



Aeris Environmental Ltd

ABN 19 093 977 336

Corporate Governance Statement

for the year ended 30 June 2019

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Corporate Governance

The Aeris Environmental Ltd (Aeris or the Company) (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. Aeris' 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. At its May 2019 Board meeting the Directors discussed the Company's transitioning process to the fourth edition of the ASX Corporate Governance Principles and Recommendations, which was released on 27 February 2019. The Board is aware that entities with a 30 June balance date will be required to measure their governance practices against the recommendations in the fourth edition commencing with the financial year beginning 1 July 2020 and ending 30 June 2021. As ASX is encouraging listed entities to adopt the fourth edition earlier, the Board has agreed that Aeris will aim to progressively adopt the new Principles and Recommendations in the 2019-20 financial year. While Aeris attempts to adhere to the principles currently 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 2018 to 30 June 2019, in accordance with ASX Listing Rules 4.7.4 and 4.10.3. Aeris' Corporate Governance Committee reviewed the recommendations and the Company's 2019 Corporate Governance Statement on 27 September 2019, and the Board of Directors approved the Company's Corporate Governance Statement on 27 September 2019. In many cases Aeris was already achieving the standards required. In other cases the Company has considered other arrangements to enable compliance. In a number of instances, Aeris 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 its 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 Aeris' Corporate Governance Compliance Manual, which can be found in the Investor section of the Company's website i.e. at <https://www.aeris.com.au/investor> (along with the Corporate Governance Statement).

Principle 1: Lay solid foundations for management and oversight

Aeris 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 the date of this Statement the Company has a relatively-small Board of four Non-Executive Directors consisting of Messrs Maurie and Bernard Stang, Mr Steven Kritzler and Dr Alex Sava. Mr Peter Bush, Aeris' 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 Aeris' 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 Aeris, 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 and advising it of the changes in Aeris' risk profile, providing certification regarding the financial statements for the quarterly, half-year and annual reports, reporting to the Board on a monthly basis on the performance of the Company and ensuring the education of the Directors on relevant matters.

Aeris 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 Aeris 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.

Aeris 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. Aeris 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, the Company provides security holders with: any material adverse information revealed by the checks Aeris 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 the Company 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 Aeris 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.

Aeris has a Securities Trading Policy concerning trading in its securities by Directors, senior executives, employees and significant consultants, which is included in the Company's Corporate Governance Compliance Manual, which can be found in the Investor section of Aeris' website.

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.

The Company 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 Aeris' progress in achieving them. The Company has disclosed its Diversity Policy in its Corporate Governance Compliance Manual, which can be found in the Investor section of Aeris' website. As at the end of the recent reporting period, the measurable objectives for achieving gender diversity set by the Board and Corporate Governance Committee in accordance with the Company's Diversity Policy and its progress towards achieving them were that Aeris satisfied its objective of considering and employing women for staff appointments. The Company continues to be in a dynamic growth phase. As it builds its global presence, and the size and diversity of what Aeris does, it will review and modify more 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 (15 employees) and does not have any women on its Board or amongst its senior executives. However, in the recent reporting period, the Company has employed three female staff members, so that it now has 12 men and three women on its staff. The Company has defined "senior executive" for these purposes in the Remuneration Report section of its Annual Report, as key management personnel, being the Directors, CEO and Company Secretary. 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. Aeris 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 in accordance with that process. Following the review of the results of the Board Evaluation Questionnaire, and following discussion with potential large investors, the Board is acutely aware that it needs to become independent, and appropriate skills are being targeted through an active process. 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, in conjunction with a remuneration consultant.

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 has three members, being Messrs Maurie Stang (Committee Chairman), Bernard Stang and Steven Kritzler, but does not follow the recommendation that a majority of such a Committee should be made up of independent Directors (as these three Directors are substantial shareholders, and therefore not deemed to be independent, and the Company currently only has one independent Director, who is on the Board for his technical expertise and therefore not on this Committee) 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 section of Aeris' website. During the 2018-19 financial year, the Committee did not meet. 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.

Aeris discloses that Dr Alex Sava is the only Director considered by the Board to be an independent Director. 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 17 years, and Dr Alex Sava has been a Director of Aeris for three years. Mr Peter Bush has been an Alternate Director for eight 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. Messrs Maurie Stang, Steven Kritzler and Bernard Stang are substantial shareholders, which the Board believes helps align their interests with those of other shareholders. At the same time, the Directors recognise that by holding substantial stakes in Aeris 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 Aeris 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 Company's Board composition continues to be reviewed at Board meetings where, as part of this process, the Board is investigating and considering new members. The Board expects to make additional appointments of Independent Directors, and, in keeping with Aeris' Diversity Policy, the Company will favourably consider a woman for the Board.

Aeris does not comply with the recommendation that a majority of the Board should be independent directors because three are substantial shareholders. Dr Alex Sava is considered by the Board to be an independent Director although he is employed by a company controlled by the other Aeris Directors. The Board has reviewed the independence tests set out in Box 2.3 of the Corporate Governance Principles and Recommendations, and considers that, because of Dr Alex Sava's other non-associated financial interests, he is independent. The Non-Executive Chairman of the Board of Aeris is not an independent Director, but he is considered by the other Directors to be the most qualified and experienced to hold the role of Chairman. 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 Aeris, 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 Aeris 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. Aeris 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 section of the Company's website. The Directors believe that this code of conduct is appropriate for Aeris' size and that it takes into account the close interaction of individuals throughout the organisation. The purpose of the Company's Corporate Code of Conduct is to guide compliance with legal and other obligations, to maintain confidence in Aeris' 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. Aeris, 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 Company's customers are significant energy savings, healthier indoor air quality and improved environmental comfort to staff. Aeris' 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. In April 2019, the Company announced a new Aeris disinfectant paper-based product to enter the global market for improved environmental hygiene, being the Southern Cross dry wipes replacement for plastic-based wipes. Plastic wipes have a very significant and negative effect on the environment, landfill, oceans and waterways. The Southern Cross wipes are 100% paper-based, manufactured exclusively from renewable resources and share the environmental advantages of cellulose-based (paper) technologies, which are rapidly replacing plastic in many fields. Aeris always tries to deal with business associates who demonstrate similar ethical and responsible business practices.

Principle 4: Safeguard integrity in corporate reporting

Aeris has processes that independently verify and safeguard the integrity of its corporate reporting. At its 1 April 2019 Board meeting, the Directors resolved to expand the Company's Audit Committee to incorporate risk, so that it is now a joint Audit and Risk Committee. However, the three dates that the Committee met on during the recent reporting period were prior to 1 April 2019, while it was only an Audit Committee. Both of the members are Non-Executive

Directors, and the Committee 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. Aeris does not follow the recommendations that the Committee have at least three members, a majority of whom are independent, including the Committee Chairman, as only one of the Company's Directors is considered to be an independent Director, and neither he (Dr Alex Sava) nor Mr Steven Kritzler have the relevant qualifications or experience to be on an audit committee. Aeris will seek to at least partially remedy this situation as it is looking to appoint additional Independent Directors to expand the capacity and expertise on the Board. 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 "About" section of the Company's website under "Meet the Team" in "Board Members", as well as in the Directors' Report of the Annual Report. The Audit and Risk Committee has a formal charter that is disclosed in Aeris' Corporate Governance Compliance Manual, which can be found in the Investor section of the Company's website. The Committee reports to the Board after each Committee meeting and after meeting with Aeris' external Auditor; meetings are held at least twice each year. During the last reporting period, the Audit Committee met three times (i.e. prior to becoming a joint Audit and Risk Committee) and both members attended all of those meetings. In conjunction with the full Board, the Committee reviews the performance of the external Auditor (including the scope and quality of the audit). The primary responsibilities of the Committee are to oversee the existence and maintenance of internal controls, accounting systems and the financial reporting process, to nominate the external Auditor, to review existing external audit arrangements, including the selection, appointment and rotation of external audit engagement partners, and to monitor corporate risk assessment (including on environmental risks).

The Board of the Company receives from its CEO and CFO (before it approves Aeris' 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 Aeris, and that this 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 Aeris' audit partner, with two members of UHY Haines Norton attending the Company's 2018 AGM.

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. Aeris, 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. Aeris has included 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, including at every Board meeting, and there is accountability at a senior executive level for that compliance. The Company maintains a register of matters considered for possible market disclosure. Procedures have also been established for reviewing whether any material price-sensitive information has been inadvertently disclosed to analysts, shareholders or other parties, and if so, this information is also immediately released to the market.

Principle 6: Respect the rights of security holders

Aeris 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 – www.aeris.com.au. Here, interested parties can find information about Aeris under the homepage heading "About" and can also find information on the Company's corporate governance under the homepage heading "Investor". The names and brief biographical information for each of Aeris' Directors, and the CEO and Company Secretary can be found under "Board Members" in the "Meet the Team" part of the "About" section of the website. Information on AerisGuard Hygiene & Remediation Solutions, Aeris Corrosion Protection, Aeris Technology & Controls, IAQ Consultancy & Project Management and AerisGuard Polymers can also be found on the homepage under "Solutions". "Products", "Training & Warranty", "News" and "Partner Portal" sections can be reached via the links at the top of the homepage of the website. The "Investor" section of the Company's website is where relevant corporate governance information can be accessed. This includes: a link to the ASX's website for up-to-date Aeris announcements to the market; copies of Aeris' annual reports and notices of meetings, Share Registry contact details; Corporate Governance information including the Corporate Governance Statement, Corporate Governance Compliance Manual (including the Committee Charters, and other policies) and Constitution; and an Email Alerts register where visitors who enter their personal details and alert preferences can subscribe to receive alerts from the Company as important Aeris information becomes available to the market. The Company's contact details can be found on the "Contact" section of the website where queries or comments can also be submitted and interested parties can sign up to receive Aeris' newsletter. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and can be accessed via the Company's website via the link to ASX Information.

Aeris 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 Aeris 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. Aeris has an appropriate communications procedure to promote effective communication with shareholders, which is in line with the Company's size and its financial capacity. Aeris 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. Aeris 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" and "Investor" sections of its website. Aeris also has a Shareholder Communications Policy, which sets out the Company's requirements expected from all Directors, senior management and employees for communicating effectively with shareholders.

Principle 7: Recognise and manage risk

Aeris has established a sound risk management framework and periodically reviews the effectiveness of that framework. At its 1 April 2019 Board meeting, the Directors resolved to expand the Company's Audit Committee to incorporate risk, so that it is now a joint Audit and Risk Committee. The primary responsibilities of the Committee are to oversee the existence and maintenance of internal controls, accounting systems and the financial reporting process, to nominate the external Auditor, to review existing external audit arrangements, including the selection, appointment and rotation of external audit engagement partners, and to monitor corporate risk assessment (including on environmental risks). However, the three dates that the Committee met on during the recent reporting period were prior to 1 April 2019, while it was only an Audit Committee. Up until this time, the Company had an appropriate formal policy for the oversight and management of material business risks that was fitting for the size of its business. Risk management arrangements were the responsibility of the Board of Directors and senior management collectively, and the Audit Committee also monitored certain risk factors, such as monitoring corporate and financial 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. 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 Aeris' insurance programme. The members of the Committee are Messrs Bernard Stang (Chairman of the Committee) and Maurie Stang. Aeris does not follow the recommendations that the Committee have at least three members, a majority of whom are independent, including the Committee Chairman, as only one of the Company's Directors is considered to be an independent Director, and neither he (Dr Alex Sava) nor Mr Steven Kritzler have the relevant financial qualifications or experience to be on an audit committee. Aeris will seek to at least partially remedy this situation as it is looking to appoint additional Independent Directors to expand the capacity and expertise on the Board. 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 "About" section of the Company's website under "Meet the Team" in "Board Members", as well as in the Directors' Report of the Annual Report. The Audit and Risk Committee has a formal charter that is disclosed in Aeris' Corporate Governance Compliance Manual, which can be found in the Investor section of the Company's website. The Committee reports to the Board after each Committee meeting. During the last reporting period, the Audit Committee met three times (i.e. prior to becoming a joint Audit and Risk Committee) and both members attended all of those meetings.

The Board (and, since 1 April 2019, the Audit and Risk Committee) 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. Aeris' Risk Register is periodically included in the papers for Board and Audit Committee meetings for evaluation. During the 2018-19 reporting period such a review took place at both Audit Committee and Board meetings, where the Company's Risk Register was updated and expanded. The Company does not have an internal audit function. The processes Aeris 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, Audit and Risk Committee, and senior management manage any risks it has. Aeris 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. The Company has a goal of not compromising the health of the ecosystems in which it operates over the long term. Aeris 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 Aeris, 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 aims to pay 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 joint Remuneration and Nomination Committee that was established in December 2004. The Remuneration and Nomination Committee consists of three members, being of Messrs Maurie (Committee Chairman) and Bernard Stang, and Mr Steven Kritzler, thus satisfying the Recommendations that nomination and remuneration committees have at least three members. The Committee, however, does not follow the recommendation that a majority of such a Committee should be independent Directors, as these three Directors are substantial shareholders, and therefore not deemed to be independent. The Company currently only has one Director, Dr Alex Sava, who is considered by the Board to be independent, and as he is on the Board due to his technical expertise and, accordingly, the Board considers it inappropriate for him to be on this Committee. The Committee does not follow the recommendation that it be chaired by an independent Director, as Mr Maurie Stang is not independent. Aeris will seek to at least partially remedy these situations 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 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 2018-19 reporting period the Committee did not meet.

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. The Remuneration and Nomination Committee Charter also requires the Committee to examine whether or not 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 last approved by shareholders at the November 2018 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 Four Directors
Leadership	3
Corporate Governance and Compliance	3
Regulatory Compliance	4
Membership of Governance or Regulatory Bodies	2
Position held on Financial Bodies and Councils	2
Strategy	4
Senior Management positions held outside AEI	4
Directorships of public listed companies held outside AEI	2
CEO / CFO / COO experience	4
General Management	4
Tenure – Director with AEI for up to three years	0
Tenure – Director with AEI for between three to nine years	1
Tenure – Director with AEI for over nine years	3
Operations	4
Occupational Health and Safety	4
Experience Managing Environment Issues in an Organisation	3
Project Delivery	4
Sector / Industry Experience	4
Geographic Experience – Global	2
Geographic Experience – Asia Pacific	3
International Business	4
Finance	3
Accounting	2
Mergers and Acquisitions / Equity / Capital Markets	2
Experience in Growing a Business	4
Experience in Implementing Capital Projects	3
Business Development	4
Risk Management	4
Marketing	4
Remuneration	2
Government Relations	2
Human Resources Management / People	3
Professional Services	2
Gender Diversity – worked with females on boards	2
Technology	4
Tertiary Qualifications	3
Post-Graduate Business Studies and CA or CPA	1
Residency in Australia	4
Research and Development	4
Property Development and / or Management	4
Legal and Intellectual Property	4



Registered and Principal Office

Unit 5, 26-34 Dunning Avenue
Rosebery NSW 2018 Australia

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Facsimile: +61 2 9697 0944
Email: info@aeris.com.au
Website: www.aeris.com.au

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 2019

Our corporate governance statement² for the above period above can be found at:³

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

The Corporate Governance Statement is accurate and up to date as at **27 September 2019** and has been approved by the board.

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

Date: **27 September 2019**

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



¹ 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.

² "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.

³ 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 ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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 OR <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 OR <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 OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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 OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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 OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ 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 ... ⁴
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 OR</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 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 checked="" type="checkbox"/> in our Corporate Governance Statement OR</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 AND</p> <p><input checked="" type="checkbox"/> in the Remuneration Report section of our Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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 OR</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 OR</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 OR</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 OR</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 OR</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 OR</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 ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
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 OR</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 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 AND</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 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 OR</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 OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</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 OR</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 ... ⁴
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 OR <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<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 OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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 OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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 OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
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 OR <input checked="" type="checkbox"/> in the Corporate Governance Compliance Manual in the Investor 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 ... ⁴	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
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 OR</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 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 AND / OR</p> <p><input checked="" type="checkbox"/> in the "About" section of the Company's website under "Meet The Team" under "Board Members" AND / OR</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 OR</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</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 OR</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 ... ⁴
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <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
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> http://www.aeris.com.au , particularly under the homepage headings "About" and "Investor"	<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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<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 ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
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 OR</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 our Corporate Governance Compliance Manual on the Company's website in the Investor section</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</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 a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</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</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 OR</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 OR</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 ... ⁴
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 OR</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 OR</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 OR</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

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 ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
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 OR</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 Corporate Governance Compliance Manual in the Investor 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 AND</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 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 OR</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 OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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>	<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 OR</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 OR</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 ... ⁴
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 AND</p> <p><input checked="" type="checkbox"/> in the Company's Securities Trading Policy in the Corporate Governance Compliance Manual in the Investor section of the Company's website</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<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 OR</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>
-	<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 OR</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>