

Audit and Risk Committee Charter

Pyrolyx AG (**Company**)

Adopted by the Supervisory Board on 11 July 2017

Audit and Risk Committee charter
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1 Purpose and authority

1.1 Purpose

The purpose of this Audit and Risk Committee Charter is to specify the authority delegated to the Audit and Risk Committee (**Committee**) by the Supervisory Board of the Company (**Supervisory Board**) and to set out the specific roles and responsibilities, membership and operation of the Committee.

1.2 Authority

The Committee is a committee of the Supervisory Board established in accordance with the Company's Articles of Association (**Constitution**) and is authorised by the Supervisory Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this charter and under any separate resolutions of the Supervisory Board granted to it from time to time. For the avoidance of any doubt, nothing in this charter shall have any effect on the rights and obligations that the Supervisory Board and the Committee have under applicable law.

2 Role of the Committee

The role of the Committee is to assist the Supervisory Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of:

- (a) the integrity of the Company's external financial reporting and financial statements;
- (b) the appointment, remuneration, independence and competence of the Company's external auditors;
- (c) the performance of the external audit functions and review of their audits;
- (d) the effectiveness of the Company's system of risk management and internal controls; and
- (e) the Company's systems and procedures for compliance with applicable legal and regulatory requirements.

3 Audit and risk responsibilities

3.1 External reporting

The Committee is responsible for:

- (a) reviewing the appropriateness of the accounting judgments or choices exercised by the Management Board (and any other members of management) in the composition and presentation of financial reports;
- (b) reviewing the annual financial reports and the results of external audits of the financial reports;
- (c) assessing significant estimates and judgments in financial reports by examining the processes used to derive material estimates and judgments and seeking verification of those estimates from external auditors;
- (d) overseeing and making recommendations in relation to the adequacy of the Company's corporate reporting processes;

- (e) overseeing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;
- (f) assessing (before publication) whether external reporting is consistent with the understanding of the Committee members;
- (g) overseeing that a comprehensive process is established to capture issues for the purpose of continuous reporting to the relevant stock exchanges (including, without limitation, the ASX);
- (h) assessing information from external auditors that affects the quality of financial reports;
- (i) asking the external auditor for an independent judgment about the appropriateness of the accounting principles used and the clarity of financial disclosure practices used by the Company;
- (j) assessing solvency and the going concern assumption;
- (k) assessing the management of non-financial information in documents to ensure that conflicts with financial statements and other documents do not occur; and
- (l) recommending to the Supervisory Board whether the financial and non-financial statements should be approved based on the Committee's assessment of them.

Notwithstanding the above, the obligation under German law to finally review the annual accounts, the management report (*Lagebericht*) and the proposal for the use of the profit, as well as the obligation to inform the general meeting of the shareholders of the Company in writing on the results of such review shall in any case remain with the Supervisory Board.

3.2 External audit

The Committee is responsible for:

- (a) making recommendations to the Supervisory Board on the appointment and remuneration of the external auditor and, if appropriate, recommending that tenders be called to assist in deciding which external auditor should be recommended; for the avoidance of doubt, the Supervisory Board shall in any case remain solely responsible for granting the audit mandate to the external auditor;
- (b) making recommendations to the Supervisory Board on the rotation of the audit engagement partner;
- (c) providing its recommendations to the Supervisory Board (for the Supervisory Board's ultimate approval) as to whether the terms of engagement of the external auditor before the start of each audit are agreeable;
- (d) reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the external auditor's set fee;
- (e) monitoring the effectiveness and independence of the external auditor, and periodically assessing their performance;
- (f) reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations;

- (g) assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgement or independence and, if required, developing policies for Supervisory Board approval to ensure this does not occur;
- (h) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (i) reviewing the scope and adequacy of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;
- (j) raising with the external auditor any specific points of divergence with the Management Board;
- (k) monitoring and examining the Management Board's response to the external auditor's findings and recommendations;
- (l) if applicable to the Company, reviewing all representation letters signed by the Management Board (or any other members of management) and ensuring all information provided is complete and appropriate; and
- (m) meeting with the external auditor without the Management Board present at least once a year.

3.3 Internal control and risk management

The Committee is responsible for:

- (a) preparing a risk profile which describes the key risks (**Key Risks**) facing the Company including financial and non-financial matters;
- (b) regularly reviewing and updating the Key Risks profile;
- (c) overseeing that the Company has an effective risk management system and reviewing the risk management system at least annually to ensure that it continues to be sound, to determine whether there have been any changes in the Key Risks the Company faces and to ensure the Key Risks remain within the risk appetite considered appropriate for the Company;
- (d) assessing and overseeing internal controls for determining and managing the Key Risks, and any new and emerging risks, and receiving and reviewing any related risk reports;
- (e) conducting, after having consulted with the Management Board, investigations of breaches or potential breaches of internal controls, and incidents within the Key Risks areas above;
- (f) assessing existing controls that the management board has in place for unusual transactions or transactions with more than an accepted level of risk; and
- (g) meeting at least annually with the Management Board (and any other members of management), external auditors and compliance staff to understand the Company's control environment and disclose, in relation to each reporting period, whether such a review has taken place.

4 Membership

4.1 Composition and size

The Committee will consist of at least three members of the Supervisory Board.

The Company will disclose the relevant qualifications and experience of the members of the Committee.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Supervisory Board.

4.2 Chairperson

The chairperson of the Committee must not also be the chairperson of the Supervisory Board, or have been a member of the Management Board in the 2 years prior to the date of their appointment to the Committee.

The chairperson of the Committee shall have specialist knowledge and experience in the application of accounting principles and internal control processes

The chairperson of the Committee is appointed by the Supervisory Board. If, for a particular Committee meeting, the Committee chairperson is not present within 15 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

4.3 Technical expertise

The Committee must be structured so that between them, the members of the Committee should have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates, to be able to discharge the Committee's duties effectively.

4.4 Skills development

If the Committee Chairperson approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

4.5 Commitment of Committee members

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

At the first Committee meeting after their appointment and when the Supervisory Board reviews Committee membership, each Committee member must confirm that they are able to devote sufficient time and attention to the Committee for the coming year.

4.6 Secretarial responsibilities

The chairperson of the Committee will be responsible for the secretarial function of the Committee, and may delegate that function as the chairperson thinks appropriate.

5 Committee meetings and processes

5.1 Meetings

Meetings and proceedings of the Committee are governed by the provisions in the Constitution regulating meetings and proceedings of the Supervisory Board and committees of the Supervisory Board in so far as they are applicable.

5.2 Frequency and calling of meetings

The Committee will meet as frequently as required to undertake its role effectively. The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor, or the chairperson of the Supervisory Board.

5.3 Quorum

At least half of the members of the Committee constitute a quorum for meetings of the Committee.

5.4 Attendance by management, advisors and other members of the Supervisory Board

The Chief Executive Officer and Chief Financial Officer are expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to the external auditor.

The Committee chairperson may also invite members of the Supervisory Board who are not members of the Committee, members of the Management Board and external advisors or experts to attend meetings of the Committee. The Committee may request the Management Board and/or others to provide such input and advice as is required.

5.5 Notice, agenda and documents

The chairperson of the Committee determines the meeting agenda after appropriate consultation.

Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation, will be circulated by the chairperson of the Committee to each Committee member and any other individual invited to attend, in accordance with Sec. 9 (1) of the Constitution.

5.6 Access to information and advisors

The chairperson of the Committee receives all reports between the external auditor and management.

The Committee has the authority to:

- (a) require the Management Board to attend meetings and to provide any information or advice that the Committee requires;
- (b) within the limits of applicable law access the Company's documents and records;
- (c) to the extent permitted by law, obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Supervisory Board or the Management Board (where the Committee considers that necessary or appropriate); and
- (d) access and interview the Management Board and external auditors (with or without members of management present).

5.7 Minutes

The chairperson of the Committee will keep minute books to record the proceedings and resolutions of its meetings.

The chairperson of the Committee, or delegate, will report to the Supervisory Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Supervisory Board meeting after each Committee meeting.

The Committee must refer any matter of significant importance to the Supervisory Board for its consideration and attention.

6 Committee's performance evaluation

The Committee will review its performance at least annually, or earlier if circumstances dictate, and whenever there are major changes to the Management Board of the Company.

The performance evaluation will have regard to the extent to which the Committee has met its responsibilities in terms of this charter.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

7 Information to the Supervisory Board

The Committee will regularly inform the Supervisory Board on the work of the Committee.

8 Review and publication of charter

The Supervisory Board will review this charter from time to time to ensure it remains relevant to the current needs of the Company. The charter may be amended by resolution of the Supervisory Board.

The charter is available on the Company's website.