

**CONFLICT OF INTEREST** **CS-00011**

**1. PURPOSE**

- 1.1 The purpose of this Conflict of Interest Policy (“**Policy**”) is to:
  - a. ensure identification and resolution of those instances in which Board Members, Executive management and other representatives of Clean Seas Seafood Limited (and its related body corporate) may find themselves in circumstances giving rise to a potential or actual conflict of interest;
  - b. to protect Clean Seas Seafood’s interest in such situations; and
  - c. to provide adequate reporting mechanisms.
- 1.2 This Policy applies to all directors, Executives and other representatives (together referred to as ‘**Designated Persons**’) of Clean Seas Seafood Limited (“**Clean Seas Seafood**” or “the **Company**”) and to any related body corporate of Clean Seas Seafood Limited (each a “**Clean Seas Seafood Entity**”).

**2. Requirement of Loyalty and Good Faith**

- 2.1 Clean Seas Seafood has a reputation for honesty and compliance with high ethical standards.
- 2.2 This Policy is to assist in providing standards and guidelines to evaluate business and employee decisions and endeavours.
- 2.3 The standard of loyalty is not measured on a fixed scale, and the bases for a determination of honesty, good faith and loyal conduct are many and varied.
- 2.4 This Policy cannot describe all of the situations that may give rise to conflict of interest circumstances, nor can it take the place of a personal commitment to act ethically at all times however examples have been provided in Clause 6 which demonstrate the practical application of the Policy.
- 2.5 A conflict of interest can be considered to exist in any instance in which the actions or activities of an individual employed by, or in a position of trust or control with respect to a Clean Seas Seafood Entity could be influenced by a desire for personal gain or advantage to the individual or the individual’s immediate family and could be unfair or detrimental to a Clean Seas Seafood Entity. The possibilities for conflicts of interest are limitless, and each possibility may raise a different factual and practical problem. Each situation requires a determination to be made on its own facts whether or not a potential conflict of interest exists. The ultimate test is one of reasonableness – whether the interest might reasonably be expected to affect one’s judgment, and not whether it did in fact affect it.

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**3. Policy – Core Principles**

- 3.1 The Designated Persons shall exercise good faith in all transactions touching upon any Clean Seas Seafood Entity.
- 3.2 They shall not use their position or knowledge gained from their position in such a way as to obtain personal advantage or financial gain, and all their acts shall be in the best interests of the relevant Clean Seas Seafood Entity.
- 3.3 Therefore:
  - a. No Clean Seas Seafood Entity should enter into any transaction or arrangement with any entity in which any Designated Person has a Financial Interest (as defined below), unless specific authorisation is obtained from the Board pursuant to the procedures set out below.
  - b. No employee shall participate in a corporate decision on behalf of any Clean Seas Seafood Entity regarding any outside entity in which such employee has any Financial Interest.
  - c. No Designated Person shall engage in, or shall have a Financial Interest in, any outside business activity which does, or might reasonably be expected to place him/her in conflict or competition with any Clean Seas Seafood Entity unless such activities have been approved by the Board.
  - d. Each employee to obtain prior approval from the Board for outside employment. Generally, approval will be granted if the outside employment does not interfere with scheduled Clean Seas Seafood Entity work, impair the employee’s effectiveness or result in adverse publicity to any Clean Seas Seafood entity.
  - e. Executives may accept directorships in charitable and service organisations, provided the circumstances are appropriate and no conflict of interest is created. In addition to complying with all other policies applicable to contributions by Clean Seas Seafood Entities to such organisations, no Executive shall cause or otherwise influence a Clean Seas Seafood Entity to make a contribution to an entity for which such employee serves as a director without the prior approval of the Chief Executive Officer (CEO) or the Board.

**4. Interpretations and Definitions**

- 4.1 The following guidelines and definitions have been developed for the purpose of providing guidance to the Designated Persons and are not meant to exclude any circumstance which the Board believes should be disclosed or approved.
  - a. A person has a “Financial Interest” covered by this Policy if the person has, directly or indirectly, through business, investment or immediate family:
    - o an ownership or investment interest in any entity with which any Clean Seas Seafood Entity does business on a regular or periodic basis; or
    - o a compensation arrangement with any entity or individual with which a Clean Seas Seafood Entity does business on a regular or periodic basis; or
    - o a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which a Clean Seas Seafood Entity is negotiating a transaction or arrangement.

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“Compensation” includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

“Financial Interest” does not include a holding of less than 5% of the fully paid ordinary securities on issue in an entity which is admitted to the official list of the Australian Securities Exchange.

- b. Members of the “immediate family” of an individual include the spouse, children, parents, brothers and sisters of the individual, and the spouses of any such child, parent, brother or sister.
- c. A conflict exists whether it is:
  - o Real – it currently exists;
  - o Potential – it may arise, as a real, sensible possibility of conflict; or
  - o Perceived – members of the public could reasonably form the view that a conflict exists, or could arise, that may improperly influence the person’s performance of their duty to the Corporation, now or in the future.

**5. Administration**

5.1 The Board is responsible for the administration of this Policy.

**6. Examples**

6.1 The following are examples of situations or circumstances which have the potential to create a conflict of interest and should be evaluated to determine whether they are prohibited, or should be disclosed and, if required under the Policy, approved by the Board and /or CEO:

- a. Financial Interest in an actual or potential purchaser, supplier or vendor to, or competitor of a Clean Seas Seafood Entity.
- b. Employment with a firm that is an actual or potential purchaser from, or supplier or vendor to, or competitor of a Clean Seas Seafood Entity.
- c. Membership on the board of directors of a purchaser from, or supplier or competitor of a Clean Seas Seafood Entity.
- d. Outside employment that affects working efficiency.
- e. Outside employment or business interest that could benefit from involvement with a Clean Seas Seafood Entity (i.e. use of position for personal gain).
- f. Participation in regulatory or professional organisations that might involve divulging confidential information in respect of a Clean Seas Seafood entity.
- g. Sale of a Clean Seas Seafood Entity’s assets (including inventory items) to Directors, officers or employees.
- h. Improvement or maintenance of a Director’s, officer’s or employee’s property using the assets of a Clean Seas Seafood Entity.
- i. Association or use of a Clean Seas Seafood Entity’s name with an outside business or activity not authorised by the Board or the CEO.
- j. Hiring or supervising a member of immediate family.

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**7. Duty to Disclose**

7.1 In connection with any actual or possible conflicts of interest, each Designated Person and certain other employees of Clean Seas Seafood as designated by the CEO shall disclose the existence of his or her Financial Interest and all material facts to the Board.

**8. Procedures for Addressing Financial Interests of Clean Seas Seafood**

**8.1 Executives**

- a. Designated Person may make a presentation at the Board meeting, but after such presentation, the Board will consider the nature of the conflict and agree whether it is appropriate that he / she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
- b. The Chairman of the Board may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. The Board shall determine whether the relevant Clean Seas Seafood Entity can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in Clean Seas Seafood Entity’s best interest and for its own benefit and whether the transaction is fair and reasonable to the Clean Seas Seafood Entity and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

**8.2 Directors**

- a. Directors are required to disclose actual, potential or perceived conflicts of interest on appointment as a Director, are required to keep these disclosures up to date and are required to sign a statement agreeing to refrain from attempting to influence any decisions in which they may have, may potentially have or be perceived to have a conflict of interest.
- b. Such disclosures will be recorded in a Conflict of Interest Register which will record:
  - i. Names, affiliations and conflicting agenda items of Directors
  - ii. Conflicts identified and actions taken
  - iii. Any reports considered by the Board on conflicts of interest matters; and
  - iv. Copies of written conflict of interest disclosures to the Board.

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**9. Violations of the Conflicts of Interest Policy**

- 9.1 If the Board has reasonable cause to believe that any Designated Person has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.
- 9.2 If, after hearing the response of the Designated Person and making such further investigation as may be warranted in the circumstances, the Board determines that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
- 9.3 Possible violations of this Policy by Executives shall be investigated by the Chairman of the Audit and Risk Committee who shall report the finding of such investigation to the CEO and the Board of Directors.

**10. Record of Proceedings**

- 10.1 The minutes of the Board shall contain:
  - a. the names of the persons who disclosed or otherwise were found to have a Financial Interest, and the nature of the Financial Interest; and
  - b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with any such alternatives.

**11. Disclosure and Report**

- 11.1 All Designated Persons of Clean Seas Seafood and individuals designated by the CEO are required to submit disclosures to the Board on appointment.
- 11.2 New disclosures or disclosures covering changed circumstances related to matters previously disclosed must be disclosed in writing when the Designated Person as mentioned in clause 10.1 becomes aware of the new or changed circumstances.
- 11.3 The Board will make appropriate disclosure to shareholders in Clean Seas Seafood's Annual Corporate Governance Statement 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.

**12. Who to Contact**

- 12.1 Any questions relating to the interpretation of this Policy should be directed to the company secretary.

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