Sea Harvest

Savour the sea



INTEGRATED REPORT 2017

FOR THE YEAR ENDED 31 DECEMBER 2017



WELCOME

It is a very proud moment for me, on behalf of every Sea Harvest employee, to present the Group's maiden Integrated Report. The Sea Harvest journey has been a long and exciting one. Over the past 53 years we have navigated our way from a small fishing village on the Cape West Coast to over 22 different countries, delivering quality premium seafood products.

Sea Harvest is committed to fulfilling its vision of becoming a leading black-owned, responsible and diversified global seafood business while never forgetting where we are from and ensuring that our communities will always benefit from our growth. We will always strive to meet the expectations of our many diverse stakeholders – through engagement in an efficient and effective manner, to promote a mutually beneficial relationship between us and them.

We invite you to share our journey with us through this report and get some insight into the Sea Harvest family, as we build towards becoming an efficient global seafood player, whilst ensuring that we provide value for all our stakeholders. We continue to endeavour to make a positive difference in the communities in which we operate. As an organisation we will always remain driven and passionate about what we do and always strive to improve.

Congratulations to my outstanding team and staff on the listing on the Johannesburg Stock Exchange, but more importantly, for the performance that followed in 2017. I am tremendously thankful for your "can-do" attitude, tenacity, dedication, hard work and sheer brilliance, whether it be at sea, in our factories and offices, both in South Africa and abroad. It is a privilege to work with you!

And finally, without the trust and support of our main shareholder, Brimstone Investment Corporation, who has been invested since 1998, and all of our other key stakeholders, we would not have attained such success over the past few years. All of your support is greatly appreciated and a true blessing.

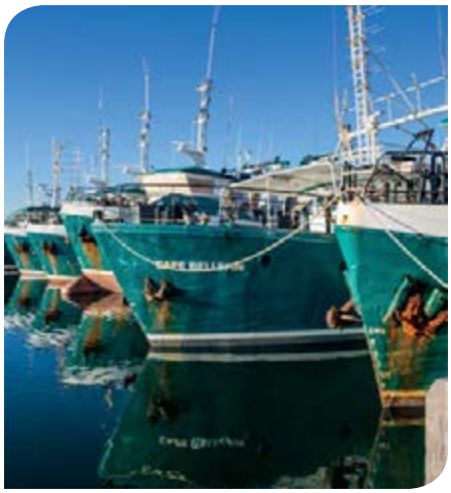
I trust that you will enjoy reading this report and that the information provided is clear, concise and sufficiently detailed to allow you to evaluate the Sea Harvest Group's ability to create value in the short-, medium- and long-term. We look forward to the journey ahead.

Felix

Chief Executive Officer (CEO)










Main Boa




Sea Harvest
NEW LOOK
Fish Fingers
24





2017 IN REVIEW

REVENUE

10%

TO R2.13 BILLION
(2016: R1.93 BILLION)

OPERATING PROFIT

69%

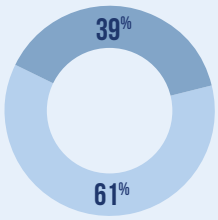
TO R333.8 MILLION
(2016: R197.2 MILLION)

OPERATING PROFIT MARGIN

16%

(2016: 10%)

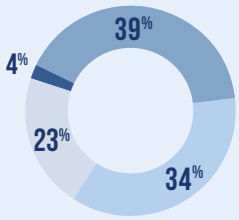
REVENUE MIX



DOMESTIC
INTERNATIONAL



CURRENCY MIX



ZAR
EURO
AUD
OTHER

EPS

38%

TO 119 c
(2016: 86.40 c)

HEPS

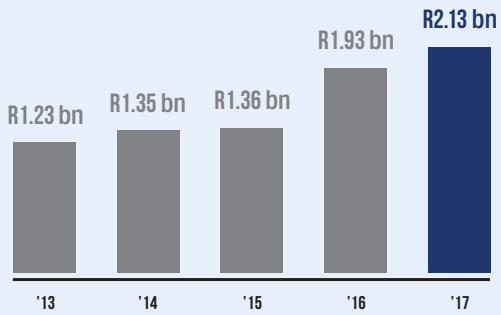
91%

TO 108 c
(2016: 56.4 c)

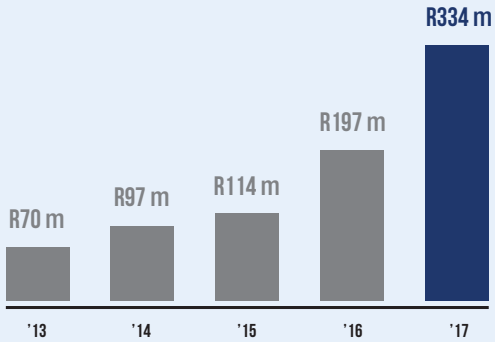
NUMBER OF EMPLOYEES

2 355

FIVE-YEAR REVENUE HISTORY



FIVE-YEAR OPERATING PROFIT HISTORY



ABOUT THIS REPORT

Sea Harvest Group Limited ("Sea Harvest" or "the Group" or "Company") is pleased to present our first Annual Integrated Report since listing in the "Farming, Fishing and Plantation" sector on the Main Board of the Johannesburg Stock Exchange (JSE) on 23 March 2017.

This report was compiled to enable Sea Harvest's stakeholders to make an informed assessment about the Group's ability to create value over the short-, medium- and long-term. Our report covers the activities and performance of Sea Harvest for the year from 1 January 2017 to 31 December 2017. It includes material information relating to our business model, strategy, governance and performance in respect of all Sea Harvest entities and subsidiaries, including Sea Harvest Corporation Proprietary Limited (Sea Harvest Corporation), Mareterram Limited (Mareterram) and Cape Harvest Foods Proprietary Limited (Cape Harvest Foods).

Further information about Mareterram is available in their 2017 Integrated Annual Report.

BASIS OF PREPARATION

This report has been prepared in accordance with the following reporting guidelines and frameworks:

- The recognition and measurement requirements of International Financial Reporting Standards (IFRS);
- South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, issued by SAICA's Accounting Practices Committee and Financial Reporting Committee applicable to summarised financial information;
- Pronouncements issued by the Financial Reporting Standards Council (FRSC) applicable to summarised financial information;
- Companies Act, No 71 of 2008 (Companies Act), of South Africa;
- King Report on Corporate Governance (King IV);
- IIRC Integrated Reporting Framework;
- Broad-Based Black Economic Empowerment (B-BBEE) Codes; and
- JSE Listings Requirements.

As a company listed on the Australian Stock Exchange (ASX), Mareterram issues its own Annual Report in terms of Australia's:

- Corporations Act 2001; and
- Accounting Standards and the Corporations Regulations 2001.

ASSURANCE OF INFORMATION

Sea Harvest aims for high standards in disclosure to provide meaningful, accurate, complete, transparent and balanced information to stakeholders. The Board, its committees and management were involved in finalising the disclosures made in this Annual Integrated Report (Integrated Report) and assume responsibility for the information contained herein.

The financial information included in this report was prepared in accordance with the recognition and measurement requirements of IFRS. Deloitte & Touche has independently assured the consolidated financial statements and the summarised consolidated financial statements. Non-financial information was not independently assured.

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SUPPLEMENTARY REPORTS

We produce a suite of reports to cater for the needs of our stakeholders. Supplementary reports support our Integrated Report, and are tailored to meet our readers' specific information requirements. The following reports are available on our website:

Integrated Report including the Summarised Consolidated Financial Statements	
Company and Group Annual Financial Statements for the year ended 31 December 2017	
King IV Application Report	
Mareterram 2017 Annual Report	

= available on www.seaharvest.co.za = available on www.mareterram.com.au

FORWARD-LOOKING INFORMATION

This Integrated Report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 31 December 2017. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove to be inaccurate. The Group cannot guarantee that any forward-looking statement will materialise. Readers are cautioned not to place undue reliance on any forward-looking statements.

The Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement, even if new information becomes available because of future events, or for any other reason, other than as required by the JSE Listings Requirements.

BOARD APPROVAL

This report was approved by the Sea Harvest Board of Directors (the Board) on 29 March 2018. The Board acknowledges its responsibility in ensuring the accuracy of this 2017 Integrated Report. The Board has applied its collective expertise to this report and, in its opinion, this report addresses all material issues and presents an integrated view of the Group's performance in the year under review.

FEEDBACK

Your feedback is invaluable to us so that we can continuously improve on our reporting. Any comments or requests for additional information can be emailed to our Chief Financial Officer, John Paul de Freitas, at johnpauld@seaharvest.co.za.

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HOW TO NAVIGATE THIS REPORT

THE NON-NEGOTIABLES

- OPERATING EFFICIENTLY
- DRIVING TRANSFORMATION
- PROTECTING OUR BRAND AND REPUTATION
- MANAGING RELATIONSHIPS
- OPTIMISING FINANCIAL CAPITAL
- ACTING RESPONSIBLY

THE SIX CAPITALS

- HUMAN CAPITAL
- MANUFACTURED CAPITAL
- FINANCIAL CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- NATURAL CAPITAL
- INTELLECTUAL CAPITAL

INTRODUCING SEA HARVEST

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CHAIRMAN'S REPORT



I have great pleasure in presenting the first Integrated Report of Sea Harvest. My association with Sea Harvest started in the early 1990s and was further cemented when majority shareholder, Brimstone Investment Corporation Limited, first acquired an interest in the Company. Sea Harvest listed on the JSE on 23 March 2017 and I am proud to advise that, post-listing, Sea Harvest is still approximately 80% black-owned and fast becoming a global player.

Last year we witnessed some historic events in world history. Brexit separation negotiations commenced, increased tensions in the Middle East, radical changes in the United States of America's foreign policy driven by President Donald Trump, further nuclear testing in North Korea, and closer to home, the end of Robert Mugabe's reign in Zimbabwe.

South Africa itself had a fair share of equally significant events. These include: the drought in Cape Town and other parts of the country, Knysna's fires, a major cabinet reshuffle, subsequent economic downgrades and widely reported corporate corruption. Much to our great disappointment, a number of leading corporates were implicated in corrupt dealings. The year climaxed with the hotly contested African National Congress Elective Conference, which saw seven candidates running for the presidential position to lead South Africa's ruling party. Cyril Ramaphosa overcame a strong challenge from Nkosazana Dlamini-Zuma, winning by a slim margin of 179 votes to emerge victorious as the 14th president of the ruling party.

Two months later Cyril Ramaphosa was sworn in as the fifth democratically elected president of the Republic of South Africa and we can already feel a new wave of optimism and renewed business and societal confidence in the country. This can be seen in the strength of the South African Rand (ZAR) and general local financial market indicators. President Ramaphosa has promised to deliver good governance; eradicate corruption; and follow economic policies that support employment, transformation, inclusive economic growth and restitution of land.

Statistics South Africa reported higher than expected Gross Domestic Product (GDP) growth for South Africa in 2017, showing that the economy grew by 1.3%, exceeding National Treasury's expectation of 1.0%. The National Treasury currently anticipates growth of 1.5% in 2018, rising to 2.1% in 2020, the Organisation for Economic Co-operation and Development (OECD) has revised South Africa's expected GDP growth rate upward to 1.9% in 2018, and 2.1% in 2019, on the back of positive sentiment around the economy and changes to the political landscape.

> Our Employee Share Trust has approximately 2 000 employee beneficiaries and has distributed R36 million to the beneficiaries

Sea Harvest is a major economic driver on the West Coast of South Africa. Our operations generate about 10% to 12% of the total employment in the Saldanha Bay Municipality and contribute approximately 10% of the total household income in the area. From this region, we now supply product to customers, including major retailers, multinational food companies and consumers in over 22 countries. Our international subsidiary, the ASX-listed Mareterram, complements our global reach supplying product across the world.

We are pleased to present an excellent set of maiden results. Revenue increased by 10% to R2.13 billion from R1.93 billion in the previous year. Our operating profit increased by 69% to R333.8 million with an increase in operating profit margin from 10% to 16% in the reporting period. Earnings per share (EPS) increased by 38% to 119 cents per share.

Whilst these financial results are extremely satisfying, I can confirm that it is generated in a context of great sensitivity towards sustainability and fishing responsibly. The Western Cape is currently experiencing a severe drought and every attempt should be made to conserve water, as a valuable resource. At Sea Harvest we have reduced our daily water consumption by more than 30% from 1.6 million litres to 1.1 million litres per day. We further commissioned a desalination plant, which is expected to be launched in March 2018. Sea Harvest is a founding partner of the Responsible Fisheries Alliance (RFA) and we are committed to the sustainable development of our environment.

Sea Harvest, as one of the biggest economic drivers on the West Coast of South Africa, has over decades supported the local communities in the areas where we operate. Our Employee Share Trust has approximately 2 000 employee beneficiaries and distributed R36 million to the beneficiaries. We have spent approximately R4 million on corporate social investment (CSI) initiatives, including building a Grade R school in Saldanha Bay. The Sea Harvest Foundation has awarded 30 post-matric bursaries during the period. We will continue to take our role as a responsible corporate citizen seriously.

We rely on our people who are at the soul of the Company. Each employee has a special and important role to play in implementing our vision and strategy. Whilst many industries are threatened by disruptive technology, we will ensure that we look at the interests of our people, many of whom come from impoverished households and whose livelihoods depend on our business. Our employees, via the Employee Share Trust, remain shareholders of the Group.

I must congratulate the entire executive team and management led by CEO, Felix Ratheb, who have worked selflessly towards the JSE listing of the Company and setting the Company on a new growth trajectory.

This is our first Integrated Report and we are committed that good governance should be a cornerstone of our business. For this reason we constantly review, modify or adapt our risk and governance policies to ensure a sustainable, responsible business. Sea Harvest is fortunate to have an effective Board of Directors with a depth of experience, reviewing aspects of the Company's strategy, giving direction and engaging continuously in the detail of the Company's business.

I wish to thank the entire Board for their invaluable good counsel and continued dedication to excellence in corporate governance.

Sea Harvest actively supports the Department of Agriculture, Forestry and Fisheries (DAFF) initiatives to drive transformation across the fishing sector and to this extent we will continue to engage with the department on this and other issues.

I also thank all our stakeholders who continue to support, trust and believe in the Company's ability to deliver to their expectations. We look forward to growing the Company for the benefit of all our stakeholders.

FRED ROBERTSON
Chairman

22 March 2018

THE GROUP AT A GLANCE

Committed to creating and sharing wealth

The Sea Harvest Group is a leading, black-owned, internationally recognised, vertically integrated fishing and branded fast-moving consumer goods (FMCG) business. Our activities span the complete value chain and integrate key value-added support services, such as quality control, logistics and supply chain management.

WE ARE **c. 80% BLACK-OWNED**

SEA HARVEST GROUP LISTED ON THE JSE
MARETERRAM LISTED ON THE ASX

WE CATCH OFF THE COASTS OF **SOUTH AFRICA** AND **AUSTRALIA**, PROCESS, PACK AND MARKET A VARIETY OF CHILLED AND FROZEN PREMIUM FOOD PRODUCTS.

Sea Harvest
Savour the sea



CAPE HAKE
Merluccius capensis/ Merluccius paradoxus

Cape Hake is caught off the west and south coasts of South Africa, where the unpolluted, nutrient-rich water of the cold Benguela Current sweeps up from the Antarctic. Fishing takes place **15 to 120 nautical miles** from the shore at depths of up to **800 metres**, using Sea Harvest's own fleet of fresh fish trawlers and factory freezer trawlers. It is an all-year fishery with **no seasonality**.

ACCESS TO **25.2% CAPE HAKE** TOTAL ALLOWABLE CATCH

5.9% OF THE HORSE MACKEREL TOTAL ALLOWABLE CATCH

13 VESSELS
8 FRESH FISH TRAWLERS
5 FACTORY FREEZER TRAWLERS
2 ON-SHORE PROCESSING FACTORIES

Mareterram



WESTERN KING PRAWN
Melicertus latisulcatus

The freezer trawlers that operate out of Carnarvon in Western Australia target **Western King prawns** and **Brown Tiger prawns**. Fishing takes place within the confines of Shark Bay in water depths of **10 to 40 metres** and given the relative low volume nature of the fishery, demands smaller vessels with **excellent catching capabilities**.

11 PRAWN FREEZER TRAWLERS
10 LICENCES IN THE SHARK BAY PRAWN FISHERY



OTHER SPECIES INCLUDE **SCALLOPS, SQUID, CRAB, SOLE AND HIGH VALUE BY-CATCH**



WE ARE COMMITTED TO **SUSTAINABLE BUSINESS PRACTICES TO REDUCE OUR IMPACT ON THE ENVIRONMENT**

We savour the sea by ensuring that the treasures we enjoy today will also be enjoyed by future generations. Without a sustainable resource, we will cease to exist and our communities will suffer. Sea Harvest strives to do everything possible to ensure that this does not happen. Both our Cape Hake and Shark Bay prawns are certified by the Marine Stewardship Council (MSC).

AWARDED THE **MARINE STEWARDSHIP COUNCIL ACCREDITATION**

Marine Stewardship Council: assuring consumers of environmentally responsible fisheries management and sound practices and products that have not contributed to the worldwide problem of overfishing.

NATURAL WILD-CAUGHT SEAFOOD PRODUCTS MAKE FOR A HEALTHY PROTEIN OPTION

Sea Harvest distributes a diverse range of chilled and frozen food products through an extensive and highly sophisticated distribution network that grants us access to a complete cross-section of international and local customers. Our retail products are distributed to major supermarket chains in South Africa, the European Union (EU), North America and Australia. We are one of South Africa's leading importers and distributors of frozen seafood to the catering and hospitality industry.



WE ARE COMMITTED TO **POSITIVELY IMPACTING OUR LOCAL COMMUNITIES**

We create direct employment for about 2 355 people, promoting sustainable employment by ensuring that maximum beneficiation of the natural marine resource takes place within the borders of South Africa and Australia. If we move beyond the direct boundaries of our operations, we enable employment for more than 4 500 people.

In South Africa, Sea Harvest Corporation maintained its B-BBEE Level 2 contributor status as measured by the Department of Trade and Industry's (DTI) B-BBEE Codes of Good Practice.

OUR PRODUCTS ARE OF THE HIGHEST QUALITY AND OUR BRAND IS WELL-RECOGNISED

We produce 160 processed and packed seafood products that are distributed to local and international markets.
We are accredited by:

BRC FOOD CERTIFICATED

The British Retail Consortium allowing consumers to buy our products with confidence, knowing that we are committed to ensuring the quality, safety and legality of our products.

THE HEART AND STROKE FOUNDATION SOUTH AFRICA

Heart and Stroke Foundation SA assuring consumers of our products' health benefits.

HACCP

Hazard Analysis and Critical Control Points demonstrating our commitment to producing and trading in safe food and product quality.

WE ARE COMMITTED TO **THE TRANSFORMATION OF THE SOUTH AFRICAN FISHING INDUSTRY**

c. 80% BLACK-OWNED

SPENT OVER R480 MILLION WITH BLACK SUPPLIERS IN 2017

PROVIDE **2 355 JOBS** OF WHICH 95% ARE BLACK EMPLOYEES

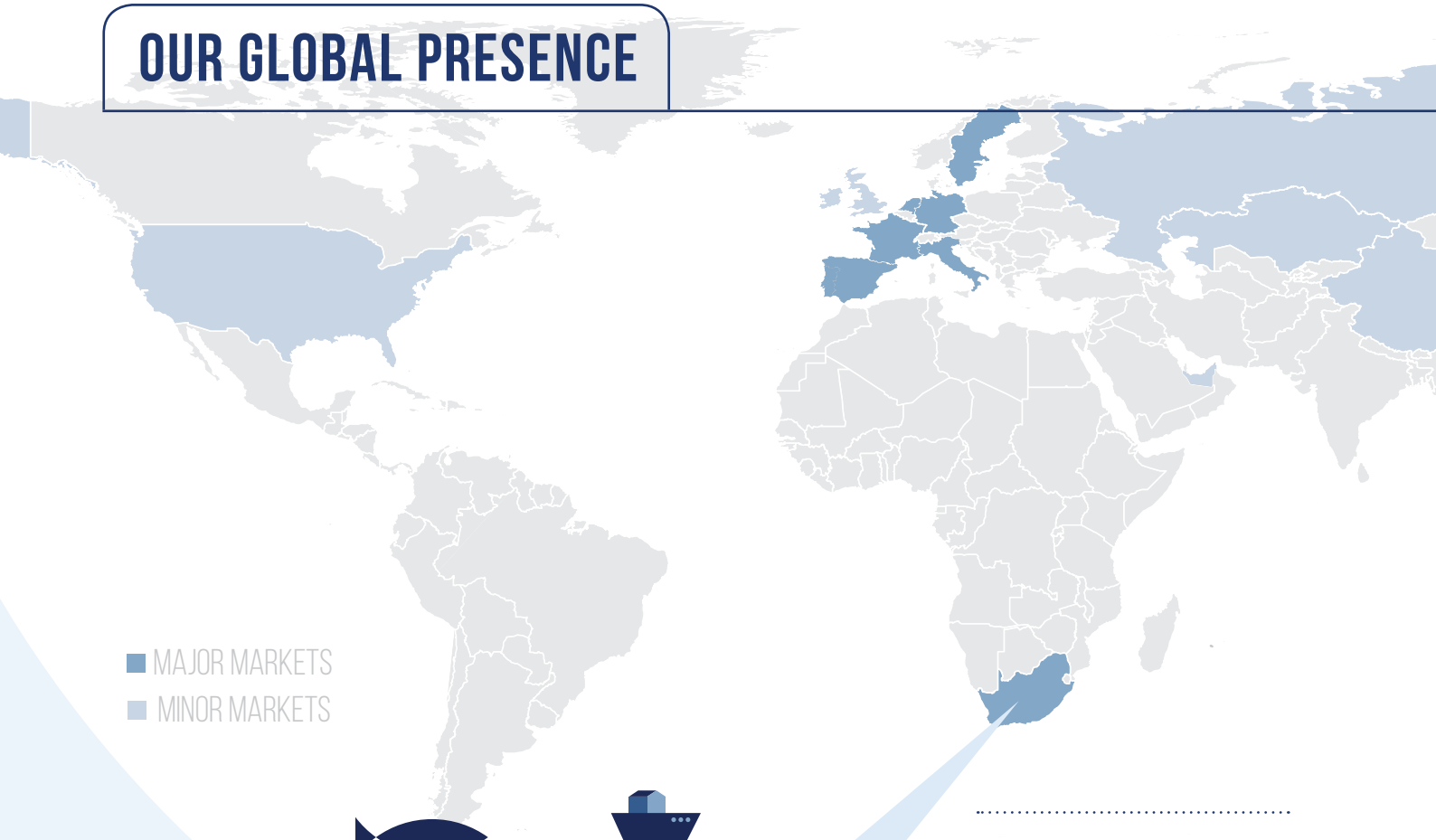
ACTIVELY INVOLVED IN COMMUNITY DEVELOPMENT THROUGH **CSI PROJECTS**

PROVIDE LEARNERSHIPS, INTERNSHIPS, APPRENTICESHIPS AND CADETSHIPS

FOCUSED ON DEVELOPING EMPLOYEES WITH **10 000 TRAINING INTERVENTIONS** IN THE LAST THREE YEARS

RURALLY BASED IN SALDANHA BAY, PROVIDING **10%** OF HOUSEHOLD INCOME IN SALDANHA BAY MUNICIPALITY

OUR GLOBAL PRESENCE



5.9%
OF HORSE MACKEREL TAC

LONG-TERM
FISHING RIGHTS (15 YEARS)

SA REVENUE*
R 1.745 BILLION
(2016: R1.694 BILLION)

* Revenue includes inter-company sales to Mareterram of R100.9 million (2016: R41.5 million).

25.2%
OF HAKE TAC



2 300
EMPLOYEES

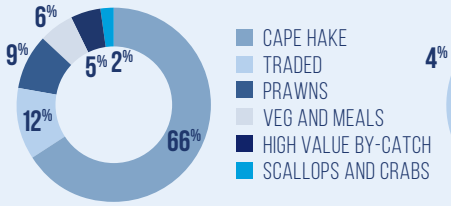
13
VESSELS

2
PRODUCTION FACILITIES

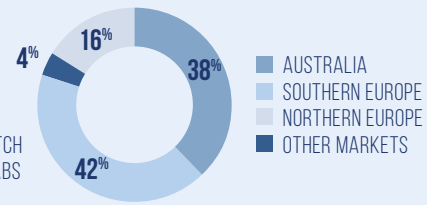
FISHING & PROCESSING
OFFICES

WE SELL TO BOTH RETAIL AND FOOD SERVICE CUSTOMERS IN **22 COUNTRIES SPREAD ACROSS THE WORLD**

PRODUCT REVENUE MIX (%)



INTERNATIONAL REVENUE MIX (%)



AUS REVENUE

R487 MILLION

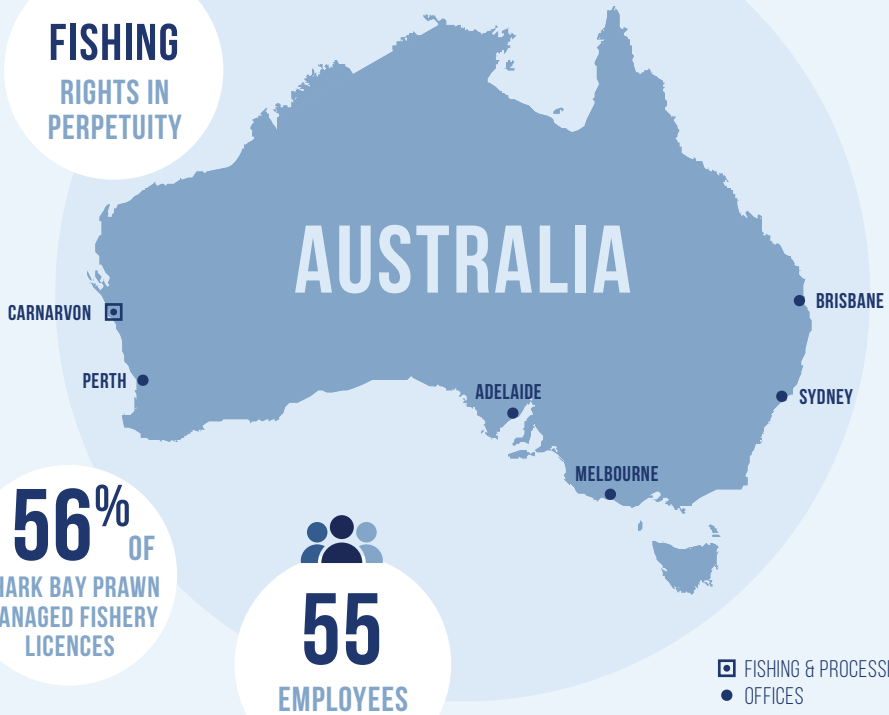
(2016: R463 MILLION)

FISHING
RIGHTS IN PERPETUITY

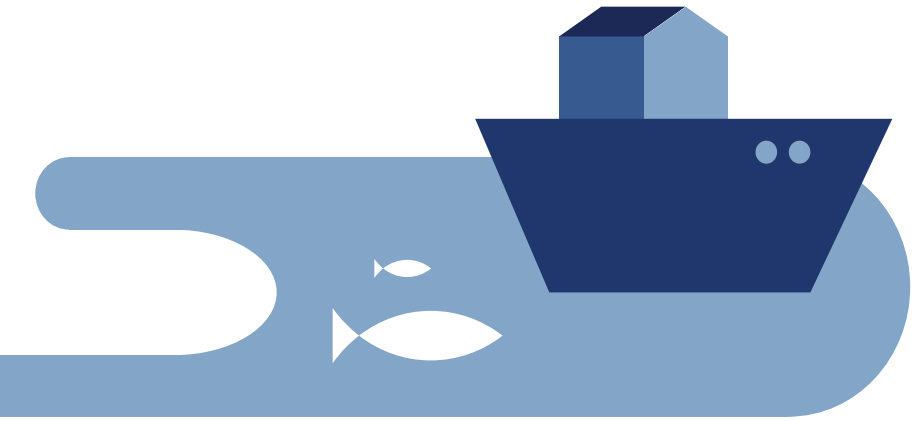
11
FREEZER TRAWLERS

56% OF SHARK BAY PRAWN MANAGED FISHERY LICENCES

55
EMPLOYEES



WHERE WE'VE COME FROM



1964
FOUNDED IN SALDANHA BAY
by Spanish fisheries giant Pescanova in partnership with local Southern Sea Fishing Enterprises and Imperial Cold Storage.

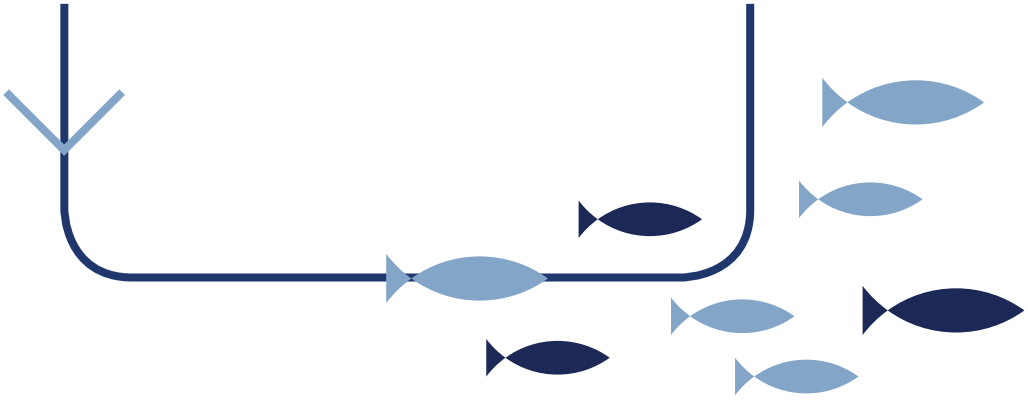
1980s
SEA HARVEST ACQUIRED ATLANTIC TRAWLING PROPRIETARY LIMITED,
South Africa's third largest Cape Hake fishing company, in order to strengthen vertical integration and reach into global markets.

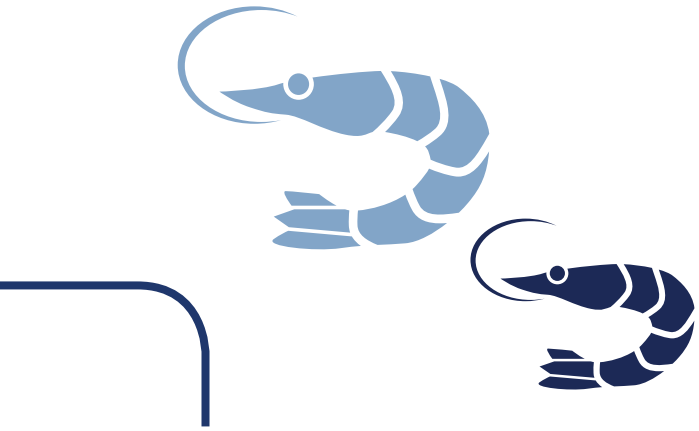
1990 – 1994
Pescanova – sells off its South African interests and
IMPERIAL COLD STORAGE INCREASES ITS SHAREHOLDING TO 62% AND LISTS SEA HARVEST ON THE JSE.

EARLY 2000s
BY 2004, BRIMSTONE HAD STEADILY INCREASED ITS SEA HARVEST SHAREHOLDING TO 21%.

1998
BLACK-OWNED AND MANAGED BRIMSTONE INVESTS IN SEA HARVEST FOR THE FIRST TIME.
B-BBEE transformation of the fishing industry became an imperative and B-BBEE investment into Sea Harvest is sought out.

Tiger Brands acquired Imperial Cold Storage's entire Sea Harvest shareholding and delisted the Group from the JSE.





2005

THE SOUTH AFRICAN DEEP-SEA HAKE FISHERY WAS THE FIRST HAKE FISHERY IN THE WORLD TO BE AWARDED THE SOUGHT-AFTER MSC CERTIFICATION FOR ITS SUSTAINABLE FISHING PRACTICES.

This accreditation has since been re-awarded twice and is valid until 2020.

2009

BRIMSTONE, KAGISO AND SENIOR MANAGEMENT COMBINED IN A BLACK-OWNED CONSORTIUM TO ACQUIRE TIGER BRANDS MAJORITY SHAREHOLDING IN SEA HARVEST.

Sea Harvest and three other South African fishing companies, together with the World Wildlife Fund in South Africa (WWF-SA) launched the RFA to advocate an ecosystem approach to marine resource management. Birdlife SA joined the alliance in 2014.

2014

BUSINESS TURNAROUND COMMENCED WITH CAPITAL INJECTION TO RENEW THE FLEET AND FACTORIES.

2016

SEA HARVEST INVESTS IN MARETERRAM, LATER TAKING A MAJORITY SHAREHOLDING IN THE COMPANY.

Sea Harvest established its first significant offshore footprint by acquiring a controlling 55.9% interest in Mareterram, a diversified agri-business based in Australia. Mareterram is listed on the Australian Stock Exchange (ASX).

2017

SEA HARVEST LISTED ON THE JSE ON 23 MARCH 2017.

The Board and management decided that the business had matured into needing equity funding to pursue value-adding acquisitions, retire expensive debt and grow the business via organic growth and acquisitions.



WHAT MAKES US DIFFERENT

SEA HARVEST HAS A LONG HISTORY OF STRONG STAKEHOLDER RELATIONSHIPS BUILT ON ETHICAL BUSINESS PRACTICES, A COMMITMENT TO MEETING STAKEHOLDER EXPECTATIONS, SUPPORT FOR LOCAL COMMUNITIES IN AND AROUND WHERE WE OPERATE, AND THE DELIVERY OF PREMIUM PRODUCTS. IN THE PROCESS, SEA HARVEST HAS DEMONSTRATED ITS RESILIENCE AND THE STRENGTH OF ITS BRAND LOCALLY AND REPUTATION INTERNATIONALLY.

GLOBAL DEMAND FOR WILD-CAUGHT SEAFOOD CONTINUES TO INCREASE

Sea Harvest operates in an attractive market where demand continues to exceed supply both locally and internationally. Supply of valuable wild-caught seafood species remains static with global whitefish species supply remaining relatively stable at 7 million tons annually. Global demand continues to increase due to population growth and lifestyle trends strongly leaning towards healthy, natural, high-protein products. Demand is further supported by urbanisation and an expanding middle class.

Sea Harvest's products attract consumers who care about eating healthy, nutritious and great tasting food. Our consumers are families who care about quality, value and sustainability. Sea Harvest products are marketed through iconic brands and key species.

MARKET-LEADING BRANDS

Sea Harvest is a leading frozen fish brand in South Africa and a strategic supplier to Woolworths. Sea Harvest also represents the Findus brand in southern Africa, one of the largest frozen food brands in Europe and Quorn, a leading vegetarian and vegan meat replacement brand from the United Kingdom.

Internationally Cape Hake is a recognised and valued species in its own right and is supplied to leading international brands and retailers in a well-diversified export market.

2 355
EMPLOYEES

OUR GEOGRAPHICALLY DIVERSE CUSTOMER BASE PROVIDES A STRONG RAND HEDGE

Sea Harvest has long-established relationships with a diverse range of international customers who value our solid reputation as a credible supplier of sustainably sourced value added products. Our international customers and Mareterram, our Australian business, generate hard currency that provides 61% of the Group's revenue. No single customer accounts for more than 10% of the Group's revenue.

VERTICALLY INTEGRATED BUSINESS WITH WELL-LOCATED, WORLD-CLASS FACILITIES

Sea Harvest is a vertically integrated business that spans the value chain from sea to plate. We operate 13 vessels in South Africa and 11 vessels in Western Australia. Two world-class factories in Saldanha Bay produce frozen fish products in a value-adding range of sizes, coatings and cuts. Our business platform integrates quality control, logistics and supply chain management to enable economies of scale throughout the supply and value chains.

AN INDUSTRY WITH HIGH BARRIERS TO ENTRY

South Africa and Australia's fishing industries are highly regulated. Long-term fishing rights (15 years) in South Africa and perpetual licences awarded in Australia underpin our medium- to long-term sustainability. Fishery operations are highly capital intensive requiring economies of scale to be globally competitive.



STRONG B-BBEE CREDENTIALS

Sea Harvest is a c. 80% black-owned fishing company and its subsidiary, Sea Harvest Corporation, is a Level 2 B-BBEE contributor, as measured by the DTI B-BBEE Codes of Good Practice. This allows the Group to be a strategic partner of choice in South Africa in the broader seafood and food sectors. Transformation is key to protecting future fishing rights.

A GOOD PLATFORM FOR GROWTH IN SOUTH AFRICA AND AUSTRALIA

Sea Harvest has the resources to drive organic growth through fleet and factory investments allowing for market diversification. There is strategic intent to diversify into high value aquaculture and wider fishing sectors.
Sea Harvest's majority stake in Mareterram provides a springboard for acquisitive growth in Australia, where the fishing sector is highly fragmented and offers attractive opportunities.







VALUE CREATION

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OUR VALUE CREATION PROCESS

1

SEA HARVEST IS IN BUSINESS TO ACHIEVE ITS VISION OF BEING A **"LEADING BLACK-OWNED, RESPONSIBLE AND DIVERSIFIED GLOBAL SEAFOOD BUSINESS"**. THIS IS OUR STARTING POINT IN ALL DECISION-MAKING AND STRATEGY, WHICH INCLUDES INTERROGATING WHAT EACH ELEMENT OF THE VISION ENTAILS.

2

OUR OPERATING CONTEXT

Understanding our **operating context** enables us to better understand the needs of our varied stakeholders and guides the identification of our Non-Negotiables.

3

STAKEHOLDERS

Sea Harvest realises that it is impossible to meet stakeholder expectations without understanding what these are. **Continuous engagement with our stakeholders,** led by members of our executive and Board along with other senior management is, therefore, a key action in our value creation process.

EMPLOYEES
COMMUNITY
SUPPLIERS/BUSINESS PARTNERS
REGULATORS
CUSTOMERS
SHAREHOLDERS/INVESTORS
NGOS
EMPLOYEE BODIES

4

NON-NEGOTIABLES

With a clear **vision, mission** and having understood what our stakeholders expect, Sea Harvest regards itself as being in a position to identify what we like to refer to as our "Non-Negotiables". These are matters on which we do not compromise and keep top-of-mind at every turn.

OPERATING EFFICIENTLY
DRIVING TRANSFORMATION
PROTECTING OUR BRAND
MANAGING RELATIONSHIPS
OPTIMISING FINANCIAL CAPITAL
ACTING RESPONSIBLY

5

STRATEGY

Sea Harvest has a **long-term strategy** that is reviewed annually to ensure that it is relevant, achievable and sustainable to ensure long-term value creation for all of our stakeholders.



6 BUSINESS MODEL

Sea Harvest's business model is structured in such a way that it is able to support the **delivery of the strategic business objectives.** Trade-offs may need to be made to ensure that we can and do create the value that we have said we can and to which we have committed, but balance profitability with our responsibility to our communities and employees.

See detailed business model on page 48



7 SIX CAPITALS

The penultimate step in our value creation process is **measuring and evaluating the outcome of our activities** to determine the level of our success. This takes place by reviewing our performance against what was planned in respect of each of our capitals and strategic objectives.

HUMAN CAPITAL

MANUFACTURED CAPITAL

FINANCIAL CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL

NATURAL CAPITAL

INTELLECTUAL CAPITAL

8 REPORTING



Reporting is the last but definitely not an insignificant part of the process. It allows us to provide formal feedback to our stakeholders via various communication channels.

1 WHO WE ARE AND WHAT WE STAND FOR

THE SEA HARVEST GROUP IS A LONG-ESTABLISHED GLOBAL BUSINESS, WITH FISHING OPERATIONS IN SOUTH AFRICA AND AUSTRALIA, **SERVICING RETAIL AND FOODSERVICE CUSTOMERS IN 22 COUNTRIES.**

The Sea Harvest Group is a 53-year old black-owned and black-controlled vertically integrated fishing and branded FMCG business with a proven operating model in a sector with high barriers to entry. The Group markets wild-caught seafood of premium species, of which there is a limited supply, to a growing population seeking healthy, low fat, high protein products in their diets to promote a healthy lifestyle. This results in premium pricing locally and internationally. The Sea Harvest Group has long-standing relationships, and is a market-leading brand in South Africa with a strong reputation, supplying major retailers and multinational food companies and consumers across the globe.

WE LIVE BY OUR VALUES TO CARRY OUT OUR MISSION AND TO PURSUE OUR VISION

OUR VISION

To be a leading black-owned and responsible diversified global seafood business.

OUR MISSION

To responsibly harvest and add value to natural marine resources, in order to exceed customer expectations, whilst providing sustainable employment and positively impacting the communities and stakeholders we serve.

Our driving force is not just generating profits but using our profits to incite societal change. To do this, we must focus our attention on managing what matters most.

THE NON-NEGOTIABLES

- OPERATING EFFICIENTLY
- DRIVING TRANSFORMATION
- PROTECTING OUR BRAND

OUR VALUES ARE OUR ANCHORS

WE LIVE BY OUR FIVE ANCHORS

OUR VALUES ARE ANCHORS OF STRENGTH AND SECURITY

1. WE ACT **RESPONSIBLY**
2. WE **DO** WHAT WE SAY
3. WE RESPECT **DIVERSITY**
4. WE ARE **PASSIONATE** ABOUT OUR BUSINESS
5. WE **SAVOUR** THE SEA

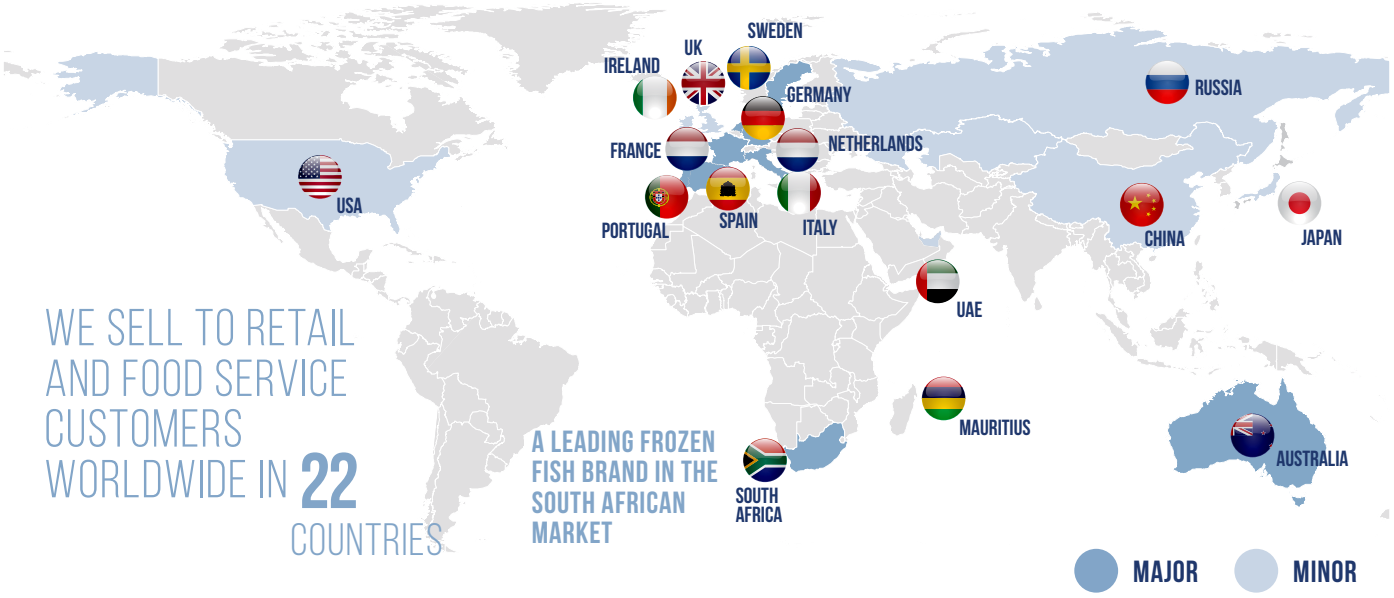
MANAGING RELATIONSHIPS

OPTIMISING FINANCIAL CAPITAL

ACTING RESPONSIBLY

2 OUR OPERATING CONTEXT

WHERE OUR PRODUCTS ARE SOLD



WE SELL TO RETAIL AND FOOD SERVICE CUSTOMERS WORLDWIDE IN **22** COUNTRIES

A LEADING FROZEN FISH BRAND IN THE SOUTH AFRICAN MARKET

Sea Harvest is a global fishing company with operations in South Africa and Australia, marketing and distributing its premium sustainably sourced products to 22 countries around the world. Understanding the external and internal environments in which Sea Harvest operates is an important part of the value creation process. It influences our understanding of our stakeholder needs and guides us to identify the things that matter most to us, what we call our Non-Negotiables. This in turn influences the development of our strategy, which drives the changes that we make to our business model over the short-, medium- and long-term.
In 2017, we saw the continued strong global demand for premium sustainably sourced species, such as Cape Hake and Shark Bay prawns, which drove firm pricing across all markets. However, Rand volatility was a key feature of the year with a strengthening trend.

OUR GLOBAL CONTEXT

POSITIVE FACTORS

- Increasing populations driving increased demand
- Global trend towards healthier proteins
- High demand and static supply of wild-caught whitefish driving premium pricing
- Global growth in supply of seafood driven by aquaculture, with wild-caught supply static
- Increasing demand for seafood from China absorbing global supply, benefiting pricing in Sea Harvest's traditional markets
- Growth in key markets across Europe and Australia
- Healthy fishing biomass in South Africa and Australia

NEGATIVE FACTORS

- In 2017, the ZAR strengthened 8% compared to the currencies of the markets with which Sea Harvest trades. Continued Rand strength will negatively impact the Group's revenue
- Fuel prices trending upwards
- TAC reductions to ensure biomass is at maximum sustainable yield (MSY)

OUR RESPONSE

- Investment in vessels and factories to increase quality, resulting in increasing mix of sales to higher margin markets
- Global sourcing to free up MSC-certified products for more lucrative markets
- Hedged 50% of the currency and fuel exposure for 2018 at favourable rates
- Actively pursuing opportunities to acquire additional wild-caught hake, prawns and other species in South Africa and Australia to service increasing global demand
- Actively pursuing opportunities to acquire aquaculture interests to service increasing global demand

OUR SOUTH AFRICAN CONTEXT

POSITIVE FACTORS	NEGATIVE FACTORS
• Cape Hake is a premium whitefish species in high demand across the globe • Long-term rights awarded for 15 years • SA Deep Sea Hake fishery certified as sustainable by MSC, the gold standard in sustainability • Low frozen fish penetration presents opportunity for growth locally • Geographical and customer diversification • Industry with high barriers to entry • Transformation credentials key to be successful in fishing rights allocation process (FRAP) and making acquisitions • ZAR hedge with 60% of revenue off-shore	• Supply limited to share of total allowable catch (TAC) • ZAR strength impacting revenue • Challenging retail consumer environment with consumer confidence under pressure • Policy uncertainty • TAC reduction negatively impacting sales volumes • Drought conditions in Western Cape threaten water supply to operations

OUR RESPONSE

- Focused effort on transformation within the Company and driving transformation within the fishing sector
  - Level 2 B-BBEE contributor (Sea Harvest Corporation) and c. 80% black ownership
- Global sourcing to offset impact of reduced TAC
- Actively pursuing opportunities to diversify and grow within the wild-caught and aquaculture sectors to service increasing global demand
- Established and consistent hedging policy in place to manage Rand and fuel volatility
- Acquired additional factory freezer to produce higher quality products directed towards more lucrative markets
- Invested R16 million in a desalination plant to prevent production disruption due to drought-related water supply issues in the Western Cape
- Invested in both factories in Saldanha Bay to start the journey of having “best in class” manufacturing facilities

OUR AUSTRALIAN CONTEXT

POSITIVE FACTORS	NEGATIVE FACTORS
• Well-managed fishery with licences in perpetuity • Shark Bay prawn fishery certified as sustainable by MSC • Species are high value and in demand globally driving premium pricing • Fishing sector fragmented, presenting opportunities for market consolidation • National sales presence and route-to-market security for South African Cape Hake	• Listed company with high overhead base requiring revenue growth to recover overheads • Variability in volume and size of wild-caught species

OUR RESPONSE

- Worked with Department of Fisheries to delay opening of 2018 fishing season to improve prawn size mix
- Acquired 11th vessel to improve utilisation and maximise catch during the fishing season and minimise lost nights and returns to port
- Focused strategy to increase share of catch to export markets in Europe and Asia for high quality MSC-certified prawns
- Actively seeking consolidation opportunities and concluded the acquisition of two Spanish Mackerel packages in early 2018

3 OUR STAKEHOLDERS

ENGAGING CONTINUALLY WITH STAKEHOLDERS AND BUILDING RELATIONSHIPS IS INTEGRAL AT SEA HARVEST. ONGOING ENGAGEMENT RETAINS AND GROWS OUR CUSTOMER BASE, KEEPS EMPLOYEES MOTIVATED AND GAINS THE SUPPORT OF COMMUNITIES AND GOVERNMENT.

STAKEHOLDER GROUP	HOW WE DELIVER VALUE TO OUR STAKEHOLDERS	PERFORMANCE
EMPLOYEES	Providing jobs in the communities in which we operate	2 355 jobs provided – 2 300 in Sea Harvest's South African operations and 55 in Australia
	Paying fair salaries and wages for work along with other benefits	Paid R547 million in salaries and wages, with lowest paid worker remuneration well above minimum wage. Employees offered medical aid and received retirement benefits
	Increasing the circle of economic benefit of Sea Harvest to employees and aligning the interests of employees with those of the company and other shareholders	• In 2017, as part of the restructure of the Group at listing, 50% of the shares held by the staff trust were repurchased and a dividend of R36 million was paid to c. 2 000 qualifying employees • Established Forfeitable Share Plan (FSP) as Long-Term Incentive (LTI) mechanism to attract, incentivise and reward key staff by linking performance and shareholder expectations.
	An extensive training and development programme focused on transforming the skills base of our people	During the year there were more than 384 000 training hours delivered to our employees at a total cost in excess of R29.5 million
	Recognition and reward of staff individual and team behaviour	Recipients have received quarterly awards of varying value, culminating in an annual CEO Award for the top achiever
CUSTOMERS AND CONSUMERS WE SUPPLY RETAIL AND FOOD SERVICE CUSTOMERS ACROSS 22 COUNTRIES	Delivering premium quality traceable products from sustainably harvested resources	Cape Hake and Shark Bay Prawns are recognised premium wild-caught species that are certified sustainable by the MSC which includes full traceability from shelf to source
	Providing consumers with direct access to Sea Harvest's quality products through leading South African retailers	Sea Harvest branded products are available in more than 2 200 retail outlets throughout South Africa
	A wide range of products suited to different markets and consumers	Through the various processing facilities, Sea Harvest provides products to suit a variety of customers from fine dining connoisseurs to price sensitive families who appreciate quality and great value. Sea Harvest has a fully dedicated new product development team that enables the Company to deliver innovation and meet very specific customer requirements in an increasingly demanding and competitive global environment
	High level of quality assurance	As a food producer, Sea Harvest abides by stringent international standards of health and food safety and stays abreast of international best practice in terms of the quality testing that is applied to all our products. We are audited several times annually by various domestic and international bodies that regulate and advise the food manufacturing industry worldwide
GOVERNMENTS, REGULATORS AND INDUSTRY BODIES DAFF	Supporting DAFF's implementation of the Marine Living Resources Act by adherence to DAFF fishing permit conditions	Fishing responsibly by training skippers and crew on regulations and responsible fishing practices. During the period there were no breaches of DAFF permit conditions
	We actively support DAFF's initiative to drive job creation, investment and transformation across the fishing sector	During the year, Sea Harvest maintained over 2 000 jobs in a rural area, invested R369 million of Capex in the fishing sector and spent R24 million on enterprise and supplier development initiatives to actively support black new entrepreneurs
	Positive engagement with DAFF regarding resource management	Ensured scientific recommendation is at the forefront of fisheries management directly and via leadership roles in industry bodies
SOUTH AFRICAN RESERVE BANK	Contributing to South African foreign currency receipts	Generated R875 million of foreign currency revenue
SOUTH AFRICAN REVENUE SERVICE	Via improved performance, increasing tax payable to SARS	Tax paid during the year increased 266% to R80 million
INDUSTRY BODIES – SADSTIA, MSC, WAFIC	Active leadership roles played in key industry bodies	• In South Africa, Chair of SADSTIA, Board member MSC, member of RFA • In Australia, Member of Shark Bay Prawn Trawlers Operators Association (SBPTOA), Board member of Western Australian Fishing Industry Council (WAFIC)

SUPPLIERS/ BUSINESS PARTNERS OVER 800 SUPPLIERS	To actively promote transformation of our suppliers across our supply chain in line with the B-BBEE codes	• During the year Sea Harvest spent R22 million on supplier development • Spent in excess of R480 million with majority black suppliers
SHARE HOLDERS AND OTHER FUNDERS 1 146 SHAREHOLDERS	Strive to deliver value to our shareholder base through the payment of dividends and an increase in total shareholder return	A dividend of 31c per ordinary share was declared in respect of the 2017 financial year, equating to a total dividend of R78 million with a dividend yield of 2.6%
	Actively managing shareholder base to protect and increase black shareholding	Post-listing, Sea Harvest has a black shareholding of c. 80%
	Repayment of preference share capital and accrued preference dividends	During the period B and C Preference Share Capital amounting to R368 million was redeemed and accrued preference share dividends of R144 million were repaid
LEAD BANKERS: STANDARD BANK OF SOUTH AFRICA IN SOUTH AFRICA AND NATIONAL AUSTRALIA BANK IN AUSTRALIA	Use of borrowings and repayment of capital and payment of interest in accordance with the terms of the loan facilities	During the period Sea Harvest repaid R332 million of bank borrowings, raised a further R258 million of bank debt and paid R26 million of interest
EMPLOYEE BODIES FAWU, NACFAWU AND DEPARTMENT OF LABOUR	Open and clear communications with all employee representative bodies	Sea Harvest has well-established and clear lines of communication with trade unions representing our employees across both land-based and sea-going operations. During the year there were no days lost due to labour disruption
	Provide our people with fair labour practices and compliance with Employee Equity Act	Adherence to all labour legislation and labour agreements
COMMUNITIES LOCAL COMMUNITIES IN SALDANHA BAY (WESTERN CAPE) AND CARNARVON (WESTERN AUSTRALIA)	Provision of donations, grants and bursaries to qualifying applicants and the construction of a Grade R school through the Sea Harvest Foundation	The Sea Harvest Foundation spent R3.8 million during the year on community based projects, including construction of a Grade R school for 100 learners,the provision of 30 bursaries, the funding of a Social Workers office in Saldanha Bay and the support of youth sports development
	Supporting Small- and medium-sized enterprise (SME) businesses on the Cape West Coast through playing a leadership role in West Coast Business Development Centre (WCBDC)	Sea Harvest's Head of Procurement has been appointed as Chair of the WCDC and Sea Harvest made further donations to the organisation to help fund its operation
	Sea Harvest is a major contributor to the revenues of the local municipalities in which it operates	In South Africa, Sea Harvest spent R44 million on payments to local municipalities for services received
	Through the use of local suppliers, Sea Harvest is a key driver of the local economies in the rural areas in which it operates	During the year paid over R90 million to local suppliers
NGOS AND CHARITIES CHARITIES – RED CROSS CHILDREN'S HOSPITAL	Donation to Red Cross Children's Hospital through the Kids-for-Kids campaign	Since 2011 Sea Harvest has partnered with the Red Cross Children's Hospital Trust raising over R2 million through the Kids-for-Kids campaign for projects such as Intensive Care Unit (ICU) and Radiography upgrades and the Week-End Waiting List initiative. During the year Sea Harvest raised c. R300 000 for the Red Cross Children's Hospital through the Kids-for-Kids campaign

DELIVERING VALUE TO OUR STAKEHOLDERS

Sea Harvest's commitment to value creation extends to all its stakeholders. This has always been core to the Group's strategy of ensuring the continued growth and success of the business over the long-term and is evidenced by the fact that 2017 marked the 53rd year of Sea Harvest's existence. These are examples of stakeholders who have benefited from Sea Harvest's value creation.

EMPLOYEES



(Left to right) **Four of Sea Harvest's leading ladies at the Saldanha Bay plant, Gillian Felaar, Palesa Molelle, Idolene Moses and Sthoko Nyawo,** who have benefited from growth and skills development opportunities provided by the Company. Gillian Felaar, Factory Shift Manager, joined Sea Harvest after completing her National Diploma in Food Technology and achieved her goal of becoming a manager before she turned 30 in July 2014. Palesa Molelle's Sea Harvest journey started eight years ago when she was appointed as a Quality Control Manager in Sea Harvest Corporation's cold storage and distribution area. She has been promoted four times and is currently New Product Development Manager. Since joining Sea Harvest in 2013, Idolene Moses says she has been offered various opportunities for growth and has learned that being a go-getter and doing work to the best of one's abilities goes a long way. She was promoted to Factory Shift Manager in 2015. Sthoko Nyawo, Quality Systems Manager at Sea Harvest, joined Sea Harvest in the Cape Town head office in 2012 as a Junior New Product Development Technologist and moved to the Saldanha Bay operations as a New Product Development Technologist in 2014. Six months later she was promoted to the position of Quality Systems Manager.

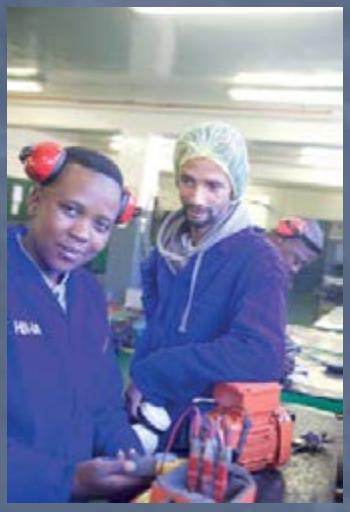


One of Sea Harvest's graduates who has risen within the business through the Fast Track Plan is **Jared Patel.** He now heads-up Cape Harvest Foods, a new business within the Sea Harvest Group, and is responsible for all the Factory Shop outlets, as well as the Quorn and Findus range of products. While growing in responsibility within the business, the Company also provided the funding to enable him to complete his Master's in Business Administration (MBA) in 2014.

SEA HARVEST IS ACCREDITED AS A **TRAINING AND ASSESSMENT PROVIDER** BY THE FOODBEV SETA AND **PROVIDES APPRENTICESHIPS, LEARNERSHIPS AND CADETSHIPS** TO SUPPORT LOCAL YOUTH IN BECOMING EMPLOYABLE, WHILE ALSO CREATING A TALENT PIPELINE FOR THE BUSINESS.



(Left to right) **E. Mabola, S. Daries, D. Ferris and A. Douries** were appointed as cadets on board the *Harvest Lindiwe* in 2017. Candidates for a cadetship are unemployed youth who are placed on a five-year theory and practical programme for a career at sea with the aim of qualifying as either a navigational or engineering officer at the end of the programme.



Thuliswa Hoha, left in the image, became an apprentice in 2014 after joining the Company two years prior when she completed her Electrical Infrastructure Construction National Certificate Vocational (NCV) Level 4. She qualified as an electrician in March 2017.



Madoda Khumalo graduated from the University of Cape Town with a Master of Science in Physical and Biological Oceanography degree and joined Sea Harvest in 2013 as the Executive Assistant to the now CEO, Felix Ratheb. As a result of a mentorship programme to fast-track his development, two years later, and at the age of 30, Khumalo was promoted to the position of Strategic Services Executive. He not only serves as a member of the Executive but also represents Sea Harvest on national industry bodies.

COMMUNITIES



Sea Harvest partnered with Surfing South Africa (SSA) in 2017 to support the youth and junior surfing in South Africa ahead of the 2020 Olympics in Tokyo where surfing will be an official sport for the first time ever. Sea Harvest's sponsorship allowed SSA to host regular events and competitions with increased participation by the youth, which provided support for the South African Junior Team selection process.

CONTRIBUTING TO THE **TRANSFORMATION OF SOCIETY** AND THE **UPLIFTMENT OF LOCAL COMMUNITIES**



Education is foundational for development and a key priority area for the Sea Harvest Foundation NPC, which awards bursaries every year as part of Sea Harvest Corporation's commitment to social transformation and youth empowerment within the Saldanha Bay area. About 300 bursaries have been awarded to tertiary students since 2010. **In 2017, more than 30 young people from the Cape West Coast received bursaries** to study courses ranging from law, tourism, consumer science and navigation, to commerce, biochemistry and engineering.

MAKING A DIFFERENCE
WITHIN OUR COMMUNITIES



In 2017, Sea Harvest completed the building of a Grade R school in partnership with the Western Cape Education Department and the Governing Body of the Diazville Primary School in Saldanha. The project was started to address the issue of overcrowding at Diazville Primary and to promote healthy early childhood development.

The building project also gave Sea Harvest the opportunity to develop a local black-owned building contractor under the guidance of an experienced project manager and architect.



A Neighbourhood Watch Community Centre opened its doors in Middelpos, an informal settlement in Saldanha, in early March thanks to a donation of a container and furniture by Sea Harvest. The mobile unit is utilised as a base for the local neighbourhood watch and also serves as a central point for the police to gain access to residents in the area and from where they can perform duties, such as compiling affidavits and taking statements. Approximately 4 500 people live in the impoverished area, which has become a crime hotspot. **Sea Harvest's Company Secretary, Nana Aston** (3rd from right); **Operations Director, Terence Brown** (2nd from right); and **Employee Relations Manager, Deon Ocks** (far right), at the Centre's opening.



Sea Harvest initiated an annual firefighting competition for interested companies with the "**Terence Brown Cup**", named after Sea Harvest Corporation's Operations Director. The objective of the competition is to improve the participating teams' firefighting skills, prepare them for competitions, as well as grow the reputation of firefighters from participating companies on the Cape West Coast. On 13 October 2017, nine teams competed for the trophy at the West Coast School. Sea Harvest's dedicated team of firefighters, not only walked away with the Cup but one of the team members and his son later rescued a neighbour from his burning house, but were, unfortunately, too late to save the man's partner who lost her life in the fire. Sea Harvest's firefighters engage in programmes to raise awareness about fire prevention within local communities and also compete in the annual MRG Fire Team Competition, which is open to the industrial fire teams of all companies affiliated with the Mutual Risk Group.

SUPPLIER PARTNERS



Saldanha business owner, Suleiman Adjiet, has grown his transport company from just one taxi in 1998 to 20 taxis and 12 cold storage freezer trucks today. The growth of his business is largely thanks to procurement policies at Sea Harvest, where investing in local black suppliers is a high priority.



Sea Harvest started developing **Tabakbaai Laundromat** in Saldanha Bay as a new enterprise 20 years ago and in 2017 invested in the upgrade of its premises and the purchase of new equipment. It is contracted to clean the overalls of all Sea Harvest Corporation's sea-going crew and factory staff.

DEVELOPING SMALL- TO MEDIUM-SIZED BUSINESSES, THE MAJORITY OF WHICH ARE BLACK-OWNED, AS OUR OWN COMPANY CONTINUES TO GROW.





Mornay Kurtz, the owner of MCK Engineering (wearing safety jacket on right hand side), started doing welding and vessel maintenance for Sea Harvest 10 years ago with a staff complement of five. He now has 35 employees and, in early 2017, opened a technical training school to contribute to youth development by teaching welding skills to young apprentices.

4 OUR NON-NEGOTIABLES, RISKS AND OPPORTUNITIES

DETERMINING THE MATERIAL MATTERS – OUR NON-NEGOTIABLES

SEA HARVEST'S BOARD AND EXECUTIVE MANAGEMENT PRESENT THE INFORMATION IN THIS INTEGRATED REPORT AS RELEVANT OR "MATERIAL" TO OUR SHAREHOLDERS AND KEY STAKEHOLDERS. THIS, OUR FIRST INTEGRATED REPORT SINCE LISTING ON THE JSE ON 23 MARCH 2017, IS AIMED AT PROVIDING AN INFORMED UNDERSTANDING OF SEA HARVEST'S PERFORMANCE OVER THE PAST YEAR, AND INSIGHTS ON OUR FUTURE STRATEGY.

The executive management team considered all matters that affect or may affect Sea Harvest's ability to continue creating value. Having analysed the intricacies of the Group's operating environment and our stakeholders' expectations within the context of our vision and mission, the executive management team came to determine what we call "Our Non-Negotiables". These are matters on which we do not compromise and keep top-of-mind at every turn. The "Non-Negotiables" were presented and approved by the Board.

Our Non-Negotiables are managed at every level in the business and are monitored on a regular basis to ensure that we are able to carry out our mission and deliver long-term value to all stakeholders in accordance with our strategy and overall vision. Our Non-Negotiables therefore function as a compass that we use to determine our top risks, to steer the direction of our growth strategy and to monitor our performance. It provides the foundation for an analysis of each business division's performance and the analysis of the most significant capital outcomes.



NON-NEGOTIABLE 1



OPERATING EFFICIENTLY

WHY THIS IS IMPORTANT

Efficient fleet operations, food processing, distribution and sales are essential for a global fishing company, where economies of scale and margins determine competitiveness. Sea Harvest is an expanding global business competing against large corporations from developed and developing economies. We need to: optimise our sea-going and on-shore assets for cost savings and improved efficiencies, optimise market and channel-mix to increase revenues and diversify, thereby achieving sustainable operating margins.

RISKS	MITIGATION	OPPORTUNITIES
• Availability of biomass negatively impacting catch rates and consequentially vessel efficiency • Business interruption caused by water supply constraints due to the drought in the Western Cape and labour unrest • Scarcity of critical skills results in an inability to optimise the efficiency of fleet, factory operations and equipment • Rand strength	• Through leadership roles in key industry bodies such as SADSTIA and MSC, playing an active and supportive role with the regulator in sustainably managing the hake resource • Installation of 1.1 megalitre desalination plant • Proactive communications plan and relationship management with bargaining unions and increasing the trust between the Company and the staff • Succession planning to identify critical skills and existing gaps; learnership academy to grow our own critical skills for the future • Market-diversification and price increases • Hedged 50% of fuel and foreign exchange (Forex) in 2018 at favourable rates, to spot, thereby protected the business	• Increased catch rates as biomass recovers following TAC cuts in 2015, 2017 and 2018 • Margin enhancement through improved efficiencies in land-based operations • Increasing the mix of higher-margin frozen-at-sea products targeted at more lucrative markets • Rand weakness becomes massive tailwind in future years • Utilise Mareterram's fleet in off-season to catch other species • Later start to 2018 fishing season in Australia will result in increased size mix and higher average prices

HOW WE MANAGED IN 2017

- New freezer trawler (*Harvest Mzansi*) arrived on South African shores in December 2017; now being converted to a hake factory freezer vessel, which will commence fishing in April 2018. The total cost, including the conversion, will be in the order of R250 million. The vessel should allow us to optimise the market mix and increase margins as it should be more profitable than existing vessels
- Purchased an additional prawn trawler for Mareterram in Australia for R5 million to reduce lost nights and implement new refit strategy
- Embedded the benefits derived from the factory improvement programme implemented during 2016, delivering R56 million of annualised benefits in 2017
- Following the success of the factory improvement programme invested in phase two of the factory re-engineering project with Marel, which will be implemented in 2018
- Ordered a desalination plant for arrival in 2018 prior to the potential "day zero"

HOW WE PLAN TO MOVE FORWARD

- Will activate the desalination plant in quarter one 2018 with sufficient capacity to meet the water usage needs of the Saldanha Bay processing facilities
- Complete the conversion of *Harvest Mzansi* and commence fishing in April 2018
- Deliver the next phase of our factory efficiency improvement programme including a R100 million investment in a state-of-the-art fish processing facility
- Embed the benefits of the fleet efficiency improvement programme by focusing on improved vessel turnarounds and refits
- Signed two-year agreement for land-based and sea-going staff over the past two years

NON-NEGOTIABLE 2

DRIVING TRANSFORMATION

WHY THIS IS IMPORTANT

In South Africa, economic inequality is damaging the social fabric of our society. Restoring the dignity of good work and access to the economy is a national imperative. B-BBEE is a primary driver of economic and social transformation and integral to Sea Harvest's business vision and values.

As a c. 80% black-owned business, internal transformation and uplifting communities in our vicinity are fundamental to the Sea Harvest ethos. The Group devotes considerable resources into internal skills development and employment equity, while management oversight and funding are invested in projects that promote enterprise development, youth empowerment, job creation and rural development.

All these factors are taken into account when the South African government awards fishing rights. The next reallocation of fishing rights is due in 2020.

RISKS	MITIGATION	OPPORTUNITIES
• Loss of fishing rights due to a reduction in black shareholding or allocation of rights to new entrants • The dilution of Brimstone shareholding below the level of control	• Management of the share register to ensure no dilution in black shareholding • Achieve minimum Level 2 B-BBEE contributor status on the DTI B-BBEE Codes of Good Practice (Sea Harvest Corporation) • Linked transformation to the executive Short-Term Incentive (STI) and Long-Term Incentive (LTI) • Increased diversity based on gender and race on the Executive Committee (EXCO) and Board • Launch a fishing development fund to assist regulators with challenges relating to new entrance and enterprise development	• As one of the most transformed businesses in the fishing sector, Sea Harvest is well placed to make acquisitions in the fishing industry • Diversification into broader branded agri-sectors • Champion transformation in the fishing sector through enterprise development initiatives

HOW WE MANAGED IN 2017

- Our main subsidiary, Sea Harvest Corporation, retained its Level 2 B-BBEE status
- Black ownership of c. 80% after listing, making Sea Harvest one of the most transformed groups in South Africa
- Of Sea Harvest Corporation's employees, 97% are black (African, Coloured and Indian)
- Sea Harvest Corporation was the highest-scoring applicant in the Horse Mackerel sector in the latest FRAP
- STI and forfeitable share plan (FSP) are aligned to our transformation goals

HOW WE PLAN TO MOVE FORWARD

- Sea Harvest is leading a consortium of B-BBEE investors in negotiations to acquire 100% of Viking Fishing
- Supporting new entrants through launching a fisheries fund to support enterprise development initiatives by supplying vessels, working capital and management advice
- Employee diversity plans and targets for the Executive Committee and Board
- Submitted a five-year employment equity plan to the Department of Labour





NON-NEGOTIABLE 3



PROTECTING OUR BRAND AND REPUTATION

WHY THIS IS IMPORTANT

Iconic and respected brands and recognised and valued species are vitally important to product-based businesses such as Sea Harvest. Our brands have evolved and become top-of-mind through over half a century of diligent attention to food quality and excellent service while Cape Hake as a species is recognised worldwide as a valuable and sustainable resource. Sea Harvest brands, trademarks and its core species are central to the intrinsic value of Sea Harvest's products.

Our unwavering commitment to premium-quality fish from sustainable marine resources has earned the trust of our customers and major food businesses around the globe. Astute branding increases our value, guides and inspires our employees and attracts new customers. We protect our premium brands by ensuring competitive pricing, reliable supply and accredited quality products. In South Africa, Sea Harvest is one of the leading frozen fish brands.

Our MSC-certified products are preferred by major retailers and food service customers in South Africa and abroad.

RISKS	MITIGATION	OPPORTUNITIES
• Negative impact on reputation due to poor quality or product recall • Negative impact on reputation from poor service levels • Negative impact on reputation and brand advocacy due to loss of MSC certification • Lack of product innovation resulting in loss of market share for the brand	• Sea Harvest complies with the highest standards of food safety, which is regularly audited by various regulatory bodies both locally and internationally • Ensuring that sufficient product is available to meet customer service levels • Playing an industry leadership role in actively supporting MSC • Consumer careline managing customer comments, complaints and red flags • Monitoring of social media content • Remaining aware of international food and consumer trends and working with ingredient suppliers and customers to develop leading edge products	• The strength of the Sea Harvest brand supports our global sourcing strategy to service the local market while allowing for MSC-certified catches to be channelled to more lucrative markets • The Sea Harvest brand locally and strong reputation within international markets presents an opportunity for new acquisitions to market high-quality products to Sea Harvest customers • The Sea Harvest brand and MSC-certified species support further favourable pricing dynamics • Low market penetration of frozen fish in local retail is an opportunity to further entrench the brand with consumers as they move up the LSM range

HOW WE MANAGED IN 2017

- Sea Harvest processed and marketed 160 product types for customers in 22 countries
- In South Africa we distributed 80 variants of branded retail products to over 2 000 local retail outlets
- In the food service sector we supplied Cape Hake, by-catch and other value added products to institutional caterers, independent traders, fish-and-chip shops, quick-service restaurants (QSR), and independent wholesalers
- Diversified the customer base within existing export markets
- We continued to extend our national footprint of Sea Harvest factory shops with one new shop in 2017
- Sea Harvest largely recovered TAC losses of 5% through global sourcing

HOW WE PLAN TO MOVE FORWARD

- Continue to focus on delivering the highest product quality and service levels our customers expect
- Increase sales through our Australian national food service team
- Increase global sourcing to enable MSC-certified products to be directed to more lucrative markets
- Open another two factory shops in 2018 to extend our brand presence to the independent wholesale trade

NON-NEGOTIABLE 4



OPTIMISING FINANCIAL CAPITAL

WHY THIS IS IMPORTANT

Financial capital is a scarce resource and must be deployed so as to optimise value creation for all our stakeholders.
This enables:

- Reinvestment in the business to improve efficiencies and enhance margins
- Investment in the maintenance of existing vessels and land-based assets to optimise the performance of the existing operations
- Earnings expansion and diversification through acquisitive growth
- Payment of appropriate levels of dividends and delivering shareholder returns

Doing all this ensures sustainable margins to remain relevant and profitable over the longer-term, and protecting jobs.

RISKS	MITIGATION	OPPORTUNITIES
• Strengthening Rand reduces revenue and operating profit from export sales • Execution risk when integrating acquired businesses result in expected benefits not being realised • Increased interest rates in local markets negatively impacting earnings • Fuel price increasing significantly negatively impacting profitability • High levels of gearing leading to under-investment and margin dilution	• Closely monitoring and applying a consistent hedge programme • Appointing integration partners to support potential acquisitions • Project management experts engaged to support implementation and change management aspects of key projects • Diversification of export markets across 22 different countries enabling redirection of product to alternative markets thereby reducing customer concentration risk • Active management of debt levels to ensure these remain within tolerable appetite	• Rand weakness and favourable hedge positions would enhance export revenue and operating profit • Interest rate reductions would reduce debt service costs, improving profitability • Fuel price remaining at low levels reducing operating costs • Benefits from investments in fleet and factory improvements and synergies from potential acquisitions could exceed expectations • Improved catch rates following TAC cuts over the last three cycles would reduce the cost to catch and enhance margins • Increases in TAC as biomass recovers will result in a proportional increase in Sea Harvest's share of TAC, increasing landed volumes and sales • Cost-reduction initiatives, including improved Group purchasing power, would reduce costs and improve operating profit

HOW WE MANAGED IN 2017

- The Sea Harvest Group had a record year in 2017, realising over R2.13 billion in revenue (up 10%) and R334 million in operating profit (up 69%)
- The improvement in performance was driven by continued firm global demand for Cape Hake and a significant enhancement in margins following investments in both the fleet- and land-based operations over the past four years. Continued growth in the EU and Australia resulted in above inflation price increases
- Foreign currency and fuel hedges at favourable rates to spot
- On 23 March 2017, the Group listed on the JSE and issued 106 million shares at a listing price of R12.50, raising R1.3 billion in capital, which was used to settle all historic debt and have a deleveraged balance sheet ready for growth
- In October 2017, the Group contracted to purchase a state-of-the-art fish processing facility from Icelandic company, Marel. This project is the second phase of the factory improvement programme launched in 2016. R14 million of this investment was incurred in 2017
- In November 2017, the Group purchased the *Harvest Mzansi* for a total cost, including conversion, of R250 million. R214 million of this investment was incurred in 2017
- In December 2017, the Group issued a cautionary announcement that it is in negotiations to acquire Viking Fishing and 51% of Viking Aquaculture

HOW WE PLAN TO MOVE FORWARD

- A further R36 million will be spent to complete the conversion of *Harvest Mzansi* into a hake factory freezer trawler. The vessel will commence fishing in the second quarter of 2018
- A further R73 million will be spent to complete the installation of the Marel factory facility. This new state-of-the-art processing facility will increase efficiencies and reduce the cost of production
- Complete the Viking acquisition which will be debt funded and integrate the businesses
- Recover the impact of continued Rand strength through pricing action, although this will be challenging two years running
- Favourable foreign currency and fuel hedges in place for 2018

NON-NEGOTIABLE 5

MANAGING KEY RELATIONSHIPS

WHY THIS IS IMPORTANT

Informed and constructive relationships with all our key stakeholders enable a comprehensive understanding of our values, objectives and businesses. Influential relationships include: employees, shareholders, regulatory authorities, local and international customers, media and our local communities.

We depend on government for our fishing rights, which are the lifeline of our business. This supportive relationship is founded on respect and embracing transformation in the fishing industry.

We safeguard the relationships we have built with customers in South Africa and abroad – some extending to 50 years. Long-standing relationships support stability, market respect and brand equity.

Sea Harvest is committed to continued development of our people and community.

RISKS	MITIGATION	OPPORTUNITIES
• Loss of fishing rights due to adverse policy • Negative impact on reputation due to failures in food standards • Business disruption due to labour unrest	• Sea Harvest is commited to remaining a black-owned fishing company. Currently we are c. 80% black-owned • Sea Harvest complies with the highest global standards in food safety which is regularly audited by various regulatory bodies both locally and internationally • At Sea Harvest we are committed to the enhancement of our people. In 2015 we established our Employee Share Trust and in 2017, R36 million was distributed to the participants of the Trust • Sea Harvest believes in training and developing talent and investing in our leaders of the future. Between 2015 and 2017 there were over 10 000 initiatives undertaken that were linked to training and skills development • Sea Harvest has invested in a number of employee wellness initiatives, focused not only on health, but on financial education and other aspects as well	• Sea Harvest is one of the most transformed businesses in the fishing industry and this puts us in a very strong position to renew our fishing rights in 2020 and make acquisitions in the sector • Growth and performance should generate Company interest leading to more mutually beneficial relationships

HOW WE MANAGED IN 2017

- Sea Harvest played an active leadership role in industry bodies. We have a seat on the Groundfish Forum Council and Felix Ratheb (CEO) sits on the Council. Felix also sits on the Board of MSC. This gives us critical access to important stakeholders who influence the worldwide fishing industry. Terence Brown (Operations Director) has been appointed Chair of SADSTIA, the first black Chair in its history. This allows Sea Harvest an opportunity to lead industry relationships with the regulator. Konrad Geldenhuys (Sales and Marketing Director) has a seat on the North Atlantic Seafood Forum Advisory Council allowing us to be at the forefront of industry innovation
- Sea Harvest maintained sound working relationships with trade unions representing our employees. This constructive relationship enabled the first ever two-year agreement on wages and working conditions
- Sea Harvest distributed R36 million to participants of the Employee Share Trust during the year
- Sea Harvest is Saldanha Bay and Saldanha Bay is Sea Harvest. We are a driving economic force on the Cape West Coast. Sea Harvest's commercial activities benefit approximately 170 local suppliers and generate approximately 4 500 direct and indirect jobs, including those of our own employees. In 2017 we paid approximately R547 million in salaries and wages, which amounted to roughly 10% of the household income of the Saldanha Bay Municipality

HOW WE PLAN TO MOVE FORWARD

- Sea Harvest will continue to engage actively in building positive and constructive relationships with all our stakeholders – understanding the needs of our stakeholders and how to create value for them
- Although already highly and intuitively active in relationship building, Sea Harvest plans to formalise our stakeholder engagement programme in 2018



NON-NEGOTIABLE 6



ACTING RESPONSIBLY

WHY THIS IS IMPORTANT

Acting responsibly in fishing and in our relationships with communities is fundamental to the Sea Harvest ethos. Reckless and illegal fishing can destroy marine stocks, along with our business and the communities that depend on our value- and wealth-creation activities.

We conduct our fishing operations within parameters that do not endanger marine stocks for future generations. In 2004, Sea Harvest's lead in sustainable fishing saw the Deep-Sea Cape Hake fishery become the first hake fishery in the world to be certified by MSC. MSC accreditation is the global gold standard for sustainable ocean practices. With a seat on the MSC board, Sea Harvest actively drives the sustainable fishing agenda in South Africa and globally.

We regard compliance with government regulations and fishing rights as the bare minimum standard and strive to go much further. We work with governments and organisations, such as the MSC, Groundfish Forum and RFA, to protect the ocean environment and seafood resources. The Sea Harvest ethos – evolved over decades – proves that commercial enterprise, community engagement and sensitivity to the environment can sustain a commercially healthy and socially relevant business.

Sea Harvest strives to act responsibly towards our people and the communities in which we operate. Sea Harvest and its future are inextricably linked with our people and the wider communities in a rural area where we operate. We would not exist without them and they would not survive without Sea Harvest.

RISKS	MITIGATION	OPPORTUNITIES
• Failure to fish responsibly and comply with all requisite permit conditions could negatively impact the ocean environment and the species that we harvest • Failure to fish responsibly and comply with fishing permit conditions could result in penalties and the loss of fishing licences, causing business interruption, reputational damage and a negative impact on our relationship with government, on which we rely for our fishing rights • Loss of MSC • Regulators not following scientific recommendations on managing natural resources	• Responsible fishing is a Non-Negotiable for Sea Harvest as this underlies the future sustainability of our business. We have well-established compliance procedures in place to ensure that all fishing licence and permit conditions are complied with at all times. Compliance is regularly audited by Internal Audit and External Audit as part of the combined assurance model • Industry partnership with regulator through public participation in resource management based on scientific advice	• Through supporting sustainable fishing initiatives such as MSC, Sea Harvest is protecting the future of our business and that of the staff, suppliers and customers who rely on us. Through proper management of the biomass, resource availability and size mix will improve and as it does, catch rates will increase, reducing the cost to catch and improving margins

HOW WE MANAGED IN 2017

- In South Africa we managed our TAC and pre-cautionary catch limits in accordance with parameters stipulated by DAFF and SADSTIA to ensure that Cape Hake is harvested responsibly to ensure MSY
- The current TAC is calculated to enable Cape Hake to reach its sustainability targets
- As industry leaders, we played an active role in key industry and regulatory bodies to drive the agenda of sustainability and responsible fishing. This includes SADSTIA, a key industry body working with DAFF to ensure the sustainable harvesting of resources for the benefit of generations to come and is a MSC client
- In Australia the Shark Bay region is classified as a World Heritage Area due to its natural beauty, biological diversity and the presence of ancient species. As the major fishery in Shark Bay, Mareterram takes an uncompromising approach to environmental and species sustainability. As a member of the SBPTOA, Mareterram participated in Shark Bay's successful application to receive MSC certification and actively promotes sustainable fishing practices and is a Board member of WAFIC (CEO)
- Sea Harvest is also passionate about acting responsibly towards our staff and the communities in which we operate. We have a number of training and skills development initiatives as well as Wellness Programmes in place for our people and the wider communities in which we operate, including drug rehabilitation programmes, parenting coaching and financial wellbeing education

HOW WE PLAN TO MOVE FORWARD

- Sea Harvest will continue with our already extensive involvement in industry bodies and our interactions with government to support responsible fishing to protect our valuable marine resources for the benefit of future generations
- Sea Harvest will continue to drive water-saving initiatives throughout our business
- We believe education is the catalyst to drive transformation and the empowerment of people. In 2017 we completed the building of a Grade R school in Saldanha Bay to fill an educational gap that exists for both our staff and the wider Saldanha Bay community
- Sea Harvest is committed to transformation in the fishing industry in South Africa and will support new entrants into the fishery through enterprise development initiatives

IDENTIFYING OUR MOST SIGNIFICANT RISKS

We have identified and prioritised the significant risks that may hinder Sea Harvest in achieving its strategic objectives. The Board is satisfied that our risk management framework adopted can accurately identify, assess and mitigate risks. Sea Harvest's Audit and Risk Committee actively monitors risks and ensures that necessary mitigation plans are performed. We continuously identify potential risks and schedule regular re-evaluations of all risks.

RISK 1
NATURAL RESOURCE AVAILABILITY

RISK 2
REALLOCATION OF FISHING RIGHTS DUE TO POLICY UNCERTAINTY

RISK 3
CURRENCY STRENGTH

RISK 4
GLOBAL ECONOMIC ENVIRONMENT

RISK 5
BUSINESS INTERRUPTIONS

RISK 6
NEGATIVE IMPACT ON REPUTATION

RISK 7
SCARCITY OF CRITICAL SKILLS

RISK 8
CAPACITY TO DELIVER GROWTH STRATEGY

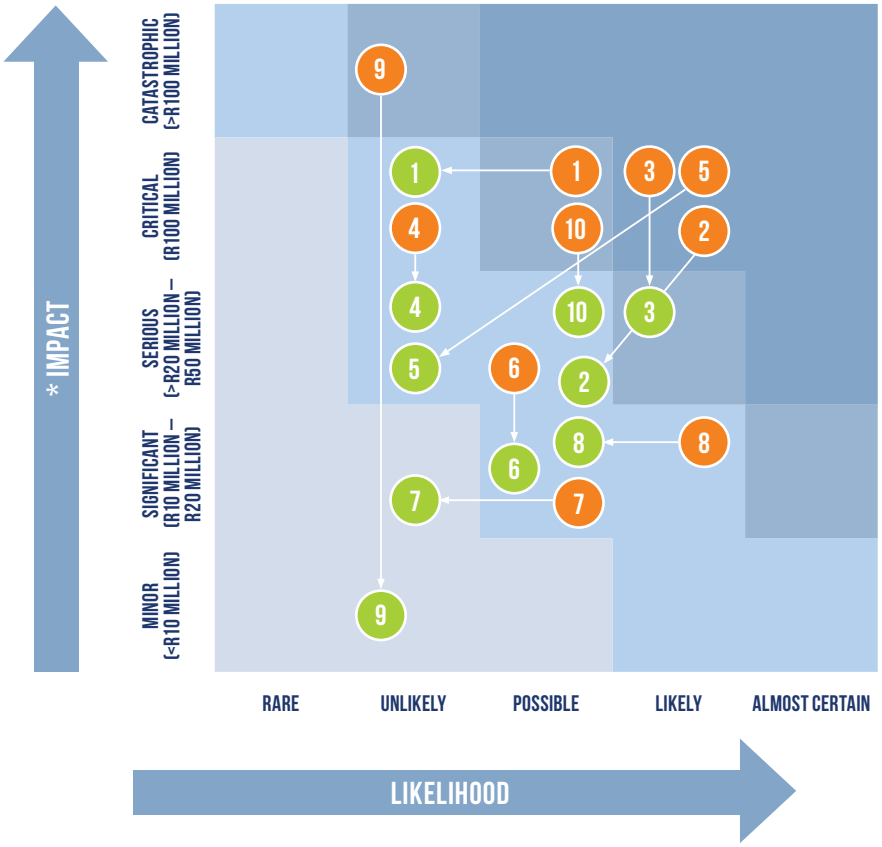
RISK 9
CHANGE OF CONTROL

RISK 10
LOSS OF MAJOR ASSET

OUR TOP 10 RISKS

The risk register which was presented by the Executive Committee and approved by the Board, deals with how we mitigate risks that may impact on our strategic objectives.

The inherent risk rating and residual risk (after the consideration of control strategies) are presented as follows:



* Impact is based on effect on earnings

RISK	INHERENT RISK CONSIDERATIONS	CONTROL AND MITIGATION ACTIONS
RISK 1 NATURAL RESOURCE AVAILABILITY	• Health of the biomass negatively impacting catch rates • Climate change affecting catchability of biomass	• Active participation in industry standard setting organisations to champion sustainability – Chair of SADSTIA; Chair of scientific sub-committee at SADSTIA allows active participation with DAFF in scientific research priorities; on board of MSC and alliance partner in the RFA • Continued support of an ecosystem approach to fisheries management underpinned by robust scientific research • Global sourcing strategy to mitigate TAC reductions • Supporting government and industry to ensure effectiveness of research
RISK 2 RE-ALLOCATION OF FISHING RIGHTS DUE TO POLICY UNCERTAINTY	• Uncertainty of regulators' policies with regards to the allocation of fishing rights • New entrants/fragmentation into sector resulting in reduction of fishing rights allocation to Group	• Optimise B-BBEE scorecard • Key focus on increasing black ownership further in advance of 2020 • Appoint key strategic team for FRAP in 2020 • Stakeholder management plan with strategies in place to communicate to the regulator the effects of fragmentation in a capital intensive and globally competitive industry which requires economies of scale and vertical integration in the supply chain
RISK 3 CURRENCY STRENGTH	• Changes to political landscape and international sentiment towards South Africa results in the Rand strengthening in relation to major currencies which the Group trades with, negatively impacting profitability	• Regular monitoring of the foreign currency revenue mix inclusive of revenue from Australian operations • Application of sound foreign currency hedging practices in line with approved policies and South African Reserve Bank criteria • Pricing/market mix action to mitigate impact of Rand strength • Cost reduction and efficiency plans to compensate for lost revenue • Investments to optimise margins in fleet and factories
RISK 4 GLOBAL ECONOMIC ENVIRONMENT	• Global macro-economic factors, such as interest rate hikes, GDP growth rates in markets in which Sea Harvest trade, foreign governments' monetary and fiscal policies, can impact consumer confidence and demand for premium price products such as Cape Hake	• Diversity of markets (currently 22 countries) in which products are sold, enabling redirection of products to markets with higher demand and return • Driving global demand for natural wild-caught fish from sustainable fisheries through membership of and affiliations with like-minded organisations • Maintenance of MSC-certification • Diversification into aquaculture and other species
RISK 5 BUSINESS INTERRUPTIONS	• Prolonged (>1 month) disruption of business operations due to lack of availability of key services e.g. water or electricity • Industrial action resulting in extended periods of unproductivity (>1 month) • Business disruption as a result of cyber attack	• Infrastructure development at key operations, including a desalination plant and back-up generators for cold-store • Regular monitoring of climate survey results • Participation in industrial/labour forums • Fit-for-purpose maintenance strategies and business continuity plans • Insurance – asset and business interruption

RISK	INHERENT RISK CONSIDERATIONS	CONTROL AND MITIGATION ACTIONS
RISK 6 NEGATIVE IMPACT ON REPUTATION	• Reputation impacts due to failures in food safety standards resulting in product recall negatively affecting the Group's brand • Breaches of permit conditions resulting in reputational damage at DAFF and penalties • Negative social media campaign • Loss of MSC certification	• Sea Harvest complies with the highest standards of food safety, which is regularly audited by various regulatory bodies both locally and internationally • Maintenance of MSC-certification until 2020 • Compliance assurance with regards to compliance with DAFF permit conditions through staff training and awareness • Appropriate Health and Safety standards applied • Crisis Communication Framework developed • Constant media intelligence and monitoring • Engagement of specialist public relations firm
RISK 7 SCARCITY OF CRITICAL SKILLS	• The ability of the Group to sustain operations without interruption could be affected by lack of available/loss of critical skills	• Succession planning in place for key positions • Development of in-house training and development to grow our own skills • Leverage of depth of skill across Group subsidiaries • Retention strategies for key management (LTI and STI)
RISK 8 CAPACITY TO DELIVER GROWTH STRATEGY	• Management capacity is insufficient to manage the number of strategic projects and merger and acquisition transactions underway, manifesting in execution risk	• Succession planning in place for key positions • Leverage of depth of skill across Group • Engage consultants/external advisors to supplement management capacity • Recruit additional capacity to create organisational depth
RISK 9 CHANGE OF CONTROL	• Risk of loss of long-term rights if black shareholding falls below level when rights were issued or change in control when fishing rights are transferred	• Careful management of share register and placement of equity with black shareholders • Brimstone to follow rights in event of capital raise • Brimstone to remain controlling shareholder
RISK 10 LOSS OF MAJOR ASSET	• Loss of major asset e.g. loss of a factory at Saldanha Bay site due to fire or loss of key vessel due to sinking	• Fit-for-purpose maintenance strategies and business continuity plans • Fire defence, including fire teams and training with suitable firefighting equipment • Safety at sea procedures and training • Insurance – asset and business interruption

The risk management process within Sea Harvest is aligned to the Risk Management Framework that was presented and approved by the Audit and Risk Committee in August 2017. It will be further matured over the coming year as the monitoring and reporting processes are embedded. The Management and Board believes that the risk mitigations in place to address key strategic risks facing the business are appropriate.

5 OUR STRATEGY

SEA HARVEST GROUP GROWTH STRATEGY

"TO BE A LEADING BLACK-OWNED AND RESPONSIBLE DIVERSIFIED GLOBAL SEAFOOD BUSINESS."

The Sea Harvest Group's mission is "to responsibly harvest and add value to natural marine resources in order to exceed customer expectations, whilst providing sustainable employment and positively impacting the communities and stakeholders we serve".

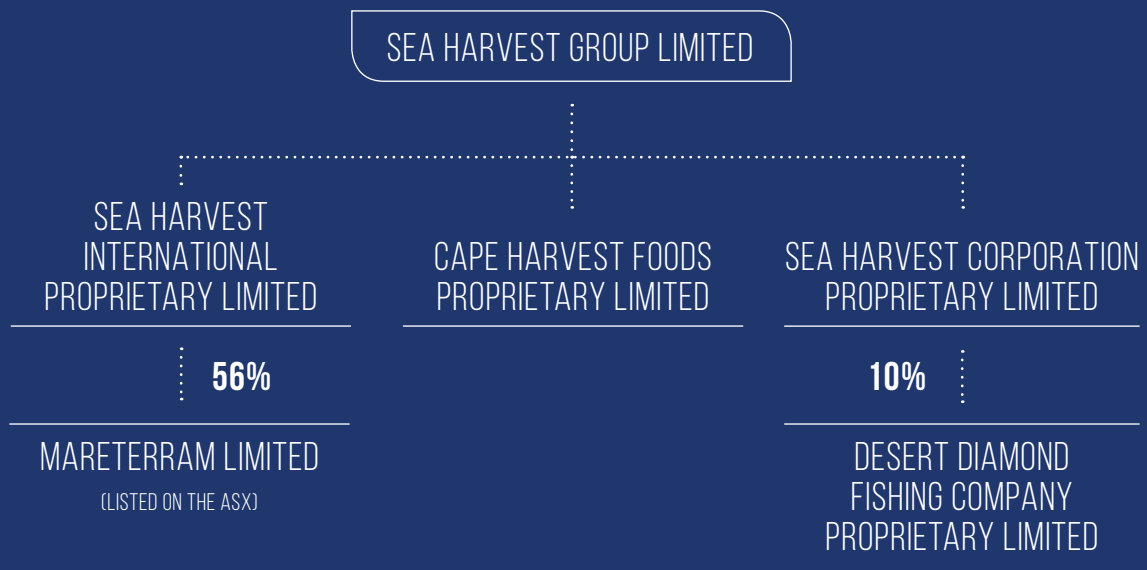
With the above vision and mission in mind, the Sea Harvest strategy has been developed and encapsulated in five growth pillars that harness Sea Harvest's key strengths of:

A STRONG GLOBALLY RECOGNISED BRAND | **DIVERSE ENTRENCHED MARKETS** ACROSS 22 COUNTRIES | **EXCEPTIONAL TRANSFORMATION** AND SUSTAINABILITY CREDENTIALS

A SOLID TRACK RECORD OF **STRONG FINANCIAL PERFORMANCE** | **A STRONG BALANCE SHEET**

A STRONG AND EXPERIENCED MANAGEMENT TEAM

SEA HARVEST GROUP STRUCTURE ALIGNED TO OUR STRATEGY

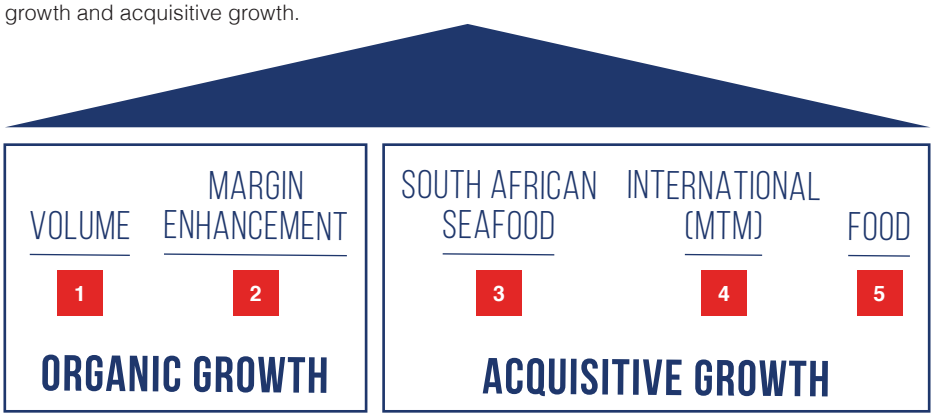


The Sea Harvest Group structure has been established to create a sound platform to support the future growth plans of the Company.

- **Sea Harvest Corporation** is the established fishing rights holding company and all future purchases of fishing rights or rights holding companies will be through Sea Harvest Corporation. Based on its significant B-BBEE credentials, Sea Harvest has the ability to make acquisitions of scale in the fishing industry in South Africa.
- **Cape Harvest Foods** has been established to house non-fishing-related businesses. The Findus and Quorn agency businesses, as well as Sea Harvest's factory shops are housed in Cape Harvest Foods. All future acquisitions of non-fishing-related businesses or assets will be housed in Cape Harvest Foods. Based on the experience of Sea Harvest's management team in running vertically integrated manufacturing and processing operations, and extracting efficiencies therefrom, Sea Harvest has the ability to leverage management's experience in order to pursue acquisitions in related categories.
- **Sea Harvest International** has been formed as an investment holding Company to house Sea Harvest's international businesses, both in Australia (via Mareterram) and in other geographies.

BUSINESS STRATEGY: FIVE PILLARS OF GROWTH

Sea Harvest's strategy has been established around five pillars, split between organic growth and acquisitive growth.



The strategy is built on a foundation of strong brands, access to 22 markets, exceptional transformation and sustainability credentials, solid financial performance, strong balance sheet and a strong management team.

VOLUME 1

Fish stocks (biomass recovery) – Sea Harvest will continue to support regulators and the use of scientific guidelines in the management of the fisheries, which will have a positive effect on the biomass (and the TAC)

Co-packing – As the low market penetration of frozen fish increases in South Africa, Sea Harvest will leverage its strategic relationships with global partners to pack the Sea Harvest brand for South African customers (particularly in primary hake)

Imported raw material conversion – leverage strategic relationships with international whitefish suppliers to produce additional value-added products utilising Sea Harvest's available manufacturing capacity

MARGIN ENHANCEMENT 2

Fleet efficiencies – pursue higher margin frozen-at-sea products through the maximisation of fillet factory vessel production, and through the acquisition of additional vessels with these capabilities

Processing efficiencies – increased efficiencies allied with "new" factory design and layout to improve margins ensuring processing is "best in class"

Market opportunities – current low South African frozen fish penetration offers growth, new export markets (China, USA), alongside Sea Harvest's fish factory shops and ongoing food service demand

SOUTH AFRICAN SEAFOOD 3

B-BBEE credentials – allows for acquisition opportunities – possible exits of untransformed companies ahead of the 2020 FRAP

Species diversification – other wild-caught seafood species

High value aquaculture – previous experience allied with a global marketing network offers opportunities in an attractive growth sector

INTERNATIONAL (MTM) 4

Platform for international growth and expansion – Australia operates a perpetual licence system, and Mareterram will look to expand into other premium seafood fisheries, including prawns

Volume expansion – expand further within Shark Bay (licences) and volumes through biomass management and bolt-on acquisitions

FOOD 5

Complementary agri-business – following seafood expansion, Sea Harvest Group will look to expand into related food sectors in South Africa where it can leverage its manufacturing, processing and operational expertise, its networks, coupled with its B-BBEE credentials, brand management and markets and its experienced management team in sectors where we can add value

PROGRESS IN DELIVERING THE STRATEGY

Since 2014 Sea Harvest has invested in excess of R700 million in organic earnings-enhancing initiatives in the fleet, factories and markets in which it operates. These investments include:

- the acquisition of the *Atlantic Peace* in 2014;
- the conversion and re-engine of the *Harvest Atlantic Hope* to a factory freezer vessel in 2015;
- the first phase of the factory optimisation in Saldanha in 2016;
- the acquisition of the *Harvest Mzansi* in 2017; and
- the second phase of the factory optimisation in Saldanha in 2018.

In 2016 Sea Harvest invested R256 million to acquire a controlling stake in Mareterram in Australia, securing Sea Harvest's route to this important market and establishing a solid platform for future growth in Australia. Mareterram has invested too, in:

- an 11th vessel in order to allow it to rebuild its fleet; and
- the acquisition of two West Australian Spanish Mackerel licences in late 2017.

These investments have largely been responsible for the improved performance of the business and have built a solid platform to support the next phase in Sea Harvest's growth journey.

Set out below is Sea Harvest's progress in delivering each of the key elements of the five-pillar growth strategy:

PILLAR 1: ORGANIC VOLUME AND REVENUE GROWTH

- Sea Harvest has continued to support scientific recommendation with regards to setting TACs, with the industry taking a further 5% cut in 2017, in order to allow fish stocks to improve. Encouragingly the biomass has reached levels of MSY. After a number of years of quota reductions, the industry is poised for an increase in the TAC in the medium-term, which bodes well for Sea Harvest volumes.
- Sea Harvest will continue to leverage its global sourcing strategy in order to supplement the local market using co-packed product and imported raw material, enabling valuable MSC-certified catches to be directed to more lucrative MSC demand markets.

PILLAR 2: ORGANIC MARGIN ENHANCEMENT

- The acquisition of the *Harvest Mzansi* will increase the production of higher margin frozen-at-sea products which are destined for more profitable markets. The *Harvest Mzansi* is expected to join the fleet in the second quarter 2018.
- Building on the success of the first phase of the factory optimisation in Saldanha Bay in 2016, Sea Harvest has commenced the next phase of its factory optimisation programme, scheduled to be completed in 2018. This state-of-the-art production facility is expected to result in improved labour efficiencies and production yield improvements, further enhancing margins.
- Both the introduction of the *Harvest Mzansi* and the next phase of its factory optimisation programme will present new market opportunities.

PILLAR 3: ACQUISITIVE SOUTH AFRICAN SEAFOOD GROWTH

Leveraging on its strong B-BBEE credentials and its strong balance sheet, Sea Harvest is in advanced negotiations to acquire Viking Fishing (as part of a broader B-BBEE consortium) and 51% of Viking Aquaculture, a transaction which will be transformative for the Group, adding species diversification and scale to Sea Harvest fishing operations and aquaculture to the Group (across abalone, oysters, mussels and trout).

PILLAR 4: ACQUISITIVE INTERNATIONAL GROWTH

Mareterram's rebuild programme is on track and within budget, with the results already showing through reduced lost nights and returns to port.

The acquisition of the *Harvest Mzansi* will allow Sea Harvest to increase volumes to this important market sold via the food service team in Australia.

Mareterram successfully acquired two packages (vessel plus fishing rights) in the Spanish Mackerel fishery in Western Australia, its first bolt-on deal.
The transaction gives Mareterram access to a premium whitefish species and complements Mareterram's high value basket of products and allows Mareterram to leverage its existing infrastructure in Carnarvon.

Mareterram continues to consider value enhancing acquisitions in the fishing industry in Australia.

PILLAR 5: ACQUISITIVE FOOD

Based on the experience of Sea Harvest's management team in running vertically integrated manufacturing and processing operations, strong B-BBEE credentials and extracting efficiencies therefrom, Sea Harvest has the ability to leverage management's experience in order to pursue acquisitions in related protein.

The Group will look to expand into related food sectors in South Africa where it can leverage its manufacturing, processing and operational expertise, its networks, brand management and markets and its experienced management team.

SEA HARVEST'S SWOT ANALYSIS

Underpinning Sea Harvest's strategy are key strengths and opportunities, counter-balanced by weaknesses and threats as set out below:

INTERNAL

STRENGTHS

- An increasing global demand for healthy protein, in particular high value wild-caught species, such as Cape Hake and Shark Bay prawns driving premium pricing
- A strong brand locally and reputation internationally in an attractive FMCG sector
- Largest employer in Saldanha Bay providing over 2 000 permanent jobs in a rural area
- Long-term rights (awarded for 15 years) and rights in perpetuity in Australia
- Strong B-BBEE credentials making Sea Harvest one of the most transformed companies in the fishing industry
- High barriers to entry due to capital intensive nature of the industry
- Sustainability credentials with both the South African Hake fishery and Shark Bay prawn fishery being MSC-certified
- A strong Rand hedge with in excess of 60% of earnings coming from hard currency
- Global customer base in retail and food service channels across 22 markets in mainly developed countries
- High quality and value of the species caught (both Cape Hake and Shark Bay prawns)
- Unleveraged balance sheet with cash war chest and untapped facility
- Access to capital markets in both South Africa and Australia
- Supportive controlling shareholder

WEAKNESSES

- Reliant on nature and dependent on catches
- Limited supply inhibits organic growth
- Politically sensitive industry in South Africa

EXTERNAL

OPPORTUNITIES

- Growth through Mareterram in Australia
- Acquisitions locally (with strong transformation credentials)
- Growth opportunities in related protein categories
- Market penetration in South Africa for frozen fish is low
- Global obesity/health issues, with fish being protein of choice, will drive increased penetration of fish
- Further currency diversification
- Forward integration opportunities, in particular within the EU
- High value aquaculture in South Africa
- Potential increases in the TAC over the medium-term

THREATS

- Regulation – FRAP 2020 poses a risk of reduction in fishing rights allocated to the Group
- Continued Rand strength
- Industrial action due to the South African economic climate
- Climate change affecting fish stocks

6 OUR BUSINESS MODEL

We are a black-owned fishing company that harvests and processes wild-caught MSC-certified hake, Tiger Prawns, King Prawns and other premium seafood species. Our business model spans the value chain from trawling to sales ("sea to plate") and integrates key value-added support services throughout to ensure that we produce products that live up to the quality our brand is so well-known for.

CAPITAL **INPUTS**

- FINANCIAL CAPITAL
- HUMAN CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- INTELLECTUAL CAPITAL
- MANUFACTURED CAPITAL
- NATURAL CAPITAL

OUR PRIMARY **OPERATIONS** AND **ACTIVITIES**

MANAGE RESOURCES RESPONSIBLY → **HARVEST OUR CATCH SUSTAINABLY** → **PROCESS AND ADD VALUE TO OUR PRODUCTS** → **PACK AND BRAND OUR PRODUCTS**



"from sea to plate"

TO ENSURE THAT OUR OPERATIONS ENHANCE OUR ABILITY TO DELIVER ON OUR STRATEGY, WE MANAGE OUR PERFORMANCE ON A DAY-TO-DAY BASIS BY FOCUSING OUR ATTENTION ON THE MATERIAL MATTERS – **OUR NON-NEGOTIABLES.**

- OPERATING EFFICIENTLY
- DRIVING TRANSFORMATION
- PROTECTING OUR BRAND
- MANAGING RELATIONSHIPS
- OPTIMISING FINANCIAL CAPITAL
- ACTING RESPONSIBLY

OUTPUTS

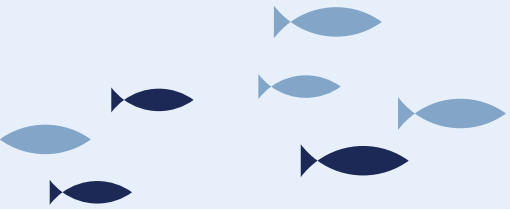
OUTCOMES

MARKET AND SELL OUR PRODUCTS



160 PREMIUM QUALITY PRODUCTS

for our customers who are retailers and food service providers in 22 countries around the globe



WE BELIEVE THAT COMMERCIAL ENTERPRISE, STRONG B-BBEE CREDENTIALS, THE ENVIRONMENT AND COMMUNITY SPIRIT ARE CRITICAL SUCCESS FACTORS IN DEVELOPING A HEALTHY, RELEVANT AND SUSTAINABLE BUSINESS.

- NATURAL CAPITAL P. 50
- FINANCIAL CAPITAL P. 51
- MANUFACTURED CAPITAL P. 52
- SOCIAL AND RELATIONSHIP CAPITAL P. 53
- HUMAN CAPITAL P. 54
- INTELLECTUAL CAPITAL P. 55

FIVE ANCHORS ONE COMPANY

EVERYTHING WE DO IS ANCHORED BY **OUR VALUES:**

1. WE ACT **RESPONSIBLY**
2. WE DO WHAT WE **SAY**
3. WE RESPECT **DIVERSITY**
4. WE ARE **PASSIONATE** ABOUT OUR BUSINESS
5. WE **SAVOUR** THE SEA

7 AN ANALYSIS OF OUR CAPITALS

NATURAL CAPITAL

The Sea Harvest Group has access to fishing rights for 25.2% and 5.9% of the Cape Hake and Horse Mackerel TACs respectively in South Africa and 56% of the catch for prawns in Shark Bay, Western Australia. Our South African Cape Hake products, as well as Shark Bay prawns can proudly carry the blue MSC logo – the gold standard in global sustainable fishing – assuring consumers of environmentally responsible fisheries management.

We are committed to continuously reviewing and enhancing our sustainable business practices and, as a member of the SADSTIA, Sea Harvest interacts with government, non-governmental organisations (NGOs) and other interested parties to improve our management of the deep-sea trawling industry. Sea Harvest also participates in several regional conservation initiatives, including the RFA, in co-operation with the WWF-SA, BirdLife South Africa, as well as other South African commercial fishing companies.

In our operations, all waste generated is controlled and disposed of in an environmentally acceptable manner, including hazardous chemical containers.

Our efforts to proactively respond to the challenges posed by climate change were intensified in 2012 when we started measuring our carbon emissions on an annual basis to measure our carbon footprint. Most of our direct greenhouse gas emissions are generated from fuel combustion on our fishing fleet and electricity consumption at our Saldanha processing facility (Scope 1 and 2).

Sea Harvest employees are constantly educated about environmental issues and regularly participate in environmental community projects in the Saldanha Bay region, which includes the planting of trees and weekly clean-ups on nearby beaches.

In response to the water crisis currently affecting the Western Cape province, we have introduced several water-saving measures and took the decision to install a multi-million Rand desalination and reverse osmosis plant in 2017 to ensure the future sustainability of our business.

THE **SEA HARVEST GROUP** IS ONE OF THE LARGEST BLACK FISHING RIGHTS HOLDERS IN THE SOUTH AFRICAN CAPE HAKE INDUSTRY



INPUTS

- MSC-certified Cape Hake, Horse Mackerel and associated by-catch
- MSC-certified Shark Bay prawns, crab, scallops and associated by-catch
- Purchased raw materials that we use to manufacture our products
- Water, energy and fuel
- Waste generation

OUTCOMES

- c. 37 500 tons of Cape Hake caught and c. 2 500 tons of Horse Mackerel caught
- 842 tons of Shark Bay prawns, 83 tons of crab, 38 tons of scallops caught
- Daily water consumption reduced by 30% from 1.6 million litres to 1.1 million litres per day
- Consumed 17 million litres of fuel
- Carbon emissions for the Group (Scope 1 and 2) in 2017 were 80 756 tons CO_2-eq
- More than 70% of waste recycled, including materials such as light and heavy steel, paper and packaging, glass, plastics, cables and oil
- 99% score achieved in 2017 external environmental audit at our South African operations
- Damaged fishing nets donated to a local community project

FINANCIAL CAPITAL

Through our listing on the JSE, Sea Harvest was able to raise significant financial capital to settle all South African debt and to support the Group's strategy of continuing to invest in the current business to improve margins, grow organically and to become a diversified global company through value-creating acquisitions.

The listing was further aimed at establishing a platform from which equity capital may be raised in the future to facilitate further growth and potential value-accretive acquisitions; allow the Group to optimise its capital structure and further strengthen its balance sheet and profitability; provide investors, both institutional and private, with an opportunity to participate in the income streams and future capital growth of the Group; enhance the liquidity and tradability of the ordinary shares through a spread of investors; allow for a mechanism for the attraction and retention of key management and staff via an appropriate share incentive scheme; and increase the public profile and transparency of the Group's businesses and thereby assist in unlocking new business opportunities in South Africa and internationally.

THE PERFORMANCE OF FINANCIAL CAPITAL DURING THE REPORTING PERIOD HAS SHOWN THAT **THE GROUP IS GROWING AND PROFITABLE WITH STRONG OPERATING MARGINS AND FREE CASH FLOW CONVERSION.**

Prior to the listing, around R475 million was spent on vessels and infrastructure to improve operational efficiencies, long-term sustainability and margins, as well as the acquisition of a 55.9% majority stake in Mareterram.

The performance of financial capital during the reporting period has shown that the Group is growing and profitable with strong operating margins and free cash flow conversion. We have a strong South African Rand (ZAR) hedge through the diversity of revenues offered by exposure to international markets, including Mareterram.



FROM LEFT: Fred Robertson, Brimstone Chairman; Felix Ratheb, Sea Harvest Group Limited CEO; Nicky Newton-King, JSE Limited CEO



FROM LEFT: Slindile Jali, Clifford Mathebula and Ntombifuthi Sibiya (FAR RIGHT), Super Media League Production, with Felix Ratheb, Sea Harvest Group Limited CEO (CENTRE) and Fred Robertson, Sea Harvest Group Chairman

INPUTS

- Equity funding – issued 106 million shares
- Settled all debt – secured R550 million revolving credit facility and R75 million overdraft facility
- Internally generated significant cash from operations

OUTCOMES

- Raised R1.3 billion on listing
- Group market capitalisation of c. R3.14 billion
- Settled R900 million of debt
- R56 million of efficiency gains delivered following investments in land-based factories in 2017
- Delivered Operating Profit of R334 million, up 69% and NPAT of R267 million, up 103%
- Generated cash from operations, before investment in working capital of R341 million
- Ended the year with cash and cash equivalents of R383 million

MANUFACTURED CAPITAL

Over the past four years, Sea Harvest has worked to enhance its manufactured capital in line with its growth strategy, which began with the purchase of the factory freezer trawler, the *Harvest Atlantic Peace*. Sea Harvest currently owns two production factories and 13 vessels in South Africa, as well as 11 freezer trawlers in Australia. This allows the Group to produce more than 160 product lines for consumers and customers in 22 countries around the world.

Due to the extensive manufactured capital required to operate a large business within the fishing industry and the financial capital needed to acquire it, we have to ensure that we protect and enhance the lifespan of our manufactured capital.

We have, therefore, reviewed and changed our approach to maintenance to ensure that both planned and break-down work is managed in an efficient and effective manner through predictive maintenance.

In Australia, throughout the 2017 financial year, Mareterram focused on ensuring that our fleet is as reliable as possible, in order to maximise our catch of products in Shark Bay. This included the acquisition of an 11th vessel and the introduction of a rebuild programme, which will see all our prawn vessels rebuilt over a period of slightly more than three years.

An efficiency improvement project, called *Moving to Excellence (M2E)* undertaken in the Saldanha Bay processing operations, triggered a similar initiative within our South African Fleet division, called Project *Movit*, which has already delivered massive benefits, especially in our port operations and vessel turnaround times.

Our latest acquisition, a factory freezer trawler, the *Harvest Mzansi,* built in Norway in 1992, was purchased for R214 million.

From a product distribution perspective, Sea Harvest manages its own cold store and, in 2017, we established a new subsidiary business, Cape Harvest Foods, to manage Sea Harvest factory shops, and licensed product labels, Quorn and Findus.

SEA HARVEST **MANAGES ITS OWN COLD STORE** AND, IN 2017, ESTABLISHED A NEW SUBSIDIARY BUSINESS, CAPE HARVEST FOODS

INPUTS

- 13 Hake trawlers (eight fresh fish and five factory freezer) in South Africa and 11 prawn trawlers (factory freezer) in Australia
- One Fresh Fish Processing factory in South Africa
- One Added Value factory in South Africa
- Cold storage facilities in South Africa and Australia
- National offices for sales and administrative facilities in South Africa and Australia
- A nationwide footprint of eight retail factory shops in South Africa

OUTCOMES

- R250 million spent on acquisition and conversion of *Harvest Mzansi* in 2017
- R27 million spent on a Marel factory optimisation system in 2017
- R37 million spent on refitting fishing fleet
- R76 million spent on repairs, maintenance and upgrades across the fleet and factories
- One new factory shop opened in 2017 in South Africa



Operations Director, Terence Brown, with staff in the Fresh Fish Processing factory

SOCIAL AND RELATIONSHIP CAPITAL

SEA HARVEST BUILDS STAKEHOLDER RELATIONSHIPS BASED ON **INTEGRITY, FAIRNESS, MUTUAL RESPECT** AND **OPERATING ACCORDING TO HIGH QUALITY STANDARDS.**

Sea Harvest has succeeded in creating brand value and recognition as a result of our commitment to building stakeholder relationships and operating according to high quality standards. We focus on, *inter alia*, creating sustainable jobs with market-related remuneration, and contributing to improving the welfare of local communities, building reputable and trustworthy brands, negotiating fair conditions of trade and marketing premium products.

Our relationship with the fisheries branch of the South African and Australian governments is of key importance, as they provide us with the licence to operate. We carefully manage the adherence to legislative and regulatory requirements and support government's transformation objectives in South Africa and the long-term sustainability of the natural resource. Our transformation strategy ensures that we proactively work towards supporting B-BBEE. Through our preferential procurement policies, joint ventures and partnership with the West Coast Business Development Centre (WCBDC) we promote black supplier development.

Together with our majority shareholder and The Masisizane Fund, we have established the Fisheries Development Fund ("the Fund") in support of DAFF's objective of transforming the fishing industry in South Africa. The fund will provide approximately R100 million in cash and other capital, including marketing assistance, vessels and assets, management expertise and processing of fish to Small and Medium Enterprises (SMEs), as part of our enterprise development programme.

Sea Harvest engages with the community in Saldanha primarily through the Sea Harvest Foundation. During 2017, the Foundation was restructured as a non-profit company (NPC) to improve its ability to assess and respond to applications for support.

The Foundation's focus areas – education; health; as well as sports, community, business and early childhood development – were also restated.

A huge highlight of Sea Harvest's community involvement was the building of a Grade R school for approximately 100 learners in Diazville, Saldanha Bay. Sea Harvest is excited to see the positive effect that this multi-million Rand investment will have on the lives of the children who will have the privilege of receiving tuition and care at the school. We are equally excited to see the levels of success that the many Sea Harvest Foundation bursary recipients will achieve.



Sea Harvest committed to building a Grade R school at Diazville Primary in Saldanha Bay in partnership with the Western Cape Education Department and School Governing Body in 2015 after some of its employees raised concerns about overcrowding in schools. After many consultations with and approvals by government, a free-standing school was built with three classrooms that can accommodate a total of 100 children. At least 60% of the children's parents work at Sea Harvest.

INPUTS

- Ongoing proactive communication with key stakeholders
- Half of the shares owned by the Sea Harvest Employee Share Trust were repurchased
- Preferential procurement policies
- 30 bursaries awarded through Sea Harvest Foundation
- R24 million spent on Supplier and Enterprise Development during the year
- R3.8 million invested in community projects
- Fisheries Development Fund initiated

OUTCOMES

- Positive relationships with key stakeholders
- R36 million paid-out to nearly 2 000 qualifying beneficiaries of the Sea Harvest Employee Share Trust at listing
- Sea Harvest Corporation recognised as a Level 2 B-BBEE Contributor
- R100 million spent doing business with mostly black local small- and medium-sized suppliers (SMMEs) on the Cape West Coast

HUMAN CAPITAL

At Sea Harvest we are committed to enhancing our human capital by investing in support structures, safety and development of our staff. Our staff receive a comprehensive range of benefits, which include, *inter alia*, medical aid membership, retirement benefits, risk benefits and workers' compensation. We also promote the financial, physical and emotional wellbeing of our people through a multi-faceted Employee Wellness Programme.

Our staff's safety is of utmost importance to the Sea Harvest Group. Continuous focus is, therefore, placed on ensuring that staff adhere to standard operating procedures (SOP).

In Australia, the Board and management of Mareterram focused on improving safety systems and safety performance. Their efforts were recognised when they won the Safety Award at the Western Australian Fishing Industry Awards in August 2017.

To fast-track the development of our staff, Sea Harvest has implemented a number of training and study assistance programmes. We prioritise promoting staff from within the Group to benefit the individual, their family and the community at large. Ten years ago, Sea Harvest began to apply a Transformation Fast Track Plan, which involves mentoring and preparing young black talent for key positions within the business; and a Graduate Development Programme, which provides graduates with the experience to kick-start their career.

AT SEA HARVEST WE ARE **COMMITTED TO TRANSFORMING OUR STAFF AND THE COMMUNITY** AND, AS SUCH, INVEST IN THE DEVELOPMENT OF OUR PEOPLE

INPUTS

- Jobs provided for 2 355 people
- Employee Development Investment of R29.5 million
- Regular monthly meetings to strengthen our relationship with labour unions
- Over R200 000 spent on Employee Wellness Programme extended to employees' families and community members
- Market-related packages that include benefits
- Five-year employment equity plan submitted and accepted by the Department of Labour

OUTCOMES

- Sea Harvest Corporation is a B-BBEE Level 2 Contributor
- Amount paid in wages and salaries: R547 million
- Number of Graduates and Interns: 19
- Number of Apprenticeships: 43
- Number of Learnerships: 160
- Number of Cadets: 10
- Number of Bursaries awarded to internal recipients: 10
- Number of Bursaries awarded to external recipients: 30
- Number of persons assisted with studies: 16
- Number of Management Development candidates: 14
- Sea Harvest re-accredited as a Training and Assessment provider for a further three years by the FoodBev SETA in 2017
- 95% of the total staff are ACI. 50% of our top management and 70% of our senior management are ACI
- Qualifying beneficiaries of Employee Share Trust benefited from a 50% pay-out of the Trust when the Group listed on the JSE
- Complied with Department of Labour requirements and plan



*The **Heroes of the Sea** awards programme forms part of Sea Harvest Corporation's commitment to recognise and reward high performing employees who embrace the Company's corporate anchors (values). Each department determines its own awards criteria and either the Head of Department or employees nominate each other for an award, which is handed over at a prize-giving ceremony at the end of each quarter. The programme culminates at the end of each year with the CEO selecting the top three individuals and/ or teams to receive a CEO award.*

INTELLECTUAL CAPITAL

Sea Harvest prides itself on having dedicated and highly skilled teams throughout the business. The number of employees recognised in our annual long service awards in South Africa is a testament to the value of our intellectual capital in respect of our business and the fishing industry – more than 500 employees have in excess of ten years service. This is acknowledged externally, which is the reason many of our senior and top management occupy leadership positions on external bodies, including our CEO, Felix Ratheb, who serves on the MSC Board of Trustees in the United Kingdom and on the Board of the Groundfish Forum headquartered in Canada, the largest whitefish conference globally; our Operations Director, Terence Brown, was appointed Chairperson of SADSTIA in 2017 and our Group Strategic Services Executive, Madoda Khumalo, was appointed Chairperson of its Scientific Committee; while our Procurement Manager, Welmarie Coetzee, is Chairperson of the WCBDC.

There are many dynamic teams within our business that have demonstrated the "can do" attitude, skill and competence that has allowed us to, often, achieve the impossible. This includes our staff on the processing and packaging lines who work with great dexterity to meet stretch production targets – watching a packer speed fold tens of boxes in a minute is a sight to behold. Our New Product Development team has contributed to Sea Harvest's products being recognised as leading consumer brands for more than 50 years; our Quality Assurance team, which is headed-up by a manager with 40 years of experience within the food industry, ensures that we maintain the premium quality of our products; our Logistics team has the unenviable task of ensuring that our products reach our customers in 22 countries on time and at the required quality standard; our sea-going crew who spend as many as 45 days at sea; and our executive leadership team that has successfully steered the Company on its growth path, which has included listing the Group on the JSE, while still pursuing acquisitions and providing daily leadership to the organisation.

SEA HARVEST PRIDES ITSELF ON HAVING **DEDICATED AND HIGHLY SKILLED TEAMS** THROUGHOUT THE BUSINESS



INPUTS

- Extensive fishing industry and FMCG know-how
- Continuous staff development and training
- Commitment to networking and collaboration
- Commitment to innovation
- Time allocated to participate in various local and international industry bodies

OUTCOMES

- More than 120 employees received a Long Service Award for unbroken years of service ranging from 10 to 35 years
- Employees are able to perform at high levels and achieve stretch targets
- New products developed in-house and recognised as leading brands in South Africa and in markets across the world
- Successful listing of Sea Harvest Group on the JSE and Mareterram on the ASX
- 160 broad and innovative range of products offering healthy, sustainable and convenient meal solutions in chilled and frozen formats, commanding a premium from higher consumer income groups in South Africa and abroad
- Sea Harvest recognised as one of the Top 10 Icon Brands in the Ask Africa 2016/17 brand survey



OUR 2017 RESULTS

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8 OUR CEO'S REPORT

"I am excited that we are fulfilling our vision of what we set out to achieve and I have no doubt that the businesses will continue to grow."



During my journey with Sea Harvest over the past 14 years I have seen the Company experience good times and hard times, but the Company and its staff have persevered and adapted to the ever-changing landscape of the global fishing industry. When I was given the opportunity to lead this great organisation in 2013, I envisaged its potential to grow, but it was stifled by the highly leveraged environment in which it operated at the end of the global financial and southern European sovereign debt crises. In order to fully realise our vision of becoming the first black-owned, diversified global seafood company, we had to undergo a radical transformation and change the way we did business through a clearly articulated five-year strategy.

THE PAST

The critical first step in fulfilling our ambitions was to optimise the operations which at that time were not fit-for-purpose for what we wanted to achieve. Over the preceding years the business had suffered from under-capitalisation because of the highly geared nature of the business – this needed to be rectified. With supportive black shareholders in the form of Brimstone Investment Corporation Limited, who backed our vision with passion and funding, we invested in our fleet by purchasing an additional freezer trawler, the *Harvest Atlantic Peace*. We subsequently converted an existing fresh fish trawler into a freezer trawler as I believed that our vessel configuration at the time wasn't suited for the market or the future. In order to enhance margins and create a world-class asset base we invested in our factories under the "Moving to Excellence" initiative which allowed us to create more efficient production facilities, which transformed our business. This R220 million outlay in vessels and infrastructure between 2014 and 2016 allowed us to continue to be efficient, sustainable and at the forefront of innovation in a highly competitive environment. Those investments were critical in unlocking the potential of the business and the results can be seen in our 2017 performance.

The second step in our strategy was to ensure that we secured our route to market in Australia for our newly acquired freezer products. This was achieved by the acquisition of 19.9% of Mareterram, (an Australian vertically integrated agri-business) listed on the ASX. We increased our stake in Mareterram to 55.9%, a controlling interest, in July 2016 as the prawn fishing operations were highly profitable and Sea Harvest could add significant value as a strategic shareholder. This move enabled us to enhance our ability to earn foreign currency and diversify our earnings base and to utilise Mareterram as a platform for future growth in Australia.

These investments in assets and markets allowed the Group to enjoy strong growth between 2013 and 2016 with revenue growing at a compound annual growth rate (CAGR) of 16% and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) growing at a CAGR of 35%. During this period EBITDA margins expanded from 12% to 19%. By the end of 2016, 59% of the Group's revenues were generated in hard currencies, with Europe and Australia being the Group's largest international markets.

THE PRESENT

Even though the business had seen increased profitability and healthier margins, the debt burden was continuing to hamper the business in fulfilling its strategic ambitions. Listing on the JSE in early 2017 as an institutional offering was the natural next step for Sea Harvest to achieve this ambition. The listing raised R1.3 billion, enabling us to repay all our debt and retain enough capital to continue investing in vessels, factories, markets and staff to enhance margins and deliver on our five-year strategic objective of being the first black-owned global seafood Company.

Along with ensuring that we are fit-for-purpose as a Company in respect of our assets and markets, in order to deliver our strategic objectives, we need to invest in a strong, energetic management team who believe in the vision and want to be part of this journey. Crucial to implementing this strategy was gaining the trust of my employees. They make the difference at Sea Harvest. I truly believe we have built a very strong team over the years and have great people working for us in every area of the business.

THE OPPORTUNITY

In 2017 we purchased an additional freezer trawler, the *Harvest Mzansi* and commenced our investment in the second phase of re-engineering our factories. These investments will ensure that our asset renewal programme is completed by the end of 2018 and the business will be well equipped to perform in the future. Good progress has also been made on acquisitions. The impending acquisition of the Viking Fishing Group is in line with our strategy of investing in and acquiring businesses where we know we can add value. Viking is a complementary business and allows us to create a truly global diversified fishing Company of scale. It further allows us to enter the aquaculture space, which is well-positioned for growth throughout the world. Our commitment to Australia remains strong and I see great opportunity with Mareterram in consolidating certain fisheries, driven by a young and dynamic new team.

I am excited that we are fulfilling our vision of what we set out to achieve and I have no doubt that the businesses will continue to grow. However, more importantly there is one element that we need to remember and that is to ensure that we achieve all of the above by being a responsible corporate citizen. As the single largest employer in the Saldanha Bay Municipality, the Company makes a significant economic impact in a rural area to its over 2 000 previously disadvantaged employees and their families. We need to look after our employees and the communities in which we operate! It is not lost to us that we are based in a country with high-levels of inequality. We therefore need to ensure that we upskill our staff and give them opportunities to grow and be a success. in the Company. I believe we do this very successfully through our Sea Harvest Foundation, but we can always do more.

I also look forward to working closer with DAFF to increase transformation in the fishing industry and assist young black entrepreneurs in building sustainable black-owned fishing companies.

The fishing industry is a competitive and constantly evolving industry, but one in which Sea Harvest is flourishing and punches well above its weight.
As illustrated by our most recent 2017 results we continue to experience positive growth in all markets as the demand for sustainably caught seafood grows.
The future is bright as we gear for further growth both locally and internationally, enabling us to achieve our vision of becoming a leading and responsible diversified black-owned global seafood business.

FELIX RATHEB
Chief Executive Officer

26 March 2018

OUR CFO'S REPORT

2017 was a milestone year for the Sea Harvest Group, with the year being dominated by the successful listing of the Group on the JSE on 23 March 2017. The Group issued 106 million shares at a price of R12.50, raising R1.33 billion of capital.



OVERVIEW

The Group delivered a very pleasing set of results for the year, with revenue increasing by 10% to R2.13 billion, operating profit increasing by 69% to R334 million and profit after tax increasing by 103% to R267 million. The improved operating performance was driven predominantly by the South African operation, which experienced continued strong global demand for MSC-certified Cape Hake, which benefited pricing and which, together with favourable hedge gains, offset the impact of the stronger Rand. In addition, the operations benefited from efficiency gains following investments made in the land-based factory operations in Saldanha Bay.

Following the listing, the Group's balance sheet was restructured and significantly strengthened. All preference share capital, including accrued dividends, third-party debt and shareholder loans within the South African operation were settled out of the proceeds of the listing. The Group is well funded with cash on hand and a new debt facility, positioning the Group well to execute on its growth strategy, where very good progress has already been made.

GROUP REVENUE

▲ 10%

TO R2.13 BILLION
(2016: R1.93 BILLION)

OPERATING PROFIT

▲ 69%

TO R334 MILLION
(2016: R197 MILLION)

OPERATING PROFIT MARGIN

▲ TO 16%

(2016: 10%)

EPS

▲ 38% TO 119 c

PER ORDINARY SHARE
(2016: 86.4 c)

HEPS

▲ 91% TO 108 c

PER ORDINARY SHARE
(2016: 56.4 c)

MAIDEN DIVIDEND
DECLARED OF

31 c PER SHARE

BALANCE SHEET SUBSTANTIALLY STRENGTHENED WITH THE GROUP'S NET DEBT-TO-EQUITY RATIO REDUCING

TO NIL

(2016: 40%)

TRADING AND FINANCIAL PERFORMANCE

REVENUE

Group revenue for the year increased by 10% to R2.13 billion compared to the same period last year (2016: R1.93 billion), mainly as a result of the full-year effect of the Mareterram acquisition, which was only consolidated for six months last year, from 1 July 2016.

Revenue from our South African operation of R1.64 billion was in line with that of last year (2016: R1.65 billion). As Mareterram was only consolidated from 1 July 2016, only six months' worth of inter-company sales were eliminated in 2016 (R41.5 million), compared to 12 months' worth in 2017 (R100.9 million). On a like-for-like basis, before eliminating inter-company sales to Mareterram, revenue from the South African Operation increased by 3% to R1.75 billion (2016: R1.69 billion).

Sales volumes for the year were 1% lower than 2016, with the impact of the 5% quota reduction being largely offset by the global sourcing strategy. Export volumes increased by 4% and export volumes mix improved to 43% from 41% in 2016, as the business continued to focus on higher margin sales. Export revenue grew 2%, with firm pricing offsetting the impact of the Rand which strengthened by an average of 8% across the currencies in which Sea Harvest trades. The continued challenging local retail environment impacted local volumes which were 4% lower than the same period last year. Revenue from the local market was, however, 5% higher, with the impact of the lower volumes being more than offset by firm pricing.

Revenue from our Australian Operation, Mareterram Limited, increased by 74% to R487 million (2016: R280 million), benefiting from a full-year's earnings in 2017. On a like-for-like basis, Mareterram's revenue for the year increased by 5% compared to the same period last year, mainly driven by increased sales of fisheries product, benefiting from higher landings of prawns and scallops.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group delivered gross profit for the year of R717 million (2016: 605 million) and the gross profit margin improved to 34% (2016: 31%).

The South African Operation contributed R592 million (2016: R544 million) to gross profit with a gross profit margin expanding to 34% (2016: 32%), driven by efficiency gains as a result of investments in factory freezer vessel capacity and land-based efficiency improvements.

Mareterram contributed R125 million (2016: R61 million) to gross profit with the increase mainly due to the consolidation of a full-year's earnings. Gross profit margin for the period was 26%. On a like-for-like basis Mareterram's gross profit increased by 13% compared to the full year 2016, driven by the abovementioned increased sales of fisheries products and gross profit margin was on par.

OTHER INCOME AND OPERATING EXPENSES

Other income increased to R75 million (2016: R32 million) mainly due to foreign exchange hedge gains for the period.

Operating expenses for the period increased by 4% to R458 million (2016: R440 million). Operating expenses for the South African operation reduced by 11% to R347 million (2016: R388 million). Included in 2017 operating expenses were R21 million of costs relating to the restructure of the Group and listing on the JSE and the 2016 operating expenses included R54 million of foreign exchange hedge losses. Adjusting for these, on a like-for-like basis, operating expenses in the South African operation reduced by 2%, benefiting from a continued focus on cost containment. Mareterram's operating expenses were R112 million for the year, compared to R52 million in 2016, due to the full-year effect.

NET FINANCE COSTS

Finance costs for the year reduced by 50% to R39 million (2016: R78 million) as a result of the settlement of third-party debt, preference share capital and shareholders' loans on listing. Interest income of R17 million (2016: R2 million) was earned on surplus cash during the period.

TAXATION

The full-year taxation charge for the Group was R94 million (2016: R43 million), with an effective tax rate of 26% (2016: 25%), benefiting from the utilisation of a historic assessed loss in Mareterram.

EARNINGS PER SHARE (EPS) AND HEADLINE EARNINGS PER SHARE (HEPS)

Basic earnings per share increased by 38% to 119 cents per ordinary share (2016: 86 cents per ordinary share) and headline earnings per share increased by 91% to 108 cents per ordinary share (2016: 56 cents per ordinary share). The increase in EPS and HEPS was driven by the improved performance of the South African operation, which offset the dilutive effect of the issuance of an additional 106 million ordinary shares during the year.

DIVIDENDS PER SHARE

The Board of Sea Harvest Group Limited is very pleased to approve a final dividend of 31 cents per ordinary share, representing a headline earnings dividend cover of three times. The Board considers this dividend appropriate given the Group's commitment to organic and acquisitive growth.

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	2017 R'000	2016 R'000	% CHANGE
Revenue	**2 131 054**	1 931 979	10
Cost of sales	**(1 414 264)**	(1 326 521)	7
Gross profit	**716 790**	605 458	18
Other income	**74 707**	31 607	136
Operating expenses	**(457 684)**	(439 886)	4
Operating profit before joint venture and associate profit	**333 813**	197 179	69
Gains on disposal of interest in joint venture	**23 155**	–	
Fair value gains	**24 825**	–	
Share of profit of associate and joint ventures	**1 000**	13 369	
Gain from remeasurement of previously held interest in subsidiary	**–**	39 640	
Profit before finance costs	**382 793**	250 188	53
Net finance costs	**(21 642)**	(75 817)	
Net profit before taxation	**361 151**	174 371	107
Taxation	**(94 206)**	(42 857)	
Profit for the year	**266 945**	131 514	103
Other comprehensive (loss)/income, net of taxation	**(30 175)**	48 783	
Total comprehensive income for the year	**236 770**	180 297	31
Reconciliation of headline earnings			
Profit for the period attributable to shareholders of the parent	**259 344**	121 876	113
Adjustment for capital items post tax	**(24 027)**	(2 094)	
Gain on remeasurement of previously held subsidiary	**–**	(39 640)	
Headline earnings	**235 317**	**80 142**	**194**

SEGMENTAL CONTRIBUTION

	2017 R'000	2016 R'000	% CHANGE
Segmental revenue from external customers			
SA operations	**1 644 206**	1 652 236	–
Australian operations	**486 848**	279 743	74
Total revenue	**2 131 054**	1 931 979	10
Segmental profit from operations			
SA operations	**312 262**	171 250	82
Australian operations	**21 551**	25 929	-17
Operating profit before joint ventures and associate profits	**333 813**	**197 179**	**69**

EPS, HEPS, DPS

	2017	2016	% CHANGE
Basic EPS (cents)	**119**	86.4	38
Basic HEPS (cents)	**108**	56.4	91
DPS (cents)	**31**	–	n/a
WANOS ('000)	**217 860**	141 540	54

FINANCIAL POSITION AND CAPITAL MANAGEMENT

FINANCIAL POSITION

Following the listing of Sea Harvest Group Limited on the JSE in March 2017, the balance sheet has been restructured and strengthened significantly. The single biggest element of the restructure of the balance sheet was the issue of 106 million shares at R12.50, raising R1.3 billion of capital. Linked to this, on listing all preference share capital, including accrued preference dividends, third-party interest-bearing debt and shareholder loans within the South African operation were settled, significantly de-gearing the Group. Subsequently, a new R550 million revolving credit facility was negotiated with our lead banker and R180 million of this facility was drawn down in November 2017 to fund the initial acquisition cost of the *Harvest Mzansi*. The Group's Net Debt-to-Equity ratio reduced to nil (2016: 40%).

Property, plant and equipment increased by R267 million during the year, mainly as a result of the acquisition of the *Harvest Mzansi* in November 2017, as well as expenditure relating to the Marel factory upgrade project and a desalination plant at the Saldanha Bay site. Conversion of the vessel to a Hake factory freezer trawler is underway and it is expected that the vessel will commence fishing in the second quarter of 2018. The implementation of the Marel project is expected to take place in the third quarter of the 2018 financial year. The desalination plant was commissioned in March 2018.

SUMMARY STATEMENT OF FINANCIAL POSITION

	2017 R'000	2016 R'000
ASSETS		
Property, plant and equipment	**808 192**	541 513
Intangible assets and goodwill	**574 025**	587 367
Investments	**25 264**	47 109
Other non-current assets	**99 516**	39 167
Current assets	**1 061 522**	781 911
	2 568 519	1 997 067
EQUITY AND LIABILITIES		
Stated capital	**1 294 875**	849
Reserves	**102 791**	148 146
Preference share capital	**–**	368 409
Non-controlling interest	**168 313**	152 043
Non-current liabilities	**637 691**	932 228
Current liabilities	**364 849**	395 392
	2 568 519	**1 997 067**

CASH FLOW

The Group generated operating cash flow before changes in working capital of R430 million. There was an investment of R89 million in working capital due to increased sales levels, the timing of a diesel rebate receivable and customs VAT relating to the acquisition of the *Harvest Mzansi*.

During the year, the Group utilised R368 million in investing activities. R264 million was invested in expansion capital expenditure, most notably the strategic investments in an additional factory freezer vessel, the Marel factory upgrade project and a desalination plant in Saldanha Bay. Maintenance capital expenditure amounted to R104 million, roughly 4.8% of revenue.

The Group generated R345 million from financing activities following the restructure of the Group's balance sheet on listing, with the most significant components being the raising of R1.24 billion, net of capitalised listing costs; the settlement of preferred share capital, including accrued dividends; the repurchase of shares and distributions to participants of share trusts; and the settlement of third-party South African debt. The Group ended the year with R383 million of cash on hand.

SUMMARISED STATEMENT OF CASH FLOW

	2017 R'000	2016 R'000
Operating cash flow before changes in working capital	**430 241**	317 415
Changes in working capital	**(89 250)**	11 003
Cash generated from operations	**340 991**	328 418
Net interest paid	**(8 338)**	(48 868)
Income tax paid	**(80 011)**	(30 310)
Net cash generated from operating activities	**252 642**	249 240
Investment in subsidiary	**–**	(195 990)
Investments in assets, net of proceeds on disposal	**(368 547)**	(106 783)
Cash utilised in investing activities	**(368 547)**	(302 773)
Shares issued, net of listing costs	**1 239 025**	–
Shares repurchased and distribution to participants of trusts	**(218 771)**	–
Preference shares (redeemed)/issued	**(368 409)**	200 000
Settlement of B and C preference dividends	**(144 269)**	–
Net borrowings repaid	**(74 056)**	(55 806)
Amounts advanced to related parties	**(80 194)**	(103)
Repayment of financial liabilities	**(22 256)**	(12 519)
Rights issue in subsidiary	**14 971**	–
Further investment in subsidiary	**(1 479)**	–
Net cash generated from financing activities	**344 562**	131 572
Net cash inflow for the year	**228 657**	78 039
Cash and cash equivalents at the beginning of the year	**154 404**	76 418
Effects of exchange rate changes on the balance of cash held in foreign operations	**(14)**	(53)
Cash and cash equivalents at the end of the year	**383 047**	**154 404**

CAPITAL MANAGEMENT AND SHAREHOLDER RETURNS

Return on Equity (ROE) reduced from 32.9% in 2016 to 23.9%, impacted by the additional capital raised on listing. Return on Invested Capital (ROIC) reduced from 19.6% to 18.3%, negatively impacted by the capital expenditure during the period on the *Harvest Mzansi* of R214 million and R27 million on the Marel factory project, with the assets only coming into production in the second quarter and third quarter of 2018 respectively. The Group's gearing reduced significantly following the capital raise on listing and the Net Debt-to-Equity ratio reduced to nil, from 40% in 2016. The Group continues to focus on working capital management with Free Cash Flow Conversion improved from 35% in 2016 to 43% in 2017.

CAPITAL MANAGEMENT AND SHAREHOLDER RETURNS	2017	2016
ROE (%)	**23.9**	32.9
ROIC (%)	**18.3**	19.6
Net Debt-to-Equity (%)	**0**	40
Free Cash Flow Conversion (%)	**43**	35

LOOKING FORWARD

We expect to see continued global demand for high value wild-caught, MSC-certified species such as Cape Hake and Shark Bay Prawns, which will drive continued export growth and price inflation, which, together with a consistent hedging policy, will seek to limit the impact of the continued stronger Rand. Local volumes will continue to be under pressure as a result of the challenging economic environment, but this is expected to be offset somewhat by continued price inflation in the category due to limited supply.

On the supply side, export growth will be supported by the introduction of an additional factory freezer vessel into the fleet, whose frozen-at-sea products are targeted towards more lucrative markets. Strategic investments within the fish processing factory in Saldanha Bay during the third quarter will drive further production efficiencies.

Performance in 2018 is expected to be weighted towards the second half of the year, due to, in South Africa, the timing of projects coming on stream, reduced landings in the first half of the year to ensure there is sufficient quota available for the *Harvest Mzansi* to catch, foreign currency hedges being more favourable in the second half of the year; and in Australia, due to the delay in the start of the fishing season.

The Group has a clear strategy and is focused on driving earnings growth through investments within existing operations, as well as through strategic acquisitions. Good progress has been made on both fronts. Key investments in both the fleet and the land-based factory operations are expected to come on stream during the coming year. The Group is in continued negotiations for the acquisition of Viking Fishing and 51% of Viking Aquaculture, a transformational transaction for the Group.

JOHN PAUL DE FREITAS
Chief Financial Officer

28 March 2018

BUSINESS REVIEW SOUTH AFRICA

Sea Harvest is a leading black-controlled and internationally recognised vertically integrated fishing and branded FMCG business established in 1964. The main business of Sea Harvest is the deep-sea trawling for Cape Hake, the processing of its catch into a range of value-added frozen and chilled seafood, and the marketing of its product nationally and internationally to 22 countries.

The business holds 25.2% of the Cape Hake and 5.9% of the Horse Mackerel TAC and operates out of the rural town of Saldanha Bay on the Western Cape coast, with its head office in Cape Town. 2 300 people are employed by Sea Harvest South Africa, 97% of whom are black. The business has a fleet of 13 vessels, including five factory freezer and eight fresh fish trawlers, and operates two fish processing factories in Saldanha Bay.

PERFORMANCE IN THE YEAR

Sea Harvest's South African operations performed well during the year ended 31 December 2017, despite the headwinds of a reduced TAC and a strengthening Rand.

In 2017, the Hake TAC reduced by 5% to 140 158 tons, with a resultant knock-on impact to Sea Harvest hake catches which, at 37 481 nominal tons, were also 5% lower than 2016. Sea Harvest's 2017 quota was caught prior to the end of the 2017 quota year with the available vessel capacity. During the year a fleet efficiency improvement programme was implemented, focusing on vessel turnaround times and refit management, which resulted in vessel utilisations across the fleet improving. Catch rates on the freezer vessels improved, whilst the fresh fish fleet catch rates were lower than 2016 levels. A continued smaller size mix was experienced during the year, although, encouragingly, there was an improving trend in the larger size classes.

The Saldanha Bay fish processing factories performed particularly well during the year, benefiting from the investment made in 2016 in the first phase of the factory optimisation programme. This project delivered improved yields and labour efficiencies, reducing the cost of production and contributing to the improvement in gross profit margins to 34% (2016: 32%).

Sales volumes for the year were 1% lower than 2016, with the global sourcing strategy largely offsetting the impact of the 5% TAC reduction on sales volumes. Sea Harvest sources high quality raw material globally for maximum value-adding in South Africa to supplement local catches to service its markets. Continued global demand for high quality, sustainably caught species, such as Cape Hake, resulted in export volumes increasing by 4% year-on-year. The higher export volumes benefited from increased availability of frozen-at-sea products, which are targeted towards the export markets.





REVENUE

3%

TO R1.745 BILLION
(2016: R1.694 BILLION)

GROSS PROFIT

9%

TO R592 MILLION
(2016: R544 MILLION)

GROSS PROFIT MARGIN

34%

(2016: 32%)

OPERATING PROFIT

71%

TO R314 MILLION
(2016: R184 MILLION)

OPERATING PROFIT MARGIN

18%

(2016: 11%)

PROFIT AFTER TAX

261%

TO R253 MILLION
(2016: R70 MILLION)

* Note: Revenue includes inter-company sales to Mareterram of R100.9 million (2016: R41.5 million).

Demand from the traditional southern European markets continued to be strong and there was notable growth seen in Northern European markets, with growing demand for MSC-certified Cape Hake. In 2017 there was a continued shift in mix towards higher margin markets with exports making up 43% of volumes compared to 41% in 2016. However, it was a challenging year for the local market with retail sales volumes impacted by a sluggish local economy and price inflation.

Increased demand resulted in overall prices increasing by 4% compared with 2016. Prices in the export markets were 2% lower than the prior year, negatively impacted by the Rand which strengthened by 8% across the currencies with which Sea Harvest trades. On a constant currency basis, export prices were 6% higher. In the local market, prices were 9% higher on average. Overall, revenue grew by 3% to R1.745 billion (2016: R1.694 billion), with the 4% price increase offsetting the 1% reduction in volumes.

Following the investments made in both the fleet and factories over the past few years, operating profit from the South African operation improved 71% to R314 million, benefiting from price-lead revenue growth, favourable currency hedges and efficiency improvements, which saw the operating profit margin expanding to 18% in the year.

During the year, the business invested R71 million in maintaining its fleet and factories in order to minimise equipment downtime and maximise vessel utilisation. In November 2017, the Company purchased the *M.V. Therney* from the listed Norwegian fishing company H.B. Grandi. The vessel was renamed the *Harvest Mzansi and* arrived in Saldanha Bay in December 2017 and commenced its conversion to a hake factory freezer vessel. The vessel will cost a total of R250 million, including conversion costs, and is expected to be fishing in May 2018.



During the year the business entered into a contract with Marel Iceland, a global leader in fish processing equipment, for the implementation of a new fish processing facility in the Saldanha Bay factory during the third quarter of 2018. In order to mitigate the potential risk of water supply disruptions, due to the ongoing drought in the Western Cape, R16 million has been invested in a desalination plant that will produce potable water to meet the needs of the Saldanha Bay processing facilities in March 2018.

In 2015, Sea Harvest launched an Employee Share Trust to align the economic interests of our employees with that of the Company. During the year, prior to listing and as part of the restructure of the Group, 50% of the shares of the EST were repurchased and a total distribution of R36 million was made to participants of the trust.

LOOKING AHEAD

The Hake TAC has been reduced by a further 5% with effect from 1 January 2018 and this is expected to negatively impact sales volumes in 2018. The Group expects to see a continued increase in the global demand for high value, wild-caught, MSC-certified Cape Hake, which will drive continued export growth and price inflation. This, combined with a consistent hedging policy, will seek to partially limit the impact of continued Rand strength. Local volumes will continue to be under pressure as a result of the challenging economic environment, but the impact on revenue is expected to be partially offset by continued price inflation in the category.

On the supply side, export growth will be supported by the introduction of an additional factory freezer vessel, the *Harvest Mzansi*, to the fleet, whose frozen-at-sea products are targeted towards the export markets. Strategic investments within the fish processing factory in Saldanha Bay during the third quarter of 2018 will drive further production efficiencies, although net benefits are only expected to be delivered in 2019.

The Group has announced that the South African operations are in advanced negotiations to acquire 51% of the shares of Viking Aquaculture and, as part of a B-BBEE Consortium, acquire 100% of the assets of Viking Fishing. This will be a transformational transaction for the South African business.

EXCEPTIONAL PERFORMANCE OF SALDANHA BAY FACTORY OPERATIONS FOLLOWING INVESTMENT DRIVING MARGIN EXPANSION

FIRM GLOBAL DEMAND AND MORE DIVERSIFIED CUSTOMER BASE

RETAINED B-BBEE LEVEL 2

EFFECTIVE GLOBAL SOURCING STRATEGY OFFSETTING IMPACT OF 5% TAC REDUCTION

POSITIVE FOREIGN CURRENCY HEDGES OFFSETTING STRONGER RAND

ACQUISITION OF AN ADDITIONAL FACTORY FREEZER VESSEL, **THE *HARVEST MZANSI***

BUSINESS REVIEW AUSTRALIA

The Mareterram Group is a vertically integrated agri-business headquartered in Fremantle, Western Australia, providing premium quality and sustainable products to Australian and international consumers. The Mareterram Group operates two divisions. The fishing division, Mareterram Fisheries, is the single largest owner-operator in the Shark Bay Prawn Managed Fishery (SBPMF). Mareterram has a proud history of operating within the fishery for over 50 years. Western King prawns and Brown Tiger prawns are the major target species caught each year by our vessels for our loyal customers in Australia and overseas. Mareterram Fisheries also catch and make available a range of other species, such as scallops, blue swimmer crabs, squid and cuttlefish. Mareterram's food division sells all the product caught by Mareterram Fisheries, as well as seafood and other food products purchased from Australian and international suppliers, including Cape Hake from Sea Harvest, which makes up 23% of revenue. Sea Harvest acquired an initial stake in Mareterram of 19.9% at listing of the Group in January 2016. In July 2016, Sea Harvest increased its shareholding to 55.9% and accordingly Mareterram was consolidated into the results of the Sea Harvest Group from July 2016.

REVENUE

▲ 5%

TO R487 MILLION
(2016: R463 MILLION)

GROSS PROFIT

▲ 12%

TO R125 MILLION
(2016: R112 MILLION)

GROSS PROFIT MARGIN

25.7%

(2016: 24.2%)

EBITDA

▲ 47%

TO R30.9 MILLION
(2016: R21 MILLION)

PROFIT AFTER TAX

▲ 378%

TO R15.3 MILLION
(2016: R3.2 MILLION)

* Note: Mareterram has been consolidated into the financial results of Sea Harvest from July 2016. The above metrics provide full-year comparatives for 2016 in order to provide an understanding of the business's year-on-year performance.





PERFORMANCE ON AN **UPWARD TRAJECTORY**

SUCCESSION PLAN IMPLEMENTED

PRAWN CATCHES UP 11% COMPARED TO 2016

IMPROVED VESSEL **EFFICIENCIES AND RELIABILITY**

DIVERSIFIED INTO SPANISH MACKEREL FISHERY

INCREASED CASH GENERATION FROM IMPROVED MANAGEMENT OF WORKING CAPITAL

PRESENTED WITH **HIGHEST INDUSTRY AWARD** FOR SAFETY BY WA SEAFOOD INDUSTRY AWARDS

PERFORMANCE IN THE YEAR

2017 was Mareterram's second full year of trading following the Company's formation and listing on the ASX in January 2016. The business reported improved earnings year-on-year, with earnings before interest, tax, depreciation and amortisation (EBITDA) growing by 47% to R30.9 million (2016: R21 million) and profit after tax (PAT) increasing to R15.3 million from R3.2 million in 2016. The business incurred R8 million of restructuring and deal costs during the year which are considered abnormal in nature. Adjusting for these costs the business reported an underlying EBITDA of R39 million for the year.

Reported revenue for the Mareterram Group for the year increased by 5% to R487 million (2016: R463 million) benefiting from improved sales in both the fishing and food services divisions. In the fishing division, prawn catch volumes of 842 tons were 11% higher than 2016 and scallop catches of 37 tons were 51% ahead. The benefit of the higher prawn volumes were partially offset by lower average realised prices due to a smaller average size mix across the catch. Seafood and other food products are sold into the domestic and international markets, with the main export markets being Japan, China, Hong Kong and Europe. Favourable local pricing as a result of supply shortages in the local market caused by a ban on the import of raw prawns following the detection of White Spot virus, saw more product being sold locally in the period.

During the second half of the year there was a significant restructure of the Company's personnel and adjustments to other fixed overheads. The Company's founding Chairman, Peter Hutchison, retired and was replaced by the incumbent CEO, David Lock.

The Chief Operating Officer ("COO"), James Clement, was promoted to the position of CEO. While the COO position will remain vacant, the business has appointed two members into key senior management positions to oversee the core operations of the Company, reporting to the CEO. A number of other positions across the Company were made redundant after an in-depth review of the organisational structure, which focused on adoption of lean principles. While the restructure incurred once-off abnormal costs of c. R6 million, the Company is expecting a corresponding saving in fixed overheads within the next 12 months of trading.

The fishing division continues to make significant headway in its vessel improvement programme, designed to continually increase vessel reliability and efficiency. Lost nights of fishing and returns to port, both key efficiency metrics, were down 26% and 12%, respectively. Mareterram continues to maintain a focus on the safety of its people, with regular staff training interventions and the implementation of the latest safety equipment. This has resulted in the Company being presented with the industry's highest award for safety by the Western Australia Seafood Industry Awards.

LOOKING AHEAD

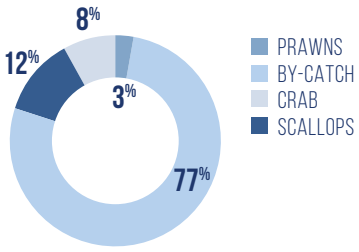
Mareterram is committed to refining and implementing its four pillar strategy:

- to maximise the volume and value of catch
- to maximise the utilisation of assets
- to grow the food business
- and to build scale and diversification through acquisitions.

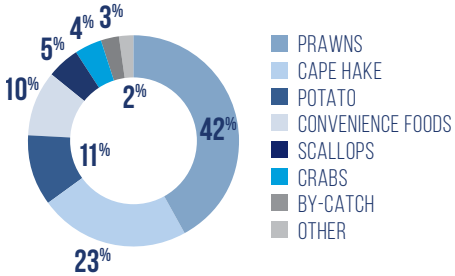
The Company announced the acquisition of two Spanish Mackerel packages on 3 November 2017. The fishing licences and vessels were successfully transferred to Mareterram in early 2018. The diversification into mackerel fishing will provide scale and a complementary revenue stream to the existing prawn, scallop and crab fishing business, as well as further diversification of the basket of high-value offerings from Mareterram's food division. The mackerel fishing operation will also be leveraging off the existing fishing infrastructure based in Carnarvon.

Mareterram has begun a research and development programme focusing on fishing technology and equipment. The investment is providing incremental improvements in areas such as catch efficiency and operational cost savings across the fishing fleet. The programme has been designed to increase the Company's annual share of catch from the total fishery and to drive increased profitability.

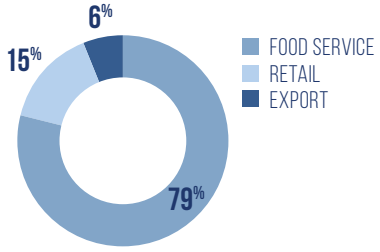
CATCH VOLUMES BY PRODUCT (%)



PRODUCT REVENUE MIX (%)



CHANNEL MIX (%)





HOW WE ARE GOVERNED

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Sea Harvest
Savour the sea

OUR DIRECTORS



1 **Felix Ratheb** 2 **John Paul De Freitas** 3 **Muhammad Brey** 4 **Frederick Robertson** 5 **Marshall Rapiya**

EXECUTIVE DIRECTORS

1 **Felix Ratheb** (44) (South African)
Chief Executive Officer and
Executive Director
B.Sc. Hons Elec. Eng (Wits), MBA (UCT)
Appointed: 2013
Years at Sea Harvest: 14

2 **John Paul De Freitas** (47) (South African)
Chief Financial Officer and
Executive Director
CA (SA)
Appointed: 2014
Years at Sea Harvest: 3

3 **Muhammad Brey** (39) (South African)
Chief Investment Officer and
Executive Director
CA (SA)
Appointed: 2016
Years at Sea Harvest: 2



6 **André Hanekom**

7 **Louis Penzhorn**

8 **Iqbal Khan**

9 **Tiloshani Moodley**

INDEPENDENT NON-EXECUTIVE DIRECTORS

5 **Marshall Rapiya** (65) (South African)
Lead Independent Non-Executive Director
BA Economic Studies
Appointed: 2016

6 **André Hanekom** (58) (South African)
Independent Non-Executive Director
CA (SA)
Appointed: 2016

7 **Louis Penzhorn** (71) (South African)
Independent Non-Executive Director
B. Com (Econ, Acc. and Ind. Psych)
Appointed: 2009

NON-EXECUTIVE DIRECTORS

4 **Frederick Robertson** (63) (South African)
Non-Executive Chairman
DPhil (h.c.)
Appointed: 2009

8 **Iqbal Khan** (51) (South African)
Non-Executive Director
CA (SA)
Appointed: 2016

9 **Tiloshani Moodley** (43) (South African)
Non-Executive Director
(Alternate to MI Khan)
LLB (UWC)
Appointed: 2014

OUR EXECUTIVES



1 **Felix Ratheb**
2 **John Paul De Freitas**
3 **Muhammad Brey**
5 **Mary-Lou Harry**
4 **Konrad Geldenhuys**

OUR EXECUTIVE COMMITTEE

1 **Felix Ratheb** (44) (South African)
Chief Executive Officer and
Executive Director
B.Sc. Hons Elec. Eng (Wits), MBA (UCT)
Appointed: 2013
Years at Sea Harvest: 14
Years of professional experience: 20

2 **John Paul De Freitas** (47) (South African)
Chief Financial Officer and
Executive Director
CA (SA)
Appointed: 2014
Years at Sea Harvest: 3
Years of professional experience: 22

3 **Muhammad Brey** (39) (South African)
Chief Investment Officer and
Executive Director
CA (SA)
Appointed: 2016
Years at Sea Harvest: 2
Years of professional experience: 14

4 **Konrad Geldenhuys** (48) (South African)
Sales and Marketing Director
(Sea Harvest International and
Cape Harvest Foods)
MBA (UCT)
Appointed: 2013
Years at Sea Harvest: 9
Years of professional experience: 23

5 **Mary-Lou Harry** (58) (South African)
Human Resources Director
(Sea Harvest Corporation)
BCom Hon; National Diploma in
Human Resources Management
Appointed: 2008
Years at Sea Harvest: 10
Years of professional experience: 20



6 **Terence Brown**

7 **Russell Hall**

9 **Gerrit Nortjé**

8 **Madoda Khumalo**

10 **Nana Aston**

6 **Terence Brown** (43) (South African)
Operations Director
(Sea Harvest Corporation)
Diploma in Mechanical Engineering
Appointed: 2014
Years at Sea Harvest: 8
Years of professional experience: 20

7 **Russell Hall** (50) (South African)
Fleet Executive
Maritime Qualification; National Diploma
(Cost Management Accounting)
Appointed: 1992
Years at Sea Harvest: 26
Years of professional experience: 30

8 **Madoda Khumalo** (31) (South African)
Strategic Services Executive
BSc (Atmosphere and Ocean;
Science Environmental Management)
(UCT); MSc (Physical and Biological
Oceanography)
Appointed: 2013
Years at Sea Harvest: 5
Years of professional experience: 5

9 **Gerrit Nortjé** (48) (South African)
Corporate Finance Executive
CA (SA); ACMA
Appointed: 2002
Years at Sea Harvest: 15
Years of professional experience: 23

10 **Nana Aston** (33) (South African)
Group Company Secretary and Legal Adviser
LLB (Unisa); Compliance Management
Certificate (UCT); Company Secretarial and
Governance Practice (CIS)
Appointed: 2017
Years at Sea Harvest: 1
Years of professional experience: 5

OUR GOVERNANCE REPORT

WHY CORPORATE GOVERNANCE MATTERS

OUR CHECKS AND BALANCES FOR GOOD CORPORATE GOVERNANCE

The Sea Harvest Board is of the opinion that we have adhered to our Board charter and that the Group has complied with the requirements of the JSE Limited, Companies Act and King IV.

We hail King IV as a welcome advancement and consolidation of the King III principles.

In line with King IV, the Board believes that it has executed its responsibilities in an ethical manner and has reported the outcomes of its direction in accordance with the code and the International <IR> Framework.

The Board's application of King IV can be viewed on our website: www.seaharvest.co.za.

WHY CORPORATE GOVERNANCE MATTERS

We value our relationships with all stakeholders and are determined not to undermine Sea Harvest's long-established reputation in any manner. Corporate governance is not simply about compliance and we leverage governance to improve performance by:

- Determining how governance requirements, particularly King IV, can be implemented to add organisational value
- Enhancing accountability for actions at all levels
- Guiding decision-making, reinforcing material disclosures and refining risk processes

HOW CORPORATE GOVERNANCE IMPROVES OUR PERFORMANCE

Scrupulous corporate governance enables:

- Diverse opinions at Board level to improve decision-making
- Comprehensive management reporting to the Board
- Clear management accountability
- Risk controls embedded in day-to-day processes and decision-making
- Improved integrated reporting of all business aspects
- Appropriately prioritised engagement with various stakeholders

THE BOARD

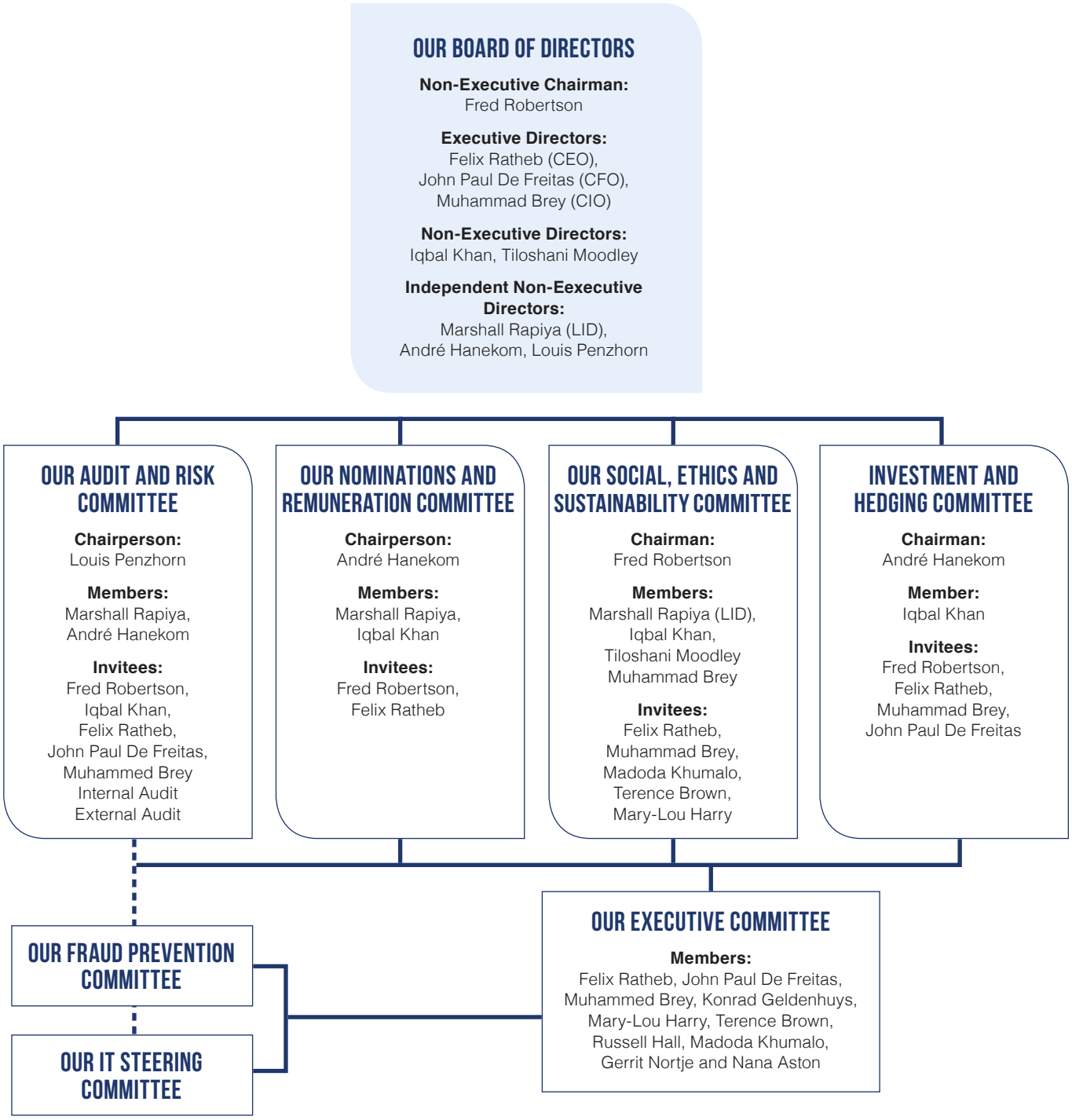
The responsibilities of the Board are defined in an approved charter which is reviewed on an annual basis. This charter is aligned with the JSE Listings Requirements, the Companies Act and King IV, and clearly defines the individual and collective accountability of the Board members, as well as its powers and responsibilities.

BOARD COMPOSITION AND GOVERNANCE STRUCTURES

The effective discharge of the Board's duties is assured by having members with appropriate industry knowledge, appropriate qualifications and diverse experience.

The Non-Executive Chairman of the Board is Mr FJ Robertson. He is not independent as he is the Executive Chairman of Brimstone which is the Group's largest shareholder. To ensure good governance and as recommended by King IV, Mr BM Rapiya is the appointed Lead Independent Director. The roles and responsibilities of the Board Chair and CEO are separated.

The governance structure in operation within the Group for the 2017 financial year was as follows:



The composition of the Board for the year under review remained unchanged, compared to the previous year, and is as follows:

BOARD MEMBER	AUDIT AND RISK COMMITTEE	SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	INVESTMENT AND HEDGING COMMITTEE
Mr FJ Robertson Non-Executive Chairman	Invitee	Chair	Invitee	Invitee	Invitee
Mr F Ratheb Chief Executive Officer and Executive Director	Invitee	Invitee	Invitee	Invitee	Member
Mr JPM de Freitas Chief Financial Officer and Executive Director	Invitee	–	–	–	Invitee
Mr Mo Brey Chief Investment Officer and Executive Director	Invitee	Member	–	–	Member
Mr BM Rapiya Lead Independent Non-Executive Director	Member	Member	Member	Member	Invitee
Mr WA Hanekom Independent Non-Executive Director	Member	–	Chair	Chair	Chair
Mr LJ Penzhorn Independent Non-Executive Director	Chair	–	–	–	–
Mr MI Khan Non-Executive Director	Invitee	Member	Member	Member	Member
Ms T Moodley Non-Executive Director *Alternate to Mr MI Khan*	Invitee	Member	–	–	–

For further details about the Board members refer to pages 74 to 75. In addition to the executive directors listed above, all executive directors of key subsidiaries of the Group attend or provide submissions to Board and/or sub-committee meetings, as required.

BOARD ATTENDANCE AND ACTIVITIES FOR 2017

ATTENDEES	ATTENDANCE	ACTIVITIES IN RELATION TO 2017 FINANCIAL YEAR
Mr FJ Robertson	4/4	Approved Group strategy and budget for 2017
Mr F Ratheb	4/4	Deliberated material issues relevant to achievement of the Group strategy
Mr JPM de Freitas	4/4	Approved material capital expenditure and acquisitions
Mr Mo Brey	4/4	Considered feedback from sub-committees
Mr BM Rapiya	4/4	Evaluated and approved internal and final financial results and JSE announcements
Mr WA Hanekom	4/4	Approved the Annual Integrated Report
Mr LJ Penzhorn	4/4	
Mr MI Khan	4/4	
Ms T Moodley	4/4	

GROUP RECORDS AND INDEPENDENT/SPECIALIST ADVICE

All information, records, documents and intellectual property are freely accessible by Directors. Should Non-Executive Directors be required to meet with management, this can be done with or without the attendance of executive directors.

All directors have unrestricted access to the Company Secretary for advice and governance services. Furthermore, should it be deemed necessary, directors may obtain independent/specialist advice.

COMPANY SECRETARY

Ms N Aston is the appointed Company Secretary. The qualifications of the Company Secretary have been evaluated by the Board, which is satisfied that such qualifications and experience are adequate to properly perform her duties. The Board approved the appointment of the Company Secretary in February 2017.

The Company Secretary has remained independent from the Board and is not a director of the Group. During the year under review the Company Secretary performed the following functions:

- Induction of newly appointed directors to enable them to familiarise themselves with the operations and business of the Group
- Provided the directors with information and guidance about their responsibilities and how this should be properly discharged in the best interests of the Group
- Provided guidance to the Board on the duties of directors and matters relating to ethics and good Corporate Governance
- Acted as the primary focal point in relation to the directors' and employees' share trading, JSE Listings Requirements, and notification of closed periods

BOARD EFFECTIVENESS

In line with the King IV Code, an assessment of the performance of the Board and sub-committees was conducted by the Company Secretary. The outcomes of the assessments were evaluated at the respective sub-committees and reported to the Board as appropriate.

The Company Secretary and CFO were responsible for determining and implementing any actions emanating from this evaluation in order to improve the effectiveness of the Board.

BOARD SUB-COMMITTEES

In discharging its responsibilities, the Board has constituted various sub-committees to achieve the highest standards of governance. The Board recognises that governance extends beyond regulatory and legal compliance, and directors actively embed good governance in all facets of managing the Group.

The complete terms of reference of the Board sub-committees can be viewed on our website: www.seaharvest.co.za.

AUDIT AND RISK COMMITTEE

A Board-appointed Audit and Risk Committee operates for the Group in accordance with an approved Terms of Reference aligned with the Companies Act and King IV. These terms of reference are reviewed on an annual basis.

The Audit and Risk Committee comprises only Non-Executive Directors, and meetings of the committee are attended by executive directors of the Group, executive directors of key subsidiaries, and various assurance providers to the Group, including the external and internal auditors.

The detailed report of the Audit and Risk Committee is included on pages 87 to 89 of this report.

AUDIT AND RISK COMMITTEE

In addition to its statutory duties prescribed in the Companies Act, King IV and the JSE Listing requirements the Audit and Risk Committee (the Committee) is required to provide independent oversight of the system of internal controls and risk management, and the effectiveness of the internal financial controls to assist the Board in monitoring the integrity of the Group's Annual Financial Statements and other performance-related external reports. The Committee further oversees the effectiveness and independence of the Group's external and internal assurance functions and services that contribute to the Group's financial and integrated reporting. The charter of the Audit and Risk Committee can be found on our website: www.seaharvest.co.za.

ATTENDEES	ATTENDANCE	ACTIVITIES IN RELATION TO 2017 FINANCIAL YEAR
Mr LJ Penzhorn (Chair)	3/3	• Reviewed the interim and annual financial statements of Sea Harvest Group Limited and recommended them to the Board for approval
Mr WA Hanekom	3/3	• Satisfied itself with the adequacy of the Group's internal controls, including financial internal controls and reporting procedures
Mr BM Rapiya	3/3	• Reviewed the solvency and liquidity, working capital and going concern statements in support of the Group's listing on the JSE in March 2017
		• Reviewed the expertise and experience of the Group's CFO and finance function
		• Considered and appointed the external auditors and the designated auditor for the financial year under review
		• Considered the independence and effectiveness of the external auditors
		• Determined the fees to be paid to the external auditors and the auditor's terms of engagement
		• Determined the nature and extent of non-audit services and pre-approval of such services as the Committee deemed appropriate
		• Reviewed and approved the internal audit charter and annual audit plan
		• Considered the effectiveness and independence of the head of internal audit and the internal audit function
		• Received and considered the most recent Proactive Monitoring report from the JSE
		• Confirmed that there were no concerns or complaints raised in relation to financial reporting matters and internal controls
		• Provided oversight of Information Technology governance and risk management
		• Assessed the Group's combined assurance model and risk management framework
		• Reviewed the Group's King IV implementation plans and assessed the Group's application of the King IV Principles as set out in the King IV Application Register

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

The Social, Ethics and Sustainability Committee assists the Board in all matters relating to organisational ethics, responsible corporate citizenship, transformation, health and safety, sustainable development and stakeholder relationships. The charter of the Social, Ethics and Sustainability Committee can be found on our website: www.seaharvest.co.za.

ATTENDEES	ATTENDANCE	ACTIVITIES IN RELATION TO 2017 FINANCIAL YEAR
Mr FJ Robertson (Chair)	2/2	• Evaluated the Group's CSI activities for the period under review
Mr BM Rapiya	2/2	• Reviewed the Group's labour relations developments including the applicable human resources-related policies
Mr MI Khan	2/2	
Mr Mo Brey	2/2	
Ms T Moodley	1/2	• Considered the relevant laws and regulations applicable to the Group's operations
Mr F Ratheb (Invitee)	2/2	• Evaluated the operations of the Group in terms of sustainability and environmental considerations
Mr M Khumalo (Invitee)	2/2	• Evaluated matters relating to the Group's Health and Safety initiatives
Ms M-L Harry (Invitee)	2/2	• Monitored subsidiaries performance against B-BBEE scorecard
Mr T Brown (Invitee)	2/2	• Monitor progress of transformation initiatives

Mr FJ Robertson is the Chairman of this Committee, who the Board has evaluated as appropriate, considering his extensive exposure and involvement in numerous socio-economic initiatives. He will be available at the annual general meeting to elaborate further on the activities of this Committee should it become necessary.

REMUNERATION COMMITTEE

The CEO, Executive Directors, Group executives and remuneration structures are included in the ambit of the Remuneration Committee's responsibilities. All remuneration, share awards and benefits in kind are evaluated and approved by the Committee. The Remuneration Committee operates in terms of a Board approved charter which is available on our website at www.seaharvest.co.za.

ATTENDEES	ATTENDANCE	ACTIVITIES IN RELATION TO 2017 FINANCIAL YEAR
Mr WA Hanekom (Chair)	2/2	• Determined key performance targets and remuneration structures for the CEO and Executives
Mr BM Rapiya	2/2	• Evaluated and made recommendations relating to staffing of key functional areas within the business
Mr MI Khan	2/2	• Set STI targets and evaluate performance
Dr FJ Robertson (Invitee)	2/2	• Approved LTI award allocations and performance conditions
Mr F Ratheb (Invitee)	2/2	
Mr Mo Brey (Invitee)	1/2	

NOMINATION COMMITTEE

The Nomination Committee is responsible for the structure and composition of the Board, considerate of its current position and future requirements. The Nomination Committee operates in terms of a Board approved charter which is available on our website at www.seaharvest.co.za.

ATTENDEES	ATTENDANCE	ACTIVITIES IN RELATION TO 2017 FINANCIAL YEAR
Mr WA Hanekom (Chair)	2/2	• Considered the classification of Directors as Independent, Executive or Non-Executive
Mr BM Rapiya	2/2	• Evaluated and made recommendations in relation to the composition of the Board in terms of knowledge, skills and transformation
Mr MI Khan	2/2	• Considered succession planning and retention strategies for key positions within the Group including the CEO and Executive Directors
Dr FJ Robertson (Invitee)	2/2	• Set diversity targets for the Board
Mr F Ratheb (Invitee)	2/2	
Mr Mo Brey (Invitee)	1/2	

INVESTMENT AND HEDGING COMMITTEE

The Investment and Hedging Committee is a Board appointed Committee established during the 2017 financial year. The Committee is responsible for the evaluation of the business-enhancing capital expenditure, hedging and investment strategies of the Group. The Investment and Hedging Committee operates in terms of an approved charter which is available on our website at www.seaharvest.co.za.

ATTENDEES	ATTENDANCE	ACTIVITIES IN RELATION TO 2017 FINANCIAL YEAR
Mr WA Hanekom (Chair)	1/1	• Considered the proposed acquisition in relation to the South African and Australian operations
Mr MI Khan	1/1	• Evaluated the capital expenditure in relation to the fleet and factory operations of Sea Harvest Corporation
Dr FJ Robertson (Invitee)	1/1	• Approved the hedging policy applied in the operations of the Group
Mr F Ratheb (Invitee)	1/1	• Considered the source of available funds to meet the business and investor requirements
Mr JP de Freitas (Invitee)	1/1	• Considered the South African Reserve Bank requirements in relation to the intended activities
Mr Mo Brey (Invitee)	1/1	• Approved funding from third party providers

EMBEDDED GOVERNANCE PROCESSES

EXECUTIVE COMMITTEE

The Executive Committee is the principal operational committee within the Group. All Directors, Directors of key subsidiaries and executives attend and provide input regarding the deliberations at the Committee meetings. This Committee is responsible for assisting the CEO in implementing the strategies and policies as approved by the Board, while adhering to the highest standards of governance.

The committee meets regularly, usually monthly, to consider the progress of the short-, medium- and long-term strategies as approved by the Board. Mitigations of barriers to the successful implementation of strategies are considered and deliberated under the Chairmanship of the CEO.

SHARE DEALING POLICY

The Group has an approved share dealing policy which restricts Directors, prescribed officers, staff and their associates from dealing in Group shares within the periods and conditions prescribed by the JSE Limited, Companies Act, Financial Markets Act and Financial Services Board Act.

The policy stipulates the conditions under which share trading approval must be obtained for various designations within the Group. The Company Secretary is the custodian of all information pertaining to securities trading by Directors, prescribed officers and staff.

All information relating to the securities trading of Directors and prescribed officers and their associates are published via the Securities Exchanges News Service of the JSE Limited and can be viewed at www.seaharvest.co.za.

INTEREST IN CONTRACTS

All directors act in the best interest of the Group and their fiduciary responsibilities are understood. Strict compliance with the provisions of Sections 75 and 76 of the Companies Act is adhered to at all times through the declaration of interests in any contracts, and directorship in any enterprises which the Group may potentially interact with. Such declarations are evaluated on a regular basis by the compliance and assurance providers within the Group.

Approved codes of conduct and ethics applicable to all directors and employees govern behaviour relating to, *inter alia*, potential conflicts of interest, and the conditions under which gifts may be accepted.

STAKEHOLDER ENGAGEMENT

The relationships with key stakeholders, including customers, suppliers, government, society, and investors, are recognised as pivotal to the Group's ability to ensure mutually beneficial sustained value creation. An approved policy regulates the manner in which key information about the Group's strategies, future activities and progress is communicated.

For more information about our stakeholder engagements throughout the year, please refer to pages 26 to 33 of the Integrated Report.

CODE OF CONDUCT

The approved Code of Conduct and Ethics is the fundamental policy relating to the manner in which employees, directors and business partners interact with each other. The policy stipulates the Duty of Care principle which is to be applied consistently while maintaining the highest standards of honesty and integrity.

Each director and employee, as well as supplier, is informed of the Code of Conduct either at induction or during the contract negotiation stage. The relevance of this policy is overseen by the Social, Ethics and Sustainability Committee and any significant instances of non-adherence are monitored by the Audit and Risk Committee.

FRAUD, THEFT AND CORRUPTION PREVENTION MECHANISMS

The Group has a zero-tolerance policy to fraud, theft and corruption. The Group has an approved Fraud Prevention Policy in place which addresses all legislative and operational requirements including, *inter alia*, whistle-blower protection.

A Fraud Prevention Committee is established, which reports to the Audit and Risk Committee on all matters reported on the anonymous tip-off hotline, as well as the sanctions applied and outcomes of investigations conducted by either the internal audit function or appointed investigators, as the case may be.

Fraud, theft and corruption prevention is a crucial aspect of the operations of the Group, with various activities in place to prevent such activities from occurring. These mechanisms include an established network of staff trained to assist fellow staff members in matters to be reported, on-site security at all major centres of operations, as well as communication of prevention and reporting processes in induction programmes and communication channels in operation.

During the year no material incidents of fraud, theft or corruption occurred.



COMBINED ASSURANCE AND INTERNAL CONTROLS

During the year, the Group continued efforts to implement a combined assurance model to maximise the assurance gained from management, as well as internal and external assurance providers, in relation to the material risks facing the Group.

The Audit and Risk Committee considered the risks identified through the risk management process and provided assurance to mitigate these risks, as well as to prevent duplication of assurance work by these providers.

The executive directors and directors of key subsidiaries are responsible for ensuring that a robust internal control environment exists in order to ensure that:

- Group assets are adequately safeguarded and used only for the purposes of value creation
- Accurate accounting records are regularly maintained
- All financial and operational information used in the business is reliable and accurate

Further information can be found in the King IV application register which is available at www.seaharvest.co.za.

INFORMATION TECHNOLOGY GOVERNANCE

Embracing the principles of King IV and being cognisant that information technology (IT) is crucial to operations, the Group has established an Information Technology Steering Committee which reports to the Executive Committee and the Audit and Risk Committee. The IT Steering Committee operates in terms of an approved charter and comprises three Directors/Executives, the HOD Information Technology, the HOD Internal Audit and representation from the outsourced service provider.

The Audit and Risk Committee evaluates the effectiveness of the IT structure of the Group, including network security and cyber crime-related threats. Regular assessments of the appropriateness of the Group IT structures are performed internally by management and external assurance providers.

INTERNAL AUDIT

The in-house internal audit function is appointed to provide independent, objective assurance and consulting services to the Group, designed to add value and improve operations. The internal audit function assists the Group to accomplish its objectives by adopting a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, internal control, and operational, governance and compliance activities.

The internal audit function follows a risk-based approach and functionally reports to the Chairman of the Audit and Risk Committee, and administratively to the Chief Financial Officer. The internal audit function operates in terms of an approved charter which is reviewed on an annual basis for relevance to the Group's strategies, operations and legislative environment.

An external quality assurance review of the methodologies alignment to the standards for the Professional Practice of Internal Auditing is scheduled to be finalised in the 2018 financial year. For the 2017 financial year the Head of Internal Audit has provided assurance to the Audit and Risk Committee that the internal audit activities were conducted in line with the Institute of Internal Auditors' Code of Ethics.

OUR SUB-COMMITTEE REPORTS

87 AUDIT AND RISK COMMITTEE REPORT

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93 NOMINATION AND REMUNERATION COMMITTEE REPORT



AUDIT AND RISK COMMITTEE REPORT

ROLE, RESPONSIBILITIES AND FUNCTIONS

In addition to its statutory duties prescribed in the Companies Act, King IV and the JSE Listing requirements the Audit and Risk Committee ("the Committee") is required to provide independent oversight of the system of internal controls and risk management, and the effectiveness of the internal financial controls to assist the Board in monitoring the integrity of the Group's Annual Financial Statements and other performance-related external reports. The Committee further oversees the effectiveness and independence of the Group's external and internal assurance functions and services that contribute to the Group's financial and integrated reporting.

This inaugural report of the Audit and Risk Committee of the Sea Harvest Group sets out the manner in which the Committee has fulfilled these duties during the year under review.

COMPOSITION OF THE COMMITTEE

The Committee was appointed by the Board in February 2017 upon recommendation of the Nominations and Remuneration Committee. The Committee comprises of 3 (three) independent, Non-Executive Directors. The Committee Chairperson Mr LJ Penzhorn, and members Messrs BM Rapiya and WA Hanekom hold office until the upcoming Annual General Meeting scheduled for 8 May 2018.

The Group Chairman, Chief Executive Officer ("CEO"), Chief Finance Officer ("CFO"), Mr MI Khan ("Non-executive Director"), internal auditors and external auditors attend the meetings of the Committee by invitation.

THE AUDIT AND RISK COMMITTEE MANDATE AND TERMS OF REFERENCE

The Audit and Risk Committee operates in accordance with its terms of reference which were approved by the Board in February 2017 and which are reviewed on an annual basis. The terms of reference include the Committee's statutory duties as described in the Companies Act and the additional responsibilities assigned to it by the Board. A copy of the Committee's terms of reference can be found on the Group's website: www.seaharvest.co.za.

In accordance with the JSE Listings Requirements the application of the principles set out in the King IV Report on Corporate Governance became mandatory from 1 October 2017. The terms of reference of the Committee have been evaluated and aligned to the requirements of King IV.

The Committee is satisfied that it has satisfactorily discharged all of its responsibilities as mandated by its terms of reference.

MEETINGS AND WORK PLAN

The agendas of the meetings are derived from the adopted work plan of the Committee which ensures that the Committee discharges its responsibilities in a structured manner.

The external and internal auditors attend Committee meetings and have unrestricted access to the Committee and its Chair and have had the opportunity to address the Committee and its Chairman without management being present to ensure their independence. The Committee reviewed detailed reports from the external auditors and internal auditors, the outcome of which was reported to the Board by the Chairman of the Committee.

Three Audit and Risk Committee meetings were held during the year under review with 100% attendance of members overall.

MEMBERS	ATTENDANCE
LJ Penzhorn (Committee Chairman) BCom Appointed to the Committee February 2017	Attended 3 of 3 meetings
WA Hanekom CA (SA) Appointed to the Committee February 2017	Attended 3 of 3 meetings
BM Rapiya BA Economics Appointed to the Committee February 2017	Attended 3 of 3 meetings

KEY FUNCTIONS OF THE COMMITTEE

The Committee performed the following duties during the year under review:

- Reviewed the interim and annual financial statements of Sea Harvest Group Limited and recommended them to the Board for approval;
- Satisfied itself with the adequacy of the Group's internal controls, including financial internal controls and reporting procedures;
- Reviewed the solvency and liquidity, working capital and going concern statements in support of the Group's listing on the JSE in March 2017;
- Reviewed the expertise and experience of the Group's Chief Financial Officer and finance function;
- Considered and appointed the external auditors and the designated auditor for the financial year under review;
- Considered the independence and effectiveness of the external auditors;
- Determined the fees to be paid to the external auditors and the auditor's terms of engagement;
- Determined the nature and extent of non-audit services and pre-approval of such services as the Committee deemed appropriate;
- Reviewed and approved the internal audit charter and annual audit plan;
- Considered the effectiveness and independence of the head of internal audit and the internal audit function;
- Received and considered the most recent Proactive Monitoring report from the JSE;
- Confirmed that there were no concerns or complaints raised in relation to financial reporting matters and internal controls;
- Provided oversight of Information Technology governance and risk management;
- Assessed the Group's combined assurance model and risk management framework; and
- Reviewed the Group's King IV implementation plans and assessed the Group's application of the King IV Principles as set out in the King IV Application Register.

FINANCE FUNCTION

The preparation of financial reports, including the annual financial statements, was completed under the supervision of Mr JP de Freitas (CA) SA. The Committee reviewed and satisfied itself that the expertise and experience of Mr de Freitas, the Group's Chief Finance Officer, is appropriate. The Committee further reviewed and was satisfied that the expertise and resources within the finance function were appropriate and effective.

COMBINED ASSURANCE

The Group has developed a combined assurance model in response to the risks facing the Group, which incorporates the "three lines of defence" strategy. Assurance is obtained from a number of assurance providers in a co-ordinated manner, to avoid duplication of effort. The Combined Assurance framework was presented to and evaluated by the Committee during the reporting period and deemed to be appropriate.

The internal audit plan is compiled using a risk-based methodology, in consultation with management. In addition, internal and external auditors work in a collaborative manner. For the 2017 financial year the Committee has considered the risks presented by management, evaluated and approved the plans of the internal auditor function and the external auditors, and the outcomes of the audit work performed. The Committee is satisfied that the combined assurance framework is appropriate and provides sufficient assurance over the Group's risk universe.

The Committee meets with the external auditors without management's presence and the Chairman of the Committee has regular meetings with the head of internal audit. The Committee is satisfied that the independent assurance providers' work undertaken together with the internal control designed by management are adequate.

RISK MANAGEMENT AND FRAUD PREVENTION

The Group has developed a Risk Management Framework which was presented to the Committee during the year and deemed appropriate for the size and complexity of the Group. In accordance with this framework the Committee reviewed the strategic risks which could materially impact the ability of the Group to deliver against its objectives and the related mitigation plans and considered these appropriate.

The Committee has also evaluated the fraud prevention strategies adopted by the Group. In the fulfilment of the oversight function the Committee is satisfied that the risks reported and fraud prevention strategies adopted are appropriate.

INFORMATION TECHNOLOGY ("IT") GOVERNANCE

The Committee has oversight responsibility for IT governance and risk management. IT governance and risk management are managed through various charters, plans, policies, procedures and practices. The IT policies, in particular those pertaining to disaster recovery, have been presented and approved by the Committee. An IT Steering Committee has been established to actively manage the IT governance and risk management matters and is responsible for the Group's adherence to the various IT policies and procedures. The IT Steering Committee meets quarterly and provides formal feedback to the Audit and Risk Committee in the form of an IT Steering Committee feedback report. The Committee is satisfied that the report of the IT Steering Committee adequately addresses IT governance and risk management requirements, including the appropriateness of IT strategy and policy, systems and network architecture, applications, disaster recovery and security management.

EXTERNAL AUDITORS

Deloitte & Touche ("Deloitte") are the Group's external auditors and were appointed in 2008. Deloitte remains independent from the Group through, *inter alia,* the appointment, resignation and re-assignment of directors, in particular the former CEO and CFO, and senior management during the tenure of the Group's external auditors. Mr Lester Peter Cotten is currently the designated audit partner and was appointed as such in 2014. Mr Cotten has confirmed to the Committee that Deloitte have complied with the independence requirements in terms of the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants standards.

At the conclusion of the 2017 audit Mr Cotten will retire from Deloitte and will be replaced by Mr Michael André van Wyk as designated auditor subject to shareholder approval. Mr van Wyk's experience and knowledge has been assessed in terms of section 22 of the JSE Listing Requirements and is considered appropriate, and as such the Committee recommends to the shareholders the approval of his appointment at the Annual General Meeting scheduled for 8 May 2018. This change in the designated auditor provides further independence to the external audit function. The Committee wishes to extend its thanks and gratitude to Mr Cotten for his contributions to the Committee and the Group during his tenure as designated auditor.

The Committee approved the level of scope, external audit fees and extent of non-audit services for the 2017 audit. In accordance with the approved policy in respect of non-audit services, the Committee is satisfied that the fees paid to the external auditors did not exceed the approved limits. The fees for non-audit services performed by Deloitte in 2017 related to taxation work and agreed upon procedures in respect of royalty certificates issued to the MSC. The Committee has also evaluated the performance and conduct of the external auditors for the reporting period and is satisfied with the quality of the external audit function.

KEY AUDIT MATTERS RELATING TO THE 2017 AUDIT

The report of the independent auditors containing the following key audit matters and the response to these matters by management in relation to the 2017 annual financial statements were considered by the Committee:

- The valuation of complex options and share-based payments;
- Compliance with long-term fishing rights; and
- Listing transaction cost and unwinding of trusts.

Within the context of the audit of the annual financial statements, the Committee is satisfied that these items were suitably addressed.

INTERNAL AUDITORS

The Committee has considered the independence and effectiveness of the in-house internal audit function and the Head of Internal Audit. The Committee has reviewed and approved the internal audit charter and the coverage plans for 2017 and is satisfied, through the declarations made by the internal auditors, that the assurances provided to the Committee are aligned to the Code of Ethics of the Institute of Internal Auditors.

The Head of Internal Audit reports to the Committee at each meeting and through these reports provides the Committee with a reflection of the internal control environment. An independent external quality assurance review of the internal audit function is scheduled for 2018 which will further improve the Combined Assurance initiatives commenced during this reporting period.

INTERNAL FINANCIAL CONTROLS

The Committee has reviewed the written assessment performed by internal audit on the design, implementation and effectiveness of the Group's internal financial controls and reporting procedures. Based on the results of this review, information provided by management, and in conjunction with the independent assurance providers, the Committee is of the opinion that the internal financial controls and reporting procedures are suitable and effective and provide a sound basis for the preparation of reliable financial information.

ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements for the period ended 31 December 2017 and is satisfied that they comply with International Financial Reporting Standards. Accordingly, the Committee recommended the annual financial statements to the Board for approval, which the Board subsequently approved.

GOING CONCERN, SOLVENCY AND LIQUIDITY

The Committee reviewed the going concern status of the Group and recommended to the Board that the Group will continue to be considered on a going concern basis for the foreseeable future and that the Company is considered solvent and able to distribute its proposed dividend to shareholders.

SOUTH AFRICAN AND AUSTRALIAN GOVERNANCE STANDARDS

In accordance with the JSE Listing Requirements, the application of the principles contained in the King IV Report on Corporate Governance became mandatory from 1 October 2017.
The Committee has reviewed the King IV compliance gap analysis undertaken by management and considered it appropriate and have, throughout the year, monitored progress against the implementation plans to address gaps identified. The Committee is satisfied that the Group have met the requirements of King IV and are satisfied with the disclosures contained in the King IV application register which can be found on the Group's website: www.seaharvest.co.za.

The governance of the Group's Australian Securities Exchange ("ASX") listed subsidiary, Mareterram, is managed through representation of the Group's Chairman, CEO and CIO as Non-Executive Directors on the Mareterram Board and Audit Committee. The Committee is satisfied that the necessary governance standards as promulgated by the ASX Listing Rules and the ASX Corporate Governance Council have been complied with.

EVALUATION AND RE-ELECTION

The Committee's effectiveness for the period under review was evaluated via a self-assessment process. The Board is satisfied, based on the results of the self-assessment that the Committee has adequately performed its duties in accordance with its mandate set out in the Committee's terms of reference and that the Committee's members as a whole have the necessary skills and experience to discharge their duties effectively.

The qualification and experience of members is accessible on the Group's website: www.seaharvest.co.za.

The Board, on the recommendation of the Nomination and Remuneration Committee have nominated the members for re-election at the upcoming Annual General Meeting on 8 May 2018.

CONCLUSION

I wish to extend my thanks to my fellow Committee members for the work undertaken during this exciting period. On behalf of the Committee I wish to also thank the invitee Non-Executive and Executive Directors, management and assurance providers for their contributions to the Committee during the year.

LOUIS PENZHORN
Chairman of the Audit and Risk Committee

29 March 2018

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT

Sea Harvest strives to generate profit and create a sound investment for its shareholders while also prioritising its people, local communities and the environment. As a responsible corporate citizen the Company is committed to ensuring that the value it creates also serves to uplift and sustain its people, local communities and the environment, all underpinned by ethical leadership and sound corporate governance practices.

The Social, Ethics and Sustainability Committee ("the Committee") was established to monitor Sea Harvest's performance as a responsible corporate citizen and to perform its statutory functions 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 Charter ("the charter"), internal policies and any other applicable legislation. However, more importantly the Committee serves as a vehicle to ensure that the Company maintains its commitment to social upliftment and transformation.

The Committee is a sub-committee of the Company's Board of Directors (the "Board" or the "directors") and has an independent role with accountability to the Board.

This report describes how the Committee discharged its duties from its founding until the financial year ended 31 December 2017.

The Committee's charter was approved by the Board on 16 February 2017 and the Committee approved its 2017/2018 Annual Work Plan on 1 June 2017.

MEMBERSHIP AND COMPOSITION OF THE COMMITTEE

Committee members at present are:

- Frederick Robertson (Chairman)
- Bahlelei Marshall Rapiya
- Mohamed Iqbal Khan
- Tiloshani Moodley
- Muhammad Brey

The Committee comprises Non-Executive and Executive Directors with the majority being Non-Executive Directors. The Chief Executive Officer is an *ex officio* member of the Committee with Sea Harvest executives invited to attend from time to time.

The Committee meets at least four times a year and reports to the Board each quarter and on other occasions when required.

THE COMMITTEE'S ROLE AND RESPONSIBILITIES

The role of the Committee is to oversee social and ethical matters on behalf of the Board. It also serves to: Monitor relationships with all material stakeholders and ensure Company and societal transformation whilst mitigating impacts of the Company on the natural environment.

2017 SOCIAL, ETHICS AND SUSTAINABILITY HIGHLIGHTS

RURAL ECONOMIC DEVELOPMENT AND CORPORATE SOCIAL INVESTMENT COMMITMENT 2017

Sea Harvest is committed to transformation where the Company's ambition to facilitate rural economic development in the Saldanha Bay Municipality (SBM) and the greater West Coast is unparalleled and enshrined in the Company's way of doing business.

The Company's social economic development and corporate social investment (CSI) is primarily focused on the West Coast and is spearheaded through the Sea Harvest Foundation NPC ("the Foundation"). Over 20 years ago, Sea Harvest formalised its approach to responding to the needs of society, specifically in the SBM and surrounding communities, with the establishment of the Sea Harvest Foundation. The Foundation has been used as a vehicle through which Sea Harvest has tried to drive social change by directing funds towards projects that benefit, uplift and empower communities along the Cape West Coast. In 2017 the Foundation was restructured as a non-profit company (NPC) in order to improve its ability to assess and respond to applications for support.

The Foundation reports to the Committee and during the financial year in review (2017) the Foundation spent over R3.8 million on CSI in the local community. For more information on the strategic direction of the Foundation refer to page 53 of this report.

SEA HARVEST FOUNDATION 2017 HIGHLIGHTS

- Distribution of bursaries for tertiary education to deserving black applicants from the local community.
- Provided assistance to local crèches in the SBM through the donation of sleeping mats, toys and jungle gyms.
- Donated a container and equipment to a local community neighbourhood watch, thus allowing them to create a mobile neighbourhood watch centre.
- Continued The Kids-for-Kids campaign where funds are raised in support of the Red Cross Children's Hospital Trust. This four-month campaign sees a portion of the sales of selected coated Sea Harvest products donated to the Trust.
- The building and the launch of three classrooms for Grade R at Diazville Primary School in partnership with the provincial Department of Education. Sea Harvest is excited to see the positive effect that this multi-million Rand investment will have on the lives of the children who will have the privilege of receiving tuition and care at the school.
- In addition to its CSI, Sea Harvest continues to play an integral role in the rural economic development of the SBM. The Company along with other corporates based on the West Coast, established the WCBDC over 20 years ago. The Centre offers technical skills training and mentoring support to assist entrepreneurs and in 2017 assisted over 4 000 entrepreneurs to fulfil their ambitions and create thriving businesses.

TRANSFORMATION

B-BBEE SCORECARD ELEMENTS

Sea Harvest's commitment to economic and social transformation will continue and that is illustrated by the Company's continued progression and improvement on the B-BBEE scorecard of its core subsidiary Sea Harvest Corporation ("SHC"). The most recent results for SHC in the 2017 B-BBEE Scorecard reveal its status as a Level 2 Contributor; a status which is valid until June 2018. In 2017, the Company continued to make strides on its transformation strategy, where through SHC, the Company was able to further transform its workforce and invest in Supplier and Enterprise Development (SED).

During 2017, SHC as the single largest employer in the SBM, continued to drive the key focus of SED on behalf of Sea Harvest where it spent over R100 million doing business with local small- and medium-sized suppliers (SMMEs) on the Cape West Coast, the majority of these being with black-owned businesses.

SUPPLIER AND ENTERPRISE DEVELOPMENT 2017 HIGHLIGHTS

- Spent over R100 million with local suppliers.
- Provided R2.5 million in capital and assistance to Tabakbaai Laundry, a supplier development initiative started over 20 years ago. Tabakbaai currently provides a laundry service to SHC's operations.
- Provided assistance to a black-owned Hake Deep-Sea Trawl rights holder where over a five-year period the Company will transfer 40% of ownership in a vessel valued at R11 million to the parties. This transfer will assist the parties to successfully harvest Cape Hake and create employment in the sector.
- Initiated and is in the process of finalising the formation of a Fisheries Development Fund in partnership with Brimstone and the Masisizane Trust. This fund will provide approximately R100 million in cash and other capital including marketing assistance, vessels and assets, management expertise and processing of fish to SMMEs, as part of our enterprise development programme. The primary objective of the Fund is to transform the fishing industry from the ground up by assisting smaller rights holders and new entrants to acquire boats, catch their quota, process catches, provide working capital and access markets.
- Employee transformation is an imperative at Sea Harvest and is implemented according to four transformation policies which guide employment equity, talent management, succession planning and learning and development throughout the Company. For a detailed explanation of the implementation and the results of the transformation policies refer to page 54 in the Human Capital section of this report. The transformation policies will be reviewed and updated annually and presented to this committee.

EMPLOYEE WELLNESS AND EMPLOYEE SHARE SCHEME

Even though the Company is making strides in transforming its local communities through its procurement practices, Sea Harvest's core-focus in the SBM is creating fair, sustainable employment. Central to this focus is ensuring that its employees share in the wealth of the Company through the Employee Share Trust, whilst remaining healthy and safe through a variety of safety and health initiatives that the Company provides.

The Employee Share Trust was created to increase the circle of economic benefit of Sea Harvest; align the interests of Sea Harvest employees with all of those of all other shareholders and ultimately promote empowerment and wealth-sharing with employees. Above and beyond these objectives the share trust serves as a token of appreciation to the Company's employees for their hard-work and dedication to Sea Harvest. The scheme showcases and promotes a philosophy shared by the Board, where the message is clear – Sea Harvest remains committed to wealth-sharing to the benefit of its loyal employees.

In March 2017, 18 months after the Trust was launched, the scheme vested 50% of its shareholding as part of Sea Harvest's listing, resulting in SHC's qualifying employees receiving a payment of R36 million, which was split equally amongst all beneficiaries of the Trust. The remaining 50% of the shares will vest in 2022.

Furthermore, in 2017, Sea Harvest continued the implementation of its successful employee and wealth wellness programme which provides employees with access to substance abuse support, an onsite clinic, financial management training as well as a savings scheme allowing staff to save money through SHC and receive a payout at the end of each calendar year. For more information on this programme and many more refer to page 28 of this report.

HEALTH, SAFETY AND ENVIRONMENT

Sea Harvest is committed to ensuring the safety and security of all its employees while discharging their duties. Our employees are our most valuable resource and thus their wellbeing is of paramount importance. Their welfare is constantly reviewed to ensure best practice is kept to ensure their safety and security. In the unfortunate event that an employee is injured during operations, Sea Harvest has a comprehensive range of benefits which employees can utilise to assist them in their time of need. More information of these benefits can be found on page 54, in the Human Capital section of this report.

During 2017, Sea Harvest underwent a concerted effort to reduce injuries through various initiatives. One such initiative was the launching of a Safety, Health and Environment competition which not only helped create engagement and energy amongst employees at Sea Harvest's land-based operations, but more importantly, resulted in lower overall injuries during operations. At sea, the Company promulgated a revised Safety at Sea policy to ensure that Sea Harvest is at the forefront in the way it handles mandatory safety requirements at sea.

The Company's extensive security systems continued to perform well in 2017, ensuring the protection of the Company's employees and assets.

Sea Harvest believes in conducting its business in a sustainable manner to, *inter alia*, ensure that we preserve natural resources for future generations. Not only do we comply with the environmental regulations imposed by the local authorities and other international organisations, but our Company also plays an active role in initiating further measures to protect South Africa's environmental resources.

During 2017, the Company faced increased pressure due to the drought which is currently gripping the Western Cape. Sea Harvest undertook various steps to reduce its water usage resulting in a 31% savings year-on-year. The Company's sustainable water usage culminated in the construction of a desalination and reverse osmosis plant which will be operational in early 2018. This will allow Sea Harvest to continue operations and relieve the pressure on the SBM. Refer to page 50 under the Natural Capital section of this report to read about Sea Harvest's commitment to the sustainable utilisation of water and other resources and its 2017 performance in this regard.

This committee has challenged Sea Harvest in ensuring that the Company's commitments to its employees, community and the environment are maintained. A constant focus on these elements will show that commercial enterprise, the environment and community spirit are critical success factors in developing a healthy, relevant and sustainable business.

REPORT TO SHAREHOLDERS

Management has confirmed that no instances of material non-compliance with applicable legislation or governance codes were raised or recorded.

A Board assessment and a self-assessment by the Committee conducted in February 2018 indicated that the Board and the Committee are both satisfied that the Committee performed all its statutory and Company charter duties.

The Committee has reviewed Sea Harvest's Annual Integrated Report and is satisfied that its content is relevant to the activities and responsibilities of the Committee.

FRED ROBERTSON
Chairman of the Social, Ethics and Sustainability Committee

7 March 2018



NOMINATION AND REMUNERATION COMMITTEE REPORT

This report comprises of three parts:

- The Nomination and Remuneration Committee (the "**Committee**") Chairman's report providing an overview of performance and remuneration in the 2017 financial year along with details of the governance arrangements in place with respect to nomination and remuneration.
- 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.
- The implementation of the remuneration policy in the 2017 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 business.

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 2017 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, 2017 was a good year for Sea Harvest, which included its listing on the JSE.

Sea Harvest's revenue increased by 10% to R2.1 billion with the continued strong global demand for high value, sustainably certified, wild-caught seafood with limited supply driving strong pricing across all channels and markets, partially offsetting the impact of the stronger Rand.

The Group delivered gross profit for the year of R717 million and the gross profit margin expanded from 31% to 34%. The expansion in the gross profit margin was driven by efficiency gains as a result of investments in factory freezer vessel capacity and land-based efficiency improvements, increased export volumes mix and price increases which partially offset the impact of the stronger Rand.

The Group increased EBIT from R250 million to R383 million with the EBIT margin expanding from 13% to 18%.

Profit after tax increased from R131 million to R267 million and HEPS increased 91% to R1.08 per share.

The Group declared a maiden dividend of R0.31 per share payable on 16 April 2018.

As part of the listing, the Committee carefully reviewed the Group's remuneration structure to ensure that it was fit for a public company and would drive the behaviours required of employees.

This included an executive benchmarking as the Committee wanted to ensure that the Executive Directors and 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 no planned changes to the Remuneration Policy for the 2018 financial year from that introduced on listing and detailed in Part 2 of this report. 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. We are also satisfied that the Remuneration Policy achieved its objectives in the 2017 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.

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 2017 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.

COMPOSITION OF THE NOMINATION COMMITTEE

The Committee formed a dedicated Nomination Committee during the year to deal with dedicated nomination matters. The Nomination Committee comprises of the Committee members and the Chairman of the Board being:

- Mr WA Hanekom – Chairman (independent Non-Executive Director);
- Mr BM Rapiya (independent Non-Executive Director);
- Mr MI Khan (Non-Executive Director); and
- Mr FJ Robertson (Non-Executive Director).

INDEPENDENT EXTERNAL ADVICE

The Committee actively sought independent external advice from PwC on remuneration trends and benchmarks for non-executive Directors, executive Directors and management and on the structure 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.
- 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.
- Consider the succession planning for executive Directors and key senior executives.

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

- consideration of nomination matters;
- review of the composition of the Board and Board Committees;
- review of the performance of the Board and Board Committees;
- succession planning for the Board, Chairman, CEO and executive committee;
- considering executive depth in the Group;
- considering the independent Directors' (including the Chairman's) outside professional commitments;
- review the independence of Directors;
- consideration of the Board's diversity policy and targets;
- approval of short-term incentive ("STI") payments for the 2016 and 2017 financial years;
- review and approval of the performance metrics and rules for the 2017 and 2018 financial years STI;
- review of the performance of the CEO for the 2016 and 2017 financial years;
- setting the financial targets and functional targets for the CEO for the 2017 and 2018 financial years;
- implementing the Group's Forfeitable Share Plan, pursuant to the listing of the Group on the JSE on 23 March 2017, including setting caps on maximum dilution at both an individual and a Company level;
- 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 2017 and 2018 financial years increases in guaranteed pay for executives and employees in management positions;
- benchmarking non-executive Director's remuneration;
- consideration and approval of the mandate for 2017 and 2018 plant level and bargaining council wage negotiations;
- approving the related party management fees;
- implementing the Committee's charter and ensuring its alignment to King IV; and
- setting the annual work plan for the Committee.

During the 2018 financial year the main focus of the Committee will be to ensure that the Remuneration Policy implemented on listing is effective and driving the required behaviours of management and employees. The Committee will also provide input when requested with regards to the integration of the Group's acquisition targets.

NON-BINDING ADVISORY VOTE

In line with the requirements of King IV and the JSE Listings Requirements, the Remuneration Policy together with the implementation report will be tabled for two separate non-binding advisory votes at the upcoming AGM. This will be the Group's first vote on remuneration matters.

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
- The invitation will propose 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 95 to 99 and the implementation report on pages 99 to 102, for separate non-binding advisory votes.

ANDRÉ HANEKOM

Chairman of the Nomination and Remuneration Committee

28 March 2018

PART 2: FORWARD-LOOKING REMUNERATION POLICY

This section of the report specifically deals with the remuneration of non-executive Directors, executive Directors, management and other grades of employees. This section sets out the remuneration philosophy and policies and the reward framework in place for the financial year ended 31 December 2017 and the financial year ending 31 December 2018.

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. Sea Harvest 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 Sea Harvest remunerates employees reflects the dynamics of the market, as well as the social, economic and environmental context in which the Group operates.

The Group 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 Committee is cognisant of its role to ensure that this principle is reflected across the Group. As such, the Committee takes the necessary steps to ensure that executive remuneration is justifiable in the context of overall employee remuneration and aligns with the principle of fair and responsible remuneration for all. This may include requesting management to:

- investigate and assess the internal pay disparities within the Group;
- examine the underlying reasons for pay disparities;
- monitor internal equity by using recognised statistical methods of calculation; and
- conduct an assessment of pay conditions between employees at the same level or same job (or employees whose work is of equal value) in accordance with the principle of Equal Pay for work of Equal Value.

REMUNERATION MIX

Remuneration comprises guaranteed pay ("GP") 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.

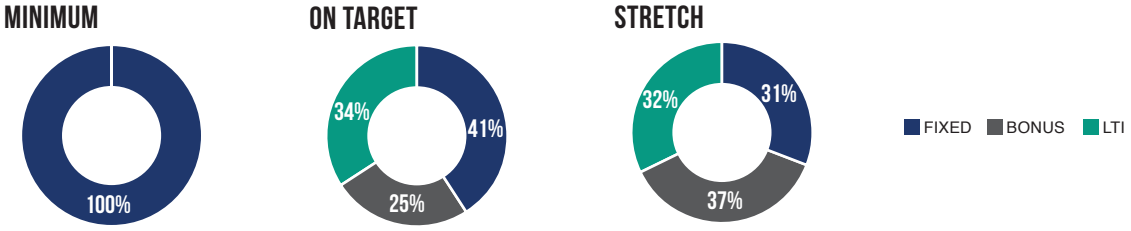
In order to drive a high performance culture and an alignment with shareholders through shared value creation, the total reward mix for the CEO and executive Directors is geared towards a higher percentage of variable pay at risk for the achievement of stretch targets. The graphs below illustrate the 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 2017 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 2017 multiplied by the fair value on grant.	The maximum number of performance shares and bonus shares granted in 2017 multiplied by the share price on grant.

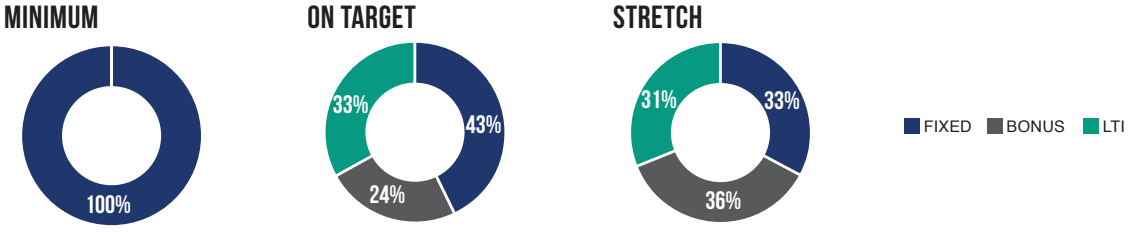
Note, retention shares have not been included in the pay mix graphs as they do not form part of the ongoing package for executive Directors.

AGGREGATE EXECUTIVE DIRECTOR PAY MIX

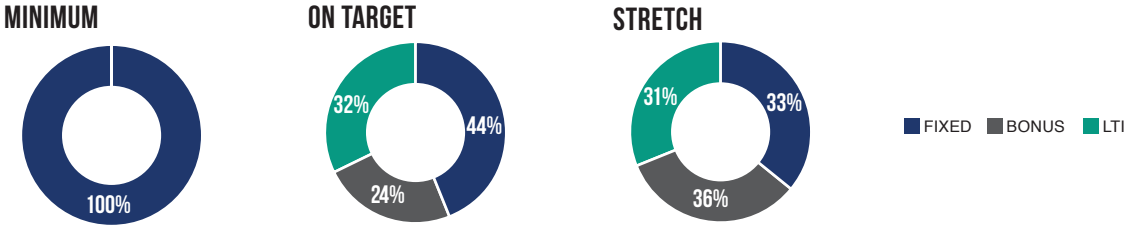
CEO



CFO



CIO



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, key executives and key senior management .

	GUARANTEED PAY		VARIABLE PAY	
	BASIC SALARY	BENEFITS	SHORT-TERM INCENTIVE	LONG-TERM INCENTIVE
REMUNERATION METHODOLOGY	Reviewed annually against market benchmarks	Market-related benefits: • Pension/ Provident Fund • Motor vehicle allowances • Medical aid	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. 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 • Based on a sliding scale for performance inbetween 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.	**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. **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 • Senior management – Performance Shares 22% to 61% of GP and Bonus Shares 28% to 67% 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.
PERFORMANCE CONDITIONS	Performance, i.e. meeting requirements of the job	n/a	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. A single financial target is used, being EBIT. 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 • Building organisational capability	Refer to next table for performance conditions and characteristics of each share element.

LTI ALLOCATION METHODOLOGY

LONG-TERM INCENTIVE	ELIGIBILITY	PLAN ELEMENTS AND PERFORMANCE CONDITIONS
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. • They 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 is governed by: 1. Continued employment; 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 headline earnings per share (HEPS) growth weighted for the main territories in which the Group operates: – If the HEPS CAGR over the three-year period places it at the CAGR in CPI plus GDP, or better, then the targeted number (30% of the maximum number) of performance shares awarded will vest. – If the HEPS CAGR over the three-year period places it at the 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 HEPS CAGR over the three-year period places it at the 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.
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 are dismissed due to operational reasons, (e.g. retrenchment) in the two years prior to termination of the Trust will qualify for 50% 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 (5.16% 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 (1.55% 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 Tuesday, 8 May 2018:

ROLE	1 JULY 2018 TO 30 JUNE 2019 R	1 JULY 2017 TO 30 JUNE 2018 R	CHANGE (%)
Board Chairperson	R535 000	R500 000	7%
Board Lead Independent Director	R267 500	R250 000	7%
Board member	R214 000	R200 000	7%
Audit and Risk Committee Chairperson	R139 000	R130 000	7%
Audit and Risk Committee member	R74 000	R69 000	7%
Remuneration and Nomination Committee Chairperson	R107 000	R100 000	7%
Remuneration and Nomination Committee member	R53 500	R50 000	7%
Social, Ethics and Sustainability Committee Chairperson	R107 000	R100 000	7%
Social, Ethics and Sustainability Committee member	R53 500	R50 000	7%
Investment and Hedging Committee Chairperson	R107 000	R100 000	7%

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 Directors and non-executive Directors.

The Committee is satisfied that variable pay outcomes for the 2017 financial year are aligned with the Group's financial performance for the 2017 financial year (as contextualised in the CEO's report).

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.

	NO OF EMPLOYEES	GUARANTEED PAY INCREASES 2017
Group CEO and Executive Team	**8**	**6.0%**
Senior Management	**42**	**6.5%**
Junior Management	**93**	**5.1%**
Salaried Staff	**89**	**5.8%**
Factory Waged Staff	**1 410**	**8.5%**
Fleet Waged Staff	**658**	**8.0%**

The GP of the executive Directors for the 2016 and 2017 financial years respectively is set out below:

	GUARANTEED PAY (R)	
	2016	2017
CEO	3 809 981	4 113 763
CFO	2 143 594	2 313 015
CIO	634 999*	2 542 021

* Commenced 1 October 2016

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

The Group adjusted the non-executive Director fees to bring them in line with fees within the listed environment.

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. The targets set for the 2017 financial year were considered to be challenging in the context of the actual EBIT for the 2016 financial year which, on a proportionally consolidated basis (excluding Mareterram) was R190 million. In line with the Group's performance in the 2017 financial year, the financial target element of the STI was triggered at the stretch levels and an average individual performance score for the functional target element of the STI of 84% was achieved. The table below sets out the targets for Executive Directors set and the actual performance achieved:

PERFORMANCE CONDITION	WEIGHTING	THRESHOLD (R'm)	TARGET (R'm)	STRETCH (R'm)	ACTUAL PERFORMANCE (R'm)	ACTUAL PERFORMANCE (% MAXIMUM)
Financial target (EBIT)	**80%**	**200**	**220**	**240**	**363**	**151%**
Functional target	**20%**			**see below**		

The functional targets for the Executive Directors for 2017 encompassed transformation, retention of fishing rights, efficiency initiatives, organic and acquisitive growth and building organisational capacity.

The functional targets are then cascaded to the business.

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.

The achievement of the targets for the executive Directors in respect of the 2017 financial year were:

EXECUTIVE DIRECTORS	ACHIEVEMENT OF FINANCIAL PERFORMANCE CONDITIONS	ACHIEVEMENT OF FUNCTIONAL PERFORMANCE CONDITIONS	TOTAL AS PERCENTAGE OF MAXIMUM	MAXIMUM BONUS (% OF GP)
Felix Ratheb (CEO)	**100%**	**100%**	**100%**	**120%**
John Paul de Freitas (CFO)	**100%**	**85%**	**97%**	**110%**
Muhammad Brey (CIO)	**100%**	**95%**	**98%**	**110%**

LONG-TERM INCENTIVES

The Forfeitable Share Plan was put in place when the Group listed on 23 March 2017 and the Group issued 2 465 781 retention shares, 1 313 246 performance shares and 621 038 bonus shares to executive Directors, executives and key senior management as part of the initial allocation.

The number of FSPs issued to the executive Directors is set out in the table below. As the Forfeitable Share Plan has just been instituted, none of the retention shares, performance shares or bonus shares vested during 2017. The first tranche of retention shares is scheduled to vest from March 2018 (retention shares vest equally over a three/five year period), whereas the performance shares and bonus shares vest in March 2020.

In addition, in line with the recommendation of King IV we have included an indicative value of the unvested instruments as at 31 December 2017. 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 R12.50. For the performance shares a valuation was performed based on assumptions as at 31 December 2017.

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	–	–	219 385	2 081 961
23 March 2017	Bonus shares	119 998	12.50	22 March 2020	–	N/A	119 998	1 499 975
23 March 2017	Retention shares*	789 786	12.50	22 March 2018 to 22 March 2022	–	N/A	789 786	9 872 327
John Paul de Freitas								
23 March 2017	Performance Shares	113 120	12.50	22 March 2020	–	–	113 120	1 073 509
23 March 2017	Bonus shares	61 874	12.50	22 March 2020	–	N/A	61 874	773 425
23 March 2017	Retention shares	203 616	12.50	22 March 2018 to 22 March 2020	–	N/A	203 616	2 545 200
Muhammad Brey								
23 March 2017	Performance Shares	124 178	12.50	22 March 2020	–	–	124 178	1 178 449
23 March 2017	Bonus shares	66 097	12.50	22 March 2020	–	N/A	66 097	826 213
23 March 2017	Retention shares*	447 040	12.50	22 March 2018 to 22 March 2022	–	N/A	447 040	5 588 000

* Five year vesting from 22 March 2018 to 2022

SINGLE FIGURE OF REMUNERATION

The table below sets out the remuneration **received** by the executive Directors for the 2017 financial year:

2017 (R'000)	SALARY	BENEFITS	STI	TOTAL FOR THE YEAR
Felix Ratheb	3 374	740	4 936	9 050
John Paul de Freitas	1 874	440	2 469	4 783
Muhammad Brey*	2 100	2 942	2 738	7 780
	7 348	4 122	10 143	21 613

* Includes sign-on bonus of R2.5 million

The value of the Bonus Shares and Retention Shares granted to the Executive Directors in 2017, but **not yet received or vested** at 31 December 2017, is set out in the table below. In the case of Bonus Shares, these vest at the end of three years, and in the case of the Retention Shares, these vest equally over a three or five year period.

2017 (R'000)	LTI	TOTAL FOR THE YEAR
Felix Ratheb	11 372	11 372
John Paul de Freitas	3 319	3 319
Muhammad Brey	6 414	6 414
	21 105	21 105

The table below sets out the remuneration **received** by the executive Directors for the 2016 financial year:

2016 (R'000)	SALARY	BENEFITS	STI	TOTAL FOR THE YEAR
Felix Ratheb	3 069	742	2 562	6 373
John Paul de Freitas	1 743	401	1 466	3 610
Muhammad Brey**	525	110	–	635
	5 337	1 253	4 028	10 618

** Appointed 1 October 2016

2016 (R'000)	LTI***	TOTAL FOR THE YEAR
Felix Ratheb	–	–
John Paul de Freitas	–	–
Muhammad Brey	–	–
	–	–

*** As the Company was only listed in March 2017, no LTI's were issued or in issue during the 2016 financial year

DIVERSITY TARGETS

The Committee set the following diversity targets during the current 2017 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.

Gender – Female Targets

The Committee agreed that 30% of the Board composition should be female within a period of three years.

APPROVAL

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

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AUDITED SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	YEAR ENDED 31 DECEMBER 2017 R'000	RESTATED* YEAR ENDED 31 DECEMBER 2016 R'000
Revenue	**2 131 054**	1 931 979
Cost of sales	**(1 414 264)**	(1 326 521)
Gross profit	**716 790**	605 458
Other operating income	**74 707**	31 607
Selling and distribution expenses	**(114 771)**	(111 704)
Marketing expenses	**(15 166)**	(13 372)
Other operating expenses	**(327 747)**	(314 810)
Operating profit before associate and joint venture income	**333 813**	197 179
Share of profit of joint venture and associate	**1 000**	13 369
Fair value gains	**24 825**	–
Gain on disposal of interest in joint venture	**23 155**	–
Gain on remeasurement of previously held interest in associate	**–**	39 640
Operating profit before finance costs and taxation	**382 793**	250 188
Investment income	**17 206**	2 075
Interest expense	**(38 848)**	(77 892)
Profit before taxation	**361 151**	174 371
Taxation	**(94 206)**	(42 857)
Profit after taxation	**266 945**	131 514
Profit after taxation attributable to:		
Shareholders of Sea Harvest Group Limited	**259 344**	121 876
Non-controlling interests	**7 601**	9 638
Profit after taxation	**266 945**	131 514
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Movement on cash flow hedging reserve	**(20 224)**	94 728
Exchange differences on translation of foreign operations	**(11 576)**	(45 945)
Items that may not be reclassified subsequently to profit or loss:		
Net measurement gain on defined benefit plan	**1 625**	–
Other comprehensive (loss)/income, net of tax	**(30 175)**	48 783
Total comprehensive income for the year	**236 770**	**180 297**
Total comprehensive income attributable to:		
Shareholders of Sea Harvest Group Limited	**233 403**	186 670
Non-controlling interests	**3 367**	(6 373)
	236 770	180 297
Earnings per share (cents)		
– Basic[1]	**119.0**	86.4
– Diluted[1]	**114.7**	75.0

Notes:

*Please refer to note 3.

[1] Prior year shares in issue adjusted for 1:6 consolidation.

AUDITED SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 DECEMBER 2017 R'000	RESTATED* 31 DECEMBER 2016 R'000
ASSETS			
Non-current assets			
Property, plant and equipment[1]		**808 192**	541 513
Intangible assets		**489 805**	501 334
Goodwill		**84 220**	86 033
Investment in joint venture		**–**	21 845
Available-for-sale investment	6	**25 264**	25 264
Other financial assets	6	**24 825**	1 233
Loans to related parties	7	**72 489**	4 389
Loans to supplier partners		**1 959**	–
Deferred tax assets		**243**	33 545
		1 506 997	1 215 156
Current assets			
Inventories		**304 001**	291 758
Trade and other receivables		**332 578**	282 750
Other financial assets	6	**41 896**	46 629
Tax assets		**–**	6 370
Cash and bank balances		**383 047**	154 404
		1 061 522	781 911
Total assets		**2 568 519**	1 997 067
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	8	**1 294 875**	849
Preference share capital and premium		**–**	368 409
Other reserves		**(71 476)**	16 030
Retained earnings		**174 267**	132 116
Attributable to shareholders of the Parent		**1 397 666**	517 404
Non-controlling interests		**168 313**	152 043
		1 565 979	669 447
Non-current liabilities			
Long-term interest-bearing borrowings		**315 825**	371 917
Loans from related parties		**–**	54 664
Employee-related liabilities		**26 342**	31 209
Deferred grant income		**12 110**	13 733
Share-based payment liabilities		**18 789**	–
Long-term other financial liabilities	6	**59 348**	82 450
Deferred taxation		**205 277**	242 851
Shareholders for dividends		**–**	135 404
		637 691	932 228
Current liabilities			
Short-term interest-bearing borrowings		**31 298**	52 536
Trade and other payables		**269 356**	291 568
Deferred grant income		**1 505**	1 551
Short-term other financial liabilities	6	**20 848**	21 121
Provisions		**30 980**	17 843
Shareholders for dividends		**–**	2 431
Tax liabilities		**10 862**	8 342
		364 849	395 392
Total equity and liabilities		**2 568 519**	1 997 067

Notes:

[1] Additions to property, plant and equipment include the acquisition of a new freezer vessel which amounted to R214.4 million at the end of the year.

*Please refer to note 3.

AUDITED SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	YEAR ENDED 31 DECEMBER 2017 R'000	RESTATED* YEAR ENDED 31 DECEMBER 2016 R'000
Balance at the beginning of the year	**669 447**	130 092
Attributable to:		
Shareholders of Sea Harvest Group Limited	**517 404**	130 092
Non-controlling interests	**152 043**	–
Total comprehensive income for the year attributable to shareholders of Sea Harvest Group Limited	**233 405**	186 670
Profit after taxation	**259 344**	121 876
Movements in other items of comprehensive (loss)/income, net of tax	**(25 939)**	64 794
Movements attributable to shareholders of Sea Harvest Group Limited		
Shares issued[1]	**1 294 047**	–
Recognition of forfeitable share plan reserve[2]	**(55 000)**	–
Preference shares issued	**–**	200 000
Redemption of preference shares	**(368 409)**	–
Distributions to participants of share trusts and repurchase of shares	**(218 771)**	–
Recognition of treasury shares	**–**	(4 308)
Share-based payments	**15 178**	4 950
Transfer to share-based payment liabilities (modification)[3]	**(19 789)**	–
Further acquisition of investment in subsidiary	**(399)**	–
Movement attributable to non-controlling interests	**16 270**	152 043
Balance at the end of year	**1 565 979**	669 447

Notes:

*Please refer to note 3.

[1] Following the listing on 23 March 2017, Sea Harvest successfully placed 101 933 269 ordinary shares (excluding shares referred to in footnote 3) at a price of R12.50 per share. Listing costs of R35.1 million were charged against equity.

[2] 4 400 065 shares were awarded to key Sea Harvest employees in terms of a long-term Forfeitable Share Plan ("FSP") incentive scheme and R55 million representing the market value of the shares was debited to a reserve and credited to stated capital.

[3] During the year, The Sea Harvest Management Investment Trust No. 2 and the Sea Harvest Employee Share Trust were reclassified from equity-settled share-based payment schemes to cash-settled share-based payment schemes. The IFRS 2 calculated liability was raised and debited to the equity-settled share-based payment reserve at the reclassification date.

AUDITED SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Operating activities		
Profit after taxation	**266 945**	131 514
Adjustments for non-cash and other items	**163 296**	185 901
Operating cash flows before changes in working capital	**430 241**	317 415
Increase in inventories	**(14 255)**	(20 577)
(Increase)/decrease in trade and other receivables	**(53 547)**	32 252
Decrease in trade and other payables	**(21 448)**	(672)
Cash generated from operations	**340 991**	328 418
Investment income received	**17 206**	2 075
Interest paid	**(25 544)**	(50 943)
Income tax paid	**(80 011)**	(30 310)
Net cash generated from operating activities	**252 642**	249 240
Investing activities		
Acquisition of investment in subsidiary	**–**	(195 990)
Proceeds from disposal of property, plant and equipment	**2 855**	3 830
Acquisition of property, plant and equipment	**(369 876)**	(107 449)
Acquisition of intangible assets	**(1 526)**	(3 164)
Net cash utilised in investing activities	**(368 547)**	(302 773)
Financing activities		
Shares issued, net of listing costs	**1 239 025**	–
Proceeds on the issue of C class preference shares	**–**	200 000
Redemption of B and C preference share capital	**(368 409)**	–
Settlement of B and C preference dividends	**(144 269)**	–
Repayment of borrowings	**(332 024)**	(55 806)
Proceeds from borrowings	**257 968**	–
Amounts advanced to related parties	**(80 194)**	(103)
Repayments of financial liabilities	**(22 256)**	(12 519)
Repurchase of shares and distributions to participants of share trusts	**(218 771)**	–
Rights issue in subsidiary	**14 971**	–
Further investment in subsidiary	**(1 479)**	–
Net cash generated from financing activities	**344 562**	131 572
Net increase in cash and cash equivalents	**228 657**	78 039
Cash and cash equivalents at the beginning of the year	**154 404**	76 418
Effects of exchange rates on the balance of cash held in foreign operation	**(14)**	(53)
Cash and cash equivalents at the end of the year	**383 047**	154 404

NOTES TO THE AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The summarised consolidated financial statements are derived from the consolidated financial statements, approved by the directors on 6 March 2018. They are prepared in accordance with the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements. Summarised consolidated financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying financial statements.

The consolidated annual financial statements and the summarised consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, JP de Freitas CA (SA).

2. INDEPENDENT AUDITOR'S OPINION

The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 31 December 2017, as well as these summarised consolidated financial statements. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with those consolidated financial statements. Copies of their audit report on the consolidated financial statements, together with the consolidated financial statements are available for inspection at the Company's registered office.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SEA HARVEST GROUP LIMITED

Opinion

The summarised consolidated financial statements of Sea Harvest Group Limited, which comprise the summarised consolidated statement of financial position as at 31 December 2017, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Sea Harvest Group Limited for the year ended 31 December 2017.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Sea Harvest Group Limited, in accordance with IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summarised financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The Audited Consolidated Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 6 March 2018. That report also includes:

- The communication of other key audit matters as reported in the auditor's report of the audited financial statements

Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Deloitte & Touche

Registered Auditors
Per: LP Cotten
Partner

29 March 2018

Deloitte & Touche

Registered Auditors
1st Floor, The Square, Cape Quarter, 27 Somerset Road, Green Point, 8005

3. RESTATEMENT OF THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

In the prior year, the Group acquired a 55.89% interest in Mareterram Limited, a fishing, fish processing and trading business situated on the Australian West Coast and listed on the Australian Stock Exchange.

The initial accounting for the business combination in the prior year was prepared using provisional values as permitted in terms of paragraph 45 of IFRS 3 *Business Combinations*. Subsequent to the end of the prior reporting period the purchase price allocation was finalised within the measurement period, being a period not exceeding 12 months from the acquisition date in July 2016, and the provisional values adjusted in terms of paragraph 45 of IFRS 3.

The audited financial results for the year ended 31 December 2016 have been restated for the finalisation of the purchase price allocation of the Mareterram Limited business combination.

The adjustments to the prior-year statement of financial position are summarised as follows:

ASSETS ACQUIRED AND LIABILITIES ASSUMED	ESTIMATED FAIR VALUE AT TIME OF ACQUISITION AND AS PREVIOUSLY REPORTED	MEASUREMENT PERIOD ADJUSTMENTS	EXCHANGE RATE DIFFERENCES	2016 R'000 RESTATED CLOSING BALANCE
Property, plant and equipment	105 723	–	–	105 723
Intangible assets	310 918	157 648	(15 660)	452 906
Deferred tax assets	30 181	–	–	30 181
Financial derivative assets	230	–	–	230
Goodwill	115 722	(20 196)	2 006	97 532
Inventory	111 854	–	–	111 854
Trade and other receivables	85 240	–	–	85 240
Cash and bank balances	131	–	–	131
Current portion of financial derivative assets	1 566	–	–	1 566
Long-term interest-bearing borrowings	(131 812)	–	–	(131 812)
Employee-related liabilities	(3 043)	–	–	(3 043)
Fishing licence liability	(89 542)	–	–	(89 542)
Deferred tax liability	–	(121 512)	12 071	(109 441)
Trade and other payables	(60 684)	–	–	(60 684)
Short-term interest-bearing borrowings	(25 027)	–	–	(25 027)
Short-term fishing licence liability	(23 308)	–	–	(23 308)
Current portion of financial derivative liabilities	(602)	–	–	(602)
Non-controlling interest	(137 546)	(15 940)	1 583	(151 903)
Fair value of previously held interest	(94 011)	–	–	(94 011)
Consideration paid in cash	195 990	–	–	195 990
Net cash flow on acquisition of business				
Consideration paid in cash	195 990	–	–	195 990
Less cash and cash equivalent balances acquired	(131)	–	–	(131)
	195 859	–	–	195 859
Goodwill on acquisition				
Consideration	195 990	–	–	195 990
Less: Fair value of identifiable assets acquired and liabilities assumed	(311 825)	(36 136)	3 589	(344 372)
Plus: Fair value of previously held interest	94 011	–	–	94 011
Plus: Non-controlling interest	137 546	15 940	(1 583)	151 903
	115 722	(20 196)	2 006	97 532

4. HEADLINE EARNINGS PER SHARE

4.1 CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	NUMBER OF SHARES	
	YEAR ENDED 31 DECEMBER 2017	YEAR ENDED 31 DECEMBER 2016[1]
Weighted average number of shares on which earnings and headline earnings per share is based:	**217 859 827**	141 540 333
Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based:	**226 173 525**	162 400 333
Reconciliation of weighted average number of shares between basic and diluted earnings per share and headline earnings and diluted headline earnings per share:		
Basic	**217 859 827**	141 540 333
Dilutive instruments	**8 313 698**	20 860 000
Diluted	**226 173 525**	162 400 333

4.2 DETERMINATION OF HEADLINE EARNINGS

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Profit after taxation attributable to shareholders of Sea Harvest Group Limited	**259 344**	121 876
Profit on disposal of property, plant and equipment	**(3 876)**	(2 992)
Gain on remeasurement of previously held interest in subsidiary	**–**	(39 640)
Gain on disposal of interest in joint venture	**(23 155)**	–
Total tax effects of adjustments	**3 004**	898
Headline earnings for the year	**235 317**	80 142
Headline earnings per share (cents)		
– Basic	**108.0**	56.4
– Diluted	**104.0**	49.2

Note:
[1] Prior year shares in issue adjusted for 1:6 share consolidation.

5. SEGMENTAL RESULTS

The Group's reportable segments under IFRS 8: Operating Segments, are the South African operations and the Australian operations.

	YEAR ENDED 31 DECEMBER 2017 R'000	RESTATED* YEAR ENDED 31 DECEMBER 2016 R'000
Segment revenue		
South African Operations[1]	**1 644 206**	1 652 236
Australian Operations	**486 848**	279 743
Total revenue	**2 131 054**	1 931 979
Segment profit from operations		
South African Operations	**312 262**	171 250
Australian Operations	**21 551**	25 929
Operating profit before joint venture and associate profit	**333 813**	197 179
Fair value gains	**24 825**	–
Gain on disposal of interest in joint venture	**23 155**	–
Gain on the remeasurement of previously held interest in subsidiary	**–**	39 640
Share of profits of joint venture and associate	**1 000**	13 369
Investment income	**17 206**	2 075
Interest expense	**(38 848)**	(77 892)
Profit before taxation	**361 151**	174 371
Total assets		
South African Operations	**1 732 386**	1 183 021
Australian Operations	**836 133**	814 046
	2 568 519	1 997 067
Total liabilities		
South African Operations	**638 084**	945 267
Australian Operations	**364 456**	382 353
	1 002 540	1 327 620

Notes:

[1] Revenue excludes the following inter-segmental revenues between South Africa and Australia which are eliminated on consolidation: R100.9 million (2016: R41.5 million)

*Please refer to note 3.

6. OTHER FINANCIAL ASSETS AND LIABILITIES

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Financial derivative assets	**66 721**	47 862
Non-current portion of financial assets	**24 825**	1 233
Current portion of financial assets	**41 896**	46 629
Other financial asset		
Available-for-sale investment	**25 264**	25 264
Financial derivative liabilities	**130**	2 698
Liabilities held at fair value through profit or loss	**–**	2 698
Current portion of financial liabilities	**130**	–
Other financial liability		
Fishing licence liability	**80 066**	100 873
Non-current portion of financial liability	**59 348**	82 450
Current portion of financial liability	**20 718**	18 423

FINANCIAL DERIVATIVE ASSETS AND LIABILITIES

The current portion of financial assets and liabilities arises from hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency volatility. Hedging contracts are regarded as Level 2 financial instruments for fair value measurement purposes. Level 2 fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

CALL OPTION DERIVATIVE

The non-current portion of financial assets is a call option, entered into on 1 January 2017, to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited (joint venture of Brimstone Investment Corporation Limited) from Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited). The fair value was independently determined by an expert using the Black-Scholes option pricing model. The 10-year call option financial asset which can be exercised at any time has been classified as a non-current asset at year-end due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option is regarded as a Level 3 financial instrument for fair value measurement purposes. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. The sensitivity analysis demonstrates the increase/(decrease) on the asset held at fair value through profit or loss which could result from a change in these assumptions.

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Vuna Fishing Company valuation		
+ 5%	**2 061**	–
- 5%	**(2 036)**	–
Yield Curve (7.910%)		
+ 5%	**1 167**	–
- 5%	**(975)**	–
Volatility (24.146%)		
+ 1%	**1 435**	–
- 1%	**(1 487)**	–

AVAILABLE-FOR-SALE INVESTMENT

The Group holds 10% of the ordinary share capital of Desert Diamond Fishing Proprietary Limited, a company involved in the fishing and fishing processing industries. The directors of the Group do not consider that the Group is able to exercise significant influence over Desert Diamond Fishing Proprietary Limited.

The Group reassesses the valuation of the available-for-sale investment annually, by using an asset valuation method performed by an independent valuator.

The available-for-sale investment is regarded as a Level 3 financial instrument. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) on the available-for-sale investment which could result from a change in these assumptions.

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Desert Diamond vessel valuation		
+ 5%	**1 263**	1 263
- 5%	**(1 263)**	(1 263)

FISHING LICENCE LIABILITY

The fishing licence liabilities relate to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme (VFAS). The VFAS operates from 12 November 2010 until 1 July 2021. Mareterram Limited owns 10 fishing licences in the Shark Bay region. The liabilities shown represent present values discounted at the five-year Australian Corporate Bond rate. Fishing licence liabilities are carried at amortised cost.

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
7. RELATED PARTY TRANSACTIONS		
7.1 RELATED PARTY LOANS		
Loans to related parties		
Vuna Fishing Company Proprietary Limited[1]	**27 420**	–
Vuna Fishing Group Proprietary Limited[2]	**45 069**	–
The New Sea Harvest Management Investment Trust	**–**	4 389
Total	**72 489**	4 389
Loans from related parties		
Brimco Proprietary Limited	**–**	54 664
	–	54 664
Interest paid to related parties		
Brimco Proprietary Limited[3]	**10 708**	–

[1] The Group extended a loan of R27 million to Vuna Fishing Company Proprietary Limited (joint venture of Brimstone Investment Corporation Limited) to enable the Company to effect certain distributions to its shareholders.

[2] On 1 January 2017, the Group sold its 49.81% shareholding in Vuna Fishing Company Proprietary Limited to Vuna Fishing Group Proprietary Limited, a company in which Brimstone Investment Corporation Limited is the majority shareholder, for R45 million, on loan account.

[3] On 17 February 2017, prior to listing and as part of the Group restructure, all the issued B Redeemable Preference Shares and C Redeemable Preference Shares, including accrued preference share dividends, were redeemed and credited to a loan account which incurred interest at an after tax rate equal to the preference dividend rates. The loan and related interest was repaid on 24 March 2017.

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
7.2 RELATED PARTY TRANSACTIONS		
Sales to related parties		
SeaVuna Fishing Company Proprietary Limited (Joint venture of Brimstone Investment Corporation Limited)	**34 880**	49 622
Mareterram Limited (Associate until June 2016)	**–**	52 410
Purchases from related parties		
SeaVuna Fishing Company Proprietary Limited (Joint venture until December 2016)	**165 731**	153 097

On 1 January 2017, prior to listing and as part of the Group restructure, Sea Harvest Corporation Proprietary Limited entered into a supply agreement with Vuna Fishing Company Proprietary Limited ("Vuna") and SeaVuna Fishing Company Proprietary Limited ("SeaVuna") for a period of three years, which is extendable for another three years. Under the agreement fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation Proprietary Limited.

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
7.3 REPURCHASE OF SHARES AND DISTRIBUTIONS TO PARTICIPANTS OF SHARE TRUSTS		
Prior to listing and as part of the Group restructure, the following shares were repurchased and cancelled:		
	Percentage repurchased	**Amount R'000**
Sea Harvest Management Investment Trust	**100**	54 474
The Sea Harvest Management Investment Trust No. 2	**75**	128 121
Sea Harvest Employee Share Trust	**50**	36 176
		218 771

8. STATED CAPITAL (NUMBER)

	YEAR ENDED 31 DECEMBER 2017	YEAR ENDED 31 DECEMBER 2016
In issue (number)		
Ordinary shares	**251 362 907**	974 402 360
Held as treasury shares	**(11 389 304)**	(125 160 360)
	239 973 603	849 242 000

At 31 December 2017, the movement in stated capital is as follows:

	TOTAL SHARES IN ISSUE	TOTAL NET SHARES IN ISSUE
Opening balance	**974 402 360**	849 242 000
1:6 share consolidation	**(812 001 966)**	(707 701 666)
Shares repurchased and cancelled	**(17 370 821)**	(3 500 000)
Shares issued	**106 333 334**	101 933 269
Closing balance	**251 362 907**	239 973 603

9. SHARE-BASED PAYMENTS

The Group has two wholly-owned trusts which have been established as vehicles through which certain executives, senior management and employees have made an investment in or acquired an economic exposure to an investment in shares in the Company. In March 2017 when the Company listed it adopted a forfeitable share plan to attract, retain, incentivise and reward the right calibre of employees.

SEA HARVEST MANAGEMENT INVESTMENT TRUST NO. 2

The Sea Harvest Management Investment Trust No. 2 was established as an investment vehicle for senior executives of Sea Harvest Corporation Proprietary Limited (subsidiary) to acquire shares in the Company.

The fair value of the shares is estimated at the grant date using a finite difference pricing model, taking into account the terms and conditions on which the shares were granted.

On 17 February 2017, prior to listing and as part of the Group restructure, the scheme was modified and 75% of the shares vested. 15% of the remaining shares will vest in 2019 and 10% in 2020. Following the vesting being settled in cash, the share scheme was also reclassified from equity-settled to cash-settled.

SEA HARVEST EMPLOYEE SHARE TRUST

The Sea Harvest Employee Share Trust, was established as an investment vehicle for employees of Sea Harvest Corporation Proprietary Limited (subsidiary) to acquire an economic exposure to an investment in shares in the Company.

The fair value of the share incentives is estimated at the grant date using a finite difference pricing model, taking into account the terms and conditions on which the share incentives were granted.

On 23 March 2017, on listing and as part of the Group restructure the scheme was modified and 50% of the shares vested. The remaining 50% of the shares will vest in 2022. Following the vesting being settled in cash, the share scheme was also reclassified from equity-settled to cash-settled.

FORFEITABLE SHARE PLAN

On 23 March 2017, the Group established a forfeitable share plan. In terms of the forfeitable share plan, executive directors and senior managers may be awarded performance, bonus and retention shares in the Group. The performance shares are linked to a requirement of continued employment over the prescribed period, the Group's performance and strategic, individual performance conditions which have to be met. Shares are granted to participants for no consideration. These shares participate in dividends and shareholder rights from the grant date. The scheme is accounted for as an equity-settled share-based payment scheme.

	THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO. 2	THE SEA HARVEST EMPLOYEE SHARE TRUST	FORFEITABLE SHARE PLAN
Grant date	31 March 2014	31 March 2014	23 March 2017
Number of shares granted	8 257 898	4 258 138	4 400 065
Fair value of shares at grant date (R'000)	8 788	5 155	46 284
Expiry date	31 March 2022	31 March 2022	23 March 2020

	THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO. 2	THE SEA HARVEST EMPLOYEE SHARE TRUST	FORFEITABLE SHARE PLAN
Number of shares held at the beginning of the year	**82 578 970**	**42 581 380**	–
1:6 share consolidation	(68 815 809)	(35 484 483)	–
Shares repurchased and cancelled	(10 322 371)	(3 548 448)	–
Granted	–	–	4 400 065
Number of share held at the end of the year	**3 440 790**	**3 548 449**	**4 400 065**

10. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has no contingent liabilities at the end of the year (2016: nil).

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Capital commitments		
Budgeted capital expenditure is as follows:		
– contracted	**155 665**	7 859
– not contracted	**123 230**	6 142
Lease commitments		
– land and buildings	**24 456**	57 522

The increase in capital commitments predominantly consists of the new factory freezer vessel conversion and further investment in the fish processing factory in Saldanha Bay.

11. DIVIDENDS

The Board of Directors have declared a full and final cash dividend of 31 cents (2016: nil) per share on 6 March 2018 in respect of the year ended 31 December 2017.

12. EVENTS AFTER THE REPORTING DATE

On 3 November 2017, Mareterram Limited announced to the market that it would be acquiring two Mackerel licence packages in the Western Australia Mackerel Managed Fishery with associated fishing vessels for a combined purchase consideration of R47.78 million (AUD 4.95 million). The transaction was completed in January 2018, per the terms of the sale and purchase agreements.

Other than as outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect substantially the operations of the Group, the results of its operations or the state of affairs of the Group.

SHAREHOLDER INFORMATION

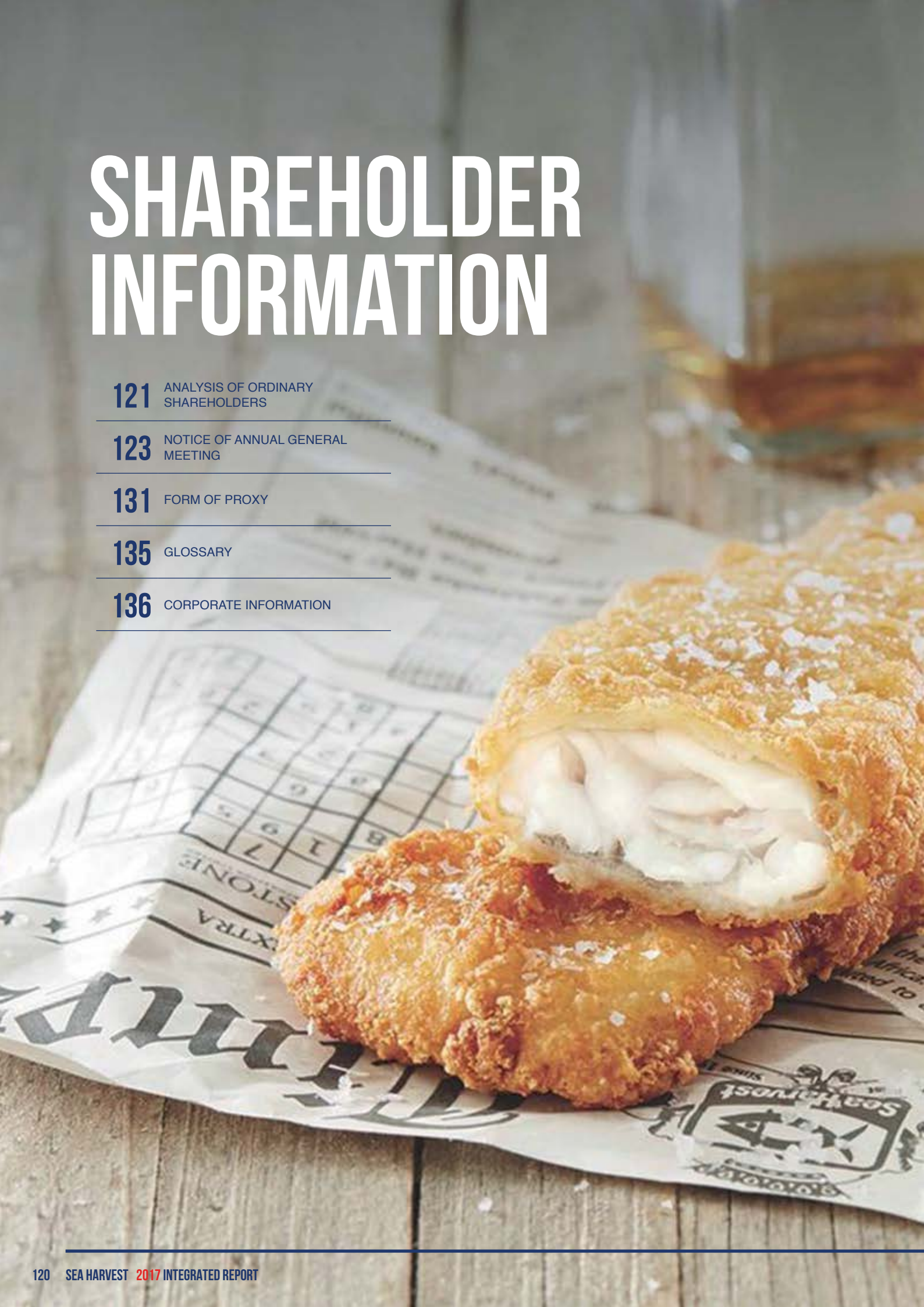
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ANALYSIS OF ORDINARY SHAREHOLDERS

SHAREHOLDER SPREAD	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1 – 1 000	620	54.10%	164 657	0.07%
1 001 – 10 000	240	20.94%	988 873	0.39%
10 001 – 100 000	169	14.75%	6 537 728	2.60%
100 001 – 1 000 000	98	8.55%	36 783 125	14.63%
Over 1 000 000	19	1.66%	206 888 524	82.31%
Total	**1 146**	**100.00%**	**251 362 907**	**100.00%**
Distribution of shareholders				
Assurance Companies	4	0.35%	441 861	0.18%
Close Corporations	10	0.87%	107 970	0.04%
Collective Investment Schemes	50	4.36%	24 560 234	9.77%
Custodians	3	0.26%	793 000	0.32%
Foundations and Charitable Funds	6	0.52%	1 850 205	0.74%
Hedge Funds	13	1.13%	9 843 451	3.92%
Insurance Companies	5	0.44%	111 287	0.04%
Investment Partnerships	6	0.52%	236 000	0.09%
Managed Funds	1	0.09%	700 000	0.28%
Medical Aid Funds	2	0.17%	74 918	0.03%
Organs of State	4	0.35%	31 525 663	12.54%
Private Companies	39	3.40%	3 139 399	1.25%
Public Companies	1	0.09%	138 040 333	54.92%
Public Entities	1	0.09%	40 047	0.02%
Retail Shareholders	904	78.88%	10 392 550	4.13%
Retirement Benefit Funds	40	3.49%	11 339 245	4.51%
Scrip Lending	1	0.09%	1 264 563	0.50%
Sovereign Funds	2	0.17%	8 250 845	3.28%
Stockbrokers and Nominees	4	0.35%	276 423	0.11%
Treasury	2	0.17%	7 010 890	2.79%
Trusts	48	4.19%	1 364 023	0.54%
Total	**1 146**	**100.00%**	**251 362 907**	**100.00%**

SHAREHOLDER TYPE	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Non-Public Shareholders	**13**	**1.13%**	**177 532 505**	**70.64%**
Directors	7	0.61%	1 372 400	0.55%
Government Employees Pension Fund	3	0.26%	31 108 882	12.38%
Brimstone Investment Corporation Limited	1	0.09%	138 040 333	54.92%
Treasury	2	0.17%	7 010 890	2.79%
Public Shareholders	**1 133**	**98.87%**	**73 830 402**	**29.36%**
Total	**1 146**	**100.00%**	**251 362 907**	**100.00%**

Beneficial shareholders with a holding greater than 5% of the issued shares	NUMBER OF SHARES	% OF ISSUED CAPITAL
Brimstone Investment Corporation Limited	138 040 333	54.92%
Government Employees Pension Fund	31 108 882	12.38%
36One	12 650 534	5.03%
Total	**181 799 749**	**72.33%**

Total number of shareholdings	**1 146**
Total number of shares in issue	**251 362 907**

SHARE PRICE PERFORMANCE

Opening price 23 March 2017	**R12.92**
Closing price 31 December 2017	**R12.50**
Closing high for period	**R14.25**
Closing low for period	**R11.55**
Number of shares in issue	**251 362 907**
Volume traded during period	**23 400 100**
Ratio of volume traded to shares issued (%)	**9.31%**
Rand value traded during the period	**306 876 736**
Price/earnings ratio as at 31 December 2017	**11.04**
Earnings yield as at 31 December 2017	**9.06**
Market capitalisation at 31 December 2017	**3 142 036 338**

NOTICE OF ANNUAL GENERAL MEETING

Sea Harvest Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2008/001066/06)
JSE share code: SHG
ISIN number: ZAE000240198
("**Sea Harvest**" or "**the Company**")

We have pleasure in enclosing the notice of Annual General Meeting and Form of Proxy for the Sea Harvest Group Limited's first Annual General Meeting of shareholders to be held at 10:00 on Tuesday, 8 May 2018, at the Vineyard Hotel, Colinton Road, Newlands, Cape Town.

The Integrated Report and the Audited Annual Financial Statements for the year ended 31 December 2017 are available for viewing and downloading on Sea Harvest's website: www.seaharvest.co.za.

Yours Faithfully

Nana Aston
Company Secretary

Notice is hereby given that the first Annual General Meeting ("**AGM**") of the shareholders of Sea Harvest Group Limited ("**shareholders**") for the year ended 31 December 2017 will be held at the Vineyard Hotel, Colinton Road, Newlands, Cape Town, on Tuesday, 8 May 2018, at 10:00.

The Board of Directors of the Company (the "**Board**" or "**directors**") has determined that the record date for all purposes of determining which shareholders are entitled to participate in and vote at this AGM is Thursday, 26 April 2018. The last date to trade in the shares of the Company in order to be eligible to participate and vote is Monday, 23 April 2018. Registration will start at 09:00. This notice of AGM is available in English at the registered office of the Company at 1st Floor Block C, Boulevard Office Park, Searle Street, Woodstock, Cape Town.

1. PURPOSE

The purpose of the AGM is to:

Present the Annual Financial Statements (the "**AFS**"), consider and adopt the Directors' Report, the Audit and Risk Committee Report, the Social, Ethics and Sustainability Committee Report, the Remuneration Committee Report and the Implementation Report for the year ended 31 December 2017 as contained in the Company's Integrated Report.

To consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions of shareholders set out hereunder, in the manner required by the Companies Act, 71 of 2008 as amended (the "**Companies Act**") and the Company's Memorandum of Incorporation ("**Memorandum of Incorporation**"), as read with the Listings Requirements of the exchange operated by the JSE Limited ("**JSE Listings Requirements**") on which the Company's securities are listed.

To deal with such business as may lawfully be dealt with at the AGM.

2. IDENTIFICATION

In terms of Section 63(1) of the Companies Act, a person wishing to participate in the AGM (including proxies) will be required to provide reasonably satisfactory proof of identification before being entitled to attend, participate and vote at the meeting. Forms of identification include a valid identity document, driver's licence and passport.

In terms of Section 62(3)(e) of the Companies Act, a shareholder who is entitled to participate and vote at the AGM is entitled to appoint a proxy/s, to participate in and vote at the AGM in place of the shareholder, by completing the Form of Proxy in accordance with the instructions contained therein. A proxy need not be a shareholder in the Company.

3. PROPOSED RESOLUTIONS

The purpose of the AGM is for the following business to be transacted and to consider and, if deemed fit, to pass the resolutions. In terms of section 61(8) (a) and regulation 43(5) (c) of the Companies Act, the Company must present the Audit Committee Report, the Directors' Report and the Social, Ethics and Sustainability Committee Report at the AGM.

The Directors' Report and the Audit and Risk Committee Report are set out on pages 87 to 89 of the Company's AFS for the year ended 31 December 2017, which can be found on the Company's website. A copy of the complete AFS will be presented at the AGM. The Social, Ethics and Sustainability Committee Report and the Nomination and Remuneration Committee Report is set out on pages 90 to 102 of the Company's Integrated Report.

The following reports will be presented and dealt with at the AGM in terms of the Companies Act:

- Presentation of the Audited Annual Financial Statements.
- Presentation of the Audit and Risk Committee Report.
- Presentation of the Social, Ethics and Sustainability Committee Report.
- Presentation of the Nomination and Remuneration Committee Report.
- Presentation and approval of the Remuneration Policy and Implementation Report.

The ordinary and special resolutions set out below may be proposed, considered, and if deemed fit, passed with or without amendment at the AGM or at any postponement or adjournment of the AGM.

ORDINARY RESOLUTIONS 1.1 TO 1.6: RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Shareholders are requested to consider and, if deemed fit, elect the Non-Executive Directors named below by way of passing the separate ordinary resolutions set out below.

Explanatory Note:

The elections will be conducted by a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act. Brief curricula vitae of the candidates for election as director are available on the Company's website. The Board has considered the performance of the directors' standing for re-election and supports their reappointment. The effect of passing the above ordinary resolutions will be to re-elect the persons concerned as Non-Executive Directors to the Board with effect from the date of the AGM.

ORDINARY RESOLUTION 1.1: RE-ELECTION OF FREDERICK ROBERTSON AS NON-EXECUTIVE DIRECTOR

"RESOLVED THAT, Frederick Robertson, being eligible and available for re-election following his retirement in accordance with the Memorandum of Incorporation, be and is hereby re-elected as a director of the Company with effect from the passing of this resolution."

ORDINARY RESOLUTION 1.2: RE-ELECTION OF BAHLELI MARSHALL RAPIYA AS NON-EXECUTIVE DIRECTOR

"RESOLVED THAT, Bahleli Marshall Rapiya, being eligible and available for re-election following his retirement in accordance with the Memorandum of Incorporation, be and is hereby re-elected as a director of the Company with effect from the passing of this resolution."

ORDINARY RESOLUTION 1.3: RE-ELECTION OF WOUTER ANDRÉ HANEKOM AS NON-EXECUTIVE DIRECTOR

"RESOLVED THAT, Wouter André Hanekom, being eligible and available for re-election following his retirement in accordance with the Memorandum of Incorporation, be and is hereby re-elected as a director of the Company with effect from the passing of this resolution."

ORDINARY RESOLUTION 1.4: RE-ELECTION OF LOUIS JOHAN PENZHORN AS NON-EXECUTIVE DIRECTOR

"RESOLVED THAT, Louis Johan Penzhorn, being eligible and available for re-election following his retirement in accordance with the Memorandum of Incorporation, be and is hereby re-elected as a director of the Company with effect from the passing of this resolution."

ORDINARY RESOLUTION 1.5: RE-ELECTION OF MOHAMED IQBAL KHAN AS NON-EXECUTIVE DIRECTOR

"RESOLVED THAT, Mohammed Iqbal Khan, being eligible and available for re-election following his retirement in accordance with the Memorandum of Incorporation, be and is hereby re-elected as a director of the Company with effect from the passing of this resolution."

ORDINARY RESOLUTION 1.6: RE-ELECTION OF TILOSHANI MOODLEY AS NON-EXECUTIVE ALTERNATE DIRECTOR

"RESOLVED THAT, Tiloshani Moodley, being eligible and available for re-election following her retirement in accordance with the Memorandum of Incorporation, be and is hereby re-elected as a director of the Company with effect from the passing of this resolution."

ORDINARY RESOLUTION 2: ADOPTION OF AUDITED ANNUAL FINANCIAL STATEMENTS

To receive and consider for adoption the audited annual financial statements incorporating the Directors' Report, the Audit and Risk Committee Report and the Independent Auditor's Report for the year ended 31 December 2017.

"RESOLVED THAT the audited annual financial statements of the Company incorporating the Directors' Report, the Audit and Risk Committee Report and the Independent Auditor's Report for the year ended 31 December 2017 be accepted and adopted."

ORDINARY RESOLUTION 3: RE-APPOINTMENT OF DELOITTE & TOUCHE AS EXTERNAL AUDITOR

To approve the re-appointment of Deloitte & Touche as external auditor of the Company for the ensuing financial year and to note that the individual registered auditor who will undertake the audit is Michael van Wyk following the retirement of the current individual auditor, Lester Cotten. The Audit and Risk Committee has recommended that the firm and the designated auditor be appointed for the ensuing financial period.

Explanatory note

The effect of passing this resolution will be to appoint Deloitte & Touche as the Company's external auditor and Michael van Wyk as the individual audit partner until the date of the next AGM.

"RESOLVED THAT Deloitte and Touche be and is hereby re-appointed as the auditor of the Company and that Michael van Wyk be and is hereby appointed as the designated auditor of the Company for the ensuing financial year."

ORDINARY RESOLUTIONS 4.1 TO 4.3: ELECTION OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

To elect an Audit and Risk Committee to conduct the duties and responsibilities as outlined in section 94(7) of the Companies Act.

Explanatory note

In terms of section 94(2) of the Companies Act, a public Company, at each AGM, must elect an Audit Committee comprising at least three members who are all independent Non-Executive Directors.

The effect of passing these resolutions will be to elect the persons listed below as members of the Company's Audit and Risk Committee. Brief curricula vitae of the candidates for election to the Audit and Risk Committee are available on the Company's website.

ORDINARY RESOLUTION 4.1: RE-ELECTION OF BAHLELI MARSHALL RAPIYA AS MEMBER

"RESOLVED THAT, Bahleli Marshall Rapiya be and is hereby re-elected as a member of the Audit and Risk Committee."

ORDINARY RESOLUTION 4.2: RE-ELECTION OF LOUIS JOHAN PENZHORN AS MEMBER

"RESOLVED THAT, Louis Johan Penzhorn be and is hereby re-elected as a member of the Audit and Risk Committee."

ORDINARY RESOLUTION 4.3: RE-ELECTION OF WOUTER ANDRÉ HANEKOM AS MEMBER

"RESOLVED THAT, Wouter André Hanekom be and is hereby re-elected as a member of the Audit and Risk Committee."

NON-BINDING ADVISORY VOTE 1 AND 2: APPROVAL OF THE COMPANY'S REMUNERATION POLICY AND THE IMPLEMENTATION REPORT

Explanatory note

In terms of principle 14 of the King IV, the Company's Remuneration Policy and Implementation Report should be tabled to the shareholders for separate non-binding advisory votes at the AGM. Accordingly, the shareholders are requested to endorse the Company's Remuneration Policy and Implementation Report respectively, by way of separate non-binding advisory votes in the same manner as an ordinary resolution.

The approval of the Remuneration Policy and Implementation Report is not a matter that is required to be resolved or approved by shareholders and therefore no minimum voting threshold is required for the non-binding advisory vote.

Nevertheless, for record purposes, the minimum percentage of voting rights that is required in favour of the Remuneration Policy and the Implementation Report is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast.

The Remuneration Policy and the Implementation Report of the Company are available on the Company's website.

NON-BINDING ADVISORY VOTE 1: APPROVAL OF THE REMUNERATION POLICY

"RESOLVED as a non-binding advisory vote that the Company's Remuneration Policy contained in the Integrated Report be accepted and approved in terms of King IV".

NON-BINDING ADVISORY VOTE 2: APPROVAL OF THE IMPLEMENTATION REPORT

"RESOLVED as a non-binding advisory vote that the Company's Implementation Report, contained in the Integrated Report be accepted and approved in terms of King IV".

ORDINARY RESOLUTION 5: GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

Explanatory note

The reason and effect of ordinary resolution 5 is to authorise the directors of the Company to allot and issue ordinary shares in the capital of the Company for cash. In accordance with the JSE Listings Requirements, this resolution requires the approval of at least 75% (seventy-five percent) of the voting rights of shareholders exercised on the resolution.

"RESOLVED THAT, the directors of the Company be and are hereby authorised (and without thereby limiting any other authority conferred upon the directors in terms of any other resolution included in this notice) by way of a general authority, to allot and issue ordinary shares in the capital of the Company for cash, including within the scope of such authority the ability to issue options and securities (including any convertible preference shares in the authorised capital of the Company) that are convertible into ordinary shares, subject to the limitations as set out in the Memorandum of Incorporation and the provisions of the Companies Act and the JSE Listings Requirements from time to time, on the following basis (or such other basis as may be required by the JSE Listings Requirements from time to time):

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) and not to related parties (as defined by the JSE Listings Requirements);
- the total aggregate number of ordinary shares which may be issued for cash in terms of this authority may not exceed 25 136 390, being 10% (ten percent) of the aggregate number of ordinary shares in issue;
- in the event of sub-division or consolidation prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- this authority shall be valid until the Company's next Annual General Meeting or for 15 months from the date of the passing of the ordinary resolution, whichever is the earlier, provided that it shall not extend beyond 15 months from the date that this authority is given;

- the maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average traded price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to between the Company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the Company's shares have not traded in such 30 (thirty) business day period; and
- upon any issue of ordinary shares which, together with prior issues of ordinary shares during the same financial year, will constitute 5% (five percent) or more of the total number of ordinary shares in issue prior to that issue, the Company shall publish an announcement in terms of section 11.22 of the JSE Listings Requirements, giving full details hereof, including (i) the number of ordinary shares issued, (ii) the average discount to weighted average traded price of the ordinary shares over the 30 (thirty) business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares; and, (iii) in respect of the issue of options and convertible securities issued for cash, the effects of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share; or (iv) in respect of an issue of shares for cash, an explanation including supporting information (if any), of the intended use of funds.

SPECIAL RESOLUTION 1: GENERAL AUTHORITY TO REPURCHASE THE COMPANY'S SHARES

To consider and, if deemed fit, to pass, with or without modification, the general authority for the acquisition by the Company or any of its subsidiaries of shares issued by the Company.

Explanatory note

The reason for this special resolution is to grant the Company and subsidiaries of the Company a general authority in terms of the Companies Act and the JSE Listings Requirements to acquire the Company's ordinary shares, which authority shall be valid until the next AGM or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this AGM.

The directors require such general authority to be implemented in order to facilitate the repurchase of the Company's ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the Company and its shareholders.

Repurchases or purchases, as the case may be, will only be made after careful consideration, where the directors consider that such repurchase or purchase, will be in the best interests of the Company and its shareholders.

"RESOLVED THAT the Company hereby approves, as a general authority contemplated in the JSE Listings Requirements, the acquisition by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Memorandum of Incorporation, the provisions of section 46 and 48 of the Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time. The applicable JSE Listings Requirements, being, as at the date of this resolution, that:

- any acquisition of ordinary shares shall be purchased through the order book of the trading system of the JSE, and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty (provided that if the Company purchases its own ordinary shares from any wholly-owned subsidiary of the Company for the purposes of cancelling such treasury shares pursuant to this general authority, the above provisions will not be applicable to such purchase transaction);
- the general repurchase by the Company, and by its subsidiaries, of the Company's ordinary shares is authorised by its Memorandum of Incorporation;
- this general authority shall be valid until the Company's next AGM or for 15 (fifteen) months from the date of adoption of this special resolution, whichever period is shorter;
- repurchases of shares in aggregate in any one financial year may not exceed 20% (twenty percent) (or 10% (ten percent) where the repurchase is effected by a subsidiary) of the Company's issued ordinary share capital as at the date of adoption of this special resolution;
- repurchases must not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction is effected and the JSE should be consulted for a ruling if the applicant's securities have not traded in such 5 (five) business day period;
- at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
- the passing of a resolution by the Board of Directors authorising the repurchase, that the Company and the relevant subsidiaries passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Company;
- subject to the exceptions contained in the JSE Listings Requirements, the Company and the relevant subsidiaries will not repurchase ordinary shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
- an announcement complying with paragraph 11.27 of the JSE Listings Requirements will be published by the Company or its subsidiary (i) when the Company and/or its subsidiary/ies have cumulatively repurchased 3% (three percent) of the ordinary shares in issue as at the date of the listing of the ordinary shares in the Company on the JSE ("**the initial number**") and (ii) for each 3% (three percent) in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries.

- In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the shares of the Company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.
- The directors, after considering the effect of the maximum repurchase, are of the opinion that for a period of 12 months after the passing of this resolution:
  - the Company and the Group will, in the ordinary course of business, be able to pay its debts;
  - the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group;
  - the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
  - the working capital of the Company and the Group will be adequate for ordinary business purposes.

The following additional information, which appears in the Sea Harvest Integrated Report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- An analysis of shareholders (including beneficial shareholders) on page 121 of the Integrated Report.
- The issued shares of the Company on page 115 of the AFS.
- Share capital of the Company on page 115 of the AFS.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear on pages 74 and 75 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to these resolutions and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all required information.

MATERIAL CHANGES

There have been no material changes in the affairs or financial position of the Company since the date of this notice.

LITIGATIONS

The Company is not aware of any legal or arbitral proceedings that may have or had (in at least the preceding 12 months) a material effect on the Group's financial position.

SPECIAL RESOLUTION 2: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION

To approve the annual remuneration of the Non-Executive Directors of the Company to be paid for their services in their capacity as directors, for the period from 1 July 2018 to 30 June 2019.

Explanatory note

In terms of section 66(8) of the Companies Act the Company may pay remuneration to its directors for their service as directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by shareholders within the previous two years.

"RESOLVED THAT the remuneration of the Non-Executive Directors of the Company as reflected below are hereby approved for the period from 1 July 2018 to 30 June 2019. The fees quoted are VAT exclusive.

NON-EXECUTIVE DIRECTORS' FEES

Sea Harvest Group Limited Board of Directors	R (excl VAT)
Chairperson	535 000
Lead Independent Director	267 500
Members	214 000
Audit and Risk Committee	
Chairperson	139 100
Members	74 000
Remuneration and Nominations Committee	
Chairperson	107 000
Members	53 500
Social, Ethics and Sustainability Committee	
Chairperson	107 000
Members	53 500
Investment and Hedging Committee	
Chairperson	107 000
Members	Nil

SPECIAL RESOLUTION 3: GENERAL APPROVAL TO PROVIDE FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES AND OTHERS

Explanatory note

The reason for this special resolution is for the shareholders of the Company to provide general authority for the Company to provide direct or indirect financial assistance to a related or interrelated company or corporation, subject to sub-sections 45(3) and 45(4) of the Companies Act.

Section 45 of the Companies Act provides, *inter alia*, that any direct or indirect financial assistance to a related or inter-related company or corporation must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the Board of Directors must be satisfied that:

- immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in Section 45(3)(b)(i) of the Companies Act, and that;
- the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in Section 45(3)(b)(ii) of the Companies Act.

The Company, when the need arises, *inter alia*, provides loans to and/or guarantees repayment or other obligations of subsidiaries or related or interrelated companies. The Company requires the ability to continue providing financial assistance, if and when necessary, to its current and future subsidiaries and/or any other company or corporation that is or becomes related or inter-related, in accordance with Section 45 of the Company's Act

In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies and/or corporations have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of shareholders, as set out in this special resolution.

The passing of this special resolution will have the effect of allowing the directors of the Company the necessary authority to provide such financial assistance to a related or inter-related company or corporation and/or to any persons related to any such companies, corporations, or members, as and when required to do so.

"RESOLVED THAT the shareholders of the Company, subject to compliance with the requirements of the Company's Memorandum of Incorporation, section 45 of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any related or inter-related company or corporation, or to any future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company, for any purpose or in connection with any matter. The financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending 2 (two) years after such date. It is specifically recorded that the authority sought in this resolution does not authorise the Company to provide financial assistance to directors or prescribed officers."

SPECIAL RESOLUTION NUMBER 4: GENERAL APPROVAL OF PROVISION OF FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES

Explanatory note

In terms of section 44(3) (a) (ii) of the Companies Act the Board of Directors of a company may not authorise any financial assistance unless pursuant to a special resolution of the shareholders adopted within the previous two years, either as a general or specific authority, the shareholders of the Company have approved such financial assistance.

The reason for and effect of special resolution 4 is to grant the Board of Directors of the Company the general authority to provide such direct or indirect financial assistance. This authority will be in place for a period of 2 (two) years from the date of adoption of this resolution. This resolution requires the approval of at least 75% (seventy-five percent) of the voting rights of shareholders exercised on the resolution.

"RESOLVED THAT, in terms of section 44(3) of the Companies Act, the Company be and is hereby authorised, at any time and from time to time during the period of 2 (two) years commencing on the date of adoption of this special resolution, to provide direct or indirect financial assistance to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that:

- the recipient or recipients of such financial assistance, and the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the Board of Directors of the Company from time to time; and
- the Board of Directors of the Company may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board is satisfied that all those requirements of section 44 of the Companies Act, which are required to be met in order to authorise the Company to provide such financial assistance, have been met."

ORDINARY RESOLUTION 6: AUTHORISATION OF DIRECTORS AND COMPANY SECRETARY

Explanatory note

The purpose of the resolution is to authorise the directors and Company Secretary to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions contained in this AGM notice.

"RESOLVED THAT, any director of the Company or the Company Secretary be and is hereby authorised to sign all such documentation and to do all such things as may be necessary for or incidental to the implementation of ordinary and special resolutions passed by the shareholders at the AGM."

4. OTHER BUSINESS

The shareholders are authorised to transact any other business as may be transacted at the AGM.

The percentage of voting rights of the votes, present in person, represented or by proxy at the AGM, required for the passing of each special resolution proposed above is at least 75% (seventy-five percent) of the voting rights cast on such resolutions and for the passing of each ordinary resolution proposed above is more than 50% (fifty percent) of the voting rights cast on such resolution.

5. GENERAL INSTRUCTIONS AND INFORMATION

All shareholders are encouraged to attend, speak and vote at the AGM and are entitled to appoint a proxy to attend, participate in and vote at the AGM in the place of the shareholder, or to appoint a proxy or proxies. The proxy duly appointed to act on behalf of a shareholder need not be a shareholder of the Company.

On a show of hands, every shareholder present in person or represented shall have 1 (one) vote only. On a poll, every shareholder present in person, by proxy or represented shall have 1 (one) vote for every share held.

A shareholder who wishes to appoint a proxy to represent him/her at the AGM, is required to:

- complete the attached Form of Proxy; and
- lodge it with the Company's transfer secretaries in South Africa, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107, no later than 24 hours before the time appointed for the holding of the AGM (excluding Saturdays, Sundays and public holidays).

Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached Form of Proxy as stipulated in section 58(3)(b) of the Companies Act.

Unless revoked before then, a signed Form of Proxy shall remain valid at any adjournment or postponement of the AGM and the proxy so appointed shall be entitled to vote, as indicated on the Form of Proxy, on any resolution (including any resolution which is amended or modified) at such AGM or any adjournment or postponement thereof.

Please note that if you are the owner of dematerialised shares held through a CSDP or broker and are not registered as an "own-name" dematerialised shareholder, you are not a registered shareholder of the Company, but appear on the sub-register of the Company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the AGM you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
- if you are unable to attend the AGM but wish to be represented at the AGM, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the AGM and/or request them to appoint a proxy. You must not complete the attached Form of Proxy.

The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by them. CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/ beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, may vote by either appointing a duly authorised representative to attend and vote at the AGM or by completing the attached Form of Proxy in accordance with the instructions thereon and, for administrative reasons, returning it to the Company Secretary not less than 24 hours before the AGM.

You will also be required to furnish a copy of such Form of Proxy to the Chairman of the AGM or his/her nominee before the appointed proxy exercises any of your Shareholder rights at the AGM (or any postponement or adjournment of the AGM).

Note that voting will be performed by way of a poll so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by them. Shareholders which are companies and wish to participate in the AGM may authorise any person to act as their representative at the AGM.

6. ELECTRONIC PARTICIPATION

Shareholders may participate (but not vote) electronically in the AGM, in accordance with the provisions of the Companies Act. Shareholders wishing to participate electronically in the AGM are required to deliver written notice to the Company Secretary at the Company's business address at 1st Floor Block C, Boulevard Office Park, Searle Street, Woodstock, Cape Town, 7925 or by email to the Company Secretary on nanaa@seaharvest.co.za by no later than 15:00 on Friday, 4 May 2018 that they wish to participate via electronic communication at the AGM ("Electronic Notice").

Teleconference facilities will be made available for this purpose, and may be accessed at the shareholder's cost. In order for the Electronic Notice to be valid it must contain:

- if the shareholder is an individual, a certified copy of his identity document and/or passport;
- if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication; and
- a valid email address, telephone number and/or facsimile number ("the contact address/number").

The Company shall use its reasonable endeavours on or before 15:00 on Monday, 7 May 2018, to notify each shareholder who has delivered a valid Electronic Notice, at its contact address/number, of the relevant details through which the shareholder can participate via electronic communication. Such shareholders, should they wish to have their vote counted at the AGM, must, to the extent applicable:

- complete and submit the Form of Proxy; or
- contact their CSDP or broker, in both instances, as set out above.

7. CROSS REFERENCE TABLE

The below listed documentation has been incorporated by reference in this notice. Such documentation shall be available for inspection at no charge and during business hours, at the Company's registered office from the date of this Notice until 31 December 2018. Such documentation can also be accessed on the website as per the links specified below:

DOCUMENT	WEBSITE LINK
Sea Harvest Group Limited Annual Financial Statements 2017 Integrated Report Brief *curricula vitae* of the candidates for re-election as directors Brief *curricula vitae* of the candidates for the Audit and Risk Committee Directors' Report Audit and Risk Committee Report Social, Ethics and Sustainability Committee Report Remuneration Policy Implementation Report	Please find these documents at: www.seaharvest.co.za/investors

By order of the Board

SEA HARVEST GROUP LIMITED

Per: Nana Aston

Company Secretary

6 April 2018

FORM OF PROXY

Sea Harvest Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2008/001066/06)
JSE share code: SHG
ISIN number: ZAE000240198
("**Sea Harvest**" or "**the Company**")

For use at the Annual General Meeting (the "**AGM**") of shareholders of the Company (the "**shareholders**") to be held at the Vineyard Hotel, Colinton Road, Newlands, Cape Town, on Tuesday, 8 May 2018, at 10:00 and at any adjournment or postponement thereof.

Not to be used by beneficial owners of shares who have dematerialised their shares ("**dematerialised shares**") through a Central Securities Depository Participant ("**CSDP**") or broker, as the case may be, unless they are recorded on the sub-register as "own-name" dematerialised shareholders ("**own-name dematerialised shareholders**").

Generally, a Shareholder will not be an own-name dematerialised shareholder unless the shareholder has specifically requested the CSDP to record the shareholder as the holder of the shares in the shareholder's own name in the Company's sub-register.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (none of whom need be a shareholder) to attend, speak and vote in place of that shareholder at the AGM and any adjournment or postponement thereof.

Please note the following:

- The appointment of a proxy will be suspended at any time and to the extent that a shareholder chooses to act directly and in person in the exercise of his/her rights as a shareholder at the AGM.
- The appointment of the proxy is revocable.
- A shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.
- Unless revoked before then, a signed Form of Proxy shall remain valid at any adjournment or postponement of the AGM and the proxy so appointed shall be entitled to vote, as indicated on the Form of Proxy, on any resolution (including any resolution which is amended or modified) at such AGM or any adjournment or postponement thereof.

Please note that any shareholder of the Company which is a company may authorise any person to act as its representative at the AGM.

Section 63(1) of the Companies Act, 71 of 2008, as amended ("**Companies Act**") requires that persons wishing to participate in the AGM (including the aforementioned representative) provide satisfactory identification before they may so participate.

Voting will be performed by way of a poll so that each shareholder present or represented by way of proxy will be entitled to a number of votes equal to the number of shares held or represented by them.

My/our proxy may delegate to another person his/her authority to act on my behalf at the AGM, provided that my/our proxy:

- may only delegate his/her authority to act on my behalf at the AGM to a director of the Company;
- provides written notification to the transfer secretaries of the Company in South Africa, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of his/her authority to act on my behalf at the AGM by no later than 10:00 on Monday, 7 May 2018, being 24 hours before the AGM to be held at 10:00 on Tuesday, 8 May 2018; and
- provides his/her delegate a copy of his/her authority to delegate his/her authority to act on my behalf at the AGM.

Refer to notes that follow the resolutions.

To be returned to the transfer secretaries of Sea Harvest Group Limited, namely:

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196

as soon as possible to be received, for administrative reasons, no later than 24 hours before the AGM.

I/we (full names) _____

Of (address) _____

Telephone: _____

Cell: _____

being a shareholder(s) of the Company, holding _____ shares in the Company hereby appoint (refer note 1):

_____or failing him/her,

_____or failing him/her,

or failing him/her the Chairman of the AGM as my/our proxy to act for me/us on my/our behalf at the aforementioned AGM of shareholders which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat with or without modification or amendment, and at any adjournment or postponement thereof and to vote for or against such resolutions or to abstain from voting and to vote for or against any motions to postpone or adjourn the AGM or to abstain from voting, in respect of the shares in the issued capital of the Company registered in my/our name/s, in accordance with the following instructions:

Insert an "X" in the relevant spaces according to how you wish your votes to be cast. If you wish to cast less than all the votes in respect of the shares held by you, insert the number of shares in respect of which you desire to vote. Unless otherwise instructed.

My/our proxy can vote as he/she deems fit.

	RESOLUTION	FOR	AGAINST	ABSTAIN
1.	**Ordinary Resolution 1.1:** Re-election of Frederick Robertson as director			
2.	**Ordinary Resolution 1.2:** Re-election of Bahleli Marshall Rapiya as director			
3.	**Ordinary Resolution 1.3:** Re-election of Wouter André Hanekom as director			
4.	**Ordinary Resolution 1.4:** Re-election of Louis Johan Penzhorn as director			
5.	**Ordinary Resolution 1.5:** Re-election of Mohamed Iqbal Khan as director			
6.	**Ordinary Resolution 1.6:** Re-election of Tiloshani Moodley as alternate director			
7.	**Ordinary Resolution 2:** Adoption of Audited Annual Financial Statements			
8.	**Ordinary Resolution 3:** Re-appointment of Deloitte & Touche as external auditor.			
9.	**Ordinary Resolution 4.1:** Re-election of Bahleli Marshall Rapiya as member of the Audit and Risk Committee			
10.	**Ordinary Resolution 4.2:** Re-election of Louis Johan Penzhorn as member of the Audit and Risk Committee			
11.	**Ordinary Resolution 4.3:** Re-election of Wouter André Hanekom as member of the Audit and Risk Committee			
12.	**Non-binding advisory vote 1:** Approval of the Remuneration Policy			
13.	**Non-binding advisory vote 2:** Approval of the Implementation Plan			
14.	**Ordinary Resolution 5:** General Authority to Issue Shares for Cash			
15.	**Special Resolution 1:** General authority to repurchase the Company's shares			
16.	**Special Resolution 2:** Approval of Non-Executive Directors' remuneration			
17.	**Special Resolution 3:** General approval to provide financial assistance to related or inter-related companies and others			
18.	**Special Resolution 4:** General Approval of Provision of Financial Assistance for the Acquisition of Shares			
19.	**Ordinary Resolution 6:** Authorisation of directors and Company Secretary			

Signed at _____ on this _____ day of _____ 2018

_____

Assisted by (where applicable) signature _____

Name of signatory _____

Name of assistant _____

Capacity _____

(Authority of signatory to be attached if applicable)

SUMMARY OF SHAREHOLDERS' RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

Please note that in terms of section 58 of the Companies Act:

- This Form of Proxy must be dated and signed by the shareholder appointing the proxy;
- You may appoint an individual as a proxy, including an individual who is not a shareholder, to participate in and speak and vote at the AGM, on your behalf and may appoint more than one proxy to exercise voting rights attached to shares held by you;
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this Form of Proxy;
- This Form of Proxy must be delivered to the Company (at the venue of the AGM), or (by the time specified in this Form of Proxy) to the transfer secretaries of the Company in South Africa, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the AGM.
- The appointment of your proxy or proxies will be suspended at any time and to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the AGM;
- The appointment of your proxy is revocable unless you expressly state otherwise in this Form of Proxy;
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid;
- Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the AGM, but only as directed by you on this proxy form; and the appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof or for a period of one year, whichever is shortest, unless it is revoked by you before then; and
- The proxy form shall be valid and shall apply to any adjournment or postponement of the AGM to which it relates and shall apply to any resolution proposed at the AGM to which it relates and to such resolution as modified or amendment including any such modified or amended resolution to be voted on or at any adjourned or postponed meeting of the AGM to which the proxy relates, unless before the adjourned or postponed meeting the appointment of the proxy is revoked.

NOTES RELATING TO FORM OF PROXY

1. A certificated or own-name dematerialised shareholder or nominee of a CSDP or broker registered as a shareholder in the Company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the Form of Proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the Chairman shall be deemed to be appointed as the proxy.
2. A shareholder's instructions to the proxy must be indicated in the appropriate space provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to be authorised to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable by the shareholder.
3. The Form of Proxy should be lodged with the Company's transfer secretaries in South Africa, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107. Forms of Proxy should, for administrative reasons, be received by or lodged with the Company's transfer secretaries by no later than 24 hours (excluding Saturdays, Sundays and public holidays) before the AGM (i.e. by 10:00 on Monday, 8 May 2018) but may be furnished to the Chairman of the AGM or his nominee at the time and venue of the AGM (or any postponement or adjournment thereof) before your proxy exercises any of your shareholder rights at such AGM.
4. The completion and lodging of this Form of Proxy will not preclude the relevant shareholder from attending the AGM (or any adjournment or postponement thereof) and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of this Form of Proxy.
5. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of shareholders, will be accepted.
6. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the AGM if he/she is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered as shareholders in the Company's sub-register voting on instructions from owners of shares registered in the Company's sub-register, are requested to identify the owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company's transfer secretaries together with this form of proxy.
7. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies, but will only be validly made if such alteration or correction is accepted by the Chairman of the AGM.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company's transfer secretaries.
9. Certificated shareholders which are a Company or body corporate may by resolution of their directors, or other properly authorised body, in terms of section 57 of the Companies Act, authorise any person to act as their representative.
10. The Chairman of the AGM may, in his/her discretion, accept or reject any form of proxy which is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the Company's transfer secretaries or the registered office of the Company.
12. If you are the owner of dematerialised shares held through a CSDP or broker (or its nominee) and are not an own-name dematerialised shareholder, then you are not a shareholder of the Company, but appear as the holder of a beneficial interest on the relevant sub-register of the Company held by your CSDP. Accordingly, in these circumstances, do NOT complete this Form of Proxy subject to the mandate between yourself and your CSDP or broker:
    - if you wish to attend the AGM you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
    - if you are unable to attend the AGM but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the AGM and/or request them to appoint a proxy. You must not complete the attached form of proxy. Your instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be.

    CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the AGM or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the Company's transfer secretaries to be received, for administrative reasons, not less than 24 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

GLOSSARY

AFS	Annual financial statements
AGM	Annual General Meeting
ASX	Australian Stock Exchange
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CAGR	Compound annual growth rate
C.	Circa
CEO	Chief executive officer
CFO	Chief financial officer
CIO	Chief investment officer
CSI	Corporate social investment
DAFF	Department of Agriculture, Forestry and Fisheries (South Africa)
DEA	Department of Environmental Affairs (DEA)
DIFR	Disabling Injury Frequency Rate
Dti	Department of Trade and Industry (South Africa)
DPS	Dividends per share
DPW	Department of Public Works (South Africa)
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EPS	Earnings per share
EST	Employee Share Trust
EU	European Union
FAQ	Fairly average quality
FAWU	Food and Allied Workers Union
FMCG	Fast-moving consumer goods
FRAP	Fishing Rights Allocation Process
FSP	Financial Services Provider
GDP	Gross Domestic Product
HEPS	Headline earnings per share
HR	Human resources
IFRS	International Financial Reporting Standards
IR	Integrated reporting
IT	Information Technology
JSE	Johannesburg Stock Exchange
LTI	Long-Term Incentive
LTIR	Lost Time Injury Rate
Mareterram	Mareterram Limited
MSC	Marine Stewardship Council
MSY	Maximum Sustainable Yield
NACFAWU	National Union of Public Service and Allied Workers
NCFAWU	National Certificated Fishing and Allied Workers Union
NGO	Non-governmental organisation
NPAT	Net profit after tax
NRCS	National Regulator for Compulsory Specifications
PAT	Profit After Tax
QSR	Quick Service Restaurant
RFA	Responsible Fisheries Alliance
ROE	Return on equity
ROIC	Return on invested capital
SADSTIA	South African Deep Sea Trawling Industry Association
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SARS	South African Revenue Services
SASSI	Southern African Sustainable Seafood Initiative
SBM	Saldanha Bay Municipality
SBMPF	Shark Bay Prawn Managed Fishery
SBPTOA	Shark Bay Prawn Trawlers Operators Association
SENS	Stock Exchange News Service
SETA	Sector Education Training Authority
SME	Small- and medium-sized enterprise
STI	Short-Term Incentive
TAC	Total allowable catch
The Group	Sea Harvest Group Limited
TSR	Total Shareholder Return
VAT	Value Added Tax
VWAP	Volume weighted average price
WAFIC	Western Australia Fishing Industry Council
WANOS	Weighted average number of shares
WCBDC	West Coast Business Development Centre
WNS	WNS Global Services
WWF-SA	World Wildlife Fund for Nature South Africa

CORPORATE INFORMATION

Sea Harvest Group Limited
(Formerly Sea Harvest Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
Registration number: 2008/001066/06
JSE code: SHG
ISIN: ZAE00240198
"Sea Harvest" or "the Company" or "the Group"

Registered address:	The Boulevard Office Park 1st Floor, Block C Searle Street Cape Town 7925 South Africa
Directors:	F Robertson* (Chairman) BM Rapiya** WA Hanekom* LJ Penzhorn* MI Khan* T Moodley*** F Ratheb (Chief Executive Officer) JP de Freitas (Chief Financial Officer) Mo Brey (Chief Investment Officer) * Non-Executive ** Lead Independent Non-Executive *** Non-Executive Alternate There have been no changes to the Board of Directors since listing.
Company Secretary:	N Aston
Transfer Secretary:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Sponsor:	The Standard Bank of South Africa Limited
Auditors:	Deloitte & Touche



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