



*Premier Fishing & Brands Limited*

*The First Choice*

# Integrated Report

for the year ended  
31 August 2019



**A proudly South African  
Fishing Company**

## MISSION STATEMENT

*Our mission is to be a pre-eminent vertically integrated empowered marine business using ethical and sustainable practices to grow and harvest marine resources in a manner that will provide superior and sustainable returns to all stakeholders.*

# CONTENTS



<b>NAVIGATING OUR REPORT</b>	<b>3</b>
<b>ABOUT THIS REPORT</b>	<b>4</b>
<b>2019 IN REVIEW</b>	<b>7</b>
Performance highlights	8
Our five year journey	10
<b>OUR TRANSFORMATION IMPACT</b>	<b>12</b>
<b>ABOUT US</b>	<b>15</b>
Our vision	16
Our mission statement	16
<b>WHERE WE OPERATE</b>	<b>17</b>
Our organisational structure	18
Our shared values	20
Chairman's report	22
<b>OUR OPERATING CONTEXT</b>	<b>27</b>
Chief executive officer's report	28
Our business model	30
Our value chain	32
Our internal operating context	34
Our external operating context	36
Our material matters	38
Managing our material risks	39
Our material risks	44
How we created value using the six capitals	48
Our stakeholder relations	51
<b>OUR STRATEGY</b>	<b>55</b>
Strategic focus areas	56
Report of the investment committee	59
<b>OUR GOVERNANCE</b>	<b>61</b>
Our governance framework	62
Report of the nomination committee	64
Our effective leadership	66
Report of the remuneration committee	74
Corporate governance	84
Report of the audit and risk committee	94
Technology and information	100
Report of the social, ethics and transformation committee	101
<b>OUR PERFORMANCE REVIEW</b>	<b>105</b>
<b>CONDENSED FINANCIAL STATEMENTS</b>	<b>123</b>
<b>SHAREHOLDERS' INFORMATION</b>	<b>134</b>
<b>SHAREHOLDERS' DIARY</b>	<b>134</b>
<b>CORPORATE INFORMATION</b>	<b>135</b>
<b>GLOSSARY OF TERMS AND ACRONYMS</b>	<b>136</b>

## **DEAR VALUED STAKEHOLDER**

We at Premier Fishing & Brands Limited (“Premier” or “the Company” or “the Group”) are privileged to present our 2019 Integrated Report. Our Integrated Report aims to provide a balanced view of the financial, economic, environmental, social, and governance performance of the Group, enabling our stakeholders to make an informed assessment of the Group’s ability to create and unlock stakeholder value in the short, medium and long term.

## **THE OBJECTIVES OF THIS REPORT**

The aim of this report is to clearly, accurately, and concisely communicate our journey, who we are, what we do and how we create sustainable value. This report documents our strategy, business model, risks and opportunities, and performance against our strategic objectives and stringent governance practices in a manner that provides stakeholders with a holistic view of the Group and its future prospects.

## **ADDITIONAL INFORMATION**

Our integrated report is supplemented by a full suite of online publications, which caters for the needs of our stakeholders and includes the following:

- Online report;
- Full consolidated annual financial statements; and
- Notice of the annual general meeting.

The above reports can be accessed on our website: [www.premierfishing.co.za](http://www.premierfishing.co.za).

**Share code: PFB**

**ISIN: ZAE000247516**

***The contents of the 2019 Integrated Report are broadly comparable with those of the 2018 Integrated Report and is fully compliant with all regulatory bodies of a listed entity.***



# NAVIGATING OUR REPORT

## OUR SIX CAPITALS



Financial



Natural



Human



Manufactured



Intellectual



Social and relationship

## STAKEHOLDERS



Shareholders



Customers



Suppliers and service providers



Employees and trade unions



Local communities and other small quota holders



Government and regulatory authorities



# ABOUT THIS REPORT

## SCOPE, BOUNDARY AND REPORTING CYCLE

Premier's integrated report includes financial and non-financial information related to the Group's businesses and is primarily targeted at our stakeholders (including, but not limited to, our shareholders, suppliers and service providers, customers, employees, government and regulatory authorities, local communities, and other small-quota holders).

This report provides material information relating to our strategy, business model, material risks, and opportunities, as well as our operational performance and governance.

This report focuses on the main operations and activities that contribute to the Group's performance: Lobster, squid, pelagic, abalone, hake, Seagro, and cold-storage facilities.

This report covers the period under review ending 31 August 2019, with no restatement of data.

## REPORTING PRINCIPLES AND BASIS OF PREPARATION

### **Our integrated report was prepared in accordance with the following reporting guidelines and frameworks:**

- International Integrated Reporting Council (IIRC) Integrated Reporting (IR) framework;
- International Financial Reporting Standards (IFRS);
- Companies Act, 2008 (No. 71 of 2008), as amended ("the Companies Act");
- Johannesburg Stock Exchange (JSE) Listing Requirements;
- King IV Report on Corporate Governance™ for South Africa 2016 (King IV™); and
- Global Reporting Initiative (GRI) G4 Guidelines.

## Our approach to materiality

This report provides information that we believe is of material interest to current and prospective shareholders and to any other stakeholder wishing to make an informed assessment of our ability to create stakeholder value in the short, medium and long term.

The material matters included in this report were identified through a process involving the chief executive officer (CEO), the chief financial officer (CFO) and members of the executive management committee (EXCO). This report was also approved by the Board of Directors of the Company ("the Board").

## Group successes during the reporting period

### **The Group achieved the following successes:**

- We achieved a Level 1 Broad-Based Black Economic Empowerment (B-BBEE) rating.
- We created employment for over 15 new permanent positions during the period under review.
- Our aquaculture operation obtained approval for an Aquaculture Development and Enhancement Programme (ADEP) Incentive Award.
- We successfully integrated Talhado Fishing Enterprises Group ("Talhado") into the Group, thereby unlocking value-creating synergies.

## External audit and assurance

The Board, with the support of the Audit and Risk Committee, is ultimately responsible for the Group's system of internal control designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss.

We applied a combined-assurance model, in which we obtained assurance from management, as well as internal and external assurance providers. Management identified key risks facing the Group and implemented the necessary internal controls to manage those risks.

This process was monitored and evaluated by the internal auditor and external assurance was obtained where required. The Audit and Risk Committee oversees the internal audit function and ensures the effectiveness of the systems of internal control and risk management.

The Audit and Risk Committee reviewed the effectiveness of the internal controls for the year ended 31 August 2019, primarily through reports from the internal auditor and formal confirmations from the executive management team and external auditors. Refer to page 96 for the report of the Audit and Risk Committee.

An independent audit of the consolidated annual financial statements was performed by BDO South Africa Inc. (BDO) for the year ended 31 August 2019. Refer to our website for the full financial statements and the independent auditor's report: [www.premierfishing.co.za](http://www.premierfishing.co.za)

External verification has been provided for the B-BBEE accreditation level. The verification was performed by an organisation accredited by the South African National Accreditation System (SANAS). The remainder of the integrated report has not been subjected to an independent audit or review.

The information reported on is derived from the Group's own internal records and information available in the public domain.

The Board reviewed the effectiveness of controls for the year ended 31 August 2019, principally through a process of assessment by the management team. It also considered reports from the internal auditor, the external auditors and other assurance providers **(King IV™ - Principle 5)**.

The Group's governance principles in respect of King IV™ have been measured using the Governance Instrument provided by The Global Platform for Intellectual Property.

## DISCLAIMER: FORWARD-LOOKING STATEMENTS

In this report, we make certain statements that relate to analysis and other information based on forecasts of future results and on historical data, which has been based on estimates of new business and investment assumptions.

These statements may also relate to our future prospects, developments and business strategies. As defined, these are forward-looking statements. These statements may be identified by words such as "expect", "intend", "plan", "believe", "seek", "estimate", "will", or "project", or words of similar meaning. These words are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

These are subject to a number of risks, uncertainties, and factors, including but not limited, to those described in disclosures and in the risk-management report. Should one or more of these risks or uncertainties materialise or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of the Group may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement.

Premier neither intends nor assumes any obligation to update or revise these forward-looking statements in light of developments that differ from those anticipated.

## DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE INTEGRATED REPORT

The Board of Directors, supported by the Audit and Risk Committee, is ultimately responsible for ensuring the integrity of this report. The Audit and Risk Committee is responsible for reviewing and recommending the integrated report and annual financial statements to the Board for approval.

The members of the Board have applied their minds to the integrated report and believe that it addresses all material issues and matters, and fairly represents the Group's integrated performance.

The integrated report, including the consolidated annual financial statements of the Group for the year ended 31 August 2019, was approved by the Board on 30 October 2019:



**Khalid Abdulla**  
Director



**Mogamat Samir Saban**  
Chief executive officer

### Feedback

We welcome and value your feedback related to our integrated report. Please kindly address any queries or comments to our company secretary, Mr Cornell Kannmeyer, via email: [cornellk@premfish.co.za](mailto:cornellk@premfish.co.za).









# 2019 IN REVIEW

*Performance highlights*  
*Our five-year journey*

8  
10

# PERFORMANCE HIGHLIGHTS

**Premier achieved a Level 1 B-BBEE rating, making it one of the most transformed companies in the fishing sector.**

**Cash generated from operations**

increased

**to R124m**

(2018: R91m)

**Revenue**

increased

**to R575m**

(2018: R491m)

**EBITDA**

Increased

**to R112m**

(2018: R109m)



Increased  
**abalone stock on hand**  
at our abalone farm by  
**R15m**

Increased  
**production capacity**  
at our abalone farm to  
**183 tons**  
(2018: 160 tons)

Declared a dividend of  
**R26m**,  
a decrease of  
**R39m**  
when compared to last year.  
(2018: 25 cents per share)

**R1.8m**  
spent on  
Bursaries and skills  
development



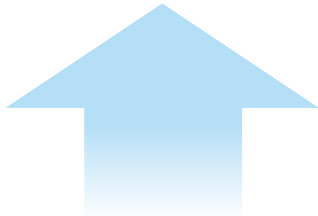
2019 has been a resilient year for the Group, as we created and enhanced stakeholder value while navigating challenging economic conditions.



# OUR FIVE-YEAR JOURNEY

	2015	2016
<b>REVENUE</b>	R349m	R402m
<b>OPERATING PROFIT</b>	R59m	R65m
<b>PROFIT AFTER TAX</b>	R51m	R52m
<b>CASH GENERATED FROM OPERATIONS</b>	R50m	R68m
<b>EBITDA</b>	R73m	R79m
	<ul style="list-style-type: none"> <li>· Modernised our fleet through the acquisition of a more fuel-efficient vessel.</li> <li>· Significantly increased third-party contracted quota for West Coast rock lobster (WCRL).</li> </ul>	<ul style="list-style-type: none"> <li>· Completed construction of processing facility at abalone farm, enabling us to pack live shipments of abalone at our own premises.</li> <li>· Created 10 new permanent jobs as a result.</li> <li>· Commenced with acquisition of third party contracted quota for wild abalone.</li> </ul>

## 2017



R411m

R65m

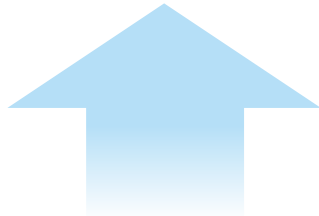
R68m

R40m

R79m

- Listed on the main board of the JSE.
- Changed name from Premier Food & Fishing Limited to Premier Fishing & Brands Limited.
- Implemented solar project at abalone farm.
- Successful allocation of horse mackerel quota.
- Completed construction of processing factory at abalone farm, enabling us to pack live shellfish.

## 2018



R491m

R92m

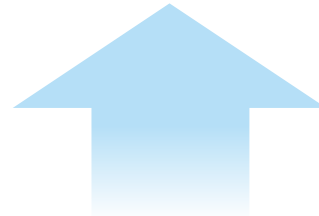
R95m

R91m

R109m

- Acquired controlling stake in Talhado.
- Completed expansion of existing hatchery at abalone farm.
- Installed 40 tons of additional production capacity at abalone farm.
- Increased abalone stock on hand by 19 tons from the previous financial year.

## 2019



R575m

R83m

R73m

R124m

R112m

- Talhado Fishing Group fully absorbed into the Group.
- Premier moved to a new operational office during the 2019 financial year.
- Increased abalone stock on hand by 16 tons from the previous year.
- Completed construction of another new hatchery needed at the farm.
- Installed over 1 000 growout tanks at the farm.

# OUR TRANSFORMATION IMPACT

## VALUE CREATION THROUGH ECONOMIC TRANSFORMATION

Premier is one of the largest black-owned and -controlled fishing companies in South Africa. During the period under review, Premier Fishing SA (Pty) Limited, the major operating company in the Group, achieved a Level 1 B-BBEE rating, ensuring that we remain focused on and committed to promoting B-BBEE.

### TRANSFORMING SOUTH AFRICA

- Premier Fishing SA (Pty) Ltd is a PROUD

#### LEVEL 1 CONTRIBUTOR TO B-BBEE

- Our Board comprises of

#### 100% HISTORICALLY DISADVANTAGED INDIVIDUALS

- Voting rights of Black people

**74.16%**

- Woman represent

#### 35.41% OF OUR BOARD AND EXECUTIVE MANAGEMENT

### EMPOWERING ECONOMIC SOUTH AFRICA

Premier Fishing SA (Pty) Limited obtained a BEE procurement recognition level of 135% as rated and measured in terms of the B-BBEE Scorecard. In addition, Premier partnered with smaller businesses and entrepreneurs, thereby uplifting and empowering them.

The Group is also firmly committed to enhancing skills in South Africa and does so by providing much-needed bursaries to deserving learners, affording them the opportunity to empower and uplift themselves, thereby creating a more skilled South Africa.













# 15

## ABOUT US

<i>Who we are</i>	16
<i>Where we operate</i>	17
<i>Our organisational structure</i>	18
<i>Our shared values</i>	20
<i>Chairman's Report</i>	22



## OUR VISION

To be the first choice in everything we do and for our stakeholders.

## OUR MISSION STATEMENT

Our mission is to be a pre-eminent vertically integrated empowered marine business that uses ethical and sustainable practices to grow and harvest marine resources in a manner that will provide superior and sustainable returns to all stakeholders.

### Who we are

Premier is a fishing and aquaculture group that has been in existence since 1952 and listed on the main board of the JSE since 3 March 2017.

### What we do

The Group is predominantly involved in commercial fishing, fish processing and fish marketing. This includes sustainable aquaculture farming through our abalone farm and the manufacturing of Seagro, an environmentally-friendly fertiliser product.

### What proudly differentiates us:

- We are one of the largest black-owned and managed fishing companies in South Africa.
- We have a diversified product basket with niche products (lobster, octopus, squid, cultivated abalone, pilchards, anchovies, hake and horse mackerel).
- We own and manage factories, facilities and fishing vessels operating over two provinces.
- We employ more than 750 people.
- We hold the following accreditations and memberships:
  - South African Fishing Ethically (SAFE);
  - Association, Food and Drug Administration (FDA),
  - Hazard Analysis Critical Control Points (HACCP).

### Customers around the world

Strong global customer base

### Major shareholder

African Equity Empowerment Investments Limited (AEEI)

### Listed on the JSE

3 March 2017

### Number of employees

More than 750

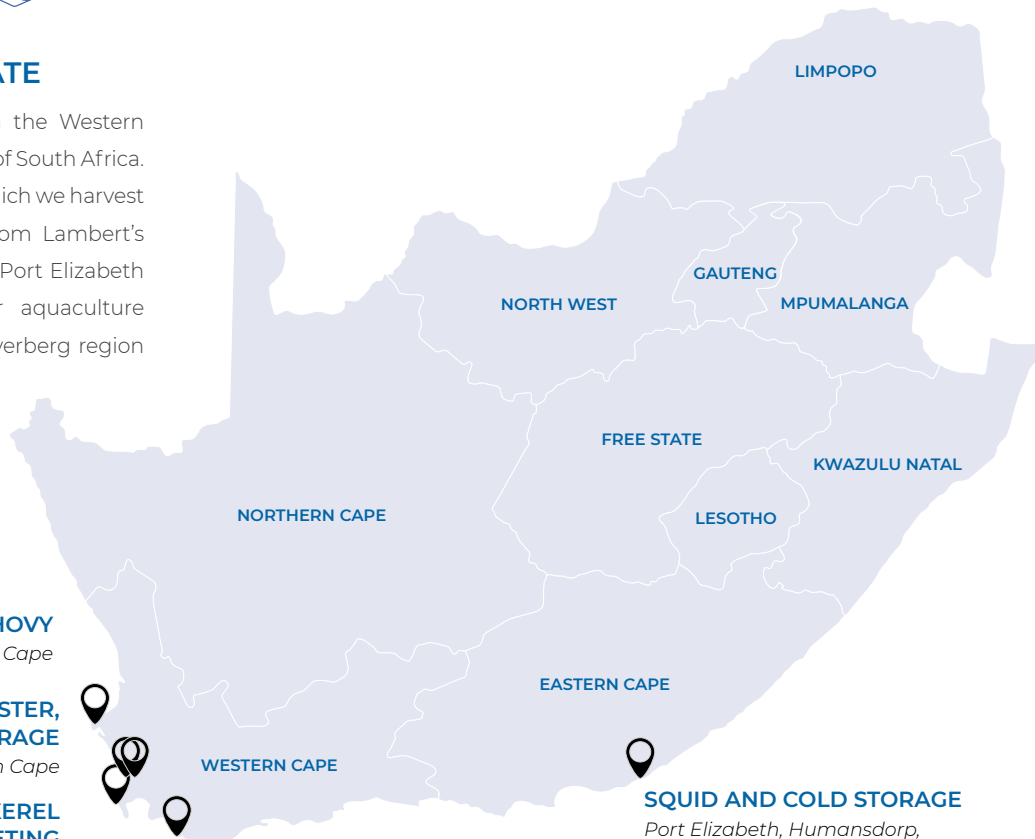


## OUR GLOBAL BRANDS



## WHERE WE OPERATE

Premier mainly operates in the Western and Eastern Cape provinces of South Africa. The fishing grounds from which we harvest marine resources stretch from Lambert's Bay in the Western Cape to Port Elizabeth in the Eastern Cape. Our aquaculture operation is based in the Overberg region of the Western Cape.



### SEAGRO, PILCHARDS AND ANCHOVY

Saldanha Bay Harbour, Western Cape

### SOUTH COAST ROCK LOBSTER, COLD STORAGE

V&A Waterfront, Cape Town, Western Cape

### HAKE, HORSE MACKEREL SALES AND MARKETING

Cape Town, Western Cape

### WEST COAST ROCK LOBSTER

Hout Bay Harbour, Western Cape

### CULTIVATED ABALONE

Gansbaai Harbour, Western Cape

### SQUID AND COLD STORAGE

Port Elizabeth, Humansdorp, Eastern Cape

# OUR ORGANISATIONAL STRUCTURE



*Premier Fishing & Brands Limited*

## PREMIER FISHING SA (PTY) LTD (PREMIER FISHING SA)

**100%**



Premier Fishing SA the catching and processing business unit of the Group. Premier Fishing SA owns medium- to long-term fishing rights for South Coast rock lobster ("SCRL"), West Coast rock lobster ("WCRL"), small pelagics (pilchards and anchovy), hake trawl, hake inshore, squid, large pelagics.

## PREMFRESH SEAFOOD SA (PTY) LTD (PREMFRESH)

**100%**



Premfresh is the sales and marketing business unit of the Group and is 100% owned subsidiary of Premier Fishing SA. Premfresh has an experienced marketing team with more than 30 years' combined experience in the marketing of fish and fish-related products, and conducts the sales of all of the Group's products. Premfresh also provides sales and marketing services to outside small quota holders.

## TALHADO FISHING ENTERPRISES (PTY) LTD (TALHADO)

**50.3%**



Talhado undertakes the catchings, processing and marketing of squid with both sea and land-based freezing facilities.

## MARINE GROWERS (PTY) LTD (MARINE GROWERS)

**100%**



Marine Growers is a 100% owned subsidiary of Premier Fishing SA and is the aquaculture business unit of the Group, based in Gansbaai. Marine Growers owns an abalone farm that cultivates abalone for the export market. South African abalone (*Haliotis Midiae*) is highly sought-after internationally, particularly in the Asian market.



### South Coast Rock Lobster

Processing plant and location: **1 PLANT, V&A WATERFRONT**  
 Quota managed  
 Market: **UNITED STATES OF AMERICA**



### West Coast Rock Lobster

Processing plant and location: **1 PLANT, HOUT BAY**  
 Quota managed  
 Market: **CHINA, HONG KONG, JAPAN**



### SEA DIAMOND

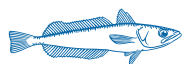
#### Squid

Processing plant and location: **HUMANSDORP**  
 Effort based  
 Market: **EUROPE**



#### Pilchards and Anchovy

Quota managed  
 Market: **SOUTH AFRICA**



#### Hake

Quota managed  
 Market: **EUROPE**



#### Seagro

Processing plant and location: **SALDANHA BAY**  
 Market: **SOUTH AFRICA**



#### Cold Storage

Processing plant and location: **1 COLD STORE, V&A WATERFRONT**  
 Market: **SOUTH AFRICA**



#### Squid

Processing plant and location: **PORT ELIZABETH**  
 Quota size and managed kilograms: **TOTAL ALLOWABLE EFFORT**  
 Market: **EUROPE AND JAPAN**



#### Atlantic Abalone

Owned and leased land area: **9 HECTARES**  
 Processing plant and location: **1 LIVE PACK FACILITY, GANSBAAI HARBOUR**  
 Yearly production output kilograms: **183 TONS**  
 Market: **CHINA, HONG KONG, TAIWAN**



# OUR SHARED VALUES

## What shared value means to us:

Understanding and addressing stakeholder expectations and societal needs and communicating through stakeholder engagements.

We are driven by our values which are:

### VALUE SYSTEM

#### Respect and Trust

To always respect and trust fellow employees, customers, partners and our stakeholders.

#### People

To provide sustainable employment opportunities for our employees and others, maintain a safe and secure working environment and zero fatalities. Develop, attract and retain the correct skills and structures to meet and support our strategic growth.

#### Commitment

To deliver on our promises and add value beyond expectations.

#### Integrity

To always act with integrity in whatever we do based on our values, principles, Code of Ethics and Code of Conduct.

#### Accountability

To have responsible and accountable leadership that addresses the expectations of our diverse stakeholders and embraces these responsibilities with efficiency.

#### Stakeholders

To serve our stakeholders through good corporate governance, ethical conduct, value creation and safe and good quality products and services.

### OUR INTEGRATED REPORTING MODEL

Our strategy is to create sustainable value for stakeholders and to ensure that the Group remains attractive to investors by optimising shareholder returns. Our strategy for sustainable value creation goes beyond short-term profitability and takes into account the broader economic, social and environmental factors.

Our approach to addressing these matters is to prioritise those most important to achieve medium- to long-term sustainable business growth for the Group. We have identified strategic enablers to execute our business model and achieve sustainable value creation **(King IV™ – Principle 4)**.

### SOUND GOVERNANCE

We can only be a sustainable business if we continue to rigorously promote and implement good corporate governance practices. This is an integral part of our business model that is built on delivering good governance outcomes in terms of an ethical culture, effective control, sustainable performance and legitimacy. Our sound governance platform is embedded in our corporate culture **(King IV™ – Principle 6)**.

## DEVELOPMENT OF PEOPLE

Our employees are our most important asset. We recognise the importance of attracting and retaining the right calibre of people and keeping them motivated in a safe and supportive working environment and remunerating them accordingly. We continued to provide training and development to our employees and to ensure that employee development plans are in place for the retention of employees. We continue to install a culture of excellence and opportunity for our employees **(King IV™ – Principle 14)**.

In order to remain sustainable as a business, we contributed towards social and economic development by building society in a stable economy. To create an enabling environment and develop and enhance markets for our products, we were proactive and responsive to our stakeholders' interests and ensured that we implemented best practices in our operations **(King IV™ – Principle 3)**.

## ENVIRONMENT

We are committed to implementing sustainable business practices that minimise the impact on the environment from our operations. Our business has a low direct impact on the environment, but we are affected by the environment in which we operate and by the effects of climate change in general. We acknowledge that a stable economy and a sustainable business require a sustainable environment. We continue to work closely with relevant authorities to safeguard various fish species and pay careful attention to the environmental impact of our operations **(King IV™ – Principle 3)**.



# CHAIRMAN'S REPORT



As a director and acting chairman of the Board of Premier Fishing and Brands Board, I am delighted to be a proud contributor to this dynamic group.

This integrated report will provide you with details of Premier's good set of results for the financial year-end to 31 August 2019. The financial report is also available online at [www.premierfishing.co.za](http://www.premierfishing.co.za)

For Premier, it has been an exciting year despite South African and the global economic and environmental challenges we are facing. Through it all, the team remained focused on meeting the agreed upon goals and objectives as set out in the Vision 2020 Vision strategy approved during 2015. I am pleased to advise that most of our objectives have been met and we look forward to completing our planned strategy by the 2020 year-end.

## CONTRIBUTION OF THE BOARD IN GENERATING VALUE THROUGH OUR STRATEGY

Our diverse board enables an environment in which varied views and learnings can be exchanged as a result of the multiple skills, experience and backgrounds of the executive and non-executive directors interacting as a team, driving the Group forward.

The Board strives to ensure that Premier is governed effectively, with integrity and in accordance with sound corporate governance practices, considering the emerging global trends and Premier strategic direction, with due consideration to the environment, the seasonality of the industry as well as the current migration of species globally.

As a listed entity, we continue to drive cost efficiencies lower, refocusing the Group to be more conscious to counteract the impact on our environment through "green fishing and farming" initiatives, and continuous skills development and training of our people. This will inevitably create further value to our shareholders and stakeholders.

More importantly, at Premier, we are committed to transformation and in supporting the communities in which we operate through our B-BBEE strategy, training, empowerment and corporate social responsibility programmes.



## SAFETY FIRST

The Premier brand is known as the 'First Choice', but our people and their safety will remain our 'First Priority'. We value the contributions and sacrifices our employees make in the best interests of the Group and we find it a moral necessity to ensure that when they are out at sea, working in the cold store, on the farm or at the harbour's edge, they are executing their responsibilities with the utmost care for themselves and the environment. The board is clear that further skills development and training of employees is to their advantage and safety.

## 2019 PERFORMANCE

Our 2019 performance is a testament to the Group's agility and drive toward continued optimisation and efficiency of our operations, creating value-add and sustainability of the business. This is, despite the turbulent economic environment and social unrests, especially in the Asian markets, where our key clients reside.

While the local and global economic challenges continue and US\$/ ZAR exchange rates have increased, as an exporter, this exchange rate has off-set the some of the lower priced products. Through the collective effort across our value chain the Group is able to declare a gross maiden dividend of 22 cents per share to its shareholders.

## DELIVERING ON OUR STAKEHOLDER COMMITMENTS

Organic growth in Premier has been consistent over the years and steady during this financial year. As promised, the acquisition of 50.31% equity in Talhado Fishing, the largest squid operation in South Africa, during the past financial year has already contributed positively to the year-end figures, and the synergies between Premier and Talhado are already being realised. With catches and sales volumes of more than 2 500 tonnes, with has already resulted in excellent synergies within Premier's existing squid operation. The acquisition sees Premier as South Africa's largest squid operator.

The abalone farm is on track and the completion is anticipated for the end of 2020, as planned for during our Vision 2020 Vision strategy. The hatchery capacity was expected to triple in order to meet production demands for a new farm and an additional 200 jobs will be created at the farm.

# NON-EXECUTIVE CHAIRMAN'S REVIEW (CONTINUED)

## FUTURE OUTLOOK

The outlook for the future of Premier looks promising as we aggressively focus on already identified strategic acquisitions and organic growth, increasing our product basket and creating sustainable value for all our stakeholders. The board and management teams have set out and agreed to Premier's strategic priorities leading up to and beyond 2020.

Future plans also include an intense focus on transformation, job creation, B-BBEE, and skills development and training. The Group continues to monitor and put measures in place to ensure sustainable fishing, delivering full strategic value to our shareholders, broadening our client base and increasing our market share. In addition to this, we are paying attention to continuous operational excellence and driving cost efficiencies.

## CONCLUSION

Premier is well positioned to take advantage of opportunities that are both available and viable as well as maintain its current organic growth trend and acquisition opportunities. The finalisation of the abalone farm expansion and the cannery and drying facility will add substantial values during the 2020 financial year.

This integrated report demonstrates the tenacity and devotion of Premier's people and the management teams who lead them. At Premier, we know full well that our longevity is inextricably linked to the success of our many stakeholders and the trust and confidence of our shareholders to deliver value despite the challenging and volatile times we are facing.

On behalf of the Board of Premier, I wish to thank all our out-going directors. Reverend Vukile Mehana, Ms Cherie Hendricks, Mr Tatenda Bundo and Mr Imraan Moosa, have resigned as members of the board and we thank them for their valuable input and contributions to the group.

I also wish to extend my sincere thanks to my fellow board members, our shareholders and the many stakeholders – our employees, shareholders, customers, partners, suppliers, governments and communities, whom without their continued support we could not have progressed as well as we have.

A heartfelt thank you for your unwavering support.



**Mr Khalid Abdulla**  
**Director and Acting Chairman**  
**Premier Fishing and Brands Limited**  
**31 August 2019**









27

## OUR OPERATING CONTEXT

<i>Chief executive officer's report</i>	28
<i>Our business model</i>	30
<i>Our value chain</i>	32
<i>Our internal operating context</i>	34
<i>Our external operating context</i>	36
<i>Our material matters</i>	38
<i>Managing our material risks</i>	39
<i>Our material risks</i>	44
<i>How we created value using the six capitals</i>	48
<i>Our stakeholder relations</i>	51

# CHIEF EXECUTIVE OFFICER'S REPORT



During our 2019 financial year, we experienced a few challenges, both in South Africa and in some of our international markets. Locally, we faced tough fishing conditions in certain sectors such as squid and small pelagics. We also faced an extended red-tide season in Gansbaai. Internationally, the political unrest in Hong Kong affected some of our business operations during the year under review.

The 2019 financial year also saw Premier Fishing & Brands Limited integrating Talhado Fishing Enterprises Group for the full 12 months of reporting, as compared to three months in the prior period. Talhado has now been successfully absorbed into the Premier Group, and we expect further synergies from the integration going forward.

Premier Fishing SA (Pty) Limited also attained Level 1 B-BBEE status – proof of our commitment to transformation in the sector as well as in South Africa. We continue to support a number of community-based organisations in the fishing communities we operate in, bearing testimony to our undertaking to uplift and empower previously disadvantaged people in South Africa.

## REVIEW OUR OPERATIONS

### Lobster

The West Coast rock lobster still remains under threat in terms of its future as a resource, but Premier is committed to ensuring the population is rebuilt to sustainable levels for the foreseeable future. We have committed to assisting and working with various associations in the fishing sector and government to reach this goal.

The South Coast rock lobster remains in a healthy state and Premier will ensure that the resource is sustainable for the foreseeable future, by committing to sustainable fishing practices. South Coast rock lobster continues to deliver a strong performance year-on-year, with the resource being healthy. No major changes are expected in the total allowable

catch (TAC) of South Coast rock lobster in the foreseeable future.

### Small pelagics

Revenue decreased marginally from the prior period to R62 million (2018: R64 million).

The pilchard TAC for the 2019 season was further reduced from the 2018 season. The landings for pilchards during the 2019 financial year have been extremely poor across the industry wide.

The anchovy landings for the 2019 season were slightly lower than for the prior period, but this was slightly offset by increased pricing.

## Squid

The acquisition of Talhado has now been fully absorbed into the performance of the Group for the full 12 months of the 2019 financial reporting period. Squid landings for 2019 were lower than those of the 2018 season. This decrease in squid landings resulted in lower revenue and operating profit for Talhado, compared to the prior period.

## Abalone

During the year under review, the abalone industry experienced an extended red-tide season compared to the prior period. Combined with political unrest in Hong Kong, this negatively impacted performance in the division.

Expansion of the abalone farm is progressing well, with most of the major works completed. We are still on target to complete construction by the 2020 financial year end.

## FRAP 2020

During the current year, the minister announced that the

review of the Fishing Rights Application Process (FRAP) 2020 would be shifted to 31 December 2021. Further communication from the minister to the fishing industry is expected in due course.

## Future prospects

The Group continues to focus on expanding its abalone farm, making additional acquisitions and increasing the diversity of its product basket.

## APPRECIATION

We wish to thank our employees, Group executives, management, and Board of Directors, as well as our strategic partners, stakeholders, and business partners, for their loyalty and dedication in contributing to the success of the Group.



**Mogamat Samier Saban**

Chief Executive Officer



# OUR BUSINESS MODEL

Our business model is the mechanism in which we deploy our capitals along the various phases of our value chain. Our primary value chain ensures that we convert capital inputs into core value-added outcomes that are beneficial to all our stakeholders.

OUR CAPITAL INPUTS	
	<b>Financial</b> Share capital
	<b>Natural</b> Diverse fisheries portfolio, water and energy
	<b>Human</b> Specialist skills, gender and race diversity
	<b>Manufactured</b> Fishing vessels, processing plants and abalone farm
	<b>Intellectual</b> Strong customer relationships Production processes
	<b>Social and Relationship</b> Supplies, customers and communities

PRIMARY ACTIVITIES		
FISHING OPERATIONS	AQUACULTURE	FERTILISER
<ul style="list-style-type: none"> <li>• <b>Catching</b></li> <li>• 33 vessels are used to harvest our own fishing quota of SCRL, WCRL, small pelagics, squid and hake</li> <li>• Catching services provided to other small-quota holders</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Hatchery</b></li> <li>• Breeding of abalone</li> <li>• Production of spat (baby abalone)</li> <li>• Abalone is reared and grown for a further 20 to 30 months until it is ready for market</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Procurement</b></li> <li>• Procure fish concentrate from one of our customers</li> </ul>
PROCESSING		
<ul style="list-style-type: none"> <li>• Fish is landed at our four factories</li> <li>• The fish is graded and packaged for distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Abalone is harvested and packed for shipping abroad</li> </ul>	<ul style="list-style-type: none"> <li>• Process the fish concentrate into liquid fertiliser</li> <li>• Package liquid fertiliser</li> </ul>

*“Our business units and operations are lean, aligned and arranged by function to ensure high productivity, cost and operational efficiencies with quick decision making processes”.*

## OUR EXTERNAL ENVIRONMENT

## KEY ENABLERS

- Optimal organisational structure and capable employees
- Diverse fisheries portfolio which can be leveraged to drive growth
- Optimal capital structure to fund expansions and acquisitions
- Collaboration with other fishing companies, small-quota holders and abalone farmers to drive growth

## COLD STORAGE AND DISTRIBUTION

- Use of cold storage space through our HACCP-approved cold-store facilities

## BRANDING, SALES AND MARKETING

- Value-added services

## FINANCIAL VALUE MATRIX

### Income stream

- Income is generated from the sale of harvested and cultivated marine products
- Cold storage and distribution
- Interest received on cash balances

### EXPENSES

#### To maintain value

- Our main expenditure is incurred during the catching and harvesting of marine products, which includes wages, diesel, maintenance, packaging, electricity, etc.
- We are legally obliged to pay direct and indirect taxes to SARS

#### To expand value

- Capital expenditure
- Marketing

## OUR OUTPUTS



**Live and frozen lobster**



**Frozen hake**



**Frozen squid**



**Pelagic fish**



**Live, frozen and canned abalone**



**Bottled Seagrow fertiliser**



### Regulatory

- Allocation of fishing rights
- Compliance with legislation

### Macro-economic

- South African Rand/US Dollar exchange rate
- Global economic growth rate

### Operating

- Catch rates
- Cash flow management
- Availability of critical skills
- Climate change and weather

# OUR VALUE CHAIN

## FISHING VALUE CHAIN

### Natural resource (marine resources) catching and procurement of lobster, squid, hake and small pelagics

1. Our fishing vessels are efficiently utilised to harvest and land allocated quota in the form of either live or frozen fish.
2. Through maintaining strong relationships with quota holders, we procure stock from third party quota holders.

### Processing

1. Live fish is landed in oxygenated seawater tanks, stored, purged and prepared for export.
2. Whole frozen and lobster tails are processed for the export market.
3. Lobster is graded according to size and packed in our branded boxes for the export market.
4. Raw small pelagics are delivered to our customer factory for processing.

### Outputs

Live lobster  
Frozen lobster tails  
Frozen whole lobster  
Frozen lobster heads  
Frozen squid  
Frozen hake  
Pilchards  
Anchovy

## AQUACULTURE VALUE CHAIN

### Breeding and procurement

1. We utilise scientific methods to induce the breeding of male and female abalone in order to produce spat.
2. Through maintaining strong relationships with other abalone farmers, we procure additional spat when the need arises.

### Breeding and procurement

1. The best quality feed is procured and fed to our animals.
2. We continuously monitor the size of the animals until they reach a size preferred by the market.
3. We harvest abalone as live animals, process these at our own facility and package them in our branded boxes for the export market.
4. We harvest abalone as live product and outsource the processing for canned and dried abalone for the export market.

### Outputs

Live abalone  
Canned abalone  
Dried abalone  
Frozen abalone

## FERTILISER VALUE CHAIN

### Procurement

1. Through maintaining a strong relationship with other fishing companies, we are able to procure fish concentrate (a by-product of the fishmeal process) from them.

### Processing

1. We utilise our plant facilities and skills to process the fish concentrate to liquid fertiliser (Seagro).
2. The liquid fertiliser is packaged and branded in our bottles.

### Output

Liquid Seagro fertiliser

### Branding, Sales and Marketing

Our experienced and skilled marketing team sells our high-quality products at competitive market prices.

Income is generated from processing, marketing and selling third-party quota holder's fish.

Income is generated from hiring out part of our cold storage facilities to third parties.

Income is also generated from catching third-party quota.

#### Key Capitals

- Financial Capital
- Intellectual Capital
- Social & Relationship Capital



### Branding, Sales and Marketing

Our experienced and skilled marketing team sells our high-quality products at competitive market prices.

#### Key Capitals

- Financial Capitals
- Intellectual Capitals



### Branding, Sales and Marketing

Our experienced and skilled marketing team sells our high-quality products at competitive market prices.

#### Key Capitals

- Financial Capital
- Social & Relationship Capital





# OUR INTERNAL OPERATING CONTEXT

During the 2019 financial year, we sustained our focus on the following core areas, thereby ensuring sustained value creation.

## ABALONE EXPANSION PROJECT

### Core asset

Our aquaculture operation represents a core business through which the Group is able to unlock value and deliver long-term sustainable returns to our valued stakeholders.

### Context

Premier acquired six hectares of land that is adjacent to our existing aquaculture farm and has been earmarked for development. Once the farm is fully developed, the output will triple from 100 tons to 400 tons annually. The budgeted capital expenditure of the project, including utilities and infrastructure development, is approximately R220m.

## TALHADO ACQUISITION

Talhado Fishing Enterprises Propriety Limited ("Talhado") is one of the largest squid-fishing company in South Africa. The acquisition of Talhado by Premier enhances the Group's footprint in the squid-fishing sector, increases the diversification of revenues and profits, and provides synergistic benefits.

The acquisition of Talhado into the Group is now fully accounted for and has contributed positively to our 2019 financial results.

## MILESTONES ACHIEVED

- Completed construction of our new hatchery. The new hatchery has capacity to produce six million spat per year, as compared to the current two million a year.
- Abalone stock on hand increased to 161 tons from 145 tons in the prior financial year.

## MILESTONES ACHIEVED

- The Group's squid fleet increased by 18 vessels through the acquisition of Talhado, taking the total squid fleet to 22.

## EXPECTED RETURNS

- We foresee long-term sustainable growth for our stakeholders.

## EXPECTED RETURNS

Talhado is expected to contribute significantly to the groups revenue.







# OUR EXTERNAL OPERATING CONTEXT

The Group's ability to deliver sustained growth and value is impacted by certain factors within our external operating environment. During the reporting period, we prioritised the following key issues that have a material impact on our business model and our ability to create value:

## THE FISHING RIGHTS APPLICATION PROCESS

During the current year, the minister announced that the review of the Fishing Rights Application Process (FRAP) 2020 would be shifted to 31 December 2021.

Further communication will be made in due course.

### **The following rights that are up for renewal during FRAP:**

- Hake Deep-sea Trawl;
- Small pelagics;
- South Coast Rock Lobster;
- Hake Long line;
- Squid;

*Source: DAFF*

### **Value implications**

- Should Premier be awarded long-term fishing rights in a new sector, this will result in additional jobs being created and an increase in revenue and profits for the Group.
- There is a risk that a greater focus will be placed on new black entrants, which could potentially impact the allocation of rights to existing participants.

### **Our strategic response**

Our commitment to transformation has resulted in a Level 1 rating for our operating company B-BBEE scorecard.

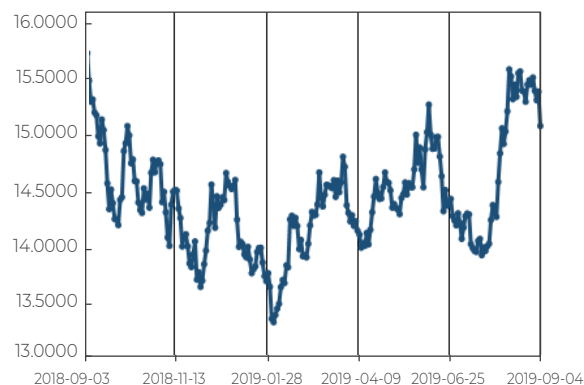
We continue to structure the Group in a manner that will provide us with the best opportunities for being awarded fishing rights and assist in the empowerment of previously disadvantaged communities.



## EXCHANGE-RATE VOLATILITY

The South African Rand ("ZAR") remained volatile against the United States Dollar ("USD") during the financial reporting period. The ZAR began the financial year strongly, however, weakened towards the end of the 2019 financial year, reaching a low of R15.34 to the USD during August 2019.

The ZAR averaged R14.33 during the 2019 financial year compared to the average of R12.94 for the 2018 financial year, against the US Dollar.



We continuously focus and strive towards cost-efficiencies and strategies in order to achieve higher USD sales prices. This ensures that our operating margins remain resilient during periods of a stronger USD/ZAR rates.

### Value implications

83% of our revenue is generated from export sales, therefore, the ZAR exchange rate had a direct effect on the Group's revenue. During the reporting period, the ZAR averaged R14.33 and therefore had an overall positive impact as compared to the previous period.

At the time of writing this report, the minister of environment, forestry and fisheries, communicated through Government Gazette No.1019, the withdrawal of the commencement date of the FRAP.

### Our strategic response

- Our products are sold to more than one export market, which diversifies currency volatility risk.
- We continuously focus on and strive towards cost efficiencies and strategies in order to achieve higher USD sales prices. This ensures that our operating margins remain resilient during periods of a stronger ZAR.

## ENVIRONMENTAL CONDITIONS

### Value implications

- The fishing industry affects a number of marine conservation issues, including fish populations, water pollution, and habitat degradation.
- Furthermore, the Red Tide can also be detrimental to our abalone.

### Our strategic response

- We continuously strive to run our operations in an environmentally friendly manner
- We continuously monitor when there are adverse environmental conditions which can have a detrimental affect on production.





# OUR MATERIAL MATTERS



Our material-risk dashboard provides a snapshot of our internal process that extracts our material matters, the associated risks and the process we employ to manage those risks.

## SCANNING OUR CONTEXT

We have identified material matters as being those items that have the potential to significantly impact the performance and sustainability of the Group in the short, medium and long term.

### Our considerations

Material interests, expectations and concerns of our stakeholder groups most likely to influence the Group's ability to create sustained stakeholder value form the primary basis for the determination of our material matters.

### Stakeholders

- Shareholders
- Suppliers and service providers
- Customers
- Employees and trade unions
- Government and regulatory authorities
- Local communities and other small-quota holders

## Material focus areas

We have identified material matters through a formal process involving the CEO, CFO and Exco members. The Board of Directors, through the Audit and Risk Committee, endorsed the material matters. The process took into account the issues raised, their relevance, our strategy, our stakeholders and our governance structure.

**During the period under review, we focused our attention on the following material areas:**

Material Matter	Overview	Capitals Required	Stakeholder needs addressed
Uncertain regulatory environment	During the year the minister announced that the review of the Fishing Rights Application Process (FRAP) would be shifted to 31 December 2021.	<ul style="list-style-type: none"> <li>· Financial Capital</li> <li>· Intellectual Capital</li> </ul>	<ul style="list-style-type: none"> <li>· Shareholders</li> <li>· Government and regulatory authorities</li> <li>· Customers</li> <li>· Suppliers</li> <li>· Local communities</li> </ul>

## RISK MANAGEMENT

### Approach

We consider our material matters in framing our risk-management approach. Our approach to risk management evolves in keeping with the relevant business needs in an ever-changing environment. Our Audit and Risk Committee is tasked with enhancing the effectiveness of our risk-management framework and, as such, we rely on the solid governance of risk to maintain the effectiveness of our Audit and Risk Committee's activities.

### Governance of risk management



## RISK MANAGEMENT PROCESS

Our risk-management activities are governed and implemented through two mechanisms:

- **Risk-management policy**

Defines the critical processes for identifying risks and prioritising and proactively managing those risks.

- **Risk-management methodology**

Defines how the potential occurrence and impact of risks are evaluated and assessed.

## RISK, APPETITE AND TOLERANCE

The "risk appetite" specifies the types and extent of risks the Group is willing to take in achieving its objectives. The risk appetite is adopted and applied to each risk category. "Risk tolerance" is the amount of risk that the Group is willing to bear and cope with. The Audit and Risk Committee continuously reviews the risk appetite and tolerance levels, which determines the boundaries for decision-making and effective governance.

The Group determines risk appetite with reference to the internal and external operating environments of the Group, the consequences should the risk materialise, and management controls that are in place in order to mitigate the risk. If risks approach a certain tolerance level, then the Group's executive committee enhances the controls to ensure that the risk remains at an acceptable level.

# OUR MATERIAL MATTERS (CONTINUED)

## BOARD OF DIRECTORS

### Strategy, risk appetite and policy

#### Risk control and monitoring

CEO and EXCO	Audit and risk committee	Internal and external assurance
<b>Managing and recording</b> <ul style="list-style-type: none"> <li>Delegated Board authority to:</li> <li>Develop and implement a business strategy.</li> <li>Measure and manage performance;</li> <li>Implement internal control and risk-management framework within agreed appetite.</li> </ul>	<b>Internal verification</b> <ul style="list-style-type: none"> <li>Key activities for objective oversight of risks include:</li> <li>Designing and deploying the overall risk-management framework;</li> <li>Developing and monitoring policies and procedures</li> <li>Monitoring adherence to risk framework and strategy.</li> </ul>	<b>Independent verification</b> <ul style="list-style-type: none"> <li>Assurance that the risk-management process is functioning as designed and identifies areas for improvement.</li> <li>Independent and objective assurance of the effectiveness of corporate governance standards and business compliance.</li> </ul>
Management-based assurance	Audit and Risk Committee assurance	Independent-based assurance

## GOVERNANCE OF RISK MANAGEMENT

The Board of Director's is responsible and accountable for the governance of risk and is committed to effective risk management in pursuit of the Group's strategic objectives. The Board is assisted by the Audit and Risk Committee, which reviews and monitors the effectiveness of the risk-management processes within the Group.

The Board oversees the activities of the Audit and Risk Committee, the Group's external and internal auditors. The Audit and Risk Committee oversees the risk-management processes and ensures that they are in compliance with governance requirements and standards and that they work effectively.

The Audit and Risk Committee delegated this responsibility to the executive committee for managing risks. The risk-management process is monitored and evaluated by the Group internal audit. The Group internal audit provides the Audit and Risk Committee with the assurance that significant business risks have been systematically identified, assessed and reduced to acceptable levels in line with the Board's risk appetite.

## OUR APPROACH TO RISK MANAGEMENT

During the year, the Group presented a risk-management policy to the Audit and Risk Committee, and deemed to be appropriate for the Group.

The Audit and Risk Committee assessed whether the risk-management process has been effective in identifying and evaluating risks and whether the executive committee has managed the risks in line with the Group's strategy. The Audit and Risk Committee considered our external and internal operating environments in order to identify key developments related to key risks, the implications thereof, and the responses and impact on the Group's sustainability.

In order to enhance the effectiveness of risk management, the Audit and Risk Committee continued to engage the services of Nexia SAB&T, which performed an independent gap analysis to benchmark the current internal audit and risk-management structures and practices against:

- The International Standards for the Professional Practice of Internal Auditing; and
- Risk-management-maturity and internal-audit-maturity models.

The results of the analysis revealed compliance with the said requirements and identified a few areas for improvement. The executive committee commenced with the implementation of the recommendations made and continues to work on the other areas that have been identified.

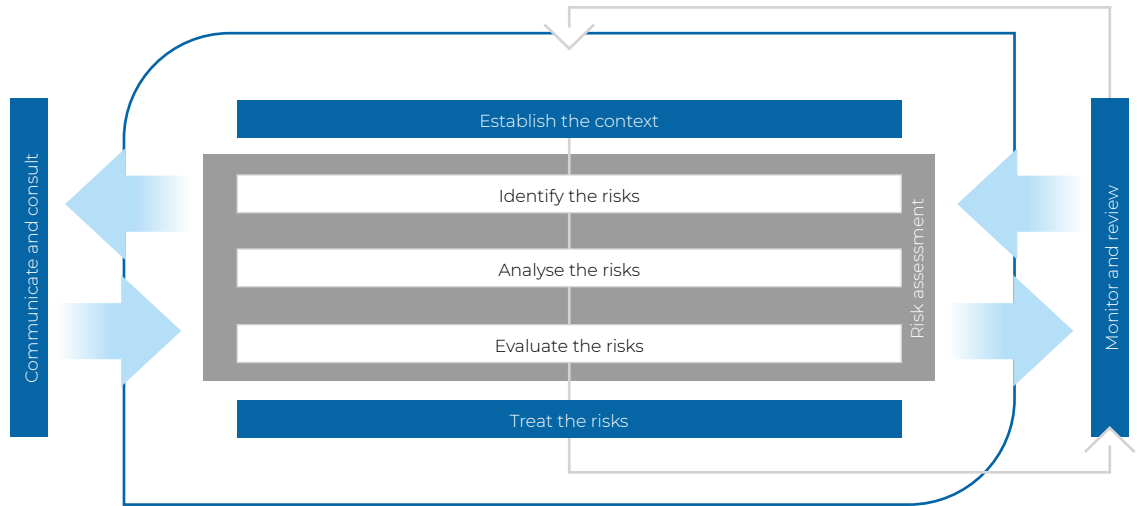
A risk register is maintained with risk categories including financial, operational, strategic, legal, human resources and environmental. Action plans are monitored and discussed to reduce the risks to acceptable levels. From the risk evaluation in the risk register, significant risks are reported to the Audit and Risk Committee, which in turn reports these risks to the Board of Directors.

## RISK MANAGEMENT PROCESS

The Risk-Management Policy defines the critical processes for identifying risks and prioritising and proactively managing those risks.

Our Risk-Management Policy acknowledges that the success of the Group is dependent on the effective management of those activities that support the Group's key strategic objectives and value drivers, as outlined in our strategy, and that the activities have an associated element of inherent risk. It is therefore imperative that we assess risks continuously, in order to effectively identify and appropriately address them.

The structure of our risk-management process is set out below. This structure was rolled out across the entire Group and is in line with industry standards.





# OUR MATERIAL MATTERS (CONTINUED)

<b>Establish the context</b>	We considered the internal and external operating environments within which risks are present.
<b>Risk identification</b>	We identified all possible uncertainties (risks) that may impact the Group and prevent it from achieving its objectives.
<b>Risk analysis</b>	We analysed and assessed the risks identified, in terms of their likelihood to occur and their impact upon occurrence.
<b>Evaluate the risk</b>	We evaluated the potential impact of the risks identified and decided whether these risks were acceptable or required treatment.
<b>Risk treatment</b>	We identified the actions and controls to manage the risks identified to an acceptable residual level.
<b>Monitoring and reviewing</b>	We continuously monitor and review the effectiveness of the plan, strategies and management systems, in order to assess the effectiveness or improvements required.
<b>Communicate, consult and report</b>	Regular communication and consultation took place between those who are involved in the identification and assessment of risks and those who are involved in the treatment, monitoring and reviewing of risks. Effective communication took place among all stakeholders in the risk-management process.

## GOVERNANCE OF RISK MANAGEMENT

In order to meet our strategic objectives, we implemented the risk-management process based on the approved Risk-Management Policy. The policy document defines the objectives, methodology, process and responsibilities of the various role players. The policy is subject to an annual review and any proposed amendments are submitted to the Audit and Risk Committee for consideration and recommendation to the Board for approval.

During the year under review, the committee undertook the following functions:

- Assisted the directors in fulfilling their responsibilities to ensure the risk-management process was effective and in place throughout the Group;
- Evaluated reports from the internal auditor concerning the Group's risk-management and compliance processes and controls, in order to oversee their effectiveness;
- Assessed reports from the executive committee concerning the business, operational and compliance risks, in order to analyse these risks and assess their impact on the Group;
- Received reports from the executive committee concerning significant risk exposures and risk events, in order to monitor and approve them in accordance with the Board's risk appetite;
- Ensured that the Group complied with applicable external and regulatory obligations, and significant internal policies relating to the operation of its business units;
- Assessed whether information technology (IT) risks were adequately addressed through the risk-management and assurance processes of the Group;
- Facilitated the communication of risk issues to all management; and
- Updated and approved the revised Risk-Management Policy.

The Board is committed to a process of risk management that is aligned to the principles of King IV™.



## OUR MATERIAL MATTERS (CONTINUED)

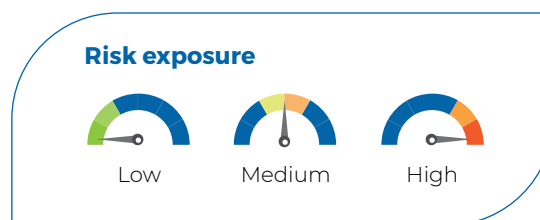
The group prioritised and mitigated the following key risks to create sustained value

The following table describes our principal risks identified; which may have

- 1 Resource availability**
- 2 Reallocation of fishing rights**
- 3 Exchange-rate volatility**
- 4 Cyber risk**
- 5 Regulatory compliance**
- 6 Natural environmental**
- 7 Macroeconomic environment**
- 8 Attracting skilled staff**



The following table outlines the principle risks that were identified, which may have a material impact on the Group's ability to create value:



## 1 Resource Availability

The risk that a reduction in the fish biomass could result in a reduction in the total allowable catch (TAC) for WCRL, SCRL, hake and pelagics, or a reduction in the total effort catch of squid.

Risk Context	Mitigating Actions	Risk Exposure	Rank: 1 (2018: 1)
<p>The WCRL resource remains a challenge for the industry at large. During the year under review, the Ministry announced a reduction in the TAC for the 2018/19 fishing season. The TAC for 2019/2020 is expected to be the same as 2018/2019.</p>	<p>The Group remains committed to assisting government by ensuring strict compliance with the TAC, thereby assisting in the recovery of the resource and safeguarding the sustainability of the resource for the future.</p> <p>The Group continues to incubate and procure fish from third-party quota holders so that any reduction in the quota for the Group is reduced by third-party quota holders.</p> <p>In addition, we continue to enhance our operational efficiencies, thereby avoiding critical job losses.</p>	<p>Residual vs. Inherent</p>	<p>Material aspect affected</p>

## 2 Reallocation of Fishing Rights

The risk of a reduced allocation of fishing rights as part of the FRAP process.



Risk Context	Mitigating Actions	Risk Exposure	Rank: 1 (2018: 1)
<p>The FRAP process was shifted to 31 December 2021 as per the announcement made by the minister.</p>	<p>The Group has made a significant impact with respect to transformation, and is one of the most empowered companies in the fishing sector.</p> <p>Premier obtained a level 1 B-BBEE rating.</p> <p>The Group endeavoured to continue to be structured in a manner, which gives it the best chance of being awarded a quota in the allocation process.</p> <p>We are and have been committed to incubating smaller fishing companies in the sector to ensure that the fishing resources are equitably distributed.</p>	<p>Residual vs. Inherent</p>	<p>Material aspect affected</p>



# OUR MATERIAL MATTERS (CONTINUED)



## 3 Exchange-rate volatility

The risk that the ZAR will strengthen against the US Dollar and the Euro.

Risk Context	Mitigating Actions	Risk Exposure	Rank: 1 (2018: 1)
There is currency volatility due to various political and macroeconomic factors.	The Group has implemented operational strategies that enable it to save on ZAR-denominated costs in the event of the strengthening of the ZAR, thereby maintaining its margins.	Residual vs. Inherent 	Material aspect affected 



## 4 Cyber risk

The risk that the Group's information systems will be threatened by cyber-attacks.

Risk Context	Mitigating Actions	Risk Exposure	Rank: 1 (2018: 1)
Cyberattacks have increased in frequency and sophistication. With the increased use of technology, the exposure to cyberattacks is inherent.	<p>The Group continues to invest in up-to-date information-technology systems, thereby safeguarding critical information.</p> <p>The Group constantly provides employees with training and information on how to mitigate software-virus threats.</p>	Residual vs. Inherent 	Material aspect affected 

## 5 Regulatory compliance

The risk of non-compliance with laws and regulations and JSE Listing requirements.

Risk Context	Mitigating Actions	Risk Exposure	Rank: 1 (2018: 1)
The Group operates under strict and complex regulatory and policy frameworks.	<p>The Group endorses best practices and is HACCP accredited.</p> <p>The Group employs experienced staff who understand the various regulatory requirements.</p> <p>The Group has legislature-compliance training and monitoring programmes.</p> <p>Rigorous compliance and quality audits are conducted, ensuring the highest standards. Policies and procedures are constantly updated in order to adapt to new regulations and legislative requirements.</p>	Residual vs. Inherent 	Material aspect affected 

## 6 Environment

The risk of adverse weather conditions affecting landings of fish stock and the Red Tide in the Gaansbaai area.

Risk Context	Mitigating Actions	Risk Exposure	Rank: 1 (2018: 1)
There are challenging weather conditions and natural movement of biomass.	<p>The Group employs experienced skippers who maximise the catch rates during the available fishing days.</p> <p>We have engaged the services of veterinarians and a top marine biologist, who have developed standard practices to assist with the management of our animals during a red-tide occurrence.</p>	Residual vs. Inherent	Material aspect affected



## 7 Macroeconomic environment

The risk of significant increases in wages demanded by staff, and unplanned operational disruptions as a result of labour disputes.

Risk Context	Mitigating Actions	Risk Exposure	Rank: 1 (2018: 1)
The current economic environment in South Africa is characterised by a marked increase in the cost of living and low economic growth.	<p>The Group continues to pursue growth and diversification of its portfolio in order to unlock value and create much-needed jobs and employment opportunities</p> <p>The Group constantly engages with trade-union representatives to ensure that employee demands are in line with the Group's affordability.</p>	Residual vs. Inherent	Material aspect affected



## 8 Attracting skilled staff

The risk of losing employees with critical skills and experience.

Risk Context	Mitigating Actions	Risk Exposure	Rank: 1 (2018: 1)
South Africa continues to experience emigration, adding to the challenge of attracting and retaining skilled talent.	<p>The Group has instilled a rich, diversified and inclusive company culture.</p> <p>The Group strives to ensure employee satisfaction by empowering staff to perform at their best.</p>	Residual vs. Inherent	Material aspect affected



# HOW WE CREATED VALUE USING THE SIX CAPITALS

We effectively converted resources into sustainable value for our stakeholders.



## FINANCIAL CAPITAL

### Key financial capital inputs

- Cash generated from operations of R124m; and
- Funding facilities of R35m obtained from our bankers.

### Outcomes of our activities:

	2019 R'000	2018 R'000
Operating profit	82 654	91 581
Cash generated from operations	123 626	91 187
Basic earnings per share	18.56	31.48
Dividends declared to shareholders	26 000	65 000

### Actions that enhanced our outcomes

- Effectively managed our operating costs during the period, thereby ensuring that margins are maintained; and
- Negotiated effective terms with suppliers, thereby ensuring the effective management of our working capital.



## NATURAL CAPITAL

### Key natural capital inputs

	2019	2018
Total quantity of fish landed (tons)	18 810	19 179
Total quantity of spat produced (thousands)	1 401	1 684
Total electricity usage (Kws)	2 229 523	2 120 871
Land leased for aquaculture development (hectares)	3	3
Land owned for aquaculture development (hectares)	6	6

### Outcomes of our activities on natural capital

	2019	2018
Total quantity of fish sold (tons)	19 435	20 596
Total quantity of cultivated abalone sold (tons)	53	73

### Actions that enhanced our outcomes

- The continued use of solar energy at our abalone farm contributed towards sustainable farming practices; and
- We pursued research and development activities to ensure the highest quality of abalone is produced.



## HUMAN CAPITAL

### Key human capital inputs

- Teamwork and a respectful culture;
- Modern, safe, reliable and highly efficient equipment;
- Clean, safe and healthy operational premises; and
- Effective leadership to develop and lead our employees to perform at a high level.

### Outcomes of our activities on human capital

	2019	2018
Number of employees	770	801
Total amount paid in salaries, wages and benefits (R'000)	96 190	68 320
Total amount paid to contracted fishermen (R'000)	30 655	27 238
Total amount paid towards the Premier Fishing Bursary (R'000)	566	517
Total number of employees receiving training	261	306
Total amount paid for skills development (R'000)	1 212	627
Number of employee fatalities	Zero	Zero

### Actions that enhanced our outcomes

- Providing learnership programmes, thereby contributing towards skills enhancement within the Group, as well as broader society;
- Continuously promoting a working environment in which all of our employees are valued, respected and developed, thereby enabling them to perform at a high level;
- Continuous funding of the Premier Fishing Bursary scheme, which assists our employees by teaching their children critical skills that are needed within the Group and
- Enhancing our risk-management processes to ensure a safe and healthy working environment for our employees.



## MANUFACTURED CAPITAL

### Key manufactured capital inputs

- Property, plant and equipment of R408 (carrying amount); and
- Assets under construction amounting to R21m.

### Outcomes of our activities on manufactured capital

	2019 R'000	2018 R'000
Capital expenditure to sustain operations	44 990	28 837
Capital expenditure to expand operations	80 687	86 803
Depreciation	26 527	14 843

### Actions that enhanced our outcomes

- The construction of our abalone farm incorporates modern, high-quality technology, contributing to sustainable aquaculture practices; and
- We continue to invest in the maintenance of our existing vessels, plant and equipment in order to maximise the useful lives of our assets.



# HOW WE CREATED VALUE USING THE SIX CAPITALS (CONTINUED)



## INTELLECTUAL CAPITAL

### Key intellectual capital inputs

- Our patents and trademarks;
- Our business processes and systems; and
- Our highly experienced and skilled employees.

### Outcomes of our activities on intellectual capital

	2019	2018
Number of patents and trademarks issued	20	20

### Actions that enhanced our outcomes

- We continued to protect our intellectual property with state-of-the-art IT systems; and
- We committed funds to research and development initiatives.



## SOCIAL AND RELATIONSHIP CAPITAL

### Key social and relationship capital inputs

The Group continued to:

- Provide support to small-quota holders;
- Procure goods and services from previously disadvantaged individuals and companies;
- Provide bursaries to our employees through the Premier Fishing Bursary Programme, as part of our contribution towards creating a better tomorrow;
- Fund junior soccer teams as part of our sports development drive in Saldanha;
- Fund sports-development activities at primary schools in Gansbaai;
- Maintain positive relationships with representatives from the various unions; and
- Maintain positive engagement with the DAFF and other government departments.

### Outcomes of our activities on social and relationship capital

	2019	2018
Social investment expenditure	2 079	1 341
Enterprise development expenditure	9 026	7 590
Preferential procurement expenditure	89 232	92 951
Direct and indirect taxes paid	43 942	54 820

### Actions that enhanced our outcomes

- We implemented specific procurement and loan-financing programmes to support SMMEs;
- We continued to engage with small fishing communities and provided financial assistance;
- We continued to engage with investors to ensure that our shareholders' expectations are aligned with our strategies.

## OUR STAKEHOLDER RELATIONS

We appreciate the role of our stakeholders and are committed to nurturing impactful relationships with them that deliver mutual benefits and encourage transparent, objective and relevant communication. We recognise the importance of building and maintaining trust and respect with our various stakeholders. We strive to respond timeously and appropriately to issues raised in our interactions with our stakeholders.

Our stakeholder-management approach involves gaining a thorough understanding of stakeholders' needs and expectations, addressing those needs and expectations, and identifying and acting on opportunities that are of mutual benefit.

Our stakeholder-engagement strategy involves identifying stakeholders that have the most significant impact on our business. Our engagement includes communicating information regarding our strategies, performance, decisions and activities that impact or are of significant interest to our stakeholders. We also work to understand their needs and perspectives.

We address essential risks and opportunities, and respond timeously and appropriately to issues raised in our interactions with our various stakeholders **(King IV™ - Principle 16)**.

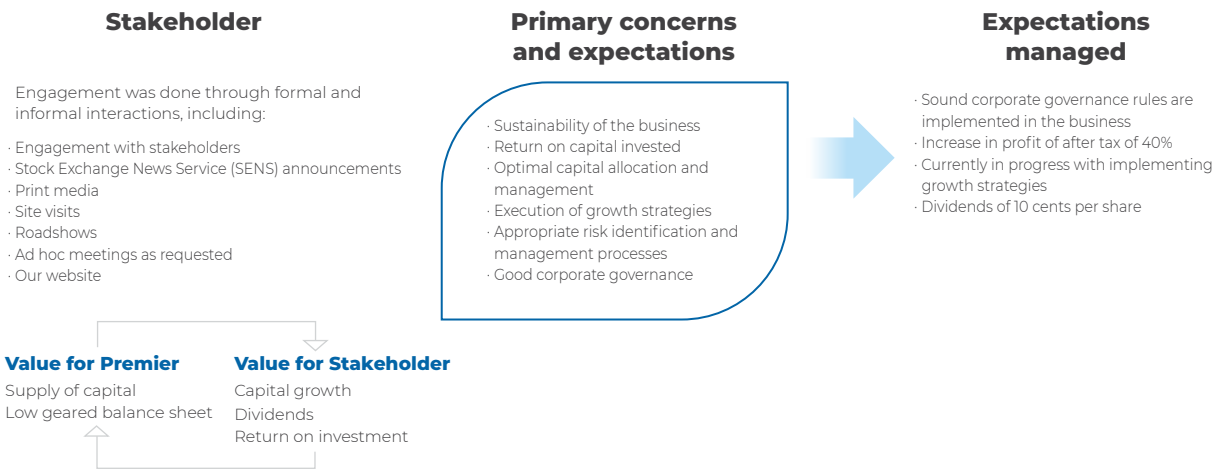
The following table provides an overview of our key stakeholders, their needs and expectations, how we engage with them and their contribution to value creation in the business.



# OUR STAKEHOLDER RELATIONS (CONTINUED)

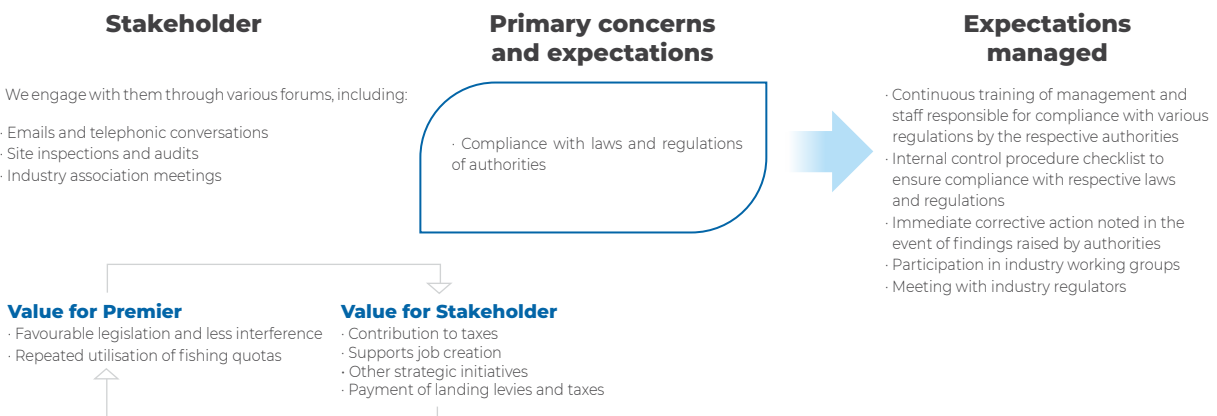
## SHAREHOLDERS

We have a broad shareholder base that includes individuals, institutional investors, and private and public companies.



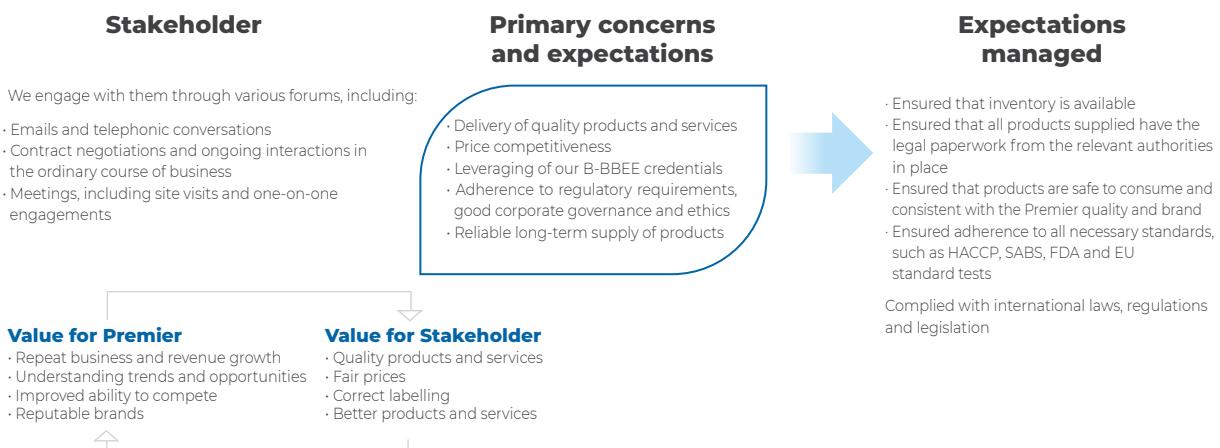
## GOVERNMENT AND REGULATORY AUTHORITIES

Including: DAFF, SARB, SARS SAMSA, MCM, NCRS  
Accreditation: HACCP, FDA, SABS, NCRS



## CUSTOMERS

We have a wide array of both foreign and local customers.



## SUPPLIERS

We have a wide range of suppliers and source products and services mainly from empowered local suppliers.

### Stakeholder suppliers

We engage with them through various forums, including:

- Emails and telephonic conversations
- Contract negotiations and ongoing interactions in the ordinary course of business
- Meetings, including site visits and one-on-one engagements
- Supplier audits
- Service-level agreements

### Primary concerns and expectations

- Long-term security of supply
- Fair treatment and fair payment terms
- Entrepreneurship and supplier-development programmes
- Commitment to B-BBEE policies

### Expectations managed

- Ensured that we sourced supply with reputable businesses – Code of Ethics
- Fully committed to B-BBEE
- Made fair and timeous payments
- Implemented several entrepreneurship and supplier-development programmes

#### Value for Premier

- Good service
- Committed and consistent supply
- Good pricing
- Good-quality products

#### Value for Stakeholder

- Fair allocation of business pay on time
- Zero corruption

## EMPLOYEES AND TRADE UNIONS

We have permanent and seasonal workers as well as contracted fishermen.

### Stakeholder

We have permanent and seasonal workers as well as contracted fishermen.

Communication channels include:

- Emails and noticeboards
- Regular internal meetings with trade union representatives
- Performance reviews and feedback sessions
- Company website
- Induction programmes
- Role blueprints, including job grading and job-specification requirements
- Training and development sessions

### Primary concerns and expectations

- Career development opportunities including skills training
- Job security
- Market-related salaries and wages, and equal pay
- Health and safety
- Transformation and diversity
- Involvement in secondary and tertiary education programmes
- Employee-wellness programmes

### Expectations managed

- We embarked on updating role blueprints, benchmarking and evaluation measures, and identifying further skills-development plans
- We continuously focus on health and safety standards and procedures, and ensure that working conditions are acceptable
- We made a substantial investment in skills development
- We also have a bursary programme that facilitates higher education
- We have implemented a wellness clinic at our abalone farm

#### Value for Premier

- Engaged and motivated employees
- Ability to attract and retain key skills

#### Value for Stakeholder

- Fair pay
- Interesting work
- Growth and development
- Equal treatment
- Health and safety

## LOCAL COMMUNITIES AND OTHER SMALL-QUOTA HOLDERS

This is the community in which we operate, including small-quota holders.

### Stakeholder

We engage with the community through direct one-on-one meetings and through roadshows at community centres as well as via:

- Emails and telephonic conversations
- Contract negotiations and ongoing interactions in the ordinary course of business
- Meetings, including site visits and one-on-one engagements

### Primary concerns and expectations

- Social-investment programmes
- Job creation
- Enterprise development

### Expectations managed

- Regular donations to sports-development programmes in the communities of Saldanha and Gansbaai
- School donations and support programmes in the communities of Hawston and Gansbaai
- Creation of job opportunities through the abalone farm expansion
- Free administration-support services and technical training to contracted small-quota holders









# 55

## OUR STRATEGY

*Strategic focus areas*

56

*Report of the Investment Committee*

59

# OUR STRATEGY

## Strategic focus areas

### LONG-TERM STRATEGIC VISION

Our long-term value-creation ambitions are framed around and governed through the pursuit of our strategic vision.

Our strategic vision is to be a **pre-eminent vertically integrated empowered marine business** that uses ethical and **sustainable** business practices.

### MEDIUM-TERM STRATEGIC GROWTH PLAN

At the heart of achieving our strategic vision is our strategic growth plan, which sets out medium-term goals that help us realise our strategic vision.

#### Context

The Group formulated a strategic growth plan in 2015, referred to as "Vision 2020 Vision".

The Group is in its fifth year of its strategic growth plan and is well positioned to achieve its Vision 2020 Vision strategic goals and objectives.

#### Aims

The main focus of our Vision 2020 Vision strategic growth plan is to double our revenue and EBITDA by the end of the 2020 financial year. We plan on achieving this through acquiring companies that are a strategic fit with the Group as a whole.

#### Capitals required

Financial



Intellectual



Human



Social and relationship



## SHORT-TERM STRATEGIC FOCUS AREAS

Our day-to-day actions are designed to support our strategic focus areas, which aim to form part of achieving our strategic growth plan.

In delivering on our strategic vision and growth plan, we have focused our energy and actions in the following areas:

Strategic objective	Strategic action	Successes	Challenges
Gross revenue to R800m by 2020 from current revenue of R57.5m (2019).	<ul style="list-style-type: none"> <li>Continue expansion of our abalone farm, thereby ensuring increased capacity.</li> <li>Acquire companies that are a strategic fit for the Group.</li> <li>Procure and trade other fish species.</li> </ul>	<ul style="list-style-type: none"> <li>Increased production capacity at the abalone farm by 23 tons.</li> <li>Maintained volume of wild abalone by purchasing from third-party quota holders.</li> <li>Commenced with the procurement and trading of other fish species.</li> <li>Revenue increased to R575m from R491m in the prior year.</li> </ul>	<ul style="list-style-type: none"> <li>Weather disruptions to construction activities.</li> <li>Quota reductions in the overall TAC w.r.t the WCRL division.</li> </ul>
Grow EBITDA to R190m by 2020 from EBITDA of R73m in 2015.	<ul style="list-style-type: none"> <li>Increase capacity utilisation of land- and sea-based assets.</li> <li>Explore innovative fishing and production techniques.</li> <li>Improve catch plans to increase catch rates.</li> <li>Further introduce solar technology with the expansion at the abalone farm to reduce energy costs.</li> <li>Implement shared service initiatives in HR, IT, procurement and sales.</li> <li>Construct a canning and drying facility at abalone farm to enable own processing of canned and dried abalone.</li> </ul>	<ul style="list-style-type: none"> <li>Increased capacity utilisation of land- based assets through increased volume of contracted quota.</li> <li>Improved catch plans to increase catch rates.</li> <li>Implemented shared services initiatives in HR, IT, and sales.</li> <li>EBITDA increased to R112m from R109m</li> </ul>	<ul style="list-style-type: none"> <li>Adverse weather conditions disrupted planned catching days.</li> <li>Increased competition for contracted quotas.</li> </ul>
Secure our sustainability in the long-term (fishing quotas).	<ul style="list-style-type: none"> <li>Alignment of Group with regulator's policy of allocating fishing rights.</li> <li>Full compliance with laws and regulations.</li> <li>Create job opportunities through community partnerships and expansion of abalone farm.</li> <li>Support initiatives to improve health and education in communities.</li> <li>Continue to develop a plan to measure and reduce our carbon footprint.</li> <li>Fully comply with all environmental, health and safety regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Obtained a Level 1 B-BBEE rating.</li> <li>Black ownership increased to 74.16%</li> <li>Complied will all laws and regulations.</li> <li>Complied with Listings Requirements of the JSE.</li> <li>37 jobs indirectly created through the construction activities at our abalone farm.</li> <li>Supported initiatives to improve health and education in communities.</li> <li>Funded activities for sport development at Gansbaai primary school.</li> <li>Complied with all environmental, health and safety regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Everchanging regulatory framework.</li> <li>Complex laws and regulations.</li> </ul>



## Strategic focus areas: planned actions for 2020

- Focus attention in the FRAP 2020 process.
- Finalise the abalone farm expansion project.
- Finalise the receipt of the ADEP aquaculture grant.
- Complete the construction of a canning and drying facility at our abalone farm.
- Continue to identify potential target companies as part of the strategic vision of the Group.
- Install 200 tons additional production capacity at the abalone farm by the end of the 2020 financial year.
- Continue to procure third-party contracted quota.
- Continue incubation and investment in smaller companies.

## OUR KEY PERFORMANCE INDICATORS (KPIs)

In delivering on our strategic vision and growth plan, we have continued to focus our energy and actions in the following areas:

Our Vision 2020 Vision strategic plan set a number of key performance indicators (KPIs) and targets for the Premier Group in order to achieve its strategic objectives. The targets are monitored continuously and revised should the need arise to take into account changes in the global economy, market trends and environmental matters that could materially impact our strategic plans.

Our performance dashboard below provides an overview of how we delivered during the period and tracks our performance against our targets.

Financial KPIs	Target	2017	2018	2019
Revenue growth	12%	2%	20%	17%
EBITDA growth	4%	4%	37%	3%

### Performance against KPI

Non-Financial KPIs	Target	2017	2018	2019
Job creation	20	11	23	16
Health and safety	Zero fatalities	0	0	0
Cultivated abalone production	12%	2%	20%	14%

## REPORT OF THE INVESTMENT COMMITTEE

The Investment Committee has the pleasure of submitting its report for the period ended 31 August 2019.

### Roles and responsibilities of the investment committee

The Investment Committee has an independent role, operating in an overseeing capacity and making recommendations to the Board for its considerations and final approval.

The Group's investment decisions are driven by its overall objective of creating and growing stakeholder value in a sustainable manner. This is achieved by ensuring that investments, including acquisitions and organic growth projects, are subject to review by the Investment Committee. The committee is well balanced, with legal, financial and strategic expertise. Investments are adjudicated to ensure that they are a strategic fit with synergistic benefits to the Group's current portfolio and that they provide an acceptable level of return with a reasonable payback period.

#### The roles and responsibilities of the committee include:

- Considering investment opportunities in respect of acquisitions and material capital expenditure in terms of the Group's risk appetite;
- Recommending to the Board the approval of acquisitions and disposals;
- Reviewing the Group's investment strategy;
- Setting criteria and targets for investment in terms of the Group's risk appetite; and
- Reviewing due diligence processes for acquisitions.

### Investment considerations

When considering acquisitions, the Group targets companies with the following characteristics:

- Strong investment partners that are aligned with the Group's strategic objectives;
- Companies that are committed to the production of high-quality products;
- Defined and sustainable growth strategy;
- Successful historical performance, coupled with robust future prospects;
- Excellent credentials and management expertise; and
- High-growth prospects.

### Discharge of duties during the year under review

#### Investment opportunities considered

Within the context of the capital raised from listing, the Investment Committee is continuously presented with investment opportunities for consideration.

The Investment Committee is satisfied that it has fulfilled all its statutory duties assigned by the Board for the period under review.

#### Prospects

The Group's Vision 2020 Vision strategic plan set a number of KPIs and targets for the Group in order to achieve its strategic objectives. The targets are monitored continuously and revised should the need arise to take into account the global economy, market trends and environmental matters that could materially impact our strategic plans.

The Investment Committee continuously reviews new opportunities to ensure that they satisfy the investment criteria for the Group before recommending them for approval to the Board.



# 61

## OUR GOVERNANCE

<i>Governance framework</i>	62
<i>Report of the Nomination Committee</i>	64
<i>Our effective leadership</i>	66
<i>Report of the Remuneration Committee</i>	74
<i>Corporate governance</i>	84
<i>Report of the Audit and Risk Committee</i>	94
<i>Technology and information</i>	100
<i>Report of the Social, Ethics and Transformation Committee</i>	101



# OUR GOVERNANCE

Excellent corporate governance practices are the foundation of our business and are critical in delivering long-term value to our stakeholders. We have an engaged and positive association with all stakeholders and are committed to the highest ethical standards and business integrity in all of our activities.

## STATEMENT OF COMMITMENT

The Board is committed to the highest standards of business integrity and has adopted an integrated approach to managing the Group to ensure that the governance structure actively identifies, communicates and responds to material matters that impact on the Group's ability to create stakeholder value. The Board believes that it has addressed all material matters appropriately and that it fairly represents the integrated performance of the Group.

The Board continuously reviews the Group's governance structures and processes to incorporate and accommodate new corporate developments; to facilitate effective leadership and sustainable corporate citizenship in support of the Group's strategy; and to reflect national and international corporate governance standards, developments and best practices **(King IV™ - Principle 6)**.

The Board is satisfied that effective controls have been implemented and complied with throughout the Group and that the Company fully complies with the spirit and form of the continuing obligations of the JSE Listings Requirements, King IV™ and the Companies Act.

## GOVERNANCE FRAMEWORK

Our Board of Directors is the principal decision maker and is supported by the various subcommittees, which review the Group's governance structures and processes to ensure it is governed in accordance with sound corporate governance practices, codes and standards, and internal controls, and that there is effective risk and regulatory compliance management. The Board ensures that the Group is led ethically and that it is seen to be a good corporate citizen.

The Board plays a critical role in strategic planning and has established clear benchmarks to measure the strategic objectives of the Group. The Board ensures that its sound governance framework enhances good corporate governance, and continues to improve internal controls and the Group's performance. In carrying out the Group's strategic objectives, the Board is assisted by various subcommittees, including the Executive Committee, with clear terms of reference to assist in discharging its responsibilities.

The main focus areas of the Group's governance framework are as follows:

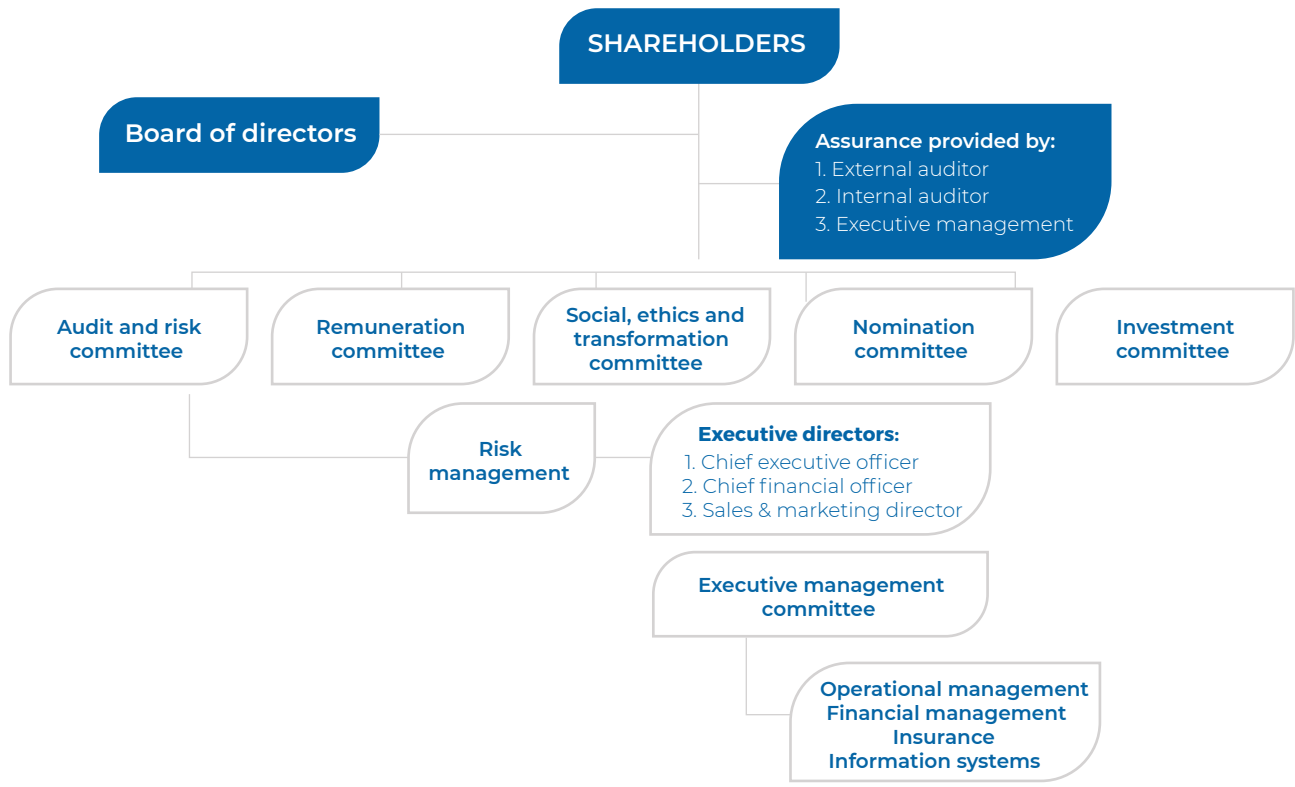
- Vision, strategy and performance;
- Ethical and responsible leadership;
- Finance, including budgets and forecasts;
- Corporate citizenship;
- Risk management;
- IT;
- Investments;
- Products (quality, cost, delivery and competitiveness);
- Human capital (health, safety, employee wellness and the environment);
- Transformation;
- Sustainability; and Stakeholder relations.

## APPLICATION OF AND APPROACH TO KING IV™

The Board has adopted and applied King IV™. In supporting King IV™, the Board recognises that it is the focal point and custodian of corporate governance and ensures that directors:

- lead ethically and effectively;
- are supported by an established ethical culture;
- set the strategic direction for the Group for the year ahead;
- approve policies and planning; and
- administer and monitor the Group's risks and opportunities, strategy, business model, business performance and sustainable development.

The Board has ensured compliance with applicable laws, rules, codes and standards in a way that supports the Group in being ethical and a good corporate citizen. It has ensured that remuneration is fair and transparent and that the integrity of information for decision-making internally and externally was assured. A stakeholder-inclusive approach was applied in the Group to ensure that the needs, interests and expectations of material stakeholders were addressed.



**The governance structure supports the Group’s strategic focus areas.**

<b>Objective</b>	Stakeholders	Value creation for all stakeholders and sustainable development that ensures: <ul style="list-style-type: none"> <li>• An ethical culture and effective leadership is maintained with positive outcomes.</li> <li>• A stakeholder-inclusive approach to balance the reasonable needs and interests of material stakeholders in the best interest of the Company.</li> </ul>
<b>Scope</b>	Company	• Ensures that the Company operates within the triple context; and governs risks, opportunities, strategy and sustainable development in a way that supports the Company achieving its strategic objectives.
<b>Character</b>	Internal system	Ensures that proper internal controls are in place, approves policies, plans, oversees and monitors, and ensures: <ul style="list-style-type: none"> <li>• Accountability.</li> <li>• That the assurance services and functions enable an effective control environment to support the integrity of information for internal and external decision-making.</li> </ul> That the Company remunerates fairly, responsibly and transparently in order to promote the achievement of the strategic objectives and positive outcomes in the short, medium and long term.
<b>Mechanism</b>	Conformance	Continues to govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.
<b>Direction</b>	Management	The Board sets and steers the strategic direction of the Company, is the focal point and custodian of corporate governance, and ensures accountability for the Company’s performance. The Board oversees and monitors the implementation and execution by management.
<b>Disclosure</b>	Financial statements	• Audited financial statements in terms of the International Financial Reporting Schools IFRS. • Integrated Report.

# OUR GOVERNANCE (CONTINUED)

## REPORT OF THE NOMINATION COMMITTEE

The Nomination Committee has the pleasure of submitting its report for the financial year ended 31 August 2019.

The Nomination Committee is constituted as a committee of the Board in respect of all duties the Board assigns to it and has been delegated powers to perform its functions.

The Nomination Committee operates in accordance with the requirements of the Companies Act and King IV™.

The Nomination Committee is constituted as a committee of the Board in respect to its statutory duties in terms of the Companies Act and King IV™ and is accountable to both the Board and shareholders.

## MEMBERS OF THE NOMINATION COMMITTEE AND ATTENDANCE AT MEETINGS

The nominations committee is comprised of two non-executive directors and the independent non-executive chairman is a member of the committee.

During the year under review, two meetings were held and attendance of those meetings is set out in the table below:

Name	Meeting attendance
Khalid Abdulla	2/2
Salim Young	1/2
Aziza Amod	1/2

## ROLES AND RESPONSIBILITIES OF THE NOMINATION COMMITTEE

The Nomination Committee is responsible for identifying suitable candidates for appointment to the Board. The Nomination Committee ensures that the Board members have the appropriate balance of knowledge, skills, experience, race and gender diversity, and independence.

The committee is responsible for evaluating, promoting and ensuring race and gender diversity on the Board.

The committee also ensures that the Board has the appropriate composition in terms of structure, size, composition and independence, and that directors are appointed through a formal and transparent process.

The roles and responsibilities of the committee include:

- Establishing a formal process for the appointment of directors;
- Overseeing the development of a formal induction programme for new directors;
- Overseeing the development and implementation of continuing professional development programmes for directors;
- Ensuring directors receive regular briefings on changes in risks, laws and the environment in which the Group operates;
- Considering the performance of directors and taking steps to remove directors who do not make an appropriate contribution; and
- Making recommendations for the re-appointment of directors, with regards to retirement due to rotation.

## RACE- AND GENDER-DIVERSITY POLICIES ADOPTED BY THE BOARD

The Group believes that race and gender diversity at Board level help to achieve its business goals through an improved understanding of the diverse environments in which the Group operates. A truly diverse board will include and make good use of differences in age, gender, race, skills, industry experience and other distinctions.

The Nomination Committee will consider and annually agree on measurable targets for achieving race and gender diversity at Board level. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider individuals on merit against objective criteria and with due regard for the potential benefits of race and gender diversity.

The Company's level of compliance for the period under review is summarised below:

Percentage of Directors	Actual
People of colour	100%
Female	30%

## DISCHARGE OF DUTIES DURING THE YEAR

During the year, the Nomination Committee performed the following duties:

- Reviewed the race- and gender-diversity policy and confirmed the appropriateness thereof.
- Recommended to the Board for approval the appointment of new directors after considering candidates on merit against objective criteria with due regard to the potential benefits of gender and race diversity at a Board level.
- Recommended to the Board for approval the appointment of new directors to the Board and subcommittees.
- Assessed the compositions of the subcommittees of the Board after certain directors did not make themselves available for re-election.
- Ensured that a brief professional profile of each candidate standing for election and re-election at the AGM, including details of professional commitments, accompany the notice of the AGM, together with a statement from the Board confirming whether it supports the candidates for election or re-election
- Ensured that a programme of professional development and regular briefings on legal and corporate governance developments and risks and changes in the external environment of the organisation was provided to the members of the Board.
- Ensured that there was an induction for the new directors.
- Ensured that there were continuing professional development programmes for directors during the year.
- Evaluated the performance of the Board, chairman and CEO and confirmed their performance in terms of the effective discharge of their duties, in terms of the following:
  - o Independence;
  - o Balance of power; and
  - o Corporate governance.

Recommended to the shareholders the reappointment of non-executive directors, with regards to retirements due to rotation on the basis of that member's performance, including attendance at meetings of the Board and committees (**King IV™ - Principles 1, 7, 8 and 9**). (Refer to the Notice of AGM or the Company's website for the brief CVs of non-executive directors recommended for re-appointment.)

For the year under review, the Nomination Committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.



# OUR EFFECTIVE LEADERSHIP

## Appointment

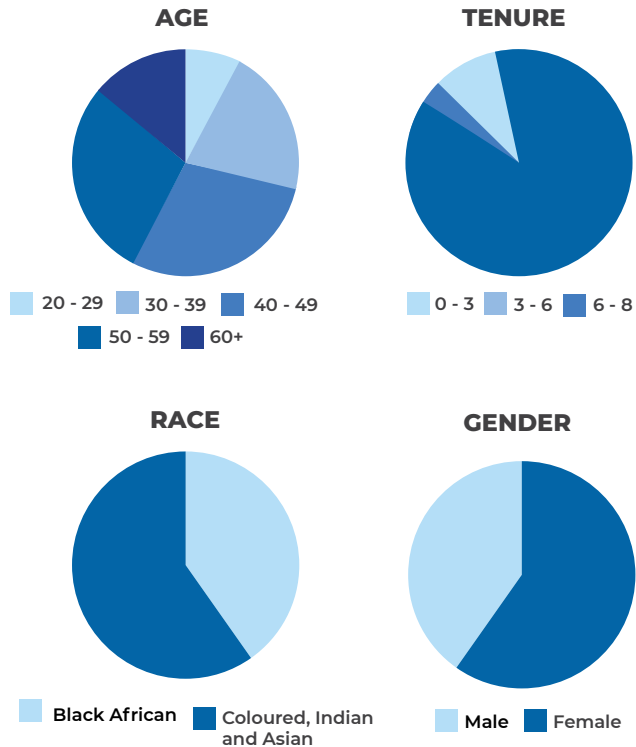
The nomination committee makes recommendations to the Board for the appointment of new directors. Directors are chosen for their business skills and business expertise.

## Evaluation

The independent non-executive chairman together with the remuneration committee evaluates the performance of the executive directors annually.

## Composition

The Board recognises and embraces the benefits of a diverse board. Diversity is core and an essential component for sustaining a competitive advantage. Our Board comprises of the appropriate balance of knowledge, skills and experience to discharge its roles and responsibilities objectively and effectively.



## VALUE SYSTEM

### Respect and trust

To always respect and trust fellow employees, customers, partners and our stakeholders.

### People

To provide sustainable employment opportunities for our employees and others; to maintain a safe and secure working environment and zero fatalities; to develop, attract and retain the correct skills and structures to meet and support our strategic growth.

### Commitment

To deliver on our promises and add value beyond expectations.

### Integrity

To always act with integrity in whatever we do based on our values, principles, Code of Ethics and Code of Conduct

### Accountability

To have responsible and accountable leadership that addresses the expectations of our diverse stakeholders and embraces these responsibilities with efficiency.

### Stakeholders

To serve our stakeholders through good corporate governance, ethical conduct, value creation and safe, good-quality products and services.

## ROLES AND RESPONSIBILITIES OF LEADERSHIP

Assumes ultimate responsibility and accountability for the performance and affairs of the Company.

- Provides effective leadership on an ethical foundation;
- Oversees the Company's values, corporate governance and ensures ethics are managed effectively.
- Ensures accountability for organisational performance by means of, among other, reporting and disclosures.
- Ensures that the Company complies with all the relevant laws, regulations and codes of business practice.

## MANAGEMENT APPROACH

### Company strategy

We actively steer and spearhead the Company and set its strategic direction, with regards to both the Company's strategy and the way in which specific governance areas are to be approached, addressed and conducted.

**(King IVTM - Principle 4)**

### Risks and opportunities

We monitor and maintain a risk-management framework and ensure that key risk areas identified are monitored.

**(King IVTM - Principle 11)**

### Governance of ethics

We ensure that we promote an ethical culture within our management process through an effective delegation of the introduction, monitoring and implementation of ethics-based mechanisms within our business.

**(King IVTM - Principle 1)**

### Corporate citizenship

The Board and management recognise that Premier Fishing is an economic entity and also a corporate citizen and that it has a social and moral standing in society with all the attendant responsibilities. (Please see transformation commitment in this regard.)

**(King IVTM - Principle 3)**

### Monitoring, compliance and oversight

We monitor the implementation of compliance with policies and processes and improve upon them to mitigate the risk of non-compliance with all applicable laws.

**(King IVTM - Principle 13)**

## Governance outcomes

We can only be a sustainable business if we continue to rigorously promote and implement good corporate governance practices. This is an integral part of our business model that is built on delivering good governance outcomes in terms of an ethical culture, effective control, sustainable performance and legitimacy. Our sound governance platform is embedded in our corporate culture.

## EXECUTIVE DIRECTORS



### CHIEF EXECUTIVE OFFICER

#### Mogamat Samir Saban

**Qualifications:** BCom (UCT), BCom (Hons) CTA CA (SA)

**Appointed:** 1 February 2017

**Nationality:** South African

Mr Saban is a qualified chartered accountant with more than 13 years of commercial experience. Saban completed his articles at Grant Thornton and spent almost two years at Pioneer Foods, one of the largest FMCG companies in South Africa. Thereafter, he joined Premier Fishing SA (Pty) Ltd, working in various senior financial positions since 2007. During 2009, Mr Saban was promoted to general manager of the Group and, during 2011, he was appointed as the CEO. He has won numerous awards in the Premier Group, such as CEO of the Year and Outstanding Manager of the Year. Mr Saban also attended the World Economic Forum in Dalian and Tianjin with the Group Chairman.



### SALES AND MARKETING DIRECTOR

#### Rushaan Isaacs

**Qualifications:** University of Stellenbosch Management Development Programme

**Appointed:** 1 February 2017

**Nationality:** South African

Mrs Isaacs has more than 20 years of sales experience within the fishing industry, managing and developing strategy for global markets within the various fishing sectors Premier is involved in. She has, over the years, managed to build valuable relations within all of Premier sectors and has also achieved highest service levels and top branding positioning in all sectors. She has won awards in AEEI for Overall Top Achiever in 2014 and Emerging Executive of the Year in 2015.

### CHIEF FINANCIAL OFFICER

#### Imraan Yousuf Moosa

**Qualifications:** BCom (UCT), PGDA CA (SA), SAICA Registered Assessor

**Appointed:** 21 January 2019

**Nationality:** South African

Mr Moosa is a qualified chartered accountant with more than 11 years of experience, seven of which have been in management roles. Mr Moosa has a diverse experience base within auditing as well as commercial industries, including the insurance sector, asset-management sector, public sector, and seven years of fishing-industry experience.

## NON-EXECUTIVE DIRECTORS



### NON-EXECUTIVE DIRECTOR AND ACTING CHAIRMAN

**Khalid Abdulla**

**Qualifications:** MBA (UCT), BCompt (Hons) CTA (Unisa), Project Management (UCT)

**Appointed:** 1 December 2018

**Nationality:** South African

Mr Abdulla is the CEO of AEEI and has been with the AEEI Group since 1999. He has served as the CEO of various subsidiaries, such as the IT and financial services businesses, and as the AEEI Group CFO in 2007 before being appointed as the AEEI Group CEO in November 2009. He has been appointed to and serves on various boards and committees as well as various NGOs. He has more than 30 years' commercial experience related to fishing, technology, health, biotherapeutics, events, tourism, and financial services. He is a regular invitee and participant at the World Economic Forum in Africa as well as the Summer Davos in China. He was also a speaker for the Department of Trade and Industry at conferences in the United Kingdom and Germany on "Investing into South Africa".

Mr Abdulla is the recipient of many awards, including the Global Leadership Excellence Award presented at the World Leadership Congress and Awards, which took place in Mauritius; overall winner of the Inaugural South African Vision 2030 Future Maker: Driver for Change 2017 Award; and the overall winner at the Oliver Empowerment Awards as SA's most Empowered Business Leader of the Year (2017). *Financial Mail* voted him one of the best CEOs in the country in 2016 and also ranked him among the 10 best executives of 2015. He was the recipient of the prestigious Black Business Executive Circle/Absa Bank Kaelo Award for giving guidance and leadership to grow junior and middle management.



### NON-EXECUTIVE DIRECTOR

**Aziza Begum Amod**

**Appointed:** 13 January 2014

**Nationality:** South African

Ms Amod is a professional director, businesswoman, philanthropist and entrepreneur with more than 30 years of business experience in the retail sector. She provides consultancy to women-owned businesses in the areas of impact investment, social innovation and technology applications for social impact in the food and retail sector. She has been featured in numerous articles about business and female entrepreneurs. She is a well-known philanthropist supporting a number of NGOs and outreach programmes, and serving on the boards of trustees of numerous philanthropic associations. She currently serves as a director and trustee on various business entities and trusts.



## NON-EXECUTIVE DIRECTORS



### NON-EXECUTIVE DIRECTOR

**Ismet Amod**

**Qualifications:** National Diploma Engineering (Civil) Pen Tech.

**Appointed:** January 2018

**Nationality:** South African

Mr Amod holds a National Diploma in Civil Engineering. Having spent 7 year in the engineering industry with Civil engineering consultants in Cape Town and Durban, he turned to business after completing various certificated business courses on entrepreneurship. He has held executive position in various subsidiaries within the Sekunjalo Group after joining the group in 2001. His experience covers manufacturing of medical devices and medical diagnostic kits, marketing of pharmaceutical products. He project-managed the design process and construction of a state-of -the art biopharmaceutical facility in Cape Town. He often attends international business conferences & trade shows locally and abroad to keep up with international trends in the various sectors of industry and to promote the export of locally manufactured products.

Additionally, in his last engagement with Afrinat, a subsidiary of AEEI in 2017, he focused on the marketing of natural bio-stimulants to the agricultural sector and the use of naturally derived cleansing and sanitising bio-chemicals to the food industry stressing the need for change on the use of toxic chemicals in industries and their impact on the environment.

**Directorship:** In January 2019 he was appointed as a non-executive director on the following boards: AYO Technology, AEEI, Premier and, since 2005, he also serves on the Siemens (SA) board as an alternate non-executive director representing the Sekunjalo Group as its shareholder



## INDEPENDENT NON-EXECUTIVE CHAIRMAN

### Salim Young

**Qualifications:** BProc LLB (UWC), LLM (Tulane University, USA)

**Appointed:** 1 February 2017

**Nationality:** South African

Mr Young is an experienced business executive and corporate lawyer and a former director of Webber Wentzel (formerly Mallinicks Inc.). He recently retired after a very successful 12 years as an executive director on the board of British American Tobacco SA (BAT), situated in Stellenbosch. During this time, Mr Young also served as the appointed South African representative of the London-based BAT plc whose secondary listing on the JSE ranks as the largest company by market capitalisation. Mr Young maintains board positions in a number of other companies and significant trusts. He holds a Master's Degree (LLM) in International Commercial Law from Tulane University in the United States as well as certificates in Law from Georgetown University and Harvard University, respectively. He is also one of the founders of Unipalm Investments and chairs the Remuneration Committee.



## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Rosemary Phindile Mosia

**Qualifications:** BCom (University of the North), PDM (Wits Graduate School of Business), Criminal Justice in Accounting (RAU), BCTA (RAU), Masters in Business Leadership (Unisa)

**Appointed:** 1 February 2017

**Nationality:** South African

Mrs Mosia is a South African female professional, with more than 15 years of experience in credit risk, and financial and business management. In addition, she has extensive training in general and credit management, finance, internal auditing, and forensic auditing. She has been involved in multiple roles in fields such as internal auditing, forensic auditing, budget management, credit-risk management, and operational management for the same financial services unit. Her experience in auditing was acquired over a six-year period. From 2000 to 2008, she headed the financial services unit of a large state-owned entity at a regional/corridor level. She is currently CEO of Black Business Chamber, an NGO and an emerging wine exporter.



## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Clifford Leonard van der Venter

**Qualifications:** BCom (Unisa), MBA (UCT)

**Appointed:** 1 February 2017

**Nationality:** South African

Mr Van der Venter joined Caltex (now Chevron) in 1990 and held numerous human resources (HR) positions, culminating in his appointment as HR director for sub-Saharan Africa in 1999. He subsequently held HR Director positions at Unilever SA, Anglo American (seconded to Kumba Iron Ore) and British American Tobacco until June 2014, when he decided to take a career break. These roles have honed his skills as an HR professional but have also broadened his experience as an executive board member of these major multinationals. Over the past two years, he has operated as an independent strategy and HR consultant. Apart from his deep expertise in the HR field and an obvious passion for people, his key strengths are in the areas of leading organisational change and business-strategy development.



## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Advocate Dr Ngoako Abel Ramatlhodi

**Qualifications:** BA Law and LLB (National University of Lesotho), MSc in International Relations (University of Zimbabwe), admitted to the Bar of Lesotho and South Africa as an advocate, Honorary Doctor of Law Degree (University of Limpopo)

**Appointed:** 7 March 2018

**Nationality:** South African

Advocate Dr Ramatlhodi is an experienced businessman, lawyer and advocate. He was the premier of Limpopo; has held the positions of Minister of Public Services, Minister of Mineral Resources, and Deputy Minister of Correctional Services; and was a member of the South African Parliament. Advocate Dr Ramatlhodi is a founder member and the first chairman of the University of the North Arts and Drama Association and chairman of the Central Cultural Committee. He lectured Public International Law at the University of the North. Advocate Dr Ramatlhodi maintains board positions in a number of other companies.



## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Sebenzile Patrick Mngconkola

**Qualifications:** BTech in Business Administration, National Diploma in Policing, Bachelor's Degree in Human Resource Management, certificates in various fields – including Forensic and Investigative Auditing (Unisa) and Project Management

**Appointed:** 3 March 2018

**Nationality:** South African

Mr Mngconkola has served on a number of boards. Between October 2010 and March 2017, he served on the board of the Public Investment Corporation (PIC), the largest asset manager on the African continent. He has also served as a director of Growthpoint Properties since November 2012, as well as serving on the board of Sacoil Limited – recently renamed Energy for Africa (Efora) – a listed oil and gas company.







# REPORT OF THE REMUNERATION COMMITTEE



*This report provides an overview of the group's remuneration policy, framework and philosophy, with an emphasis on executive directors, non-executive directors and management.*

*The remuneration committee has actively engaged and responded to key stakeholders, regarding the Group's remuneration policy and practices.*



## STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Valued Stakeholder

On behalf of the remuneration committee, I am pleased to present the Group's 2019 remuneration report.

Stakeholder focus remains on ensuring reward for performance and alignment with shareholder goals and enhanced disclosure so that shareholders can understand the quantum, rationale and drivers of executive remuneration.

The committee is tasked by the Board to independently approve and oversee the implementation of the remuneration policy. The policy is aimed at ensuring market-related yet affordable performance linked rewards and to ensure balanced and transparent outcomes that align with stakeholder interests over the

short-, medium- and long-term. Ultimately our policy enables the attraction and retention of skilled and valuable talent.

Remuneration and reward systems remain sensitive matters, especially in the socio-political environment. Our approach to remuneration aligns to our ethics, corporate governance philosophy and shared values – respect and trust, people, integrity, accountability, stakeholders, commitment and investment. We will continue to review and adapt to changes in market conditions to ensure that our policy and principles remain appropriately aligned with our overall business strategy.

As Chairman, my primary responsibilities are to ensure that we provide fair and responsible remuneration for the executive directors, within the context of overall employee remuneration. Executive remuneration and the governance of remuneration continues to remain a feature of the corporate governance landscape while the issue of income differentials and the steps necessary to address these continue to enjoy prominence in the local and international market. It is fundamental to our core remuneration principles that executive remuneration is aligned to the Group's performance. Income differentials are an important topic within the Group and the remuneration committee remains committed to monitoring and addressing this critical issue.

The alignment of our executives' remuneration to the long-term strategic goals of the Group to deliver sustainable value to shareholders and building the business remained a key focus during the year. Some decisions and their related impact in setting targets in terms of performance-related remuneration were made for the executive and senior management of the Group. Weightings of performance as well as specific financial targets were reviewed and amended accordingly for the year under review. The committee was satisfied and will continue to monitor remuneration against the appropriate strategic objectives, performance and market benchmarks.

The committee had an independent third party perform a market comparison against our peers recently. The comparison was used to determine the levels of remuneration. The committee reviewed the targets set in terms of performance-related remuneration for the CEO, the executive management team and senior management in the Group which include individual performance factors and a combination of portfolio-specific targets. The CEO and executive management team's performance are assessed against a set of predetermined objectives that include, *inter alia*, strategic leadership, execution of the strategy through business results and stakeholder relations.

The Board recognises that the successful delivery of the Group's objectives should constitute both financial

and non-financial performance measures, with the key financial measures which include profits, cash flow and asset growth weighted accordingly.

The committee remains mindful to ensure overall remuneration was appropriate for the performance of the Group and in relation to its peers. In doing so, the committee considered the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable the delivery of the Group's strategic objectives.

We remain committed to closing the wage gap and pay particular attention to those at the lower end of the earnings spectrum and consistently applied the principle that our remuneration should be fair and competitive and should reflect the performance of the business. Our ethos is one of appreciation for commitment, diligence, care and attention to detail. We respect and recognise our employees for their contribution made during the year and inspire them to realise their full potential and we believe in rewarding accordingly.

This report is part of the remuneration report and will be put to a non-binding advisory vote by shareholders at the upcoming AGM. It summarises the Company's remuneration policy for non-executive directors, executive directors and prescribed officers. The information provided in this report has been approved by the Board on the recommendation of the remuneration committee.

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.



**Salim Young**

Chairman of the remuneration committee

# REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

## BACKGROUND

This report describes the material matters dealt with by the committee during the period under review and summarises the Group's approach to transparent, fair and responsible remuneration.

The report has set out how the committee has discharged its duties in terms of the statutory requirements as well as any other duties assigned to it by the Board for the 2019 period under review. The report also provides an overview of the Group's remuneration policy, framework and philosophy with an emphasis on executive directors, non-executive directors and management.

## GOVERNANCE

The committee was established in order to assist with the monitoring of the Group's remuneration practices, and to perform the statutory functions required of a remuneration committee in terms of the Companies Act, the King IV™, the JSE Listing Requirements, the committee's charter, the Group's remuneration policy and relevant legislation.

### Composition of the committee

In accordance with best practice, the committee comprises a majority of independent, non-executive directors.

For the period under review, the committee comprised the following:

Name	Role	Meeting attendance
· Salim Young (Chairman)	Independent non-executive director	2/3
· Aziza Begum Amod	Independent non-executive director	2/3
· Khalid Abdulla	Non-executive director's	3/3

To assist the committee with the implementation of its mandate, the chief executive officer ("CEO") attended the meetings during the 2019 financial year. Committee members do not decide on their own remuneration.

The committee held two meetings during the period, in line with its charter.

## ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The remuneration committee's main purpose is to ensure that the Company's remuneration practices and policies are aligned with good corporate governance. The main aim of the committee is to assist the Board in fulfilling its responsibilities in establishing formal and transparent policies that ensure fair and responsible remuneration of directors and executives, including the following:

- Review and approve the remuneration and benefits policy adopted by the Company.
- Review and approve the reward philosophy and strategy adopted by the Company.
- Determine the remuneration packages of the executive directors of the Company.
- Determine the remuneration packages for senior executives of the Company.
- Recommend to the Board the fees to be paid to non-executive directors for their services on the Board and its committees.
- Disclose the directors' remuneration and ensure that it is transparent, accurate and complete.
- Approve the executive and senior management incentives adopted by the Company.
- In satisfying its mandate, the main activities performed by the committee during the year included the following:
  - Reviewed and approved the remuneration and benefits policy adopted by the Company.
  - Reviewed and approved the reward philosophy and strategy adopted by the Company.
  - Determined the remuneration packages of the executive directors of the Company.
  - Determined the remuneration packages for senior executives of the Company.
  - Recommended to the Board the fees to be paid to non-executive directors for their services on the Board and its committees.
  - Disclosed the directors' remuneration and ensured that it is transparent, accurate and complete.
  - Approved the executive and senior management incentives adopted by the Company.

## REMUNERATION POLICY

### 1. Introduction

The Committee is mandated by the Board to oversee all aspects of remuneration and incentives of the Group's executive, non-executive directors and key management in accordance with the approved terms of reference. The Group is aware of the importance of fair and transparent remuneration policies and practices. We strive to ensure that our governance and disclosure relating to executive remuneration is transparent and fair.

### 2. Remuneration philosophy

The Group aims to be an employer of choice. The Group's employees are key determinants of its success. The remuneration policy is based on the principles of fair and responsible remuneration and is structured to motivate, reward and retain quality employees at all levels. The Group remuneration policy aims to reward for excellent performance and seeks to be aligned to the achievement of the Group's strategic objectives. The Group's operations include a number of employees who are independent contractors engaged on fixed-term contracts (within the bounds of South African labour legislation) or are part of a bargaining council. The remuneration arrangements of these employees are governed by separate agreements which are negotiated on an operational level (subject to oversight from the committee); therefore, they are not covered by the Remuneration Policy Framework.

### 3. Remuneration mix

Remuneration comprises of guaranteed pay and variable pay. Variable pay is comprised of short-term incentives such as bonuses. The target remuneration mix varies at each grade. At lower levels, the remuneration mix is weighted in favour of guaranteed pay. 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 Group.



# REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

## DETERMINATION OF PERFORMANCE INCENTIVES

The Group has formal and informal frameworks for performance management that are directly linked to either increases in total cost to company or annual short-term incentive bonuses. Performance management and assessment sessions take place regularly throughout the year, where Group performance, personal achievement of key performance indicators (“KPIs”), and delivery on key strategic objectives are discussed.

### 1. Components of remuneration

Executives are responsible for leading others and taking significant decisions about the short-and long-term operation of the business. They require specific skills and experience and are held to a higher level of accountability. The remuneration policy is structured to attract and retain high-calibre executives and motivate them to develop and implement the Group’s strategy to maximise long-term shareholder value. The Group’s remuneration policy also aims to align the long-term interests of executives with those of shareholders.

- The remuneration policy is intended to conform to best practice and is structured around the following key principles:
- Total remuneration which is set at a level that is responsible and competitive within the relevant industry;
- Incentive performance measures and targets are structured to encourage the attainment of the Group’s strategic objectives; and
- Incentive payments are capped and earned through the achievement of the Group’s growth targets consistent with shareholders’ interests.

Remuneration comprises the following key elements:

Guaranteed pay	Short-term incentive	Other benefits
<p><b>Base salary</b></p> <ul style="list-style-type: none"> <li>• Aimed to attract and retain.</li> <li>• Improve employees’ financial well-being.</li> <li>• Support high-performing individuals by aligning reward with performance.</li> </ul>	<p><b>Performance bonuses</b></p> <ul style="list-style-type: none"> <li>• Motivates executive directors and key management to achieve strategic objectives as per the Group’s Vision 2020 Vision.</li> </ul>	<p><b>Pension and provident fund, medical aid benefits.</b></p> <ul style="list-style-type: none"> <li>• Improves employees’ financial planning and security on retirement.</li> </ul>
<p><b>Remuneration methodology</b></p>		
<ul style="list-style-type: none"> <li>• Remuneration levels take into the general market in which the business operates and skills acquired.</li> <li>• General adjustments to guaranteed pay levels are effective from 1 September each year.</li> <li>• Annual increase parameters are set using guidance from the Group budgeting processes, general economic environment, individual performance and the performance of the Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Performance bonuses are dependent on financial performance and achievement of agreed strategic and individual KPIs.</li> <li>• Executive directors have a higher weighting, 80%, towards financial performance while 20% would be based on individual KPIs.</li> <li>• Performance bonus are not earned if the minimum financial target is not met.</li> <li>• Performance bonuses are paid once a year.</li> </ul>	<ul style="list-style-type: none"> <li>• Determined as a fixed percentage of the base salary.</li> </ul>
<p><b>Eligibility</b></p>		
<ul style="list-style-type: none"> <li>• All staff employed by the Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent staff from junior management upwards.</li> </ul>	<ul style="list-style-type: none"> <li>• All permanent staff.</li> </ul>

## PERFORMANCE CONDITIONS FOR DETERMINING THE PERFORMANCE BONUS

### Financial targets:

- For executive directors the target is profit before tax.
- For other members of key management the target is divisional operating profit.

### Non-financial targets

- Individual performance against job requirement;
- Improving operating efficiencies;
- Delivery of organic growth projects;
- Delivery of strategic acquisitions;

The remuneration committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term performance and those linked to longer term shareholder value creation. The Group aims to ensure that for executive remuneration, the performance-based pay of executive directors and senior managers should form a significant portion of their expected total compensation.

### Executive directors contracts of employment

Executive directors are not employed on fixed-term contracts but have standard employment contracts with Premier Fishing SA Proprietary Limited which can be terminated with notice periods of between one and three months. The executive directors are not subject to any restraint of trade agreements. The retirement age for an executive director is 65 years. In the event that an executive director's service contract is terminated due to operational reasons, the Group's obligation to make a severance payment will be governed by the provisions of the Labour Relations Act.

### Non-executive directors fees

Non-executive directors do not have employment contracts with the Company or participate in the Company's performance schemes. The committee recommends the level of fees payable to non-executive directors to the shareholders for approval at each AGM of the Company. Non-executive director fees are paid on an annual retainer basis to account for the responsibilities borne by them throughout the year. Non-executive director fees are not dependent on meeting attendance. The fee structure is evaluated on an annual basis based on non-executive director fee surveys.

# REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

## IMPLEMENTATION REPORT

The committee has monitored the implementation of the remuneration policy during the financial year and is of the view that the Group's compliance with the policy has been satisfactory.

The committee is satisfied that variable pay outcomes for the 2019 financial year are aligned with the Group's financial performance for the 2018 financial year.

### Guaranteed pay

A market adjustment mandate of 7% on the cost to company (CTC – base salary plus employer retirement fund contribution) was approved by the committee for the non-bargaining category employees, in line with inflation and national benchmarks. The approved mandate was further differentiated based on individual performance ranging from a 0% adjustment for non-performing employees to 9% for individuals with exceptional performance during the prior financial year.

The guaranteed pay of the executive directors is set out below:

	Guaranteed Pay	
	2019 R'000	2018 R'000
Moegamat Samir Saban	2 352	2 027
Imraan Yusuf Moosa	796	-
Rushaan Isaacs	1 057	849
Tatenda Isaiah Bundo	633	1 204

After performing an industry salary benchmark study, the compensation of executive directors were adjusted during the course of the year.

## Short-term incentive

Performance bonuses paid to executive directors is based on financial and non-financial targets. The table below sets out the targets for the executive directors and the actual performance achieved.

Performance condition	Weighting	Threshold	Target	Actual performance	Actual performance (% Maximum)
Profit before tax	80%	90	130	178	135%
Non-financial targets	20%	-			

<sup>1</sup>The non-financial targets for executive directors are improving operating efficiencies, delivery of organic growth projects and delivery of strategic acquisitions.

The achievement of the targets for the executive directors in respect of the 2019 financial year were:

	Achievement of financial targets	Achievement of non-financial targets	Total as a percentage of maximum	Maximum bonus (% of Guaranteed pay)
Mogamat Samir Saban	100%	100%	100%	25%
Imraan Yusuf Moosa	100%	100%	100%	25%
Rushaan Isaacs	100%	100%	100%	16%

There are currently no long-term incentives for executive directors.

The table below sets out the remuneration received by the executive directors during the 2019 and 2018 financial years.

2019	Base salary R'000	Performance bonus R'000	Provident fund R'000	Total R'000
Moegamat Samier Saban:	2 352	1 284	253	3 889
Isaiah Tatenda Bundo:	633	417	73	1 123
Rushaan Isaacs:	1 057	289	113	1 459
Imraan Yusuf Moosa:	796	100	78	974
<b>Total:</b>	<b>4 838</b>	<b>2 090</b>	<b>517</b>	<b>7 445</b>

2018	Base salary R'000	Performance bonus R'000	Provident fund R'000	Total R'000
Mogamat Samir Saban	2 027	646	223	2 896
Isaiah Tatenda Bundo	1 203	388	141	1 732
Rushaan Isaacs	849	130	81	1 060
<b>Total</b>	<b>4 079</b>	<b>1 164</b>	<b>445</b>	<b>5 688</b>



# REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

Annual fees payable to non-executive directors were approved by shareholders at the AGM on 20 February 2019. The fees paid for the 2019 and 2018 year are shown below.

Non-executive director	2019 R'000	2018 R'000
Rev Dr VC Mehana	186	255
S Young	168	180
AB Amod	168	180
RP Mosia	168	180
CL Van der Venter	166	180
Adv. N Ramatlhodi	161	75
SP Mngconkola	113	75
<b>Total</b>	<b>1 577</b>	<b>1 125</b>

*Note: K Abdulla waived their non-executive fees.*

## NON-BINDING ADVISORY NOTE

The Group's remuneration policy and its implementation report will be presented to shareholders for separate non-binding advisory votes at the upcoming AGM. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the meeting, the Group will endeavour to: engage with shareholders through dialogue and request written submissions in order to address shareholder concerns. Please refer to the shareholder voting/feedback section below, for the detailed steps taken by the Company in this regard.

## SHAREHOLDER FEEDBACK

As a result of the remuneration policy and implementation report having received more than 25% votes against the non-binding advisory votes at the AGM held on 20 February 2019, the Group invited dissenting shareholders to forward their objections or concerns to the company secretary in relation to the remuneration and implementation policy. To date, we wish to advise that no further objections or concerns have been received.

Results of the shareholders' votes at the most recent AGM held on 20 February 2019, as a percentage of the total number of shares voted at the AGM, is indicated below:

Approval of the remuneration policy	69.59%
Implementation of the remuneration policy	69.59%
Non-executive directors' fees	94.16%

However, should any shareholders forward any further objections and concerns regarding the remuneration policy to the company secretary in writing, the remuneration committee will consider such concerns and any changes to the remuneration policy and implementation thereof will be reported on in the next integrated annual report.

## SHAREHOLDER VOTING

As required by King IV™ and the JSE Listings Requirements, the Company will put a non-binding advisory vote to shareholders regarding the approval of the remuneration policy and the implementation report. The Company seeks the support from its shareholders at the upcoming AGM. If any shareholders are inclined not to support the resolutions, we would ask that the reasons for such decision be communicated to the Company so that consideration can be given to those reasons. Please forward any comments to the company secretary at [cornellk@premfish.co.za](mailto:cornellk@premfish.co.za).

Should either vote receive 25% or more votes against, the Company will take the following steps:

- Issue a SENS announcement regarding the outcome of the voting results.
- Invite shareholders to engage with the Company regarding their dissatisfaction with either of the votes.
- Schedule engagements with concerned shareholders to record their concerns and objections.
- Assimilate all responses and schedule a remuneration committee meeting to analyse concerns and issues raised with the aim of formulating changes to the policy and implementation required, and

Develop a formal response to shareholders that articulates the concerns raised, the details of where the changes will be made to address concerns raised and provide responses for areas where the Company, despite the shareholder feedback, believes its current policy and/or implementation is adequate.

## SHAREHOLDER PLANNING

The Board recognises its responsibility to make provisions for competent leadership for the Group. In fulfilling this responsibility, the Board also acknowledges that situations may arise which require a need for interim leadership and that future leadership transitions are inevitable.

The purpose of succession planning is to ensure that plans are in place to develop potentially suitable candidates for the future. The focus also remains on the retention of key and critical skills in the Group. Succession planning is reviewed periodically and provides for both succession in emergency situations and succession over the longer term.

The succession plan is designed to address each of the following situations:

- Provision for leadership during anticipated or unanticipated short-term absences of the CEO.
- Planned resignation – in the event of a permanent leadership change, the process for conducting a CEO search.
- Provision for leadership during anticipated or unanticipated short-term absences of the chair.
- Planned resignation – in the event of a permanent leadership change, the process for conducting a chair search.

## BOARD POWERS AND PROCEDURES

The Company is controlled by the Board of Directors. The Board assumes ultimate responsibility and accountability for the performance and affairs of the Group and ensures effective leadership on an ethical foundation. It serves as the focal point and custodian of corporate governance for the Group. The Board sets and steers the direction of the Group to ensure that it brings informed, independent and effective judgement and leadership to all material decisions reserved for the Board. It ensures that strategy, risk, performance and sustainable development issues are effectively integrated and appropriately balanced.

### **(King IV™ – Principles 1, 2, 3, 4 and 6)**

The Board believes that diversity is an essential component for sustaining a competitive advantage. Directors are chosen for their corporate leadership skills, experience, and expertise and gender diversity. The Board believes that the current mix of knowledge, skills and experience meets the requirements to lead the Group effectively. The Board comprises five independent non-executive directors and three executive directors (three women and seven men), who determine the standards and policies to ensure that the highest quality of corporate governance is maintained within the Group.

The independent non-executive directors are considered to have the necessary skills and experience to bring balanced and independent judgement to the Board. While all directors have equal responsibility for monitoring the Group's affairs, it is the role of the CEO and the executive management team to run the business within the parameters prescribed by the Board and to produce clear, accurate and timely reports, thus enabling the Board to make informed decisions.

### **(King IV™ – Principles 7 and 8)**

Through the contributions of all directors, Premier has established a suitable balance of power and a solid framework for the examination, calculation and management of risk. The Board has a policy that allows for the clear division of responsibilities to ensure a balance of power and authority. This means that no one individual has unlimited powers when it comes to

decision-making. The Board met four times during the year, to review the financial and operational performance of the Group and to consider issues that might have a significant impact on the Group.

### **(King IV™ – Principles 1, 8 and 10)**

The Board and its committees continue to monitor the implementation of compliance with policies and processes, and to improve upon them and to mitigate the risk of non-compliance with any applicable laws.

### **(King IV™ – Principle 11)**

The Board regularly reviews the Group's governance structures and processes to ensure that they support effective and ethical leadership, good corporate citizenship and sustainable development; and to ensure that they are applied in the best interests of the Group's stakeholders. The Group has the necessary policies and processes in place to ensure that all subsidiaries adhere to Group's requirements and governance standards. The Board is involved in the decision-making of its subsidiaries on material matters and is satisfied that its delegation of authority framework contributes to role clarity and effective exercise of authority and responsibilities. **(King IV™ – Principle 1, 2 and 3)**

The Board has full and unrestricted access to all Company information, records, documents and property, and monitors the non-financial aspects relevant to the businesses of the Group. The Board recognises its responsibility to report and communicate all matters of significance to all of its stakeholders and to ensure effective communication between internal and external stakeholders.

The Company's Memorandum of Incorporation (MOI), the Companies Act, King IV™ and the JSE Listings Requirements set out the directors' responsibilities, rights and obligations. Directors are required to comply with all relevant legislation and to maintain strict confidentiality of all information relating to the business of the Company. The conduct of directors shall be consistent with their duties and responsibilities to the Company and, indirectly, to the shareholders.

The Board is satisfied that it has discharged its duties and obligations as described in the Board charter during the year under review.

### Role of the board

- Assumes ultimate responsibility and accountability for the performance and affairs of the Company.
- Provides effective leadership on an ethical foundation.
- Oversees the Company's values and corporate governance, and ensures ethics are managed effectively.
- Ensures accountability for organisational performance through reporting and disclosures.
- Ensures the Company complies with the relevant laws, regulations and codes of business practice.
- Serves as the focal point and custodian of corporate governance in the organisation.
- Primary role and responsibilities include steering the Company and setting its strategic direction – with regards to strategy and the way in which specific governance areas are to be approached, addressed and conducted.
- Oversees, monitors, approves and reviews corporate strategy, policies, business plans, annual budgets and appropriate systems.
- Ensures the Company is seen to be a responsible corporate citizen.
- Monitors and maintains a risk-management framework and ensures that key risk areas are identified and monitored.

## ETHICAL AND RESPONSIBLE LEADERSHIP

The Board provides effective leadership based on a principled foundation. The Group subscribes to the highest ethical standards. Responsible leadership – instilled by the values of responsibility, transparency, accountability and fairness – has been a defining characteristic of the Company since its inception. The Group's fundamental objective has always been to do business ethically while building a sustainable Company that recognises the short- and long-term impacts of its activities on the economy, society and the environment.

The Group is governed by its Code of Conduct and Code of Ethics. The Code of Ethics requires all directors, managers and employees to obey the law, respect others, be honest and fair, and protect the environment. The Code of Conduct articulates Premier's commitment to doing business according to best practices, the right way and guided by our values. **(King IV™ – Principles 1 and 2)**

## RESPECTED CORPORATE CITIZENSHIP

The Board and management recognise that Premier is an economic entity and also a corporate citizen and that it has a social and moral standing in society, with all the attendant responsibilities. **(King IV™ – Principle 3)**



## COMPOSITION OF THE BOARD AND APPOINTMENT OF DIRECTORS

The Board recognises and embraces the benefits of having diverse members. Diversity is core to and an essential component of sustaining a competitive advantage. The Nomination Committee makes recommendations to the Board for the appointment of new directors. Directors are chosen for their business skills and expertise. The Board is diverse in terms of race, gender, academic background and business skills.

### **(King IV™ – Principle 7)**

The committees established by the Board play an important role in enhancing standards of governance, ethics and effectiveness within the Group. The terms of reference of the Board and its committees are reviewed and amended as required in terms of legislation.

In the Board's opinion, all directors have the relevant knowledge, skills and experience to make a meaningful contribution to the business of the Company. The independent non-executive chairman, together with the Remuneration Committee, evaluates the performance of the executive directors annually. The Nomination Committee evaluates the independence of the non-executive directors annually.

Appointments to the Board are formal and transparent and a matter for the Board as a whole. The Board believes that – as long as they remain completely independent of management and relationships that could significantly affect their decisions and advice, and are of the right moral calibre and integrity – non-executive directors can perform the required function of looking after the Company's interests.

The Board specifically considers the independence of directors and their other commitments – when they are first appointed, annually, and at any other time when a director's circumstances change and warrant re-evaluation. This is done to determine whether the director has sufficient time to discharge their duties effectively and is free from conflicts that cannot be managed satisfactorily. Should the Nomination Committee be of the view that a director is overcommitted or has an unmanageable conflict, the Chairman will meet with that director to discuss this, to the satisfaction of the committee. **(King IV™ – Principle 7).**

In terms of the MOI of the Company, no director shall be appointed for life or for an indefinite period and the directors shall rotate in accordance with the provisions set out in the MOI.

A component of the non-executive directors shall retire from office, provided that – if a director is appointed as an executive director or an employee of the Company in any other capacity – they shall not, while they hold that position or office, be subject to retirement by rotation and they shall not in such case be taken into account in determining the rotation or retirement of directors.

The Board is of the view that all the non-executive directors exercise independent judgement at all times with respect to material decisions of the Board.

### **(King IV™ – Principle)**

### **Overview of the board**

Number of Board members	10
Number of Board members who are non-executive directors	7
Number of Board members who are deemed to be independent	6
Number of Board members who are deemed to be historically disadvantaged in SA (HDSA)	10
Number of Board members who are women	3
Average age of directors (years)	52
Independent Board chairman	YES
Number of prescribed officers	1

## EVALUATION OF THE BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS

The Board and committees are evaluated annually by the Board members, and improvement areas are identified and addressed appropriately to ensure effective functioning. Ever-changing issues facing companies make it essential to look at the agenda items of the Board to ensure that they stay aligned with good corporate governance and ethics, meet current needs and best practices, and address matters of strategic importance.

The independence of directors and their other commitments are also evaluated. The results of these evaluations are not disclosed in the integrated report. The independent non-executive chairman concluded that the Board is functioning well and noted minor

areas for improvement. The independent non-executive chairman and Remuneration Committee evaluate the performance of the executive directors annually. The Nomination Committee evaluates the independence of the non-executive directors annually. **(King IV™ - Principles 7 and 9)**

The Board appraises the performance of the CEO, CFO and sales and marketing director on an annual basis and identifies areas of improvement that are appropriately addressed. The Board confirmed they were happy that the executive directors carried out their duties with due skill and diligence and in the best interests of the Company for the period under review.

## INDEPENDENT NON-EXECUTIVE CHAIRMAN

The independent non-executive deputy chairman of the Board is Salim Young.

For the period under review, the independent non-executive deputy chairman ensured that the Board functioned efficiently, and provided guidance and overall leadership for the Board and the Group.

The independent non-executive deputy chairman:

- Ensured that Board members were fully involved in and informed of any business issues on which a decision had to be made;
- Ensured the integrity and effectiveness of the Board and its committees;
- Ensured that executive members played effective management roles and participated fully in the operation and governance of the Company;
- Ensured that Board members exercised independent judgement and acted objectively, and that relevant matters were placed on the agenda and prioritised properly;
- Was available to the CEO between Board meetings to provide counsel and advice; and
- ensured that the performance of the CEO was evaluated regularly.

**(King IV™ - Principle 9)**

## OUR EXECUTIVE TEAM

### Chief Executive Officer

Mogamat Samir Saban is CEO of the Group and an executive director appointed by the Board.

During the year under review, he was responsible for leading the implementation and execution of the Group's Vision 2020 Vision strategy and operational planning. He served as the chief link between management and the Board and was accountable to the Board. He reviewed the annual business plans and budgets that supported the Group's long-term strategy and made recommendations thereon. He was responsible for aiding in the achievement of performance goals, objectives and targets, and for maintaining an effective management team and structure.

He ensured that the appropriate policies were formulated and implemented to guide activities across the Group and ensured effective internal organisation and governance measures were deployed. A succession plan for the CEO is in place in the event of unplanned leave or planned resignation.

**(King IV™ - Principle 10)**

### Chief Financial Officer

Imraan Yousuf Moosa is CFO of the Group and an executive director.

During the year under review, with the assistance of the Audit and Risk Committee, he helped the Board to protect and manage the Company's financial position. He prepared the annual plans and budgets that supported the Group's long-term strategy and assisted the CEO in achieving the Group's performance goals, objectives and targets. He ensured that the financial statements were fairly presented and contained all the required disclosures. He ensured that appropriate internal controls and regulatory-compliance policies and processes were in place and that non-financial aspects relevant to the business of the Company were identified, addressed and managed.

The Audit and Risk Committee has considered the expertise and experience of the CFO and deems it appropriate. The Audit and Risk Committee has is satisfied that the Finance department has the appropriate expertise and is adequately resourced.

**(King IV™ - Principle 10)**

### Sales and Marketing Director

Rushaan Isaacs is responsible for all of the sales and marketing of the Group and is an executive director.

During the year under review, she was responsible for securing and expanding markets for the Group's products, handling customer relations, and overseeing general marketing of the Group's products. She was also responsible for leading the team that secured contracted quota from third-party quota holders.

### Prescribed Officer

Mogamat Samir Saban is the prescribed officer of the Group. The prescribed officer is required to perform his function and exercise his duties to the same standard of conduct applicable to all directors and is subject to the same liability provisions applied to directors.

During the year under review, he exercised executive control over the management of the Group's subsidiaries and regularly participated in the exercise of general executive control of the Group's business units and activities.

The prescribed officer is not remunerated separately for this function.

### Company Secretary

Mohamed Wazeer Moosa was the company secretary up until 18 November 2019 and was accountable to the Board up until that date.

During the year under review, the company secretary:

- Guided the directors in terms of their duties, responsibilities, powers, training and induction of the responsibilities and liabilities under the Companies Act;
- Made the Board aware of any laws relevant to and/or affecting the Company;
- Prepared Board packs and recorded proper detailed minutes of meetings;
- Ensured proper and orderly conduct at all Board and committee meetings;
- Disclosed corporate actions and SENS announcements; and
- Ensured compliance with the JSE Listings Requirements and the Companies Act.

The Board has considered the competence, qualifications, experience and performance of the company secretary and is

satisfied that they are appropriate. This was concluded after due assessment following a review by the Remuneration Committee of the Company regarding the company secretary's qualifications, experience and performance.

The Board is satisfied that an arm's-length relationship exists between the company secretary and the Board, as the company secretary is not a member of the Board, is not involved in the day-to-day operations of the Company and is not a prescribed officer.

Mr Mohamed Wazeer Moosa resigned on 18 November 2019 and was replaced by Cornell Kannemeyer on 18 November 2019.

### Board Committees

The Board has established a number of committees to assist it in performing its duties and to fulfil its effective decision-making processes. Specific responsibilities have been formally delegated to the committees, with defined terms of reference to promote independent judgement and assist with the balance of power.

Committee	Composition	Members	Number of meetings per year	Board approved charter	Invitees
Audit and Risk	Five independent non-executive directors	Rosemary Phindile Mosia (Chairperson) Salim Young Clifford van der Venter Advocate Dr Ngoako Abel Ramatlhodi Sebenzile Patrick Mngconkola	Four	Yes	External Auditors Internal Auditors Exco team
Remuneration	One non-executive director and three independent non-executive directors	Salim Young (Chairperson) Khalid Abdulla Aziza Begum Amod	Two	Yes	Mogamat Samir Saban
Social, Ethics and Transformation	One non-executive director, four independent non-executive directors, and one executive director	Aziza Begum Amod (Chairperson) Rosemary Phindile Mosia Clifford van der Venter Sebenzile Patrick Mngconkola Rushaan Isaacs	Three	Yes	Mogamat Samir Saban Faiyad Abrahams Nicky Isaacs
Investment	Three independent non-executive directors, one non-executive director and one executive director	Salim Young Mogamat Samir Saban Khalid Abdulla Rosemary Phindile Mosia Advocate Dr Ngoako Abel Ramatlhodi	Two	Yes	
Nomination	Two independent non-executive directors and one non-executive director	Khalid Abdulla Salim Young	One	Yes	Mogamat Samir Saban



## STATUTORY DUTIES

The auditors have unlimited access to the Audit and Risk Committee, ensuring independence is not compromised in any way. Board committee members are authorised to obtain independent outside professional advice when necessary.

The Audit and Risk; Remuneration; Social, Ethics and Transformation; Investment; and Nomination committees are constituted as statutory committees of the Board in respect of their statutory duties in terms of the Companies Act and King IV™ and are accountable to the Board and shareholders. These are committees of the Board in respect of all other duties the Board assigns to them and they have been delegated powers to perform their functions in accordance with all regulatory requirements, including the Companies Act and King IV™.

## TERMS OF REFERENCE

All committees function according to Board-approved terms of reference as contained in each committee's charter and/or policy. Each committee adopted its charter/policy with the terms of reference approved by the Board. Each committee reviews its charter/policy on an annual basis to ensure it remains current and updated.

All committee charters and policies were reviewed during the year, with changes being made to take into account new regulatory requirements to ensure best governance practices. These charters and policies were formally tabled at each committee meeting and adopted by the Board of Directors.

## DIRECTORS' DETAILS

Name	Executive (E) / non-executive (NE)	Overall attendance of board meetings	Overall attendance of committee meetings	Length of service (years)	Age (years)	Gender
Mogamat Samir Saban	E	4/4	5	<3	42	MALE
Isaiah Tatenda Bundo**	E	0/4	0	<3	36	MALE
Rushaan Isaacs	E	2/4	1	<3	38	FEMALE
Imraan Moosa**	E	4/4	5	<3	34	MALE
Reverend Dr Vukile Charles Mehana*	NE	0/4	0	<3	66	MALE
Khalid Abdulla	NE	4/4	7	10,5	54	MALE
Salim Young	NE	3/4	8	<3	62	MALE
Rosemary Phindile Mosia	NE	3/4	6	<3	51	FEMALE
Aziza Begum Amod	NE	2/4	3	<3	57	FEMALE
Cherie Felicity Hendricks*	NE	0/4	0	10	56	FEMALE
Clifford Leonard van der Venter	NE	3/4	4	<3	54	MALE
Sebenzile Patrick Mngcokola	NE	4/4	3	<3	57	MALE
Advocate Dr Ngoako Abel Ramatlhodi	NE	1/4	2	<2	64	MALE

\*Cherie Hendricks resigned from the board of directors on 19 February 2019 and Rev Dr. VC Mehana on 14 March 2019

\*\*Tatenda Bundo resigned as Chief Executive Officer on 21 January 2019 and Imraan Moosa was appointed as the new Chief Executive Officer on that day

## CONFLICT OF INTEREST

All directors of the Company and its subsidiaries, including senior management, are required to submit a list of their directorships and interests in contracts at each Board meeting.

Directors are required to disclose their personal financial interests and those of persons related to them, in contracts or other matters in which the Company has a material interest. Where a potential conflict of interest exists, directors are expected to recuse themselves from the relevant discussions and decisions.

No director had a material interest in any significant contract with the Company or any of its subsidiaries during the year.

## COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

The Board ensured that the Company complied with all the laws, codes, rules and standards including, but not limited to, the JSE Listings Requirements, King IV™, the Companies Act, Competition Law, legislative and environmental standards, consumer-protection laws, employment legislation, and international laws and legislation. The Board considered adherence to non-binding rules, codes and standards.

The Board continually reviewed the compliance of regulatory codes and other standards and continually monitored the implementation of the legal-compliance processes. Board policies and charters were updated in compliance with statutory, regulatory and legislative requirements. **(King IV™ - Principle 13)**

## ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the preparation of the annual financial statements based on appropriate accounting policies. The Group's financial statements are based on appropriate accounting policies as set out in the notes to the financial statements and are supported by reasonable and prudent significant judgements and estimates.

The external auditors are responsible for considering internal controls relevant to the preparation of the annual financial statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control systems.

The Board established formal and transparent arrangements with the external and internal auditors and ensured that timely and accurate disclosure was made of any information that would be of material importance.

The Board ensured that assurance services and functions enabled an effective control environment and that these support the integrity of information for internal and external decision-making and of the organisation's external reports.

The external auditors assessed whether the financial statements conform to IFRS, the JSE Listings Requirements and the Companies Act. The external auditors offered reasonable, but not absolute, assurance of the accuracy of the annual financial statements. Premier's management is responsible for the preparation of the annual financial statements.

### **(King IV™ - Principle 15)**

The Board is satisfied that the annual financial statements are fairly presented, that they contain proper disclosures, and that regulatory-compliance processes were followed in the preparation of the annual financial statements.

## DEALINGS IN THE COMPANY'S SHARES

In terms of the JSE Listings Requirements, directors, officers and employees of the Company are not permitted to trade in the shares of the Company during closed periods, which commence at the end of the first six months of the financial year (end February) and financial year-end (end August) and during periods when the Company is trading under a cautionary announcement.

The Company Secretary will disseminate written notices to all directors and senior management throughout the Group informing them that dealing in Premier's shares during the closed periods is prohibited.

Directors are required to seek the authority of the independent non-executive chairman prior to dealing in shares of Premier. Accordingly, directors are not permitted to make use of internal Company information when deciding to deal in the Company's shares.

In accordance with the JSE Listings Requirements, the Board reinforces the Code of Conduct for insider trading. Directors are updated according to any changes in terms of the JSE Listings Requirements

## COMMUNICATION

The Group subscribes to a policy of full, accurate and consistent communication with regard to all of its affairs. The Board seeks to present a balanced and understandable assessment of the Group's position at all times when reporting to stakeholders. The integrated report deals adequately with disclosures relating to financial statements, auditors' responsibility, accounting records, accounting policies, adherence to accounting standards, internal controls, risk management, going-concern issues, and the Group's adherence to established codes of governance.

The deputy chairman, CEO, and CFO regularly communicated with major shareholders, institutional investors, analysts and the media during the period under review. The Group acknowledges the role of the media –especially that of financial journalists and it endeavours to assist these role players as much as possible.

The Group encourages shareholders to attend the Group's AGM, which provides them with an opportunity to raise concerns and ideas and to participate in discussions relating to the Group. The Group publishes its annual financial results on SENS and shareholders are advised that a copy of the integrated report is available on the Company's website and at the registered offices of the Company. **(King IV™ – Principle 16)**

## CORPORATE CODE OF ETHICS AND CODE OF CONDUCT

The Group subscribes to the highest levels of professionalism and integrity in conducting its business and dealing with all stakeholders. All employees are expected to share its commitment to the highest morals, ethical standards, corporate-governance practices, legal standards and the Company's values.

The Board continues to provide effective leadership based on a principled foundation. The Group's leadership is characterised by the values of responsibility, accountability, fairness and transparency. One of our fundamental objectives has always been to do business ethically while building a Company that is sustainable, taking into account the short-, medium- and long-term activities of the economy, society and the environment.

In executing its responsibilities, the Social, Ethics and Transformation Committee considered and monitored the Group's activities regarding legislation, human rights and prevailing practice in matters relating to social and economic development, including compliance with the Ten Principles of the United Nations Global Compact and labour and employment activities.

## REPORTING UNETHICAL BEHAVIOUR

Employees and stakeholders are able to report any breach of the Code of Ethics via the Group's anonymous reporting facility. During the period under review, there were no reported allegations of unethical behaviour.

# REPORT OF THE AUDIT AND RISK COMMITTEE



The audit and risk committee has the pleasure in submitting this report for the financial year ended 31 August 2019 as recommended by the King IV™ Report, the JSE Listings Requirements and the Companies Act.

“The audit and risk committee is constituted as a statutory committee of the Board in respect of its statutory duties in terms of the Companies Act and King IV™ and is accountable to both aBoard assigns to it and has been delegated extensive powers to perform its functions in accordance with the Companies Act and King IV™.”

## MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The audit and risk committee is consisted of independent non-executive directors listed below, all of whom have the requisite business acumen and experience as well as financial skills to fulfil the committee's duties.

During the year under review, four meetings were held and attendance of those meetings is set out in the table below:

Name	Qualification	Date of Appointment	Changes	Attendance
Salim Young	BProc LLB (UWC) LLM	3 April 2018	Resigned as chairman on 4 April 2019	3/4
Clifford van Der Venter	B.Com (UNISA) and MBA (UCT)	3 April 2018		3/4
Advocate Ngoako Ramathlodi	B A Law (NUL), LLB (NUL), MSc (UZ)	8 August 2018		2/4
Sebenzile Patrick Mngonkola	B Tech Business Administration, HR Degree Degree 88	8 August 2018		3/4
Rosemary Phindile Moisa	BCom (University of the North) PDM, BCTA, MBL	2 May 2017	Appointed as chairman on 4 April 2019	2/4

\* Takudzwa Hove and Arthur William Johnson resigned as directors and members of the audit and risk committee during the year.



## ROLE AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee adopted the audit and risk constitution and risk management charter which was approved by the Board, setting out its duties and responsibilities as delegated to it by the Board.

The roles and responsibilities of the committee include:

- to provide oversight of the effectiveness of the internal and external audit function;
- to assist the Board in overseeing the quality and integrity of the Group's annual financial statements, integrated reporting process and any other announcements in respect of financial results;
- review of the disclosure of sustainability issues in the integrated report;
- review the effectiveness of the CFO and the finance department;
- to provide oversight on the effectiveness of the design and implementation of internal financial controls;
- review the effectiveness of the head of internal audit and the internal audit department;
- review the quality of the external audit; and
- review and recommend to the Board for approval the interim results, preliminary results, the annual financial statements and the integrated report.

## DISCHARGE OF DUTIES FOR THE YEAR UNDER REVIEW

The committee is satisfied that it has performed all the functions required in terms of the charter, the King IV™ Report and Companies Act.

EXTERNAL	GOVERNANCE
<ul style="list-style-type: none"> <li>• The appointment of external auditors.</li> <li>• The scope, independence and objectivity of the external auditors.</li> <li>• The terms of engagement and fees of the external auditors.</li> <li>• The quality of the external audit.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk assessment and management.</li> <li>• Assessment of compliance with legal, regulatory, codes and other standards.</li> <li>• The ethical conduct of the Group.</li> </ul>
FINANCIAL REPORTING	INTERNAL CONTROL AND RISK MANAGEMENT
<ul style="list-style-type: none"> <li>• The interim and preliminary announcements of results and reports to shareholders, the annual financial statements and integrated report.</li> <li>• Consideration of concerns regarding accounting practices and internal audit matters.</li> <li>• The assessment of the appropriateness of the expertise and experience of chief financial officer and the financial function.</li> </ul>	<ul style="list-style-type: none"> <li>• The development and implementation of the Group's risk plan and strategy to ensure that the Group manages its risks in an optimal manner.</li> <li>• The adequacy and efficiency of the risk policies, procedures and controls applied in the day-to-day management of the business.</li> <li>• The effectiveness and performance of the internal auditors and compliance with its charter.</li> <li>• The effectiveness of the design and implementation of internal controls.</li> </ul>

## EXTERNAL AUDIT

The audit and risk committee undertook a review of the cost and scope of the audit function performed by the independent auditors of the Group. BDO South Africa Incorporated ("BDO") was appointed as the Company's auditors for the 2019 reporting period. Ms Fayak Mohamed was appointed as the designated auditor for the 2019 financial year.

The committee is of the view and is satisfied that the external auditor is independent of the Group.

The committee approved the level of scope, external audit fees and the extent of non-audit services for the 2019 audit. The nature and extent of all services provided by the external auditors are approved and reviewed by the committee. The extent of non-audit services did not exceed the approved limits.

The committee evaluated the audit and was satisfied with the performance of the external auditor during the reporting period and with the quality of the external audit procedure. BDO has been the auditor of Premier Fishing and Brands Limited for 22 years.

During the year under review the committee:

- Satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained confirmation from the auditors that they are independent;
- approved the terms of engagement and fees for external auditors;
- approved non-audit services provided during the year;
- obtained assurances from the external auditors that adequate accounting records are being maintained; and
- considered any reported control weaknesses,

management's response for their improvement and assessed their impact on the general control environment.

## INTERNAL AUDIT

The Group's internal audit function is fulfilled by the head of internal audit and the internal audit department provides the audit and risk committee with assurance of the effectiveness of the Group's internal control environment. The head of internal audit does not report directly to Premier's EXCO and therefore the internal audit function is considered to be independent. The head of internal audit reports directly to the Chair of the audit and risk committee.

During the year under review the committee:

- approved the annual internal audit plan;
- reviewed the reports of the internal auditor related to the Group's financial controls and systems of internal control;
- reviewed any reported control weaknesses, management's response for their improvement and assessed their impact on their general control environment; and
- received assurance that proper and adequate accounting records are being maintained.

The committee reviewed the reports on the adequacy of the Group's internal control environment and based on that review it is satisfied that there has been no material breakdowns in the internal control environment of the Group.

## RISK MANAGEMENT

The audit and risk committee approved the risk charter which forms the terms of reference for the risk management process of the Group.

During the current year under review the committee:

- assessed the effectiveness of the risk management process in place throughout the Group;
- assessed management's reports pertaining to the effectiveness of the Group's risk management, compliance processes and controls;
- reviewed the top risks that the Group is exposed to and assessed management's responses to the top risks; and
- assessed whether there were any new and/or emerging risks pertaining to the Group and whether the risk management process is aligned to respond and address these risks.

The committee is satisfied that the Group's risk management process is effective and that the Group's top risks have been adequately addressed by the Group's management.

## TECHNOLOGY AND INFORMATION GOVERNANCE

The audit and risk committee performs oversight over information technology risks.

During the year under review the committee:

- enquired from the head of internal audit and management if there were any breaches to the Group's information systems;
- reviewed the effectiveness of the general information technology controls of the Group;
- obtained assurance from internal audit over the effectiveness and adequacy of the internal controls over the information systems; and
- reviewed emerging risks that could affect the information technology environment of the Group as well as the controls implemented by management to address any anticipated risks.

The committee is satisfied that the internal control environment for information technology is satisfactory.

## FINANCIAL REPORTING

The audit and risk committee reviews the Group's accounting policies and the annual financial statements to ensure that they are in compliance with IFRS, the JSE Listings Requirements and the Companies Act.

During the year under review, the committee:

- considered the appropriateness of the accounting policies adopted;
- considered the accounting treatment of significant transactions;
- reviewed the process implemented by management for the preparation of the annual financial statements and is satisfied that the processes applied in preparing the financial statements were appropriate;
- confirmed the going concern as the basis of preparation of the annual financial statements;
- ensured that the annual financial statements fairly present the financial position of the Group, the result of operations and cash flows for the financial year ended 31 August 2019;
- assessed the quality and the integrity of the Group's integrated report and is satisfied with this; and
- considered the findings contained in the JSE proactive monitoring reports and ensured that these were taken into account when the annual financial statements for the year ended 31 August 2018 were prepared.

## KEY AUDIT MATTERS

The audit and risk committee considered the key audit matters as outlined in the independent auditors' report for the Group.

The key audit matters were:

- Residual values of vessels (consolidated financial statements)
- Physical quantities of biological assets (consolidated financial statements)

The committee is satisfied that these key audit matters were adequately in the context of the audit.

# REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

## LEGAL AND REGULATORY REQUIREMENTS

During the year under review the committee:

- reviewed the adequacy and effectiveness of the Group's processes to ensure compliance with legal and regulatory requirements;
- reviewed legal matters that might have a material impact on the Group; and
- reviewed reports from internal audit regarding compliance with legal and regulatory requirements.

The committee is satisfied that there have been no breaches to legal and regulatory requirements during the year under review.

## EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

The committee has satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Limited Listings Requirements that the chief financial officer has the appropriate experience and expertise to meet the responsibilities of the position.

The committee has also satisfied itself with the expertise of the finance department and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

## ANNUAL FINANCIAL STATEMENTS AND INTEGRATED REPORT

The committee reviewed the integrated report and the annual financial statements of Premier for the year ended 31 August 2019 and is satisfied that they comply in all material respects with the requirements of IFRS, the Companies Act, and the JSE Listings Requirements.

The committee is also satisfied with the integrity of the information in the integrated report.

The committee has fulfilled its statutory duties in terms of section 94(7) of the Companies Act and King IV™ compliance. The committee complied with its legal and regulatory responsibilities for the 2019 financial year. **(King IV™ - Principles 10, 11, 12, 13 and 15)**

The committee has recommended the annual financial statements and the integrated report for the year ended 31 August 2019 for approval to the Board.



**Rosemary Mosia**

Audit and risk committee chairman

30 October 2019







## TECHNOLOGY AND INFORMATION

The Board is responsible for technology and information governance in the Group and delegated the management of technology and information governance to the Audit and Risk Committee.

The Audit and Risk Committee governs technology and information in a way that supports the organisation in setting and achieving its strategic objectives and delegated this responsibility to executive management to implement and execute effective technology and information management. Management is accountable for operational governance of technology and information management

### IT strategy

An annual report on technology and information governance is tabled at the Audit and Risk Committee meeting to address any significant technology and information risks and matters to be considered to ensure compliance with the governance framework. The primary focus during the year was to review and approve the Group's technology and information strategy to ensure that there was good governance across the information systems.

### Digital revolution

Business leaders are urgently trying to keep abreast of the surging pace of digital transformation globally. The past year has been characterised by IT security incidents, such as ransom ware attacks. The world continues to evolve due to significant trends such as:

- IT automation and analytics are two key trends accompanying artificial intelligence, which is starting to play a significant role in IT security;
- mobile devices with pervasive connectivity to the internet, as broadband data reduces in price and increases in availability, results in new heights of social media interaction on a business and personal level;
- cloud computing, which provides access to high-level, utility-based, location-independent and capital-light computing resources and agility;
- the increase in connected devices installed to on-board computers giving rise to the internet of real-time exchange of information between connected devices; and
- an increase in data that needs to be stored, managed and interpreted for business advantage.

During the year under review the audit and risk committee undertook the following to ensure best practices:

- All systems were backed-up daily and stored off-site;
- Quarterly restore tests were done to ensure that the backups were working;

- All servers and workstations have the latest operating system patch levels, all security updates are applied and compliance is monitored to ensure that the organisation is protected from security threats
- All servers and workstations have the latest anti-virus patch levels applied to monitor compliance, to ensure the organisation is protected from security threats
- A disaster recovery/business continuity plan is being re- drafted with regular testing done to ensure that disaster does not impact the business
- Firewalls, password management and remote access are in place to ensure that the organisation is not at a low risk of a security breach
- Regular changing of passwords measures are in place;
- Restrictions to websites that pose a security threat are in place
- Restrictions on who can access what, whether it is external or internal to the organisation, have been applied
- Strong password controls are in place and the network password policy was reinforced
- A formal incident, fault call logging process is in place to ensure that issues are dealt with speedily; and
- We instituted ransom ware mitigation procedures and ESET antivirus software is updated regularly on all workstations and the server

### (King IV™ – Principle 12)

### Risk mitigation

The ever-changing environment brings with it the complexities of managing information risk and the Group is applying the appropriate operational and technology interventions to manage these challenges. As the Group is dependent on IT to meet its business needs, all identified risks are monitored and reduced to an acceptable level by the executive management.

Although no material risks were reported on during the year under review, we are cognisant of cyber security and the implications thereof, taking into account the protection of our stakeholders, which remains a high priority. One aspect driving risks and security is our governance and internal audit to ensure that the organisation's information assets are secure.

We constantly address best practices, threats from phishing, ransom ware and other cyber threats which could have an impact on business operations, financial statements, legal exposure and the Company's reputation.

### (King IV™ – Principle 11)

## REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

We are fully committed to having a meaningful and positive impact on our stakeholders and to operating in a manner that positively contributes to the upliftment and advancement of communities and the environment in which we operate.

As a Group, we believe in the development and empowerment of our employees and aim to enhance performance by “growing our employees”. The Group is committed to its shared values: People, accountability, integrity, commitment, stakeholders, respect, trust and investment.

The Social, Ethics and Transformation Committee has the pleasure of submitting this report for the financial year ended 31 August 2019.

### 2019 Transformation highlights

- Premier Fishing SA obtained Level 1 B-BBEE rating
- Implemented much-needed learnership programmes;
- 100% black directors
- Three black female directors
- 92% HDI employees
- 33% black female employees
- 75% black representation at executive-management level
- 13% black female representation at executive level
- Spent R574 000 on skills development of black employees
- Continued to assist black-owned small-rights holders; and
- Continued to procure from empowered companies

### Members of the social, ethics and transformation committee

The composition is as follows:

Name	Appointment date	Meeting attendance
Aziza Begum Amod (chairman)	26 July 2017	1/2
Rosemary Phindile Mosia	1 February 2017	2/2
Clifford van der Venter	28 March 2018	1/2
Sebenzile Patrick Mngconkola	3 April 2018	2/2
Rushaan Isaacs	28 March 2018	2/2

\*Cherie Hendricks

\* Cherie Hendricks resigned as a director on 19 February 2019 and did not make herself available as a director and member of the Social, Ethics and Transformation Committee during the year.

## ROLE AND RESPONSIBILITIES OF THE SOCIAL, ETHICS, AND TRANSFORMATION COMMITTEE

In addition to the committee members, the head of human resources, head of payroll, chief executive officer, and chief financial officer attend meetings of the committee by invitation.

The roles and responsibilities of the committee include:

- To assist with the governing of the ethics of the Group in a way that supports the establishment of an ethical culture.
- Ensure that the Group is and is seen to be a responsible corporate citizen.
- Assist management in the formulation and implementation of policies, principles and practices to foster the sustainable growth of the Group.
- Assist management in setting strategies, establishing goals, and integrating sustainability into the business activities across the Group.
- To provide guidance in relation to the promotion of good sustainability practice such as environmental, CSI, B-BBEE, and stakeholder engagement policies.

## DISCHARGE OF DUTIES FOR THE YEAR UNDER REVIEW

The Social, Ethics and Transformation Committee assisted the Board in ensuring that the Group remains a committed socially responsible corporate citizen. The committee provided support, advice, and guidance on the effectiveness of management's efforts in respect of sustainable development, transformation, and social and ethical matters.

The committee undertook the following during the year:

- Reviewed the B-BBEE status of the Group;
- Ensured compliance with regulations governing B-BBEE;
- Ensured that all regulatory obligations were met, including the submission of employment-equity plans to the Department of Labour;
- Ensured that employees and stakeholders familiarised themselves with the Group's ethical standards;
- Governed the ethics of the Group in a way that supported an ethical culture through ongoing staff awareness around the following policies:
  - The way we work,
  - Anti-corruption and bribery,
  - Code of Conduct, and
  - Code of Ethics;
- Ensured on-going skills development through the Group's contributions to the Premier Bursary programme, skills audit, and training analysis that identified training needs;
- Monitored and ensured that the Group is seen to be a responsible corporate citizen, through societal and environmental initiatives and the Group's contribution to the development of communities in which it operates;
- Reviewed and made recommendations for the Group's skills-development plans and the placement of interns in the Group;
- Reviewed the employment equity plans and reports for the Group and made recommendations for improvements;
- Reviewed reports relating to the Group's health and safety aspects;
- Reviewed and made recommendations for the Group's transformation plans; and
- Reviewed and made recommendations for the Group's water-saving plans.

## LAWS, REGULATIONS, AND GOVERNANCE

The committee has confirmed that no instances of material non-compliance with relevant legislation have been identified.

## PLANNED AREAS OF FUTURE FOCUS

- Continue to govern ethics in a way that supports the establishment of an ethical culture;
- Continue to monitor labour, employment relationships, training and skills development, employment equity, and the prevention of unfair discrimination;
- Continue to monitor the Group's B-BBEE compliance and make recommendations for improvements; and
- Monitor the Group's corporate-social-investment plans and ensure that they are adequate to positively impact the communities in which the Group operates.

For the year under review, the committee is satisfied that it has fulfilled all of its statutory duties assigned by the Board.



**Aziza Begum Amod**

Chairman of the Social, Ethics and Transformation Committee









# 105

## OUR PERFORMANCE REVIEW

# OUR PERFORMANCE REVIEW

## CHIEF FINANCIAL OFFICER'S REPORT

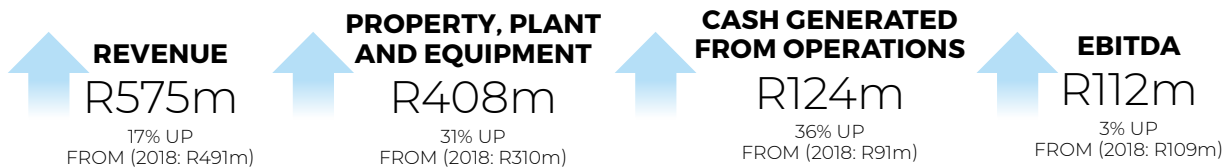
The 2019 financial year has had many challenges, but the Group has still delivered a good performance across most of its divisions.

The Talhado acquisition has now been successfully integrated into the Group and reported its first full year of results during the 2019 financial year end. We experienced good catch rates in our lobster division. The West Coast rock lobster total allowable catch (TAC) was significantly reduced, which resulted in a decline in revenue from the prior year. However, we were efficient in controlling costs, resulting in this division remaining profitable for the year. The Group's other divisions all delivered solid performances for the 2019 year, albeit under testing circumstances (such as political unrest in Hong Kong and lower landings industry-wide in the squid division) and the main divisions remained profitable.

Our strategic acquisition of Talhado was in line with our expansion strategy, and has contributed positively to our revenue and profit growth for the period under review. We continued to drive efficiencies in all divisions, through diligent cost-saving initiatives such as efficient catch planning and maximum utilisation of our facilities. We also implemented more efficient procurement processes, thereby improving margins.

The Group has a strong balance sheet and is well funded with cash on hand, which enables it to execute its growth strategy. The Group managed to control its working capital debtors more efficiently during the year and, as a result, cash generated from operations increased to R124 million (from R91 million in the prior year). The Group's abalone farm expansion continued well and is on track to be completed. This is shown by property, plant, and equipment increasing to R408 million (from R310 million).

## HIGHLIGHTS



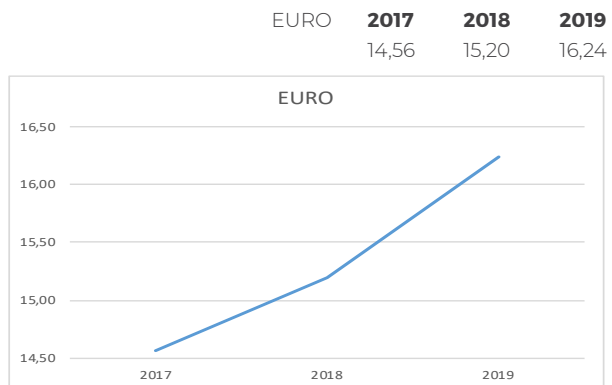
## REVENUE GROWTH

Revenue increased by 17% to R575 million (from R491 million), mainly due to solid performances in our lobster and squid divisions. The squid division experienced increased sales volumes as a result of Talhado fishing being consolidated for a full 12 months compared to 3 months in the prior year, and favourable exchange rates. The South Coast rock lobster division continues to deliver solid performances year after year. The West Coast rock lobster also delivered

a good performance in a challenging environment, and it remained a profitable division.

The strengthening of the Dollar and Euro added to the solid performance of revenue. The Group continuously monitors these currencies and regularly consults with its bankers regarding present and future exchange rates.

The following graphs illustrate the yearly average exchange rates for ZAR/USD and ZAR/EUR:



The average ZAR/USD exchange rate the Group sold at was R14.10 in 2019 (compared to R13.42 in 2018). The average ZAR/EUR exchange rate was R16.24 in 2019 (compared to R15.20). Considering this, the Group has been efficient in planning sales and ensuring we get the best value for our exports.





# OUR PERFORMANCE REVIEW

## CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

### Cost of sales

Cost of sales increased by 26% to R355 million (from R281 million), mainly as a result of the full 12-month consolidation of Talhado. Cost of sales is mainly comprised of catch costs, labour costs, and processing and packaging costs.

Cost of sales	2019	2018	2017
Labour	60 108	46 021	43 393
Catch costs	109 851	117 832	86 118
Purchases from other quota holders	28 558	57 432	54 274
Animal feed and upkeep costs	4 018	3 166	3 459
Processing and packaging costs	22 553	30 677	38 703
Depreciation and amortisation	14 457	9 275	9 229
Movement in inventories	(8 758)	(13 471)	(4 590)
Talhado cost of sales	124 158	29 719	0
<b>Total</b>	<b>354 945</b>	<b>280 651</b>	<b>230 586</b>
<b>Increase</b>	<b>26%</b>	<b>22%</b>	

Catch costs decreased by 7%, mainly as a result of a decrease in volume of landings in the year under review (specifically for West Coast rock lobster and squid, which is industry wide). Talhado cost of sales increased to R124 million (from R30 million). This is because, in the prior year, we only consolidated three months as opposed to the full 12-month.

Animal feed, labour costs and electricity costs are major costs for animal upkeep at our abalone farm. We continue to derive benefits from solar technology, which resulted in reduced consumption of electricity at the abalone farm.

Cost-saving initiatives were instituted extracting operational efficiencies from our facilities and resulting in reduced processing costs.

The movement in inventory relates to the fair-value adjustment as a result of the increase in farmed abalone stock holding to 161 tons (from 145 tons).

Purchases from other quota holders decreased significantly from R57 million to R29 million in the

current year. This was primarily due to the reduced TAC and quotas for West Coast rock lobster and wild abalone.

Operating expenses	2019	2018	2017
Total for Group	R161m	R138m	R116m
Percentage Increase	17%	19%	16%
As a % of revenue	28%	28.1%	28.2%

Other operating expenses increased by 17% to R161 million (from R138 million), mainly due to inflationary price increases, volume-related increases and the 12 months operating expenses consolidated from Talhado, compared to 3 months in the prior year. The Group continues to strive for efficiencies in cost control, as shown by operating costs as a percentage of revenue staying relatively consistent with the prior year.

Furthermore, other operating expenses of R48 million (from R17 million) have been consolidated from Talhado. If we were to exclude the extra Talhado expenses, Group operating expenses would have been R8 million lower than in 2018, showing efficiencies in overall cost cutting.

### Taxation

The total tax expense for the year was R31 million, with an effective tax rate of 28%. The Group elected to utilise tax incentives from farming tax for its abalone farming operation, which resulted in tax savings in the current financial year.

### Financial Position Overview

	2019 R'000	2018 R'000
Non-current assets	608 667	509 625
Current assets	419 142	599 460
<b>Total assets</b>	<b>1 027 809</b>	<b>1 109 085</b>
Equity	814 008	862 436
Non-current liabilities (excluding borrowings)	125 140	111 471
Current liabilities (excluding borrowings)	82 085	123 803
Borrowings	6 576	11 375
<b>Total equity and liabilities</b>	<b>1 027 809</b>	<b>1 109 085</b>

### Non-current assets

Non-current assets consist mainly of property, plant, and equipment; and goodwill. Non-current assets increased by R99 million, adding significant strength to the balance sheet. The increase is mainly attributed to additions to property, plant, and equipment of R126 million, the majority of which relates to our strategic abalone farm expansion and the related increase of R98 million in property, plant, and equipment. Depreciation and amortisation have increased to R29 million (from R17 million), decreasing the book value of assets by R12 million. This was expected, due to the farm expansion and the full 12-month consolidation of Talhado.

### Current assets

Current assets consist mainly of inventories, trade receivables, and biological assets. The Group's trade receivables declined by R16 million from the prior year, due to efficient management of the Group's trade and other receivables. Inventory has also declined by R15 million, as the Group continues to be efficient in keeping stock on hand to a minimum. Included in the current assets are cash resources of R183 million.

There was a R15 million increase in the carrying amount of biological assets for the year under review, as a result of the increase in stock holding to 161 tons (from 145 tons). The increase in stock holding was a result of the increased production capacity in preparation for the expansion at the abalone farm.

### Non-current liabilities (excluding borrowings)

Non-current liabilities (excluding borrowings) consisted mainly of a deferred tax liability as a result of temporary differences between accounting and tax treatments.

### Current liabilities (excluding borrowings)

Current liabilities (excluding borrowings) consisted mainly of trade payables, provisions, and tax payable. There was a R23 million decrease in trade payables and provisions, mainly as a result of the Group improving management of our liabilities and satisfying our suppliers.

### Borrowings

Borrowings consisted mainly of interest-bearing bank loans, which declined by R5 million due to regular monthly payments made as and when due. The Group

does not use much external debt as our interest-bearing debt to equity ratio is less than 1% (2018: 2%).

### Cash Flow From Operations Overview

	2019	2018
Cash generated from operations, before movements in working capital	94 845	91 295
Movements in working capital	28 781	-108
Net interest	10 346	25 905
Tax paid	(43 942)	(54 820)
<b>Net cash from operating activities</b>	<b>90 030</b>	<b>62 272</b>

Total cash generated from operations increased to R95 million (from R91 million), as a result of the strong operational performance as outlined herein. The tax paid for the year amounted to R44 million and included the R15 million paid by Talhado.

Interest income was from interest earned from cash at bank. This declined, as cash was used for the farm expansion.

The movement in working capital amounted to a positive R29 million, which illustrates the Group's effective management of its stock on hand, trade and other receivables, and trade and other payables.

### Our funding strategy and capital allocation

Rigorous processes have been implemented to ensure that we allocate our capital in an optimal manner. Capital projects are evaluated by the Executive Committee for recommendation to the Investment Committee and approval by the Board of Directors.

Funds are allocated to projects that are evaluated to provide the highest possible return in the shortest payback period. The project must also be a strategic fit within our current business model and must be relatively simple to execute. We continue to use cash generated from operations to fund capital expenditure on maintenance of existing operations.

Capital expenditure for the year amounted to R126 million, of which approximately R90 million was for the farm's expansion. We forecast capital expenditure in the 2020 financial year to be R40 million.



## CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

### Outlook for 2020

Our outlook for 2020 is a positive one, as we aim to continue our journey toward achieving our strategic objectives, and ultimately, the delivery of sustained financial returns. In doing so, we remain committed to stringent cost-control practices across the Group, including efficient and effective value-added procurement processes in order to increase existing margins.

The current economic climate is not without challenges, such as the predicted rising cost of fuel, the erratic movement of exchange rates, and socioeconomic conditions in the Asian market. This may place pressure on our existing margins. That said, the current forecasted weakening of the rand against major currencies reflects favourably for the Group, given that our products are destined for offshore markets. This should result in increased revenues and, ultimately,

increased profitability.

The 2020 financial year will see a second full set of performance results for Talhado being consolidated into the Group results, which will allow us to view the proper comparative information for the first time. As part of our expansion strategy, we continue to pursue acquisitions that present a strategic fit for the Group.

### Appreciation

I would like to thank the Group's finance team for their commitment, hard work and support during this past year. Without them, our success would not have been achieved.



**Brent Robertson**

Chief Financial Officer



# OUR PERFORMANCE REVIEW

## OPERATIONAL REVIEWS

### LOBSTER

Our lobster business continued to maintain its operating margins in the current year:

The SCRL TAC for the 2018/2019 fishing season is 321 tons, down by 4% from the prior year TAC of 335 tons. The fishing season for lobster is from November to September, whereas the Group's financial year is from September to August. We experienced solid catch rates which resulted in 90% of our allocated quota being caught. The sales mixes of the catches have mainly been bigger sizes compared to the previous financial year.

South coast rock lobster	2019	2018	2017
TAC (tons)	321	335	331
Premier share (tons)	129	135	133
Percentage of allocated quota caught	90	100	80
Sales volumes (tons)	139	151	115

Product: **FROZEN TAILS** » Market: **USA**  
 Product: **LOBSTER HEADS** » Market: **JAPAN**  
 Product: **LOBSTER BODIES** » Market: **JAPAN**



Number of vessels wholly-owned **4**

Number of lobster facilities **1**

The WCRL TAC for the 2018/2019 fishing season decreased by 44% from the prior year to 1 084 tons. The quota which is available to Premier is 35 tons (2018: 64 tons). The total WCRL contracted quota acquired for 2019 is 54 tons (2018: 101 tons). We also experienced solid catch rates for WCRL which resulted in us catching 100% of our allocated quota. 93% of the contracted quota was caught during the financial year under review, with the balance of the quota being caught after year-end.

West coast rock lobster	2019	2018	2017
TAC (tons)	<b>1 084</b>	1 924	1 924
Premier share (tons)	<b>35</b>	64	87
Percentage of allocated quota caught	<b>100</b>	100	91
Contracted quota acquired (tons)	<b>54</b>	101	96
Percentage of contracted quota processed (tons)	<b>93</b>	93	91
<b>Sales volumes</b>			
Live lobster (tons)	<b>74</b>	128	118
Whole frozen lobster (tons)	<b>4</b>	10	17
Whole cooked frozen lobster (tons)	-	-	9
Frozen tails (tons)	<b>1</b>	2	2



Product: **LIVE LOBSTER** » Market: **HONG KONG, CHINA**  
 Product: **WHOLE FROZEN LOBSTER** » Market: **JAPAN**  
 Product: **WHOLE COOKED FROZEN LOBSTER** » Market: **JAPAN**  
 Product: **FROZEN TAILS** » Market: **SOUTH AFRICA**



Number of vessels wholly-owned, co-owned **2**

Number of lobster facilities **1**

**SALES AND MARKETING**

The market for SCRL remained strong during the year under review with ongoing strong demands for the product resulting in a 4% increase in the average US\$ prices for the product. The market for SCRL remains strong and we continue to focus on achieving year-on-year growth in US\$ pricing.

The focus is on the sale of live lobster for the WCRL fishery. The demand remains strong and we managed to obtain a 6% increase in the average US\$ price.

**FUTURE OUTLOOK**

<b>Material matters Affecting the operation</b>	<b>Impact on our ability to create value</b>	<b>How we responded</b>
Possible reductions in TAC	A reduction in the TAC might result in lower turnover and profits for the Group.	The Group remains focused on acquiring additional contracted quota to mitigate instances of reductions in TAC.
Extreme weather conditions.	Extreme weather conditions might result in a reduced number of available sea days and reduced catches.	We implemented improved vessel scheduling in order to fully maximise available sea days and reduce our total catching period.



# OUR PERFORMANCE REVIEW

## OPERATIONAL REVIEWS (CONTINUED)

### PELAGIC

Our Pelagic business consists of pilchard and anchovy quotas which are harvested and sold locally.

Pilchards are canned and sold in the South African market and anchovy is used to produce fishmeal which is sold globally for use as animal feed.

The pelagic industry continued to experience low catches, resulting in lower volumes being caught as a result. The low catch volumes experienced in the pilchards sector, resulted in lower turnover, when compared to the prior year. The margins achieved on pilchards are higher than those for anchovy, therefore due to the lower catches from pilchards there was a decrease in margins for the pelagic sector.

Pilchards	2019	2018	2017
TAC (mtons)	4 750	59 214	45 560
Premier share (mtons)	910	4 396	3 383
Percentage of allocated quota caught	0	22	52
Sales volumes (mtons)	816	1 061	1 769

Pilchards	2019	2018	2017
Canned fish cartons produced	52 858	74 336	129 962

Anchovy	2019	2018	2017
TAC (mtons)	347 860	295 911	450 000
Premier share (mtons)	22 097	17 317	28 585
Percentage of allocated quota caught	61	91	66
Sales volumes (mtons)	11 983	15 832	18 838



Number of vessels wholly-owned, co-owned **4**

We negotiate prices for both pilchards and anchovy with our customer on a yearly basis and in the year under review we managed to achieve an 8% increase in our pricing. We also received a profit share per carton of canned pilchards produced from our pilchards quota.

### Future outlook

The pilchards fishing season is from February to December. If the catch rates for pilchards improve the Group will endeavour to catch the balance of its quota during September to December. The pelagic business is one of our strategic focus areas for the 2018 financial year. We planned on acquiring a new highly efficient fishmeal plant during the 2018 financial year which will process our existing quota of anchovy to fishmeal for both the global and local markets. This will result in an increase in our margins for the anchovy business.

Material matters Affecting the operation	Impact on our ability to create value	How we responded
Catch rates for pilchards.	Lower catch rates might result in lower sales volumes and revenue.	Improved scheduling of vessels and timing of catches during peak catching season.

## SQUID

Our squid business experienced exceptional catch rates during the current financial year.

During the period under review, the Group acquired Talhado, making the Group one of the largest squid fishing companies in South Africa.

Our squid division delivered sterling returns for the year under review. The division experienced exceptional catch rates compared to prior years, resulting in higher landings and lower production costs, translating into higher revenue and operating profits.

Squid	2019	2018	2017
Tons caught	827	539	236
Contracted tons acquired	1 069	613	80
Sales volumes (tones)	2 206	1 265	340

Talhado is a valuable contributor towards the squid division.

The annual catch and sales volumes for Talhado are shown below.

Squid	2019	2018	2017
Tons caught	577	1 061	763
Contracted tons acquired	1 008	1 928	1 499
Sales volumes (tones)	1 879	2 690	2 214



Number of vessels wholly-owned, co-owned **21**

Number of processing facilities **1**

Product: **SQUID** » Market: **SPAIN, ITALY, PORTUGAL, GREECE, CROATIA**

### Sales and marketing

The European market for South African squid remains strong. Despite the significant increase in sales volumes for the South African squid industry, the Euro pricing achieved was the same as the prior year. Our sales and marketing team will continue to focus on the European market in the 2018 financial year and try and focus on attaining higher prices.

### Future outlook

The current indications are that the squid resource is stable and we expect the good catch rates experienced in the year under review to continue into the new fishing season for the 2020 financial year.

We expect to extract synergies from the acquisition of Talhado, resulting in cost savings for the Group. Revenue and operating profits of the squid division are expected to be approximately 30% of the Group's revenue and profits after the acquisition.

It is also anticipated that the DAFF will commence with the process of allocating fishing rights ("Frap 2020") for the squid later shortly.

Material matters Affecting the operation	Impact on our ability to create value	How we responded
Cyclical nature of catches during season	Cyclical erratic catch rates and higher costs	The Group continues to work with the industry and scientific work groups and utilises industry information to accommodate for seasonality and plan to catch at the most optimal time period.

# OUR PERFORMANCE REVIEW

## OPERATIONAL REVIEWS (CONTINUED)

### Abalone

The Premier Group trades in abalone through its Atlantic Abalone brand.

Abalone is cultivated at our farm which is located in Gansbaai Harbour. The strategic focus for this division is mainly on expanding production to 300 tons per annum from the current 120 tons. Improvements and expansions were completed in our hatchery during year under review resulting in our spat production increasing to an average of 100 000 spat per month compared to an average of 60 000 spat production per month in the previous financial year. The hatchery continues to consistently produce good quality spat which provides a good platform for our planned expansion in production output.

We have also constructed a bigger hatchery and we anticipate to increase the spat production to an average of 500 000 per month once fully operational.

Our increased spat production and modifications done at our grow-out facility resulted in an increase in production and stockholding. We plan to complete the installation of additional grow-out tanks as part of the expansion on the abalone farm in the 2019 financial year which will significantly increase our holding capacity and will provide us with a platform to increase production output.

Abalone	2019	2018	2017
Holdings (tons)	161	145	103

### Sales and marketing

Demand for abalone from our customers continues to outweigh our output. Our sales and marketing team continues to focus on growth in US\$ pricing and in the year under review we achieved an average increase of 7% in US\$ pricing across our sales categories. Our sales and marketing team is focused on securing additional geographical markets and increasing US\$ pricing in the 2020 financial year. The market continues to demand more live abalone. Live abalone sales are 70% of the total sales volumes and this is expected to continue in the foreseeable future.

Product: **LIVE ABALONE** » Market: **HONG KONG, TAIWAN**  
 Product: **CANNED ABALONE** » Market: **HONG KONG, TAIWAN** | Number of abalone facilities **1**

Abalone	2019	2018	2017
Total live equivalent tons processed	53	73	80
<b>Sales volumes</b>			
Live abalone (tons)	36	58	59
Canned abalone (cartons)	114	218	589

Total sales volumes were twenty tons less than the previous year as the division focused on increasing its stockholding for the farm's expansion. The division achieved an average ZAR/US\$ exchange rate of R14.30 for the year under review which was lower than the average rate of R12.85 achieved in the prior financial year. The lower sales volumes resulted in a lower turnover for the year under review.

Total area owned and leased: **6** hectares owned **4** hectares leased

Total area utilised for cultivating: **4** hectares

**Future outlook**

Construction activities are currently on-going and we expect construction to be completed by the end of the 2019 financial year. We currently have a stable and growing pipeline of abalone and we expect to double the current production output from 120 tons to 300 tons by the end of the 2020 financial year. We expect a significant increase in sales volumes and profits from our abalone division from the financial year ended 2020 onwards and is expected to be completed by the end of the 2019 financial year. We currently have a stable and growing pipeline of abalone and we expect to double the current production output from 120 tons to 300 tons by the end of the 2020 financial year.

Material matters Affecting the operation	Impact on our ability to create value	How we responded
Increasing sea water temps	High Sea water temps affect the growth of abalone.	We have installed equipment at the abalone farm which enables the cooling of water before it is circulated throughout the farm in instances of higher-than-ideal in instances of higher-than-ideal sea water temperatures. sea water temperatures
Red Tide in (large concentrations of aquatic micro-organisms) in the deep sea water which supplies the farm.	Red Tide reduces the oxygen content in the sea water which might result in reduced growth rates or animal mortalities.	We have utilised the services of a micro-biologist to provide standard operating procedures in which the animals are to be handed during the occurrence of the red tide. A Re-circulation system will be implemented with the farm expansion which will enable the farm to re-circulate the occurrence of the red tide.





# OUR PERFORMANCE REVIEW

## OPERATIONAL REVIEWS (CONTINUED)

### Hake

The Premier Group is part of a joint operation with Blue Continental Products (BCP) for hake.

The Group's hake quota is caught, processed and marketed through the joint operation. There was a good size mix landed in the current year which resulted in higher market prices. We experienced good catch rates in the current financial year and sale volumes were 3% higher than the prior year. There were major repairs done on the vessel; due to a breakdown which resulted in lower profits compared to prior year. The major repair work is expected to be once-off.

### SALES AND MARKETING

Demand for Cape Hake continues to be strong, and the operation continued to experience increases in Euro sales prices with average Euro market prices being 3% higher than the prior year.

Hake	2019	2018	2017
TAC (tons)	122 431	119 729	123 020
Premier share of TAC (tons):	692	672	720
Percentage of allocated quota caught:	100	100	100

Product: **HAKE - HEADED AND GUTTED** » Market: **EUROPE, SOUTH AFRICA**

Material matters Affecting the operation	Impact on our ability to create value	How we responded
Possible reductions in TAC.	The variations in size mixes might result in a lower average market price achieved on the hake.	We continue to work with the industry and scientific work groups and utilise industry information to accommodate for seasonality and plan to catch at the most likely optimal time period.



## Seagro

Seagro is a liquid fertiliser which is produced from fish oil. Fish oil is a by-product of the fishmeal process.

The liquid fertiliser is sold in bulk directly to farmers, or in 200ml, 500ml, one-litre and five-litre bottles to the retail market. Seagro is manufactured from fish oil, a by-product of the fishmeal making process. There were increased catches of anchovy which is used in making fishmeal and ultimately there was an increase in fish oil supply during the current year which enabled us to manufacture increased volumes of Seagro in the current year.

Seagro	2019	2018	2017
Fish oil concentrate Purchased (Litres)	56 000	189 200	169 899
Fish oil concentrate Processed (Litres)	51 000	166 200	152 900
Sale values (Litres)	164 766	134 345	111 614

Product: **SEAGRO ORGANIC LIQUID FERTILISER** » Market: **SOUTH AFRICA**

Location: **SALDANHA BAY** | Number of facilities **1**

### Sales and marketing

the local market for Seagro fertiliser is strong. The increase in the amount of available fish oil (raw material) enabled us the meet the demand for the product. We were also able to achieve a 7% increase in our market prices during the current financial year.

### Future outlook

The demand for Seagro fertiliser continues to grow year-on-year and with this demand we expect to significantly increase our volumes in the year ahead.

Material matters Affecting the operation	Impact on our ability to create value	How we responded
Availability of fish oil.	Fish oil is a raw material used in the manufacture of Seagro. If the Company is not able to source sufficient volumes of fish oil then there could be a reduction in the volumes of Seagro produced.	The Company is planning to install a fish meal plant which will ultimately guarantee the Seagro business supply of fish oil.

# OUR PERFORMANCE REVIEW

## OPERATIONAL REVIEWS (CONTINUED)

### Processing and marketing

The Premier Group enters into agreements with other quota holders for WCRL and wild abalone in which the Group processes their quotas and markets it on their behalf.

The Group then earns a processing and marketing fee. We managed to increase the volume of contracted quota for wild abalone in the current year which resulted in increased revenues for the processing and marketing operation.

The Group continues to focus on acquiring additional contracted quota.

Processing and marketing	2019	2018	2017
Contracted WCRL sold (tons)	54	76	77
Contracted wild abalone acquired (tons)	4	30	30
Total contracted wild abalone processed	1	23	30
<b>Sales Volumes</b>			
Wild live abalone (tons)	1	2	2
Wild canned abalone (cartons)	600	753	806
Wild dried abalone (tons)	-	-	1
Wild frozen abalone (tons)	-	2	1



## Cold Storage

The cold storage business is a warehouse facility for both the Group's products and for external customers as well.

Processing and marketing	2019	2018	2017
Number of pallets handled for internal operations	2 364	2 284	1 885
Number of pallets handled for external customers	4 926	3 287	3 574

Material matters Affecting the operation	Impact on our ability to create value	How we responded
Under utilisation of capacity due to lower storage.	Lower customer storage capacity.	We are currently offering storage space for dry goods in addition to frozen product in order to mitigate against any reduced demand for frozen product storage.

Products handled: **FROZEN FISH, DRY GOODS** » Market: **SOUTH AFRICA**

Location: **V&A WATERFRONT** | Number of facilities **1**









# 123

## CONDENSED FINANCIAL STATEMENTS

# CONDENSED FINANCIAL STATEMENTS

## SUMMARISED AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Revenue	<b>575 006</b>	490 870
Cost of sales	<b>(354 945)</b>	(280 651)
Gross profit	<b>220 061</b>	210 219
Other operating income	<b>23 330</b>	19 523
Other operating expenses	<b>(160 737)</b>	(138 161)
Operating profit	<b>82 654</b>	91 581
Investment revenue	<b>26 181</b>	40 975
Finance costs	<b>(5 014)</b>	(3 543)
Profit before taxation	<b>103 821</b>	129 013
Taxation	<b>(30 828)</b>	(33 672)
Profit after taxation for the year	<b>72 993</b>	95 341
Total comprehensive income for the year	<b>72 993</b>	95 341
Profit after tax attributable to:		
Shareholders of Premier	<b>48 246</b>	81 858
Non-controlling interests	<b>24 747</b>	13 483
Profit after taxation for the period	<b>72 993</b>	95 341
Basic and diluted earnings per share (cents)	<b>18.56</b>	31.48
Headline and diluted headline earnings per share (cents)	<b>16.65</b>	31.60
Weighted average number of shares (000s)	<b>260 000</b>	260 000

## SUMMARISED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Audited as at 31 August 2019 R'000</b>	<b>Audited as at 31 August 2018 R'000</b>
<b>ASSETS</b>		
Non-Current Assets	<b>608 667</b>	509 625
Property, plant and equipment	<b>407 555</b>	310 242
Goodwill	<b>70 129</b>	70 129
Intangible assets	<b>37 518</b>	39 550
Loan to Holding Company	<b>93 434</b>	89 618
Deferred tax	<b>31</b>	86
Current Assets	<b>419 142</b>	599 460
Inventories	<b>33 925</b>	48 528
Trade and other receivables	<b>103 333</b>	128 643
Other financial assets	<b>5 585</b>	3 424
Current tax receivable	<b>9 820</b>	264
Biological assets	<b>83 260</b>	68 021
Cash and cash equivalents	<b>183 219</b>	350 580
Total assets	<b>1 027 809</b>	1 109 085
<b>Equity and liabilities</b>		
Equity		
Stated capital	<b>507 517</b>	507 517
Reserves	<b>8 014</b>	8 014
Retained income	<b>250 470</b>	298 424
Equity attributable to shareholders of Premier	<b>766 001</b>	813 955
Non-controlling interests	<b>48 007</b>	48 481
Total equity	<b>814 008</b>	862 436
Liabilities		
Non-current liabilities	<b>127 158</b>	116 134
Other financial liabilities	<b>2 018</b>	4 663
Operating lease liability	<b>245</b>	333
Post-employment medical obligation	<b>237</b>	984
Deferred tax	<b>124 658</b>	110 154



# CONDENSED FINANCIAL STATEMENTS

## SUMMARISED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Audited as at 31 August 2019 R'000	Audited as at 31 August 2018 R'000
Current liabilities	86 643	130 515
Trade and other payables	71 064	89 937
Other financial liabilities	4 558	6 712
Current tax payable	1 069	19 186
Provisions	9 952	14 680
Total liabilities	213 801	246 649
Total equity and liabilities	1 027 809	1 109 085
Net asset value per share (cents)	313.08	331.71
Net tangible asset value (cents)	271.68	289.52
Weighted average number of shares (000s)	260 000	260 000

## SUMMARISED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Balance at the beginning of the year	862 436	771 097
Non-controlling interests arising on acquisition of Talhado	-	50 662
Acquisition of additional shares from non-controlling interests in subsidiaries of Talhado	-	(15 664)
Profit for the year attributable to shareholders of Premier	48 246	81 858
Profit for the year attributable to non-controlling interests	24 747	13 483
Dividends	(121 421)	(39 000)
Balance at the end of the year	814 008	862 436
Comprising of:		
Stated Capital	507 517	507 517
Reserves	8 014	8 014
Retained Income	250 470	298 424
Non-controlling interests	48 007	48 481
Total equity	814 008	862 436

## SUMMARISED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Audited year ended 31 August 2019 R'000</b>	<b>Audited year ended 31 August 2018 R'000</b>
Cash flows from operations	<b>123 626</b>	91 187
Interest income	<b>15 360</b>	29 448
Finance costs	<b>(5 014)</b>	(3 543)
Tax paid	<b>(43 942)</b>	(54 820)
Net cash from operating activities	<b>90 030</b>	62 272
Cash flows from investing activities		
Additions of property, plant and equipment	<b>(125 677)</b>	(115 640)
Purchases of biological assets	<b>(8 975)</b>	(520)
Purchases of intangible assets	<b>(695)</b>	(1 862)
Acquisition of subsidiary, net of cash	-	(61 239)
Acquisition of additional shares from non-controlling interests in subsidiaries of Talhado	-	(15 664)
Loans advanced to holding companies	<b>(41 413)</b>	(58 721)
Loans to holding company repaid	<b>47 750</b>	60 720
Financial assets advanced	<b>(2 161)</b>	(341)
Net cash flows from investing activities	<b>(131 171)</b>	(193 267)
Cash flows from financing activities		
Proceeds received from financial liabilities	-	942
Repayment of other financial liabilities	<b>(4 799)</b>	(4 300)
Dividends paid	<b>(121 421)</b>	(39 000)
Net cash flows (to)/from financing activities	<b>(126 220)</b>	(42 358)
Total cash movement for the year	<b>(167 361)</b>	(173 353)
Cash at the beginning of the year	<b>350 580</b>	523 933
Cash at the end of the year	<b>183 219</b>	350 580

## COMMENTS

### 1. Basis of Preparation

The summarised consolidated annual financial statements were prepared in accordance with the JSE Limited Listings Requirements ("JSE") for summary financial statements and the requirements of the Companies Act. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and IAS 34 – Interim Financial Reporting. The accounting policies applied in the preparation of the summarised consolidated financial statements are in line with IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements. This does not include the information required pursuant to paragraph 16A(j) of IAS 34.

The summarised consolidated annual financial statements were prepared under the supervision of the Group Chief Financial Officer, Brent Robertson, CA(SA). This summarised

report is extracted from the audited consolidated financial statements, but is not itself audited. The consolidated annual financial statements were audited by the Group's external auditors, BDO South Africa Inc., who expressed an unmodified opinion thereon. The audited consolidated annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website: [www.premierfishing.co.za](http://www.premierfishing.co.za). The auditor's report does not necessarily report on all of the information contained in this summarised report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office. The directors take full responsibility for the preparation of the summarised consolidated annual financial statements which has been extracted without adjustment from the underlying audited consolidated annual financial statements.

Any reference to future financial performance included in this summarised report is the responsibility of the directors and has not been reviewed or reported by the Company's auditors.

## GROUP SEGMENTAL ANALYSIS

	<b>Audited year ended 31 August 2019 R'000</b>	<b>Audited year ended 31 August 2018 R'000</b>
Lobster	<b>180 405</b>	202 318
Pelagics	<b>62 093</b>	63 783
Hake	<b>35 524</b>	31 492
Squid	<b>246 819</b>	128 169
Abalone	<b>27 258</b>	31 291
Cold Storage	<b>12 081</b>	10 453
Seagro	<b>7 705</b>	5 790
Processing and Marketing	<b>7 222</b>	23 486
Total segmental revenue	<b>579 107</b>	496 782
Less inter segmental sales	<b>(4 101)</b>	(5 912)
Total revenue	<b>575 006</b>	490 870
Segmental profit		
Lobster	<b>49 688</b>	53 941
Pelagics	<b>15 999</b>	17 258
Hake	<b>13 489</b>	8 893
Squid	<b>105 977</b>	58 018
Abalone	<b>9 174</b>	12 175
Cold storage	<b>528</b>	359
Seagro	<b>1 559</b>	1 193
Processing and marketing	<b>1 815</b>	5 503
Total segmental profit	<b>198 229</b>	157 340
Administration and support services	<b>(124 332)</b>	(78 937)
Fair value gains	<b>8 757</b>	13 178
Interest income	<b>26 181</b>	40 975
Finance costs	<b>(5 014)</b>	(3 543)
Total	<b>103 821</b>	129 013



# CONDENSED FINANCIAL STATEMENTS

## GROUP SEGMENTAL ANALYSIS (CONTINUED)

	Audited year ended 31 August 2019 R'000	Audited year ended 31 August 2018 R'000
Segmental assets		
Lobster	73 431	77 566
Pelagics	103 878	103 806
Hake	11 641	11 457
Squid	184 929	220 602
Abalone	280 925	190 774
Cold storage	527	839
Seagro	3 667	3 193
Processing and marketing	26 530	19 522
Administration and support services	342 250	481 240
Total segmental assets	1 027 778	1 108 999
Unallocated	31	86
Consolidated total assets	1 027 809	1 109 085
Segmental liabilities		
Lobster	11 654	15 877
Pelagics	8 172	11 600
Hake	2 884	5 347
Squid	14 548	25 665
Abalone	14 874	16 290
Processing and marketing	11 191	14 980
Seagro	78	-
Administration and support services	25 742	46 736
Total segmental liabilities	89 143	136 495
Unallocated	124 658	110 154
Consolidated total liabilities	213 801	246 649
Revenue per region		
Europe	280 666	154 998
United states of America	123 447	128 058
Far East	75 171	107 934
South Africa	95 722	99 880
Total	575 006	490 870

## OPERATING REPORT

Operating profit for the year is stated after accounting for the following:

	<b>Audited year ended 31 August 2019 R'000</b>	<b>Audited year ended 31 August 2018 R'000</b>
Management fee expense	<b>6 420</b>	4 711
Employee costs	<b>126 845</b>	83 542
Loss on disposal of property, plant and equipment	<b>1 694</b>	409
Gain on exchange differences	<b>(4 905)</b>	(1 797)
Amortisation of intangibles	<b>2 727</b>	2 642
Depreciation of property, plant and equipment	<b>26 527</b>	14 843
Fair value gain on biological assets	<b>(8 757)</b>	(13 178)

## EARNINGS PER SHARE

	<b>Audited year ended 31 August 2019 R'000</b>	<b>Audited year ended 31 August 2018 R'000</b>
Basic earnings per share	<b>18.56</b>	31.48
Diluted earnings per share	<b>18.56</b>	31.48

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	<b>Audited year ended 31 August 2019 R'000</b>	<b>Audited year ended 31 August 2018 R'000</b>
Earnings attributable to owners of	<b>18.56</b>	31.48
Premier Fishing and Brands Limited (R'000)	<b>48 246</b>	81 858
Weighted average number of shares (000)	<b>260 000</b>	260 000

# CONDENSED FINANCIAL STATEMENTS

## RECONCILIATION OF HEADLINE EARNINGS

	Audited year ended 31 August 2019 R'000	Audited year ended 31 August 2018 R'000
Earnings attributable to owners of Premier	48 246	81 858
Adjusted for:		
Loss on disposal of property, plant and equipment	1 694	409
Insurance income	(8 580)	-
Taxation effect	1 928	(115)
Headline earnings	43 288	82 152
Weighted average number of shares (000)	260 000	260 000
Headline and diluted headline earnings per share (cents)	16.65	31.60

## SIGNIFICANT EVENTS AND TRANSACTIONS FOR THE PERIOD

- i) Biological assets  
During the current reporting period, biological assets increased to R83 million from R68 million, as a result of an increase in stock growth resulting in an increase in the stock holding of the animals.
- ii) Expansion of abalone farm  
During the current reporting period, the carrying value of plant and machinery increased to R81 million from R61 million mainly as a result of the abalone farm expansion.

## EVENTS AFTER THE REPORTING PERIOD

A final gross dividend of 10 cents per share has been declared after the reporting period but before the financial statements were authorised for issue.

Furthermore, the directors are not aware of any other material facts or circumstances which occurred between the statement of financial position date and the date of this report that would require any adjustments to the annual financial statements.

## DIVIDENDS

	Audited year ended 31 August 2019 R'000	Audited year ended 31 August 2018 R'000
*Dividend declared after reporting date (R'000)	26 000	65 000
Dividends per share (cents)	10	25

## SHAREHOLDERS' INFORMATION

### Shareholder information as at 31 August 2019

The Company's shareholdings as at 31 August 2019 can be summarised as follows:

### ANALYSIS OF SHAREHOLDINGS AS AT 31 AUGUST 2019

Number of shareholders	No. of Holders	% of total shareholders	No. of shares	% of total issued shares
1-5 000	796	72,96%	629 825	0,24%
5 001-10 000	80	7,33%	623 306	0,24%
10 001-100 000	161	14,76%	5 400 685	2,08%
100 001-1 000 000	43	3,94%	11 792 263	4,54%
1 000 001 and more	11	1,01%	241 553 921	92,91%
<b>Total</b>	<b>1 091</b>	<b>100%</b>	<b>260 000 000</b>	<b>100%</b>

### MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)

	No. of shares	% of total issued shared capital
African Equity Empowerment Investments Limited	146 200 000	56,23%
Government Employees Pension Fund	58 428 032	22,47%

### DISTRIBUTION OF SHAREHOLDERS

Number of shareholders	No. of Holders	% of total shareholders	No. of shares	% of total issued shares
<b>NON-PUBLIC:</b>	5	0,46%	204 764 532	78,76%
DIRECTORS	3	0,28%	136 500	0,06%
>THAN 10% OF I/C	2	0,18%	204 628 032	78,70%
<b>PUBLIC</b>	1 086	99,54%	55 235 468	21,24%
<b>Total</b>	<b>1 091</b>	<b>100%</b>	<b>260 000 000</b>	<b>100%</b>

### SHAREHOLDER SPREAD

Number of shareholders	No. of Holders	% of total shareholders	No. of shares	% of total issued shares
Individuals	978	89,64%	7 693 705	2,96%
Nominee companies and trusts	36	3,30%	5 835 792	2,24%
Public companies	49	4,49%	244 571 860	94,07%
Close corporations and private companies	28	2,57%	1 898 643	0,73%
<b>Total</b>	<b>1 091</b>	<b>100%</b>	<b>260 000 000</b>	<b>100%</b>

## SHAREHOLDERS' DIARY

### **Annual General Meeting**

Wednesday, 26 February 2020 at 14h00 at Premier's head office at 1st Floor, North Block, Waterway House, V&A Waterfront

### **Financial reports**

Announcement of Annual Results – November 2020

Integrated Report – November 2020



## CORPORATE INFORMATION

### COMPANY SECRETARY

Cornell Kannemeyer – [cornellk@premfish.co.za](mailto:cornellk@premfish.co.za)

### EXECUTIVE MANAGEMENT TEAM

**Chief executive officer:** Mogamat Samir Saban – [samiers@premfish.co.za](mailto:samiers@premfish.co.za)

**Chief financial officer:** Imraan Yousuf Moosa – [imraanm@premfish.co.za](mailto:imraanm@premfish.co.za)

**Sales and marketing director:** Rushaan Isaacs – [rushaans@premfresh.co.za](mailto:rushaans@premfresh.co.za)

**Prescribed officer:** Mogamat Samir Saban – [samirs@premfish.co.za](mailto:samirs@premfish.co.za)

### BUSINESS ADDRESS AND REGISTERED OFFICE

**Physical address:** No. 3 South Arm Road, Victoria Basin, Victoria & Alfred Waterfront, Cape Town, 8001

**Postal address:** PO Box 181, Cape Town, 8000, South Africa

**Telephone:** +27 21 427 1400

**Fax:** +27 21 419 0731

### LOCATION OF COMPANY RECORDS

1st Floor, North Block, Waterway House, Victoria & Alfred Waterfront, Cape Town, 8001

### EMAIL AND WEBSITE

**Email:** [info@premierfishing.co.za](mailto:info@premierfishing.co.za)

**Website:** [www.premierfishing.co.za](http://www.premierfishing.co.za)

### COMPANY REGISTRATION NUMBER

1998/018598/06

### TRANSFER SECRETARIES

**Physical address:** Link Market Services South Africa Proprietary Limited

Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001

**Postal address:** PO Box 4844, Johannesburg, 2000

**Telephone:** +27 11 713 0800

**Fax:** +27 86 674 4381

**Website:** [www.linkmarketservices.co.za](http://www.linkmarketservices.co.za)

### AUDITORS

BDO South Africa Inc

### SPONSOR

Vunani Capital

### LISTING

Johannesburg Stock Exchange

**Sector:** Farming and fishing

**Share code:** PFB

ISIN: ZAE000247516

# GLOSSARY OF TERMS AND ACRONYMS

AEEI	African Equity Empowerment Investments Limited
Adv.	Advocate
AFS	Annual financial statements
AGM	Annual general meeting
Board	The Board of directors
B-BBEE	Broad-Based Black Economic Empowerment
BDO	BDO Cape Incorporated
CEO	Chief executive officer
CFO	Chief financial officer
CIPC	Companies and Intellectual Property Commission
DAFF	The Department of Agriculture, Forestry and Fisheries
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
EU	European Union
EURO	European Union and its territories
EXCO	Executive committee
FAWU	Food and Allied Workers Union
FDA	Food and Drug Administration
FRAP	Fishing Rights Allocation Process
GDP	Gross domestic product
GROUP	Premier Fishing and Brands Limited Group
HAACP	Hazard Analysis and Critical Points Control
HDSA	Historically disadvantaged in South Africa
IFRS	International Financial Reporting standards
IIRC	International Integrated Reporting Council
IR	Integrated report
JSE	Johannesburg Stock Exchange
KING IV™	King IV Report on Corporate Governance for South Africa
KPI	Key Performance Indicator
MCM	Marine Coastal Management
MOI	Memorandum of Incorporation
NCFAWU	National Certified Fishing and Allied Workers Union
NRCS	National Regulator for Compulsory Specifications
PFB	Premier Fishing & Brands Limited
PREMIER	Premier Fishing SA Proprietary Limited
PIC	Public Investment Corporation
SABS	South African Bureau of Standards
SAMSA	South African Maritime Safety Authority
SARB	South African Reserve Bank
SARS	South African Revenue Service
S.A.S.M.I.A	The South African Squid Management Industrial Association
STATSA	Statistics South Africa
SCRL	South Coast Rock Lobster
TAC	Total allowable catch
TALFU	Trawler and Line Fishermen
TALHADO	Talhado Fishing Enterprises Proprietary Limited including its subsidiaries
USD	United States Dollar
WCRL	West Coast Rock Lobster
WWF	The World Wide Fund for Nature
ZAR	South African Rand

