OUR NOMINATION AND REMUNERATION COMMITTEES

3 IMPLEMENTATION REPORT

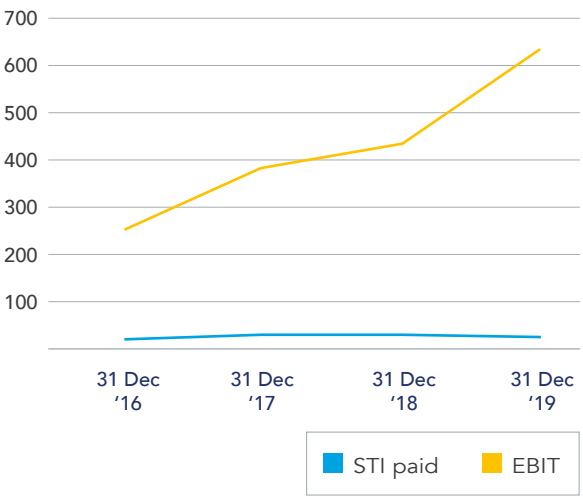
The Committee has monitored the implementation of the Remuneration Policy during the financial year and is of the view that the Group's compliance with the policy has been satisfactory. This implementation report discloses the detailed information and figures pertaining to the application of the Remuneration Policy in relation to the relevant executive and non-executive directors. The Committee is satisfied that variable pay outcomes for the 2019 financial year are aligned with the Group's financial performance for the 2019 financial year (as contextualised in the CEO's report).

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

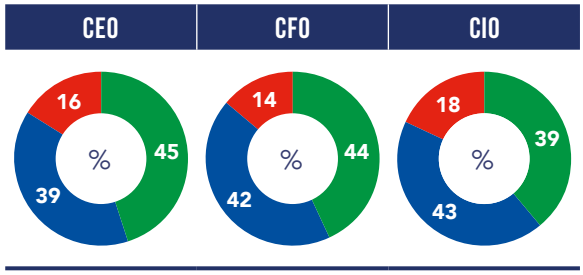
From an LTI perspective, the second tranche of retention shares vested in March 2019 (retention shares vest equally over a three/five-year period), whereas none of the performance shares or bonus shares qualified for vesting during 2019. The first tranche of performance shares and bonus shares are scheduled to vest in March 2020.

The following graph has been prepared on the same basis as the chart in part 2 that refers to pay mix which represents GP, STI and LTI, and shows the actual mix achieved for the year ended 31 December 2019.

STI paid vs EBIT R'000



Actual pay mix



Note: Actual pay mix comprises a much higher level of GP and STI, as the first tranche of performance shares and bonus shares are only scheduled to vest in March 2020. The LTI graph reflects the vesting of the second tranche of retention shares in March 2019.



OUR NOMINATION AND REMUNERATION COMMITTEES CONTINUED

Guaranteed pay

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

SEA HARVEST CORPORATION	2019 NUMBER OF EMPLOYEES	2019 ANNUAL INCREASE IN GUARANTEED PAY %
Group CEO, executive team and senior management	53	5.9
Junior management	96	5.2
Salaried staff	125	5.3
Factory waged staff	1 061	8.0
Fleet waged staff	591	7.5

During the fourth quarter of the year, the Group undertook benchmarking studies for the compensation of executive directors and management and implemented the recommendations therefrom.

Short-term incentive

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

For the 2019 financial year dual financial targets, being EBIT and HEPS, were used for executive directors, while for senior management EBIT was used.

The functional targets for the executive directors for 2019 encompassed transformation, retention of fishing rights, efficiency initiatives, organic and acquisitive growth and building organisational capacity.

In line with the Group's performance in the 2019 financial year, only 36% of the total possible 2019 STI was achieved.

Long-term incentive

The FSP was put in place when the Group listed on 23 March 2017.

At listing, the Group issued retention shares and, on an annual basis, the Group issues performance and bonus shares to executive directors, executives and key senior management. The number of FSPs issued to the executive directors is set out in the table below. The first two tranches of retention shares vested in March 2018 and March 2019 respectively (retention shares vest equally over a three/five-year period), whereas none of the performance shares or bonus shares qualified for vesting during 2019. The first tranche of performance shares and bonus shares are scheduled to vest in March 2020.

In addition, in line with the recommendation of King IV™ included is an indicative value of the unvested instruments as at 31 December 2019. For the bonus shares and retention shares, the indicative value is calculated as the number of instruments multiplied by the share price of R14.55 at year end. For the performance shares a valuation was performed, based on assumptions as at 31 December 2019.

OUR NOMINATION AND REMUNERATION COMMITTEES CONTINUED

DATE OF AWARD	TYPE OF INSTRUMENT	NUMBER OF INSTRUMENTS AWARDED	SHARE PRICE ON DATE OF GRANT R	VESTING DATE	NUMBER OF INSTRUMENTS VESTED	NUMBER OF INSTRUMENTS LAPSED	CLOSING NUMBER OF UNVESTED INSTRUMENTS	INDICATIVE VALUE OF UNVESTED INSTRUMENTS R
		A	B		C	D	E=A-C-D	F
Felix Ratheb								
Thursday, 23 March 2017	Performance shares	219 385	12.50	Sunday, 22 March 2020	–	–	219 385	2 081 964
Friday, 7 September 2018	Performance shares	333 274	13.00	Monday, 22 March 2021	–	–	333 274	3 316 076
Saturday, 23 March 2019	Performance shares	325 575	14.00	Tuesday, 22 March 2022	–	–	325 575	2 891 106
Thursday, 23 March 2017	Bonus shares	119 998	12.50	Sunday, 22 March 2020	–	–	119 998	1 745 971
Friday, 7 September 2018	Bonus shares	199 964	13.00	Monday, 22 March 2021	–	–	199 964	2 909 476
Saturday, 23 March 2019	Bonus shares	172 881	14.00	Tuesday, 22 March 2022	–	–	172 881	2 515 419
Thursday, 23 March 2017	Retention shares*	789 786	12.50	Tuesday, 22 March 2022	315 914	–	473 872	6 894 838
John Paul de Freitas								
Thursday, 23 March 2017	Performance shares	113 120	12.50	Sunday, 22 March 2020	–	–	113 120	1 073 509
Friday, 7 September 2018	Performance shares	157 342	13.00	Monday, 22 March 2021	–	–	157 342	1 565 553
Saturday, 23 March 2019	Performance shares	155 361	14.00	Tuesday, 22 March 2022	–	–	155 361	1 379 606
Thursday, 23 March 2017	Bonus shares	61 874	12.50	Sunday, 22 March 2020	–	–	61 874	900 267
Friday, 7 September 2018	Bonus shares	91 573	13.00	Monday, 22 March 2021	–	–	91 573	1 332 387
Saturday, 23 March 2019	Bonus shares	82 031	14.00	Tuesday, 22 March 2022	–	–	82 031	1 193 551
Thursday, 23 March 2017	Retention shares	203 616	12.50	Sunday, 22 March 2020	135 744	–	67 872	987 538
Muhammed Brey								
Thursday, 23 March 2017	Performance shares	124 178	12.50	Sunday, 22 March 2020	–	–	124 178	1 178 449
Friday, 7 September 2018	Performance shares	179 688	13.00	Monday, 22 March 2021	–	–	179 688	1 787 896
Saturday, 23 March 2019	Performance shares	172 747	14.00	Tuesday, 22 March 2022	–	–	172 747	1 533 993
Thursday, 23 March 2017	Bonus shares	66 097	12.50	Sunday, 22 March 2020	–	–	66 097	961 711
Friday, 7 September 2018	Bonus shares	105 656	13.00	Monday, 22 March 2021	–	–	105 656	1 537 295
Saturday, 23 March 2019	Bonus shares	90 692	14.00	Tuesday, 22 March 2022	–	–	90 692	1 319 569
Thursday, 23 March 2017	Retention shares*	447 040	12.50	Tuesday, 22 March 2022	178 816	–	268 224	3 902 659

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

OUR NOMINATION AND REMUNERATION COMMITTEES CONTINUED

Executive remuneration

for year ended 31 December 2019

Remuneration of executive directors and prescribed officers is set out in full in **note 34** of the AFS.

Diversity targets

The Committee set the following diversity targets during the 2017 financial year and reviewed these targets during the 2019 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. With the appointment of CK Zama and T Moodley to the Board during 2018, the Board made good progress and achieved a score of 60% at the end of the 2019 financial year.

Gender – female targets

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

Approval

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

André Hanekom
Chairperson of the Nomination and Remuneration Committees
24 April 2020

