

**REMUNERATION POLICY** **CS-0008**

**1. Introduction**

- 1.1 Clean Seas Seafood Limited’s (“Clean Seas Seafood” or the “Company”) Board and the Remuneration and Nominations Committee recognise that 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
- 1.2 Therefore, the Board has designed and structured the remuneration of Non-Executive Directors and Executives to achieve this result.
- 1.3 Remuneration of Non-Executive Directors and Executives is to be determined and structured in accordance with this Policy.
- 1.4 The Remuneration and Nominations Committee has the role of reviewing and making recommendations to the Board on Clean Seas Seafood’s remuneration policy and practices.

**2. Policy Objectives**

- 2.1 The primary objectives of Clean Seas Seafood’s remuneration policy are to:
  - a) ensure remuneration structures are equitable and aligned with both the Company’s long-term interests and those of its shareholders.
  - b) encourage Directors and Executives to align their interests with those of shareholders.
  - c) attract and retain skilled Executives.
  - d) structure short- and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns.
  - e) align individual and team reward with business performance in both the short term and longterm.
  - f) encourage Executives to perform to their fullest capacity.
  - g) be business focused and flexible.
  - h) be competitive and cost effective in each relevant employment market.
  - i) be internally consistent; and
  - j) ensure any termination benefits are justified and appropriate.

**3. Remuneration of Non-Executive Directors**

- 3.1 The Board’s focus is on long-term strategic direction and the overall performance of the Company. Consequently, Non-Executive Director remuneration is not directly related to short term results - instead it is related to long-term performance.

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### 3.2 Determination of Non-Executive Director Remuneration

- (a) Non-Executive Directors receive annual fees determined with regard to the Company's need to maintain appropriately experienced and qualified Board members, within a maximum aggregate annual pool limit approved by shareholders and in accordance with competitive pressures in the marketplace.
- (b) Remuneration policy is designed:
  - (i) to attract and retain Directors.
  - (ii) to motivate Directors to achieve the Company's business objectives; and
  - (iii) to align the interests of Directors with the long-term interests of shareholders.
- (c) Non-Executive Directors do not receive performance-based remuneration or participate in the Employee Incentive scheme.
- (d) The Remuneration and Nominations Committee may from time to time seek independent advice in relation to the remuneration of Non-Executive Directors and may make recommendations to members in relation to any total fee increase.
- (e) The Board accepts that, given the size of the Company, Directors' fees and associated costs must not place an inappropriate burden on the Company's finances. However, the Company operates in a complex market and the duties and obligations of Directors are increasing at an increasing rate.

### 3.3 Extra Duties and Expenses

- (a) Additional fees are paid to a Director appointed to the Audit and Risk Committee or the Remuneration and Nomination Committee.
- (b) From time to time, the Board may ask individual Directors to devote extra time or to undertake extra duties.
- (c) Directors who undertake these tasks at the Board's direction may receive extra amounts.
- (d) Directors are also to be reimbursed for expenses associated with undertaking their duties.

### 3.4 Remuneration Review

- (a) Each year, the Remuneration and Nominations Committee reviews and makes recommendations to the Board in relation to Non-Executive Director remuneration.
- (b) In doing so, the Committee may seek independent professional advice in relation to the remuneration of Non-Executive Directors.
- (c) From time to time, the Committee also reviews and makes recommendations to the Board with respect to amendments to the shareholder approved aggregate pool limit. Within this limit, the Board seeks to set aggregate annual Non-Executive Director remuneration at a level which provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

### 3.5 Retirement Benefits

- (a) Director's fees payments to Non-Executive Directors are determined on a basis which is fully inclusive of any legislated superannuation payment obligations.
- (b) Non-Executive Directors are not entitled to retain retirement benefits beyond the statutory obligations which are required to be met by the Company.

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## 4. Remuneration of Executive Directors, the Chief Executive Officer and Other Senior Executives

### 4.1 Setting Remuneration Composition and Review Protocols

- (a) The Company aims to reward 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:
  - (i) reward them for business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators.
  - (ii) align their interests with those of shareholders.
  - (iii) link their reward with the strategic goals and performance of the Company; and
  - (iv) ensure their total remuneration is competitive by market standards.
- (b) Remuneration may consist of both fixed and variable remuneration components. In particular, remuneration packages may consist of any or all of the following:
  - (i) 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.
  - (ii) ad hoc rewards, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution.
  - (iii) 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.
  - (iv) share participation – to the extent that any shareholder approved equity-based incentive plans are in operation from time to time; and
  - (v) other benefits such as holidays, sickness benefits, superannuation payments, long service benefits and motor vehicles.
- (c) The Remuneration and Nominations Committee makes annual recommendations to the Board on the remuneration of the Chief Executive Officer and other senior Executives – the latter based on the recommendations of the Chief Executive Officer. The Committee’s review considers individual performance, comparative remuneration in the market and where appropriate, external advice.
- (d) Recommendations relate to contractual terms, annual remuneration, any incentive scheme participation, equity-based remuneration, superannuation arrangements and other employee provisions.
- (e) Annual individual performance is measured against criteria agreed each year with each Executive Director and Executive and is predominantly based on operational outcomes which the Board would expect to translate into Company profits and shareholder value. Bonuses and incentives are usually linked to predetermined performance criteria.
- (f) Where a performance-based component forms part of an Executive Director’s or Executive’s remuneration package it may consist of cash and Performance Rights for outcomes-based events. With respect to the cash component, KPI’s are set annually with a certain level of consultation. The measures are specifically tailored to the areas each Executive Director and Executive is involved in and have a level of control over and are mainly related to production targets that will influence profit and revenue.

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- (g) Performance in relation to the KPI’s is assessed annually with bonuses being awarded depending on the level of achievement against each KPI. Following the assessment, the KPI’s are reviewed by the Committee in light of desired and actual outcomes and their efficiency assessed in relation to the Company’s goals and shareholder returns, before the KPI’s are set for the following year.
- (h) The Remuneration and Nominations Committee works with the Chief Executive Officer to determine the appropriate level and structure of remuneration of the Executive team based on the guiding principle that Executive Director and Executive remuneration are to be set at levels and structured to attract, motivate, reward and retain good performers to drive the business effectively.
- (i) In the event of serious misconduct or if the results on which any STI or LTI type reward was based are subsequently found by the Board to have been the subject of deliberate management misstatement, the Board may require repayment of the relevant STI and LTI, in addition to any other disciplinary actions.

**5. General Remuneration Across the Company**

- 5.1 The Remuneration and Nominations Committee also:
- (a) recommends to the Board for approval the size of bonus / incentive pools as part of the Company’s annual plan based on consideration of pre-determined business performance indicators.
  - (b) reviews and notes annually remuneration trends across the Company.
  - (c) ensures they are aware of and advise the Board on any major changes in employee benefit structures throughout the Company; and
  - (d) recommends to the Board for approval remuneration arrangements outside of policy relating to individuals or groups of individuals which are significant because of their sensitivity, precedent or disclosure implications.

**6. Review of Policy**

- 6.1 This Policy is subject to regular review by the Board and will be amended (as appropriate) to reflect current best practice.
- 6.2 The Policy may be amended by resolution of the Board.

**7. Disclosure**

- 7.1 The Board will make appropriate disclosure to shareholders in Clean Seas Seafood’s Annual Financial Report of the key aspects of this Policy, including explaining any departure from the best practice recommendations set out in the Australian Securities Exchange Corporate Governance Council’s Corporate Governance Principles and Recommendations.
- 7.2 This Policy is publicly available on the Company’s website and may be accessed within the “Investors” section.

**8. Who to Contact**

- 8.1 Any questions relating to the interpretation of this Policy should be forwarded to the Company Secretary.

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