

By-Laws
for the
Supervisory Board
of
PAION AG

The Supervisory Board has adopted the By-Laws for the Supervisory Board of PAION AG (hereinafter the "**Company**") on September 6, 2004. The Supervisory Board has revised the By-Laws for the Supervisory Board of PAION AG on May 9 2005, December 4 2014, and on December 02 2015.

§ 1

General Rights and Duties of the Members of the Supervisory Board

- (1) In its activities the Supervisory Board shall comply with the statutory provisions, the German Corporate Governance-Codex - insofar as the Management Board and the Supervisory Board have declared in accordance with § 161 German Stock Corporation Act (*AktG*) to comply with its recommendations and insofar as the Management Board and the Supervisory Board have resolved to comply with the proposals -, the Articles of Association and these By-Laws for the Supervisory Board. Unless otherwise provided for in these By-Laws for the Supervisory Board, all members shall have the same rights and duties and shall not be bound by directions.
- (2) The members of the Supervisory Board are obliged to the interests of the Company and shall neither pursue their own interests in connection with their decisions nor use new business opportunities of the Company for themselves.
- (3) Each member of the Supervisory Board shall disclose any conflict of interest including but not limited to such resulting from his function as advisor, organ or other function at customers, supplier, lenders, competitors or other business partners to the Chairman of the Supervisory Board. The Chairman of the Supervisory Board shall disclose his conflicts of interest to the Supervisory Board.
- (4) A member of the Supervisory Board, who is a member of the Management Board of a listed company, shall not accept more than a total of three additional supervisory board mandates in non-group listed companies in addition to the mandate at the Company. Each member of the Supervisory Board shall disclose any Supervisory Board and Management Board memberships with other companies to the Supervisory Board and the Management Board.
- (5) In its report, the Supervisory Board shall inform the General Shareholders' Meeting of any conflicts of interest which have occurred together with their treatment. Material conflicts of interest and those which are not merely temporary in respect of a person of a Supervisory Board member shall result in the voluntary termination of his mandate by resignation.
- (6) The age limit for members of the Supervisory Board shall be 75.

- (7) Members of the Supervisory Board shall not be appointed for more than 3 (three) cumulative terms.

§ 2

Election of the Chairman and the Deputy Chairman

- (1) The Supervisory Board shall elect a Chairman and a Deputy Chairman from its midst. Such election shall be chaired by the oldest member of the Supervisory Board and shall take place without undue delay after each shareholders' meeting in which members of the Supervisory Board were newly elected. No specific invitation to such meeting of the Supervisory Board shall be required. The election or re-election of the Chairman and Deputy Chairman is also required in the event of a re-election of the former Chairman and/or Deputy Chairman to the Supervisory Board.
- (2) The election shall be for the duration of the term of office of the respective member of the Supervisory Board. If the Chairman or the Deputy Chairman of the Supervisory Board leaves the Supervisory Board during their term of office, another election for the remaining duration of the term of office of the person leaving the Supervisory Board shall be held without undue delay.
- (3) The Deputy Chairman represents the Chairman in case of the Chairman being prevented.

§ 3

Rights and Duties of the Chairman of the Supervisory Board

- (1) The Chairman of the Supervisory Board shall represent the Supervisory Board vis-à-vis third parties and vis-à-vis the Management Board. In addition, he shall have the rights and duties laid down in the statutory provisions, the Articles of Association and these By-Laws for the Supervisory Board.
- (2) In urgent cases, the Chairman of the Supervisory Board shall be entitled to provisionally approve actions which pursuant to the Articles of Association or the By-Laws for the Management Board require the approval of the Supervisory Board. In the next Supervisory Board meeting a resolution shall be passed on such approval.
- (3) The Chairman is entitled to make and receive all declaration necessary for the execution of resolutions of the Supervisory Board and its committees if such execution is an obligation of the Supervisory Board.

§ 4
Meetings

- (1) The Supervisory Board shall meet once in every calendar quarter.
- (2) In addition to the ordinary meetings of the Supervisory Board, extraordinary meetings of the Supervisory Board shall be called by the Chairman of the Supervisory Board at any time upon the request of one member of the Supervisory Board or of the Management Board. Furthermore, § 110 AktG shall apply.
- (3) The meetings of the Supervisory Board shall be called by the Chairman, or should the Chairman be prevented, by his Deputy. The meeting may be called in writing, by telefax, telephone or e-mail. At least 14 days' notice shall be given of the meeting. When counting this period of notice, the day on which notice was given and the day of the meeting itself shall not be taken into account. In urgent cases, the Chairman may call a meeting at shorter notice. The Chairman may cancel or postpone a meeting which has already been called.
- (4) In the notice for a meeting of the Supervisory Board, the place, date and time of such meeting as well as the agenda of such meeting and the proposals for resolutions shall be made at such time and in such form that a vote in writing may be made by the members of the Supervisory Board. In case that the agenda or one point of the agenda has not been validly announced a resolution shall only be passed if no member of the Supervisory Board objects or if special urgency requires to do so. Members of the Supervisory Board not present in such cases shall be given the opportunity to object to such resolution within a reasonable period of time to be determined by the Chairman of the Supervisory Board. Any such resolution shall only become valid when the members of the Supervisory Board not present during such resolution have not objected within the period of time set by the Chairman of the Supervisory Board unless urgency required such resolution.
- (5) The members of the Management Board shall participate in the meetings of the Supervisory Board unless otherwise resolved upon by the Supervisory Board in a specific case.

§ 5
Resolutions of the Supervisory Board

- (1) Resolutions of the Supervisory Board shall generally be passed in its personal meetings, video or telephone conferences.

- (2) Outside of meetings, the passing of resolutions by way of voting in writing, by telephone, telefax, e-mail or other means of telecommunication shall be permitted if determined so in a single case by the Chairman. Such resolutions shall have to be recorded in writing by the Chairman of the Supervisory Board and be made available to all members of the Supervisory Board. The following provisions shall also apply to such resolutions passed outside of meetings.
- (3) The Supervisory Board shall have a quorum if all members of the Supervisory Board were invited or were asked to cast their vote and if at least half of the members of the Supervisory Board, however at least three members, and in any case including the Chairman or his Deputy, participate in the passing of a resolution. For the purpose of calculation the quorum abstentions shall count as participation in the voting.
- (4) Absent members of the Supervisory Board may participate in the passing of resolutions by having another member of the Supervisory Board hand over their written votes.
- (5) The Chairman of the Supervisory Board or, should he be incapacitated, the Deputy Chairman of the Supervisory Board shall chair the meeting. The Chairman of the meeting determines the order of the items of the agenda and the kind of voting.
- (6) Unless mandatory statutory provisions or the Articles of Association provide otherwise, resolutions of the Supervisory Board shall be passed with simple majority. This shall also apply to elections. Abstentions shall count as rejections.
- (7) Minutes shall be taken of all meetings of the Supervisory Board. The minutes shall be signed by the Chairman and shall state the place and date of the meeting, the persons attending, the items of the agenda, the essential content of the proceedings and the resolutions passed by the Supervisory Board. Each member of the Supervisory Board shall receive a copy of the minutes signed by the Chairman or, should the Chairman be incapacitated, by his Deputy.
- (8) With regard to the resolutions of the Supervisory Board passed outside meetings, subsec. 1 shall apply accordingly with the provision that the minutes shall also state how the resolutions were passed.

§ 6

Committees

- (1) The Supervisory Board shall be entitled to form Committees from its midst and to transfer to such Committees, to the extent permitted by law, the power to make decisions.

- (2) To the extent legally permissible, the Committees shall act in the name of and represent the entire Supervisory Board (*Gesamtaufsichtsrat*) with regard to the duties transferred to them.
- (3) The Supervisory Board shall appoint one member of a Committee as Chairman of such Committee.
- (4) The Chairman of a Committee shall be entitled to consult with members of the Supervisory Board who are not members of the respective Committee.

§ 7

Procedure of the Committees

- (1) The calling of the meetings of the Committees shall not require a notice period. The announcement of an agenda may be waived. In all other aspects, the provisions regarding the calling and procedure of meetings and the passing of resolutions of the entire Supervisory Board contained in the Articles of Association or these By-Laws shall apply accordingly with regard to the Committees.
- (2) Minutes shall be taken of all meetings and resolutions of a Committee. Such minutes shall be made available to all members of the respective Committee.
- (3) The Committees shall report to the Supervisory Board on a regular basis.

§8

Appointment of the Members of the Management Board:

- (1) The age limit for members of the Management Board shall be 65. The Supervisory Board will make no appointment of a member of the Management Board not in conformity with such age limit.
- (2) Sideline activities of the Members of the Management Board shall require the prior approval of the Supervisory Board or a respective committee of the Supervisory Board, especially Supervisory Board mandates outside the PAION Group. The Supervisory Board will not grant its approval to the acceptance of more than five Supervisory Board mandates outside the PAION Group by one of the members of the Management Board.

§ 9

Authorization of members of the Supervisory Board

The Supervisory Board may authorize one or more members of the Supervisory Board to supervise the conduct of the business or to review single business transactions. The authorized member(s) of the Supervisory Board shall report on that supervision and review in the meetings of the competent Committee and the Supervisory Board.

§ 10

Confidentiality

- (1) Each of the members of the Supervisory Board shall observe secrecy concerning all confidential information and secrets which have become known to him through his activities on the Supervisory Board, including after his retirement from the Supervisory Board. Should a member of the Supervisory Board wish to pass on certain information to third parties and if it cannot be ruled out with certainty that this information is confidential or deals with business secrets of the Company, such member must inform the Chairman in advance and wait for his response.
- (2) Retired members of the Supervisory Board shall return all confidential documents of the Company in their possession to the Chairman.
- (3) Persons attending meetings of the Supervisory Board who are not members of the Supervisory Board shall be expressly placed under a duty of confidentiality in accordance with the provisions of this § 10.

Aachen, 02 December 2015

The Chairman

Dr. Jörg Spiekerkötter