REPORT OF THE SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

Sea Harvest Group Limited ('Sea Harvest' or 'the company') is committed to creating a sound investment for its stakeholders whilst ensuring that its people, local communities and the environment remain as critical pillars of the organisation. 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™), and the Listing Requirements of the JSE Limited, the Committee's Terms of Reference Charter ('the charter'), internal policies and any other applicable legislation. Beyond the statutory functions of the Committee, it serves as a guide to ensure that the company maintains its commitment to social upliftment and the transformation of the environment in which it operates.

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 1 January 2018 until the financial year ended 31 December 2018. The Committee's charter was approved by the Board on 16 February 2017 and the Committee approved its 2018 Annual Work Plan on 15 November 2017.

MEMBERSHIP AND COMPOSITION OF THE COMMITTEE

Committee members at present are:

- Frederick Robertson (Chairman)
- Bahleli Marshall Rapiya
- Mohamed Iqbal Khan
- Tiloshani Moodley
- Carol Kholeka Zama
- Muhammad Brey

The Committee comprises of 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 mandated to oversee social, environmental 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.

2018 SOCIAL, ETHICS AND SUSTAINABILITY HIGHLIGHTS

RURAL ECONOMIC DEVELOPMENT AND CORPORATE SOCIAL INVESTMENT COMMITMENT 2018

Sea Harvest is committed to transformation where the company's ambition to facilitate rural economic development in all the regions where it operates and is preserved in the company's way of doing business.

The company's social economic development and corporate social investment (CSI) has historically primarily focused on the west coast and spearheaded through the Sea Harvest Foundation NPC ('the Foundation'). However, in 2018 through the acquisition of Viking Fishing and a majority share in Viking Aquaculture, the Foundation increased its social impact footprint through its incorporation of the Viking Social and Upliftment Trust. Through the Foundation, Sea Harvest has formalised its approach to responding to the needs of society, specifically in communities where the company operates.
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 throughout South Africa but predominantly in the Western Cape. During 2018 the Foundation crafted a funding criteria and procedures which drastically improve its ability to assess and respond to applications for support.

The Foundation reports to the Committee and during the financial year in review (2018) the Foundation spent c. R3 million on CSI in local communities. For more information on the Foundation refer to page 50 of this report.

SEA HARVEST FOUNDATION 2018 HIGHLIGHTS

- Allocated bursaries for tertiary education to deserving black applicants from local communities.
- Supported local creches with fish donations throughout the year.
- Continued to support an annual two-week Dental Clinic initiative, where members of local communities can get a free dental check-up.
- Donated funds to a high school cycling club, which were used for new bicycle parts and equipment.
- Launched a Grade R school in Diazville in Saldanha Bay that was built in partnership with the Western Cape Education Department in 2017.
- Supported Surfing South Africa by sponsoring surfing events throughout South Africa and programmes that facilitate the introduction of sport and surfing to previously disadvantaged communities.
- Supported the Red Cross Children's Hospital Trust's *Kids for Kids* campaign by donating a portion of the sales of selected coated Sea Harvest products to the Trust. In 2018, funds raised went towards the Western Cape Department of Health's 100 Operations for Mandela Day.

TRANSFORMATION

B-BBEE SCORECARD ELEMENTS

Sea Harvest's commitment to the economic and social transformation of South Africa will continue and that is illustrated by the company's continued progression and improvement on the B-BBEE scorecard. A special report about the Most Empowered Companies listed on the JSE, which was published by Independent Media in partnership with Empowerdex and Intellidex in November 2018, rated the Group as being the "Most Empowered fishing and food company on the JSE". The report listed Sea Harvest as the 10th Most Empowered Company overall on the JSE, and the 3rd Most Empowered in terms of ownership on the JSE, when assessed according to the B-BBEE amended codes. Driving transformation is a non-negotiable for Sea Harvest. The Group has worked hard to ensure that it supports government's endeavour to empower the previously disadvantaged. This has taken Sea Harvest from a Level 4 BBEE company 10 years ago to a Level 1 company in 2018. Over the past decade, the Group has achieved consistent success on its ambitious transformation journey resulting in its c.80% black ownership (up from 21% 15 years ago) and an increase in its overall BEE score from 78.8 in 2010 to 100.37 in 2018.

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. During 2018 the company continued to make strides in its transformation strategy, where through its subsidiaries, the company was able to further transform its workforce skills through the promulgation of a Management Development Programme for high-performing historically disadvantaged individuals.

For further information about the implementation and results of our transformation policies refer to the report on our Human Capital on page 46 of this report.

As one of the largest black-owned companies in the sector, the Group continued to drive the key focus of local economic development in 2018 in predominantly rural areas. This is underpinned by a continuation of the Group's work with the West Coast Business Development Centre that provides services and mentorship for SMMEs. In 2018, the company supported an initiative in conjunction with an NGO which offered technical skills training including computer skills to assist entrepreneurs to fulfil their ambitions and create thriving businesses. The company's procurement policies, meanwhile, have resulted in c. R721 million being spent during the 2018 financial year on suppliers that are majority black-owned and managed.



A Grade R school in Diazville, Saldanha Bay, which was built by Sea Harvest in partnership with other roleplayers in 2017, was officially opened in February 2018

SUPPLIER AND ENTERPRISE DEVELOPMENT 2018

HIGHLIGHTS

- Spent over R721 million with majority black-owned suppliers;
- In order to fast-track transformation within the broader fishing industry, Sea Harvest led a black consortium in the purchase of the majority white-owned Viking Fishing Group, making it possible for two new 100% black-owned entities to enter the industry;
- Entered into commercial relationship with two 3rd party Hake Deep-Sea Trawl quota holders where through the commercial arrangement they now have a 30% ownership stake in a vessel. This transfer will assist the parties to successfully harvest Cape hake and create employment in the sector; and
- Launched a Fisheries Development Fund in partnership with Brimstone. This fund will support SMMEs by providing approximately R100 million in either cash or other capital, including marketing assistance, vessels and assets, management expertise, training and mentoring, and processing of fish to promote enterprise development.

  The primary objective of the fund is to transform the fishing industry from the ground up by assisting smaller quota holders and new entrants to acquire boats, catch their quotas, process catches, and access markets. The first service from the fund will be the creation of a subsidised Accidental Death and Disability policy for small and medium scale fishers.

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 all it does is creating good, 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.

In 2018, the scheme received dividends of c. R2 million for distribution to qualifying employees which was split equally amongst all beneficiaries of the scheme. Furthermore, as a part of the Viking Fishing and Viking Aquaculture transaction during 2018, the former Viking Staff Trust which comprised of all qualifying staff within the Viking Fishing Group at the time received R120 million as a part of its proceeds from the sale of the company, and a further R30 million was utilised in order to create a new Employee Share Trust for the former Viking Fishing Group employees so they would continue to share in the growth of the wider Sea Harvest Group.

HEALTH, SAFETY AND ENVIRONMENT

Sea Harvest is committed to ensuring the safety and security of all its employees whist discharging their duties. The company continues to evaluate its safety and security procedures in order to ensure that they are in-line with best practice in the industry. 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 46 in the Human Capital section of this report.

During 2018, Sea Harvest underwent a concerted effort to reduce injuries through various initiatives such as: promoting greater awareness of safety procedures to staff through forums and competitions which were complimented by additional drills and inspections; added additional medical monitoring equipment on all of its vessels in order to assist in highlighting any potential concerns at short notice; continuing to score well on third party safety audits both at sea and at its operational sites.

All of the health and safety improvements during 2018 culminated in the implementation of a new and improved Safety Management System underpinned by a Safety at Sea Policy for all of the company's vessels in order to protect all of its sea-going staff.

Overall the company's extensive health and safety procedures along with its security systems continued to perform well in 2018 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 whilst promoting the sustainable use of other resources such as energy. Not only does the Company comply with the environmental regulations imposed by the local authorities and other international organisations, but the company also plays an active role in initiating further measures to protect South Africa's environmental resources.

The installation of Sea Harvest's desalination plant was completed and launched during 2018. The multi-million Rand investment, which includes desalination and reverse osmosis, ensured that the Company could continue to operate at its largest site and honour its commitment to delivering against stakeholder expectations but most importantly protect jobs. Since the Western Cape was declared a drought-stricken region in 2016, Sea Harvest has been able to reduce its fresh water consumption by 35% in an effort to alleviate the pressure on this precious resource. The company is in the early stages of ensuring that through its investment at the site it is able to operate completely off the local municipal water grid, thus ensuring that other users are able to benefit through capacity created from Sea Harvest being off the grid.

Refer to page 47 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 2018 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 STAKEHOLDERS

Management has confirmed that no instances of material non-compliance with applicable legislation or governance codes were raised or recorded. The Committee has reviewed Sea Harvest's Annual Integrated Report and is satisfied that its content are relevant to the activities and responsibilities of the Committee.

Fred Robertson
Chairman

12 April 2019



Michael Madangatya is one of many small black business owners who benefit from the Group's operations. He is the owner of Khula Khula Transport in Saldanha Bay. His company specialises in the transportation of dry and perishable goods.