

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Clean Seas Tuna Limited

ABN/ARBN

61 094 380 435

Financial year ended

30 June 2015

Our Corporate Governance Statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- these pages of our annual report: \_\_\_\_\_
- this URL on our website: [www.cleanseas.com.au/main/investor-information/corporate-governance](http://www.cleanseas.com.au/main/investor-information/corporate-governance)

The Corporate Governance Statement is accurate and up to date as at 28 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 11 September 2015

Sign here:



Print name: Wayne Materne – Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> “Corporate governance statement” is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity’s corporate governance statement can be found.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b><u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</u></b>			
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.cleanseas.com.au/main/investor-information/corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.cleanseas.com.au/main/investor-information/corporate-governance">www.cleanseas.com.au/main/investor-information/corporate-governance</a></p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<i>Insert location here</i>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location: www.cleanseas.com.au/main/investor-information/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: Directors' Report in Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: Directors' Report in Annual Report</p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: Directors' Report in Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	<p>... our code of conduct or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at this location: <a href="http://www.cleaneas.com.au/main/investor-information/corporate-governance">www.cleaneas.com.au/main/investor-information/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and	<p>[If the entity complies with paragraph (a):]  ... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i> ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: <a href="http://www.cleaneas.com.au/main/investor-">www.cleaneas.com.au/main/investor-</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>information/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: Directors' Report in Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at this location: <a href="http://www.cleanseas.com.au/main/investor-information/corporate-governance">www.cleanseas.com.au/main/investor-information/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b><u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u></b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location: www.cleaneas.com.au/main/investor-information/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: Directors' Report in Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]  ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
8.1 The board of a listed entity should: <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location: www.cleanseas.com.au/main/investor-information/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: Directors' Report in Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at this location: <a href="http://www.cleanseas.com.au/main/investor-information/corporate-governance">www.cleanseas.com.au/main/investor-information/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b><u>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</u></b>		
- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	... the information referred to in paragraphs (a) and (b): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>- <i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

# Corporate Governance Statement

For the year ended 30 June 2015

The Board of Directors and management of Clean Seas Tuna Limited ('Clean Seas' or 'the Company') recognise the importance of good corporate governance and are committed to maintaining and enhancing the highest standards across the Group - good governance is not considered to be just a matter for the Board and management, rather a culture entrenched company-wide.

Reflective of the nature, scale and complexity of Clean Seas' operations, the Board has established a transparent and high quality corporate governance framework comprising codes, policies and charters under which the Company operates. The framework outlines the Company and management's commitment to act ethically, openly, fairly, and diligently when promoting the interests of shareholders, employees, customers, suppliers and broader community interests.

During the reporting period the Company continued to review and enhance its governance policies and practices and the governance framework in line with best practice. The Company's corporate governance policies will continue to be under regular review due to the ever changing regulatory environment and the desire for the Company to operate at the highest governance levels possible.

Details of the Company's corporate governance policies are available on the Company's website at [www.cleanseas.com.au](http://www.cleanseas.com.au) and may be accessed via the Investor Information / Corporate Governance section.

The Company and its controlled entity, together, are referred to as 'the Group' in this statement.

Unless otherwise disclosed below, the Group's governance practices comply with the ASX Corporate Governance Principles and Recommendations and have been applied for the entire financial year ended 30 June 2015. The Group has reported in accordance with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations released on 27<sup>th</sup> March 2014.

A description of the Group's main corporate governance practices is set out below.

## **Principle 1: Lay solid foundations for management and oversight**

### ***Role of the Board***

The Board of Directors is accountable to Shareholders for the overall performance and governance of the Company.

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Group's strategies, policies and performance. This includes overseeing the financial and human resources the Group has in place to meet its objectives and reviewing management performance;
- protect and optimise Group performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Group's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Group's values and governance framework (including establishing and observing high ethical standards); and
- adopt and oversee the management of a corporate governance framework to ensure that the Group complies with its continuous disclosure obligations, all investors have equal and timely access to material information concerning the Group and all Group announcements are presented in a clear and balanced way.

# Corporate Governance Statement

For the year ended 30 June 2015

The Board's roles and responsibilities are formalised in a Board Charter which is available on the Company's website. The charter is reviewed periodically to ensure it remains appropriate given the operations of the business and the responsibilities and composition of the Board

In addition to the Board Charter, the Board has developed the following suite of policy documents which clearly establish the relationship between the Board and Management and further describe their respective roles and responsibilities in a manner consistent with the ASX Principles:

- Policy on Delegation and Matters Reserved for the Board;
- a policy statement outlining the role of the Chairman; and
- a policy statement outlining the role of the Chief Executive Officer.

These documents are also available on the corporate governance section of the Company's website.

Fundamentally, the Board is responsible for:

- determining corporate policy;
- providing leadership and setting the Company's goals and strategic direction including identification and analysis of merger, acquisition and investment opportunities for the Group in accordance with the Strategic Plan;
- overseeing management's implementation of the Group's strategic objectives and monitoring performance against budgets and strategic plans;
- appointing the Chairman and lead independent Director;
- appointing and, when necessary replacing, the Chief Executive Officer, setting his/her remuneration and monitoring his/her performance annually;
- approving the appointment and, when necessary, replacement of other senior executives, approving their remuneration in accordance with recommendations brought forward by the Chief Executive Officer and monitoring their performance annually,
- approving operating budgets and major capital expenditure;
- overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit;
- overseeing the Group's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities;
- ensuring that the Group has in place an appropriate risk management framework to identify, assess, monitor and manage material business risks, ensuring compliance with all regulatory requirements and setting the risk appetite within which the Board expects management to operate;
- approving the Group's remuneration framework; and
- monitoring the effectiveness of the Group's governance practices.

The Chief Executive Officer is responsible to the Board for the day-to-day operation of the Company.

## **Board Committees**

Board Committees assist the Board in the oversight and control of the Company.

The Board currently has the following Committees:

- Remuneration and Nominations Committee – refer discussion at ASX Principles 2 and 8; and



# Corporate Governance Statement

For the year ended 30 June 2015

- Finance, Audit and Risk Management ('FARM') Committee – refer discussion at ASX Principles 4 and 7.

Each Committee operates under a formal Charter approved by the Board under which authority is delegated by the Board and which set out matters relevant to the composition, responsibilities and administration of those Committees. The Charters are reviewed annually and are available on the Company's website.

The performance of each Committee is reviewed annually by the respective Committee and then reported to the Board.

Minutes of Committee meetings and Committee recommendations are provided to the Board.

Each Committee (including the Chairperson of the Committee) is appointed by the Board of Directors, following consideration of recommendations from the Remuneration and Nominations Committee. Membership of each Committee is reviewed by the Board on an annual basis.

All Committees are comprised of Non-executive members of the Board, with the majority of members being independent Directors, based on the assessment of the Board under its Independent Director Standards.

The Chairperson of each Committee may call a meeting of the relevant Committee at any time, or if so requested by any member of the Committee.

Each Committee develops and maintains an annual program, which details major items of business to be considered at set points throughout the year, to support both the Committee's and the Board's activities.

Each Committee is empowered, with the prior approval of the Chairman of the Board, to consult experts at the expense of the Company where the Committee considers it necessary to carry out its duties.

The Chairman of the Board as well as each Director is entitled to attend meetings of all Board Committees.

The number of respective Committee meetings that were held over the reporting period and the attendance of Committee members (both current and those retiring during the course of the reporting period) at these meetings are set out in the Directors' Report.

## ***Director Appointment, Election and Re-election***

The procedures for the appointment and removal of Directors are ultimately governed by the Company's Constitution. The Board has also adopted a 'Policy for the Selection and Appointment of Directors' which is available via the corporate governance section of the Company's website.

The Board may appoint Directors to fill casual vacancies that occur or to add additional persons to the Board up to the maximum number (currently nine) prescribed by the Constitution. A Director selected and appointed by the Board is required to retire in accordance with the Constitution of the Company at the next Annual General Meeting and is eligible for election by Shareholders at that Annual General Meeting.

In the relevant Notice of Meeting, Shareholders are provided with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director.

Clean Seas' Directors have no prescribed fixed term of office but are subject to the retirement provisions contained in the Constitution, Company policies and the ASX Listing Rules. At least approximately one-third of Directors (excluding a Managing Director) retire at each Annual General

# Corporate Governance Statement

For the year ended 30 June 2015

Meeting and Directors must submit themselves to shareholders for re-election at least every three years. Shareholders are provided with relevant information on the candidates standing for re-election in the relevant Notice of Meeting.

The Board has delegated to the Remuneration and Nominations Committee the responsibility for recommending to the Board candidates to be nominated to act as new Directors and for recommending to the Board the reappointment of retiring Directors.

The Board's Remuneration and Nominations Committee regularly reviews the composition of the Board to ensure that there is an appropriate mix of abilities and experience to serve the interests of shareholders. Any recommendations are presented to the full Board.

If it becomes necessary to appoint a new Director to fill a vacancy on the Board, or to complement the existing Board, potential candidates are identified and assessed against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. This assessment extends to attention to the diversity needs of the Board, including gender diversity.

Following this assessment, the Committee provides its recommendation to the Board for assessment and actioning, ensuring that appropriate checks are undertaken before putting forward these recommendations to the Board or to Shareholders for election as a Director. This includes checks as to the person's character, experience, education, criminal record and bankruptcy history.

On occasion, professional intermediaries can be used to assist with the identification and assessment of potential Director Candidates.

The Company has developed a comprehensive Board Skills Assessment matrix that is used to assess the skills of existing Directors and potential Director Candidates.

The appointment of a new Director by the Board is formalised with a detailed written letter of appointment from the Chairman which sets out the key conditions of their appointment including such matters as their term of appointment, duties, rights, responsibilities, time commitments, expectations of the role and remuneration.

## ***Written Agreements with Directors and Senior Executives***

The appointment of a new Director or Chief Executive Officer is formalised with a detailed letter of appointment from the Chairman which sets out the key conditions of their appointment including such matters as their term of appointment, duties, rights, responsibilities, time commitments, expectations of the role and remuneration.

The appointment of a new senior Executive is formalised with a detailed letter of appointment from the Chief Executive Officer which sets out the key conditions of their appointment including such matters as their term of appointment, duties, rights, responsibilities, time commitments, expectations of the role and remuneration.

All current senior executives have a written agreement setting out the terms of their appointment, as does any Director appointed from 2012. Written agreements with the other Directors will be finalised in FY16.

## ***Board, Committee and Director performance evaluation***

Pursuant to the Board's and Board Committees' respective Charters, the Board conducts annual evaluations of its performance, the performance of its Committees, the Chairman, individual Directors and the key governance processes that support the Board's work. This process enables the Board to identify any scope to improve its effectiveness and assists in the Board's ongoing Director development program. In particular the process:

# Corporate Governance Statement

For the year ended 30 June 2015

- compares the Board's performance with the requirements of the Board Charter;
- assists in setting the goals and objectives of the Board for the upcoming year; and
- underpins any desirable improvements to the Board Charter.

The respective Board Committee Charters also require the Committees to evaluate their performance and composition at least annually to determine whether they are functioning effectively by reference to current best practice. This evaluation is presented to the Board for review.

The annual performance evaluations for the Board, its respective Committees and the individual Directors in respect of the financial year ended 30 June 2015 have been completed and will be reviewed in the first quarter of FY16.

## ***Performance and evaluation of Senior Executives***

Formal performance evaluations have been undertaken for the Chief Executive Officer and Senior Executives during the current financial year in accordance with the process disclosed in the Annual Report.

## ***Company Secretary***

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, and plays an important role in supporting the effectiveness of the Board and its Committees.

The role of the Company Secretary includes:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Each Director is able to communicate directly with the Company Secretary and vice versa.

The decision to appoint or remove a Company Secretary is made by the Board.

## ***Diversity Policy***

The Company's Diversity Policy reflects the Company's commitment to the principles of diversity and that it both strongly recognises and appreciates the benefits that flow from fostering a balanced and diverse workforce - one which embraces differences in age, gender, culture and physical ability.

The Diversity Policy applies to all Companies within the Group and is available on the Company's website.

The Company is strongly focused on attracting and retaining the most talented people. As part of this

# Corporate Governance Statement

For the year ended 30 June 2015

recruitment and retention strategy, diversity remains an important consideration throughout all levels of the organisation including the Board.

## ***Diversity at the Board level:***

In order to facilitate greater gender diversity at the Board level, the Diversity Policy requires:

- the Company to implement an appointment process for future Directors that takes diversity of background into account to fit and enhance the Board skills matrix (in addition to previous Board and leadership experience and candidates' skills and experience in a variety of specified fields); and
- the selection process for Board appointments must involve the following steps (including where the Company engages an external recruitment agency to identify and assess candidates):
  - a short-list identifying potential candidates for the appointment must be compiled and should include at least one woman candidate, subject to availability of suitable qualified candidates; and
  - if, at the end of the selection process, a woman candidate is not selected, the Board must be satisfied that there are objective reasons to support its determination.

## ***Diversity in the workplace:***

In order to facilitate greater gender diversity in Management and leadership roles, the Diversity Policy requires:

- the Chief Executive Officer to have reference to the Policy in selecting and assessing candidates and in presenting recommendations to the Board regarding appointments to the senior executive team; and
- the Board to also consider gender diversity and the objectives of the Policy when considering those recommendations.

In addition, the Policy requires the Company to:

- implement policies which address impediments to gender diversity in the workplace and review their availability and utilisation;
- monitor the effectiveness of and continue to expand on initiatives designed to identify support and develop talented women with leadership potential; and
- continue to identify new ways to entrench diversity as a cultural priority across the Company.

## ***Gender diversity:***

As at 30 June 2015, women account for 12% (30 June 2014: 9%) of the Group's workforce and gender diversity by role within the Group was at the following levels with percentages representative of women placed in all roles available at that job level:

# Corporate Governance Statement

For the year ended 30 June 2015

Role Category	Women Representation %	Women Representation %
	As at 30 June 2015	As at 30 June 2014
Board	0%	0%
Senior executive	0%	0%
Manager	9%	11%
Non-Managerial	14%	10%

Senior executive positions are those listed as Key Management Personnel in the Remuneration Report.

The Board acknowledges that there are no women at the Board and senior executive levels. The Company does not intend to set fixed targets or quotas for female employees as this industry has not historically attracted a significant proportion of women but it is expected that female representation at all levels will increase over time.

The Group's gender diversity philosophy is premised on placing emphasis on developing talented and motivated women and is not simply about increasing the number of women in the workforce. It seeks to ensure an ongoing focus to provide support and development for women throughout their career.

It is however important to note that the Group will adhere to its Recruitment and Selection Policy and that the most suitable applicant for the role will always be successful, regardless of gender or any other demographic. The challenge is ensuring that the Group, as an employer, positions women employees well so as to be strongly considered for positions that arise, and that appropriate gender balance where possible is achieved when short listing applicants.

## Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out in its Board Charter. The Charter sets out the structure, role, composition and responsibilities of the Board of Directors and is available via the corporate governance section of the Company's website.

### **Board composition**

The Board determines its size within the limits provided in the Company's Constitution, which currently provides for a minimum of three Directors and a maximum of nine Directors. The size of the Board is reviewed on an ongoing basis and at least annually. The Board currently comprises four Non-executive Directors including the Chairman.

The names, terms of office and the skills, experience and expertise of each of the Board members in office is set out in the Directors' Report.

# Corporate Governance Statement

For the year ended 30 June 2015

The Board is structured to ensure that it consists of Directors who have a proper understanding of the business and who can add value in the context of Clean Seas' business. The Board considers that all Directors have an understanding of Clean Seas' business and the industry within which it operates and that the Directors' diverse range of skills and experience is appropriate to discharge its responsibilities and duties.

Pursuant to the Board Charter:

- the respective roles of Chairman and Chief Executive Officer are separated;
- the Board consists of members with an appropriate mix of skills, diversity, experience, expertise, gender, cultural background, ethnicity and age to enable the Board to be an effective decision making body;
- the Board comprises a majority of non-executive members; and
- the Chairman of the Board is appointed by the Board and an Independent Non-executive Director in accordance with the criteria for independence set out in Clean Sea's Policy on Independence of Directors.

## **Independence**

The Board is conscious of the need to have independent Directors but must also ensure that Board members can add value in the context of Clean Sea's business. Therefore, the Board seeks to ensure that the Board comprises Directors who have a strong understanding of Clean Seas' core business – in particular, primary production and specifically aquaculture - whilst also being able to bring independent views and judgment to the Board's deliberations.

The Board has a policy on Independence of Directors and in defining the characteristics of an independent Director, the Board uses the ASX Principles together with its own consideration of the Company's operations and business, applying appropriate materiality thresholds on a case-by-case basis with reference to each Director and having regard to both quantitative and qualitative principles.

The Independence Policy is available on the Company's website.

When assessing Director independence the Company adopts the following test:

*"Is the Director free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the entity and its security holders generally?"*

Information about any such relationships, including any related financial or other details, is assessed by the Board to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of a Director's unfettered and independent judgment. In determining whether an interest or relationship is considered to interfere with a Director's independence, the Board adopts a conservative approach to materiality.

The Board considers that executive postings, substantial shareholdings, acting in a professional advisory capacity, material business relationships, serving as a long-term Director, being a material supplier or customer or having a material contractual relationship are all indicative of a Director lacking the appropriate independence to meet the test.

The Board recognises that the interests of the Company and its security holders are likely to be well served by having a mix of Directors, some with a longer tenure with a deep understanding of the entity and its business and some with a shorter tenure with fresh ideas and perspective. It also

# Corporate Governance Statement

For the year ended 30 June 2015

recognises that the Chairman of the Board will frequently fall into the former category rather than the latter.

The mere fact that a Director has served on the Board for a substantial period does not mean that he or she has become too close to management to be considered independent nor should it be perceived to materially interfere with a Director's ability to act in the best interests of the Company. However, the Board regularly assesses whether that might be the case for any Director who has served in that position for more than 10 years.

The Chairman, Mr Paul Steere and Mr Nick Burrows are considered to be independent under the terms of the Company's Policy on Independence of Directors. The current composition of the Board, however, does not have a majority of independent Directors (and consequently the Board's composition does not comply with ASX Principle 2.4).

<u>Non-executive Director</u>	<u>Status</u>
Paul Steere (Chairman)	Independent
Nick Burrows	Independent
Hagen Stehr	Non-independent
Marcus Stehr	Non-independent

The Board has adopted a number of policy measures to ensure that independent judgment is achieved and maintained in respect of its decision-making processes. These include:

- the Chairman is an independent Director;
- Directors are entitled to seek independent professional advice at the Company's expense, subject to approval by the Board;
- Directors who have a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic; and
- Non-executive Directors confer on a needs basis without management in attendance.

Furthermore, the current Board composition is not considered to impair Board performance because each non-independent Director has broad and significant experience and expertise in the Group's underlying core business and bring a broad depth of knowledge to the Clean Seas' Board. In particular, Mr Hagen Stehr and Mr Marcus Stehr have many years experience in primary production with the majority of that experience being within the aquaculture and fishing industries. These Board members have the expertise to set the Company's strategic direction together with the balance of the Board, and the access to industry knowledge to question and challenge executive management. Mr Hagen Stehr and Mr Marcus Stehr have major interests in the Company which the Board also believes aligns general shareholder aspirations with the entity's aims.

The Board feels that it has an appropriate mix of skills to provide the required depth of knowledge and industry experience to meet the Board's responsibilities and objectives.

The Board assesses the independence of new Directors upon appointment and reviews their independence and the independence of the other Directors, as appropriate. Where a Director's independence status changes, the Company has procedures in place to provide a timely disclosure to the market of the change.

## ***Board skills, knowledge and experience***

Although the shareholders appoint Directors, the Board seeks to ensure that the Directors have a broad range of experience and commercial expertise or appropriate professional qualifications. Board members must have (or develop) a thorough understanding of the Company's business and operations and be able to bring value to the Board's deliberations.

# Corporate Governance Statement

For the year ended 30 June 2015

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern the business. The Board and its Committees actively work to ensure that they continue to have the right balance of skills, experience, independence and Company and industry knowledge to discharge their responsibilities in accordance with the highest standards of governance.

The Board routinely reviews whether the Directors as a group have the skills, knowledge and familiarity with the Group and its operating environment required to fulfil their role on the Board and on Board committees effectively and, where any gaps are identified, considers what training or development, (or further Board / external advisor appointments) could be undertaken to fill those gaps. To assist in this process, the Board has a Skills Matrix which encapsulates the core competencies outlined in the Group's Policy on Selection and Appointment of Directors covering the following categories:

- General;
- Knowledge;
- Strategic;
- Financial and analytical;
- Character; and
- Communication.

The Policy on Selection and Appointment of Directors is available on the Company's website.

Where necessary, the Company provides resources to help develop and maintain its Directors' skills and knowledge. This includes, in the case of a Director who does not have specialist accounting skills or knowledge, ensuring that he or she has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Group's financial statements. It also includes, for all Directors, ensuring that they receive ongoing briefings on developments in accounting standards.

Directors must demonstrate unquestioned honesty and integrity, preparedness to question, challenge, and critique, and a willingness to understand and commit to the highest standards of governance. Each Director must ensure that no decision or action is taken that places their interests in front of the interests of the business.

Further, Directors must be prepared to and are expected to commit sufficient time and resources in order to satisfactorily perform their role effectively.

## **Remuneration and Nominations Committee**

The Board has established a Remuneration and Nominations Committee whose primary roles are to:

- assist the Board in discharging its responsibilities in relation to remuneration policy;
- to ensure that the Company undertakes an ongoing assessment of the composition and effectiveness of the Board; and
- to manage the formal processes used for the selection and appointment of new Directors and re-appointment of incumbent Directors.

The Committee is to comprise at least three Non-executive Directors the majority of which are independent. The Chairman of the Committee must be an independent Non-executive Director and is appointed by the Board.

The Committee is comprised of independent Non-executive Directors Mr Paul Steere (Chairman) and Mr Nick Burrows and Mr Marcus Stehr (Non-independent). Details of Committee member's respective skills, qualifications and experience are set out in the Directors' Report. The number of Committee meetings that were held over the reporting period and the attendance of Committee members (both



# Corporate Governance Statement

For the year ended 30 June 2015

current and those retiring during the course of the reporting period) at these meetings are set out in the Directors' Report.

The Committee's has a written Charter which sets out its structure, roles, responsibilities, resource access protocols (internal and external), meeting process, Board reporting requirements and performance evaluation requirements. The Charter is available on the Company's website.

The Committee and the Board are committed to ensuring that there is a transparent procedure for the selection, appointment and re-appointment of Directors to the Board. The Committee provides advice, support and recommendations to the Board regarding:

- appropriate nomination policies and practices in light of best practice, regulatory developments and the needs of the Company;
- the size, composition and skills of the Board appropriate to meet the needs of the Company;
- the necessary and desirable competencies of Directors;
- Board succession plans, including the succession of the Chairman and specific nominations for Directorship appointments, to maintain an appropriate mix of skills, experience, expertise and diversity on the Board;
- the Chief Executive Officer's succession plan;
- the Group's policy in relation to Board diversity and strategies to address Board diversity;
- formulating strategies on Board gender diversity and diversity in general (which includes age, ethnicity, culture and religion);
- the development of effective processes for the evaluation of the performance of the Board, its Committees, the Chairman and each of the Directors;
- the appointment and re-election of Directors;
- effective new Director induction processes; and
- reporting disclosures in relation to nomination and Board performance meet the Board's disclosure objectives and all relevant statutory, regulatory requirements.

The Charter, and the Committee's fulfilment of its responsibilities there-under, are respectively reviewed and evaluated annually and the findings thereof reported to the Board. The Committee's performance evaluation will next be undertaken during the upcoming financial year in accordance with disclosed Company policy.

## ***Induction and continuing education***

Management, working with the Board, provide a comprehensive induction program for new Directors which canvas the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Codes of Conduct, its management structure, its internal and external audit programs, and Directors' rights, duties and responsibilities. These processes are designed to ensure that new Directors fully understand their role and are able to operate effectively from the date of their appointment.

To assist Directors to gain a broader understanding of the Company, management also periodically conducts additional presentations for Directors about the Company, and the factors impacting, or likely to impact, on its businesses.

The Company also provides Directors with professional development opportunities to develop and maintain the skills and knowledge needed to perform their ongoing role as Directors effectively.

# Corporate Governance Statement

For the year ended 30 June 2015

Directors are also encouraged to personally keep up-to-date on topical and industry impacting issues.

## ***Board access to information and independent advice***

All Directors have unrestricted access to all employees of the Company and, subject to the law, access to all Company records and information held by employees and external advisers. The Board receives regular detailed financial and operational reports from Senior Management to enable it to carry out its duties.

Consistent with the ASX Principles, each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

## ***Meetings of the Board and conduct of Meetings***

The Board currently meets formally at least 11 times a year and on other occasions, as required. Senior Management attend and make presentations at Board meetings as considered appropriate and are available for questioning by Directors.

The Board and its Committees also regularly meet without the Chief Executive Officer or senior executives present. Such sessions, in particular, deal with management performance and remuneration issues, Board performance evaluation issues and discussions with external auditors to promote a robust independent audit process.

The number of Board meetings that were held over the reporting period and the attendance of Directors (both current and those retiring during the course of the reporting period) at these meetings are set out in the Directors' Report.

## ***Conflict of interests***

Directors are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of the Group. This is a matter for ongoing consideration by all Directors, and any Director who has a material personal interest in a matter relating to the Group's affairs must notify the other Directors of that interest.

The Group's corporate governance standards, in particular the Board's 'Conflict of Interest Policy' provide that when a potential conflict of interest arises, the Director concerned does not receive copies of the relevant Board papers and withdraws from the Board meeting while such matters are considered. Accordingly, in such circumstances, the Director concerned takes no part in discussions and exercises no influence over other members of the Board.

The Conflict of Interest Policy is available via the corporate governance section of the Company's website.

## **Principle 3: Act ethically and responsibly**

The Board is firmly of the view that the reputation and integrity of the Company, the Board and employees will only be maintained through conducting its operating and corporate activities based on adopting the highest ethical standards.

### ***Code of Conduct***

The Board has ensured that a Code of Conduct is in place to guide the Directors and each employee of the Group and promote high ethical and professional standards and responsible decision-making. The Code of Conduct clarifies the standards of behaviour that is expected of anyone who is employed by or works for the Company and all subsidiaries, including Directors and employees (both permanent

# Corporate Governance Statement

For the year ended 30 June 2015

and temporary), contractors and consultants when interacting with each other, customers, shareholders, investors, suppliers and the community.

The Code of Conduct addresses, amongst other things:

- ethical conduct and expected behaviours based on the principles of openness, mutual respect, fairness, honesty and integrity;
- compliance with the law;
- trading in Clean Seas' securities;
- continuous disclosure compliance;
- privacy;
- policies and procedures;
- intellectual property;
- integrity of records;
- improper payments, benefits or gains;
- confidentiality of information;
- identification and responsible management of conflicts of interests and related disclosure protocols;
- protection of Group assets;
- personal transactions; and
- whistleblower protection.

The Code of Conduct is consistent with ASX Principles and the Code is available via the corporate governance section of the Company's website.

## ***Whistleblower Protection Policy***

The Company has a Whistleblower Protection Policy for confidential reporting of unacceptable or undesirable conduct. The Whistleblower Protection Policy is designed to encourage employees to confidently and responsibly (anonymously if they wish) raise any concerns and report instances of unethical, fraudulent, non-compliant, suspicious or improper conduct without being subject to victimisation, harassment or discriminatory treatment.

The Company will take all reasonable steps to protect a person who comes forward to disclose unacceptable or undesirable conduct, including disciplinary action (potentially resulting in dismissal) of any person taking reprisals against them.

## ***Securities Trading Policy***

The Board encourages Directors, Senior Executives and employees to own Clean Seas' shares to further align their interests with the interests of shareholders. Details of Directors' shareholdings are set out in the Directors' Report under the heading 'Shares held by Key Management Personnel'.

The Company's Securities Trading Policy is available on the Company's website.

# Corporate Governance Statement

For the year ended 30 June 2015

The Securities Trading Policy:

- provides a summary of the insider trading prohibition and sets out the specific requirements in relation to the buying, selling or otherwise dealing in the Company's shares, or shares in other companies;
- establishes procedures relating to buying and selling shares that provides protection to the Company, Directors and employees so as to ensure they do not abuse, and do not place themselves under suspicion of abusing, inside information that they have or may be thought to have, especially in periods leading up to an announcement of Clean Seas' results; and
- explains the type of conduct that is prohibited under the Corporations Act.

The Company's Securities Trading Policy specifically regulates share dealings by the following defined 'Restricted Persons':

- Clean Seas' Directors;
- the following designated "Affected Employees"
  - Chief Executive Officer;
  - Company Secretary;
  - all members of the Executive;
  - all employees who report directly to members of the Executive;
  - any other employee designated as a Restricted Person by the Company Secretary from time to time for the purposes of the Policy;
- all immediate family members of Directors and Affected Employees; and
- companies, trusts and other entities controlled by Directors or Affected Employees.

All Clean Seas' Directors and employees are prohibited from trading in Clean Seas' shares or other securities while in possession of unpublished Clean Seas' price-sensitive information. Price-sensitive information is information which a reasonable person would expect to have a material effect on the price or value of securities.

Accordingly, under the Securities Trading Policy, Restricted Persons must not deal in Clean Seas' shares if the Restricted Person is in possession of unpublished information that, if generally available, might have a material effect on the price or value of the Company's shares or influence investors in deciding whether or not to buy or sell the shares.

Subject always to this, the Board has established a policy that Restricted Persons may trade in the Company's securities at any time, but shall not deal in the Company's securities in the following periods:

- from midnight, 31 December until midday South Australian time on the next ASX trading day after the day on which Clean Seas' half-year results are released to ASX;
- from midnight, 30 June until midday South Australian time on the next ASX trading day after the day on which Clean Seas' full year results are released to ASX; and
- such other period of periods as the Board of Directors may determine from time to time.

Prior to trading in Clean Seas' securities, a Director or senior executive must notify the Company Secretary of their intention to trade. Directors must advise the Company, which in turn advises the ASX, of any transactions conducted by them in the Company's securities within five business days after the transaction occurs.

# Corporate Governance Statement

For the year ended 30 June 2015

Under the Policy, Non-executive Directors, senior executives and employees may otherwise trade in Clean Seas' shares where there is unavoidable material hardship suffered by them or where required to by law. In these exceptional circumstances, the Non-executive Director, senior executive or employee must discuss this matter with the Chairman before undertaking any trading. Approval will only be granted if the request is accompanied by sufficient evidence that the proposed purchase, sale or other dealing in Clean Seas' shares is the only reasonable course of action available in the circumstances, the Restricted Person does not possess any price-sensitive information and a declaration to this effect is made.

The Company's Securities Trading Policy clearly prohibits the hedging of any economic exposure to Clean Seas' shares whether that relates to unvested entitlements pursuant to any share or option based incentive plan or to shares owned outright.

## Principle 4: Safeguard integrity in corporate reporting

The Board has established a Finance, Audit and Risk Management ('FARM') Committee whose primary roles are to oversee:

- financial and corporate reporting;
- internal control structures;
- internal (or equivalent) audit functions;
- external audit functions; and
- risk management systems, with a particular focus on environmental, economic, social sustainability and health and safety risks (refer further discussion at ASX Principle 7.)

The FARM Committee is comprised of at least three Non-executive Directors, the majority must be independent and at least one member should have professional accounting, or professional financial management expertise. Members will be financially literate, or become financially literate within a reasonable period of time after appointment to the Committee.

The Chairman of the Committee must be an independent Non-executive Director. The Chairman of the Board of Directors is precluded from being the Chairman of the FARM Committee.

The Committee meets at least four times per annum and otherwise as required. Two of the Committee meetings are held prior to Board meetings at which the Group's consolidated half year and annual financial reports are adopted.

The Committee is comprised of Mr Nick Burrows (Chairman), Mr Paul Steere and Mr Marcus Stehr. Details of Committee member's respective skills, qualifications and experience are set out in the Directors' Report. The number of Committee meetings that were held over the reporting period and the attendance of Committee members (both current and those retiring during the course of the reporting period) at these meetings are set out in the Directors' Report.

The Board considers that all members of the Committee are financially literate and that the Committee possesses sufficient financial expertise and technical knowledge of the industry in which the Company operates to be able to discharge the Committee's mandate effectively.

Pursuant to its Charter, the FARM Committee is responsible for reviewing and making recommendations to the Board on:

- the integrity of the Company's financial and corporate reporting, in particular the half year and annual financial reports;

# Corporate Governance Statement

For the year ended 30 June 2015

- compliance with applicable accounting standards to give a true and fair view of the financial position and performance of the Group;
- application of accounting policies;
- the systems for internal control established by management and the Board;
- the quality, adequacy and effectiveness of the external auditor and coordinates its operation with the internal audit related activities; and
- the respective scope of both the external and internal audit, particularly the identified risk areas and whether all material risks and financial reporting requirements are covered.

The Committee also:

- oversees the procedures for the selection and appointment (or removal) of the external auditor;
- oversees and assesses the effectiveness and independence of the external and internal auditors;
- evaluates and monitors the Company's exposure to fraud;
- establishes and maintains the Company's Whistleblower Protection Policy and related processes; and
- actively monitors compliance with relevant laws, including the Corporations Act, taxation laws, the requirements of ASIC and the ASX listing and business rules.

The Chief Executive Officer, Chief Financial Officer / Company Secretary, other members of senior management and external auditors are invited to attend meetings on a regular basis, as required.

The members of the Committee also meet with the external auditors without management personnel being present at least once per annum. These meetings address, amongst other things, whether the external or internal auditors (as the case may be) have received co-operation from management and whether there have been any impediments to carrying out their respective audits. The external auditors have a direct line of communication with the Chairman of the FARM Committee.

Before it approves the annual financial statements, the Board receives from the Chief Executive Officer and the Chief Financial Officer a declaration in compliance with section 295A of the Corporations Act that, in their opinion, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## **External Auditors**

As part of the Company's commitment to safeguarding integrity in financial and corporate reporting, the Company has implemented policies and procedures to monitor the independence and competence of the Company's external auditors.

The Company's external auditors for the financial year are Grant Thornton. The effectiveness, performance and independence of the external auditor is annually reviewed by the FARM Committee. If it becomes necessary to replace the external auditor for performance or independence reasons, the FARM Committee will act in accordance with the Appointment of External Auditor Policy which is available on the Company's website.

The Corporations Act requires external auditors to make an annual independence declaration, addressed to the Board of Directors, declaring that the auditors have maintained their independence in accordance with the Corporations Act 2001 and the rules of the professional accounting bodies.

# Corporate Governance Statement

For the year ended 30 June 2015

Grant Thornton's existing policy requires that its audit team provide such a declaration and a declaration was provided to the FARM Committee and the Board for the financial year ended 30 June 2015. The independence declaration forms part of the Directors' Report and is set out in the Annual Report.

In accordance with Grant Thornton's policy, audit partners are rotated off the audit every five years and audit managers every seven years.

Information about the total remuneration of the external auditor, including details of remuneration for any non-audit services, is set out in the notes to the financial report.

The FARM Committee has assessed the other services provided by Grant Thornton in the financial year and taking into account the Committee's related guidelines has concluded that the auditor's independence has not been compromised.

Consistent with the ASX Principles, Grant Thornton attends and are available to answer questions at the Company's Annual General Meeting relevant to the audit and the preparation and content of the Auditor's Report.

## Principle 5: Make timely and balanced disclosure

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Securities Exchange's securities market and has adopted a comprehensive continuous policy covering all announcements to the Australian Securities Exchange.

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and by doing so ensuring that all shareholders and investors have equal and timely access to material information concerning the Company including its financial position, performance, ownership and governance.

The Company's Continuous Disclosure Policy is consistent with the ASX Principles and has been formulated with reference to related ASX Guidance Notes and related ASIC Regulatory Guides. The Policy sets out the measures adopted by the Company to ensure its continuous disclosure obligations are met. The Policy attributes accountability at a senior executive level for that compliance. In particular, the Policy sets out how information will be identified, considered for disclosure and then (if necessary) disclosed by the Company to the market.

The Company's Continuous Disclosure Policy is available on the Company's website.

Pursuant to the Policy, announcements made by the Company must be timely, factual, not omit material information, and be expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Policy is designed to:

- provide guidance as to the types of information that may require disclosure, including examples and practical application of the rules;
- provide quantitative and qualitative materiality guidelines and interpretative guidance to assist in determining whether information is, or may be, material;
- provide guidelines and interpretative guidance to assist in determining whether information is, or may be, confidential pursuant to the Listing Rules;
- providing practical guidance for dealing with market rumours, market analysts and the media;

# Corporate Governance Statement

For the year ended 30 June 2015

- identifying the correct channels for passing on potentially market-sensitive information as soon as it comes to hand; and
- establishing regular occasions at which Senior Executives and Directors are actively prompted to consider whether there is any potentially market-sensitive information which may require disclosure.

The Company's website contains copies of all ASX announcements covering such publications as annual financial reports, half year results, Notices of Meeting, media releases and analyst and investor briefings, with the latter released prior to or simultaneously with the commencement of the briefing.

The Company has a Disclosure Committee which is allocated the responsibility for approving the substance and form of any public disclosure and communications with investors. Significant ASX announcements (such as announcements of financial results, market guidance or major transactions) are the subject of full Board approval

The Company Secretary is the nominated disclosure officer and has responsibility for overseeing and coordinating disclosure of information to the Australian Securities Exchange and administering the Policy.

The Board regularly evaluates the Policy to ensure that is effective in ensuring accurate and timely disclosure in accordance with the Company's disclosure obligations and that it remains consistent with best practice in the market place.

## Principle 6: Respect the rights of security holders

The Company recognises the importance of effective, forthright, clear and transparent communication as a key plank in building shareholder value and a core element of best practice corporate governance.

Clean Seas is committed to delivering communications that are in plain, easily understood language with the primary aim of ensuring that all its stakeholders can find the information they need, read it, understand it, and use it in a useful and practical way.

Accordingly the Board has adopted a Communications Policy which requires communication with shareholders in an efficient, open, balanced, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The Policy is available on the Company's website.

The Board is committed to monitoring ongoing developments that may improve the Company's shareholder communication practices, including technological developments, regulatory changes and the continuing development of market place "best practice" and whenever reasonably practicable to implement changes to the Company's communication protocols to reflect any such developments.

The Company's website ([www.cleanseas.com.au](http://www.cleanseas.com.au)) is a pivotal plank in the Company's electronic communication strategy with shareholders and the market. It has been designed to enable information to be obtained in a clear and readily accessible manner. The Company has a dedicated Corporate Governance section on the Company's website which supplements the communication to shareholders in the Annual Report regarding the Company's corporate governance policies and practices.

Electronic communication with Shareholders is also encouraged and is further facilitated via the Group's external Share Registry and their electronic communication and reporting platforms.

The Company posts all reports, Australian Securities Exchange and media releases, copies of significant business presentations and speeches on the Company's website.



# Corporate Governance Statement

For the year ended 30 June 2015

In addition to its formal disclosure obligations under the ASX Listing Rules, the Company's communications strategy promotes regular communication of information to Shareholders through a range of other forums and publications. These include:

- the Company's Annual General Meeting and accompanying notices and explanatory memoranda;
- the Chairman's and Chief Executive's address at the Annual General Meeting;
- distribution of the annual and half yearly reports; and
- trading updates and market/investor briefings.

The Company recognises the importance of the relationship between the Company and investors and analysts. From time to time the Company conducts analyst and investor briefings. In these cases the following protocols will apply:

- No information which could be expected to have a material effect on the price or value of the Company's securities will be disclosed at these briefings unless it has been previously or is simultaneously released to the market.
- If material information of the kind outlined above is inadvertently released it will immediately be released to the market via the securities exchange and be available on the Company's website.
- Questions at briefings that deal with material information not previously disclosed will not be answered.
- The Company will lodge a copy of any presentation material with ASX prior to the start of the briefing and then post on the Company's website.

Where requested to do so, the Company may review analysts' research reports but will confine comments to factual matters and material previously disclosed. The Company may comment on analysts' earnings estimate to the extent of:

- acknowledging the current range of estimates;
- questioning an analyst's assumptions or sensitivities if the analyst's estimate is significantly at variance from current market range estimates; and
- advising factual errors where data is already in the public domain.

Forecast information will not be provided by the Company unless it has already been disclosed to the market.

## ***Annual General Meeting ('AGM')***

The Company's AGM is a major forum for shareholders to ask questions about the performance of the Company and also provides an opportunity for shareholders to provide feedback to the Company about information provided to shareholders.

The Board encourages and welcomes shareholder attendance at, and participation in, the AGM at which the external auditor is available to answer shareholder questions about the conduct of the audit and preparation and content of the Independent Audit Report.

Shareholders are encouraged to use this opportunity to ask questions of the Board and the external auditor.

The Notice of Annual General Meeting will be provided to all shareholders and posted on the Company's website.

# Corporate Governance Statement

For the year ended 30 June 2015

To encourage participation in General Meetings, the Board has adopted Guidelines for Notices of Meetings. They provide clear procedures which the Company will follow to ensure that shareholders have the opportunity to attend and vote in a fully informed manner on the matters to be considered at General Meetings.

## **Principle 7: Recognise and manage risk**

The Company strives to foster a risk-aware corporate culture in all decision making. Through skilled application of high quality, integrated risk analysis and management, Clean Seas seeks to exploit risk in order to enhance opportunities, reduce threats, and so sustain competitive advantage.

To support this commitment, risk analysis is applied to all facets of the business by management at appropriate levels, following the principles outlined in the Company's 'Procedures for the Oversight and Management of Material Business Risks'.

### ***Risk management framework***

The Company does not currently have a formalised internal audit function, however has a comprehensive risk policy and risk management framework incorporating an internal compliance and control system. These underpin the ongoing evaluation and continual focus on improving the effectiveness of the Group's risk management and internal control processes.

The Company's risk management system is supported by a well-structured framework and policy, based on the guidelines from ISO 31000:2009 Risk Management – Principles and Guidelines (ISO 31000) and the ASX Principles.

The Board and Management undertake a proactive and structured approach to risk management in all aspects of the Company's business activities particularly any major proposed projects and/or investments, changes in the nature of the Company's activities and/or operating environment, or when venturing into new operating environments which may present different risk profiles.

The Company ensures that the material business risks that are faced, or which the Company will be potentially exposed to, are robustly assessed and identified as an integral element of pursuing its business objectives.

These risk categories include, but are not limited to: credit, market-related, liquidity, economic, environmental, social sustainability, environmental, health and safety, operational, compliance and regulatory, strategic, reputation or brand, technological, product or service quality, and human resources risks.

Risk ratings are determined by analysing each material risk for the likelihood of occurrence and the possible consequence should the risk occur. Consideration is also given to the level of current controls, systems and strategies which exist to manage the risk. Mitigation strategies (where possible) are identified and considered for all materially rated risks until those risks are managed to, and maintained at, a level acceptable to the Board.

Formal risk management reports and updates on the Company's management of its material business risks, including changes to the Company's material business risk profile are reported to the Executive, the Finance Audit and Risk Management ('FARM') Committee (refer Principle 4 for further details) and the Board. The Company's risk registers and individual risk ratings are also used to document risks, develop mitigation actions and assign accountabilities.

### ***Risk oversight and responsibilities***

The Board has overall responsibility for overseeing the establishment and implementation of the risk management system.

# Corporate Governance Statement

For the year ended 30 June 2015

The Board is also responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management.

The Board reviews and monitors the appropriateness of:

- the Company's risk management policy and strategy;
- the risks identified as the material risks facing the Company;
- the control monitoring and reporting mechanisms are in place;

with the assistance of updates provided by the FARM Committee and management.

The Board is appraised, at least on a six monthly basis, on the 'Risk Profile' of the Company and the adequacy and effectiveness of the risk management systems in place. These reviews have occurred in FY15.

The FARM Committee assists the Board in discharging its responsibilities to set the risk appetite, promote awareness of a risk-based culture, oversee the risk profile and recommend the risk management framework of the Group to the Board.

Under its Charter, the FARM Committee ensures management has established and operates a business risk management system which is designed to:

- identify, assess, monitor and manage material business risk; and
- inform investors of material changes to the Company's risk profile.

More specifically, the FARM Committee:

- reviews and monitors the risk management framework;
- ensures there is, and evaluates the effectiveness of, a satisfactory system for monitoring the relevant risk profile, mitigation and management practices; and
- ensures the development and ongoing review of appropriate risk management policies.

More generally, the Board receives regular reports from the Chief Executive Officer and management on compliance with the Company's risk management policy. The Chief Executive Officer approves operational risk policy and strategy; reviews operational risk reports for the Company as a whole; and supports an environment that promotes prudent risk management practice.

The executive team, in partnership with the Chief Executive Officer, ensures a structured and consistent risk management approach is adopted throughout the Company; sets standards for operational risk documentation and monitoring; co-ordinates overall risk profile and risk action plan reporting; prioritises material risks for the Company; develops and communicates Company policy and information about the risk management program to all staff; and establishes appropriate reporting processes to the FARM Committee and the Board.

All management and staff are responsible for the management, monitoring and reporting of risks. The Company is striving to create an environment where managing risk is accepted as the personal responsibility of each staff member in the achievement of their organisational goals and objectives.

The Board also acknowledges its obligation to inform the market of a change to its risk profile under the continuous disclosure policy, where the change is likely to have material impact on the price or value of shares in the Company.

# Corporate Governance Statement

For the year ended 30 June 2015

## ***Economic, environmental and social sustainability risks***

The nature of its agribusiness operations, products, location, land / sea tenure and future growth strategies exposes the Group to a range of material economic, environmental and social sustainability risks. In particular, the Group is subject to Commonwealth and State regulations governing marine and hatchery operations, processing, land tenure and use, environmental requirements, (including site specific environmental licences, permits, and statutory authorisations), workplace health and safety legislation and trade and export licensing requirements.

The Group's Management regularly and routinely monitor compliance with the relevant environmental regulations and compliance is regularly reported to the Board.

The Group has well established procedures to monitor and manage compliance with existing environmental regulations and new regulations as they come into force.

Risk management practices to identify, assess, monitor and manage these risks are undertaken in accordance with and as an integral part of the risk management framework and oversight and monitoring responsibilities outlined previously.

## **Principle 8: Remunerate fairly and responsibly**

The Board of Clean Seas Tuna recognises the Company should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, motivate and retain high quality senior executives and to align their interests with the creation of value for security holders.

The Company is accordingly committed to ensuring that it has competitive remuneration practices and sound remuneration policies that are both appropriate and fair.

Details on the Company's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report. The Remuneration Report includes details of remuneration of Directors and other Key Management Personnel of the Company and details of the Company's Long-term Incentive Plans.

### ***Remuneration and Nominations Committee***

The Remuneration and Nominations Committee assists the Board in discharging its responsibilities in relation to remuneration policies and practices across the Company. Under its Charter, the Remuneration and Nominations Committee reviews and makes recommendations to the Board relating to:

- remuneration policy and arrangements for Directors;
- the remuneration of the Chief Executive Officer and other senior executives, including fixed and variable components with both a short term and long term focus;
- the review of performance of the Chief Executive Officer and other senior executives;
- succession planning for senior executive positions;
- incentive schemes and related performance target and bonus strategies;
- employee equity based remuneration practices;
- recruitment, retention and termination policies for senior executives;
- superannuation arrangements;
- personnel practices;
- industrial relation strategies; and

# Corporate Governance Statement

For the year ended 30 June 2015

- the general remuneration policy and practices of the Company, having regard to comparative and competitive remuneration practices in relevant employment markets.

The Committee is vigilant in monitoring the potential for, or perception of, conflict of interest regarding Executive Director involvement in Board decisions on remuneration packages and also in monitoring the involvement of management generally in Committee discussions and deliberations regarding remuneration policy.

No senior executive is directly involved in deciding their own remuneration.

The Remuneration and Nominations Committee has deliberated over remuneration practices during the course of the year, to ensure the Company's Policy and practices are fully compliant with all applicable laws and regulatory guidelines and clearly fall within the community's expectations of appropriate remuneration and reward practices.

A copy of the Company's Remuneration Policy is available on the Company's website.

Further details of the composition and operation of the Remuneration and Nominations Committee can be found in Principle 2.

## **Remuneration policy: Non-executive Directors**

In accordance with best practice corporate governance, the remuneration of Non-executive Directors is structured separately from that of Executive Directors and senior executives.

The Company's Non-executive Directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The Board reviews its fees to ensure the Company's Non-executive Directors are fairly remunerated for their services, recognising the level of skill and experience required to conduct the role and to have in place a fee scale which enables the Company to attract and retain talented Non-executive Directors.

The advice of independent remuneration consultants is taken from time to time so as to establish that Directors' fees are in line with market standards.

Non-executive Directors do not receive any shares, options or other securities in addition to their remuneration and are not eligible to participate in any Company share plans or any other incentive plans that may be in operation. They do not receive any retirement benefits (other than compulsory superannuation).

The aggregate remuneration paid to all the Non-executive Directors (inclusive of statutory superannuation) may not exceed the current "fee pool" limit of \$360,000. This 'fee pool' is only available to Non-executive Directors, as Board membership is taken into account in determining the remuneration paid to Executive Directors as part of their normal employment conditions.

Annual Directors' fees are currently set at \$120,000 for the Chairman of the Board and \$60,000 for all other Directors. No separate fees are paid for Board Committee membership.

From time to time, the Board may ask individual Directors to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may receive extra amounts based on commercial terms. Board Committee membership, however, does not attract incremental fee payments.

Details of the remuneration of each Director are set out in the Remuneration Report.

The structure and disclosure of the Company's remuneration of Non-executive Directors is consistent with the ASX Principles.

# Corporate Governance Statement

For the year ended 30 June 2015

## ***Remuneration Policy: Executive Directors, Chief Executive Officer and Senior Executives***

The fundamental objective of the Company's Remuneration Policy is to foster and maintain behaviour that supports the sustained financial performance of the Group and to reward executive and management efforts which increase shareholder value.

The Company aims to reward Executive Directors, the Chief Executive Officer and other senior executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company, and so as to:

- reward them for business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators;
- align their interests with those of shareholders;
- link their reward with the strategic goals and performance of the Company; and
- ensure their total remuneration is competitive by market standards.

Remuneration may consist of both fixed and variable remuneration components. In particular, remuneration packages may consist of any or all of the following:

- annual salary based on conditions and the relevant market - with provision to recognise the value of the individuals' personal performance and their ability and experience;
- ad hoc rewards, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- bonuses - a lump sum payment related to achieving target achievement of identified business drivers and personal key performance indicators ("KPI's") measured over a year;
- share participation – to the extent that any shareholder approved equity based incentive plans are in operation from time to time; and
- other benefits such as holidays, sickness benefits, superannuation payments, long service benefits and motor vehicles.

In the event of serious misconduct or if the Group financial results on which any short-term and / or long-term incentive was based are subsequently found by the Board to have been the subject of deliberate management misstatement, the Board will require repayment of the relevant short-term and / or long-term incentive, in addition to any other disciplinary actions.

These arrangements reflect contemporary remuneration practices and are consistent with the ASX Principles. Further details are set out in the Remuneration Report.

A copy of the Company's Remuneration Policy is available on the Company's website.