OUR **NOMINATION AND REMUNERATION COMMITTEES** REPORT

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 2020 financial year are aligned with the Group's financial performance for the 2020 financial year (as contextualised in the CEO's report).

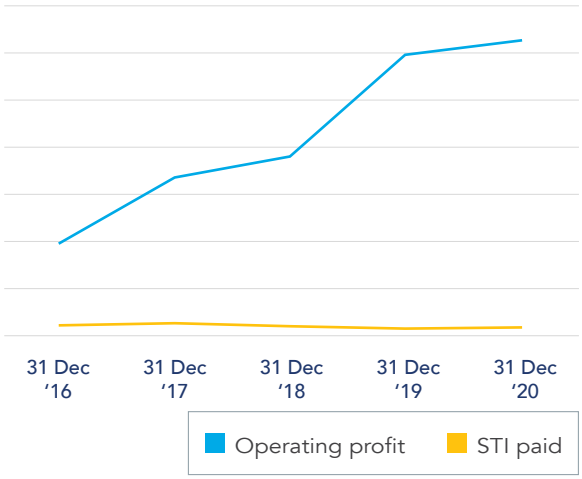
In a particularly challenging year, with the Group faced with the significant headwinds of COVID-19, the Committee reset some of the performance hurdles relating to the STI during the year as a result of COVID-19. The Committee believes the executive directors and management performed well in these very challenging circumstances.

The graph alongside compares the Group's STI paid to its operating profit, with operating profit growth well ahead of growth in STI. The Committee is satisfied that remuneration is linked to long-term performance and value creation.

From an LTI perspective, the third tranche of retention shares vested in March 2020 (retention shares vest equally over a three/five-year period), together with the first tranche of the performance shares and bonus shares. The first tranche of the performance shares achieved a 98% vesting.

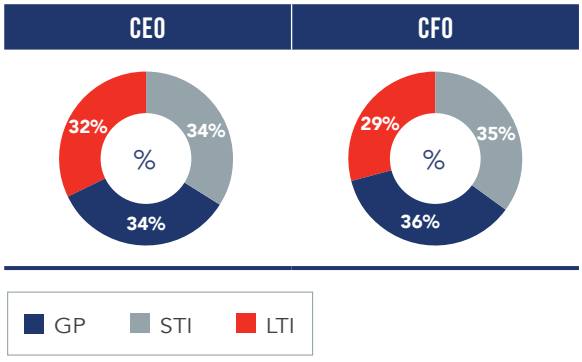
The actual pay mix graph has been prepared on the same basis as the chart in part 2 that refers to pay mix which represents GP, STI and LTI, and shows the actual mix achieved for the year ended 31 December 2020.

STI paid vs operating profit R'000



Actual pay mix

The actual pay mix for the CEO and CFO for the 2020 financial year is set out below:



In line with his move to Group CFO, the Group CFO's package was amended on 1 May 2020 to take into account his added responsibilities.

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.

SEA HARVEST CORPORATION	GRADE	DECEMBER 2020 NUMBER OF EMPLOYEES	2020 ANNUAL INCREASE IN GUARANTEED PAY* %
Group CEO, executive team and senior management	1 to 6	52	5.0
Junior management	7 to 9	94	4.7
Salaried staff	10+	105	4.8
Factory-waged staff	All	1 052	7.5
Fleet-waged staff	All	585	7.5

** Salary increases are for January 2021.*

SHORT-TERM INCENTIVE

As set out in the Remuneration Policy, the STI for executive directors and senior management is based on a combination of financial targets and functional targets.

For the 2020 financial year, dual financial targets, being EBIT and HEPS, were used for executive directors, while EBIT was used for senior management.

Targets were also set at operating segment level, aligning performance and rewards of the relevant management.

The functional targets for the executive directors for 2020 encompassed transformation, retention of fishing rights, efficiency initiatives, organic and acquisitive growth, and building organisational capacity.

In line with the Group's performance in the 2020 financial year, 77% of the total possible 2020 STI was achieved.

LONG-TERM INCENTIVE

The FSP 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 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 on the following page. The first three tranches of retention shares vested in March 2018, March 2019 and March 2020, respectively (retention shares vest equally over a three/five-year period). The first tranche of performance shares and bonus shares qualified for vesting during 2020, achieving a 98% vesting.

In addition, in line with the recommendation of King IV™, included is an indicative value of the unvested instruments as at 31 December 2020. For the bonus shares and retention shares, the indicative value is calculated as the number of instruments multiplied by the share price of R14.26 at year end. For the performance shares, a valuation was performed based on assumptions as at 31 December 2020.

DATE OF AWARD	TYPE OF INSTRUMENT	NUMBER OF INSTRUMENTS AWARDED	SHARE PRICE ON DATE OF GRANT R	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								
Thursday, 23 March 2017	Performance shares	219 385	12.50	Sunday, 22 March 2020	215 692	3 693	–	–
Friday, 7 September 2018	Performance shares	333 274	13.00	Monday, 22 March 2021	–	–	333 274	3 316 076
Saturday, 23 March 2019	Performance shares	325 575	14.00	Tuesday, 22 March 2022	–	–	325 575	2 891 106
Monday, 9 March 2020	Performance shares	382 693	14.10	Wednesday, 8 March 2023	–	–	382 693	3 057 717
Thursday, 23 March 2017	Bonus shares	119 998	12.50	Sunday, 22 March 2020	119 998	–	–	–
Friday, 7 September 2018	Bonus shares	199 964	13.00	Monday, 22 March 2021	–	–	199 964	2 851 487
Saturday, 23 March 2019	Bonus shares	172 881	14.00	Tuesday, 22 March 2022	–	–	172 881	2 465 283
Monday, 9 March 2020	Bonus shares	229 616	14.10	Wednesday, 8 March 2023			229 616	3 274 324
Thursday, 23 March 2017	Retention shares*	789 786	12.50	Tuesday, 22 March 2022	473 871	–	315 915	4 504 948
Muhammad Brey								
Thursday, 23 March 2017	Performance shares	124 178	12.50	Sunday, 22 March 2020	122 087	2 091	–	–
Friday, 7 September 2018	Performance shares	179 688	13.00	Monday, 22 March 2021	–	–	179 688	1 787 896
Saturday, 23 March 2019	Performance shares	172 747	14.00	Tuesday, 22 March 2022	–	–	172 747	1 533 993
Monday, 9 March 2020	Performance shares	203 053	14.10	Wednesday, 8 March 2023	–	–	203 053	1 622 393
Thursday, 23 March 2017	Bonus shares	66 097	12.50	Sunday, 22 March 2020	66 097	–	–	–
Friday, 7 September 2018	Bonus shares	105 656	13.00	Monday, 22 March 2021	–	–	105 656	1 506 655
Saturday, 23 March 2019	Bonus shares	90 692	14.00	Tuesday, 22 March 2022	–	–	90 692	1 293 268
Monday, 9 March 2020	Bonus shares	112 085	14.10	Wednesday, 8 March 2023	–	–	112 085	1 598 332
Thursday, 23 March 2017	Retention shares*	447 040	12.50	Tuesday, 22 March 2022	268 224	–	178 816	2 549 916

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

EXECUTIVE REMUNERATION

FOR YEAR ENDED 31 DECEMBER 2020

Remuneration of executive directors and prescribed officers is set out in full in **note 36** of the AFS.

DIVERSITY TARGETS

The Committee set the following diversity targets during the 2017 financial year and reviewed these targets during the 2020 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, and achieved a score of 67% at the end of the 2020 financial year.

Gender – female targets

The Committee agreed that 30% of the Board composition should be female within a period of three years, with the Board exceeding this target and achieving 33% at the end of the financial year.

APPROVAL

This report was approved by the Nomination and Remuneration Committees of Sea Harvest Group Limited.

André Hanekom
Chairperson of the Nomination and Remuneration Committees
23 April 2021

