OUR SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT

Sea Harvest Group's Social, Ethics and Sustainability Committee (the Committee) is tasked with monitoring the business's performance as a responsible corporate citizen and to perform its statutory functions in terms of the Companies Act, King IV™ and JSE Listings Requirements, the Committee's terms of reference charter (the charter), internal policies, and any other applicable legislation. The Board subcommittee fulfils an independent role, while remaining accountable to the Board.

OUR MANDATE

The Committee is mandated to ensure that the Group maintains its commitment to:

- provide sustainable and equitable employment that is entrenched in fair labour practices;
- support local communities in a way that empowers their members and transforms society; and
- adopt environmentally sustainable and ethical business practices.

This is achieved by ensuring bold and ethical leadership. In this report, we describe how we discharged our duties during the 2022 financial year.

Chairperson:

Meetings attended: X/X

MEMBERSHIP AND COMPOSITION OF THE COMMITTEE



3/4

FJ Robertson
D.Phil (Honorary, UWC)



4/4

BM Rapiya
BAdmin



4/4

CK Zama
CA(SA)



4/4

MI Khan
CA(SA)



4/4

T Moodley
LLB



4/4

M Brey
CA(SA)



3/4

F Ratheb
BSc (Hons) (Eng), MBA



4/4

M Khumalo
MSc (Oceanography)



4/4

T Brown
National Diploma: (Mechanical Engineering)



3/4

M Harry
National Diploma: (Human Resources Management), MPhil, BCom (Hons)

COMMITTEE INVITEE

THE YEAR UNDER REVIEW

In 2022, the Committee's efforts were focused on ensuring that its commitment to the three key aspects (social, ethics and sustainability) of its mandate was upheld amid challenging operating conditions. There was an unwavering resolve to continue growing the Group's reputation as a business that strives for a leadership position in its approach to job creation and people development, community support, and sustainability. This was against the backdrop of the Group's ongoing pursuit of being a vertically integrated, transnational, majority black-owned and empowered, responsible and sustainable fishing and food Company.

OUR 2022 TARGETS

1. Engage in meaningful ESG matters as defined by the UN SDGs.
2. Continue to provide skills development and growth opportunities for the Group's employees.
3. Continue investing in the communities in which we operate.
4. Reduce Scope 1 carbon emissions in the Group's South African Fishing segment by 2% from the baseline year of 2020.

OUR TRANSFORMATION MANDATE

Sea Harvest has been making significant progress in both the fishing and food sectors since its listing in 2017. The Company's commitment to excellence and driving change is evident in its growth and resultant expanded mandate. By forming new partnerships and collaborations, Sea Harvest is successfully delivering on its promise to support community development and government initiatives for broad-based economic growth and social transformation. This commitment has seen Sea Harvest evolve into a Level 1 B-BBEE contributor (with a score of 102.21), demonstrating its dedication to social transformation and making a positive impact in the communities in and around which it operates.

The Group's five-year employment equity (EE) plan (2019 – 2024) is one of the measuring tools to track its progress with respect to people development through talent management and succession planning. Several initiatives, such as a Mentorship Programme for high-performing young employees, especially those from historically disadvantaged backgrounds, are continuing to ensure that we achieve our EE targets and that our workforce is representative of our commitment to transformation.

For further information about the implementation and results of our transformation policies, refer to the report on our Human Capital and transformation on **pages 43 to 44** of this report.

EMPLOYEE WELLNESS, SAFETY AND SECURITY

During 2022, Sea Harvest took proactive measures to address the lingering effects on its workforce of the COVID-19 pandemic and other challenging world events in 2022. The Company recognised the toll these events were taking on the mental health and wellness of its employees and people in the communities affected by our operations. By providing support and resources to help individuals cope with the daily challenges they face, Sea Harvest showed its commitment to the well-being of its people. Central to all Sea Harvest's actions is its striving to demonstrate a true spirit of care and compassion, especially for its staff.

COVID-19: More than 50 of the Group's staff were on long leave during 2022, due to ongoing ill health because of infection in 2021. At the start of the year under review, 92% of the Group's employees had received at least one dose of the vaccine, which provided significant protection to Group operations – c.18 800 antigen tests had been conducted by the end of the reporting period.

Employee wellness: The Group continued to offer primary healthcare services at some of its larger operating sites during 2022 as well as various employee wellness programmes to help staff manage their financial, physical and mental health. In response to numerous incidents of substance abuse, the Department of Social Development was invited to engage with staff during formal sessions on early intervention in cases of substance abuse. In Australia, the business has acknowledged the psychological demands and stressors of modern life and the associated employee absenteeism that can result and subsequently implemented an Employee Assistance Programme (EAP) at no cost to staff. The programme, which offers, *inter alia*, professional, short-term, one-to-one counselling, is designed to assist employees and share-fishermen in managing mental and emotional problems that can impact on their personal well-being. Support is also available to immediate family members, including partners and dependent children and, in certain circumstances, anyone living under the employees' roof.

Safety: The Group saw an overall increase in the number of injuries reported during the year, largely as a result of the inclusion of incidents from newly acquired businesses. The Group's disabling injury frequency rate was slightly above our target of zero at 0.05 for the year. Regrettably, we had one fatality, where an employee slipped during the process of launching a net during fishing operations. We extend our condolences to the family and loved ones of the deceased.

Security: Minor security incidents were reported at various operating sites, most of which related to petty theft or attempted theft. Investigations were conducted to determine ways of improving security, while the necessary disciplinary action was taken, or charges laid, against the perpetrators.

As per the table below, during 2022, five out of six of the Group's sites saw an improvement in their risk scores following an audit by Marsh, a leading global insurance broker and risk advisor, of the health, safety and environmental operating procedures at the respective sites.

MARSH RISK GRADING SCORES	2022	2021
Sea Harvest Saldanha (WC)	**97.2%**	97.0%
Ladismith (WC)	**97.5%**	95.0%
Philippi (WC)	**91.9%**	92.0%
Airport Industria (WC)	**94.7%**	93.0%
V&A Waterfront (WC)	**97.0%**	95.0%
Buffeljags (WC)	**96.6%**	94.0%



Free eye screening for staff was provided at the Saldanha Bay site.

For more information about our Human Capital refer to **pages 43 to 44**, and for information on employees and labour unions refer to our stakeholder section on **page 31** of this report.

OUR SUPPLIER AND ENTERPRISE DEVELOPMENT

Sea Harvest has endeavoured to be consistent and impactful in its transformation journey, especially in its focus on supporting suppliers in economically depressed and semi-rural areas. The Group's provision of financial support in the form of loans and cash advances during the challenging times of the COVID-19 pandemic demonstrated its commitment to helping its partners succeed. The Company's procurement policies and payment terms that support SMMEs is a testament to its commitment to promoting economic growth and empowering local communities.

OUR SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT CONTINUED

The Fisheries Fund, established by Sea Harvest in partnership with Brimstone, is an initiative that provides mentorship, skills training, and other business support to co-operatives and small-scale fishers. The continuation of an accidental death and disability policy for small-scale fishers and their families by the Fisheries Fund illustrates Sea Harvest's comprehensive approach to supporting fishing communities. Overall, Sea Harvest's efforts are making a meaningful difference in promoting economic growth and improving the lives of those it serves.

In 2022, Sea Harvest launched the Fisheries Economic Development Research, Advisory and Training Institute (FEDRATI), which serves as a vehicle for co-operation between the Fisheries Fund and the Cape Peninsula University of Technology (CPUT). The Fisheries Fund, through FEDRATI, awarded scholarships and work-integrated learning funding and facilitated community training programmes at CPUT. Meanwhile, the Fisheries Fund in partnership with the FoodBev SETA and Sea Harvest continued the programmes started during the pandemic, in which training and skills development of Western Cape, Eastern Cape and KwaZulu-Natal small-scale fishers were undertaken. The training included, *inter alia*, pre-sea familiarisation, business skills programmes, and mentorship and coaching programmes. Furthermore, a collaboration with the South African Maritime Safety Authority (SAMSA) for pre-sea familiarisation training resulted in more than 200 fishers in the West Coast region being trained by the Fisheries Fund.



During 2022, Kurt Paulse and his dad, Adrian, owners of Paulse Transport, were one of the many beneficiaries of Sea Harvest's commitment to SMMEs in support of the South African government's transformation objectives.

Refer to our Social and Relationship Capital on **pages 47 to 48** and our stakeholder section for industry partners on **page 34** of this report.

OUR SOCIO-ECONOMIC DEVELOPMENT (SED)

The Sea Harvest Foundation is another vehicle through which Sea Harvest is able to make a positive impact on the communities it serves. In 2022, the Foundation's efforts were directed towards promoting inclusive economic participation and supporting education, sport and youth development. Among the focus areas of the Foundation, the greatest spend went towards education, particularly within Ladismith and Kleinzee in the Western Cape. The Foundation's bursary programme received a steady stream of applications and assisted 44 tertiary students in pursuing their studies.

In 2022, we made a meaningful difference in the lives of the residents of Buffeljagsbaai through our continued investment in and support for the community. The establishment of a Community Forum, registered as a non-profit organisation, has provided a platform to secure greater impact and improve the livelihoods of the people living in the small fishing community.

The Group's partnership with South African Rugby Legends boosted the youth and sports development in Philippi and Elsies River on the Cape Flats by providing over 4 000 learners with access to sports facilities.

The Foundation's fish donation programme impacted many lives in 2022. A range of well vetted and monitored organisations, including the Genesis Hub, Siyabonga, Harbour of Wellness, Huis van Heerde, Lily Haven and the Paternoster Project, were all beneficiaries of the programme. A total of 6 820kg of fish was donated to more than 20 organisations.

In addition, during 2022, the Foundation successfully hosted its inaugural Golf Day, which gave stakeholders the opportunity to get an in-depth look at the work of the Foundation and its beneficiaries. All funds raised from the event were put to good use. This exciting event was a great way for all stakeholders involved to support the Foundation and contribute to its mission of making a positive impact on the community.

Finally, the Foundation Board's decision to reframe its strategy demonstrated the Foundation's commitment to continuous improvement and a drive for greater impact. By focusing on collaboration and integration, both internally and externally, the Foundation is positioning itself to effectively leverage the strengths and resources of all stakeholders. This reframed strategy, which aligns with the global trend towards data-driven and integrated thinking, promises to be highly impactful and deliver even greater results for the communities we serve.

Refer to our Social and Relationship Capital on **pages 47 to 48** for more information.

SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT

At Sea Harvest, the priority is to ensure that the business operates in a way that is not only profitable but also sustainable in the long-term. This is especially important as the business relies on natural resources to produce its premium products. To achieve this, the Group recognises the need to implement measures that prioritise the conservation of water, proper waste management, and clean energy, not just to meet the expectations of stakeholders but to maintain the viability of the business.

In the fishing sector, it is crucial to adhere to the science behind how much fish can be taken from our oceans without compromising long-term sustainability. This means allowing the marine resources to replenish and making sure that our business operates in a sustainable manner. By taking these steps, Sea Harvest demonstrates its commitment to a responsible and sustainable approach to business, thereby preserving natural resources for future generations. The Group is dedicated in its pursuit to being a leader in sustainability, consistently setting high standards and taking a comprehensive approach to ensuring the long-term viability of our business. Sea Harvest is committed to meeting the gold standard in marine sustainability, set by the MSC, for our Cape Hake and Australian prawn fisheries. Furthermore, the Group will continue to align with the King IV™ principles of corporate governance, demonstrating our commitment to being responsible and accountable in all aspects of our business.

In support of this approach, in 2022, the Group maintained its focus on ensuring that all subsidiaries' operating sites, cold stores, distribution points and offices, etc. comply with regulatory requirements, while also assessing the level of adherence to the responsible business practices adopted by the Committee. The assessments were conducted using a baseline risk assessment developed for all divisions within the Group in line with previously completed internal ISO 14001-based audits across all sites in 2021. It also continued to develop and improve its internal control systems and centralised data management.

Sustainable fishing: SADSTIA, the Shark Bay prawn managed fishery, and the Exmouth prawn managed fishery are all MSC certified. Certification is undertaken by a third-party based on scoring of the three principles of the MSC.

- The annual surveillance audits for the Australian fisheries were first held in 2021 for the most recent recertification and the most recent audits in 2022.
- The South African Cape Hake fishery experienced its first audit in 2022.
- A new MSC standard V3.0 was published in October 2022. Therefore, all fisheries undergoing new certification from 2024 onwards will be certified under the new standard.

Water management: During 2022, the Group improved its water management. Its largest operating site, which is responsible for over two thirds of the Group's water usage, is now able to move 100% off the municipal water grid. Its water usage for 2022 was recorded as below the prior year's usage.

In addition, Ladismith edged closer to entering into a commercial agreement for the installation of a reverse osmosis (RO) plant (the capacity of which would be 50% of the total consumption of the site in phase one of the project), which will allow it to reduce its municipal water usage.

Both Ladismith and BM Foods Group have wastewater treatment plants. At Ladismith, wastewater is cleaned at a membrane bioreactor plant and reused for irrigation purposes for crops and other grey water activities.

Waste management: Sea Harvest has established various partnerships to ensure that it supports the need to effectively manage waste and limit its waste to landfill. Opportunities are always sought to donate, reuse or sell waste to benefit the environment.

Throughout its operations, Sea Harvest deploys many environmental management tools, such as method statements, inspections and checklists, and undergoes rigorous internal and external audits to ensure that its commitment to environmental health remains unwavering. These environmental protection measures are supported with contingency plans that cater for environmental emergencies.

Energy efficiency: Various energy savings initiatives were launched or continued from the previous reporting period. At the Saldanha Bay operations, efforts were made to consolidate a refrigeration plant, ice-making plant, and the installation of variable speed drives in the value-added factory, which will allow for efficient use of the refrigeration equipment and reduce overall electricity usage. Due to the impact of load shedding, the Group established a task team in order to ensure the short-term energy security of the Group's operating sites.

Climate change: Sea Harvest is committed to implementing robust measuring processes and systems that will enable it to set realistic Group-wide carbon reduction targets and carbon emission reporting requirements. Our wind turbines at Buffeljags served as the perfect platform to commence the Group's renewable energy journey. Sea Harvest has decided to formalise this process and launched the Group's Renewable Energy Forum in October 2022. The forum will assist the Group in formulating its energy guiding principles into the future.

The Commitee noted that a variety of hydroflourocarbon gases (freon) will be outlawed over the next few years. Management will undertake an analysis of the vessels that utilise freon for their refrigerant requirements and the expenditure required to convert those vessels to non-freon gases.



In 2022, Sea Harvest donated funds to the Dyer Island Conservation Trust for their penguin sanctuary and adopted two penguins and an owl.

OUR CHALLENGES

The challenge encountered during 2022 was to begin the journey of ensuring that the last three businesses acquired by the Group – Mooivallei, BM Foods Group and the fishing business of MG Kailis – are on par with the practices implemented at, for example, the Group's largest subsidiary, Sea Harvest Corporation, which has made meaningful progress in terms of improving its environmental sustainability standards and sustainable fishing practices.

OUR PERFORMANCE IN RELATION TO OUR TARGETS IN 2022

We are happy to report that we:

- consumed 730 million litres of water (municipal and desalinated) during 2022 (2021: 643 million) due to the acquisition of MG Kailis and the full-year inclusion of Mooivallei and BM Foods Group;
- engaged in meaningful ESG matters, including improved disclosure for all our stakeholders, with our inaugural, standalone ESG Report;
- reduced carbon emissions at South African Fishing sites by 1%;
- spent R50 million on skills development;
- spent R6.5 million on supplier and enterprise development;
- supported 421 SMMEs; and
- continued investing in the communities in which we operate, through student bursary programmes, food donations, community projects and support for youth education initiatives at high schools and tertiary institutions.

OUR FUTURE OUTLOOK

Devise and implement a fit-for-purpose ESG strategy
Enter into a commercial agreement for the installation of an RO plant at Ladismith
Analyse vessels that utilise freon and the expenditure required to convert to non-freon gases
Our long-term targets include eliminating unnecessary and problematic packaging and to increase the reuse, collection and recycling of all waste
Continue expanding the Fisheries Fund footprint to small-scale co-operatives in KZN and the Eastern Cape.
Sea Harvest Aquaculture will continue its transition to wind energy

FRED ROBERTSON

Chairperson of the Social, Ethics and Sustainability Committee