



Australian Born | Japanese Quality | Culinary Excellence

POLICY ON INDEPENDENCE OF DIRECTORS

1. Introduction

- 1.1 Clean Seas Tuna Limited (“Clean Seas Tuna” or the “Company”) is committed to adopting the highest standards of corporate governance.
- 1.2 Those standards require that the Board be structured so that it:
- has a proper and in-depth understanding of the Company's business;
 - is competent to deal with the range of issues facing the business;
 - can effectively review the performance of management; and
 - exercises independent judgment.
- 1.3 An important consideration in the structure of the Board is the independence of Directors (including the Chairman) and similarly the independence of members of the respective Finance, Audit and Risk Management Committee and Remuneration and Nominations Committee.
- 1.4 To describe a Director as “independent” carries with it a particular connotation that the Director is not allied with the interests of management, a substantial security holder or other relevant stakeholder and can and will bring an independent judgment to bear on issues before the Board.
- 1.5 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 Seas Tuna's business. Therefore, the Board will seek to ensure that there are Directors who have a strong understanding of Clean Seas Tuna's core business – in particular, primary production and specifically aquaculture.
- 1.6 The Company's Policy on Independence of Directors has been developed by the Board after carefully considering recent corporate governance developments in Australia. In doing so, the Board has adopted the criteria for independence recommended by the Australian Securities Exchange Corporate Governance Council.
- 1.7 The Board will assess the independence of Directors of Clean Seas Tuna pursuant to this Policy and as described below, the Board will have discretion to determine if a Director is independent.

2. Purpose

- 2.1 The purpose of this Policy is to establish the process for considering the independence of Directors. The Policy:

Process	Number	Version	Author	Approved	Issued	Revised	
Corporate Governance	11	2	NB	CST Board	22 nd May 2012	13 th June 2014	Page 1 of 6

- a) specifies the materiality tests which the Board will use to assess the independence of each Director;
- b) identifies the information that the Company will collect from Directors to enable the Board to assess the independence of Directors; and
- c) outlines the basis of disclosure to shareholders of the assessment of the independence of Directors, including the disclosure of any relationships that may be perceived to affect the independence or objectivity of a Director.

3. Test of independence

3.1 The test of independence that will be used by the Board of Clean Seas Tuna to determine the independence of Directors is:

“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?”

3.2 This test has been adopted from the recommendations of the Australian Securities Exchange Corporate Governance Council.

4. Information collected by the Board to assess independence

4.1 In determining the independence of individual Directors the Board will consider all relevant information, facts and circumstances. It is not possible for this Policy to provide explicitly for all circumstances that will indicate a conflict of interest or a material relationship that might, or might be perceived to materially interfere with the exercise of objective, unfettered and independent judgment. However, a Director will normally be **considered to be independent** if he or she falls outside the criteria set out in part 5 of this Policy.

4.2 A Director may still be considered by the Board to be independent if the Director does fall within one or more of the criteria specified in paragraph 5. The Board reserves its right to make an appropriate assessment and to disclose it as described in part 8 of this Policy.

4.3 Directors must provide the Board with all information in relation to their interests or relationships relevant to independence. If there is a change in Director’s interests, positions, associations or relationships that could bear upon his or her independence, the Director must inform the Board or the Remuneration and Nominations Committee at the earliest opportunity.

4.4 The Board or the Remuneration and Nominations Committee should regularly assess the independence of each Director. That assessment should be made at least annually at or around the time that the Board or the Remuneration and Nominations Committee considers candidates for election to the Board. In the case of a change in a Director’s interests, positions, associations or relationships, the assessment should be made as soon as practicable after the Board or the Remuneration and Nominations Committee become aware of the change.

Process	Number	Version	Author	Approved	Issued	Revised	
Corporate Governance	11	2	NB	CST Board	22 nd May 2012	13 th June 2014	Page 2 of 6

5. Criteria relevant to assessing the independence of a Director

5.1 The criteria adopted by the Board which would indicate that a Director is **not** independent are:

Officer or substantial shareholder

- (a) the Director is an executive of Clean Seas Tuna;
- (b) the Director is a substantial shareholder in Clean Seas Tuna or an officer of or otherwise associated, directly or indirectly, with a substantial shareholder in Clean Seas Tuna.

*For the purpose of this policy, a person is a **substantial shareholder if they hold more than 5% of the shares entitled to vote in an entity (Corporations Act 2001 (Cth)).***

*An **officer** is defined by the Corporations Act. Significantly, it includes:*

- (i) *a Director or secretary of the Company;*
 - (ii) *a person who makes or participates in making decisions that affect the whole or substantial part of the business of the Company or who has the capacity to affect significantly the Company's financial standing; and*
 - (iii) *a liquidator, receiver and administrator of the Company;*
- (c) the Director has been employed in an Executive capacity by a Company in the Clean Seas Tuna Group within the last 3 years.

Adviser

- (d) the Director has been a principal or material employee of a material professional adviser or consultant to a member of the Clean Seas Tuna Group within the last 3 years. Clean Seas Tuna's auditor, principal financial and legal advisers are regarded as material advisers.
- (e) the Director currently receives consulting, advisory or other fees other than in the capacity as a Director. This includes payments to a family member or an entity in which the Director is a partner, member or officer if the entity provides legal, financial, consulting or other similar services to Clean Seas Tuna.

Supplier, customer or material contractual relationship

- f) the Director, or a direct family member, is a material supplier or customer of a member of the Clean Seas Tuna Group or is an officer, substantial shareholder of, or otherwise associated directly or indirectly with a material supplier or customer.
- g) the Director, or a direct family member, has a material contractual relationship with a member of the Clean Seas Tuna Group or is an officer, substantial shareholder of or otherwise associated directly or indirectly with an entity which has a material contractual relationship with a member of the Clean Seas Tuna Group.

Process	Number	Version	Author	Approved	Issued	Revised	
Corporate Governance	11	2	NB	CST Board	22 nd May 2012	13 th June 2014	Page 3 of 6

Long-term Director of Clean Seas Tuna

- h) the Director has served on a Board of Clean Seas Tuna (or a predecessor Company) for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Clean Seas Tuna. 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 recognises that the Chairman of the Board will frequently fall into the former category rather than the latter.
- i) 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.

Business relationship

- j) the Director has had a material business relationship with Clean Seas Tuna either directly, or as a partner, shareholder or Director of an entity that has had such a relationship with a member of the Clean Seas Tuna Group within the last 3 years.

Board's discretion

- k) the Board determines that the Director is not otherwise independent in character and judgment.

5.2 These criteria are guidelines for the Board to use in determining the independence of Directors.

5.3 A Director may be assessed by the Board to be independent even though one or more of the relationships referred to above exists. The Board reserves the right to make such an assessment and disclose it as described in paragraph 8.

6. Materiality thresholds

6.1 Ultimately, the test of whether a relationship or business is "material" will be based on the nature, circumstances and activities of the Director having regard to these guidelines.

6.2 Materiality will be considered from the perspective of Clean Seas Tuna, the persons or organisations with which the Director has an association and from the perspective of the Director and will be determined on a case by case basis.

6.3 Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- a) The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation.
- b) The Board considers a holding of 5% or more of the Company's shares to be material.
- c) In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this

Process	Number	Version	Author	Approved	Issued	Revised	
Corporate Governance	11	2	NB	CST Board	22 nd May 2012	13 th June 2014	Page 4 of 6

threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board.

- d) Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director’s interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director’s ability to act in the best interests of the Group.

7. Access to information and independent professional advice

- 7.1 Directors need high quality information and advice on which to base their decisions and considerations. All Directors have unrestricted access to Company records and information. They regularly receive detailed reports. Management prepares and present to Directors detailed financial and operating reports monthly. Directors may request other reports from management at any time.
- 7.2 The over-riding requirement is that management must provide the Board and Board Committees with information in a form, timeframe and quality that enables them to effectively discharge their responsibilities and duties.
- 7.3 Each Director has the right to seek advice and clarification from the Company’s auditors, financial and legal advisers on any matter relating to the Company or Board performance at Clean Seas Tuna’s expense.
- 7.4 It is also important that Directors can obtain independent advice. Directors therefore have the right to seek independent professional advice to help them carry out their responsibilities at Clean Seas Tuna’s expense. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors.

8. Disclosure

- 8.1 The Board will make appropriate disclosure to shareholders in Clean Seas Tuna’s Annual Report including:
 - a) identifying the skills, experience and relevant expertise of each Director;
 - b) identifying the independence and non-independence of Directors (and any change in status that occurred during the year) and the basis of the assessment of independence;
 - c) explaining the assessment of independence for any Director who does not meet the independence criteria;
 - d) setting out material relationships, associations and other relevant business relationships of each Director and the period of office held by each Director. This will include details of any relationships or circumstances which the Board believes does not affect independence but which could be perceived as influencing the Director’s judgment, objectivity or ability to act in the best interests of Clean Seas Tuna;
 - e) explaining any departure from the recommendations set out in the Australian Securities Exchange Corporate Governance Council’s Corporate Governance Principles and Recommendations;
 - f) setting out the procedure agreed by the Board to enable Directors to obtain independent professional advice at the expense of the Company; and

Process	Number	Version	Author	Approved	Issued	Revised	
Corporate Governance	11	2	NB	CST Board	22 nd May 2012	13 th June 2014	Page 5 of 6

- g) developing and reviewing materiality thresholds Clean Seas Tuna adopts to help assess and determine independence.
- 8.2 Independent and non-independent Directors standing for re-election will also be identified as such in the Notice of Annual General Meeting
- 8.3 If the Board determines that a Director’s status as an independent Director has changed, that determination should be disclosed and explained in a timely manner to the market. .
- 8.4 The Policy on Independence of Directors will be made publicly available by posting on the Company’s website in a clearly marked Corporate Governance section.

9. Further information and queries

If you have any questions or would like further information relating to this Policy and the Independence of Directors, please contact the Company Secretary.

* * * * *

This Policy was approved by the Clean Seas Tuna Board on 13th June 2014

Process	Number	Version	Author	Approved	Issued	Revised	
Corporate Governance	11	2	NB	CST Board	22 nd May 2012	13 th June 2014	Page 6 of 6