

## Corporate Governance

The Aeris Environmental Ltd (Aeris) (ASX:AEI) Directors are responsible for protecting the rights and interests of shareholders, by whom the Board is elected and to whom it is accountable, through the implementation of sound strategies and action plans, and the development of an integrated framework of controls over the consolidated entity's resources, functions and assets. Corporate governance is an important matter to the Company and the Board of Directors strives for high standards in this regard. The Company's corporate governance practices, which are summarised below, were originally adopted in the 2002-03 financial year, and are reviewed and amended by the Company's Corporate Governance Committee, consisting of Messrs Maurie Stang (Committee Chairman) and Bernard Stang, at appropriate intervals (at least annually), including prior to the finalisation of the Annual Report.

The Board and the Corporate Governance Committee draw on relevant best practice principles, particularly those issued by the Australian Securities Exchange (ASX) Corporate Governance Council's third edition of the publication, "Corporate Governance Principles and Recommendations", which was released in March 2014 and is referred to for guidance purposes. While Aeris attempts to adhere to the principles proposed by the ASX, and the Directors believe that the Company complies with the underlying guidelines of the ASX, it is mindful that there are some instances where compliance is not practicable for a company of Aeris' size. However all listed companies are required to produce a corporate governance statement that discloses the extent to which the entity has followed the recommendations, and to identify any recommendations that have not been followed, the period during which they were not followed, the reasons for not doing so and any alternative governance practices that have been adopted in lieu of the recommendation.

This Corporate Governance Statement reports on the corporate governance principles and practices followed by the Company for the period from 1 July 2015 to 30 June 2016 as required by the ASX Listing Rules. The Company's Corporate Governance Committee and its Board of Directors have recently reviewed the recommendations, and approved the Company's Corporate Governance Statement as at 26 September 2016. In many cases the Company was already achieving the standards required. In other cases the Company has considered other arrangements to enable compliance. In a number of instances, the Company has determined not to meet the standards set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous and costly for a company of Aeris' size. The Board has approved and adopted policies and charters with which Directors and management are required to comply, and which contain the information recommended by the ASX. The Company's written policies on corporate governance matters are included in the Company's Corporate Governance Compliance Manual, which can be found in the Investor Centre section of the Company's website i.e. at <http://www.aeris.com.au/investor-center/>.

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

The Company has disclosed the respective roles and responsibilities of its Board and management, including those matters expressly reserved to the Board and those delegated to management, as set out below.

At this stage, the Company has a small Board of three Non-Executive Directors consisting of Messrs Maurie and Bernard Stang, and Mr Steven Kritzler. Mr Peter Bush, the Company's Chief Executive Officer (CEO), is also an Alternate Director for both Messrs Maurie and Bernard Stang. The Board's role and responsibilities include the following:

- Setting and reviewing the vision, goals and strategy of the Company.
- Approving the annual strategic plan and major operating plans.
- Approving budgets.
- Reviewing and providing feedback on the performance of the CEO.
- Reviewing its performance and that of individual Directors.
- Reviewing the half-year and annual financial statements and reports, and quarterly cash-flow statements.
- Determining policies and ensuring adequate procedures are in place to manage the identified risks.

The role and responsibilities of the Chairman include:

- Ensuring leadership in setting and reviewing the Company's vision and strategies.
- Setting the Board meeting agenda with the CEO and Company Secretary, and ensuring that Directors receive all relevant information prior to the meetings, chairing Board meetings and dealing with conflicts.
- Chairing the Annual General Meeting (AGM) and ensuring that shareholders as a whole have an opportunity to speak on relevant matters, ensuring the audit partner attends.
- Being the external spokesperson with the CEO on Company matters.
- Keeping fully informed on major matters by the CEO, chairing the performance appraisal of the CEO and providing mentoring.
- Initiating Board and committee performance appraisals, ensuring that the agreed composition is maintained and the Director induction plans are in place.

The CEO's responsibilities and duties include:

- Formulating with the Board the vision and strategy of the Company, developing action plans to achieve this vision and reporting regularly to the Board on progress made.
- Providing leadership to the management team and employees, appointing and negotiating terms of employment of senior staff members (with Board approval where necessary), developing a succession plan, and ensuring procedures are in place for education and training to ensure compliance with laws and policies.
- The implementation of the Company's product commercialisation.
- Bringing matters requiring review / approval to the Board, advising them on the changes in the Company's risk profile, providing certification regarding the financial statements for the quarterly, half-year and annual reports, reporting to the Board on a monthly basis the performance of the Company and ensuring the education of the Directors on relevant matters.

The Company has a small management team, so roles and functions have to be flexible to meet specific requirements. The roles and responsibilities of management include:

- The operation and administration of the Company, as delegated by the Board.
- Implementing the strategic objectives of the Company and operating within the risk appetite set by the Board.
- Complying with all other aspects of the day-to-day running of the Company.
- Providing the Board with accurate, timely and clear financial and other information to enable the Board to perform its responsibilities.

The Company undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. Before appointing a person or putting forward to security holders a new candidate for election, as a Director, the Company checks the person's character, experience, education, criminal record and bankruptcy history. The Company provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. It does so by providing them, via its Notices of Meeting, with the potential Director's biographical details, including their relevant qualifications and experience, the skills they bring to the Board, and details of any other material directorships currently held by the candidate. In the case of a candidate standing for election as a Director for the first time, Aeris provides security holders with: any material adverse information revealed by the checks the Company has performed about the Director; details 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 judgement to bear on issues before the Board, and to act in the best interests of Aeris and its security holders generally; and if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect. In the case of a candidate standing for re-election as a Director, Aeris provides security holders with: the term of office currently served by the Director; and if the Board considers the Director to be an independent Director, a statement to that effect. The Company also provides security holders with a statement by the Board as to whether it supports the election or re-election of the candidate. A candidate for appointment or election as a Non-Executive Director is requested to provide the Board with the information above and a consent for Aeris to conduct any background or other checks the Company would ordinarily conduct. The candidate is also requested to provide details of his or her other commitments and an indication of time involved, and must specifically acknowledge to the Company that he or she will have sufficient time to fulfil his or her responsibilities as a Director.

The Company has a written agreement with each Director and senior executive setting out the terms of their appointment. The Directors and senior executives of Aeris have a clear understanding of their roles and responsibilities, and of the Company's expectations of them. This has been reduced to a written agreement that takes the form of a Letter of Appointment in the case of a Non-Executive Director and a Service Contract in the case of an Executive Director or other senior executive. Aeris is required under the ASX Listing Rules to disclose the material terms of any employment, service or consultancy agreement it or a child entity enters into with its CEO (or equivalent), any of its Directors and any other person or entity who is a related party of its CEO or any of its Directors. The Company is also required to disclose any material variation to such an agreement.

The Company Secretary of the Company is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary of Aeris plays an important role in supporting the effectiveness of the Board and its Committees. The role of the Company Secretary includes: advising the Board and its Committees on governance matters; monitoring that Board and Committee policy and procedures are followed; co-ordinating the timely completion and despatch of Board and Committee papers; ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and helping to organise and facilitate the induction and professional development of Directors. Each Director is able to communicate directly with the Company Secretary and vice versa. The decision to appoint or remove the Company Secretary is made and approved by the Board.

Aeris has a Diversity Policy, which includes requirements for the Board and Corporate Governance Committee to set measurable objectives for achieving gender diversity, and to assess annually both the objectives and the

Company's progress in achieving them. Aeris has disclosed the Diversity Policy in its Corporate Governance Compliance Manual, which can be found in the Investor Centre section of the Company's website. The Company has not previously disclosed, as at the end of each reporting period, the measurable objectives for achieving gender diversity set by the Board or Corporate Governance Committee in accordance with Aeris' Diversity Policy or its progress towards achieving them. The Company continues to be in a dynamic growth phase. As it builds its global presence and the size of the organisation increases, the Company will be in a better position to accurately set and state specific objectives that are appropriate, aligned and achievable. The Company discloses the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation: Aeris has a small number of staff members (12 employees and four contractors) and does not have any women on its Board, amongst its senior executives or on its staff. Aeris has defined "senior executive" for these purposes in the Remuneration Report section of its Annual Report. In accordance with its Diversity Policy, the Company's will set and disclose measurable objectives as it grows in size. The Board believes that the pursuit of diversity in the workplace increases the Company's ability to attract, retain and develop the best talent available, creates an engaged workforce, delivers the highest quality services to its customers, enhances individual work-life balance, encourages personal achievement, improves co-operation and assists in the optimisation of organisational performance. Diversity in the workplace should mirror the diversity of the broader community, encompassing age, gender, ethnicity, cultural and other personal factors. The Company respects the diversity of all its employees, consultants and contractors, and cultivates an environment of fairness, respect and equal opportunity.

The Company has a process for periodically evaluating the performance of the Board, its committees, individual Directors and senior executives using an evaluation questionnaire, which is completed by the Directors, CEO and Company Secretary. The results of this self-assessment of its performance and governance for the period up until the end of the most recent financial year are then compiled and summarised, confidentially, and then provided to the Board for consideration at a Board meeting; only the aggregated results and comments are distributed. A performance evaluation, using the abovementioned questionnaire, was undertaken and reviewed in the recent reporting period. Following the review of the results of the Board Evaluation Questionnaire, it was agreed that the Board could benefit from a new, independent Director to add to the dynamic of the more experienced Directors. It was agreed that the Board has a good mix of the appropriate skills and knowledge required, and that the mix of skills and Board diversity will remain under review. Transactions with Director-related entities are set out in the notes to the financial statements. The process for evaluating the performance of executives and staff members has been developed by the CEO, the Board and the Remuneration and Nomination Committee.

## **Principle 2: Structure the Board to add value**

The Board of Aeris has a joint Remuneration and Nomination Committee, rather than a separate nomination committee, as it is the Board's view that, due to the small size of the Company and its limited financial capacity, there is no additional benefit from having a separate Nomination Committee at this stage in Aeris' development. The Committee members are Mr Maurie Stang (Committee Chairman) and Mr Bernard Stang, and therefore does not follow the recommendation that there be at least three members on such a Committee (as there are only two members until the Board's size is increased) or that a majority of such a Committee should be independent Directors (as Aeris currently does not have any independent Directors; Messrs Maurie and Bernard Stang are substantial shareholders, and therefore not deemed to be independent), or that the Committee be chaired by an independent Director. Aeris will seek to at least partially remedy this situation when new independent Non-Executive Directors are appointed and join this Committee. The Charter of the Remuneration and Nomination Committee can be found in the Company's Corporate Governance Compliance Manual, which can be found in the Investor Centre section of the Company's website. During the 2015-16 financial year, the Committee met once and both Committee members attended the meeting. The Remuneration and Nomination Committee, which carries out the role that might otherwise be carried out by a separate Nomination Committee, employs processes to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. It does so by reviewing Board performance, size and capacity (with appropriately-experienced Directors).

The Company has (and discloses below – see Appendix A) a Board skills matrix setting out the mix of skills and diversity on the Board. A description of the skills and experience of each Director, and their period of office, is set out in the Directors' Report section of the Annual Report. A Director may be elected for a term of a maximum of three years. To ensure a gradual and controlled movement of Directors, the longest serving one-third of all Directors (rounded down to the nearest whole number) is required to retire at each AGM, but shall be eligible for re-election.

The Company has disclosed that none of its Directors are considered by the Board to be independent Directors. The length of service of each Director is as follows: Messrs Maurie Stang, Steven Kritzler and Bernard Stang have each been a Director of the Company for 14 years, and Mr Peter Bush has been an Alternate Director for five years. The Directors believe that, whilst they are not independent Directors, they are still able to act in the best interests of the Company and its security holders generally, and that, being substantial shareholders helps align their interests with those of other shareholders. At the same time, the Directors recognise that by holding

substantial stakes in the Company they are likely to be seen as having a different interest to shareholders with smaller stakes. They also recognise that the interests of the Company and its shareholders are likely to be well served by having a mix of directors, some with a longer tenure, and a deep understanding of the Company and its business (particularly the Chairman), and some with a shorter tenure, and fresh ideas and perspective. The Directors believe that the fact that they have served on the Board for a period of more than ten years does not mean that they have become too close to management to lose their independence. The Aeris Board composition has been reviewed at the Remuneration and Nomination Committee meeting, and at Board meetings (where Board Composition is now a standing agenda item and where, as part of this process, the Board has suggested, investigated and considered a number of new Board members. The Board expects to make at least one appointment in the short-term and, in keeping with Aeris' Diversity Policy, the Company will favourably consider a woman for the Board. As mentioned above the Company does not comply with the recommendation that a majority of the Board should be independent directors because all three are substantial shareholders. The Non-Executive Chairman of the Board of the Company is not an independent Director. However, he is not the same person as the CEO of the Company; that role is held by Mr Peter Bush.

Aeris has a programme for inducting new Directors. Each Director of the Company has the right to seek independent professional advice at the expense of the Company, and the Company provides appropriate professional development opportunities as required for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

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

It is the Board's policy for the Directors and management to conduct themselves with the highest of ethical standards, and the Company strives to act ethically and responsibly at all times. All Directors and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company has a Corporate Code of Conduct for its Directors, senior executives and employees, which is disclosed in the Corporate Governance Compliance Manual in the Investor Centre section of the Company's website. The Directors believe that this Code of Conduct is appropriate for the Company's size and that it takes into account the close interaction of individuals throughout the organisation. The purpose of the Company's Code of Conduct is to guide compliance with legal and other obligations, to maintain confidence in the Company's integrity, to take into account the expectations of stakeholders, and to define the responsibility and accountability of individuals for reporting and investigating any instances of unethical practice. The Company, being an environmental services business, strives not only to act responsibly towards the environment, but by its very purpose works to help solve common problems in global markets using its suite of patented products by employing experts in the removal of microbial contamination (biofilm or slime) and then protecting the asset from recontamination and reducing energy consumption. The Company, via its patented AerisGuard solution, removes the biofilm from air-conditioning and refrigeration systems, and then protects the system from recontamination for up to 12 months. The major benefits to the customer are significant energy savings, healthier indoor air quality and improved environmental comfort to staff. The Company's biological water systems remediate and control biofilm in large bulk water systems such as: coal mines; groundwater treatment plants and the water filtration / purification industry, helping to enhance occupational health and safety risk management strategies. The Company always tries to deal with business associates who demonstrate similar ethical and responsible business practices.

The Company has a Securities Trading Policy concerning trading in its securities by Directors, senior executives, employees and significant consultants, which is included below – see Appendix B.

### **Principle 4: Safeguard integrity in corporate reporting**

The Company has processes that independently verify and safeguard the integrity of its corporate reporting. The Company's Board has an Audit Committee, all of the members of which are Non-Executive Directors, and is chaired by a Director who is not the Chairman of the Board i.e. Mr Bernard Stang (Chairman of the Committee), the other Committee member being Mr Maurie Stang. The Company does not follow the recommendations that the Committee have at least three members, a majority of whom are independent, including the Committee Chairman, as all the Company's Directors are substantial shareholders and therefore deemed not to be independent, and Mr Steven Kritzer does not have the relevant qualifications or experience to be on an Audit Committee. Aeris will seek to at least partially remedy this situation when a new independent Non-Executive Director is appointed. The members of the Committee have applicable expertise and skills, although not formally qualified, for this Committee. The relevant qualifications and experience of these members can be found at the "Who We Are" section of the Company's website under "The Team", as well as in the Directors' Report of the Annual Report. The Audit Committee has a formal charter that is disclosed in the Company's Corporate Governance Compliance Manual, which can be found in the Investor Centre section of the Company's website. The Audit Committee reports to the Board after each Committee meeting and after meeting with the Company's external Auditor; meetings are held at least twice each year. During the last reporting period, the Audit Committee met three times. Mr Bernard Stang attended two of those meetings and Mr Maurie Stang attended all three meetings. In conjunction with the full Board, the Audit Committee reviews the performance of the external



Auditor (including the scope and quality of the audit). The primary responsibilities of the Audit Committee are to oversee the existence and maintenance of internal controls, accounting systems and the financial reporting process, to nominate the external Auditor and to review existing external audit arrangements, including the selection, appointment and rotation of external audit engagement partners.

The Board of the Company receives from its CEO and CFO (before it approves the Company's financial statements for a financial period) a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards. The declaration also states that the financial statements give a true and fair view of the financial position and performance of the Company, and that their opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

The Company ensures that its external Auditor, UHY Haines Norton, attends its AGM and is available to answer questions from security holders relevant to the audit. This has been supported by the Company's audit partner.

#### **Principle 5: Make timely and balanced disclosure**

The Company makes timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. The Company, its Directors and its staff are aware of the ASX's continuous disclosure requirements, and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. The Company has a formal written policy for complying with its continuous disclosure obligations under the ASX Listing Rules. The Company has disclosed this Continuous Disclosure Policy in its Corporate Governance Compliance Manual on its website in the Investor section. A regular review takes place to ensure compliance with ASX Listing Rule 3.1 on continuous disclosure and there is accountability at a senior executive level for that compliance. The Company maintains a register of matters considered for possible market disclosure.

#### **Principle 6: Respect the rights of security holders**

The Company respects the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively. The Company provides information about itself and its governance to investors via its website – <http://www.aeris.com.au>. Here, interested parties can find information about the Company under the homepage heading "Who We Are" and can also find information on the Company's Corporate Governance under the homepage heading "Investor Centre". The names and brief biographical information for each of the Company's Directors, CEO and Company Secretary can be found under "The Team" part of the "Who We Are" section of the website. Information on the AerisGuard technology and SmartENERGY platform can also be found on the Homepage. "Technology", "Product Overview" and "Projects" sections can be reached via the links at the top of the homepage of the website. Important announcements to the market can be accessed in the Investor Centre under Latest News. A link is provided on the Investor Centre page to the ASX's website for up-to-date Company information to the market. Up-to-date Company share price information can be monitored on the Investor Centre section of the website, and visitors who enter their personal details and alert preferences on the Email Alert part of the Investor Centre can subscribe to receive alerts from the Company as important company information becomes available to the market. The Investor Centre section of the Company's website also contains information concerning shareholder services, such as the Share Register's contact details, and a link for shareholders to check their security holdings details and change their shareholding records where necessary. The Company's contact details can be found on the "Contact Us" section of the website. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website via its link to ASX. Procedures have also been established for reviewing whether any material price-sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

The Company has designed and implemented an investor relations programme to facilitate effective two-way communication with investors. The small size of the Company means that, the main ways that the Company allows investors and other financial market participants to gain a greater understanding of the Company's business, governance, financial performance and prospects is by encouraging shareholder participation at AGMs, where it actively engages with shareholders, and meeting with shareholders upon request and responding to any enquiries they may make from time-to-time. The Company has an appropriate communications procedure to promote effective communication with shareholders, which is in line with the Company's size and its financial capacity. The Company discloses the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. When investors and other financial market participants express their views to the Company on matters of concern or interest to them those views are distilled and communicated to the Board. The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically, as detailed on the "Contact Us" and "Investor Centre" sections of its website.

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

The Company has established a sound risk management framework and periodically reviews the effectiveness of that framework. Whilst the Board of the Company does not have a separate committee to oversee risk, it does have processes it employs for overseeing the Company's risk management framework. The Company has an appropriate formal policy for the oversight and management of material business risks that is fitting for the size of its business. Risk management arrangements are the responsibility of the Board of Directors and senior management collectively. Company and business risk factors are an agenda item at each Board meeting and the CEO periodically reports to the Board on risk management, internal controls and the Company's insurance programme. The Audit Committee also monitors certain risk factors, such as monitoring corporate risk assessment (including on environmental risks) and the internal controls instituted, as directed by the Board of Directors. The Remuneration and Nomination Committee ensures that, as part of its induction programme, new Board appointees and key executives gain an understanding of the Company's financial, strategic, operational and risk management position. The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound, and discloses, in relation to each reporting period, whether such a review has taken place. During the 2015-16 reporting period such a review took place, following the risk paper that was prepared and reviewed by the Board in the prior reporting period, and the Company's risk register was updated. Corporate risk factors are also reviewed by the Audit Committee. The Audit Committee Charter and its references to risk management are included in the Corporate Governance Compliance Manual in the Investor Centre section of the Company's website. The Company does not have an internal audit function. The processes the Company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes include: the monthly review by the Board of the Company's actual versus budget variances in revenue and expenses; and the periodic review of source accounting documentation by someone independent of the Accounts Department and independent of the regular accounting documentation approval process.

Aeris has not identified any specific material exposure to economic, environmental and social sustainability risks. The Company's Board and senior management manage any risks it has. The Company continues to operate with a long-term perspective in order to achieve a level of economic growth utilising the experience of a Board of Directors who have achieved success in business at a senior executive level. Aeris has a goal of not compromising the health of the ecosystems in which it operates over the long term. The Company has worked, and continues to work, in a manner that meets accepted social norms and needs, and intends to continue to do so into the future. The Company discloses on its website, in its Annual Report and in ASX announcements its expected material contribution over time to reducing the economic, environmental and social sustainability costs and risks in society through the rollout of its technologies, where it can have a positive long-term effect on business, the community and on the environment through the provision of cleaner air and water using energy-saving products. The very purpose of the Company, being an environmental services business, is to strive to act responsibly towards the environment, and help solve common environmental problems by removing microbial contamination, protecting assets from recontamination and helping to reduce energy consumption. The Company, via its patented AerisGuard solution, removes the biofilm from air-conditioning and refrigeration systems, and then protects the system from recontamination for up to 12 months. The major benefits to the customer are significant energy savings, healthier indoor air quality and improved environmental comfort to staff.

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

The Company pays Director remuneration that is sufficient to attract and retain high-quality Directors, and has designed its executive remuneration to attract, retain and motivate high-quality senior executives, and to align their interests with the creation of value for security holders. The Board of the Company has a Remuneration and Nomination Committee that was established in December 2004. During the 2015-16 financial year, the Remuneration and Nomination Committee consisted of Mr Maurie Stang (Committee Chairman) and Bernard Stang. The Committee therefore does not follow the recommendation that there be at least three members on such a Committee, or that a majority of such a Committee should be independent Directors (as Messrs Maurie and Bernard Stang are substantial shareholders, and therefore not deemed to be independent) or that the Committee be chaired by an independent Director as Mr Maurie Stang is not independent. Aeris will seek to at least partially remedy this situation when new independent Non-Executive Directors are appointed and join this Committee. The charter of the Committee can be found in the Corporate Governance Compliance Manual in the Investor Centre section of the Company's website, and sets out the Committee's role and confers on it all necessary powers to perform that role. During the 2015-16 reporting period the Committee met once and both Committee members attended.

The Directors have adopted a series of formal remuneration policies, which they believe are appropriate for the size of the Company. A clear distinction between, and description of, the structure of Non-Executive Directors' remuneration, and the CEO and executive remuneration, is set out in the Remuneration Report (contained in the Directors' Report) in the Company's Annual Report, and, in accordance with Corporations Act requirements, the Company discloses the fees and salaries paid to all Directors, plus its designated officers. The Company separately discloses its policies and practices regarding the remuneration of Non-Executive Directors, and the remuneration of Executives. The

Remuneration and Nomination Committee meets as and when required to review performance matters, and make recommendations to the Board in relation to the Company's remuneration framework for Directors, including the process by which any pool of Directors' Fees approved by security holders is allocated to Directors, and in relation to the remuneration packages to be awarded to executives, equity-based remuneration plans for executives and other employees, superannuation arrangements for Directors, executives and other employees, and in relation to whether there is any gender or other inappropriate bias in remuneration for Directors, executives or other employees. The Directors work closely with management, and have full access to all the Company's files and records. The Company seeks independent external advice and market comparisons as necessary.

The Company has an equity-based remuneration scheme, being its Employee Incentive Plan (EIP), which was approved by shareholders at the November 2007 AGM and was submitted for re-approval at the November 2014 AGM. The Company has a policy that participants in the EIP are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. There are no schemes for retirement benefits, other than superannuation, for Non-Executive Directors.

## APPENDIX A – Board Skills Matrix

Skills, Diversity and Experience of the Board	Total Number out of Three Directors
Leadership	3
Corporate Governance and Compliance	3
Regulatory Compliance	3
Membership of Governance or Regulatory Bodies	1
Position held on Financial Bodies and Councils	1
Strategy	3
Senior Management positions held outside AEI	3
Directorships of public listed companies held outside AEI	2
CEO / CFO / COO experience	3
General Management	3
Tenure – Director with AEI for up to three years	0
Tenure – Director with AEI for between three to nine years	0
Tenure – Director with AEI for over nine years	3
Operations	3
Occupational Health and Safety	3
Experience Managing Environment Issues in an Organisation	2
Project Delivery	3
Sector / Industry Experience	3
Geographic Experience – Global	1
Geographic Experience – Asia Pacific	2
International Business	3
Finance	2
Accounting	1
Mergers and Acquisitions / Equity / Capital Markets	2
Experience in Growing a Business	3
Experience in Implementing Capital Projects	2
Business Development	3
Risk Management	3
Marketing	3
Remuneration	2
Government Relations	1
Human Resources Management / People	2
Professional Services	1
Gender Diversity – worked with females on boards	2
Technology	3
Tertiary Qualifications	2
Post-Graduate Business Studies and CA or CPA	0
Residency in Australia	3
Research and Development	3
Property Development and / or Management	3
Legal and Intellectual Property	3



## **APPENDIX B – Securities Trading Policy**

### **Securities Trading and Trading Windows**

Aeris Environmental Ltd (Aeris or the Company) has a Securities Trading Policy under which Directors, members of senior management and other employees likely to be in possession of unpublished price-sensitive information, and their associates (Designated Officers), may not trade in the Company's securities during the following "Blackout or Closed Periods" commencing:

- 30 days prior to the release by the Company of its half-yearly results to the ASX and concluding two days after such release; and
- 30 days prior to the release by the Company of its annual results to the ASX and concluding two days after such release.

In addition, consistent with the law, Designated Officers are prohibited from trading in the Company's securities while in the possession of unpublished price-sensitive information concerning the Company. Unpublished price-sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Chairman may, at his discretion, determine the existence of "Blackout or Closed Periods" other than as described above.

Notice of an intention to trade must be given in writing to the Aeris Managing Director / CEO / Executive Director (or Chairman or Deputy Chairman in the case of the Directors) prior to trading in the Company's securities, as well as a confirmation that the person is not in possession of any unpublished price-sensitive information. The procedures for obtaining prior written clearance for trading are set out below. The completion of any such trade by a Director must also be notified immediately in writing to the Company Secretary who in turn advises the ASX.

### **General**

The purpose of the Securities Trading Policy is to create awareness among Aeris' Directors, employees and key consultants of the legal prohibition on dealing in securities of the Company. It details the manner in which the Company's Directors, employees and key consultants can deal in the Company's securities. The Policy also aims to ensure that the Company's reputation, and those of its Directors, employees and key consultants, is not adversely impacted by perceptions of dealing at inappropriate times. The Policy's rules are designed to assist in preventing breaches of the insider trading provisions of the Corporations Act. Ultimately it is the responsibility of the Company's Directors, employees and key consultants to ensure that none of their dealings could constitute insider trading.

Directors are required to provide in writing (electronic notification or clearance by email is permitted) details of all changes to their interest in the Company's securities registered in the name of the Director or held on behalf of the Director, directly or indirectly. If changes in interests in those Company securities or contracts are traded during a Blackout or Closed Period, where prior written notice is required under the ASX Listing Rules, the Director must provide the following details in writing (electronic notification or clearance by email is permitted) to the Company:

- whether prior written notice was provided to allow the trade to proceed during this Blackout or Closed Period; and
- if prior written notice was provided, the date this was provided.

The details must be provided as soon as reasonably possible after the date of the change and in any event no later than two business days after the change to allow for compliance with the ASX Listing Rule obligations using an ASX Appendix 3Y release.

### **Limiting Economic Risk**

Designated Officers are not permitted to enter into transactions in products associated with the Company's securities without the prior approval of the Board, which operate to limit the economic risk of their security holding in the Company (e.g. hedging arrangements).

### **Prohibitions**

Designated Officers are not permitted to deal at any time in financial products without the prior approval of the Board, such as options, warrants, futures or other financial products issued over the Company's securities by third parties such as banks and other institutions.

**Long Term Trading**

The Company encourages Directors, Officers and employees to adopt a long term attitude to investment in the Company's securities. Therefore, Directors, Officers, employees and key consultants must not engage in short term or speculative trading of the Company's securities. Short term or speculative trading is defined as the purchase or sale of shares within a six month timeframe.

**Exceptional Circumstances**

In "exceptional circumstances", trading may be permitted subject to prior written clearance. A Designated Officer may trade in the Company's securities inside a Blackout or Closed Period, subject to obtaining prior written clearance in accordance with the procedure described above, in the following "exceptional circumstances":

- if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price sensitive information about the Company and the person seeking clearance is in severe financial hardship;
- if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price sensitive information about the Company and there are other circumstances deemed to be exceptional by the person granting the prior written clearance; or
- where trading is required for compliance with a court order or court enforceable undertakings or for some other legal or regulatory requirement

**APPENDIX 1 – REQUEST TO TRADE FORM**

I, \_\_\_\_\_, a Director / an Officer / an employee / a contractor / an advisor (delete as appropriate) of the Company, request prior written clearance to trade in securities of the Company in accordance with the terms of the Company's Securities Trading Policy and provide the following information:

**Details of Securities**

Class of securities: \_\_\_\_\_

Nature of dealing:  
(details of proposed dealing) \_\_\_\_\_

Number of securities:  
(maximum number) \_\_\_\_\_

Name of registered holder: \_\_\_\_\_

**Reason for Request**

Standard Request to Trade ☐ ☐

or

Request to Trade in Exceptional Circumstances ☐ ☐

Please provide complete details of the circumstances which you wish to be considered as exceptional.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I confirm that I have read and understood the Company's Securities Trading Policy and that the proposed dealing does not breach that policy or any legal obligations referred to in it, and in particular, that I am not in possession of any inside information in relation to the Company.

I acknowledge that in accordance with the Company's Securities Trading Policy, I cannot trade in the Company's securities until clearance is given and I understand that any clearance given will be valid only for the period stated in the clearance.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**OFFICE USE – Clearance to be completed by Approving Officer**

Clearance given by:

\_\_\_\_\_  
Name of Approving Officer                      Signature of Approving Officer                      Date

Clearance valid for \_\_\_\_\_ business days from the date of clearance.

*Rules 4.7.3 and 4.10.3<sup>1</sup>*

## Appendix 4G

### Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

**Aeris Environmental Ltd (ASX:AEI)**

ABN / ARBN

**19 093 977 336**

Financial year ended:

**30 June 2016**

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website: **<http://www.aeris.com.au/investor-center/>**

The Corporate Governance Statement is accurate and up to date as at **26 September 2016** and has been approved by the board.

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

Date: **30 September 2016**

Name of ~~Director or~~ Secretary authorising lodgement: **Robert J Waring**

---

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

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

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

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

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

**ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES**

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Compliance Manual, which can be found in the Investor Centre section of the Company's website</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> in the Remuneration Report section of our Annual Report</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

**Appendix 4G**

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

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

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> in the Corporate Governance Compliance Manual in the Investor Centre section of the Company's website	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>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>(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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual, which can be found in the Investor Centre section of the Company's website</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> in the "Who We Are" section of the Company's website under "The Team" <b>AND</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> in our Corporate Governance Compliance Manual on the Company's website in the Investor section	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> <a href="http://www.aeris.com.au">http://www.aeris.com.au</a> , particularly under the homepage headings "Who We Are" and "Investor Centre"	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



**Appendix 4G**

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

**Appendix 4G**

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>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, 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; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Corporate Governance Compliance Manual in the Investor Centre section of the Company's website</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Remuneration Report (contained in the Directors' Report) in the Company's Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> in the Company's Securities Trading Policy in the Corporate Governance Compliance Manual in the Investor Centre section of the Company's website</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>