

Supervisory Board Charter

Pyrolyx AG ("**Company**")

Adopted by the Supervisory Board on 11 July 2017

**Supervisory Board Charter
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Supervisory Board Charter

1 Purpose of this charter

The Supervisory Board is responsible for supervising the Management Board, including, with respect to the Management Board's responsibilities that relate to the good governance of the Company. The purpose of this charter is to specify how the Supervisory Board is governed so as to promote confidence in the Supervisory Board. This charter sets out specific roles and specific responsibilities of the Supervisory Board, which responsibilities are delegated to committees of the Supervisory Board, as well as guidance relating to the membership and the operation of the Supervisory Board.

2 Role and responsibilities of the Supervisory Board

2.1 Role

The role of the Supervisory Board is to supervise the Management Board. The Supervisory Board derives its authority to act from the Company's Articles of Association (**Constitution**) and applicable law. The Supervisory Board must pursue the objective that the activities of the Management Board comply with the Constitution, the rules of procedure of the Management Board and with legal and regulatory requirements.

The Supervisory Board has reserved to itself the following specific responsibilities.

2.2 Responsibilities

The Supervisory Board is in particular responsible for:

- (a) appointing the Chairperson and any deputy Chairperson;
- (b) appointing, and if necessary replacing, the chief executive officer ("**CEO**"), and other members of the Management Board;
- (c) overseeing the Management Board's implementation of the Company's strategic objectives and its performance generally;
- (d) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (e) overseeing the Company's general process for making timely and balanced disclosure to the ASX or the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (f) overseeing that the Company has in place an appropriate risk management framework;
- (g) overseeing the Company's compliance with its disclosure obligations and the Disclosure and Communication Policy, and considering whether any revisions to the Disclosure and Communication Policy are required;
- (h) overseeing the Company's compliance with the Trading Policy and considering whether any revisions to the Trading Policy are required; and
- (i) overseeing the effectiveness of the Company's governance practices.

3 Role and responsibilities of Chairperson

3.1 Chairperson and Deputy Chairperson

The Chairperson and the Deputy Chairperson(s) are appointed by the Supervisory Board from among its members in accordance with the rules of the Constitution. The Chairperson is responsible for:

- (a) chairing Supervisory Board and shareholder meetings (although, another member of the Supervisory Board may chair shareholder meetings, as may be determined by the Supervisory Board), setting the Supervisory Board's agenda and seeking to ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (b) seeking to ensure that members of the Supervisory Board are briefed on Supervisory Board matters and leading the Supervisory Board in reviewing and discussing Supervisory Board matters;
- (c) seeking to facilitate effective contribution by all members of the Supervisory Board and monitoring Supervisory Board performance;
- (d) seeking to promote constructive and respectful relations between Supervisory Board members and between the Supervisory Board and the Management Board;
- (e) maintaining contact with the Management Board, in particular, with the Chairperson or Spokesperson of the Management Board, and consult with them in particular on issues of strategy, planning, business development, risk situation, risk management and compliance; and
- (f) seeking to achieve the objective that membership of the Supervisory Board is skilled and appropriate for the Company's needs.

The Chairperson of the Supervisory Board shall not also be the Chairperson of the Audit and Risk Committee.

The Deputy Chairperson(s) have the rights and obligations of the Chairperson in case the Chairperson is indisposed except for chairing shareholder meetings.

4 Delegations of authority

Under the Constitution, the Supervisory Board may, within the limits of applicable law, delegate responsibility to committees consisting of its members with sufficient expertise to consider certain issues in further detail and then report back to and advise the Supervisory Board.

Standing committees established by the Supervisory Board will adopt charters setting out the authority, responsibilities, membership and operation of the committees. There are currently 2 standing committees:

- Audit and Risk Committee; and
- Nomination and Remuneration Committee.

The Supervisory Board may establish other committees from time to time to consider other matters of special importance.

Supervisory Board members are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are within the

limits of applicable law entitled to obtain professional or other advice in order to effectively carry out their proper functions. The Chairperson of each committee will report regularly to the Supervisory Board on the work of the respective committee and will report on committee meetings to the Supervisory Board at the next full Supervisory Board meeting.

Notwithstanding the above, the right of the Chairperson to exclude certain members of the Supervisory Board who do not belong to a committee from that committee meeting pursuant to section 109 para. 2 German Stock Corporation Act (*Aktiengesetz, AktG*) remains unaffected.

To the extent not otherwise provided in the charters of the respective committees and to the extent this does not conflict with applicable law, the provisions of this Charter shall apply *mutatis mutandis* to the committee charters.

5 Membership

5.1 Composition and size

The Company will disclose the names of the members considered by the Supervisory Board to be independent members.

The Constitution provides that there must be 5 Supervisory Board members. The composition of the Supervisory Board must at all times be appropriate to supervise the Management Board in adequately discharging its responsibilities and duties.

5.2 Supervisory Board skills matrix

The Company seeks to have members of the Supervisory Board with an appropriate range of skills, knowledge, experience, independence and diversity, and an understanding of and competence to deal with current and emerging issues of the business of the Company. If the Supervisory Board believes it to be appropriate, it may adopt a Supervisory Board skills matrix setting out the skills and diversity that the Supervisory Board has or is looking for in order to identify any gaps in skills that the Supervisory Board seeks.

5.3 Appointment and re-election of members

The process of selection and appointment of new members to the Supervisory Board is that when a vacancy arises, the Nomination and Remuneration Committee identifies candidates with appropriate skills, knowledge, experience, independence and expertise. Candidates with the skills, knowledge, experience, independence and expertise that best complement the Supervisory Board's effectiveness will be recommended to the Supervisory Board. When the Supervisory Board considers that a suitable candidate has been found, that person is to stand for election by the shareholders at the next annual general meeting.

The shareholders at a general meeting determine the term of office for members of the Supervisory Board. Accordingly, members of the Supervisory Board must retire from office in accordance with their respective term of office, the Constitution (or otherwise, in accordance with applicable law). Retiring members may be eligible for re-election. The Company must disclose the length of service of each member.

5.4 Independence

All members of the Supervisory Board - whether independent or not - must bring an independent judgement to bear on all Supervisory Board decisions.

A member is considered an independent member if he or she is free 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 Supervisory Board and to act in the best interests of the Company and its security holders. In each case, the materiality of any such interest, position, association or relationship will be assessed by the Supervisory board.

The Nomination and Remuneration Committee will assess the independence of each member in light of interests disclosed by them at least annually at or around the time that the Nomination and Remuneration Committee considers candidates for election to the Supervisory Board. Each member must provide the Supervisory Board with all relevant information for this. If a member's interests, positions, associations or relationships change, the assessment should be made as soon as practicable after the Nomination and Remuneration Committee becomes aware of the change.

If the Supervisory Board determines that a member's independent member status has changed, that determination will be disclosed to the market in a timely manner.

5.5 Conduct of individual members

Members of the Supervisory Board must at all times act in accordance with legal and statutory requirements, and devote sufficient time to discharge their duties as members of the Supervisory Board of the Company. Members of the Supervisory Board must:

- (a) discharge their duties in good faith and in the best interests of the Company and for a proper purpose;
- (b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a member of a Supervisory Board of a major company, including applying an independent and enquiring mind to their responsibilities;
- (c) avoid conflicts of interest except in those circumstances permitted by applicable law;
- (d) notify other members of the Supervisory Board of their material personal interests and take reasonable steps to avoid actual, potential or perceived conflicts of interest (except as permitted by applicable law);
- (e) not make improper use of information gained through their position as a member of the Supervisory Board;
- (f) not take improper advantage of their position as a member of the Supervisory Board;
- (g) make within the limits of applicable law reasonable enquiries if relying on information or advice provided by others;
- (h) undertake any necessary inquiries in respect of delegates;
- (i) give the Company all the information required by the applicable law; and
- (j) consult the Chairperson if considering an invitation to become a member of another Supervisory Board for (or director of) any other company (except a related body corporate) and have regard to the views of the Chairperson about the member acting as a member of a Supervisory Board for (or a director of) an external entity, and relevant Supervisory Board policies and best practice standards on multiple memberships (or directorships) (as applicable).

Notwithstanding the above, the rights and obligations of the members of the Supervisory Board pursuant to applicable law, in particular pursuant to the German Stock Corporation Act (*Aktiengesetz, AktG*) remain unaffected.

5.6 Conflicts of Interests

All members of the Supervisory Board must act in the best interests of the Company. No member of the Supervisory Board may pursue personal interests in his/her decisions or use business opportunities intended for the Company for himself/herself.

Each member of the Supervisory Board shall without undue delay inform the Supervisory Board of any conflicts of interest, in particular those which may result from a consultant or directorship function with clients, suppliers, lenders or other third parties.

Advisory and other service agreements and contracts for work between a member of the Supervisory Board and the Company must be, where applicable, in accordance with applicable law and the ASX Listing Rules, and also require the approval of the Supervisory Board.

6 Supervisory Board process

6.1 Meetings

All Supervisory Board meetings will be convened and conducted in accordance with the Constitution and applicable law.

Members are committed to collective decision making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the members. Individual members must utilise their particular skills, experience and knowledge when discussing matters at Supervisory Board meetings.

Members must keep Supervisory Board discussions and resolutions confidential, except where they are entitled to, or otherwise are required to disclose such discussions and resolutions.

Members are expected to prepare adequately for, attend and participate in Supervisory Board meetings. Members should consider the sufficiency of the contents of the board papers that they have been provided for consideration. The Supervisory Board should assess the information that it receives and the timing of its distribution to ensure the Supervisory Board has sufficient time to examine the material provided to it for approval.

The Supervisory Board may within the limits of applicable law request or invite the Management Board (any other relevant senior management) or external consultants or experts to attend Supervisory Board meetings if necessary or desirable.

6.2 Independent professional advice

Following consultation with the Chairperson, the Supervisory Board may within the limits of applicable law seek independent professional advice at the Company's expense. This advice will be available to all members of the Supervisory Board.

6.3 Access to management

The members of the Supervisory Board have complete and open access to the Management Board and other management personnel following consultation with the Chairperson and CEO.

7 Supervisory Board's performance evaluation

The Supervisory Board recognises the importance of regular reviews of its effectiveness and performance. Periodically the Supervisory Board will review and evaluate:

- (a) its own performance, including against the requirements of this charter;

- (b) the performance of its committees;
- (c) the performance of individual members of the Supervisory Board; and
- (d) the performance of the Management Board,

against both measurable and qualitative indicators. The Company will disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

8 Review and publication of charter

The Supervisory Board is responsible for reviewing this charter and within the limits of applicable law the division of functions and responsibilities in the Company to determine its appropriateness to the needs of the Company from time to time. The charter may be amended by resolution of the Supervisory Board. The Charter is available on the Company's website.