



## Corporate Governance Statement

30 June 2020

**Approved by the Board on 28 June 2020**

Seafarms Group Limited (**Company**) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the Company's framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement (**Corporate Governance Statement**).

The Company has adopted corporate governance practices that are consistent with the ASX Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**ASX Principles and Recommendations**), except in regard to specific elements of the ASX Principles and Recommendations as explained in this Corporate Governance Statement.

The Compliance Table below provides a summary of the ASX Principles and Recommendations which the Company complied with for the year ended 30 June 2020.

The Board continues to hold the view that full adoption of the best practice recommendations is not practical given the Company's current size and nature of operations. The Board will continue to work towards full adoption of the recommendations in line with the growth and development of the Company in the years ahead.

The Board has adopted the following corporate governance policies which are available on the Company's website (<http://seafarmsgroup.co.m.au/corporate-governance/>):

- Board Charter
- Code of Conduct
- Audit, Risk and Compliance Committee Charter
- Nomination and Remuneration Committee Charter
- Whistle Blower Policy
- Securities Trading Policy
- Continuous Disclosure Policy
- Shareholder Communications Policy
- Diversity Policy
- COVID-19 Policy

The Company's main corporate governance policies and practices as at the date of this Corporate Governance Statement are outlined below.



## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### Role and responsibilities of the board and management

The Company's Board Charter establishes the roles of the Board of directors and senior management. The directors' overriding objective is to increase shareholder value within an appropriate framework which protects the rights and enhances the interests of shareholders and ensures the Company and its controlled entities are properly managed. The function of the Board of directors is clearly defined and includes responsibility for the overall corporate governance of the Company, including:

- providing strategic direction and reviewing and approving strategic plans and initiatives;
- monitoring its operational and financial position, performance and business strategy;
- maximising performance, generating appropriate levels of shareholder value and financial return and sustaining the growth and success of the Company's business;
- overseeing and monitoring risk management processes, financial controls and compliance with policies and statutory requirements; and
- ensuring it is properly managed to protect and grow shareholder interests.

The directors are committed to the principles underpinning best practice in corporate governance, applied in a manner which is best suited to the Company and to addressing the directors' accountability to shareholders and other stakeholders.

Senior management positions are currently held by Board Members, and the Company does not formally separate the roles of the Board and senior management.

### Director selection, appointment and succession

Directors are selected based upon the specific skills, knowledge and experience that they possess.

The Board has established the Nomination and Remuneration Committee of the Board (as set out in the Nomination and Remuneration Committee Charter) (**Nomination Committee**). In determining the composition of the Board, the Nomination Committee

evaluates the balance of skills, knowledge, experience, independence, and diversity on the Board, and, in light of this evaluation, considers the requirement for a particular appointment.

If the Nomination Committee considers it necessary or appropriate to do so, it can retain external consultants or advisers to provide advice to it in discharging its responsibilities, including assisting the Nomination Committee in identifying suitable nominee candidates.

The Nomination Committee ensures that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the persons character, experience, education, criminal record and bankruptcy history. Security holders will be provided with all relevant information in the Board's possession, relevant on a decision on whether or not to elect or re-elect a director.

Whilst there are no set terms for a director to serve, the Company's Constitution requires that one-third (to the nearest whole number) of the directors (excluding a director who is a managing director, and a director appointed to fill a casual vacancy and standing for election) must retire from office at each annual general meeting. In addition, no director who is not the managing director may hold office beyond the third annual general meeting following the meeting at which the director was last re-elected or elected.

A retiring director is eligible for re-election. Prior to the election of any director, candidate information with appropriate detail to support an informed decision is provided to shareholders.

### Informal induction

The Nomination Committee is responsible for induction and continuing professional development of directors. Due to the Company's size and situation, the Nomination Committee currently oversees an informal induction process.

This induction process includes briefings on the Company's financial, strategic, operational and risk management position, governance framework and key developments within the Company, as well as the industry and environment in which it operates.



### **Evaluation of the Board and individual Directors.**

Under the Board Charter, at least once in every financial year, there must be a performance evaluation:

- of the Board, assessing its performance, having regard to the requirements of the Board Charter and the ASX Principles and Recommendations;
- of individual directors contribution to the Board;
- of the Board committees; and
- establishing the goals and objectives of the Board for the upcoming year.

The Board will determine the manner and form of the performance evaluation to be undertaken.

The Company does not currently have a formal process for performance evaluation. However, despite the absence of a formal review, the Board, individual directors, and senior management are subject to various rigorous assessments undertaken by the Chairman annually on an informal basis. The Chairman assesses the performance of the Board, individual directors and senior management against qualitative and quantitative key performance indicators relevant to each person. An informal performance review was conducted for the 2020 financial year in accordance with this process. All directors' and senior managers' performances met performance criteria.

The Board reviews informal assessments and seeks to efficiently address any issues that emerge from that review.

### **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

#### **Composition of the Board**

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Company's 2020 Annual Report are detailed in the Directors' Report and the Company website.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board includes the quality of the individual, experience and achievement,

compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and responsibilities, independence and diversity.

In complying with ASX Principles and Recommendations, the Board ensures that it is comprised of individuals with skills to provide appropriate stewardship to the Company as it continues to expand and develop its operations.

The Board currently comprises five directors, including two non-executive directors, and three executive directors. The Board currently has one independent director, who is also a non-executive director.

#### **Independence**

When determining whether a non-executive director is independent, the Board considers whether the director:

- is, or has been, employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has been within the last three years, a partner, director, or senior employee of a provider of material professional services to the Company;
- is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the Company, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company; and
- has a material contractual relationship with the Company or another group member other than as a director.

The Board reviews the independence of each director in light of interests disclosed to the Board from time to time.

The independence of the Company's directors and length of service is summarised below:



Name of director	Independent?	Length of service
Ian Trahar (Executive Chairman)	No	13 November 2001
Harley Whitcombe	No	12 November 2001
Christopher Mitchell	No	28 July 2005
Paul Favretto	Yes	18 December 2007
Hisami Sakai	No	7 August 2018

Each of Mr Trahar, Mr Whitcombe, and Dr Chris Mitchell are executive directors of the Company and accordingly cannot be considered independent.

Mr Favretto is considered independent by the Board. He has been a non-executive director of the Company since 18 December 2007 (just over ten years). The Board recognises that length of tenure is an important factor in assessing a non-executive board member's independence. The Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Board.

In accordance with the Company's Board Charter and the ASX Principles and Recommendations, the Board has assessed Mr Favretto as independent on the basis that he continues to test and challenge senior management and always provides independent judgment on matters presented for Board deliberation.

Mr Hisami Sakai was appointed as a non-executive director of the Company as Nippon Suisan Kaisha Limited's representative.

### Board Operations

Pursuant to the Board Charter, the Board is required to meet at least 10 times per year, and otherwise as often as the Directors think necessary to enable the Board to fulfil its duties and responsibilities. In addition, directors are expected to engage in regular informal discussions with management.

The Board met 13 times in the reporting period for the year ended on 30 June 2020.

## Board Committees

### Audit and Risk Committee

The Board has adopted an Audit, Risk and Compliance Committee Charter which outlines the composition of the audit, risk and compliance committee of the Board (**Audit and Risk Committee**), its purpose, its responsibilities and requirements of its meetings.

The Audit and Risk Committee is responsible for assisting the Board to fulfil its responsibilities to oversee financial reporting, internal control structure, risk management systems and the external audit function.

The Audit and Risk Committee met three times during the year ended on 30 June 2020. Attendance by committee members was:

Committee Member	Number of meetings while a director	Meetings attended
Ian Trahar	3	3
Christopher Mitchell	3	3
Paul Favretto	3	3

### Nomination Committee

As noted previously, the role of the Nomination Committee is to assist the Board in:

- ensuring the Board has an appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively;
- addressing Board succession issues; and
- setting the level and composition of remuneration for directors and senior executives and ensuring it is appropriate and not excessive.

The Nomination Committee (which is comprised of Ian Trahar, Christopher Mitchell and Paul Favretto) met two times during the year ended on 30 June 2020 which is in accordance with the requirements of the Nomination and Remuneration Committee Charter. The Board conducted a review of its remuneration framework for the year



ending 30 June 2020 and agreed that the current composition of the Board is considered appropriate given the nature and size of the Company's operations

#### **Access to Information and Advice**

All directors have access to the Company Secretary. The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The Board has determined that individual directors may, in appropriate circumstances, engage independent professional advisers at the Company's expense (including, but not limited to legal, accounting and financial advice) on any matter connected with the discharge of his or her responsibilities.

The engagement of an independent professional adviser is subject to the prior approval of the Chairman, which will not be unreasonably withheld.

#### **Skills and Experience**

Each Director's experience, expertise and qualifications is set out on pages 10 to 12 of the 2020 Annual Report.

At this stage of the Company's development the Board believes that there is an appropriate mix of skills, experience, expertise and diversity on the Board. However the Board will continue to monitor its composition with a view to ensuring it has an appropriate mix of skills and diversity.

### **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

#### **Code of Conduct**

The Company has established a Code of Conduct (**Code**) and all representatives of the Company (including directors, officers, and employees of the Company) must comply with this Code.

The Code requires that the Company conduct its business in accordance with the highest standards of business conduct, including the creation of sustainable value for shareholders and other stakeholders, compliance with the law, respect for local cultures, a healthy and safe workplace, responsible environmental management, and integrity, fairness and respect in its interaction with others.

The Code requires that all directors, officers, and employees of the Company act with honesty and integrity and in compliance with the letter and the spirit of the laws and regulations that apply wherever the Company conducts its business (including the ASX Listing Rules) and Company policies.

In particular, the Code notes the following material matters:

- safety in the workplace is the Company's highest priority and the Code establishes procedures to ensure that safety always comes first;
- the Company's business activities must be carried out with proper regard to the protection of the environment; and
- the Company must conduct its business in accordance with standards of ethical conduct.

#### **Diversity**

The Board has adopted a Diversity Policy that has a clear purpose and sets out guidelines for the selection and appointment of employees that is consistent with the ASX Principles and Recommendations. The Board believes that the adoption of an efficient Diversity Policy has the effect of broadening the employee recruitment pool, including diversity of thought, improved business performance, enhances service delivery, increased staff attraction, retention, motivation and satisfaction, and is socially and economically responsible governance practice.

The Board seeks to develop a culture of diversity within the Company, whereby a mix of skills and diverse backgrounds are employed at all levels.

The Company is committed to:

- creating a high performance and inclusive culture that fosters, supports and celebrates diversity;
- recognising and respecting the value of individual differences;
- ensuring that all employees are treated with fairness and respect, and have access to equal opportunities in the workplace;



- eliminating unlawful discrimination and inappropriate workplace behaviour;
- integrating equity and diversity principles into key people processes and practices; and
- implementing strategies, programs and initiatives which promote, enable and harness diversity in the workplace.

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

The ASX Principles and Recommendations relating to diversity reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis.

The Company is currently developing measurable objectives for achieving gender diversity and will, at the end of every reporting period henceforth, disclose the measurable objectives set by the Board in the Diversity Policy and report on the Company's progress towards achieving them.

Although the Company has not yet implemented specific measurable objectives for achieving gender diversity, the Board believes the guidelines for the selection, appointment and promotion of employees can achieve the measurable targets of the Diversity Policy concurrently with the existing Company policies governing reward and recognition.

Further in light of the size and nature of the Company's operations, the Board considers that the setting of quantitative gender based measurable targets is not appropriate.

However, the Board will consider the future implementation of specific measurable objectives regarding the proportion of females to be employed within the organisation or implemented requirements for a proportion of female candidates for employment and Board positions when more appropriate to the size and nature of the Company's operations.

#### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

##### **Financial Reporting**

The Audit and Risk Committee assists the Board to fulfil its responsibilities to oversee financial reporting. The Chairman reports to the Board, and if appropriate, will

make recommendations to the Board after each meeting concerning matters dealt with by the Audit and Risk Committee.

##### **Executive Chairman and Chief Financial Officer Confirmations**

The Board Charter requires that the Company receive a statement from the CEO (if that position exists) and CFO assuring the Board that the financial statements comply with accounting standards, and provide a true and fair view of the Company's financial position, and performance in accordance with legislative requirements and recommendation 4.2 of the ASX Principles and Recommendations.

In practice, as the Company does not currently have a CEO, the Board receives such a declaration from the Executive Chairman and CFO before approving the Company's financial statements.

This is consistent with the declaration that must be provided in accordance with section 295A Corporations Act by each person who performs a chief executive function and chief financial officer function.

#### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

##### **Continuous Disclosure Policy**

The Company has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Company and to ensure that investors have access to information on the Company's financial performance.

These policies and procedures include a Continuous Disclosure Policy that includes identification of matters that a reasonable person would expect to have a material effect on the price of the Company's securities, notifying them to ASX, posting relevant information on the Company's website and issuing media releases.

Continuous disclosure is discussed at all regular board meetings and on an ongoing basis the Board ensures that all activities are reviewed to assess the need for disclosure to the market.

The Company has established a Disclosure Committee which is responsible for administering the Company's Continuous Disclosure Policy and is comprised of the CEO and CFO (if those positions exist) and the Company



Secretary. The Company Secretary is responsible for communication with ASX regarding Listing Rule matters.

#### **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

The Board is committed to ensuring that there is open and timely communication with all shareholders.

##### **Shareholder Communication Policy**

The Company has a Shareholder Communication Policy which aims to facilitate effective communication with shareholders. The Company is committed to communicating with shareholders in a timely and accurate manner and makes all ASX announcements available via a link on its website.

The Company encourages shareholders to receive information electronically by registering their email address online with the Company's share registry. The Company communicates electronically with shareholders unless they elect to receive information by post.

As a part of the Shareholder Communication Policy and in accordance with the Corporations Act, Listing Rules and applicable accounting standards, the Company produces half yearly and yearly financial reports and an annual report. Further, the Company makes additional announcements to the ASX. As noted above, these announcements can be viewed on the Company website or the ASX website.

In addition, the Company website contains extensive information about the Company including, in particular:

- shareholder communications and market releases; and
- investor information (including media releases, financial data and policies).

The Board encourages full participation by shareholders at the AGM to ensure a high level of director accountability to shareholders. As well as voting on particular resolutions, such as adoption of the remuneration report, shareholders are able to pose questions on the audit process directly to the independent auditor who attends the AGM for that purpose.

#### **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

The Audit and Risk Committee assists the Board to fulfil its responsibility to oversee the Company's risk management systems.

The Audit and Risk Committee is responsible for setting the Company's risk management policy and appetite and monitoring whether the business is operating within those parameters.

The Audit and Risk Committee is also responsible for reviewing the Company's risk management system and internal control at least annually and satisfying itself that it has been designed to effectively manage material business risks, and is operating effectively. The Audit and Risk Committee reports its findings to the Board.

The Company's risk management policies are managed by key management personnel and other senior staff.

The Audit and Risk Committee did not undertake a review of the Company's risk management framework during the reporting period, it was considered that the review undertaken previously was in order but that a review would be undertaken in the coming financial year.

Given the size of the Company it does not have an internal audit function. The Audit and Risk Committee gains sufficient assurance from management undertaking ongoing evaluation of the Company's internal control and risk management processes, and from work, health and safety, and environmental management reporting. The Company's Audit, Risk and Compliance Committee Charter is disclosed on the Company's website.

##### **Economic, Environmental and Social Sustainability Risks**

The Company is aware of its exposure to economic, environmental and social sustainability risks in its operations.

The Company is committed to sustainability and believes that farmed seafood is the most sustainable way to provide seafood to the world. The Company's Crystal Bay Prawns are produced using environmentally sustainable culture processes, state of the art processing facilities and support services. The Company believes that protection of the environment is a primary corporate responsibility.



To manage its risk profile, in its business activities, the Company strives to:

- adopt best management practices to conduct operations in an environmentally responsible manner;
- implement sound environmental management practices to minimise the impacts due its business operations;
- comply with all relevant environmental regulations;
- minimise resource consumption and waste generation by efficient use of resources;
- protect all natural ecosystems proximate to the Company's operations; and
- conduct necessary programmes to enhance environmental awareness among the Company's employees.

The Board has considered the Company's risk profile and has concluded that the Company's current risk management framework is appropriate to manage and identify exposure to economic, environmental and social sustainability risks.

The Company fully complies with all necessary environmental and other licensing requirements in respect of its operations.

## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

### **Director Remuneration**

As noted previously, as set out in the Nomination and Remuneration Committee Charter, the Nomination Committee is responsible for setting the level and composition of remuneration for directors and ensuring it is appropriate and not excessive.

The Nomination Committee reviews and approves the remuneration framework for directors to enable the Company to attract and retain executives and directors who will create value for shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant directors' time, commitment and responsibility. The Nomination Committee is also responsible for reviewing any

employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

The executive remuneration and reward framework has two components:

- base pay and benefits (including superannuation); and
- short term performance incentives.

The combination of these comprises an executive's total remuneration. The Group conducted a review of the incentive plans during the year ending 30 June 2020 and found that they continued to align with the financial and strategic objectives of the Company. A further review will be conducted in the 2021 financial year.

Non-executive director remuneration is a fixed annual amount of director fees, the total of which is within the amount approved by shareholders. Performance based cash bonuses or equity based remuneration has previously not been considered appropriate for non-executive directors.

The Company continues to distinguish between the remuneration practices for its non-executive directors and the remuneration practices applicable to executive directors. A full outline of the remuneration policy is set out in the Remuneration Report of the Company's 2020 Annual Report.

Directors are also entitled to be paid all travelling and other expenses incurred by them respectively in or about the performance of their duties as directors.

### **Securities Trading Policy**

Qualifying individuals, such as key management personnel and directors, may, from time to time, be entitled to participate in equity based remuneration such as options and performance rights. The Company's Securities Trading Policy prohibits directors and certain senior employees from entering into arrangements in relation to the Company's securities which operate to limit the economic risk of security holdings in the Company over unvested entitlements (or vested entitlements that are subject to a restriction arrangement).

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





## COMPLIANCE TABLE

The table below summarises the status of the Company’s compliance with each of the recommendations contained in the 3rd Edition of the ASX Principles and Recommendations, and discloses reasons for non-compliance where necessary.

ASX Principles and Recommendations		Status
<b>Principle 1 – Lay solid foundations for management and oversight</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>Compliant.</p> <p>The role and powers of the Board are set out in the Company’s 2020 Annual Report, the Board Charter, and the Corporate Governance Statement, all published on the Company’s website.</p> <p>Due to its size and the specialised markets in which it operates, the Company does not have a formal separation of duties between the Board and management. Board members, who are also members of senior management, work together as a small cohesive team to strengthen the Company’s business and provide sound corporate governance.</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>Compliant.</p> <p>The Nomination and Remuneration Committee is responsible for conducting all appropriate checks before proposing a candidate for election or re-election as a director.</p> <p>Shareholders will be provided with all material information in the Board’s possession relevant to any decision to elect or re-elect a director at a general meeting. This information will be in the relevant notice of meeting and accompanying materials.</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>Compliant.</p> <p>The Company has a written agreement with each Director and senior executive setting out the terms of their appointment.</p>
1.4	<p>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>Compliant.</p> <p>The company secretary is directly accountable to the Board, through the Chairman. This is disclosed in the Company’s Board Charter, a copy of which is available on the Company’s website.</p>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a</p>	<p>Not Compliant.</p> <p>The Company is committed to achieving diversity in the workplace, and is proud of its efforts to employ</p>

ASX Principles and Recommendations	Status
<p>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>outstanding candidates with a range of backgrounds, genders and ages.</p> <p>The Board has adopted a Diversity Policy under which it is required to set its objectives for achieving gender diversity. The Diversity Policy is published on the Company's website.</p> <p>The Company is currently developing measurable objectives for achieving gender diversity and will, at the end of every reporting period henceforth, disclose the measurable objectives set by the Board in the Diversity Policy and report on the Company's progress towards achieving them.</p>
<p>1.6 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>Not compliant.</p> <p>The Company does not have a formal process for the evaluation of the performance of the Board, its committees and individual directors, and as such does not comply with this recommendation.</p> <p>The Chairman is responsible for reviewing the performance of the Board and individual directors on an ongoing basis.</p> <p>Given the Board is small and stable, and there is no formal division between the Board and senior management, the Board finds that ongoing informal performance review by the Chairman is an efficient approach, which fosters the constructive and nurturing environment that allows the Board to operate to its full potential.</p>

ASX Principles and Recommendations	Status
	<p>The Company discloses, in each reporting period, whether performance evaluation was undertaken for every Board member during the reporting period.</p>
<p>1.7 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>Not compliant.</p> <p>The Company does not have a formal process for evaluating the performance of senior executives.</p> <p>As described for the previous recommendation, as there is no formal division between the Board and senior management, the Chairman is responsible for reviewing the performance of senior executives on an ongoing and informal basis.</p> <p>The Company is working towards implementing a formal performance review and appraisal process, and will disclose this process when it is established. The Company discloses, in each reporting period, whether performance evaluation was undertaken for every member of senior management during the reporting period.</p>

**Principle 2: Structure the board to add value**

<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,</p> <p>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;</p> <p>or</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</p>	<p>Not compliant.</p> <p>The Board has a Nomination Committee, and the Nomination and Remuneration Committee Charter has been published on the Company's website.</p> <p>Given the composition of the Board, with:</p> <ul style="list-style-type: none"> <li>• only one independent non-executive director; and</li> <li>• Board members holding the senior management positions,</li> </ul> <p>it is not possible for the Nomination Committee to have a majority of independent directors.</p> <p>The Board discloses the members of the committee at each reporting period, as well as the number of times the committee met during a reporting period and each committee member's attendance record.</p> <p>Committee members do not participate in discussions about their own remuneration or nomination.</p>
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ASX Principles and Recommendations	Status
<p>of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	
<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>Not compliant.</p> <p>While the Company has not disclosed a skills matrix, set out in the 2020 Annual Report are summaries of each director's experience, expertise, positions held and attendance record at meetings.</p> <p>While the Board has considerable experience, the Board will consider the skill, knowledge, experience and independence of the Company's directors in response to any actual or proposed changes in the Company's activities or operations.</p>
<p>2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the 3rd Edition of the ASX Principles and Recommendations 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</li> <li>(c) the length of service of each director.</li> </ul>	<p>Compliant</p> <p>The Company has disclosed, on 12 of the 2020 Annual Report, and in the Corporate Governance Statement the information identified by this recommendation.</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>Not compliant.</p> <p>The Board currently comprises five directors, one of whom is independent.</p> <p>The Board considers that its current composition is appropriate as, given the size of the Company, expanding the Board to comply with this recommendation would incur unreasonable cost, not matched by increased value to the Company.</p> <p>The Board is of the opinion that having a majority of non-independent directors does not compromise the fair or efficient operation of the Board.</p>

ASX Principles and Recommendations	Status
<p>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>	<p>Not compliant.</p> <p>The current Executive Chairman, Mr Ian Trahar, has chaired the Board since 2001 and is not independent. Mr Trahar has been instrumental in changing the strategic direction of the Company and has in-depth knowledge of the Company's business.</p> <p>Given the size of the Company, it would be difficult to attract an independent Chairman who could match the current Executive Chairman's calibre and experience.</p> <p>For the reasons described, the Board is of the opinion that the current Executive Chairman, who is not independent, is the best candidate for the position.</p>
<p>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>	<p>Compliant.</p> <p>In accordance with the Board's Nomination and Remuneration Committee Charter, the Nomination Committee is responsible for the induction and continuing professional development of directors. Due to the Company's size and situation, the Nomination Committee currently oversees an informal induction process.</p> <p>The Nomination and Remuneration Committee Charter is available on the Company's website.</p>
<p><b>Principle 3: Act ethically and responsibly</b></p>	
<p>3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>Compliant.</p> <p>The comprehensive Code of Conduct has been published on the Company's website.</p>
<p><b>Principle 4: Safeguard integrity in corporate reporting</b></p>	
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p>	<p>Not compliant.</p> <p>The Company has established an Audit and Risk Committee. A copy of the Audit, Risk and Compliance Committee charter is available on the Company's website.</p> <p>As explained in relation to other similar recommendations concerning the composition of Board committees, it is not possible for the Audit and Risk Committee to have a majority of independent directors.</p> <p>The Audit and Risk Committee is currently chaired by an independent, non-executive director, selected for his</p>

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	<p>(4) the relevant qualifications and experience of the members of the committee; and</p> <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; or</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>expertise in accounts and financial reporting and for the role he otherwise performs within the Company.</p> <p>The Company discloses the relevant qualifications and experience of each committee member, the number of times the committee has met during each reporting period and each committee member's attendance record.</p>
4.2	<p>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>Compliant.</p> <p>The Board receives a declaration from the Executive Chairman and CFO before approving the financial statements. The Company does not currently have a CEO.</p> <p>The Board Charter notes that the Company may not at a given time have a CEO and/or a CFO. Should this be the case, such other executive as may be appropriate based on their role within the Company, will provide this declaration instead.</p> <p>This is consistent with the declaration that must be provided in accordance with section 295A Corporations Act by each person who performs a chief executive function and chief financial officer function.</p> <p>The Board Charter records a written commitment to continue to comply with this recommendation.</p>
4.3	<p>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>	<p>Compliant.</p> <p>The Company ensures that the engagement audit partner, or their representative, attends the Company's AGM.</p> <p>A commitment to continue to comply with this recommendation is recorded in the Audit, Risk and Compliance Committee Charter.</p>



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5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Compliant.</p> <p>A copy of the Company's Continuous Disclosure Policy is available on the Company's website.</p>
<b>Principle 6: Respect the rights of security holders</b>		
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Compliant.</p> <p>The Company's website has an area dedicated to investors. Available from this area are the Company's ASX announcements, annual reports, and information about the Company's corporate governance generally. One page provides information about directors, and another provides contact details for the Company's share registry. There is also a page with links to the Company's charters and policies.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Compliant.</p> <p>The Company's Shareholder Communication Policy outlines the referral process for any queries an investor may have, and other methods of ensuring effective communication with investors. A copy of the Company's Shareholder Communication Policy is available on its website.</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>Compliant.</p> <p>The Shareholder Communication Policy encourages investors to actively participate at meetings. It outlines various ways in which the Company will maintain open and effective lines of communication with shareholders. It is the Company's practice to conduct meetings in a way to naturally encourage shareholder participation.</p>
6.4	<p>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>	<p>Compliant.</p> <p>The Company's Shareholder Communication Policy states that the Company will communicate electronically with shareholders if they do not elect to receive information by post, and an email address is provided for the Company on its website.</p> <p>The Company encourages shareholders to receive information electronically by registering their email address online with the Company's share registry.</p> <p>The contact details provided for the Company's share registry on its website include telephone contact details and a postal address, but not an email address.</p>

However, the Company website provides a link to the share registry's website and makes it clear that shareholders may use log in details to access additional information from the share registry's website.

**Principle 7: Recognise and manage risk**

<p>7.1 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,</p> <p>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;</p> <p><b>or</b></p> <p>(b) if it does not have a risk committee or committees that satisfy <b>(a)</b> above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Not compliant.</p> <p>This function is performed by the Audit and Risk Committee.</p> <p>See 2.1 and 4.1, above, for information about:</p> <ul style="list-style-type: none"> <li>• the Board's commitment to disclose the information identified in this recommendation; and</li> <li>• the Board's inability to comply with the recommendations about the composition of the Audit, Risk and Compliance Committee, based on the composition of the Board.</li> </ul>
<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>Compliant.</p> <p>As set out in the Audit, Risk and Compliance Committee Charter, the Audit and Risk Committee is responsible for reviewing the Board and management's system of risk management and internal control at least annually.</p> <p>The Board discloses, in relation to each reporting period, whether such a review has taken place.</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; or</p>	<p>Compliant.</p> <p>This information is contained in the Audit, Risk and Compliance Committee Charter, published on the Company's website.</p>



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<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>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>	<p>Compliant.</p> <p>Disclosed in the Corporate Governance Statement.</p> <p>The Code of Conduct (published on the Company's website) requires the Board to consider environmental and social sustainability risks and formulate a plan to respond to any risks.</p>

**Principle 8: Remunerate fairly and responsibly**

<p>8.1 The board of a listed entity should:</p> <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,</p> <p>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;</p> <p><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>Not compliant.</p> <p>This function is performed by the Nomination Committee, in accordance with the Nomination and Remuneration Committee Charter.</p> <p>As with the Audit and Risk Committee, the current composition of the Board means it is not possible for the Company to comply with the committee composition aspects of this recommendation.</p> <p>This is explained at recommendations 2.1 and 4.1 above.</p> <p>However, the Company has disclosed the Charter on its website, and has also disclosed the members of the committee, number of times the committee met and attendance record of each committee member in the Corporate Governance Statement.</p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the</p>	<p>Compliant.</p> <p>This information is provided in the 2020 Annual Report, and will also be disclosed in future periodic reports.</p>



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remuneration of executive directors and other senior executives.	
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"><li>(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</li><li>(b) disclose that policy or a summary of it.</li></ul>	<p>Compliant.</p> <p>At the 2015 Annual General Meeting of the Company, held on 1 February 2016, the Company's shareholders approved the "Seafarms Group Employee Incentive Plan" which allows the Board to grant equity securities to eligible participants. Equity securities, in the form of Performance Rights and Options, were granted to directors and staff by the Company pursuant to this equity remuneration scheme on 22 August 2017.</p> <p>The comprehensive Securities Trading Policy has been published on the Company's website and addresses the issues outlined in part (a) of this recommendation. In particular, the Company's Securities Trading Policy restricts directors and senior management (among others) from entering into margin lending or other secured financing arrangements in relation to the Company's securities that would have the effect of limiting the participant's exposure to risk in relation to all or part of their remuneration that has not vested, or has vested but remains subject to a restriction agreement.</p>