observers on board our horse mackerel mid-water trawler, *Desert Diamond*.
- ✓ To date 60% of our seagoing personnel have undergone Responsible Fisheries Alliance (RFA) training conducted by WWF, one of the highest participation rates in the alliance.

LOOKING AHEAD TO 2021

- Continue to embed a culture of compliance, enterprise risk management, safety and sustainable practices across the business.
- Lucky Star Marketing Food Safety and Quality Assurance Department (FSQA) to work closely with procurement and supply chain teams to ensure no food safety gaps exist.
- FSSC 22 000 certification to be achieved in our two local cannery plants and two fishmeal plants in St Helena Bay and Laaiplek by December 2021.
- To continue with process re-engineering and R&D in our local plants to improve quality of the fishmeal to achieve more Prime and Super Prime products.

Further details on our safety-related activities, environmental management and sustainable fisheries performance are provided in our online ***Sustainability Report***.

OUR ESG PERFORMANCE AT A GLANCE

OUR VALUE ADDED (R'000)	2020	2019
Revenue	8 308 341	7 647 415
Paid to suppliers for materials and services	5 370 054	5 092 638
Income from investments	18 383	33 681
Total wealth created	2 956 670	2 588 458
Employees (salaries, wages & other benefits)	1 303 850	1 159 108
Shareholders	442 434	543 777
Lenders (interest)	248 389	294 547
Government (central and local)[1]	351 493	236 255
Reinvested in the Group to maintain and develop operations:		
Depreciation, amortisation and impairment loss	228 745	210 393
Retained surplus[2]	373 717	104 590
Deferred taxation	8 042	39 789
Total wealth distributed	2 956 670	2 588 458
Employees		
Direct (no.)	3 005	3 165
Indirect[3] (no.)	1 445	1 680
Voluntary turnover (%)	3.8	4.2
Industrial action at our operations (days)	–	–
Unionised workforce (%)	61	58
Investments in employee skills development[4] (R million)	60.90	28.30
Group safety		
Fatalities (no.)	–	–
Disabling injuries frequency rate	1.34	0.93
Corporate social investment (CSI)		
South Africa (R million)	7.41	4.35
Namibia (N$ million)	1.77	2.48
USA ($'000)	9.50	16.97
Environmental performance		
Targeted South African species on SASSI green list (%)	90	91
GHG Emissions (Scope 1 and 2) (tCO_2e)	218 068	232 891
Energy consumption (million MJ)	1 820 480 812	2 427 647 598
Water usage (kilolitres per ton of product produced, stored and handled)	0.37	0.29
Environmental audit results (land-based)	98	96
Environmental audit results (vessels)	99	98

1 *This includes Company taxation, skills development levy net of refunds, rates and taxes paid to local authorities, customs duties, import surcharges and excise taxes, and withholding taxes. It excludes amounts collected by the Group on behalf of the government for VAT (net amount refunded), PAYE and SITE (withheld from remuneration paid) and UIF (contributions withheld from employees' salaries).*

2 *This includes Group profit after taxation less dividends paid to: shareholders of Oceana Group Limited (R397 457), OET beneficiaries (R23 665) and non-controlling interests (R21 312).*

3 *Indirect employment includes JV staff and employment through labour brokers.*

4 *In South Africa and Namibia.*

INTRODUCTION
OUR BUSINESS
OUR OPERATING CONTEXT
OUR GOVERNANCE
OUR STRATEGY AND OUTLOOK
OUR PERFORMANCE REVIEWS
ADMINISTRATION

OUR PERFORMANCE REVIEWS

CHIEF FINANCIAL OFFICER'S REPORT

The strength of Oceana's diversification strategy and the advantage of being able to produce and deliver an affordable protein in the grips of the pandemic, placed us in a favourable position to deliver a strong financial performance.

Trevor Giles
Interim Chief Financial Officer

OVERVIEW

2020 has proven to be a difficult year for economies across the globe, heightened by the impact of Covid-19 and the lockdown restrictions imposed by many governments to slow the spread of infection. Oceana's businesses were classified as essential services providers in all geographies that we operated in and were accordingly afforded the ability to continue operating during the peak lockdown period when many other industries were restricted from doing so.

Over this period, the well-being of our employees was of critical importance to us, with strict health and safety protocols being implemented on our vessels, at our production facilities and in our corporate office environment. The seamless mobilisation of all our office-bound and administrative employees to work securely from home was enabled through the swift response and continued support of our Chief Information Officer (CIO) and his dedicated IT team.

Oceana's ability to continue producing and delivering an affordable protein, mainly for in-home consumption, placed it in a favourable position to deliver a strong financial performance in the year given the food security risks faced globally during the pandemic. The robustness of Oceana's diversification strategy was again emphasised in the face of global uncertainty with its exposure to multiple species, products, markets and currencies providing a natural hedge to market volatility.

As a finance team, our efforts were focused on ensuring that there was minimal disruption to our primary supply chains to ensure business continuity, that we had the necessary resources, skills and expertise to support management and employees in working securely from home and that working capital, debt and cash were managed defensively to strengthen our financial position and optimise cashflow generation.

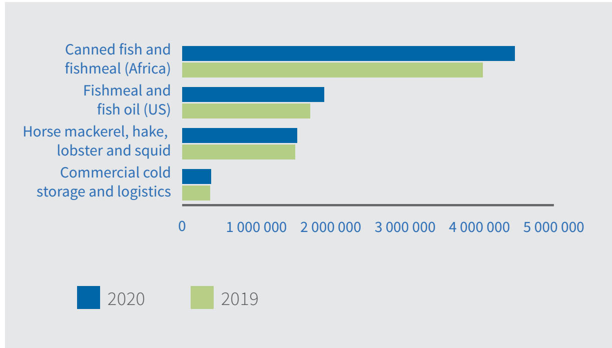
Headlines earnings improved by 15% to deliver HEPS of 628.4 cents per share (2019: 544.3 cents per share). This strong performance and cashflow generation enabled a dividend declaration of 393 cents per share (2019: 363 cents per share) for the full year thereby continuing to create shared value for our shareholders.

2020 FINANCIAL PERFORMANCE

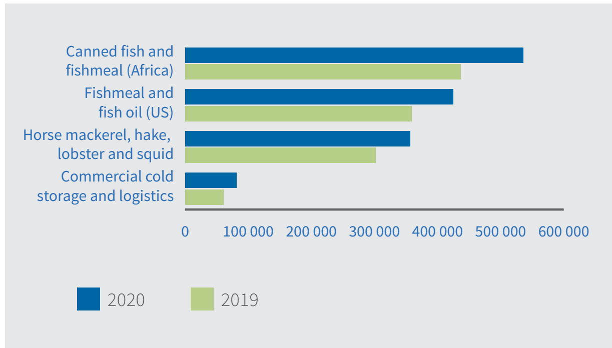
Oceana delivered an exceptional financial performance over the last year. Revenue grew by 9% to R8,3bn (2019: R7,6bn) and operating profit grew by 21% to R1,4bn (2019: R1,2bn). The performance was largely driven by our African businesses, which was underpinned by sustained demand for canned fish, strong performances from the fishmeal and fish oil (Africa), hake and horse mackerel export businesses, and favourable pricing achieved across most products. The benefit of a weaker exchange rate on export revenue and the improved occupancies and operational efficiencies in our cold storage business further enhanced performance.

All divisions contributed positively to operating profit except for the canned fish division, which was negatively impacted by the weakened exchange rate on its international canned and frozen fish procurement. This was however more than offset by the positive contribution of the fishmeal and fish oil (Africa) division which experienced a 20% increase in landings and consistent demand for fish meal in key geographies. In the USA, close to 25% of our fishing days was lost due to Covid-19 disruptions and an abnormally active hurricane season resulting in a marginal improvement in performance in US dollar terms.

REVENUE BY SEGMENT (R'000)



OPERATING PROFIT BY SEGMENT (R'000)



With 95% of our pilchards' supply imported in USA dollars, the weakened exchange rate, particularly in the second half of the year, negatively impacted the imported cost of raw and frozen pilchards. Notwithstanding this increased cost, the Group's gross margin increased to 35.7% (2019: 34.3%). This was underpinned by improvements achieved in our production processes and increased throughput at our canneries and fishmeal plants in South Africa, Namibia and the USA. Our fishing businesses also benefited from a 29% saving in fuel cost following the drop in global demand for fuel and resultant favourable impact on fuel price.

Supplier relationships and management was critical as we navigated through the Covid-19 crisis and our procurement team excelled in ensuring that there was minimal disruption experienced at an operational level.

Overhead costs increased by 10.8% to R1,1bn from R976,6 million. This was primarily driven by Covid-19 risk mitigation costs incurred to ensure the health, safety and well-being of all our employees, recognition and incentive bonuses to employees and share based payment costs. Risk mitigation expenses included costs incurred on PPE, dedicated staff transport and IT infrastructure costs to enable a work from home environment.

Sales and distribution expenses increased in line with the increase in revenue and marketing expenditure, mainly in relation to the Lucky Star Brand, was well managed.

Associate and joint venture earnings improved from a R5,8 million loss in 2019 to a profit of R18,5 million in the current year, driven by the elimination of operating losses following the closure of the Angolan fishmeal operations in the prior year and increased production throughput in our Namibian cannery.

Other operating income includes profits on the disposal of non- core land and buildings and the Glenryck UK trademark, reduced by an increased loan impairment and related exchange rate losses on the Angolan fishmeal investment following closure of operations.

Net interest expense of R254 million (2019: R261 million) includes a R24 million expense arising from the adoption of IFRS 16: Leases. Net interest expense, excluding the lease related interest charge, reduced by 12%. This decrease was due to the settlement of R278 million of SA debt and US$4,5 million USA debt in the year, strong working capital management and both the USA Federal Reserve and the South African Reserve Bank interest rates reducing over the period. Our average interest rate for the year was 5.1% compared to 6.8% in 2019.

Profit after taxation increased by 26% to R816 million (2019: R648 million).

ACCOUNTING CHANGES

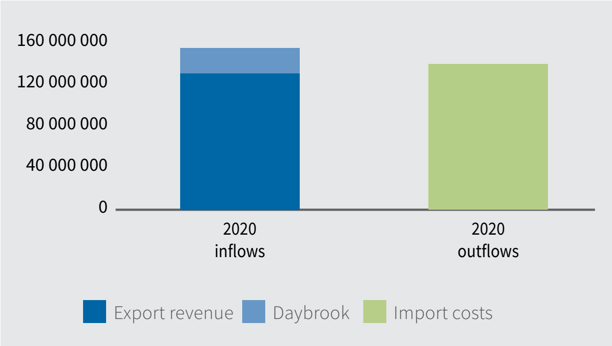
IFRS 16: Leases was adopted by the Group from 1 July 2019, which requires leases to be recognised in the statement of financial position, with the current distinction between operating and finance leases removed. We adopted the modified retrospective basis to implementation which did not require a restatement of prior years. Right-of-use assets of R185 million and lease liabilities of R266 million were recognised for the first time relating to the adoption of the IFRS 16: Leases standard.

FOREIGN EXCHANGE MANAGEMENT

Our African business remains largely naturally hedged with export revenue matching the cost of internationally procured canned and frozen pilchards. The Inclusion of foreign earnings from our Daybrook operations results in Oceana favouring a weaker exchange rate on an overall basis. In view of the increased rand volatility this year continuous monitoring and evaluation of the Group's exposure to foreign currency and compliance with our hedging policy was critical.

CHIEF FINANCIAL OFFICER'S REPORT continued

FOREIGN EXCHANGE EXPOSURE



TAXATION

Oceana continues to positively contribute to the fiscus in countries in which we invest and operate. The Groups taxation expense was R330 million (2019: R249 million) and its effective tax rate increased to 28.8% (2019: 27.7%) primarily due to higher proportion of earnings from the high taxed African operations together with increased dividends withholdings tax of R21,6 million (2019: R9,8 million) payable on dividends declared by foreign subsidiaries and capital gain tax of R5,7 million (2019: Rnil) attributable to capital gains realised.

BALANCE SHEET MANAGEMENT

WORKING CAPITAL MANAGEMENT

Given the level of uncertainty that prevailed during the financial year, cash preservation was of critical importance. The Group prudently re-evaluated and prioritised its capital expenditure and limited discretionary spend. R240 million (2019: R254 million) was spent primarily on maintenance and replacement capital expenditure during the year.

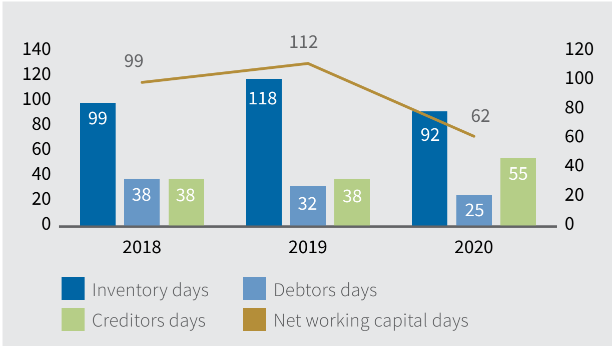
Focused measures were directed towards our working capital management during the year. Debtors' days improved to 25 days (2019: 32 days) with most of our export customers paying on shipment, our Lucky Star customers being predominantly on 30-day payment terms and long outstanding debtors were closely monitored and regularly engaged with to ensure recovery.

A key initiative achieved by the Lucky Star procurement team towards the end of the 2019 financial year was the negotiation of extended payment terms with our international canned and frozen fish suppliers. This contributed to our creditors' days improving from 38 days in 2019 to 55 days in 2020.

Fortuitously, our international procurement spend is weighted towards the first half of the year in line with the pelagic peak fishing season in Northwest Africa. This ensured that we entered the start of the pandemic with sufficient canned and frozen inventory levels to ensure continuity of supply and inventory levels thereafter steadily reduced. Weather interruptions and lower catches towards the end of the menhaden season in Gulf also reduced inventory levels. Inventory days reduced to 92 days at the end of 2020 (2019: 118 days).

The resultant improvement in our cash conversion cycle improved overall net working days from 112 days in 2019 to 62 days in 2020 and cash holding from R588,0 million in 2019 to R1,2 billion in 2020.

WORKING CAPITAL MANAGEMENT



DEBT MANAGEMENT

In line with our debt management strategy, we continued to settle the more expensive South African debt reducing our term debt from R1,80 billion to R1,52 billion. In the USA, our debt levels reduced from US$117,0 million to US$113,8 million, in line with its amortisation payment profile. At a consolidated Group level, 70% (2019: 47%) of our interest rate exposure is hedged, with 100% of our USA interest rate exposure and 32% of our SA interest rate exposure hedged.

Covenant levels in both South Africa and the USA remained well managed with the Group's overall leverage ratio improving from 2.2 times to 1.4 times. Sufficient unutilised facilities remained in South Africa and the USA at 30 September 2020.

	2020	2019	VAR
AFRICA R'000			
Gross debt	1 520 000	1 798 000	15%
Net debt	1 054 675	1 657 463	36%
Net debt/EBITDA (times)	0.94	1.76	
Unutilised committed facilities	1 100 000	700 000	
Leverage ratio headroom	62%	30%	
USA US$'000			
Gross debt	113 870	116 968	3%
Net debt	70 118	87 560	22%
Net debt/EBITDA (times)	2.20	2.96	
Unutilised committed facilities	20 000	20 000	
Leverage ratio headroom	41%	21%	
Consolidated leverage ratio (times)	1.37	2.23	
Average Interest Rate	5.1%	6.8%	2%
% of total debt hedged	70%	47%	23%

DIVIDEND

At half year, the Board adopted a prudent approach to delay the declaration of our interim dividend. This allowed time to fully understand the impact the pandemic and the lockdown regulations would have on the Group's operations and ultimately its cash flow position. The liquidity position was reassessed in July and an interim dividend was paid on 17 August 2020.

After due consideration and evaluation of our prospects for the immediate future, the Board declared a final dividend of 293 cents (2019: 240 cents) per share which together with the interim dividend brings the total dividend for the year to 393 cents (2019: 363 cents) per share.

INFORMATION TECHNOLOGY (IT)

Several internal appointments were made during the year including two senior positions, being the CIO and Head of SAP. These appointments have strengthened Oceana's IT capacity providing a platform to deliver on key strategic IT initiatives in the short- to medium-term including continuously improving our ERP system and analytical reporting capability to deliver real time visibility enabling quicker decision-making.

The SAP environment continued to mature during the year with several major projects completed including patch upgrades to our ERP system and a user authorisation project to strengthen the SAP control environment.

Given the remote working environment brought about by Covid-19 crisis, an increased focus on cyber security and user awareness training in this regard was initiated.

KEY FOCUS AREAS OVER THE SHORT- TO MEDIUM-TERM

This year, the finance and IT teams role in delivering Oceana's five year strategic plan was enhanced. Key focus areas over the short- to medium-term include:

- Unlocking reporting automation by optimally utilising the ERP system to improve the quality of financial data and increase the productivity of the finance team.
- Expansion of the shared services model to other finance functions to enable further standardisation.
- Enhancement to the internal controls' framework over financial reporting ahead of the requirement for CEO/CFO attestation in the next financial year.
- Continuous strengthening of our balance sheet through our de-gearing strategy and focused working capital management.
- Development and empowerment of our second-tier finance leadership to increase the strategic capacity of the Groups senior finance professionals.

EXTERNAL AUDITOR ROTATION

Oceana decided to early adopt mandatory firm rotation during the year resulting in the Audit Committee concluding a tender process and recommending the proposed appointment of PricewaterhouseCoopers as the external auditor for the next financial year ending 30 September 2021. The Board endorsed the appointment which will be put to the shareholders at the annual general meeting scheduled for March 2021.

APPRECIATION

As my time as interim CFO comes to an end, I would like to thank our Board members, our CEO Imraan Soomra, my colleagues on the executive team and our senior finance leadership team for their support during the year. To the dedicated and hardworking finance teams across the Group, thank you for your continuing effort and contribution towards building a finance function we can be proud of. Finally, I would also like to take the opportunity to welcome Hajra Karrim and wish her every success in her role as Chief Financial Officer.

Trevor Giles

Interim Chief Financial Officer

20 January 2021

STATISTICAL AND FINANCIAL DATA

	Notes	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
STATEMENTS OF COMPREHENSIVE INCOME						
Revenue by segment	1	**8 308 341**	7 647 415	7 657 311	6 706 353	8 124 337
Revenue						
Canned fish and fishmeal (Africa)		**4 471 835**	4 038 540	3 960 107	3 667 133	4 155 925
Fishmeal and fish oil (USA)		**1 905 553**	1 721 044	1 789 118	1 438 605	1 930 923
Horse mackerel, hake, lobster and squid		**1 545 989**	1 514 436	1 474 867	1 199 060	1 363 932
CCS Logistics		**384 963**	373 395	433 219	401 555	434 780
Disposed operations	2					238 777
Operating profit before other operating items		**1 382 279**	1 175 325	1 188 907	1 001 428	1 629 491
Operating profit before other operating items by segment						
Canned fish and fishmeal (Africa)		**522 077**	450 591	436 710	276 622	528 464
Fishmeal and fish oil (USA)		**424 796**	359 102	392 638	390 230	668 152
Horse mackerel, hake and other		**353 749**	303 172	287 827	235 386	290 529
CCS Logistics		**81 657**	62 460	71 732	99 190	132 430
Disposed operations	2					9 916
Other operating items		**17 188**	(17 447)	(14 091)	8 701	100 187
Operating profit		**1 399 467**	1 157 878	1 174 816	1 010 129	1 729 678
Investment income		**18 383**	33 681	40 767	29 248	22 089
Interest expense		**(271 959)**	(294 547)	(332 532)	(372 405)	(385 202)
Profit before taxation		**1 145 891**	897 012	883 051	666 972	1 366 565
Taxation		**(329 740)**	(248 645)	(810)	(187 622)	(408 276)
Profit after taxation		**816 151**	648 367	882 241	479 350	958 289
Attributable to non-controlling interests		**55 516**	30 751	24 410	11 040	41 843
Net profit attributable to shareholders of Oceana Group Limited		**760 635**	617 616	857 831	468 310	916 446
Headline earnings		**734 418**	636 366	849 058	457 309	820 308
Key performance indicators						
Operating margin	3	**16.6%**	15.4%	15.5%	14.9%	20.1%
Canned fish and fishmeal		**11.7%**	11.2%	11.0%	7.5%	12.7%
Fishmeal and fish oil (USA)		**22.3%**	20.9%	21.9%	27.1%	34.6%
Horse mackerel, hake and other		**22.9%**	20.0%	19.5%	19.6%	21.3%
CCS Logistics		**21.2%**	16.7%	16.6%	24.7%	30.5%
EBITDA		**1 599 835**	1 380 656	1 443 522	1 245 967	1 990 063
Africa operations		**1 066 645**	926 296	980 644	760 550	1 217 701
USA operations		**533 190**	454 360	462 878	485 417	772 362
Tax rate		**28.8%**	27.7%	0.1%	28.1%	29.9%
Headline earnings per share – basic (cents)		**628.4**	544.3	727.1	391.9	703.4
Headline earnings per share – diluted (cents)		**582.5**	500.9	667.7	357.9	640.5
Earnings per share – basic (cents)		**650.9**	528.3	734.6	401.3	785.8
Earnings per share – diluted (cents)		**603.3**	486.1	674.6	366.5	715.5
Dividends per share (cents)	4	**393.0**	363.0	416.0	90.0	469.0
Headline dividend cover (times)		**1.60**	1.50	1.75	4.40	1.50

Notes:
1. *Revenue has been restated, as a result of the adoption of IFRS 15 during 2019.*
2. *Disposed operations includes segmental information pertaining to the French fries operation (Lamberts Bay Foods Limited) and the CCS fruit operation disposed of in 2016.*
3. *Operating profit before other operating income/(expenses) items expressed as a percentage of revenue.*
4. *Dividend declared after reporting date included, except for 2017, as no dividend was declared.*

	Notes	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
STATEMENTS OF FINANCIAL POSITION KEY ITEMS						
Property, plant and equipment		**1 856 973**	1 697 221	1 586 626	1 604 099	1 669 373
Intangible assets		**5 388 881**	4 886 609	4 617 278	4 434 878	4 605 275
Net current assets	5	**1 311 435**	1 331 522	840 439	(34 760)	1 080 854
Net cash and cash equivalents		**1 212 697**	588 036	1 015 060	1 222 040	1 312 942
Long-term debt		**3 069 338**	3 298 904	3 339 750	3 209 875	4 145 142
STATEMENTS OF CASH FLOWS KEY ITEMS						
Cash generated from operations		**2 082 631**	1 042 526	1 302 893	1 707 248	1 631 094
Working capital changes		**427 107**	(342 291)	(189 366)	560 579	(95 483)
Investment income received		**32 047**	54 789	41 607	37 966	86 470
Interest paid		**(269 456)**	(285 447)	(296 845)	(344 895)	(337 497)
Taxation paid		**(235 069)**	(262 713)	(217 036)	(148 456)	(707 658)
Dividend paid		**(442 433)**	(455 693)	(162 013)	(573 243)	(476 827)
Net cash inflow from operating activities		**1 167 720**	5 378	668 606	678 620	180 113
Cash outflow from investing activities		**(170 641)**	(217 141)	(180 928)	(191 097)	(56 352)
Cash (outflow)/inflow from financing activities		**(428 278)**	(239 721)	(720 152)	(553 613)	1 954
Net increase/(decrease) in cash and cash equivalents		**568 801**	(451 484)	(232 474)	(66 090)	125 715
Key performance indicators						
Leverage Ratio						
Return on average net assets (%)	6 and 7	**14**	14	15	13	20
Current ratio (:1)		**1.9**	2.0	1.9	1.5	2.2
Return on average shareholders' funds (%)	8	**14**	13	21	12	22
Net Debt to EBITDA		**1.37**	2.22	1.84	2.36	1.72
Net Debt to Equity		**0.37**	0.60	0.59	0.78	0.85
Share performance						
Market price per share (cents)						
Year-end		**6 200**	6 925	8 247	8 233	11 402
Highest		**7 501**	8 850	9 400	12 639	13 474
Lowest		**4 148**	6 700	6 750	7 800	9 325
Price earnings ratio	9	**9.9**	12.7	11.3	21.0	16.2
Number of transactions	10	**125 254**	99 504	33 759	38 720	45 101
Number of shares traded ('000)	11	**47 549**	52 097	15 805	15 696	17 703
Value of shares traded (R'000)	10	**3 026 302**	3 720 460	1 313 588	1 537 053	1 986 700
Volume of shares traded as a percentage of total issued shares	10	**36.5**	38.4	11.7	11.6	13.1
Market capitalisation (R'000)	11	**8 086 772**	9 385 186	11 176 842	11 157 868	15 452 692
JSE food producers and processors index	12	**67.40**	72.93	84.79	103.56	110.51
JSE industrial index	12	**55.79**	91.71	106.15	109.65	107.71
Oceana Group share price index	12	**54.38**	71.84	85.55	85.40	118.28

Notes:
5. *Net current assets comprises current assets less cash and cash equivalents and current liabilities.*
6. *Profit before taxation and other operating items (but excluding interest paid) expressed as a percentage of average net assets or average total assets.*
7. *Net assets comprise total assets less non-interest-bearing liabilities.*
8. *Headline earnings as a percentage of average shareholders' funds.*
9. *Market price per share at year-end dividend by HEPS.*
10. *Figures based on JSE transactions only.*
11. *Value of ordinary shares in issue at year-end price including treasury shares held by share trusts and subsidiary company.*
12. *Adjusted base 2016 = 100.*

DELIVERING ON OUR STRATEGY THROUGH OUR DIVISIONS

Oceana's diversified fishing and production business, together with its cold storage and logistics business, allows for diversified earnings across species and services as well as geographies. Given the diversified nature of the businesses, a set of KPIs unique to each business has been agreed with divisional management, to promote the achievement of our strategic objectives. KPI targets are critically reviewed and amended annually to take account of changing business and operational requirements.

● KPI achieved ● KPI not achieved ● KPI partially achieved

DIVISION	LONG-TERM DIVISIONAL OBJECTIVE
CANNED FISH AND FISHMEAL (AFRICA)	We will optimise and improve operating margins by robust supply chain and logistic services. We will deliver positive volume and earnings growth by: • Securing long-term fishing rights in the pelagic sector • Growing canned fish volumes in existing and new markets • Becoming a globally competitive canned fish processor • Implementing efficiency improvement projects in fishmeal and fish oil fishing fleet and facilities
FISHMEAL AND FISH OIL (USA)	We will ensure full and efficient utilisation of the available/allocated fish resource by: • Optimising plant efficiency and throughput rates, while retaining quality and environmental standards • Increasing sales volumes and price realisation as part of a global Group-wide sales and distribution strategy • Realising opportunities to further increase our catch rate by improving our fleet and fishing technique • Identifying and realising vertical integration/downstream expansion opportunities should they arise
HORSE MACKEREL, HAKE, LOBSTER AND SQUID	We will protect and optimise the business, and grow earnings and profitability by: • Continuing to drive empowerment in our South African operations • Securing long-term fishing rights in the hake (deep sea) sector • Enhancing localisation in Namibia • Being the preferred partner for new quota holders in both South Africa and Namibia • Improving fleet availability and utilisation to enhance catch rates and drive efficiencies We will drive value creation in the division by: • Seeking to secure long-term squid and South Coast lobster rights in 2021 • Optimising efficiencies, leveraging off infrastructure and synergies in the horse mackerel and hake businesses • Working with government and other stakeholders to pursue appropriate opportunities to support government's efforts to responsibly develop small-scale fishers
COMMERCIAL COLD STORAGE AND LOGISTICS	We will improve the profitability of CCS to previous levels by: • Leveraging our port operations where we have a location advantage and customer base • Reducing our Gauteng market exposure, where we lack competitive advantage • Maintaining strong customer focus and driving operational efficiencies • Realising growth opportunities in other African markets, should they arise

KPIs	2018	2019	2020	2021 EXPECTED PERFORMANCE AGAINST KPIs
CANNED FISH				
• Real volume growth	KPI achieved	KPI achieved	KPI achieved	Growth targeted
• Cost per carton	KPI achieved	KPI not achieved	KPI not achieved	Further efficiencies expected
• Daily throughput cartons/day	KPI achieved	KPI achieved	KPI achieved	Further efficiencies expected
FISHMEAL (AFRICA)				
• Average fishmeal price	KPI achieved	KPI partially achieved	KPI achieved	Growth targeted
• Average fish oil price	KPI achieved	KPI achieved	KPI achieved	Growth targeted
FISHMEAL OIL (USA)				
• Catch volume	KPI achieved	KPI not achieved	KPI not achieved	Strong biomass should help improve volumes
• Average fishmeal price	KPI achieved	KPI achieved	KPI achieved	Prices expected to be stable
• Average fish oil price	KPI not achieved	KPI achieved	KPI achieved	Prices expected to be stable
• Plant throughput	KPI achieved	KPI achieved	KPI partially achieved	Investment in capital expenditure to achieve increased throughput
HORSE MACKEREL (SA)				
• Catch rate per day	KPI achieved	KPI achieved	KPI achieved	Expected to be consistent
• Cost per ton	KPI achieved	KPI achieved	KPI achieved	Inflationary growth expected
HORSE MACKEREL (NAM)				
• Catch rate per day	KPI achieved	KPI achieved	KPI not achieved	Expected to be consistent
• Cost per ton	KPI achieved	KPI achieved	KPI not achieved	Inflationary growth expected
HAKE				
• Fleet utilisation	KPI achieved	KPI achieved	KPI not achieved	Expected to be consistent
• Cost per ton	KPI achieved	KPI achieved	KPI achieved	Inflationary growth expected
LOBSTER				
• Catch rate	KPI achieved	KPI achieved	KPI achieved	Catch rate projection in line with scarcity of resource
• Cost per kilogram	KPI achieved	KPI achieved	KPI not achieved	Inflationary growth expected
SQUID				
• Catch rate	KPI achieved	KPI not achieved	KPI not achieved	Catch rate expected to normalise
• Vessel cost	KPI achieved	KPI not achieved	KPI not achieved	Inflationary growth expected
CCS				
• Occupancy level	KPI partially achieved	KPI partially achieved	KPI achieved	Target increase occupancy in coastal with inland consistent to prior year
• Price per pallet	KPI achieved	KPI achieved	KPI achieved	Inflationary growth expected
• Total overheads per pallet	KPI achieved	KPI achieved	KPI partially achieved	Inflationary growth expected on normalised overheads

CANNED FISH AND FISHMEAL (AFRICA)

LUCKY STAR AN OCEANA GROUP COMPANY

LUCKY STAR AN OCEANA GROUP COMPANY

SCOPE OF OPERATIONS

16 Vessels

6 Production facilities

2 351 Employees

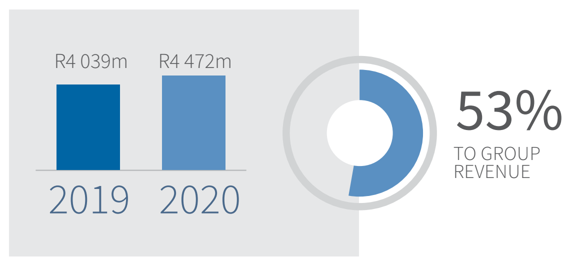
PRODUCTS AND MARKETS

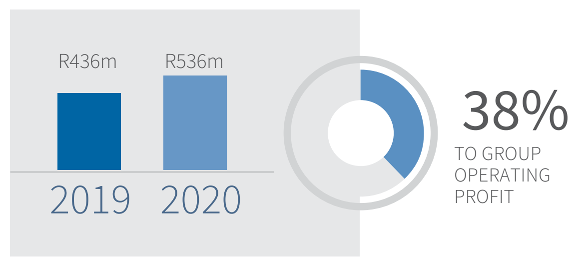
Canned pilchards: Marketed and sold under the Lucky Star brand in South African and African markets and under the Glenryck brand in European markets.

Canned tuna, sardines and mackerel: Marketed and sold under the Lucky Star brand in South Africa.

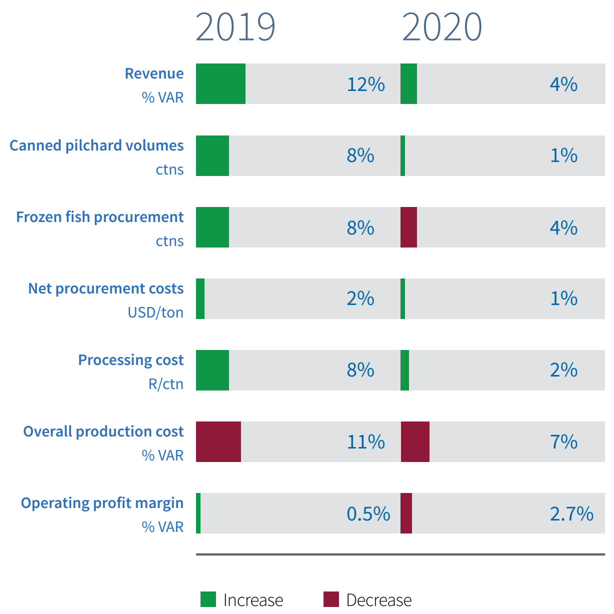
Fishmeal and fish oil: Derived from anchovy, red-eye herring and associated by-catch and cannery offcuts. Sold in Australian, Chilean, Chinese, European and UK markets.

OUR 2020 PERFORMANCE





CANNED FISH PERFORMANCE SUMMARY



- Canned pilchards growth increased by 1% and realised a PI of 4%, demonstrating defensive nature of product in tough trading conditions
- Demand service levels improved to 96%
- Weakened exchange rate resulted in overall cost of sales increase at 7% per carton despite 13% weakening in currency
- Continued operational efficiencies in production process resulted in 18% increase in throughput
- Weakened exchange rate impacting overall operating profit performance
- The Glenryck trademark for the United Kingdom and Ireland territories was disposed of during the year

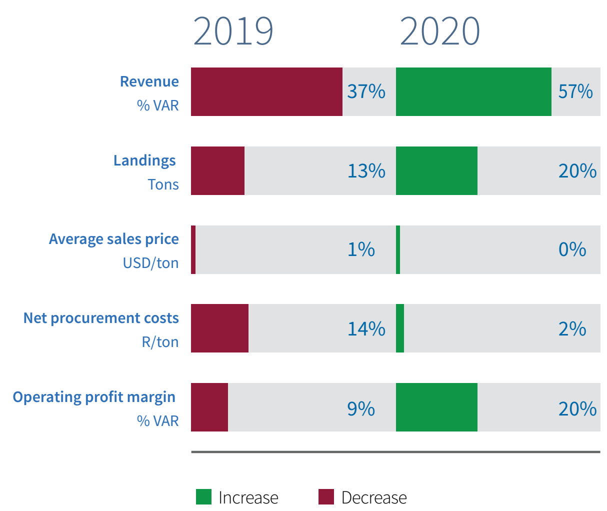
IMPACT OF COVID-19

- We saw an impact on our logistics supply chains with shipping delays and extra transport costs. We also experienced a medium-term impact on the raw material supply from Northwest Africa (80% of our supply) with ports shutting down for two weeks, causing delays. Due to a global shortage in supply, other markets such as Russia and Brazil have increased demands in Morocco, but we believe these fall outs are temporary. Due to our strong inventory position, the issue of frozen fish supply had little impact on our financial position this year.
- A key learning from Covid-19 is that the category we operate in is robust. We will continue to future proof the Lucky Star brand so that customers know it's a healthy, affordable, and convenient choice.

Material Risks

- Weakening rand increasing import cost, negatively impacting margin and profitability
- The state of the consumer and disposable income
- Secure raw material supply from Northwest Africa to ensure production remains stable

FISHMEAL (AFRICA) PERFORMANCE SUMMARY



- Performance of division driven by significant improvement in landings
- Recovery of fish oil price resulted in flat average fishmeal and fish oil sales price for the year
- Rationalisation of fleet, reduced fuel price and operational efficiencies resulted in 2% improvement in cost of production
- Benefit of weakened exchange rate on exports
- Costs removed of underperforming assets (Angola and Hout Bay)

IMPACT OF COVID-19

- We had planned an internal laboratory for testing on fishmeal quality, which had to be delayed by one year, as we could not get teams on site. From a health and safety perspective there was no effect on our vessels or fishmeal operation, with all precautionary measures taken, positive cases were very low and there was no need for people to go into isolation.
- Fishmeal prices were marginally depressed driven by the slow-down in demand because of Covid-19, particularly in markets such as China.
- We did see delays in ports which impacted on the business from a cashflow point of view and missed opportunities for capitalising on the weaker exchange rate, but overall, we had the benefit of a weaker rand to offset those costs.

Material Risks

- Underperformance of industrial fish resources, relative to projected catch over next five years
- World market prices for fishmeal and oil not reaching forecasted average levels
- FRAP 2021 rights renewal process resulting in greater quota loss than expected

FISHMEAL AND FISH OIL (USA)

DAYBROOK

SCOPE OF OPERATIONS

11 Vessels

12 Planes

1 Production facility

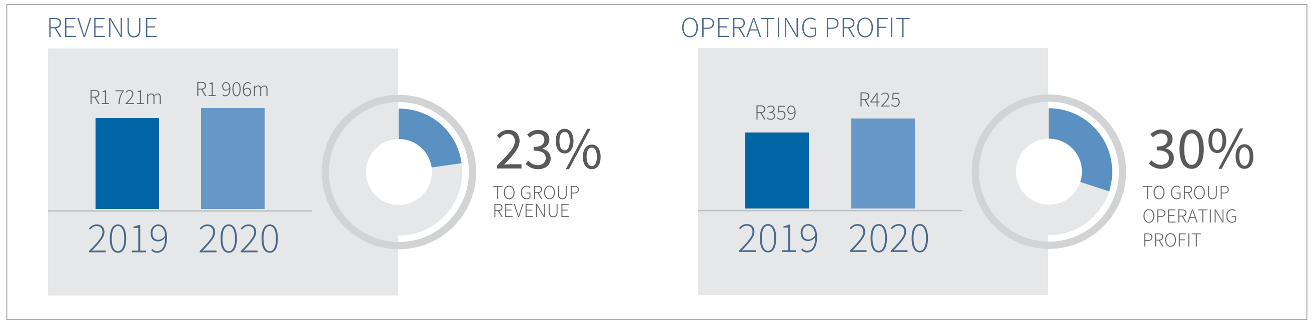
382 Employees

PRODUCTS AND MARKETS

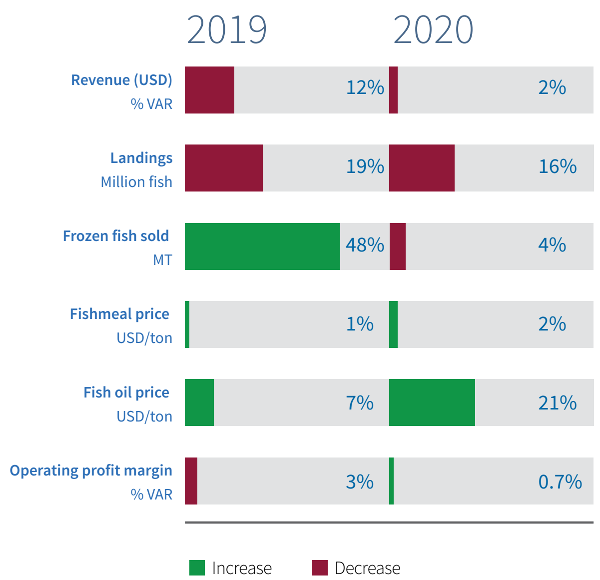
Fishmeal: Prime, pet food and FAQ grade fishmeal primarily for the aquaculture, baby pig and speciality pet food industries sold mainly in the USA, China, Canada and Germany.
Fish oil: Omega-3-rich crude fish oil used by the aquaculture feed industry, and also refined into products for the nutraceutical and functional food industry sold mainly in Denmark, Norway and Canada.

All product is derived from the Gulf menhaden species.

OUR 2020 PERFORMANCE



FISHMEAL AND FISH OIL (USA) PERFORMANCE SUMMARY



- Landings down 16% due to:
  - 12 days lost due to Covid-19; refit of new vessel also impacted
  - Precautionary shutdown of operations during hurricane season resulted in 16 fishing days lost
- Run boat concept trialled and proved successful
- Performance benefited from recovery of fish oil price and restoration in oil yield (9.9% achieved)
- 9% growth in pet food sales offset demand from China and Europe impacted by Covid-19
- US dollar operating profit increased by 3% and overall performance up 18% due to weakened exchange rate

IMPACT OF COVID-19

- With the onset of Covid-19 only at the start of our fishing season and factory operations, we were able to learn from the Lucky Star team and bring in measures early. Positive cases were very low in the context of the USA and all workers have recovered.
- As the crisis erupted in China there was a slowdown at ports and being able to ship fishmeal and fish oil to international markets. But we also saw growth in the pet food sector, especially during the lockdown periods, enabling us to recover.
- With 80% of the workforce working from home, work life balance has been a challenge, with managers working overtime and in stressful circumstances.
- The H2B visa reduction in the USA, as a result of the immigration policy during Covid-19, impacted Westbank in terms of vessel crewing. Local talent was not as efficient and required training.

Material Risks

- Fishmeal and fish oil yields affected by extraneous environmental and climatic conditions
- Inability to land projected growth volumes due to significant environmental/weather conditions
- Fluctuations in international demand (volume/price) for fishmeal influenced by extraneous factors, such as El Niño events, and increasing global protectionism

INTRODUCTION
OUR BUSINESS
OUR OPERATING CONTEXT
OUR GOVERNANCE
OUR STRATEGY AND OUTLOOK
OUR PERFORMANCE REVIEWS
ADMINISTRATION

HORSE MACKEREL, HAKE, LOBSTER AND SQUID

BLUE CONTINENT PRODUCTS

SCOPE OF OPERATIONS

18 Vessels

4 Production facilities

1 111 Employees

PRODUCTS AND MARKETS

Horse mackerel: Sold in frozen whole form mainly in Southern, Central and West Africa.

Hake: Sold headed and gutted as well as filleted to the European and South African food services market.

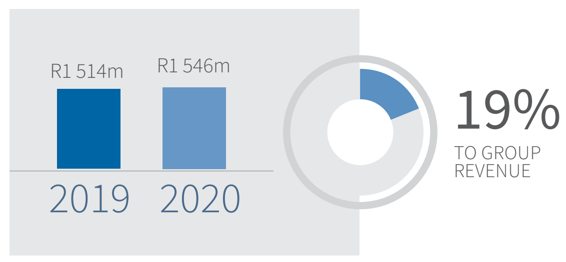
Live and frozen West Coast rock lobster: Sold to Far Eastern and European markets.

Live and tailed South Coast lobster: Sold to European and USA markets.

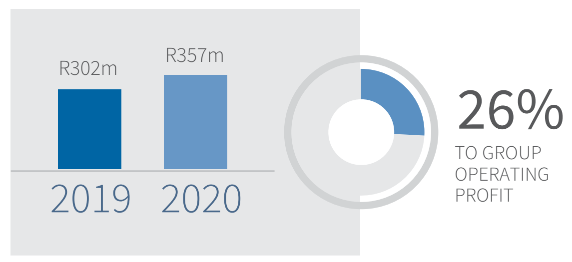
Squid: Sold to markets in Europe and Japan.

OUR 2020 PERFORMANCE

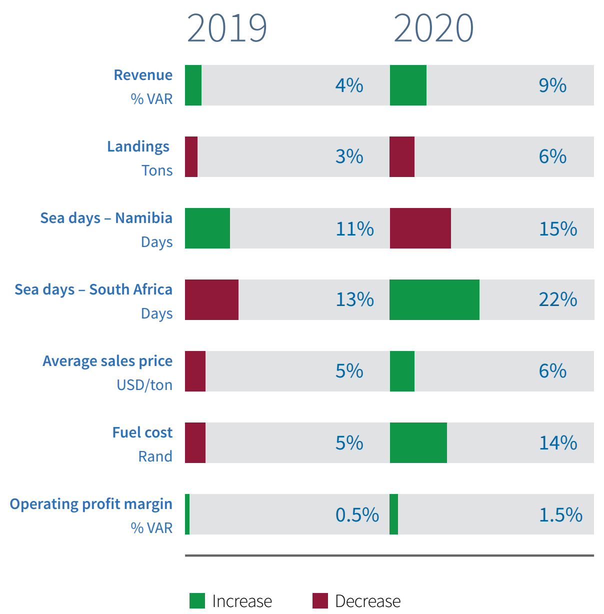
REVENUE



OPERATING PROFIT



HORSE MACKEREL PERFORMANCE SUMMARY

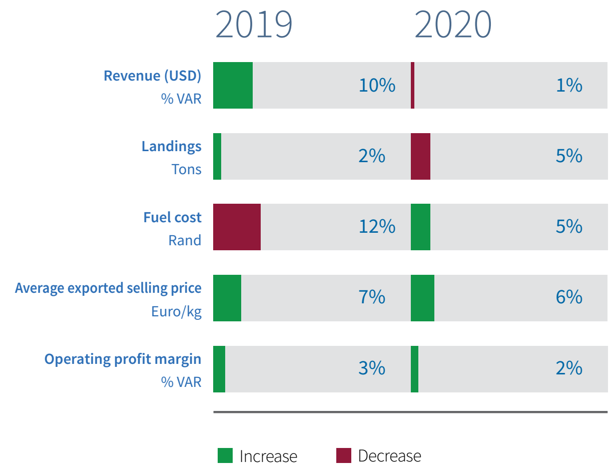


- Combined landings down 6% due to 66 fishing days lost in Namibia and seven fishing days in South Africa as a consequence of Covid-19
- Delays in finalisation of Namibian quota allocation resulting in less contracted quota being available
- *Desert Diamond* experienced a good fishing season with improved catch rates
- Strong demand experienced in African countries resulting in 6% average increase in US dollar pricing
- Performance in both regions boosted by lower fuel costs
- Weakened exchange rate enhanced divisional performance

Material Risks

- South Africa horse mackerel catch rates reduce
- Procurement of Namibian horse mackerel quota becomes commercially unviable

HAKE PERFORMANCE SUMMARY

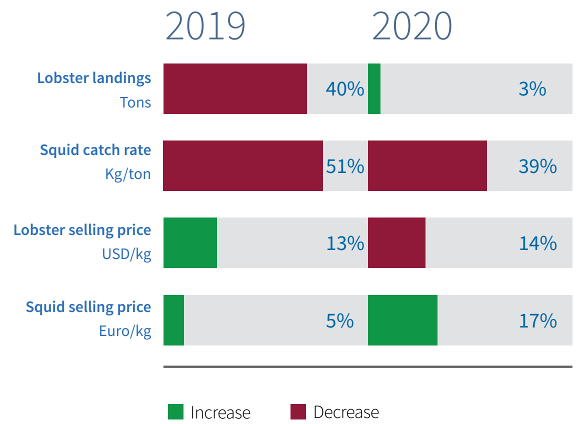


- 20 fishing days lost due to Covid-19 disruption reducing vessel utilisation to 66% in H2 (H2: 2019 72%)
- As a result of lockdown restrictions, strong demand experienced in Europe as in-home consumption increased resulting in improved Euro pricing
- Improvement in fuel price provided 5% savings on total fuel expense
- Overall performance of division benefited from weakened exchange rate

Material Risks

- Reduced quota allocation resulting from FRAP 2021
- Reduced vessel utilisation due to breakdowns

LOBSTER AND SQUID PERFORMANCE SUMMARY



- Earnings under 1% of Group operating profit
- Positive growth in lobster landings offset by weak demand and subsequent drop in prices following lockdown restrictions in China, market yet to fully recover
- Squid landings remain at cyclical low but high demand in Europe resulted in strong Euro pricing achieved
- Despite drop in operating profit, division remains profitable

Material Risks

- Reduced quota allocations
- Orange or red listing of West Coast rock lobster resource

IMPACT OF COVID-19

- We had a number of positive cases on our hake vessels requiring us to bring them back to harbour, quarantine the crew and sanitise the vessels. Anxiety and stress levels were high, but there was general acceptance by crew on protocols in to place to keep them safe.
- We also faced disruptions on our horse mackerel vessels and had to put in place stringent measures owing to the size of the vessels, the length of time they operate and the age of the crew. We hired special quarantine houses so that any crew coming on board was first quarantined and screened to ensure no transmission. In Namibia we lost a month on fishing owing to a crew member joining from Russia and quarantine requirements. In South Africa crew remained on board for 10 months.
- We had no positive cases in our lobster and squid vessels and factories. Lobster demand was impacted by disruptions to international markets, primarily China.

INTRODUCTION
OUR BUSINESS
OUR OPERATING CONTEXT
OUR GOVERNANCE
OUR STRATEGY AND OUTLOOK
OUR PERFORMANCE REVIEWS
ADMINISTRATION

COMMERCIAL COLD STORAGE AND LOGISTICS

CCS LOGISTICS

SCOPE OF OPERATIONS

- 8 Cold storage facilities
- 112 641 Average pallets
- 474 Employees

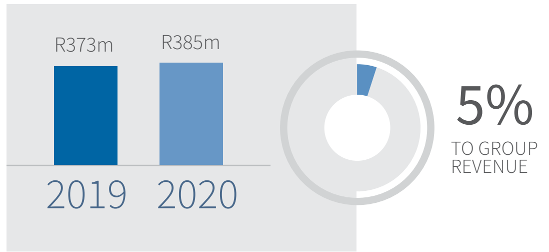
PRODUCTS AND SERVICES

Offers cold storage, blast freezing and transportation to various end customers.

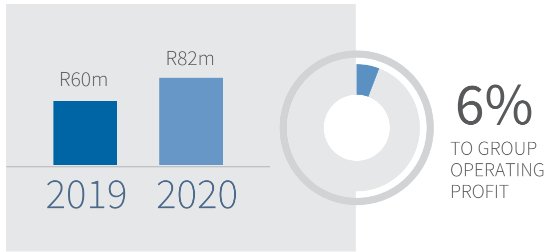
Products stored and handled include fish, poultry, meat, vegetable and dairy.

Our 2020 Performance

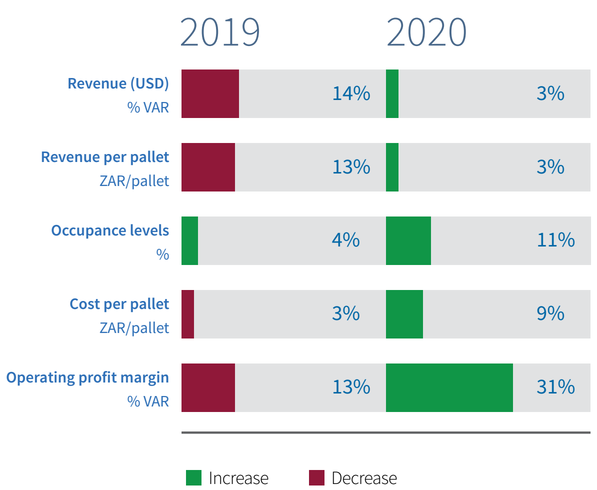
REVENUE



OPERATING PROFIT



COMMERCIAL COLD STORAGE AND LOGISTICS PERFORMANCE SUMMARY



- Sector showing signs of recovery with marginal improvement in revenue earned per pallet after reversion experienced in 2019
- Occupancy levels up 9%
  - Underpinned by strong recovery from Gauteng stores
  - Stable occupancy levels at coastal stores driven by frozen fish strategy and improvement in Namibian occupancy levels
- Once-off costs incurred in completing Angolan exit

IMPACT OF COVID-19

- Cape Town was the first region to be impacted by Covid-19 cases, but measures put in place were very successful in enabling us to continue operations. Our strategy was to create segregated teams with no interaction between them, preventing any spread of positive cases outside of one team.
- Managing costs and customer expectations and requirements and our communications with stakeholders was a key highlight.
- Customer production in Gauteng continued for the first few months of the year leading to high storage requirements, with reduced outflow of products following the closure of the food service industry. Namibia faced challenges owing to the impact of reduced fishing days on some of our largest customers. The most challenging environment was Durban, where import rates were significantly reduced following the severe depreciation of the rand.
- The restaurant industry has been significantly impacted and going forward some restaurants and importing businesses may cease to exist. Post Covid-19 we will evaluate how well our customer base and the economy will recover and how long it will take for them to recover.

Material Risks

- Failure to renew key port lease agreements
- Competitor pressures resulting in reduced occupancy
- Cyclical nature of consumer segments services may create volatility in earnings
- Increasing energy and labour costs erodes margins

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000	% Change
Revenue	3	8 308 341	7 647 415	9
Cost of sales		(5 338 068)	(5 026 779)	6
Gross profit		2 970 273	2 620 636	13
Sales and distribution expenditure		(461 095)	(433 951)	6
Marketing expenditure		(59 993)	(59 045)	2
Overhead expenditure		(1 082 222)	(976 556)	11
Net foreign exchange (loss)/gain		(3 146)	30 093	(110)
Operating profit before associate and joint venture profit/(loss)		1 363 817	1 181 177	15
Associate and joint venture profit/(loss)		18 462	(5 852)	415
Operating profit before other operating items		1 382 279	1 175 325	18
Other operating income/(expense) items	5	17 188	(17 447)	199
Operating profit		1 399 467	1 157 878	21
Interest income		18 383	33 681	(45)
Interest expense		(271 959)	(294 547)	(8)
Profit before taxation		1 145 891	897 012	28
Taxation expense	6	(329 740)	(248 645)	33
Profit after taxation		816 151	648 367	26
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Movement on foreign currency translation reserve		524 635	292 221	
Movement on foreign currency translation reserve from associate and joint ventures		31 643	16 963	
Movement on cash flow hedging reserve		(69 609)	(23 951)	
Movement on cash flow hedging reserve from associate		(2 120)	(3 880)	
Income tax related to loss recognised in equity		11 208	5 276	
Other comprehensive income, net of taxation		495 757	286 629	
Total comprehensive income for the year		1 311 908	934 996	40
Profit after taxation attributable to:				
Shareholders of Oceana Group Limited		760 635	617 616	23
Non-controlling interests		55 516	30 751	81
		816 151	648 367	26
Total comprehensive income for the year attributable to:				
Shareholders of Oceana Group Limited		1 256 361	904 245	39
Non-controlling interests		55 547	30 751	81
		1 311 908	934 996	40
Earnings per share (cents)				
Basic		650.9	528.3	23
Diluted		603.3	486.1	24

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	Notes	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
ASSETS			
Non-current assets		7 847 728	7 042 312
Property, plant and equipment		1 856 973	1 697 221
Right-of-use assets		173 507	
Goodwill and intangible assets		5 388 881	4 886 609
Deferred taxation		20 793	26 567
Investments and loans		407 574	431 915
Current assets		4 204 233	3 757 887
Inventories		1 695 975	1 852 707
Accounts receivable		1 271 898	1 243 324
Taxation		23 663	73 820
Cash and cash equivalents	9	1 212 697	588 036
Assets held for sale	10	19 420	
Total assets		12 071 381	10 800 199
EQUITY AND LIABILITIES			
Capital and reserves		5 979 935	5 121 727
Stated capital		1 200 493	1 193 473
Foreign currency translation reserve		1 352 491	796 213
Cash flow hedging reserve		(76 223)	(15 671)
Share-based payment reserve		99 066	93 406
Distributable reserve		3 221 312	2 943 871
Interest of own shareholders		5 797 139	5 011 292
Non-controlling interests		182 796	110 435
Non-current liabilities		3 908 692	3 840 143
Liability for share-based payments		7 919	6 044
Long-term loans		3 069 338	3 298 904
Lease liabilities		204 457	
Derivative liabilities	7	85 721	10 320
Deferred taxation		541 257	524 875
Current liabilities		2 182 754	1 838 329
Accounts payable and provisions		1 717 300	1 480 502
Current portion – long-term loan		383 688	351 258
Current portion – lease liabilities		45 006	
Taxation		36 760	6 569
Total equity and liabilities		12 071 381	10 800 199

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
Balance at the beginning of the year		5 121 727	4 721 969
Attributable to:			
Shareholders of Oceana Group Limited		5 011 292	4 625 348
Non-controlling interests		110 435	96 621
Adjustment to balance at the beginning of the year			
IFRS 16 leases transition adjustment:	2	(53 680)	
Attributable to:			
Shareholders of Oceana Group Limited		(50 084)	
Non-controlling interests		(3 596)	
Adjusted balance at the beginning of the year		5 068 047	
Attributable to:			
Shareholders of Oceana Group Limited		4 961 208	
Non-controlling interests		106 839	
Total comprehensive income for the year		1 311 908	934 996
Profit after taxation		816 151	648 367
Movement on foreign currency translation reserve		524 635	292 221
Movement on foreign currency translation reserve from associate and joint ventures		31 643	16 963
Movement on cash flow hedging reserve from associate		(2 120)	(3 880)
Movement on cash flow hedging reserve		(69 609)	(23 951)
Income tax related to loss recognised in equity		11 208	5 276
Decrease in treasury shares held by share trusts		1 105	1 335
Increase in treasury shares held by subsidiary		(16 878)	
Share-based payment expense		14 309	12 298
Share-based payment exercised		(2 024)	(6 771)
Gain on disposal of shares distributed to deceased employee beneficiaries of OET		1 265	1 677
Issuance of shares to non-controlling interest**		44 636	
OET dividend distribution		(21 312)	(27 685)
Dividends paid		(421 121)	(516 092)
Balance at the end of the year		5 979 935	5 121 727
Comprising:			
Stated capital*		1 200 493	1 193 473
Foreign currency translation reserve		1 352 491	796 213
Cash flow hedging reserve		(76 223)	(15 671)
Share-based payment reserve*		99 066	93 406
Distributable reserve		3 221 312	2 943 871
Shareholders of Oceana Group Limited		5 797 139	5 011 292
Non-controlling interests		182 796	110 435
Balance at the end of the year		5 979 935	5 121 727

* *R6,6 million (2019: R2,7 million) was transferred between stated capital and share-based payment reserve during the year.*

** *Amawandle Pelagic Proprietary Limited, a 75% held subsidiary of Oceana Group Limited, issued new shares to shareholders in the proportion to their respective shareholding, of which an amount of R44,6 million was allocated to non-controlling interests. The allocation to non-controlling interest was settled through right of set-off against a long-term loan.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
Cash flow from operating activities			
Operating profit before associate and joint venture profit/(loss)		1 363 817	1 181 177
Adjustment for non-cash and other items		291 707	203 640
Cash operating profit before working capital changes		1 655 524	1 384 817
Working capital changes		427 107	(342 291)
Cash generated from operations		2 082 631	1 042 526
Investment income received[2]		32 047	54 789
Interest paid		(269 456)	(285 447)
Taxation paid		(235 069)	(262 713)
Dividends paid		(442 433)	(543 777)
Cash inflow from operating activities		1 167 720	5 378
Cash outflow from investing activities		(170 641)	(217 141)
Replacement capital expenditure on property, plant and equipment		(222 457)	(228 146)
Replacement capital expenditure on intangible assets			(26 033)
Expansion capital expenditure on property, plant and equipment		(17 401)	
Proceeds on disposal of property, plant and equipment	8	18 497	5 554
Proceeds on disposal of fishing rights		2 016	
Proceeds on disposal of intangible assets	8	30 114	
Proceeds on disposal of business			17 500
Decrease in loans receivable to business partners		18 931	13 984
Increase in shareholding in other investments		(341)	
Cash outflow from financing activities		(428 278)	(239 721)
Proceeds from issue of share capital		2 370	3 012
Short-term borrowings repaid		(365 583)	(392 782)
Lease liabilities repaid[3]		(38 816)	
Repurchase of treasury shares[1]		(16 879)	
Long-term borrowings raised			172 658
Equity-settled share-based payment[4]		(9 370)	(6 771)
Costs associated with loan refinancing			(15 838)
Net increase/(decrease) in cash and cash equivalents		568 801	(451 484)
Cash and cash equivalents at the beginning of the year		588 036	1 015 060
Effect of exchange rate changes		55 860	24 460
Cash and cash equivalents at the end of the year	9	1 212 697	588 036

1 *Repurchase of treasury shares held by Lucky Star Limited (5 094 350 shares).*

2 *Investment income for the Group includes interest received of R18,4 million (2019: R33,7 million) and dividends received from an associate of R13,6 million (2019: R21,1 million).*

3 *Payments on lease liabilities excludes interest paid.*

4 *Acquisition of shares to settle employee equity share-based scheme.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. BASIS OF PREPARATION

The Summarised Consolidated Financial Statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act, 71 of 2008, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies and methods of computation applied in the preparation of the Consolidated Financial Statements, from which the Summary Consolidated Financial Statements were derived, are in terms of International Financial Reporting Standards and are consistent with those accounting policies and methods of computation applied in the preparation of the previous consolidated Annual Financial Statements except for the adoption of new standards effective during the current financial year. The Consolidated Financial Statements and Summarised Consolidated Financial Statements information were prepared under the supervision of the interim Chief Financial Officer, T Giles CA(SA).

The auditors, Deloitte & Touche, have issued their unmodified audit opinion on the Consolidated Financial Statements for the year ended 30 September 2020. The audit was conducted in accordance with International Standards on Auditing. These preliminary summarised financial statements have been derived from the Consolidated Financial Statements, with which they are consistent in all material respects. These preliminary summarised financial statements have been audited by the Company's auditors who have issued an unmodified opinion. Copies of the respective audit reports and the full Consolidated Financial Statements are available for inspection at the Company's registered office. The audit report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the Company's website or from the registered office of the Company. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditors.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

2.1. EFFECT OF ADOPTING IFRS 9: HEDGE ACCOUNTING

The Group adopted IFRS 9 – Financial instruments ("IFRS 9") in the prior financial year, but elected to apply hedge accounting under IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). In the current financial year the Group has elected to adopt the hedge accounting requirements of IFRS 9 prospectively. There were no changes to equity reported in the prior financial year. IFRS 9 aligns hedge accounting more closely with the entity's risk management strategy.

The Group uses derivative financial instruments, such as forward exchange contracts and interest rate caps and swaps, to hedge its foreign currency risks and interest rate risk. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value.

2.2. EFFECT OF ADOPTING IFRS 16: LEASES

IFRS 16 – Leases ("IFRS 16") sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces existing leases guidance, including IAS 17– Leases, IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC-15 – Operating Leases – Incentives and SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group has elected to apply IFRS 16 using the modified retrospective approach whereby the cumulative effect of initial application is recognised in retained earnings at 1 October 2019, with no restatement of comparative information. The Group has re-assessed all leases to determine if they meet the definition of a lease in terms of IFRS 16. Judgement has been applied to determine the discount rate where the rate implicit in the lease cannot be determined. At transition date, lease liabilities have been discounted using an incremental borrowing rate of 9% in South Africa and 5.5% in the USA. Post transition date, lease liabilities of new leases have been discounted using an incremental borrowing rate of 9% in South Africa and 4.7% in the USA. The Group uses judgements when determining the borrowing rate (at and post the transition date) by taking the following assumptions into account such as duration, country and jurisdiction, currency and inception of the lease. At the transition date, the lease liabilities were measured at the present value of the remaining lease payments, using a discount rate, applied to a portfolio of leases pertaining to land and buildings within a particular jurisdiction, where funding is sourced centrally. The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Post transition date the rate for each new lease is assessed at its inception taking the preceding factors into account.

2. ADOPTION OF NEW ACCOUNTING STANDARDS continued

2.2.1. Practical expedients and exemptions applied

The Group has elected the following practical expedients for leases in which it was the lessee at 1 October 2019:

- Leases with lease terms ending within 12 months have been accounted for as short-term leases and not capitalised.
- Leases of office equipment and computer equipment are not capitalised if they are considered to be low-value items.
- Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.
- Initial direct costs have been excluded from the measurement of the right-of-use asset at the date of initial application.
- Hindsight and judgement were applied in determining the lease terms where contracts contain options to extend or terminate the lease.

2.2.2. Summary of new accounting policies regarding leases

The Group has applied the following accounting policies from the date of initial application, upon adoption of IFRS 16:

- Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognised depreciation on right-of-use assets on a straight-line basis over the shorter of the lease term or useful life of the underlying asset and interest on lease liabilities using the effective interest rate method in profit or loss;
- Lease payments are presented within financing activities in the consolidated statement of cash flows;
- For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense as permitted by IFRS 16;
- Right-of-use assets are tested for impairment in accordance with IAS 36 – Impairment of Assets; and
- Extension options are only included in the lease term if the lease is reasonably certain to be extended.

2.2.3. Judgements applied by management with regards to IFRS 16

The Group is required to make judgements that affect the valuation of the lease liabilities and the valuation of the right-of-use assets. This includes determining whether a contract meets the requirements of a lease, the lease term applicable and the interest rate used for discounting of future cash flows. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Factors considered include how far in the future an option occurs, payment amounts in the optional period, future plans of the Group for use of the asset as well as historic past practice of renewing leases. Extension options are only included if the lease is reasonably certain to be extended. Lease payments are discounted using a rate applied to a portfolio of leases pertaining to land and buildings within a particular jurisdiction, where funding is sourced centrally. Judgement has been applied to determine the discount rate where the rate implicit in the lease cannot be determined.

Where the contract has a right to extension beyond the current contract terms, the Group has assessed whether the extension of the contract is reasonably certain. In regards the lease of land and buildings which house significant Group operations, it was assessed, based on history of extensions, the potential cost of relocating operations and the extent of operations incurred at these sites, the Group has determined that it was reasonably certain that the agreement would be extended. A further 20 years was applied to the extension of the lease of property used in the canned fish and fishmeal (Africa) segment.

Management have applied their judgement regarding a contract for the supply of material handling equipment (MHE) and have determined that the MHE falls outside the scope of IFRS 16 due to the supplier having a substantive right of substitution in terms of the contract. The following factors have been taken into consideration in arriving at this determination:

- The supplier has a large pool of similar type of equipment which for all practical reasons are substitutable and interchangeable;
- The supplier monitors fleet profitability and optimisation on a regular basis and based on this assessment has the substantive right, and discretion to replace the equipment; and
- The supplier benefits economically from substituting the equipment.

Accordingly, the expenditure relating to this contract has been expensed in the Statement of Comprehensive Income as incurred.

The Group uses judgements when determining the borrowing rate (at and post the transition date) by taking the following assumptions into account such as duration, country, currency and inception of the lease.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2020

2. ADOPTION OF NEW ACCOUNTING STANDARDS continued

2.2.4. Adjustment recognised on adoption of IFRS 16: Leases

The effect of the adoption of IFRS 16 as at 1 October 2019 (transition date) and as at 30 September 2020 is as follows:

	Audited year ended 30 September 2020 R'000	Audited at transition date 1 October 2019 R'000
Statement of Financial Position		
Assets		
Right-of-use assets – land and buildings	173 507	185 002
Total assets	173 507	185 002
Liabilities		
Lease liabilities	249 463	265 569
Deferred taxation	(20 555)	(21 840)
Accounts payables and provisions	(5 047)	(5 047)
Total liabilities	223 861	238 682
Equity		
Distributable reserve	(47 921)	(50 084)
Non-controlling interests	(2 433)	(3 596)
Total equity	(50 354)	(53 680)
Statement of Comprehensive Income (post transition date)		
Depreciation	34 009	
Lease rentals	(62 386)	
Interest expense	23 570	
Taxation expense	1 517	
Lease modification gain	(37)	
Profit after taxation	3 327	

2.2.5. Reconciliation of the undiscounted operating lease commitments as at 30 September 2019 to the lease liability recognised as at 1 October 2019 in terms of IFRS 16:

	Audited at transition date 1 October 2019 R'000
Operating lease commitments as at 30 September 2019	303 799
Discounted using the incremental borrowing rate at 1 October 2019	(212 432)
Less: Short-term and low value leases not recognised as liabilities	(45 950)
Add: Extension in lease term applied	220 152
Lease liabilities recognised as at 1 October 2019	265 569
Represented by:	
Non-current portion – lease liabilities	222 701
Current portion – lease liabilities	42 868

2. ADOPTION OF NEW ACCOUNTING STANDARDS continued

2.2.6. Impact on segment disclosures

Segment assets and liabilities as at 1 October 2019 (transition date) increased as a result of the adoption of IFRS 16: Leases as follows:

R'000	Segment assets	Segment liabilities
Canned fish and fishmeal (Africa)	80 040	106 516
Fishmeal and fish oil (USA)	13 672	14 050
Horse mackerel, hake, lobster and squid	22 225	29 097
Commercial cold storage and logistics	69 065	89 019
	185 002	238 682

Net profit for the year ended 30 September 2020 and segment assets and liabilities as at 30 September 2020 increased as a result of the adoption of IFRS 16: Leases as follows:

R'000	Net profit after tax	Segment assets	Segment liabilities
Canned fish and fishmeal (Africa)	(477)	71 048	97 997
Fishmeal and fish oil (USA)	40	27 190	27 529
Horse mackerel, hake, lobster and squid	209	18 010	24 675
Commercial cold storage and logistics	3 555	57 259	73 660
	3 327	173 507	223 861

3. REVENUE

	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
The main categories of revenue and the segment to which they relate are set out below:		
Sale of goods		
Canned fish and fishmeal (Africa)	4 468 561	4 032 172
Fishmeal and fish oil (USA)	1 905 553	1 721 044
Horse mackerel, hake, lobster and squid	1 519 159	1 504 466
Rendering of services[1]		
Commercial cold storage and logistics	383 704	371 452
Other non-trade revenue[2]		
Canned fish and fishmeal (Africa)	3 275	6 368
Horse mackerel, hake, lobster and squid	26 830	9 970
Commercial cold storage and logistics	1 259	1 943
	8 308 341	7 647 415

[1] *Storage, handling and other minor services R362,3 million (2019: R354,1 million) and income from transportation services R21,4 million (2019: R17,4 million).*
[2] *Quota fees R19,3 million (2019: R1,2 million); commission R2,8 million (2019: R3,1 million) and factory processing and other minor recoveries R9,3 million (2019: R14,0 million).*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2020

4. SEGMENTAL RESULTS

Audited 2020 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake, lobster and squid R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
Statement of comprehensive income						
Revenue*	4 471 836	1 905 553	1 545 989	384 963		8 308 341
Operating profit before other operating items	522 077	424 796	353 749	81 657		1 382 279
Other operating items	14 053		3 135			17 188
Operating profit	536 130	424 796	356 884	81 657		1 399 467
Interest income	11 107	3 364	3 781	131		18 383
Interest expense	(170 085)	(86 079)	(4 721)	(11 074)		(271 959)
Profit before taxation	377 152	342 081	355 944	70 714		1 145 891
Taxation	(129 869)	(69 896)	(103 473)	(26 502)		(329 740)
Profit after taxation	247 283	272 185	252 471	44 212		816 151
The above profit after taxation includes the following:						
Depreciation and amortisation	43 566	116 680	75 694	26 814		262 754
Statement of financial position						
Total assets	1 655 257	7 417 237	1 171 318	594 079	1 233 490	12 071 381
Total liabilities	1 196 289	299 946	410 587	190 341	3 994 283	6 091 446
The above amounts of assets and liabilities includes the following:						
Interest in subsidiaries, associate and joint ventures	72 228	250 435	1			322 664

2020 Region*	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue[1]	4 232 729	884 869	1 597 974	1 304 953	262 941	24 875	8 308 341
Non-current assets[2]	1 051 684		6 367 677				7 419 361

Audited 2019 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake, lobster and squid R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
Statement of comprehensive income						
Revenue*	4 038 540	1 721 044	1 514 436	373 395		7 647 415
Operating profit before other operating items	450 591	359 102	303 172	62 460		1 175 325
Other operating items	(14 293)		(1 108)	(2 046)		(17 447)
Operating profit	436 298	359 102	302 064	60 414		1 157 878
Investment income	12 579	13 362	7 459	281		33 681
Interest expense	(207 830)	(80 435)	(5 970)	(312)		(294 547)
Profit before taxation	241 047	292 029	303 553	60 383		897 012
Taxation expense	(77 471)	(56 151)	(87 034)	(27 989)		(248 645)

4. SEGMENTAL RESULTS continued

Audited 2019 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake, lobster and squid R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
Profit after taxation	163 576	235 878	216 519	32 394		648 367
The above profit after taxation includes the following:						
Depreciation and amortisation	35 634	95 258	65 250	14 251		210 393
Statement of financial position						
Total assets	2 429 690	6 982 621	579 020	220 846	588 022	10 800 199
Total liabilities	951 875	625 703	346 375	92 635	3 661 884	5 678 472
The above amounts of assets and liabilities includes the following:						
Interest in subsidiaries, associate and joint ventures	72 731	229 323	1			302 055

2019 Region*	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue[1]	4 192 618	742 597	1 307 645	1 179 074	200 465	25 016	7 647 415
Non-current assets[2]	880 117		5 703 713				6 583 830

The segments have been identified based on both the geographic region of primary Group operations and region where the different products are sold and services are rendered by the Group.

Revenue excludes inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation as follows: Horse mackerel, hake, lobster and squid R47,4 million (2019: R44,0 million) and commercial cold storage and logistics R98,8 million (2019: R88,7 million).

Notes:

1 *Revenue per region is classified based on the region in which product is sold and services are rendered.*

2 *Non-current assets per region is allocated based on where the subsidiary is located and includes property, plant and equipment, right-of-use assets, goodwill and intangible assets and excludes assets held for sale.*

3 *Financing includes cash and cash equivalents and loans receivable and payable.*

* *Aggregation has been applied where the geographic regions of the primary operations have similar economic characteristics with regards to the nature of the products and services, production process, methods used to distribute products or render services, and are managed as a single segment.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2020

5. OTHER OPERATING INCOME/(EXPENSE) ITEMS

	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
Profit on disposal of fishing vessel		3 303
Profit on disposal of property[1]	11 799	
Profit on disposal of property, plant and equipment	750	
Profit on disposal of intangible assets[2]	22 107	
Impairment of loans in joint venture[3]	(9 716)	(17 596)
Impairment of property, plant and equipment	(1 006)	(1 108)
Impairment of goodwill		(1 276)
Loss on disposal of business[4]		(770)
Gain on deregistration of foreign subsidiary[5]	3 414	
Foreign exchange loss on translation of impaired loans with joint venture[3]	(10 160)	
	17 188	(17 447)

Notes:

[1] *The disposal of property relates to land and buildings that are surplus to operational requirements.*

[2] *During the current financial year, Lucky Star Limited disposed of the Glenryck UK trademark.*

[3] *Loans impaired pertains to loans with the Group's African fishmeal and fish oil joint ventures Oceana Boa Pesca Limitada and Oceana Pesche International. The loans exhibited increased credit risk and are deemed to be credit impaired following management's decision to terminate the operations on the back of the decline in the sardinella resource in Angola.*

[4] *The R0,8 million in the prior year relates to the loss on sale of the Commercial Cold Storage and Logistics: V&A cold store assets.*

[5] *The gain on deregistration of the Interpesca International group of companies, relates largely to a release of the foreign currency translation reserve.*

Transactions outside the ordinary course of business that are substantially capital or non-recurring in nature and are identified by management as warranting separate disclosure are disclosed under other operating items in the statement of comprehensive income. These comprise profits or losses on disposal and scrapping of property, plant and equipment, intangible assets and non-current assets held for sale, impairments or reversal of impairments, profits or losses on disposal of investments, operations or subsidiaries and business combination related costs or gains.

Based on management's assessment, no transactions have arisen for the current year that warrant further disclosure.

6. TAXATION EXPENSE

	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
Current taxation	321 698	208 586
Current year	290 853	222 023
Withholding tax	21 638	9 786
Capital gains tax	5 763	
Adjustments in respect of previous years	3 444	(23 223)
Deferred taxation	8 042	40 059
Current year	13 164	37 306
Adjustments in respect of previous years	(5 122)	2 753
	329 740	248 645

7. DERIVATIVE LIABILITIES

	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
DERIVATIVE LIABILITIES		
Non-current		
Opening balance	10 320	
Transferred (to)/from profit and loss	(118)	203
Loss recognised in other comprehensive income	74 642	7 803
Reclassified from derivative assets		2 102
Foreign currency translation adjustment	877	212
Closing balance	85 721	10 320
Interest rate caps		118
Interest rate swaps	85 721	10 202

Interest rate caps and swaps recorded in the cash flow hedging reserve and derivative liabilities are regarded as level 2 financial instruments. Level 2 fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of interest rate caps and swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Interest rate caps were executed in 2016 with a maturity date of 20 July 2020. Interest rate caps were designated as cash flow hedges and executed to hedge interest payable under various South African debt facilities. The designated hedged item with a principle value of R267 million (2019: R390 million) was early settled on 31 December 2019 resulting in the discharge of the interest rate cap.

In May 2019, interest rate swaps on South African debt were executed with a maturity date of 20 July 2021 and 20 July 2022. This comprises term debt of R482 million at a swap rate of between 7.050% and 7.094%.

Interest rate swaps were executed in 2018 with a maturity date of 22 July 2020 at a swap fixed rate of 2.175%. The interest rate swaps were designated cash flow hedges and executed to hedge interest payable under US debt facilities. The designated hedged item with a principle value of R1 819 million (2019: R1 712 million) matured on 22 July 2020. The interest rate swap was reclassified from derivative assets during the prior year.

Further interest rate swaps were executed to hedge interest payable under US debt facilities on the 4 October 2019 and 29 April 2020 respectively with a maturity date of 27 September 2024. This comprises term debt of R1 919 million at a swap rate of between 0.349% and 1.473%.

Gains and losses on the interest rate swaps held as a hedging instrument in a designated and effective hedging relationship are recognised in other comprehensive income and are reclassified in the same period that the hedged cash flows affect profit or loss. During the year a fair value loss of R74,6 million (2019: loss R7,8 million) was recognised in other comprehensive income.

The carrying amounts of all other financial assets and liabilities approximate their fair values at year end.

8. DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
Profit on sale of property, plant and equipment		
Proceeds on disposal of property, plant and equipment	18 497	
Net book value of property, plant and equipment disposed	(6 991)	
Profit on sale of property, plant and equipment[1]	11 506	
Profit on disposal of intangible assets		
Proceeds on disposal of intangible assets	30 114	
Net book value of intangible assets disposed	(10 457)	
Profit on sale of intangible assets[2]	19 657	

[1] *Included in the profit on sale of property, plant and equipment is an amount for the sale of land and buildings surplus to the Group's operating requirements relating to the Hout Bay Fishmeal plant for the value of R11,8 million.*

[2] *Included in profit on sale of intangible assets is a profit on the sale of the Glenryck UK trademark for the value of R22,1 million.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2020

9. NET CASH AND CASH EQUIVALENTS

	Audited year ended 30 Sep 2020	Audited year ended 30 Sep 2019
Cash and cash equivalents	1 212 697	588 036

Daybrook Fisheries Incorporated ("Daybrook") received US$1,2 million (net of legal costs) in the year following a Federal Court settlement in relation to Daybrook's 2006 Deepwater Horizen oil spill law suit. In terms of the 2015 stock purchase agreement entered into with the selling Daybrook stockholders, all risks and rewards relating to the Deepwater Horizen oil spill law suit were excluded from the transaction and the purchase consideration. The settlement proceeds received from Transocean, net of any taxation and legal costs, are accordingly due and payable to the Stockholder Representative on behalf of the selling shareholders. At 30 September 2020, these restricted funds (R20,4 million) were held in cash and cash equivalents with a corresponding liability in accounts payable as the funds had not yet been remitted to the Stockholder Representative. The funds were settled in full to the Stockholder Representative on 12 November 2020.

10. ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is reasonably certain and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. These assets may be a component of an entity, a disposal group or an individual non-current asset. Upon initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Remeasurements from carrying amount to the lower of fair value less costs are recognised in profit or loss, in the statement of comprehensive income, upon initial classification as held for sale.

The Bayhead cold storage facility operated by the Commercial Cold Storage and Logistics division has been designated as held for sale following the conclusion of an agreement of sale of the business.

During the prior year, the Company and Group's investment in Oceana Boa Pesca Limitada was impaired following a decision to mothball all operations following a decline in the Sardinella resource in Angola. During 2020, Oceana entered into an agreement to dispose of its interest in Oceana Boa Pesca Limitada to its joint venture partner.

Accordingly the Investment and related loans in Oceana Boa Pesca Limitada have been designated as held for sale.

Both transactions are expected to be concluded by 31 January 2021.

Reclassification of assets to assets held for sale	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
Cold storage assets held for sale (Commercial cold storage and logistics segment)		
Reclassified from plant and equipment and vehicles	6 749	
Reclassified from land and buildings	691	
Reclassified from intangible assets	63	
	7 503	
Oceana Boa Pesca Limitada joint venture interests held for sale[1] (Canned fish and fishmeal (Africa) segment)		
Reclassified from loans and investments with joint ventures and associates	11 917	
Carrying amount of assets held for sale at 30 September 2020	19 420	

[1] *The investment and long-term interest is designated held for sale and has been reclassified from loans and investments with joint ventures and associate at a carrying amount of R11,9 million.*

11. DETERMINATION OF HEADLINE EARNINGS

	Audited year ended 30 Sep 2020 R'000	Audited year ended 30 Sep 2019 R'000
Profit after taxation attributable to shareholders of Oceana Group Limited	760 635	617 616
Adjusted for:		
Impairment of capital loans	4 047	7 887
Impairment of property, plant and equipment and intangible assets	1 006	2 384
Joint venture: Reversal of impairment of property, plant and equipment		7 903
Joint venture: Profit on disposal of vessels	(710)	
Loss on disposal of business		770
Gain on deregistration of foreign subsidiary	(3 414)	
Profit on disposal of intangible assets	(22 107)	
Insurance proceeds received	(2 576)	
Net profit on disposal of property, plant and equipment	(12 548)	(3 040)
Total non-controlling interest in above	200	74
Total tax effect of adjustments	9 885	2 772
Headline earnings for the year	734 418	636 366
Headline earnings per share (cents)		
– Basic	628.4	544.3
– Diluted	582.5	500.9

12. DIVIDENDS

Dividend declared after reporting date	342 068	280 710
Dividend per share (cents)	393.0	363.0
Number of shares in issue net of treasury shares (in millions)	116 747	116 962

13. SUPPLEMENTARY INFORMATION

Amortisation	38 956	39 443
Depreciation of property, plant and equipment	189 789	170 950
Depreciation of right-of-use assets	34 009	
Operating lease charges		105 821
Expenditure on low value and short-term leases	42 810	
Share-based expenses	20 492	10 892
Cash-settled compensation	1 883	(1 407)
Equity-settled compensation	18 609	12 298
Capital expenditure (property, plant and equipment and intangible assets)	239 858	254 179
Replacement	222 457	254 179
Expansion	17 401	
Budgeted capital commitments	448 093	375 471
Contracted	101 651	26 822
Not contracted	346 442	348 649

INTRODUCTION > OUR BUSINESS > OUR OPERATING CONTEXT > OUR GOVERNANCE > OUR STRATEGY AND OUTLOOK > OUR PERFORMANCE REVIEWS > ADMINISTRATION

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2020

14. ELIMINATION OF TREASURY SHARES

	2020 Audited number of shares '000	2019 Audited number of shares '000
Weighted average number of shares in issue	130 432	135 526
Less: Weighted average treasury shares held by share trusts	(13 450)	(13 522)
Less: Weighted average treasury shares held by subsidiary company	(119)	(5 094)
Weighted average number of shares on which basic earnings per share and basic headline earnings per share are based	116 863	116 910
Weighted average number of shares on which diluted earnings per share and diluted headline earnings per share are based	126 087	127 043

Oceana Group Limited's ("Oceana's") wholly-owned subsidiary Lucky Star Limited ("Lucky Star") held 5 094 350 ordinary shares of no par value which were acquired in terms of specific authorisation to repurchase shares in 2007. Oceana repurchased the 5 094 350 shares of no par value as announced on the JSE Limited's Stock Exchange News Service on 30 March 2020. The subsequent delisting and cancellation of the 5 094 350 ordinary shares, as approved by the JSE Limited, was effected on 30 March 2020.

A total of 288 400 shares were repurchased on the open market, during the year by Lucky Star Limited, for the purposes of the Group's forfeitable share plan allocation. The shares were repurchased at an average price of R58.32 per share.

The OET lock-in period will expire in January 2021 and the trust will then commence with its unwinding process in terms of the trust deed. The participation rights of employee beneficiaries in the OET represent restricted equity instruments given that employee beneficiaries cannot freely dispose of any participation rights until the expiration of the lock-in period.

15. RELATED-PARTY TRANSACTIONS

The Group entered into various other transactions with related parties in the normal course of business. The nature of these related-party transactions is consistent with those reported previously.

16. CONTINGENT LIABILITIES AND GUARANTEES

Oceana Group Limited ("the Company") and its subsidiaries have given cross suretyships in support of bank overdraft facilities of certain subsidiaries and the Company. Further the Company and six of the Group subsidiaries have guaranteed rand-denominated term loans of R1 533,1 million (2019: R1 874,8 million).

17. EVENTS AFTER THE REPORTING DATE

At the date of this report, the Covid-19 pandemic has had no further significant effect on the operations of the Group since the year-end. The Group continues to monitor the potential outcomes of the Covid-19 pandemic and maintains sufficient liquidity to withstand any foreseeable disruptions. Other than the dividend that has been declared (refer to Note 12) after the reporting period, no further events occurred after the reporting date that may have an impact on the Group's reported position at 30 September 2020 or require separate disclosure in these Summarised Consolidated Financial Statements.

SHAREHOLDER ANALYSIS

AT 30 SEPTEMBER 2020

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	7 148	84.0	1 027 724	0.8
1 001 – 10 000 shares	866	10.2	2 873 275	2.2
10 001 – 100 000 shares	364	4.3	12 192 355	9.4
100 001 – 1 000 000 shares	111	1.3	30 621 969	23.5
1 000 001 shares and over	20	0.2	83 716 481	64.2
	8 509	100.0	130 431 804	100.0
DISTRIBUTION OF SHAREHOLDERS				
Banks	103	1.2	9 565 059	7.3
Brokers	34	0.4	1 637 519	1.3
Close corporations	56	0.7	34 928	
Empowerment	5	0.1	33 448 161	25.7
Individuals	6 284	73.9	2 661 814	2.0
Insurance companies	44	0.5	2 258 624	1.7
Investment companies	8	0.1	17 308	
Mutual funds	282	3.3	34 229 165	26.2
Nominees and trusts	1 057	12.4	921 255	0.7
Other corporate bodies	71	0.8	3 381 150	2.6
Pension funds	348	4.1	27 952 052	21.5
Private companies	212	2.5	435 231	0.3
Public companies	2		25 553	
Treasury shares held by share trusts	2		13 575 585	10.5
Treasury shares held by subsidiary	1		288 400	0.2
	8 509	100.0	130 431 804	100.0
SHAREHOLDER TYPE				
Non-public shareholders	30	0.3	47 504 646	36.4
Directors and employees	25	0.3	192 500	0.1
Treasury shares held by share trusts	2		13 575 585	10.4
Treasury shares held by subsidiary	1		288 400	0.2
Empowerment	1		821 048	0.6
Other holdings greater than 10%	1		32 627 113	25.0
Public shareholders	8 479	99.7	82 927 158	63.6
	8 509	100.0	130 431 804	100.0
SHAREHOLDERS HOLDING 5% OR MORE				
Brimstone Investment Corporation Limited			32 627 113	25.0
Oceana Empowerment Trust			13 380 306	10.3
Public Investment Corporation (SOC) Limited			12 778 289	9.8
Prudential Portfolio Managers (South Africa) (Proprietary) Ltd			9 171 127	7.0
Foord Asset Management (Proprietary) Ltd			8 570 613	6.6

INTRODUCTION
OUR BUSINESS
OUR OPERATING CONTEXT
OUR GOVERNANCE
OUR STRATEGY AND OUTLOOK
OUR PERFORMANCE REVIEWS
ADMINISTRATION

GLOSSARY

ACI	African, Coloured and Indian as defined in South African B-BBEE codes
AFS	Annual Financial Statements
ASF	African swine fever
B-BBEE	Broad-based black economic empowerment
BCP	Blue Continent Products Proprietary Limited
BEE	Black economic empowerment
CAGR	Compound annual growth rate
CCS	Commercial Cold Storage Group Limited
CDP	Formerly known as the Carbon Disclosure Project
CEO	Chief Executive Officer
CIP	Conservation Improvement Programme
CSI	Corporate social investment
DEA	Department of Environmental Affairs (DEA)
DEFF	Department of Environment, Forestry and Fisheries (South Africa)
DIFR	Disabling Injury Frequency Rate
DPW	Department of Public Works (South Africa)
Dti	Department of Trade and Industry (South Africa)
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECS	Environmental control system
ERP	Enterprise resource planning
FAWU	Food and Allied Workers Union
FCP	Fisheries Conservation Project
FMP	Fisheries Management Plan
FMO	Fishmeal and oil
FRAP	Fishing Rights Allocation Process
GHG	Greenhouse gas
GIBS	Gordan Institute of Business Science
GP	Gross profit
GSMFC	Gulf States Marine Fisheries
HACCP	Hazard Analysis Critical Control Point
HDIs	Historically disadvantaged individuals
HEPS	Headline earnings per share
HES	Health, Environment and Safety Policy
HR	Human resources
IFFO RS	The International Fishmeal and Fish Oil Organisation Responsible Supply
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IPCC	Intergovernmental Panel on Climate Change
IQF	Individually quick frozen
IR	Integrated reporting
IUU	Illegal, unreported and unregulated
JSE	Johannesburg Stock Exchange
MOI	Memorandum of Incorporation
MPA	Marine protected area
MSC	Marine Stewardship Council
NAFAU	Namibia Food & Allied Workers Union
NATAW	Namibia Transport & Allied Workers Union
NCFAWU	National Certificated Fishing and Allied Workers Union
NGO	Non-governmental organisation
NSX	Namibian Stock Exchange
OET	Oceana Empowerment Trust
OPP	Onshore processing plant
PI	Price increase after discounts and rebates
PIC	Public Investment Corporation
PMCL	Precautionary maximum catch limit
R&D	Research and Development
RFA	Responsible Fisheries Alliance
SASSI	Southern African Sustainable Seafood Initiative
SDG	Sustainable Development Goals
SENS	Stock Exchange News Service
SME	Small and medium sized enterprise
SR	Sustainability Report
STI	Short term incentive
TAC	Total allowable catch
TALFU	Trawler and Line Fishermen's Union
UDF & CWU	United Democratic Food and Combined Workers Union
UNGC	United Nations Global Compact
VWAP	Volume weighted average price
WWF	Worldwide Fund for Nature

CORPORATE INFORMATION AND ADVISORS

Registered office and business address

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International: +27 21 410 1400
Facsimile: 021 419 5979
Email: ***companysecretary@oceana.co.za***
Website: ***www.oceana.co.za***

Company registration number

1939/001730/06

JSE share code

OCE

NSX share code

OCG

Company ISIN

ZAE000025284

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, 2196
PO Box 61051, Marshalltown, 2107
Telephone: 011 370 5000
Facsimile: 011 688 5216

Company Secretary

A Fortune

Bankers

The Standard Bank of South Africa Limited
BMO Harris Bank N.A.

External Auditors

Deloitte & Touche

Internal Auditors

Ernst & Young

JSE sponsor

The Standard Bank of South Africa Limited

NSX sponsor

Old Mutual Investment Services (Namibia) (Proprietary) Limited

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