

## CORPORATE GOVERNANCE COMPLIANCE MANUAL

### CODE OF CONDUCT

Aeris Environmental Ltd (Aeris or the Company) has adopted a formal Code of Conduct to guide compliance with legal and other obligations. The Board of Directors continues to review the Code of Conduct and the Company's situation to determine if it is the most appropriate and effective in terms of its operational procedures.

This document has been prepared for the Board of Directors following a Corporate Governance meeting in August 2004 and is reviewed and updated by the Corporate Governance Committee and the Board at least once each year.

#### Continuous Disclosure

Under the Corporations Act, a failure to make a disclosure under Listing Rule 3.1 of 1 May 2013, intentionally or recklessly, amounts to a criminal offence, and may result in a fine of \$100,000 for a corporation. In addition, individuals who are "involved" in the contravention (which would include officers or advisers who aid, abet, counsel, procure or are knowingly concerned in the contravention) are also liable. The maximum penalty for individuals is \$20,000, or imprisonment for five years, or both. A negligent failure to make a disclosure under Listing Rule 3.1 is a contravention of the Corporations Act, but will not amount to a criminal offence. A civil liability arises if the failure to disclose is intentional, reckless or negligent. A person who suffers loss or damage as a result of such failure may recover that loss or damage from Aeris, or against "any person involved in the contravention". This could include the Directors or Executive Officers of Aeris.

The Listing Rules provide that Aeris does not need to disclose information under Listing Rule 3.1 if each of the following is satisfied:

1. One or more of the following five situations applies (Listing Rule 3.1A.1) –
  - It would be a breach of a law to disclose the information;
  - The information concerns an incomplete proposal or negotiation;
  - The information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
  - The information is generated for the internal management purposes of the entity; or
  - The information is a trade secret; and
2. The information is confidential and ASX has not formed the view that the information has ceased to be confidential (Listing Rule 3.1A.2); and
3. A reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.3).

The above exemption from the requirement to make disclosure only operates while all three elements are satisfied. If any of the requirements cease to be satisfied, the entity must disclose the information immediately. If information that has not been disclosed by relying on the exemption becomes known in some way to participants in the market, then it must be given to the Australian Securities Exchange (ASX) for release to the market, as it

would no longer satisfy the confidentiality requirement. It does not matter how the information became known by the market.

The three elements that must be established for information to be exempt from disclosure:

- **One of points in Listing Rule 3.1A.1**

One of the five points in Listing Rule 3.1A.1 must also be established. These points are listed above.

- **Confidentiality (Listing Rule 3.1A.2)**

Listing Rule 3.1A.2 requires that the information that is not to be disclosed be confidential. "Confidential" in this context has the sense of secret and generally implies control by Aeris of the use that can be made of the information.

The mere fact that a confidentiality agreement has been entered into will not automatically satisfy this element. Confidential means that no-one in possession of the information is entitled to trade in Aeris' shares. Unusual activity in Aeris' shares may suggest that the information is no longer confidential.

The ASX accepts that confidentiality is not breached if information is given to Aeris' advisers, a person with whom Aeris is negotiating, or other regulatory authorities, if it is given on a basis that restricts its use to the stated purpose.

- **A reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.3)**

A reasonable person would not expect information to be disclosed if the result would be to cause unreasonable prejudice to the entity. Similarly, a reasonable person would not expect disclosures of an inordinate amount of detail.

### **Aeris' Policy**

All share price-sensitive information is to be released to the market as soon as practicable. Executive Directors will regularly meet to discuss corporate developments and to ensure that the market is fully informed. Any significant matters that arise from which questions on whether or when disclosure to the ASX should be made are to be considered by the Executive Directors, the Chairman of the Audit (and Risk Management) Committee, and the Company Secretary. Messrs B Stang and P Bush monitor the Aeris share price and trading volumes, and bring any unusual patterns to the attention of the other parties mentioned above and to the Board if necessary.

### **ASX Policy – Guidance Note**

The ASX has issued a Guidance Note in relation to Listing Rule 3.1. The ASX states that the Guidance Note 8 (updated on 1 May 2013) is only a guide as to ASX practice, and that entities should contact the ASX to discuss their particular circumstances and the application of the Listing Rules.

It is ASX policy that whatever the information, and however much it might otherwise have been reasonable not to disclose it, the information should be released to the whole market once it becomes known to any part of the market.

- **Disclosure of Information to Brokers and the Press**

Listing Rule 15.7 has the effect that Aeris must not release information that is to be released to the market to any person (including the media, even on an embargoed

basis) until it has given the information to the ASX and has received an acknowledgement that the ASX has released it to the market.

With respect to broker analysts, the ASX states that a company must only disclose public information in answering an analyst's questions, or reviewing their draft reports. The ASX states that it is inappropriate for a question to be answered, or a report corrected, if doing so involves providing material information that is not public. The ASX states that when analysts visit the company, care should be taken to ensure that they do not obtain material information that is not public.

- **Internal Disclosure**

Employees will have access to information that is confidential. The employees with such access should be made aware of its confidential nature. The ASX notes that companies should ensure that confidential information does not find its way into "in house" publications.

### **Insider Trading and "Tipping"**

The Corporations Act prohibits the following conduct –

- A person (the "insider") trading in shares while in possession of information that is not "generally available" to the market, but which if it became "generally available", could reasonably be expected to materially affect the price of Aeris' shares.
- A person communicating non-public, price-sensitive information to another person who is likely to trade in Aeris' shares. An offence is committed even if the person to whom the information is provided is told not to trade in the shares until a public announcement is made, if it is thought likely that the person will disregard that instruction.

The Corporations Act provides that the information becomes "generally available" once it has been published and enough time has elapsed for it to be disseminated in the market.

The prohibition on insider trading and tipping applies not only to company Directors and staff, but also to anyone outside Aeris who has non-public information that may affect the price of Aeris' shares. In addition, it is possible that Aeris employees could be aware of non-public, price-sensitive information relating to other listed companies that, if shares in that company were purchased, could breach the insider trading restrictions (for example, a company with which Aeris is considering entering into a major contract).

### **Analyst and Institutional Briefings**

In 1999 the Australian Securities and Investments Commission (ASIC) issued its Guidance Paper dealing with the selective disclosure of information to institutional investors and analysts. This Guidance Paper addresses the ASIC's concern that ordinary shareholders have a perception that significant information is disclosed by listed companies to analysts and institutions such that they can profit by trading on that information at the expense of the ordinary shareholders. The ASIC is concerned that this perception could cause ordinary shareholders to lose trust in the fairness of the market place. In this regard, the ASIC notes that documents lodged with the ASX are often supplemented with more comprehensive background information provided to analysts and institutions at private briefings. To this end, the ASIC suggests that:

- information disclosed to the ASX be added to the releasing company's website (following ASX acknowledgement of receipt and release to the market); and

- non-material information and supplementary material made available to institutions and analysts be made available to shareholders and the wider investment community on the disclosing company's website.

The ASIC's focus is on giving investors access to all significant information disclosed to analysts or institutions that is not already publicly available, regardless of whether it is considered price-sensitive. The ASIC considers it is good practice to provide shareholders with access to all significant background information that is provided to analysts and institutions.

### **Information Disclosure Programme Procedures**

As will be apparent from the above, it is essential for Aeris to design a disclosure system to ensure:

- that a breach of Listing Rule 3.1 does not occur; and
- that information is made available to all investors equally.

## Appendix A

### CORPORATE CODE OF CONDUCT

#### 1. Introduction to the Code of Conduct

The Aeris Code of Conduct sets out the standards that the Aeris Board, management and employees are encouraged to comply with when dealing with each other, shareholders and the broader community.

#### 2. Board and Management's role in the Corporate Code of Conduct

The Aeris Board and management have prepared, reviewed and endorse this Code of Conduct. The Board and management encourage all staff to consider the Code of Conduct, and use it to determine how to respond when acting on behalf of the Company.

#### 3. Responsibilities to Shareholders and the Financial Community

The Company aims to enhance shareholder value and to safeguard the rights and interests of the Company's shareholders, and the financial and business community, and comply with systems of accounting internal and other controls, and accountability that Aeris has in place as part of its corporate governance, and to act with honesty, integrity and fairness.

#### 4. Responsibility to Customers and Consumers

The Company is to comply with all legislative and common law requirements that affect its activities. Any transgression from the applicable legal rules is to be reported to the Managing Director / CEO as soon as a Director or employee becomes aware of such a transgression.

#### 5. Employment Matters

Aeris will employ the best available staff with the skills required to carry out their roles. The Company will ensure a safe workplace, and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

#### 6. Responsibility to the Community

The Company will act with honesty, integrity and fairness in all dealings with the community.

The Company will recognise, consider and respect environmental issues that arise in relation to the Company's activities and comply with all applicable legal requirements.

#### 7. Responsibility to the Individual

The Company recognises and respects the rights of individuals, and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, and private and confidential information.

Aeris will maintain the confidentiality of the Company's shareholders, customers and suppliers, unless it is required to be disclosed by law.

#### 8. Obligations Relative to Fair Trading and Dealing

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

## **9. Management of any Conflicts of Interest**

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company (excluding those matters that may be subject to legal professional privilege). Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman in the case of a Board member, the Managing Director / CEO in the case of a member of management, and a direct supervisor in the case of other employees, so that it may be considered and dealt with in an appropriate manner for all concerned.

## **10. Compliance with the Code of Conduct**

Any breach of compliance with the Code of Conduct is to be reported directly to a senior Executive, the Managing Director / CEO or the Chairman, as appropriate.

## **11. Periodic Review of the Code of Conduct**

The Company will monitor compliance with the Code of Conduct periodically by liaising with the Board, management and staff, especially in relation to any areas of difficulty that arise from the Code of Conduct, and any other ideas or suggestions for improvement. Suggestions for improvements or amendments can be made at any time.

## **12. Code of Conduct for Employees and Contractors**

The Code of Conduct for employees and contractors forms part of this Corporate Code of Conduct. It provides as follows – employees and contractors will:

- be committed to the ideal of equal employment opportunity, and to providing a workplace that is free from harassment and discrimination. To this end the Company will observe the rules and spirit of the legal and regulatory environment in which the Company operates. In this regard, refer to the Company's separate Diversity Policy;
- deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity, and will observe the rules and spirit of the legal and regulatory environment in which the Company operates;
- actively promote the highest standards of ethics and integrity in carrying out their duties for the Company;
- respect the confidentiality of all information of a confidential nature that is acquired in the course of the Company's business and will not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;
- report any breach of this Code of Conduct to senior management, who will treat reports made in good faith with respect and in confidence;
- protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company, and that no property, information or position belonging to the Company, or opportunity arising from these, are used for personal gain or to compete with the Company; and
- disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and of which they believe could compromise in any way the reputation or performance of the Company.

## Appendix B

### CORPORATE GOVERNANCE COMMITTEE

#### TERMS OF REFERENCE

##### 1. Membership

- 1.1 Members of the Corporate Governance Committee will be no less than two Non-Executive Directors and an Executive Director.
- 1.2 The Chairman of the Corporate Governance Committee shall be a Non-Executive Director of the Company.
- 1.3 Members of the Corporate Governance Committee shall be appointed for an initial three-year term of office after which their appointment may be subject to annual review and probable rotation.

##### 2. Secretary and Meetings

- 2.1 The Company Secretary is to attend all meetings as minute secretary. The Company Secretary, in conjunction with the Chairman, shall draw up an agenda that shall be circulated at least two full working days prior to each meeting to the members of the Corporate Governance Committee.
- 2.2 The Chairman will call a meeting of the Corporate Governance Committee if so requested by any Committee member, the Managing Director / CEO or Company Secretary.
- 2.3 Meetings shall be held at least once each year or as required.

##### 3. Reporting

- 3.1 The Chairman of the Corporate Governance Committee shall report the findings and recommendations of the Corporate Governance Committee to the Board after each Committee meeting. The minutes of all Corporate Governance Committee meetings shall be circulated to members of the Board. The Chairman may submit an Annual Report to the Board summarising the Corporate Governance Committee's activities during the year, and the related significant results and findings.
- 3.2 The Corporate Governance Committee shall have no executive powers with regard to its findings and recommendations.

##### 4. Responsibilities

- 4.1 The Corporate Governance Committee is responsible for:
  - implementing and monitoring the ethical standards of the Company;
  - the Company's Code of Conduct;
  - the Company's environmental policy, in conjunction with the Audit Committee;
  - ensuring that a socially-acceptable process is adopted to ensure that the Company is an equal opportunity employer; and
  - making sure that the Company is an upstanding corporate citizen.

In addition, the Corporate Governance Committee shall examine any other matters referred to it by the Board.

4.2 The work of the Corporate Governance Committee will draw on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council in August 2007, as amended in 2010.

4.3 The duties of the Corporate Governance Committee are as follows –

- To establish and periodically review the Corporate Code of Conduct, as well as procedures to ensure compliance.
- To supervise special investigations as directed by the Board.
- To review policies on sensitive issues or practices, such as environmental issues.
- To review policies in order to avoid conflicts of interest, and review past or proposed transactions between the corporation and members of management.
- To monitor the Company's compliance with its equal opportunity obligations.

## **5. The Committee's Right to Information**

5.1 The Corporate Governance Committee shall have the authority to seek any information it requires from any officer or employee of the Company, or its subsidiary companies, and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries.

## **6. Meeting Timetable**

6.1 The Company Secretary is to distribute a meeting timetable for each forthcoming calendar year containing the following:

- proposed acquisitions or disposals, or other commercial arrangements in the process of negotiation;
- internal budgets and forecasts;
- management accounts;
- business plans;
- internal market intelligence;
- information prepared for lenders; and
- dispute settlement negotiations.

## Appendix C

### AUDIT COMMITTEE

#### TERMS OF REFERENCE

##### 1. Membership

- 1.1 The Chairman of the Committee shall be a Non-Executive Director of the Company.
- 1.2 Members of the Committee shall be appointed for an initial three-year term of office after which their appointment may be subject to annual rotation.

##### 2. Secretarial and Meetings

- 2.1 The Company Secretary is to attend as minute secretary. The minute secretary, in conjunction with the Chairman, shall draw up an agenda that shall be circulated at least two full working days prior to each meeting to the members of the Committee, the external auditors and any notified invitees.
- 2.2 The Chairman will call a meeting of the Audit Committee if so requested by any Committee member, the Managing Director / CEO or external auditors.
- 2.3 The Managing Director / CEO, Company Secretary and the external auditors should be given notice of all meetings and have the right to attend and speak.
- 2.4 Meetings shall be held twice a year or as required. Meetings are to be held at least:
  - before the issue of the Half-Year Report; and
  - before the issue of the final financial result and prior to the Board meeting approving the Annual Financial Report.

A member of the Committee may also meet separately with the auditors.

##### 3. Reporting

- 3.1 The Chairman of the Audit Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board. The Chairman may submit an annual report to the Board summarising the Committee's activities during the year, and the related significant results and findings.
- 3.2 The Audit Committee shall have no executive powers with regard to findings and recommendations.

##### 4. Responsibilities

- 4.1 The Audit Committee shall consider any matters relating to the financial affairs of the Company, and its subsidiary companies, and to the Group's external audit, that it determines to be desirable. In addition, the Audit Committee shall examine any other matters referred to it by the Board.
- 4.2 The duties of the Audit Committee are as follows:
  - monitoring compliance with the Corporations Act, ASX Listing Rules and any matters outstanding with the auditors, Australian Taxation Office, ASIC and financial institutions;
  - monitoring corporate risk assessment (including on environmental risks) and

the internal controls instituted as directed by the Board of Directors;

- liaison with external auditors;
- reviewing the annual audit plan with management and the auditors;
- reviewing information derived from the audit;
- reviewing interim financial information;
- supervising special investigations as directed by the Board;
- reviewing compliance with applicable government regulations;
- assessing the performance of financial management;
- reviewing the adequacy of insurance coverage; and
- reviewing the performance and compensation of the external auditors.

## **5. The Committee's Right to Information**

5.1 The Audit Committee shall have the authority to seek any information it requires from any officer or employee of the Company, or its subsidiary companies, and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries. The Audit Committee is authorised to take such independent professional advice as it considers necessary.

## **6. Meeting Timetable**

6.1 The Company Secretary is to distribute a meeting timetable for each forthcoming calendar year.

## Appendix D

### DIVERSITY POLICY

#### 1. Overview

The Board of Directors of Aeris Environmental Ltd (the Company) is responsible for the overall management of the Company, including guidance as to strategic direction, ensuring best practice Corporate Governance and oversight of management. The Company recognises that people are its most important asset, and is committed to the maintenance and promotion of workplace diversity.

The Company believes that the pursuit of diversity in the workplace increases its 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 employees, consultants and contractors, and cultivates an environment of fairness, respect and equal opportunity.

The Company has developed, and the Remuneration and Nomination Committee and the Board have formally approved, a Diversity Policy that describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees, to enhance the Company's performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. It outlines the process by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity, within the Company. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

#### 2. Scope

The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board and senior management level, gender has been identified as a key area of focus for the Company. Accordingly, a primary focus of this Policy is achieving, over a reasonable transition period, adequate representation of women in senior management positions and on the Board.

The strategies outlined below aim to achieve the objectives of this Policy by:

- setting measurable objectives relating to gender at all senior management and leadership levels;
- broadening the field of potential candidates for senior management and Board appointments;
- increasing the transparency of the Board appointment process; and
- embedding the extent to which the Board has achieved the objective of this Policy in the evaluation criteria for the annual Board performance evaluation.

### 3. Promoting Diversity

In order to facilitate greater diversity in management and leadership roles, the Company will:

- introduce and supplement the measures outlined in this Policy;
- implement policies that address impediments to diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities), and review these policies to ensure that they are available to, and utilised at, senior management levels; and
- monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented women and employees from a diverse range of backgrounds.

It is the responsibility of the Board to foster an environment where:

- individual differences are respected;
- access to employment, rewards and training opportunities is based on performance, skill and merit; and
- inappropriate attitudes, behaviours and stereotypes are confronted and eliminated.

### 4. Measurable Objectives

It is the Company's objective to provide a fair and equitable workplace, free from discrimination related to age, gender, ethnic, cultural or other personal factors, in which diversity enhances Company performance and shareholder value. The Company encourages diversity at all levels of the organisation as a means of facilitating an appropriate mix of skills and talent to conduct its business. Active management of diversity in the workplace involves recognising and valuing the unique contribution people can make because of their individual backgrounds, different skills, experiences and perspectives.

Each year the Board sets measurable objectives with a view to progressing towards a balanced representation of women at a Board and senior management level. Performance against these objectives is reviewed annually by the Remuneration and Nomination Committee, as part of its annual review of the effectiveness of this Policy.

Subject to the size and operations of the Company, the Board is committed to setting measurable objectives for the long-term goal of improving gender representation across all levels of the organisation. The Board will include in the Annual Report each year:

- a summary of the Company's progress towards achieving the measurable objectives set under this Policy for the year to which the Annual Report relates; and
- details of the measurable objectives set under this Policy for the subsequent financial year.

### 5. Gender Representation Review

On an annual basis, the Remuneration and Nomination Committee reviews the proportion of women who are employed by the Company as a whole in senior management positions and on the Board. The Remuneration and Nomination Committee submits a report to the Board outlining its findings. The Company discloses in its Annual Report the proportion of women employees in the Company as a whole, in senior management and on the Board.

## 6. Recruitment, Selection and Succession Planning

The Company provides equal opportunities in respect to employment and employment conditions, including:

- **Hiring:** The Board ensures that appropriate selection criteria, based on diverse skills, experience and perspectives, are used when recruiting new staff and Directors. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination.
- **Training:** All internal and external training opportunities will be based on merit, and Company and individual needs. The Board will consider senior management training and executive mentoring programmes to develop skills and experience to prepare employees for senior management and Board positions.
- **Career Advancement:** All decisions associated with career advancement, including promotions, transfers, and other assignments, will meet the Company's needs, and be determined on skill and merit.
- **Work Environment:** The Company will ensure that all officers, employees, consultants and contractors have access to a work environment that is free from harassment and unwanted conduct in relation to personal circumstances or characteristics. Directors, managers and supervisors will ensure that complainants or reports of sexual, racial or other harassment are treated seriously, confidentially and sympathetically by the Company.

The Remuneration and Nomination Committee is responsible for the development and succession planning process for the Managing Director / CEO and their direct reports. In discharging this responsibility, the Remuneration and Nomination Committee will have regard to diversity criteria.

Whilst skills such as leadership and previous experience as a CEO, Chairman or Board member of an ASX-listed or healthcare organisation with international operations have traditionally been prerequisites to an appointment as an Aeris Director, the Board recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:

- marketing and sales;
- policy and regulatory development and reform;
- health, safety and environment, and social responsibility; and
- human resources.

The Board will develop and disclose a Board appointment process, which includes selection criteria having regard to the skills and experience outlined above, and the selection process for senior management positions.

The Remuneration and Nomination Committee is responsible for identifying qualified individuals for appointment to the Board. In identifying candidates, the Remuneration and Nomination Committee will have regard to the selection criteria set out in the Board appointment process, which will include:

- skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors;
- diversity; and

- the extent to which the candidate would fill a present need on the Board.

## **7. Compliance with Policy**

The Board proactively monitors Company performance in meeting the standards and policies outlined in this Policy. This includes an annual review of the diversity objectives set by the Board, and its progress in achieving them. The Board considers setting key performance indicators for the Board, the Managing Director / CEO and senior executives that are linked to the achievement of the diversity objectives set by the Board.

It is the responsibility of all Directors, officers, employees, consultants and contractors to comply with the Company's Diversity Policy, and report violations or suspected violations. Any breach of compliance with this Diversity Policy is to be reported directly to the Managing Director / CEO or Chairman, as appropriate. Anyone breaching this Diversity Policy may be subject to disciplinary action, including termination.

## **8. Disclosure of Policy**

A summary of this Policy and the Company's achievement of the Policy's objectives is disclosed in the Annual Report.

## **9. Review of Policy**

The Remuneration and Nomination Committee is responsible for the review and oversight of this Policy. In executing this role, the Remuneration and Nomination Committee, with the appropriate support and input from management:

- reviews on an annual basis:
  1. the effectiveness of this Policy, its objective and the strategies outlined above, which aim to achieve the objective; and
  2. the division of responsibilities and accountability for developing and implementing diversity initiatives across the organisation; and
- reports to the Board on the outcomes of its review, including any recommendations for changes to those strategies or the way in which they are implemented.

## Appendix E

### CHARTER OF THE REMUNERATION AND NOMINATION COMMITTEE

#### 1. Introduction

- 1.1 This Charter governs the composition, membership, roles and responsibilities of the Remuneration and Nomination Committee (Committee) of the Company.
- 1.2 The operation of the Committee is also governed, where applicable, by the Constitution of the Company.
- 1.3 This document is an important part of the fundamental set of behaviours and principles that underpins all of the Company's activities.

#### 2. Secretary and Meetings

- 2.1 The purpose of the Committee is to provide recommendations to assist the Board of Directors of the Company (Board) with respect to:
  - identifying nominees for Directorships;
  - the composition of the Board;
  - ensuring that effective induction and education procedures exist for new Board appointees and key executives;
  - ensuring that appropriate procedures exist to assess and review the performance of the Chairman, Non-Executive Directors, senior management, Board Committees and the Board as a whole;
  - setting in place remuneration policies that are designed to attract and retain senior managers and Directors with the expertise to enhance the performance and growth of the Company; and
  - ensuring that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of Executive Directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company.

#### 3. Composition

##### a. Members

The Committee should ideally have a majority of Independent Directors.

The members of the Committee will be appointed and removed by the Board.

##### b. Expertise

Members of the Committee should have an appropriate level of understanding of:

- the principles of corporate governance, including knowledge of the ASX Principles of Good Corporate Governance and Best Practice Recommendations;
- the Company's businesses and organisation structure;
- the functions of the Board and the various roles and responsibilities of Directors and other key executive positions;
- the disclosure requirements under the *Corporations Act 2001* and the ASX Listing Rules in respect to executive and Director remuneration;

- the complexities involved in negotiating and determining executive remuneration packages; and
- Company management, at a senior management level.

**c. Chairman and Secretary**

The Committee will be chaired by the Chairman of the Board or an Independent Director (Chairman).

The Company Secretary will act as secretary of the Committee (Secretary) unless determined otherwise by the Board.

**d. Liaison**

The principal liaison between executive management and the Committee will be the human resources general manager, when the Company is of sufficient size to employ one.

**4. Meetings**

**4.1 Frequency**

The Committee will meet as frequently as required but must, at a minimum, meet once a year.

The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee or Board.

**4.2 Agenda and Notice**

The Secretary will be responsible, in conjunction with the Chairman, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible, but not less than seven days before the meeting.

**4.3 Quorum**

A quorum for Committee meetings will be at least two members and one of the members of the quorum must be an Independent Director.

**4.4 Minutes**

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable.

**4.5 Attendance**

The Committee may invite any person to attend part or all of any meeting of the Committee as it considers appropriate. Voting at Committee meetings is restricted to Committee members.

**5. Objectivity**

5.1 No member of the Committee will be directly responsible for providing advice or recommendations concerning the level or composition of his or her remuneration to the Board.

5.2 The Committee has the right to seek internal and external advice when it considers such advice necessary in order to fulfil its responsibilities.

- 5.3 Management must supply the Committee with information in a form, timeframe and of a quality that will enable the Committee to effectively discharge its duties.
- 5.4 The Committee must ensure that it obtains sufficient information to enable it to make informed decisions with respect to the advice and recommendations it provides to the Board.

## **6. Responsibilities of the Committee**

### **6.1 Nomination, Appointment and Removal**

The Committee is responsible for:

- 6.1.1 identifying specific individuals for nomination for Directorship and key executive roles; and
- 6.1.2 providing advice and recommendations to the Board with respect to the appointment and removal of Directors and key executives.

The Committee must ensure that there is a formal process in place for selecting and appointing new Directors and key executives, and that the process is transparent.

### **6.2 Director Competencies**

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of:

- 6.2.1 a plan for identifying, assessing and enhancing Director competencies; and
- 6.2.2 a succession plan that is designed to ensure that an appropriate balance of skills, experience and expertise is maintained on the Board.

Prior to identifying an individual for nomination for directorship, the Committee must evaluate the range of skills, experience and expertise currently existing on the Board to ensure that the Committee identifies the particular skills, experience and expertise that will most effectively complement the Board's current composition.

### **6.3 Board Composition**

The Committee is responsible for ensuring that the Board is of a size and composition that allows for:

- 6.3.1 decisions to be made expediently;
- 6.3.2 a range of different perspectives to be put forward regarding issues before the Board;
- 6.3.3 a range of different skills to be brought to Board deliberations; and
- 6.3.4 Board decisions to be made in the best interests of the Company as a whole rather than being made in the interests of individual shareholders or interest groups.

### **6.4 Board Commitment**

The Committee is responsible for monitoring, on an ongoing basis, the time required for Non-Executive Directors to adequately fulfill their duties and the extent to which Non-Executive Directors are meeting these time requirements.

Prior to the nomination of a prospective Non-Executive Director the Committee must obtain from the prospective candidate:

- 6.4.1 details of other commitments of the prospective candidate and an indication of the time involved to meet these requirements; and
- 6.4.2 an acknowledgement that the prospective candidate will have sufficient time to meet the requirements of a Non-Executive Director of the Company.

## 6.5 Election of Directors

The Committee must ensure that any notice of meeting relating to the election of Directors provides the Company's shareholders with the information necessary to allow them to make an informed decision on the election.

The Committee must ensure that Non-Executive Directors are appointed for specific terms subject to re-election, and to the ASX Listing Rules and the *Corporations Act 2001* provisions regarding the removal of Directors.

## 6.6 Induction and Education Procedures

The Committee must ensure that an effective induction process is implemented for new Board appointees and key executives. This induction process must include:

6.6.1 information about the Company;

6.6.2 information about the industry within which the Company operates; and

6.6.3 an induction programme that enables new Directors and executives to gain an understanding of:

6.6.3.1 the Company's financial, strategic, operational and risk management position;

6.6.3.2 their rights, duties and responsibilities; and

6.6.3.3 the role of any Board committees.

The Committee must review the induction process annually to ensure that it is up to date and effective.

The Committee must ensure that Board appointees and executives have access to continuing education to update and enhance their skills and knowledge. This may include education concerning key developments in the Company and within the industry, and environments within which it operates.

## 6.7 Evaluation and Review

The Committee is responsible for the:

6.7.1 evaluation and review of the performance of the Board against both measurable and qualitative indicators to be established by the Committee;

6.7.2 evaluation and review of the performance of individual Directors against both measurable and qualitative indicators to be established by the Committee;

6.7.3 review of, and making of, recommendations on the size and structure of the Board; and

6.7.4 review of the effectiveness and programme of Board meetings.

## 6.8 Executive Remuneration Policy

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of an executive remuneration policy that:

6.8.1 is designed to attract, maintain and motivate Directors and senior management with the aim of enhancing the performance and long-term growth of the Company; and

6.8.2 clearly sets out the relationship between the individual's performance and remuneration.

The Committee must review the remuneration policy and other relevant policies on an ongoing basis, and recommend any necessary changes to the Board.

The Committee is also responsible for providing the Board with advice and recommendations regarding the Company's policies on recruitment, retention and termination.

### **6.9 Executive Remuneration Packages**

The Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and Executive Directors.

The Committee must ensure that the remuneration packages of senior management and Executive Directors:

- 6.9.1 display a balance between fixed and incentive pay that is tailored to the Company's short and long-term performance objectives;
- 6.9.2 provide for a link between rewards and the performance of the Company and individual; and
- 6.9.3 are consistent with the Company's remuneration policy and any other relevant Company policies.

The fixed component of each executive remuneration package should be based on the core performance requirements and expectations of the individual. The performance-based component of each executive remuneration package should be linked to specified performance targets.

The Committee must ensure that, where applicable, any payments of equity-based remuneration are made in accordance with any thresholds set out in plans approved by the Company's shareholders. Committee members must be aware at all times of the limitations of equity-based remuneration.

The Committee is also responsible for advising and providing recommendations to the Board with respect to executive superannuation arrangements.

### **6.10 Incentive Schemes**

The Committee is responsible for reviewing and providing recommendations to the Board with respect to:

- 6.10.1 the Company's policies on incentive schemes; and
- 6.10.2 the incentive schemes of senior managers and Executive Directors.

The Committee will assist the Board in the development of appropriate benchmarks for use in designing incentive schemes.

### **6.11 Non-Executive Remuneration**

The Committee is responsible for providing advice to the Board with respect to Non-Executive Directors' remuneration.

The remuneration packages of Non-Executive Directors should generally be fee-based and the Committee must ensure that:

- 6.11.1 there is a clear distinction between the structure of Non-Executive Directors' and Executive Directors' remuneration; and
- 6.11.2 Non-Executive Directors do not participate in remuneration schemes designed for Executive Directors.

## 6.12 Termination Payments

The Committee is responsible for providing advice and recommendations to the Board on the Company's termination and redundancy policies, and the payments made to outgoing Directors and senior managers. The Committee should ensure that termination payments:

- 6.12.1 are fair to the individual and the Company; and
- 6.12.2 do not reward failure.

Where applicable, termination payments must be agreed in advance and must contain clearly-defined provisions regarding the consequences of early termination. The termination payments of the Company's Managing Director / CEO must always be agreed in advance.

## 7. Access to Information

- 7.1 In order to ensure the Board is able to discharge its responsibilities properly, the Committee should establish a process whereby Directors:
  - 7.1.1 can obtain independent professional advice when necessary at the expense of the Company;
  - 7.1.2 are encouraged to, and in fact actively, request additional information where they consider that the information supplied by internal or external sources is insufficient to allow them to make informed decisions; and
  - 7.1.3 can access the Secretary whenever required.

## 8. Reporting

### 8.1 Reporting to the Board

The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews, recommendations and any other relevant issues.

### 8.2 Annual Report

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the Corporate Governance section of the Company's Annual Report that relates to the Company's nomination policies and procedures, information concerning the Directors, the performance evaluation of the Board, and remuneration policies and procedures.

## 9. Review of the Charter

- 9.1 This Charter shall be reviewed annually and revised by the Board as required.

## Appendix D

### SECURITIES TRADING POLICY

#### Securities Trading and Trading Windows

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.

Notice of an intention to trade must be given to the Aeris Managing Director / CEO (or 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 completion of any such trade by a Director must also be notified 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 deals with 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.