

ANNUAL GENERAL MEETING

Aeris Environmental Ltd

The Annual General Meeting (AGM) of the members of Aeris Environmental Ltd will be held on Thursday, 27 January 2022 commencing at 11:00am (Sydney time) as a virtual meeting.

In light of the COVID-19 pandemic and the restrictions placed in relation to public gatherings, the AGM is being held as a virtual meeting, with Shareholders being asked to participate virtually. There will not be a physical meeting held.



NOTICE OF THE 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting (AGM or Meeting) of the members of **Aeris Environmental Ltd** (Aeris or the Company) will be held on Thursday, 27 January 2022 commencing at 11:00am (Sydney time) as a virtual meeting.

BUSINESS

1. To Consider the Financial Report

To consider the Reports of the Directors and the Auditor, and the Financial Statements of the Company for the year ended 30 June 2021.

2. Resolution 1 – To Elect a Director – Abbie Widin

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution: That, pursuant to Aeris' Constitution, ASX Listing Rule 14.4 and for all other purposes, Dr Abbie Widin, who was appointed as a Director since the Company's last annual general meeting, retires as a Director and, being eligible, offers herself for election, be elected a director of Aeris.

3. Resolution 2 – To Elect a Director – Jenny Harry

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution: That, pursuant to the Company's Constitution, ASX Listing Rule 14.4 and for all other purposes, Dr Jenny Harry, who was appointed as a Director since Aeris' last annual general meeting, retires as a Director and, being eligible, offers herself for election, be elected a director of the Company.

4. Resolution 3 – To Re-Elect a Director – Steven Kritzler

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution: That, pursuant to Aeris' Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Steven Kritzler, who retires by rotation as a Director, and, being eligible, offers himself for re-election, be elected a director of the Company.

5. Resolution 4 – To Adopt the Remuneration Report

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution: That Aeris' Remuneration Report for the financial year ended 30 June 2021, as set out in the Directors' Report in the Company's 2021 Annual Report, be received, approved and adopted. *Note: The vote on this Resolution is advisory only and does not bind the Directors or Aeris.*

6. Resolution 5 – To Approve the Employee Incentive Plan (EIP)

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution: That, for the purposes of Section 259B(2) and Section 260C(4) of the Corporations Act, and ASX Listing Rule 7.2 (Exception 13(b)), and for all other purposes, approval is given for the Company to issue securities under the Aeris' Employee Incentive Plan, on the terms and conditions set out in the Explanatory Notes.

7. Resolution 6 – To Approve the Level of Non-Executive Directors' Fees

To consider and, if thought fit, to pass the following Resolution as an ordinary Resolution:

That approval be and is hereby given for the aggregate maximum fees that may be paid by the Company to its Non-Executive Directors be set at \$450,000 per annum, as described in the Explanatory Notes.



- 8. Resolution 7 To Approve the Issue of Options under the EIP to a Director Maurie Stang To consider and, if thought fit, to pass the following Resolution as an ordinary resolution: That, for the purpose of ASX Listing Rule 10.11, and for all other purposes, approval be given to Aeris to issue a maximum of 873,000 Options to Director Mr Maurie Stang (or his nominee) under the Company's EIP, on the terms and conditions set out in the Explanatory Notes.
- 9. Resolution 8 To Approve the Issue of Options under the EIP to a Director Steven Kritzler To consider and, if thought fit, to pass the following Resolution as an ordinary resolution: That, for the purpose of ASX Listing Rule 10.11, and for all other purposes, approval be given to Aeris to issue a maximum of 582,000 Options to Director Mr Steven Kritzler (or his nominee) under the Company's EIP, on the terms and conditions set out in the Explanatory Notes.
- **10.** To transact any other business brought forward in accordance with Aeris' Constitution. Further information in relation to these Resolutions is set out in the attached Explanatory Notes.

VOTING EXCLUSION STATEMENTS

In respect of **Resolution 4** (To Adopt the Remuneration Report), the Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is a member of the key management personnel (KMP), whose remuneration details are included in the Remuneration Report, or an associate of that person (or those persons). The prohibition in the Corporations Act on members of KMP voting does not apply to the Chairman of the AGM as proxy for a member entitled to vote where the proxy appointment expressly authorises the Chairman of the Meeting to vote. However, Aeris need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or if it is cast by the person chairing the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In respect of **Resolution 5** (To Approve the Employee Incentive Plan), the Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director, other than any Directors who are ineligible to participate in any Employee Incentive Plan in relation to Aeris, or any associates of those Directors, as provided for in ASX Listing Rule 10.14.

<u>Important Information Concerning Proxy Votes on Resolution 5</u>

The Corporations Act places certain restrictions on the ability of KMP and their closely-related parties to vote on resolutions connected directly or indirectly with the remuneration of the KMP. Their closely-related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control. At the AGM, these laws will impact on Resolution 5. For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and consider appointing someone other than one of the KMP, as such persons may not be able to vote undirected proxies. Shareholders are also encouraged to direct their proxy as to how to vote on all Resolutions. If you do not do so, you risk vour vote not being cast. Undirected proxies held by relevant KMP or their closely-related parties will not be voted on Resolution 5. Similarly, undirected proxies held by the Chairman will not be voted on Resolution 5 unless you mark the box indicated on the Proxy Form. Marking this box will constitute an express authorisation by you directing the Chairman to vote your proxy in favour of Resolution 5 (unless you have exercised your right to direct the Chairman otherwise by marking the 'against' column in respect of one or all of the relevant Resolutions). This express authorisation acknowledges that the Chairman may vote your proxy even if he has an interest in the outcome of Resolution 5 and that votes cast by the Chairman for the Resolution, other than an authorised proxy holder, will be disregarded because of that interest.



In respect of **Resolution 6** (To Approve the Level of Non-Executive Directors' Fees), the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any Directors, or any associate of any Directors, in accordance with Section 224 of the Corporations Act. However, Aeris need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the Meeting as proxy for a person entitled to vote, in accordance with a direction on a Proxy Form to vote as the proxy decides.

In respect of **Resolution 7** (To Approve the Issue of Options under the EIP to a Director – Maurie Stang), the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of the person who is to receive the securities in question (i.e. Maurie Stang) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in Aeris). However, the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In respect of **Resolution 8** (To Approve the Issue of Options under the EIP to a Director – Steven Kritzler), Aeris will disregard any votes cast in favour of Resolution 8 by or on behalf of the person who is to receive the securities in question (i.e. Steven Kritzler) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company. However, Aeris need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DEFINITIONS

AGM or **Annual General Meeting** mean the Company's annual general meeting to be held at 11:00am (Sydney time) on Thursday, 27 January 2022 and notified to Shareholders by this Notice.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

Board means the board of Directors.

Chairman means the chairman of the Board.

Company means Aeris Environmental Ltd (ABN 19 093 977 336).

Constitution means the constitution of the Company as amended from time-to-time.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director means a director of Aeris.

Explanatory Notes means the explanatory notes incorporated in this Notice of AGM.

Key Management Personnel (KMP) has the same meaning given in the accounting standards. Broadly speaking, this includes the Directors, and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The 2021 Annual Financial Report identifies the KMP for the financial year ended 30 June 2021.

Notice means this notice of Meeting, incorporating the Explanatory Notes.

Option means an option to acquire Shares through the payment of the exercise price during the term of the option.

Resolution means a resolution set out in this Notice of AGM.

Share means a fully paid ordinary share in the capital of Aeris.

Shareholder means the holder of a Share.



PROXIES

To be effective, Proxy Forms must be received by the Company's Share Registrar, Computershare Investor Services Pty Limited, at least 48 hours before the time for holding the Meeting:

by post to the following address:

Computershare Investor Services Pty Limited GPO Box 242
MELBOURNE VIC 3001 Australia; or

by facsimile on:

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or

by voting online at http://www.investorvote.com.au (following the instructions on the attached Proxy Form); or

for Intermediary Online subscribers only (custodians), cast online for the Shareholder's vote by visiting **www.intermediaryonline.com** so that it is received not later than 11:00am (Sydney time) on Tuesday, 25 January 2022.

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the AGM will be the entitlement of that person set out in the Register of Shareholders as at 11:00am (Sydney time) on Tuesday, 25 January 2022. Share transfers registered after that time will be disregarded in determining entitlements to vote during the Meeting. In addition, Australian legal requirements limit the eligibility of certain people to vote on some items of business to be considered at the AGM. This voting exclusion is designed to limit the capacity of people who stand to benefit from a Resolution to influence whether or not the Resolution is passed.

A member entitled to join and vote during the Meeting is entitled to appoint not more than two persons as his / her proxy to join and vote instead of the member. A proxy need not be a member of Aeris. If more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. Unless under Power of Attorney (which should have been previously noted by the Company), a Proxy Form by a corporation should be executed under its common seal or in accordance with the Corporations Act 2001.

If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that Resolution as they think fit. Should any resolution, other than those specified in the Notice of AGM, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on any poll that may take place and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their Proxy Forms with a direction on how to vote, but do not nominate the identity of their proxy, will be taken to have appointed the Chairman of the AGM as their proxy to vote on their behalf. If a Proxy Form is returned, but the nominated proxy does not join the Meeting, or does not vote on the Resolution, the Chairman of the AGM will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Meeting, the Company Secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the Resolutions proposed in the Notice of AGM.

Dated in Sydney on this 9th day of December 2021.

BY ORDER OF THE BOARD

Robert J Waring Company Secretary



EXPLANATORY NOTES

These **Explanatory Notes** set out information in connection with the business to be considered at Aeris' Annual General Meeting (AGM).

BUSINESS

The following items of ordinary business will be considered at the AGM.

To Consider the Financial Report

This item of business relates to the consideration of the Company's Financial Statements, including the related Directors' and Auditor's Reports, for the year ended 30 June 2021, as required by the Corporations Act, and gives the Shareholders the opportunity to ask questions or to make comments concerning the Financial Report during the Meeting. Shareholders who elected to do so will have received a printed or email version of Aeris' 2021 Annual Report, and a copy is available on the ASX website, as well as on the Company's website at https://www.aeris.com.au/investorcentre. A copy of the 2021 Annual Report may also be requested from the Company Secretary. There is no requirement for a formal resolution on this item.

General Explanatory Note Applying to Resolutions 1, 2 and 3

Aeris undertakes appropriate checks before appointing a director or putting someone forward for election as a Director. These checks usually include checks as to the person's character, experience, education, criminal record and bankruptcy history. The Company provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. It does so by providing them 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 (in this case Dr Abbie Widin and Dr Jenny Harry), Aeris provides security holders with: any material adverse information revealed by the checks the Company has performed about the Directors; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board, and to act in the best interests of Aeris and its security holders generally; and, if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect. In the case of a candidate standing for re-election as a Director (in this case Mr Steven Kritzler), the Company 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. Aeris also provides security holders with a statement by the Board as to whether or not it supports the election or re-election of the candidate. A candidate for appointment or election as a Non-Executive Director provides the Board with the information above and a Consent for the Company to conduct any background or other checks Aeris would ordinarily conduct. The candidate also provides details of his or her other commitments and an indication of time involved, and must specifically acknowledge to the Company that he or she will have sufficient time to fulfil his or her responsibilities as a Director.

Resolution 1

To Elect a Director - Abbie Widin

Non-Executive Director Dr Widin (PhD (Physiology) and B. Med. Science (Hons), both from the University of Sydney, and a Diploma of Business Administration from AGSM) was appointed as a Director in March 2021. She has over 20 years' experience in the highly-competitive consumer goods and consulting markets. Dr Widin has held various marketing, commercial and management roles in both private and public companies, such as Procter & Gamble (Australia and Europe), SC Johnson, Reckitt Benckiser and Kellogg. She has strengths in marketing strategy, innovation pipelines and leading cross-functional teams.



Under Aeris' Constitution, whereby a Director must retire from office at the next general meeting following his or her appointment, Dr Widin retires and, being eligible, wishes to stand for election. The Directors review the skills, backgrounds, knowledge, experience, and diversity of gender and nationality represented on the Board, and, on the basis of this review, appointed Dr Widin this year in anticipation of her contribution to the Board (particularly on marketing, strategic and management matters). She is considered to be an independent director of the Company.

Appointed to the Board: 2 March 2021 (i.e. a term of office currently served as a Director of nine months).

Directorships of other listed companies held in the last three years: None.

Directors' recommendation: The Directors (except Dr Abbie Widin) recommend that Shareholders vote in favour of Resolution 1.

Resolution 2

To Elect a Director – Jenny Harry

Non-Executive Director Dr Jenny Harry (PhD GAICD) was appointed as a Director in April 2021. She is a graduate of the Harvard Business School General Manager Program and the Australian Institute of Company Directors. Dr Harry has 20 years' experience in executive management of companies in the biotechnology, diagnostic and biopharmaceutical sectors. She is an accomplished CEO with experience in growing companies from start-up to commercialisation, and has demonstrated expertise in building high-performing teams, establishing global partnerships, capital raising, investor relations, together with corporate governance and compliance. Dr Harry is an experienced Non-Executive Director on the Boards of listed and unlisted companies. She is currently a Non-Executive Director of Neuren Pharmaceuticals Limited and Ondek Pty Ltd, and a member of the Board's IP sub-Committee of the Children's Medical Research Institute.

Under Aeris' Constitution, whereby a Director must retire from office at the next general meeting following his or her appointment, Dr Harry retires and, being eligible, wishes to stand for election. The Directors review the skills, backgrounds, knowledge, experience, and diversity of gender and nationality represented on the Board, and, on the basis of this review, appointed Dr Harry this year in anticipation of her contribution to the Board (particularly on management, strategic and scientific matters). She is considered to be an independent director of the Company.

Appointed to the Board: 21 April 2021 (i.e. a term of office currently served as a Director of seven months).

Directorships of other listed companies held in the last three years: Non-Executive Director of Neuren Pharmaceuticals Limited (ASX:NEU) since 2018.

Directors' recommendation: The Directors (except Dr Jenny Harry) recommend that Shareholders vote in favour of Resolution 2.

Resolution 3

To Re-Elect a Director – Steven Kritzler

Non-Executive Director Mr Steven Kritzler (M.Sc from the UNSW in the field of Polymer Chemistry) holds a number of international patents. He is the Technical Director of Novapharm Research. Mr Kritzler has over 40 years of experience in commercial R&D in the areas of pharmaceutical, medical, cosmetic and specialty industrial products. Under his technical direction, Novapharm Research has become a world-leader in infection control science.

Under Aeris' Constitution, whereby at least one third of Directors must retire (and may seek reelection) at each annual general meeting, Mr Kritzler retires by rotation and, being eligible, wishes to stand for re-election. During the year, the Board oversaw a review of the performance of all Directors, which was designed to assess the effectiveness of each Director. The Board has also reviewed the skills, backgrounds, knowledge, experience, and diversity of gender and



nationality represented on the Board. On the basis of these reviews, the Board considers that Mr Kritzler demonstrates commitment to his role and continues to make a valuable contribution to the Board (particularly on R&D, Aeris product knowledge and scientific experience). He is a substantial shareholder of the Company and, accordingly, is not considered to be an independent director of Aeris.

Appointed to the Board: 24 July 2002 (i.e. a term of office currently served as a Director of 19 years and four months).

Directorships of other listed companies held in the last three years: None.

Directors' recommendation: The Directors (except Mr Steven Kritzler) recommend that Shareholders vote in favour of Resolution 3.

Resolution 4

To Adopt the Remuneration Report

The Corporations Act requires that a resolution be put to members to adopt the Remuneration Report for the year ended 30 June 2021, as disclosed in the Directors' Report in the Company's 2021 Annual Report. The vote on this Resolution is advisory only and non-binding. The Resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the AGM. Under the Corporations Act, if 25% or more of votes that are cast vote against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a spill resolution) that another meeting be held within 90 days at which all of Aeris' Directors (other than the Managing Director) must go up for re-election.

The Company encourages all Shareholders to cast their votes on Resolution 4.

In accordance with Section 250R(4) of the Corporations Act, Aeris will disregard votes cast on Resolution 4 by any member of the Company's KMP whose remuneration details are included in the Remuneration Report, or any closely-related parties of such a member, unless the vote is cast:

- (a) as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The KMP of Aeris are the Directors, and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies Aeris' KMP for the financial year to 30 June 2021. The KMP's closely-related parties are defined in the Corporations Act 2001, and include certain of their family members, dependants and companies they control.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Resolution 4 by marking either "For", "Against" or "Abstain" on the Proxy Form for this item of business.

Directors' recommendation: The Directors recommend that Shareholders vote in favour of Resolution 4.

Resolution 5

To Approve the Employee Incentive Plan

ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its expanded capital in any 12-month period without requiring shareholder approval. ASX Listing Rule 7.1 does not apply in certain cases, as set out in ASX Listing Rule 7.2, including exception 13(b), where an issue under an employee incentive plan is made within three years before the date of issue that the terms of the plan are approved by shareholders. The terms and conditions of Aeris' current Employee Incentive Plan (EIP) were last submitted to, and approved by, Shareholders at the Company's AGM held on 29 November 2018, and the EIP is now submitted for approval at this AGM. There we no securities issued under the EIP since this date. A copy of the full rules of the EIP, as summarised below, is available to Shareholders, free of charge, on request.



Purpose of the EIP

Aeris established its EIP in 2007 to assist in the attraction, retention and motivation of employees, officers and contractors of the Company.

Eligibility

The EIP is open to full-time or permanent part-time employees, officers and Directors of Aeris or any related body corporate of the Company (Employees). Key terms of the EIP are summarised below.

Types of Awards

Under this EIP Aeris may issue any of the following (called Awards):

- Options to acquire Shares on terms set by the Company in its discretion;
- Performance Rights, which are rights to be issued Shares for nil exercise price upon the satisfaction of specified vesting conditions;
- Deferred Share Awards, which will generally be issued in lieu of salary, Directors' Fees or other remuneration. Shares issued as Deferred Share Awards are subject to restrictions on disposal for up to 10 years; and
- Exempt Share Awards, which are Shares to an Employee for no cash consideration or at an issue price that is at a discount to the market price with the intention that up to \$1,000 of the total discount received by the Employee will be exempt from tax. Shares issued as Exempt Share Awards are subject to restrictions on disposal for up to three years.

Board Discretions

The Board has broad discretions under the EIP, including as to the terms of issue of Awards (such as vesting conditions and performance hurdles) and the ability to waive or shorten restrictions on disposal.

5% limit

The total number of outstanding Awards, when added to the total number of Shares issued during the previous five years under both this EIP and any previous incentive plan (but excluding existing Shares that are purchased for an Employee instead of being issued), cannot exceed 5% of Aeris' issued capital. In accordance with ASIC Class Order 03/184, the 5% limit does not include in the calculation any offers that would otherwise be exempt from the prospectus provisions of the Corporations Act.

Takeovers

In the event of a full takeover bid, scheme of arrangement or similar transaction, restrictions on disposal will generally lapse so that Employees are able to accept the bid or participate in the transaction.

Adjustment Terms

Employees are not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising their Awards before the record date for the relevant issue.

If Aeris makes a pro-rata bonus issue, and an Award is not exercised prior to the record date for that bonus issue, then, on exercise of the Award, the holder will receive the number of bonus Shares that would have been issued if the Award had been exercised prior to the record date.

If, prior to the exercise of an Award, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of issued Awards will be changed to the extent necessary to comply with the ASX Listing Rules as they apply at the relevant time.

Directors' recommendation: As the Directors have an interest in Resolution 5, they do not make a recommendation as to how Shareholders should vote.

Resolution 6

To Approve the Level of Non-Executive Directors' Fees

The Constitution of Aeris provides that the Directors shall be paid out of the funds of the Company, by way of remuneration for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Directors prior to the first annual general



meeting of Aeris, to be divided among themselves and in default of agreement then in equal shares. The amount fixed by the Directors and approved by Shareholders prior to this Meeting was detailed in Aeris' 27 November 2014 Notice of AGM and was \$300,000 per annum. The Constitution of the Company also provides that the remuneration of the Directors shall not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of such suggested increase shall have been given to the members in the notice convening the meeting.

The Directors propose that the aggregate maximum fee pool that may be paid by Aeris to its Non-Executive Directors be increased by \$150,000 from \$300,000 per annum to \$450,000 per annum. The Company has expanded its Board and increased the calibre of its Directors to effectively guide and monitor the expected growth of the business of Aeris.

In accordance with ASX Listing Rule 10.17, the number of securities issued to Non-Executive Directors under Listing Rules 10.11 or 10.14 with the approval of the shareholders at any time within the preceding three years were to Messrs Maurie Stang, Bernard Stang and Steven Kritzler who were issued 2,941,176 Shares each by way of settlement of amounts owing to them relating to loans they made to the Company, being a total of \$1,500,000, at a deemed price of \$0.17 per Share, being the same price as the placement completed on 12 December 2018 and the Share Purchase Plan dated 13 December 2018. The issue of the 2,941,176 Shares was approved at the General Meeting held on 29 January 2019.

Directors' recommendation: As the Non-Executive Directors have an interest in Resolution 6, they do not make a recommendation as to how Shareholders should vote. The Chairman intends to vote undirected proxies in favour of Resolution 6.

Resolution 7

To Approve the Issue of Options under the EIP to a Director – Maurie Stang

The Board has resolved, subject to obtaining Shareholder approval, to issue a maximum of 873,000 Options to Aeris' Non-Executive Director and Chairman Mr Maurie Stang (or his nominee) under the Company's EIP, which will each enable him to acquire one new ordinary share in Aeris for each Option exercised. The Options will have an exercise price of \$0.01 and will expire, if not exercised, by 20 January 2026 (expiry date). The Share price at the date of this Notice of AGM was \$0.105, and this compares to a Share price high of \$0.12 and a low of \$0.098 in the month leading up to this Notice of AGM.

The amount payable by Mr Stang to exercise his 873,000 Options will be \$8,730. The Company's 30-day volume weighted average price (VWAP) for the Shares traded prior to the completion of the Notice of AGM is \$0.1131. Accordingly, the potential value of 873,000 Options at \$0.1131 is \$98,736 less the exercise price of \$8,730, which amounts to \$90,006. If this Resolution is not passed, Mr Stang's remuneration for the year ended 30 June 2021 of \$90,000 will be paid in cash.

Following Shareholder approval and the issue of these Options, the first tranche of 291,000 Options will vest on 20 January 2023, the second tranche of 291,000 Options will vest on 20 January 2024 and the final tranche of 291,000 Options will vest on 20 January 2025. In all three cases, vesting is conditional on Mr Stang remaining a director of the Company on the dates the Options vest.

The Options will be granted as the total amount of Mr Stang's remuneration for the year ended 30 June 2021. By the payment of his Director's Fees of \$90,000 as Options there is an incentive to retain his services linked to the performance of Aeris. Shareholder approval is required under ASX Listing Rule 10.11 because he is a Director and, as such, a related party of the Company. If Shareholder approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1.



Information Required under ASX Listing Rule 10.13

For the purpose of ASX Listing Rule 10.13, information regarding the proposed Options grant is provided as follows to the extent that such information is not disclosed elsewhere in these Explanatory Notes:

- The Options will be issued to Director Mr Stang (or his nominee);
- Aeris will issue a maximum of 873,000 Options to Mr Stang;
- The exercise price of \$0.01 per Share was selected as it has been used in past Option issues to a number of senior consultants;
- There is no loan scheme in relation to the Options or the subsequent issue of Shares upon the exercise of the Options;
- The Options will be issued to Mr Stang within one month of the date of the AGM;
- The Options will not be issued for cash consideration, but as the total amount of Mr Stang's remuneration by the Company for the year ended 30 June 2021;
- Funds raised on the exercise of the Options will be used to increase Aeris' working capital.
 No funds will be raised on the issue of the Options (i.e. they will be issued for nil cash consideration); and
- Mr Stang was not paid any cash remuneration by Aeris for his services as a Non-Executive Director and Chairman for the year ended 30 June 2021. His remuneration by the Company for his services as a Non-Executive Director and Chairman for the year ending 30 June 2022 has been set as \$90,000 per annum.

Resolution 7 is an ordinary Resolution.

Directors' recommendation: The Directors (other than Mr Stang) do not have an interest in the outcome of Resolution 7 and therefore recommend that Shareholders vote in favour of the Resolution. The Chairman intends to vote undirected proxies in favour of Resolution 7.

Resolution 8

To Approve the Issue of Options under the EIP to a Director – Steven Kritzler

The Board has resolved, subject to obtaining Shareholder approval, to issue a maximum of 582,000 Options to Aeris' Non-Executive Director Mr Steven Kritzler (or his nominee) under the Company's EIP, which will each enable him to acquire one new ordinary share in Aeris for each Option exercised. The Options will have an exercise price of \$0.01 and will expire, if not exercised, by 20 January 2026 (expiry date). The Share price at the date of this Notice of AGM was \$0.105, and this compares to a Share price high of \$0.12 and a low of \$0.098 in the month leading up to this Notice of AGM.

The amount payable by Mr Kritzler to exercise his 582,000 Options will be \$5,820. The Company's 30-day VWAP for the Shares traded prior to the completion of the Notice of AGM is \$0.1131. Accordingly, the potential value of 582,000 Options at \$0.1131 is \$65,824 less the exercise price of \$5,820, which amounts to \$60,004. If this Resolution is not passed, Mr Kritzler's remuneration for the year ended 30 June 2021 of \$60,000 will be paid in cash.

Following Shareholder approval and the issue of these Options, the first tranche of 194,000 Options will vest on 20 January 2023, the second tranche of 194,000 Options will vest on 20 January 2024 and the final tranche of 194,000 Options will vest on 20 January 2025. In all three cases, vesting is conditional on Mr Kritzler remaining a director of the Company on the dates the Options vest.

The Options will be granted as the total amount of Mr Kritzler's remuneration for the year ended 30 June 2021. By the payment of his Director's Fees of \$60,000 as Options there is an incentive to retain his services linked to the performance of Aeris. Shareholder approval is required under ASX Listing Rule 10.11 because he is a Director and, as such, a related party of the Company. If Shareholder approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1.



Information Required under ASX Listing Rule 10.13

For the purpose of ASX Listing Rule 10.13, information regarding the proposed Options grant is provided as follows to the extent that such information is not disclosed elsewhere in these Explanatory Notes:

- The Options will be issued to Director Mr Kritzler (or his nominee);
- Aeris will issue a maximum of 582,000 Options to Mr Kritzler;
- The exercise price of \$0.01 per Share was selected as it has been used in past Option issues to a number of senior consultants;
- There is no loan scheme in relation to the Options or the subsequent issue of Shares upon the exercise of the Options;
- The Options will be issued to Mr Kritzler within one month of the date of the AGM;
- The Options will not be issued for cash consideration, but as the total amount of Mr Kritzler's remuneration by the Company for the year ended 30 June 2021;
- Funds raised on the exercise of the Options will be used to increase Aeris' working capital. No funds will be raised on the issue of the Options (i.e. they will be issued for nil cash consideration); and
- Mr Kritzler was not paid any cash remuneration by the Company for his services as a Non-Executive Director for the year ended 30 June 2021. His remuneration by Aeris for his services as a Non-Executive Director for the year ending 30 June 2022 has been set as \$60,000.

Resolution 8 is an ordinary Resolution.

Directors' recommendation: The Directors (other than Mr Kritzler) do not have an interest in the outcome of Resolution 8 and therefore recommend that Shareholders vote in favour of the Resolution. The Chairman intends to vote undirected proxies in favour of Resolution 8.

Aeris Environmental Ltd

ABN 19 093 977 336



Need assistance?



Phone:

1300 850 505 (within Australia) +61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 11:00am (Sydney time) on Tuesday, 25 January 2022.

Proxy Form

How to Vote on Items of Business

MR SAM SAMPLE

123 SAMPLE STREET THE SAMPLE HILL SAMPLE ESTATE SAMPLEVILLE VIC 3030

FLAT 123

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au under the help tab, "Printable Forms".

Lodge your Proxy Form:



Online:

Lodge your vote online at www.investorvote.com.au/aei using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999 SRN/HIN: 19999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia

By Fax:

1800 783 447 within Australia or +61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE FLAT 123 123 SAMPLE STREET THE SAMPLE HILL SAMPLE ESTATE SAMPLEVILLE VIC 3030

Change of address. If incorrect,
mark this box and make the
correction in the space to the left.
Securityholders sponsored by a
broker (reference number
commences with 'X') should advise
vour broker of any changes.



I 999999999

LND

Proxy F	=orm
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Please mark $oldsymbol{X}$ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Aeris Environmental Ltd hereby appoint							
the Chairman of the Meeting OR		PLEASE NOTE: Leave this box blank i you have selected the Chairman of the Meeting. Do not insert your own name(

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Aeris Environmental Ltd to be held as a virtual meeting on Thursday, 27 January 2022 at 11:00am (Sydney time) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration-related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 4, 5, 6, 7 and 8 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 4, 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman. Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 4, 5, 6, 7 and 8 by marking the appropriate box in step 2.

Step 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	To Elect a Director – Abbie Widin			
Resolution 2	To Elect a Director – Jenny Harry			
Resolution 3	To Re-Elect a Director – Steven Kritzler			
Resolution 4	To Adopt the Remuneration Report			
Resolution 5	To Approve the Employee Incentive Plan (EIP)			
Resolution 6	To Approve the Level of Non-Executive Directors' Fees			
Resolution 7	To Approve the Issue of Options under the EIP to a Director – Maurie Stang			
Resolution 8	To Approve the Issue of Options under the EIP to a Director – Steven Kritzler			

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2		Securityholder 3	
				1 1
Sole Director & Sole Company Secretary	Director		Director/Company Secretary	Date
Update your communication deta	ails (Optional)		By providing your email address, you consent to rec	ceive future Notice
Mobile Number		Email Address	of Meeting & Proxy communications electronically	





