REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

This report comprises three parts:

- The Nomination and Remuneration Committee (the "**Committee**") Chairman's report providing an overview of performance and remuneration in the 2018 financial year along with details of the governance arrangements in place with respect to nomination and remuneration. The Group has a single committee dealing with both nomination and remuneration matters and the Committee therefore prepares a single report combining both;
- The remuneration philosophy, policy and framework to be tabled at the Annual General Meeting ("**AGM**") for a non-binding advisory vote by the Group's shareholders; and
- The implementation of the remuneration policy in the 2018 financial year, to be tabled at the AGM for a separate non-binding advisory vote by the Group's shareholders.

This report covers primarily the South African fishing business (and particularly Sea Harvest Corporation) as many of the performance measures put in place in 2017 relating to the 2018 financial year were structured in line with the Group structure at 31 December 2017, before the acquisition of the business of Viking Fishing and a 51% shareholding in Viking Aquaculture. It is expected that subsequent reports be expanded to include the Group's recent acquisitions.

PART 1: THE REMUNERATION COMMITTEE CHAIRMAN'S REPORT

BACKGROUND

Sea Harvest, as a responsible corporate citizen, remains committed to ethical leadership and responsible corporate governance practices, creating sustainable growth in shareholder value through consistent improvement in earnings, clear growth and expansion of capital, and engaging with its shareholders and other stakeholders.

This report describes the material matters dealt with by the Committee and summarises the Group's approach to fair, responsible and transparent remuneration. The report sets out how the Committee has discharged its duties in terms of statutory requirements as well as its additional duties assigned to it by the Board in respect of the financial year ended 31 December 2018 and provides an overview of the Group's approach to nomination matters and remuneration policy, framework and philosophy with a particular emphasis on executive directors, non-executive directors and management.

OVERVIEW OF PERFORMANCE AND REMUNERATION

As detailed in the CEO's report, 2018 was a transformative year for Sea Harvest, with the acquisition of 100% of the assets and liabilities of Viking Fishing and a 51% shareholding in Viking Aquaculture effective 1 July 2018, followed by the acquisition of 100% of Ladismith Cheese subsequent to year-end. In addition, Sea Harvest acquired and converted an additional factory freezer vessel, the *Harvest Mzansi*, in April 2018, and implemented the Marel factory solution in September 2018.

As a result of both organic and acquisitive growth, Sea Harvest's revenue increased 21% to R2.58 billion (2017: R2.13 billion), benefiting from the inclusion of revenue from Viking Fishing and Viking Aquaculture for the six months' post-acquisition.

The Group delivered gross profit for the year of R908 million, up 27% from R717 million, and the gross profit margin expanded from 33.6% to 35.2%. The expansion in the gross profit margin has been driven by the inclusion of Viking Fishing and Viking Aquaculture earnings, together with further efficiency gains, an increase in higher margin export volumes, price increases and a weaker Rand.

The Group increased EBIT from R383 million to R438 million with the EBIT margin steady at 17%.

Profit after tax increased from R267 million to R293 million and HEPS increased to R1.12 per share.

The Group declared a dividend of R0.40 per share payable on 15 April 2019, up 29% over the 2017 dividend of R0.31 per share.

As a result of the significant organic and acquisitive growth of the Group, the Committee has commenced work on reviewing the Group's remuneration structures and intends continuing this work in the 2019 year to ensure that it is fit for purpose and would drive the behaviours required of employees. Further, this is expected to include an executive benchmarking as the Committee would want to ensure that the executive directors and the senior management team, whom the Board believe are crucial to the Group's success, are retained.

Further details on specific activities of the Committee during the year are set out in this report.

There are two planned changes to the Remuneration Policy for the 2019 financial year these being:

(i) the introduction of the return on capital employed (ROCE) performance measure as part of the Group's forfeitable share plan, details of which are set out in LTI Allocation Methodology below, and

(ii) the introduction of HEPS as a second measure in relation to the executive Directors STI, details of which are set out in the STI Performance conditions below.

The Committee remains confident that the Group's remuneration philosophy and policies are aligned to its strategy and have contributed to the Group's growth. The Committee is also satisfied that the Remuneration Policy achieved its objectives in the 2018 financial year.

GOVERNANCE

The Committee was established to assist in monitoring the Group's nomination and remuneration practices and performance and to perform the statutory functions required of a Nomination and Remuneration Committee in terms of the Companies Act, 71 of 2008, as amended ("**the Companies Act**"), the King IV™ Principles on Corporate Governance™ ("**King IV™**"), the Listings Requirements of the JSE Limited, the Committee's Terms of Reference (the "**Charter**"), the Group's Remuneration Policy and any other applicable legislation.

The Committee is a sub-committee of the Group's Board of Directors (the "**Board**" or the "**Directors**") and has an independent role with accountability to the Board. The Committee operates in terms of a formally approved Charter that was approved by the Board on 12 January 2017 and is reviewed annually. The Charter is available at www.seaharvest.co.za.

COMPOSITION OF THE COMMITTEE

In line with best practice, the majority of the Committee members are independent non-executive directors of the Group. For the period under review the Committee consisted of:

- Mr WA Hanekom – Chairman (Independent Non-executive Director);
- Mr BM Rapiya (Independent Non-executive Director); and
- Mr MI Khan (Non-executive Director).

The Chairman of the Board is an *ex officio* member of the Committee. To assist the Committee with the execution of its mandate, the Chief Executive Officer ("CEO") attended the meetings in the 2018 financial year.

Invitees attend committee meetings, but are not present when their remuneration is discussed and hold no voting powers. Similarly, committee members do not decide on their own remuneration.

The Committee holds two meetings a year (in line with its Charter) and draws matters within its mandate to the attention of the Board on a quarterly basis and as occasion requires. The attendance record of the Committee is set out in the corporate governance report on page 66.

COMPOSITION OF THE NOMINATION COMMITTEE

The Nomination Committee deals with dedicated nomination matters and comprises of the Committee members being:

- Mr WA Hanekom – Chairman (Independent Non-executive
- Director);
- Mr BM Rapiya (Independent Non-executive Director); and
- Mr MI Khan (Non-executive Director).

INDEPENDENT EXTERNAL ADVICE

The Committee actively sought independent external advice from PricewaterhouseCoopers (PwC) on remuneration trends and benchmarks for executive Directors and management and on elements of the Company's Forfeitable Share Plan. The Committee is satisfied that the advisers were independent and objective.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The role of the Committee in respect of nomination matters, is to have oversight of the following matters:

- The process for nominating, electing and appointing members of the Board;
- Attributes of members of the Board;
- Independence of members of the Board;
- Succession planning in respect of Board members;
- The Company's policy on diversity (including gender) for nominations and appointments of directors; and
- The evaluation of the performance of the Board.

The role of the Committee in respect of remuneration is to assist the Board to ensure that:

- the employee value proposition promotes fair, responsible, transparent remuneration and reasonable employment practices;
- the review of executive performance is conducted;
- the Group remunerates executive and non-executive directors fairly and responsibly; and
- the disclosure of directors' remuneration is accurate, complete and transparent.

The following responsibilities are delegated by the Board to the Committee:

- Determine the Group's remuneration philosophy and policy to ensure alignment to the Group's strategy;
- Review and approve the composition of remuneration packages for executive directors and senior executives to ensure that the Group remunerates fairly and responsibly;
- Recommend the remuneration of non-executive directors;
- Determine the performance criteria and targets for both short- and long-term incentives;
- Approve the allocation and award of Forfeitable Share Plan shares in terms of the Group's long-term incentive plan rules;
- Consider the composition and performance of the Board as well as succession planning; and
- Consider the succession planning for executive directors and key senior executives.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE (CONTINUED)

In satisfying its mandate, the main activities undertaken by the Committee during the year included:

- consideration of nomination matters; this included considering the appointment of the two new independent non-executive directors;
- review of the composition of the Board and Board Committees;
- review of the performance of the Committee;
- succession planning for the CEO and Executive Committee;
- considering executive depth in the Group;
- considering the independent directors' (including the Chairman's) outside professional commitments;
- reviewing the independence of directors;
- consideration of the Board's diversity policy and targets;
- approval of short-term incentive ("**STI**") payments for the 2017 and 2018 financial years;
- review and approval of the performance metrics and rules for the 2018 and 2019 financial years STI;
- review of the performance of the CEO for the 2017 and 2018 financial years;
- setting the financial targets and functional targets for the CEO for the 2018 and 2019 financial years;
- consideration and approval of the allocation and award of shares in terms of the Group's Forfeitable Share Plan to eligible participants;
- benchmarking executive director and senior executive packages;
- consideration and approval of the 2018 and 2019 financial years increases in guaranteed pay for executives and employees in management positions;
- consideration and approval of the 2018 and 2019 financial years' increases in fees for non-executive directors;
- consideration and approval of the mandate for 2018 and 2019 plant level and bargaining council wage negotiations;
- considering the Committee's charter and the Remuneration Policy;
- implementing the Committee's charter and ensuring its alignment to King IV™; and
- setting the annual work plan for the Committee.

During the 2019 financial year, the main focus of the Committee is expected to be on ensuring that the Remuneration Policy is effective and driving the required behaviours of management and employees. This will be particularly important as a result of the organic and acquisitive growth experienced by the Group in 2018.

The Committee will also provide input when requested with regard to the integration of the Group's acquisition targets.

NON-BINDING ADVISORY VOTE

At the AGM held of 8 May 2018, the 2017 Remuneration Policy and implementation report received support of 82% and 80%, respectively of shareholders voting in favour thereof.

In line with the requirements of King IV™ and the JSE Listings Requirements, the 2018 Remuneration Policy together with the implementation report will be tabled for two separate non-binding advisory votes at the upcoming AGM.

In the event of 25% or more of the shareholders voting against either resolution at the AGM the Committee will:

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

The Committee will ascertain the reasons for dissenting votes, respond and provide constructive feedback to shareholders' questions, queries and legitimate concerns. After consideration of the results of shareholder engagement, the Committee reserves the right to amend elements of the Remuneration Policy to further align it to market practice and shareholder value creation.

The Committee is pleased to present the Remuneration Policy of the Group on pages 79 to 83 and the implementation report on pages 84 to 86, for separate non-binding advisory votes.

André Hanekom
Chairman of the Nomination and Remuneration Committee
18 April 2019

PART 2: FORWARD-LOOKING REMUNERATION POLICY

This section of the report deals specifically with the remuneration of non-executive directors, executive directors, management and other grades of employees. It sets out the remuneration philosophy and policies and the reward framework in place for the financial year ended 31 December 2018 and the financial year ending 31 December 2019.

POLICY AND PHILOSOPHY

The Group's remuneration philosophy is that employees are remunerated appropriately for their contribution to the delivery of the Group's strategy. The Remuneration Policy framework is based on the principles of fair and responsible remuneration and is formulated to attract, retain, motivate and reward high-calibre employees. The Group aims to encourage high levels of performance that are sustainable and aligned with the strategic direction and specific value drivers of the business. The way the Group remunerates employees reflects the dynamics of the market, as well as the social, economic and environmental context in which the Group operates.

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

Sea Harvest's operations include a number of employees who either form part of a bargaining unit or are independent contractors engaged on fixed-term contracts (within the bounds of South African labour legislation). The employment and remuneration arrangements of these employees are governed by separate agreements and are negotiated on an operational level (subject to oversight from the Committee); therefore, they are not covered by the Remuneration Policy framework.

FAIR AND RESPONSIBLE REMUNERATION

The principle of fair and responsible remuneration is at the core of the Group's remuneration philosophy.

The Group is dedicated to improving employment conditions for all employees across the Group and may undertake and implement various initiatives, from time to time, to realise progressively the concept of fair and responsible remuneration.

Some of the principles driving this commitment include the following:

- Ensuring compliance with legislative requirements in terms of remuneration and benefits.
- On an annual basis, external benchmarking may be conducted on remuneration packages across the various grades and job functions, which is a determining factor for setting remuneration across the Group.

REMUNERATION MIX

Remuneration comprises guaranteed pay and variable pay. Variable pay consists of short-term incentives ("**STI**") and long-term incentives ("**LTI**"). The remuneration mix reflects the relative proportions of each component in the package, which is linked to a job type and the nature of expected outcomes. The target remuneration mix varies at each grade. As a guideline, more senior employees should have a higher proportion of variable pay in their remuneration mix, as they have the ability to influence the financial performance and strategic outcomes of the Group. The Committee has designed the remuneration mix for executive directors in a way that avoids over-dependence on the variable pay components, which in turn discourages any excessive risk-taking behaviour. At lower levels, the remuneration mix is weighted in favour of GP.

In order to drive a high performance culture and an alignment with shareholders through shared value creation, the total reward mix for the CEO and executive directors is geared towards a higher percentage of variable pay at risk for the achievement of stretch targets. The graphs below illustrate the potential remuneration mix for each executive director at minimum, on-target and stretch performance levels. The methodology used is in line with that recommended by King IV™.

Element	Minimum	On-target	Stretch
GP	Salary and benefits in line with those paid in the 2018 financial year (as reported in the single figure table below).		
STI	Nil	50% of stretch	110% – 120% of GP
LTI	Nil	The maximum number of performance shares and bonus shares granted in 2018 multiplied by the fair value on grant.	The maximum number of performance shares and bonus shares granted in 2018 multiplied by the share price on grant.

Note, retention shares have not been included in the pay mix graphs as they do not form part of the ongoing package for executive directors.

AGGREGATE EXECUTIVE DIRECTOR PAY MIX

REMUNERATION MIX

Remuneration comprises guaranteed pay ("**GP**") and variable pay.

COMPONENTS OF REMUNERATION

	GUARANTEED PAY		VARIABLE PAY	
	BASIC SALARY	**BENEFITS**	**SHORT-TERM INCENTIVE**	**LONG-TERM INCENTIVE**
PURPOSE AND LINK TO STRATEGY	Attract and retain talent	Improve employees' financial planning and security on retirement	Encourage a high-performance culture to promote the achievement of specific objectives. Motivates executive directors and key senior managers to achieve short-term strategic, financial and non-financial objectives in the one-year business plan.	Attract, retain, incentivise and reward key management by linking performance to shareholder expectations. This promotes the achievement of long-term objectives with the desired outcome of an appreciating share price and the payment of a regular dividend, thereby providing key employees with the opportunity to share in the success of the Group.
ELIGIBILITY	All staff employed by Sea Harvest	All permanent staff. Benefit dependent on grade	Permanent staff from senior management upwards.	Executive directors and executives.

<table>
<tr><th></th><th colspan="2">GUARANTEED PAY</th><th colspan="2">VARIABLE PAY</th></tr>
<tr><th></th><th>BASIC SALARY</th><th>BENEFITS</th><th>SHORT-TERM INCENTIVE</th><th>LONG-TERM INCENTIVE</th></tr>
<tr><td>REMUNERATION METHODOLOGY</td><td>Reviewed annually against market benchmarks</td><td>Market-related benefits:
• Pension/ Provident Fund
• Motor vehicle allowances
• Medical aid</td><td>Performance bonuses are dependent on financial performance (financial target) and achievement of agreed strategic and individual KPIs (functional target).
The functional target cannot be earned if the minimum financial target hurdle is not met.
Executives have a higher weighting on financial targets (80%) with 20% based on functional targets.
Lower-level executives have a greater weighting to strategic and individual performance.
The level of remuneration that can be earned by the CEO, CFO and CIO is:
• On-target: 55% to 60% of GP;
• Stretch target: 110% to 120% of GP; and
• Based on a sliding scale for performance in between
The STI is self-funding, in that the threshold for the financial target of EBIT is calculated after taking into account the cost of the STI.</td><td>Retention shares
Ad hoc award of retention shares acts as a means to retain certain executives and key senior management.
Retention shares vest annually in equal portions over a three-year period (for the CEO and CIO, this period is five years), subject only to continued employment. Retention shares have only been issued at listing and no further retention shares have been issued subsequently.
Performance shares and bonus shares
Allocations on an annual basis subject to Committee discretion.
• CEO – Performance shares 67% of GP and bonus shares 33% of previous year STI;
• CFO and CIO – Performance shares 61% of GP and bonus shares 33% of previous year STI; and
• Senior management – Performance shares 22% to 61% of GP and Bonus shares 28% to 83% of previous year STI
Employee Share Trust
• Broad-based equity scheme for the benefit of all employees who are permanently employed for an unbroken period of 24 months and do not participate in any other equity incentive scheme.</td></tr>
<tr><td>PERFORMANCE CONDITIONS</td><td>Performance, i.e. meeting requirements of the job</td><td>n/a</td><td>A single financial target, EBIT, is used for lower-level executives, while dual financial targets, EBIT and HEPS, are used for executive directors.
Functional targets for the executive directors include:
• Delivery of organic growth projects and improving operational efficiencies;
• Delivery of strategic acquisitions;
• B-BBEE credentials and transformation;
• Retention of fishing rights; and
• Building organisational capability.</td><td>Refer to next table for performance conditions and characteristics of each share element.</td></tr>
</table>

LTI ALLOCATION METHODOLOGY

Long-term Incentive Eligibility Plan elements and performance conditions

1.	Retention shares	Executive directors and key senior management	• Awarded at listing and on an *ad hoc* basis, the retention share element of the Forfeitable Share Plan acts as a means to retain certain executive directors and key senior management. • Retention shares vest equally over a three-year period (for the CEO and CIO, this period is five years), subject only to continued employment.
2.	Performance shares (conditional)	Executive directors and key senior management	• The performance share element of the Forfeitable Share Plan rewards future Company and share performance. • Performance shares are conditionally awarded to those individuals who can influence long-term strategic performance. Performance shares vest on the third anniversary of their award, the number vesting being tied to continued employment and the extent to which the Company has met pre-set performance criteria over the three-year period. Currently, vesting (for the 2017 and 2018 allocation of Performance shares) is governed by: 1. continued employment; and 2. weighted 33%, the first performance criteria is the Group's comparative Total Shareholder Return (TSR) performance in relation to a comparator group. • If the TSR over the three-year period places it at the median of the comparator group or better, then the targeted number (30% of the maximum number) of performance shares awarded will vest. • If the TSR over the three-year period places at the upper quartile of the comparator group or better, then the maximum number (100% of the maximum number) of performance shares awarded will vest. • If the TSR over the three-year period places below the median group or worse, then all performance shares awarded relating to that TSR tranche will be forfeited. • TSR performance between any of the above points results in pro-rated vesting. No retesting will be allowed, and any shares not vesting will lapse. 3. Weighted 33%, the second performance criteria is the Group's average headline earnings per share (HEPS) growth weighted for the main territories in which the Group operates: • If the average HEPS CAGR over the three-year period places it at the average CAGR in CPI plus GDP, or better, then the targeted number (30% of the maximum number) of performance shares awarded will vest. • If the average HEPS CAGR over the three-year period places it at the average CAGR in CPI plus GDP plus 3%, or better, then the maximum number (100% of the maximum number) of performance shares awarded will vest. • If the average HEPS CAGR over the three-year period places it at the average CAGR in CPI plus GDP, or worse, then all performance shares awarded relating to that HEPS tranche will be forfeited. • HEPS performance between any of the above points results in pro-rated vesting. No retesting will be allowed, and any shares not vesting will lapse. 4. Weighted 33%, the third performance criteria is the Group's transformation credentials: • If the Group achieves a Level 3 B-BBEE rating on the current scorecard then the targeted number (50% of the maximum number) of performance shares awarded will vest. • If the Group achieves a Level 2 B-BBEE rating on the current scorecard, or better then the targeted number (100% of the maximum number) of performance shares awarded will vest. • The transformation condition will have a binary profile. No retesting will be allowed, and any shares not vesting will lapse. 5. Based on the feedback from select shareholders who indicated the preference for a balance sheet performance criterion, the Remuneration Committee has amended the performance criteria relating to the 2019 allocation of Performance Shares by replacing the TSR criterion with a ROCE criterion. Weighted 33%, the ROCE performance criteria measures the Group's average ROCE in relation to its average Weighted Average Cost of Capital (WACC). • If the average ROCE over the three-year period places it at the average WACC over the three-year period, or better, then the targeted number (30% of the maximum number) of performance shares awarded will vest. • If the average ROCE over the three-year period places it at the average WACC over the three-year period plus 3%, or better, then the maximum number (100% of the maximum number) of performance shares awarded will vest. • If the average ROCE over the three-year period places it at the average WACC over the three-year period, or worse, then all performance shares awarded relating to that HEPS tranche will be forfeited. • Average ROCE performance between any of the above points results in pro-rated vesting. No retesting will be allowed, and any shares not vesting will lapse.
2.1	Bonus shares	Executive directors and key senior management	• The bonus share element of the Forfeitable Share Plan provides share-based rewards for individual performance. • Bonus shares are granted on an annual basis, the number of which is calculated with reference to the prior-year short-term incentive, thus ensuring a strong link to individual performance on an annual basis. • Bonus shares vest at the end of the three-year period, subject to continued employment.
3.	Staff Trust	All employees of the Group who do not qualify for the LTI Scheme and are permanently employed for an uninterrupted period of 24 months	• Qualifying employees must be in "good standing" at all times. • Employees who leave the employ of the Group due to retirement, death, permanent physical impairment or mental incapacity will receive 100% of the distribution when the Trust terminates. • Employees who resign lose all entitlements in the Trust. • The Trust terminates in March 2022.

SHARE DILUTION LIMITS

In terms of the Forfeitable Share Plan, the maximum number of shares to be issued under the FSP may not exceed 12 959 048 shares (4.40% of total shares in issue) and the maximum number of shares to be issued under the FSP to any one individual may not exceed 3 887 714 shares (1.32% of total shares in issue).

EXECUTIVE DIRECTOR SERVICE CONTRACTS

Sea Harvest concludes permanent employment contracts with its executive directors (including the CEO) which can be terminated with notice periods of between one and three months. In the event of termination of employment, the Committee may elect to pay a departing executive director a cash lump sum *in lieu* of the notice period. The executive directors are not subject to any restraint of trade agreements. The retirement age for an executive director is 63 years.

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

In the event of an executive director ceasing employment as a "bad leaver", all STI and unvested LTI awards will be forfeited. In other circumstances, STI and LTI awards will be treated in accordance with the relevant plan rules.

Executive directors may not serve as non-executive directors in other companies without the express approval of the Board.

NON-EXECUTIVE DIRECTOR FEES

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

Fees are reviewed annually and proposed adjustments are tabled by the CEO for review by the Committee, who will consider the proposed adjustments, taking into account increases across the Group. Non-executive directors do not qualify for share options nor do they participate in any variable pay incentive schemes, in order to preserve their independence. Disbursements for reasonable travel and subsistence expenses are reimbursed to non-executive directors in line with the reimbursement policy for employees. Where a non-executive director is appointed by a shareholder, the fee may be paid to the shareholder and not directly to the non-executive director.

The table below sets out the present and proposed non-executive director fees. The proposed fees will be tabled before shareholders for approval by special resolution at the AGM on Monday, 27 May 2018:

ROLE	1 JULY 2019 TO 30 JUNE 2020 R	1 JULY 2018 TO 30 JUNE 2019 R	CHANGE (%)
Board Chairperson*	R750 000	R535 000	40.2
Board Lead Independent Director	R284 888	R267 500	6.5
Board member	R227 910	R214 000	6.5
Audit and Risk Committee Chairperson	R148 142	R139 000	6.5
Audit and Risk Committee member	R78 810	R74 000	6.5
Remuneration and Nomination Committee Chairperson	R113 955	R107 000	6.5
Remuneration and Nomination Committee member	R56 978	R53 500	6.5
Social, Ethics and Sustainability Committee Chairperson	R113 955	R107 000	6.5
Social, Ethics and Sustainability Committee member	R56 978	R53 500	6.5
Investment and Hedging Committee Chairperson	R113 955	R107 000	6.5

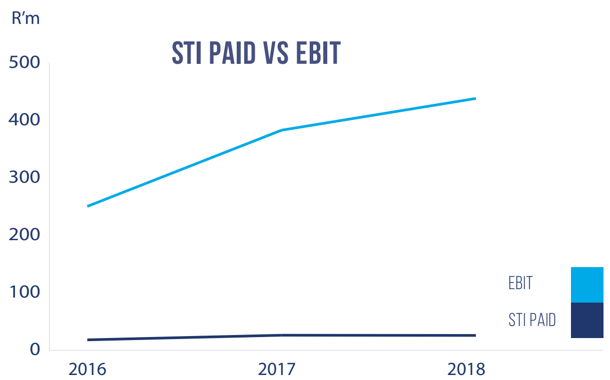
** The increase in the fee payable to the Board Chairperson is reflective of the significant additional time and effort that the Board Chairperson is dedicating to requirements of the Group.*

PART 3: 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. This implementation report discloses the detailed information and figures pertaining to the application of the Remuneration Policy in relation to the relevant executive and non-executive directors.

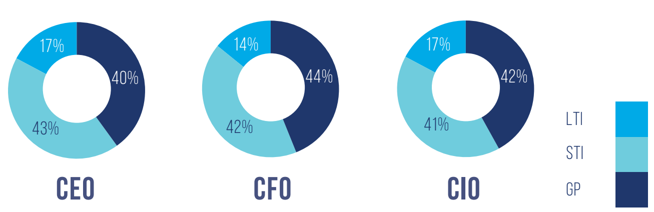
The Committee is satisfied that variable pay outcomes for the 2018 financial year are aligned with the Group's financial performance for the 2018 financial year (as contextualised in the CEO's report).

The graphs below compare the Group's STI to its growth in EBIT. The Committee is satisfied that remuneration is linked to long-term performance and value creation.



From an LTI perspective, the first tranche of retention shares vested in March 2018 (retention shares vest equally over a three/five-year period), whereas none of the performance shares or bonus shares qualified for vesting during 2018.

The first tranche of performance shares and bonus shares are scheduled to vest in March 2020. The following graph has been prepared on the same basis as the chart in part 2 referring to pay mix which represents GP, STI and LTI, and showing the actual mix achieved for the year ended 31 December 2018.



Note: Actual pay mix comprises a much higher level of GP and STI, as the first tranche of performance shares and bonus shares are only scheduled to vest in March 2020. The LTI in the above graph reflects the vesting of the first tranche of retention shares in March 2018.

GUARANTEED PAY

In line with the principle of fair and responsible remuneration, the Group monitors the internal wage gap and disparities in remuneration in the Group. The average increase in executive director remuneration is determined after consideration of the average increase in remuneration for management and general staff.

2018	NUMBER OF EMPLOYEES	GUARANTEED PAY INCREASES
Group CEO, Executive Team and Senior Management	53	6.4%
Junior Management	96	5.9%
Salaried Staff	107	7.2%
Factory Waged Staff	1 087	8.5%
Fleet Waged Staff	621	7.0%

During the year, the Group undertook benchmarking studies for the compensation of executive Directors and management.

SHORT-TERM INCENTIVE

As set out in the remuneration policy, the STI for executive Directors is based on a combination of financial targets and functional targets.

For the 2018 financial year, a single financial target, being EBIT was used for executive directors, while from the 2019 financial year onwards, dual financial targets, being EBIT and HEPS, are to be used for executive directors.

In line with the Group's performance in the 2018 financial year, 84% of the total possible STI was achieved. The functional targets for the executive directors for 2018 encompassed transformation, retention of fishing rights, efficiency initiatives, organic and acquisitive growth and building organisational capacity.

LONG-TERM INCENTIVE

The Forfeitable Share Plan was put in place when the Group listed on 23 March 2017.

At listing the Group issued retention shares, and, on an annual basis, the Group issues performance and shares bonus shares to executive directors, executives and key senior management.

The number of FSPs issued to the executive directors is set out in the table below. The first tranche of retention shares vested in March 2018 (retention shares vest equally over a three/five-year period), whereas none of the performance shares or bonus shares qualified for vesting during 2018. The first tranche of performance shares and bonus shares are scheduled to vest in March 2020.

In addition, in line with the recommendation of King IV™ included is an indicative value of the unvested instruments as at 31 December 2018. For the bonus shares and retention shares, the indicative value is calculated as the number of instruments multiplied by the share price at the year-end of R13.75. For the performance shares a valuation was performed based on assumptions as at 31 December 2018.

Date of award	Type of instrument	Number of instruments awarded	Share price on date of grant	Vesting date	Number of instruments vested	Number of instruments lapsed	Closing number of unvested instruments	Indicative value of unvested instruments (R)
		A	B		C	D	E=A–C-D	F
Felix Ratheb								
23 March 2017	Performance shares	219 385	12.50	22 March 2020	–	N/A	219 385	2 081 964
7 September 2018	Performance shares	333 274	13.00	22 March 2021	–	N/A	333 274	3 316 076
23 March 2017	Bonus shares	119 998	12.50	22 March 2020	–	N/A	119 998	1 649 973
7 September 2018	Bonus shares	199 964	13.00	22 March 2021	–	N/A	199 964	2 749 505
23 March 2017	Retention shares*	789 786	12.50	22 March 2018 to 22 March 2022	157 957	N/A	631 829	8 687 649
John Paul de Freitas								
23 March 2017	Performance shares	113 120	12.50	22 March 2020	–	N/A	113 120	1 073 509
7 September 2018	Performance shares	157 342	13.00	22 March 2021	–	N/A	157 342	1 565 553
23 March 2017	Bonus shares	61 874	12.50	22 March 2020	–	N/A	61 874	850 768
7 September 2018	Bonus shares	91 573	13.00	22 March 2021	–	N/A	91 573	1 259 129
23 March 2017	Retention shares	203 616	12.50	22 March 2018 to 22 March 2020	67 872	N/A	135 744	1 866 480
Muhammed Brey								
23 March 2017	Performance shares	124 178	12.50	22 March 2020	–	N/A	124 178	1 178 449
7 September 2018	Performance shares	179 688	13.00	22 March 2021	–	N/A	179 688	1 787 896
23 March 2017	Bonus shares	66 097	12.50	22 March 2020	–	N/A	66 097	908 834
7 September 2018	Bonus shares	105 656	13.00	22 March 2021	–	N/A	105 656	1 452 770
23 March 2017	Retention shares*	447 040	12.50	22 March 2018 to 22 March 2022	89 408	N/A	357 632	4 917 440

** Five-year vesting from 22 March 2018 to 2022*

EXECUTIVE REMUNERATION FOR YEAR ENDED 31 DECEMBER 2018

Remuneration of executive directors and prescribed officers is set out in full in Note 35 of the Annual Financial Statements.

DIVERSITY TARGETS

The Committee set the following diversity targets during the 2017 financial year and reviewed these targets during the 2018 financial year.

TRANSFORMATION – ACI TARGETS

The Committee agreed that 70% of the Board composition should be made up of ACI designated groups within a period of three years. During the year, with the appointment of CK Zama and T Moodley to the Board, the Board made good progress and achieved a score of 60% at the end of the 2018 financial year.

GENDER – FEMALE TARGETS

The Committee agreed that 30% of the Board composition should be female within a period of three years. During the year, with the appointment of CK Zama, KA Lagler and T Moodley to the Board, the Board achieved its target of 30%.

APPROVAL

This report was approved by the Nominations and Remunerations Committee of Sea Harvest Group Limited.