

Pyrolyx AG

ARBN 618 212 267

("Pyrolyx" or the "Company")

Corporate Governance Statement ("Statement")

This Statement details the corporate governance policies practices of the Company during the 2018 financial year and any developments since that time. All references to the **Board** below are references to the Supervisory Board of the Company. All references to **Shareholders** below are references to shareholders of the Company.

The Company has in place the following corporate governance policies and charters which are also available on the Company's website at <http://pyrolyx.com/en/investor-relations.html>:

- Disclosure and communication policy;
- Supervisory Board Charter;
- Diversity Policy;
- Nomination and Remuneration Committee Charter;
- Audit & Risk Committee Charter;
- Code of Conduct; and
- Trading Policy.

This Statement reports against the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**) and the practices detailed in this Corporate Governance Statement are current as at 27 March 2019. The 2018 Corporate Governance Statement has been approved by the Supervisory Board and is available on Pyrolyx website at <http://pyrolyx.com/en/investor-relations.html>.

PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
1.	Lay solid foundations for management and oversight		
1.1	<p>Companies should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Yes	<p>In accordance with the Supervisory Board Charter, the Supervisory Board has reserved to itself the following specific responsibilities:</p> <ul style="list-style-type: none"> • appointing the Chairperson and any deputy Chairperson; • appointing, and if necessary replacing, the chief executive officer and other members of the Management Board; • overseeing the Management Board's implementation of the Company's strategic objectives and its performance generally; • overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit; • 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; • overseeing that the Company has in place an appropriate risk management framework; • 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; • overseeing the Company's compliance with the Trading Policy and

			<p>considering whether any revisions to the Trading Policy are required; and</p> <ul style="list-style-type: none"> overseeing the effectiveness of the Company's governance practices. <p>The Management Board has the overall responsibility for the management of Pyrolyx, as provided by the German Stock Corporation Act, and represents the Company vis-à-vis third parties. The Management Board focuses in particular on day-to-day business, strategic management, finance, resource allocation, risk management and control, and acts in accordance with the "Rules of Procedure" that are enacted by the Supervisory Board.</p> <p>The Chief Executive Officer of the Company, is a member of the Management Board.</p> <p>The Supervisory Board Charter is available on the Pyrolyx website: http://pyrolyx.com/en/investor-relations.html.</p>
1.2	<p>Companies should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(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.</p>	No	<p>One of the responsibilities of the Nomination and Remuneration Committee is to identify and make recommendations to the Supervisory Board for the appointment of new Supervisory Board candidates, having regard to their skills, experience and expertise.</p> <p>In doing so, the Supervisory Board intends for appropriate checks to be undertaken in relation to that potential Supervisory Board candidate. Any material information concerning that Supervisory Board candidate will subsequently be disclosed to Pyrolyx securityholders as part of the election or re-election process of that Supervisory Board candidate.</p> <p>During the 2018 financial year, the Supervisory Board appointed Dr Lars Franken, Mr David Steele, Mr David Groves and Mr Guido Veit. Criminal background checks were undertaken on each appointment.</p> <p>Each year, Pyrolyx's entire Supervisory Board is required to be elected in accordance with German law. The Company will include the names of the directors</p>

			<p>to be elected to the Supervisory Board and in future, the Company will provide securityholders with material information whether to elect or re-elect a director which may include biographical details of each director, previous and current board membership, experience, membership on the Supervisory Board committees etc.</p> <p>The Nomination and Remuneration Committee Charter is available on Pyrolyx's website: http://pyrolyx.com/en/investor-relations.html.</p>
1.3	Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	No	<p>In accordance with German law requirements and the Pyrolyx Articles of Association:</p> <ul style="list-style-type: none"> • each Member of the Supervisory Board agreed to be nominated and was elected at a general meeting of the Company, in accordance with the terms and conditions as set out in the Pyrolyx Articles of Association. As such no individual written agreement is entered into with each Member of the Supervisory Board; and • the Members of the Management Board, and other senior executives of Pyrolyx have entered into service contracts, setting out the terms and conditions of their employment.
1.4	The company secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	No	<p>The Company has not formally appointed a company secretary who will report directly to the chair of the Board.</p> <p>There is no such concept of "Company Secretary" under German law. Accordingly, Pyrolyx does not currently have a company secretary.</p> <p>Should Pyrolyx determine to appoint a company secretary in the future, then Pyrolyx will make appropriate disclosure in this regard.</p>
1.5	<p>Companies 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</p>	Yes	<p>Pyrolyx has adopted a Diversity Policy, which is available on the Pyrolyx website: http://pyrolyx.com/en/investor-relations.html.</p> <p>The Diversity Policy is underpinned and supported by a suite of policies and practices that are applicable to all who work at Pyrolyx and which promote an environment that attracts and retains well qualified employees, senior management</p>

<p>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>and Board candidates regardless of gender.</p> <p>In accordance with the Diversity Policy, the Management Board is required to review and approve measurable objectives for achieving diversity, including gender diversity across the organisation and report these to the Supervisory Board. During 2018, the Management Board did not set measurable objectives during 2018.</p> <p>The Management Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company’s policy of appointing based on skills and merit. This assessment will be reviewed regularly as the company continues to grow.</p> <p>The respective proportions of women on the Board, in senior executive positions and across the whole organisation as at 31 December 2018 are set out in the following table:</p> <table><tr><th></th><th>Proportion of women</th><th>Proportion of men</th></tr><tr><td>Whole organisation</td><td>2018: 6 (13%) 2017: 6 (15%)</td><td>2018 34 (87%) 2017: 35 (85%)</td></tr><tr><td>Senior Executive positions¹</td><td>2018: 0 (0%) 2017: -- (0%)</td><td>2018: 2 (100%) 2017: 3 (100%)</td></tr></table>		Proportion of women	Proportion of men	Whole organisation	2018: 6 (13%) 2017: 6 (15%)	2018 34 (87%) 2017: 35 (85%)	Senior Executive positions ¹	2018: 0 (0%) 2017: -- (0%)	2018: 2 (100%) 2017: 3 (100%)
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Senior Executive positions ¹	2018: 0 (0%) 2017: -- (0%)	2018: 2 (100%) 2017: 3 (100%)								

			<table><tr><td>Management Board</td><td>2018: 0 (0%)</td><td>2018: (100%) 2017: 3 (100%)</td></tr><tr><td>Supervisory Board</td><td>2018: 0 (0%) 2017: 1 (20%)</td><td>2018: 6 (100%) 2017: 4 (80%)</td></tr></table> <p>1 Senior executive is defined as regional CEO or global functional role in mgmg team.</p>	Management Board	2018: 0 (0%)	2018: (100%) 2017: 3 (100%)	Supervisory Board	2018: 0 (0%) 2017: 1 (20%)	2018: 6 (100%) 2017: 4 (80%)
Management Board	2018: 0 (0%)	2018: (100%) 2017: 3 (100%)							
Supervisory Board	2018: 0 (0%) 2017: 1 (20%)	2018: 6 (100%) 2017: 4 (80%)							
1.6	<p>Companies 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>	Yes	<p>The Nomination and Remuneration Committee will make recommendations to the Supervisory Board regarding the process for evaluating performance of the Supervisory Board (including, individual members) and its committees.</p> <p>In accordance with the Supervisory Board Charter, the Supervisory Board will periodically review and evaluate:</p> <p>(a) its own performance, including against the requirements of the Supervisory Board Charter;</p> <p>(b) the performance of its committees (that is, the Audit and Risk Committee, and the Nomination and Remuneration Committee);</p> <p>(c) the performance of individual members of the Supervisory Board; and</p> <p>(d) the performance of the Management Board.</p> <p>In addition, each of the Audit and Risk Committee Charter and Nomination and Remuneration Committee Charter sets out the process and when such reviews are to take place with respect to each Committee. Specifically:</p> <p>(a) the Audit and Risk Committee will review its performance from time to time, having regard to the extent to which the Committee has met its responsibilities in</p>						

			<p>terms of the Charter;</p> <p>(b) the Nomination and Remuneration Committee will review its performance at least annually, or earlier if circumstances dictate; having regard to the extent to which the Committee has met its responsibilities in terms of the Charter; and</p> <p>(c) both Committees will review their performance whenever there are major changes to the Management Board.</p> <p>During 2018, the Supervisory Board did not undertake a performance evaluation for the financial year ended 31 December 2018.</p>
1.7	<p>Companies 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>	Yes	<p>The performance of the Members of the Management Board, including the Chief Executive Officer, is considered by the Supervisory Board.</p> <p>The Management Board undertakes assessments of other senior executives of Pyrolyx. In assessing the performance of the individual executives, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the Company.</p> <p>During the 2018 reporting period and in accordance with the review process outlined under the Charters the performance reviews of members of the Management Board took place.</p>
2. Structure the board to add value			
2.1	<p>The board 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,</p>	Partially comply	<p>The Supervisory Board has established a Nomination and Remuneration Committee, which has authority and power to exercise the roles and responsibilities granted to it under the Nomination and Remuneration Committee Charter, and any other resolutions of the Supervisory Board from time to time.</p> <p>During 2018, the members of the Nomination and Remuneration Committee included Mr Alexis Gurdjian (ceased 20 July 2018), Mr Robert Machinist (ceased 20 July 2018), Mr Christian Langbien (ceased 3 January 2018), Mr Michael Triguboff</p>

	<p>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>(ceased 15 December 2018), Mr Michael Carapiet (ceased 6 April 2018), Mr Guido Veit, Mr David Groves, Mr David Steele, and Dr Lars Franken.</p> <p>The Committee is currently comprised of all of the Members of the Supervisory Board, who are all considered non-executive Directors, for the purposes of the Recommendations. Current members include Mr David Groves, Mr David Steele, Mr William Best, Mr Bernard Meder and Mr Stephen Roberts.</p> <p>The Chairperson of the Committee between 1 January 2018 and 15 December 2018 was Mr Michael Triguboff who is not considered an independent Director. The Chairperson of the committee from 15 December 2018 to current is David Groves, who is an independent director.</p> <p>A majority of the Nomination and Remuneration Committee is considered to be independent.</p> <p>The number of times the committee met throughout the period and the individual attendances of the members at those meetings is disclosed in the Company's 2018 Annual Report.</p> <p>The Nomination and Remuneration Committee Charter is available on the Pyrolyx website: www.pyrolyx.com.au.</p>
2.2	Companies 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.	No	<p>The Supervisory Board does not currently have a board skills matrix. However, in accordance with the Supervisory Board Charter, if the Supervisory Board believes it to be appropriate, it may adopt a Supervisory Board skills matrix.</p> <p>The Supervisory Board considers that it has the necessary skills to identify what skills are missing to complete the Board composition. The current Board is made up of Members with a broad range of skills, expertise and experience and from a diverse range of background, which is appropriate to achieve the Company's objective.</p>

2.3	<p>Companies should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	Yes	<p>The Supervisory Board is currently comprised of five non-executive directors, a majority of whom are considered to be independent.</p> <p>The Company considers that the following current Members of the Supervisory Board to be independent: David Groves (appointed 20 July 2018), David Steele (appointed 20 July 2018), William Best (appointed 31 January 2019) and Stephen Roberts (appointed 31 January 2019). Bernard Meder (appointed 1 March 2019) is not considered independent as he previously held the role of interim Chief Executive Officer of the Company, ceasing in that executive capacity on 15 December 2018.</p> <p>Each Member of the Supervisory Board is considered a non-executive director as in accordance with German law, members of the Management Board are not able to be members of the Supervisory Board.</p> <p>The Supervisory Board is currently made up of Members with a broad range of skills, expertise and experience and from a diverse range of background, which is appropriate to achieve the Company's objective.</p> <p>In any future determination by the Supervisory Board of the independence of any particular Member of the Supervisory Board, the Supervisory Board will have regard to the guidelines provided by Principle 2 of the Recommendations, and in particular, Box 2.3: Factors relevant to assessing the independence of a director.</p> <p>The length of service of each Director can be found in the Company's 2018 Annual Report.</p>
2.4	A majority of the board should be independent directors.	Yes	<p>Majority of the Board is considered to be independent. The relevant factors in Box 2.3 of the Recommendations were considered when assessing the independence of each director.</p>
2.5	The chair of the board should be an independent director and, in particular, should not be the same person as the	Yes	<p>The Supervisory Board and the Management Board are separate; an individual may not be a member of both. The current Chair of the Supervisory Board, Mr David Groves is an independent Director and is not also the Chief Executive Officer of the</p>

	CEO.		<p>Company. Mr Michael Triguboff currently holds the role of interim Chief Executive Officer being appointed to that position on 15 December 2018. Mr Triguboff will continue as interim Chief Executive Officer until such time as Mr Thomas Redd, Chief Executive Officer of Pyrolyx globally, can assume the management responsibilities without distraction from completing the Indiana plant.</p> <p>Mr Alexis Gurdjian, who held the role of Chairman of the Supervisory Board until 20 July 2018 was not considered to be an independent director.</p>
2.6	Companies 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.	No	<p>All Members of the Supervisory Board are well informed as to the Company's values and each member possesses the appropriate knowledge and skills appropriate to their role.</p> <p>Should the Supervisory Board determine it to be appropriate, then relevant training (including, any induction program for future Members of the Supervisory Board) and professional education programs will be made available to the Members in order to enhance skills and knowledge, and in addition, presentations will be given on relevant developments impacting the Company.</p>
3	Act ethically and responsibly		
3.1	<p>Companies should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	<p>The Management Board has adopted a Code of Conduct, which has also been approved by the Supervisory Board, which sets out the values, commitments, ethical standards and policies of Pyrolyx and outlines the standards of conduct expected of Pyrolyx's business and people, taking into account Pyrolyx's legal and other obligations to its stakeholders</p> <p>The Code of Conduct applies to all Members of the Management Board, Members of the Supervisory Board, as well as all other officers, employees, contractors, and all other persons that act on behalf of Pyrolyx, and associates of Pyrolyx.</p> <p>The Code of Conduct is available on Pyrolyx's website: www.pyrolyx.com.au.</p>

4	Safeguard integrity in corporate reporting		
4.1	<p>The board should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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>(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>	Partially comply	<p>The Supervisory Board has established an Audit and Risk Committee to assist the Supervisory Board in carrying out its accounting, auditing and financial reporting responsibilities.</p> <p>During 2018, the members of the Audit & Risk Committee included Mr Alexis Gurdjian (ceased 20 July 2018), Mr Robert Machinist (ceased 20 July 2018), Mr Christian Langbien (ceased 3 January 2018), Mr Michael Triguboff (ceased 15 December 2018), Mr Michael Carapiet (ceased 6 April 2018), Mr Guido Veit, Mr David Groves, Mr David Steele, and Dr Lars Franken.</p> <p>The Committee is currently comprised of all of the Members of the Supervisory Board, who are all considered non-executive Directors, for the purposes of the Recommendations. Current members include Mr David Groves, Mr David Steele, Mr William Best, Mr Bernard Meder and Mr Stephen Roberts.</p> <p>A majority of the current Directors of the Audit and Risk Committee are considered independent, however the committee did not comprise a majority independence for the entire period.</p> <p>The Chairperson of the Committee until 20 July 2018 was Mr Robert Machinist who was not considered to be an independent Director. The current chair of the Audit and Risk Committee is David Steele who is considered to be independent and is not the chair of the Supervisory Board.</p> <p>The qualifications and experience of the members of the Audit and Risk Committee (being, all of the Members of the Supervisory Board) are set out in and in the 2018 Annual Report.</p> <p>The Audit and Risk Committee has a formal charter which sets out the Committee's responsibilities and functions. The key roles and of the Committee are also summarised in Section 9 of the Prospectus. A copy of the Audit and Risk</p>

			<p>Committee Charter is available on the Pyrolyx website: www.pyrolyx.com.</p> <p>The number of times the committee met throughout the period and the individual attendances of the members at those meetings is disclosed in the Company's 2018 Annual Report.</p>
4.2	<p>The board 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>	Yes	<p>Pyrolyx is a German stock corporation, that is registered with the Australian Securities and Investments Commission as a foreign company. Accordingly, Pyrolyx is not subject to certain aspects of Australian company law, including, without limitation, the financial reporting requirements as set out in Chapter 2M of the Corporations Act 2001 (Cth).</p> <p>However, as part of the financial audit process and auditor's review opinion, the Chief Executive Officer and Chief Financial Officer of Pyrolyx declared in respect of the 2018 reporting period, that in their opinion, the financial records of Pyrolyx 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 Pyrolyx. The Pyrolyx audited financial statements are then presented to the Supervisory Board for its approval.</p> <p>This declaration was obtained by the relevant CFO and CEO in respect of the 2018 Half Year Report and 2018 Annual Report.</p>
4.3	<p>Companies should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>In accordance with the Pyrolyx Disclosure and Communication Policy, there is a requirement that the external auditor attend the annual general meeting of Pyrolyx. The Pyrolyx general meetings will be conducted in accordance with applicable law, in particular, in accordance with the Pyrolyx Articles of Association and the German Stock Corporation Act.</p> <p>The Disclosure and Communication Policy is available on the Pyrolyx website: www.pyrolyx.com.</p>

5	Make timely and balanced disclosure		
5.1	<p>Companies should:</p> <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>	Yes	<p>The Management Board has adopted a Disclosure and Communication Policy, which has also been approved by the Supervisory Board, which sets out Pyrolyx's commitment to the objective of promoting investor confidence and the rights of security holders by:</p> <p>(a) complying with the continuous disclosure obligations imposed by applicable law;</p> <p>(b) ensuring that company announcements are presented in a factual, clear and balanced way;</p> <p>(c) ensuring that within the limits of applicable law, all security holders have equal and timely access to material information concerning Pyrolyx; and</p> <p>(d) communicating openly and honestly with securityholders and making it easy for the shareholders to participate in general meetings.</p> <p>The Disclosure and Communication Policy is available on the Pyrolyx website: www.pyrolyx.com.</p>
6	Respect the rights of security holders		
6.1	Companies should provide information about itself and its governance to investors via its website.	Yes	<p>The Management Board has adopted a Disclosure and Communication Policy, which has also been approved by the Supervisory Board.</p> <p>The Company intends to provide all relevant information about itself and the governance of the Company at www.pyrolyx.com, as required by the Recommendations, the Listing Rules, and other applicable law to Pyrolyx.</p>
6.2	Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>The Management Board has adopted a Disclosure and Communication Policy, which has also been approved by the Supervisory Board, which supports Pyrolyx's commitment to effective communication with its security holders. In addition, Pyrolyx intends to communicate with its security holders:</p> <p>(a) by making timely market announcements;</p>

			<p>(b) by posting relevant information on to its website;</p> <p>(c) by inviting shareholders to make direct inquiries to Pyrolyx; and</p> <p>(d) through the use of general meetings (in accordance with applicable law, and the Pyrolyx Articles of Association).</p> <p>The Disclosure and Communication Policy is available on the Pyrolyx website: www.pyrolyx.com.</p>
6.3	Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	<p>The Pyrolyx Articles of Association and Disclosure and Communication Policy are available on the Pyrolyx website: www.pyrolyx.com.</p> <p>All shareholders are invited to attend the Company's annual and general meetings either in person or by representative. Shareholders have an opportunity to submit questions to the Board or the Company's external auditor.</p>
6.4	Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	<p>In accordance with the Disclosure and Communication Policy, security holders may, within the limits of applicable law, elect to receive information electronically as it is posted on the Pyrolyx website. Within the limits of applicable law, Pyrolyx will communicate by post with security holders who have not elected to receive information electronically.</p>
7	Recognise and manage risk		
7.1	<p>Companies 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>	Partially comply	<p>The Supervisory Board has established an Audit and Risk Committee to assist the Supervisory Board in carrying out its accounting, auditing and financial reporting responsibilities.</p> <p>During 2018, the members of the Audit & Risk Committee included Mr Alexis Gurdjian (ceased 20 July 2018), Mr Robert Machinist (ceased 20 July 2018), Mr Christian Langbien (ceased 3 January 2018), Mr Michael Triguboff (ceased 15</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>December 2018), Mr Michael Carapiet (ceased 6 April 2018), Mr Guido Veit, Mr David Groves, Mr David Steele, and Dr Lars Franken.</p> <p>The Committee is currently comprised of all of the Members of the Supervisory Board, who are all considered non-executive Directors, for the purposes of the Recommendations. Current members include Mr David Groves, Mr David Steele, Mr William Best, Mr Bernard Meder and Mr Stephen Roberts.</p> <p>A majority of the current Directors of the Audit and Risk Committee are considered independent, however the committee did not comprise a majority independence for the entire period.</p> <p>The Chairperson of the Committee until 20 July 2018 was Mr Robert Machinist who was not considered to be an independent Director. The current chair of the Audit and Risk Committee is David Steele who is considered to be independent and is not the chair of the Supervisory Board.</p> <p>The qualifications and experience of the members of the Audit and Risk Committee (being, all of the Members of the Supervisory Board) are set out in and in the 2018 Annual Report.</p> <p>The Audit and Risk Committee has a formal charter which sets out the Committee's responsibilities and functions. The key roles and of the Committee are also summarised in Section 9 of the Prospectus. A copy of the Audit and Risk Committee Charter is available on the Pyrolyx website: www.pyrolyx.com.</p> <p>The number of times the committee met throughout the period and the individual attendances of the members at those meetings is disclosed in the Company's 2018 Annual Report.</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</p>	Yes	<p>The Audit and Risk Committee will oversee and review the effectiveness of the Company's risk management framework at least annually. Additionally, the Supervisory Board must review the Audit and Risk Committee Charter annually to</p>

	<p>sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>		<p>ensure it remains relevant to the current needs of Pyrolyx.</p> <p>A review and update of Pyrolyx's risk management framework was undertaken in 2018 and the Board considers that it continues to remain sound.</p>
7.3	<p>Companies should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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>	Yes	<p>Pyrolyx does not at this time, have an internal audit function. However, as set out in the Audit and Risk Committee Charter, the Committee has responsibility to ensure that Pyrolyx has appropriate internal audit systems and controls in place, and for overseeing the effectiveness of these internal controls. The Committee is also responsible for conducting, after having consulted with the Management Board, investigations of breaches or potential breaches of these internal controls.</p> <p>In addition, the Audit and Risk Committee is responsible for preparing a risk profile which describes the material risks facing Pyrolyx, regularly reviewing and updating this risk profile and assessing and ensuring that there are internal controls in place for determining and managing key risks. The Committee continues to assess and develop the Company's risk appetite as part of the Company's strategy going forward.</p>
7.4	<p>Companies 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>	Yes	<p>Pyrolyx is exposed to certain economic and environmental risks. Refer to the Management Report contained within the Company's 2018 Annual Report for more information in respect of those risks, and risks associated with holding securities generally in Pyrolyx.</p> <p>In this regard, the Audit and Risk Committee assists the Supervisory Board by overseeing that the Company has an effective risk management system and reviewing the risk management system 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 that such risks remain within the risk appetite considered appropriate by the Company.</p> <p>During 2018 the Board undertook a formal review of risk management and of the framework deployed during the 2018 financial year. A risk assessment is outlined in</p>

			the Management Report. The Company did not identify any material exposure to economic, environmental and social sustainability risks.
8	Remunerate fairly and responsibly		
8.1	<p>Companies 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>	Partially comply	<p>The Supervisory Board has established a Nomination and Remuneration Committee. The Committee is responsible for developing, reviewing and making recommendations to the Supervisory Board on:</p> <p>(a) the Company's remuneration framework for members;</p> <p>(b) the remuneration packages to be awarded to members of the Management Board;</p> <p>(c) incentive compensation, including, equity based remuneration plans for members of the Management Board; and</p> <p>(d) superannuation arrangements for members of the Management Board.</p> <p>During 2018, the members of the Nomination and Remuneration Committee included Mr Alexis Gurdjian (ceased 20 July 2018), Mr Robert Machinist (ceased 20 July 2018), Mr Christian Langbien (ceased 3 January 2018), Mr Michael Triguboff (ceased 15 December 2018), Mr Michael Carapiet (ceased 6 April 2018), Mr Guido Veit, Mr David Groves, Mr David Steele, and Dr Lars Franken.</p> <p>The Committee is currently comprised of all of the Members of the Supervisory Board, who are all considered non-executive Directors, for the purposes of the Recommendations. Current members include Mr David Groves, Mr David Steele, Mr William Best, Mr Bernard Meder and Mr Stephen Roberts.</p> <p>The Chairperson of the Committee between 1 January 2018 and 15 December 2018 was Mr Michael Triguboff who is not considered to be an independent Director. The Chairperson of the committee from 15 December 2018 to current is David Groves, who is considered to be an independent director.</p> <p>A majority of the Nomination and Remuneration Committee is considered to be</p>

			<p>independent.</p> <p>The number of times the committee met throughout the period and the individual attendances of the members at those meetings is disclosed in the Company's 2018 Annual Report.</p> <p>The Nomination and Remuneration Committee Charter is available on the Pyrolyx website: www.pyrolyx.com.au.</p>
8.2	Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	<p>The Company complies with the guidelines for executive and non-executive director remuneration, details of which are contained within the 2018 Annual Report.</p> <p>The remuneration payable to the Members of the Supervisory Board is in accordance with the Articles of Association of Pyrolyx. A summary of the Articles of Association of Pyrolyx is also contained within the 2018 Annual Report.</p>
8.3	<p>A company 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>	Yes	<p>Under Pyrolyx's Trading Policy, certain designated persons are prohibited from entering into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that:</p> <p>(a) has not vested; or</p> <p>(b) has vested but remains subject to a holding lock.</p> <p>In addition, in accordance with Pyrolyx's Trading Policy, certain designated persons are prohibited from entering into margin lending arrangements relating to Pyrolyx's securities, prohibiting short term or speculative trading in Pyrolyx's securities or in financial products associated with Pyrolyx's securities and prohibiting dealing in financial products associated with Pyrolyx's securities.</p> <p>The Pyrolyx Trading Policy is available on the Pyrolyx website: www.pyrolyx.com.au.</p>