

This Corporate Governance Statement is current as at 31 March 2020 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the Recommendation. The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

The Company's main corporate governance policies are available on the Company's website [www.shekelbrainweigh.com](http://www.shekelbrainweigh.com).

#### **Recommendation 1.1**

**A listed entity should disclose:**

- (a) the respective roles and responsibilities of its Board and management, and**
- (b) those matters expressly reserved to the Board and those delegated to management.**

- (a) The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.
- (b) The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, details of the Board's relationship with management and details of the Board's performance review. A copy of the Company's Board Charter is available on the Company's website.

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**Shekel Brainweigh Ltd**

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### **Recommendation 1.2**

**A listed entity should:**

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and**
- (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.**

(a) The Company has guidelines for the appointment and selection of the Board in its Board Charter. The Board undertakes appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history of the candidate) before appointing a person, or putting forward to security holders a candidate for election, as a Director.

(b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in any notice of meeting pursuant to which the resolution to elect or re-elect such director will be voted on.

### **Recommendation 1.3**

**A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.**

The Company has written agreements with each of its Directors and senior executives.

### **Recommendation 1.4**

**The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.**

The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters related to the proper functioning of the Board.

### Recommendation 1.5

**A listed entity should:**

- (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 and the entity's progress in achieving them;**
- (b) disclose that policy or a summary of it; and**
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and either:**
  - (i) 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**
  - (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.**

- (a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them.
- (b) The Diversity Policy is available on the Company's website.
- (c) Respective proportion of women on the board, in senior executive positions and across the whole organisation are detailed in the table below;

	<b>No. of women 2019</b>	<b>Proportion of women 2019</b>
<b>Whole Group</b>	70	39%
<b>Senior Executives</b>	5	22%
<b>Board</b>	3	50%

### Recommendation 1.6

**A listed entity should:**

- a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and**

**b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

a) The Chair is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Board Charter, which is available on the Company's website.

b) Performance evaluations were not carried out by the Company during the relevant reporting period however the Board has made plans to carry out a performance review of the Board, its committees and its directors during this reporting period.

#### **Recommendation 1.7**

**A listed entity should:**

**(a) have and disclose a process for periodically evaluating the performance of its senior executives; and**

**(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

a) The Board is responsible for evaluating the performance of the Company's senior executives on an annual basis. The process for these evaluations can be found in the Company's Board Charter which is available on the Company's website.

b) Performance reviews were not carried out during the reporting period ending 31 December 2019

#### **Recommendation 2.1**

**The Board of a listed entity should:**

**(a) have a nomination committee which:**

**(i) has at least three members, a majority of whom are independent Directors; and**

**(ii) is chaired by an independent Director, and disclose:**

**(iii) the charter of the committee;**

**(iv) the members of the committee; and**

**(v) 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**

**(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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.**

(a) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment.

(b) In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:

- i. devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and
- ii. all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Companies Act and ASX Listing Rules.

#### **Recommendation 2.2**

**A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.**

The Board Charter makes it a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board, taking into account the skills and experience required in the context of the Company's operations and activities from time to time. The skills and experience of each Director is set out on the Company's website

#### **Recommendation 2.3**

**A listed entity should disclose:**

**(a) the names of the Directors considered by the Board to be independent Directors;**

**(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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**

**(c) the length of service of each Director**

As at the date of this Corporate Governance Statement, Isaac Raviv, Tzipi Avioz, Sophie Raven and Michael Hughes are considered Independent Directors of the Company.

The directors in office as at the date of this statement have served continuously since their respective dates of appointment which are as follows:

1. Yoram Ben Porat – appointed as a Director effective 19 August 2018
2. Isaac Raviv – appointed as a Director effective 19 August 2018
3. Beth Kaplan – appointed as a Director effective 19 August 2018
4. Tzipi Avioz – appointed as a Director effective 19 August 2018
5. Sophie Raven – appointed as a Director effective 19 August 2018
6. Michael Hughes – appointed as a Director effective 8 November 2019

#### **Recommendation 2.4**

***A majority of the Board of a listed entity should be independent Directors.***

The Company's Board Charter makes it a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board.

The Board currently comprises a total of six directors, of whom four are independent Non-Executive Directors (including the External Directors). As such, the majority of the Board comprises independent directors.

#### **Recommendation 2.5**

***The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.***

The Interim Chair of the Company, Tzipi Avioz, is a Non-Executive Independent Director of the Company and is not the CEO/Managing Director. Mr Dave Sharma held the position of Chair up until 31 December 2019 and was an independent Director.

#### **Recommendation 2.6**

***A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.***

In accordance with the Company's Board Charter, the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Board is responsible for facilitating inductions and professional development.

#### **Recommendation 3.1**

A listed entity should:

- (a) have a code of conduct for its Directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

- (a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.
- (b) The Company's Corporate Code of Conduct is available on the Company's website.

#### **Recommendation 4.1**

***The Board of a listed entity should:***

***(a) have an audit committee which:***

- (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and***
- (ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose:***
- (iii) the charter of the committee;***
- (iv) the relevant qualifications and experience of the members of the committee; and***
- (v) 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***

***(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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.***

- (i) The Audit Committee comprises of the following members:
- Isaac Raviv (Chair)
  - Tzipi Avioz
  - Sophie Raven
- (ii) All members are Non-Executive Directors, with both Isaac Raviv and Tzipi Avioz being the current External Directors of the Company.
- (iii) The Audit Committee Charter is available on the Company's website.
- (iv) The relevant qualifications and experience of the Audit Committee members are disclosed on the Company's website.
- (v) During the period the Audit Committee held four meetings. Due to the geographical spread and various time zones of the directors matters are usually discussed via email and agreed before bringing their recommendations to the Board.

<b>Director</b>	<b>No. of Meetings attended</b>
Isaac Raviv	4
Tzipi Avioz	4
Sophie Raven	4

#### **Recommendation 4.2**

***The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that 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.***

The CEO and CFO provide a declaration to the Board, before it approves the entity's financial statements for a financial period, that 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.

#### **Recommendation 4.3**

***A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.***



The Board will ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

#### **Recommendation 5.1**

***A listed entity should:***

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and***
- (b) disclose that policy or a summary of it.***

- (a) The Company has a continuous disclosure policy for complying with its continuous disclosure obligations under the Listing Rules.
- (b) The continuous disclosure policy is available on the Company's website.

#### **Recommendation 6.1**

***A listed entity should provide information about itself and its governance to investors via its website.***

Information about the Company and its governance can be found on the Company's website.

#### **Recommendation 6.2**

***A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.***

The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's continuous disclosure policy.

#### **Recommendation 6.3**

***A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.***

Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.

#### **Recommendation 6.4**

***A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.***

The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.

#### **Recommendation 7.1**

***The Board of a listed entity should:***

- a) have a committee or committees to oversee risk, each of which:***
- i) has at least three members, a majority of whom are independent Directors; and***
  - ii) is chaired by an independent Director,***  
***and disclose:***
    - iii) the charter of the committee;***
    - iv) the members of the committee; and***
    - v) 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***
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.***

- (a) The Board considers that the Company is not currently of a sufficient size to justify the formation of a risk committee. Accordingly, the Board does not have a risk committee and, as set out in the Board Charter, the Board performs the role and functions which would otherwise be undertaken by this committee. Where necessary the Board will seek the advice of external advisors in relation to this role.
- b) The Board will reassess the need to establish a risk committee as the Company reaches the requisite corporate and commercial maturity and products continue to develop.
- (c) A copy of the Board Charter is available on the Company's website.
- d) In accordance with the Company's Board Charter, the Board oversees the entity's risk management framework by:
  - (i) identifying and classifying risks;
  - (ii) monitoring the status of each risk identified and the necessary action plans relating to their treatment on a regular basis; and
  - (iii) conducting management bi-annual reviews of risk action plans.

The Company has performed a risk survey by the Internal Auditor and have subsequently put in place a multi year audit program addressing the subjects that were raised by the Company's auditor. The first program will be completed and presented to the Board for their review and approval by the end of the second quarter.

#### **Recommendation 7.2**

**The Board or a committee of the Board should:**

- (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and**
- (b) disclose in relation to each reporting period, whether such a review has taken place.**

- (a) The Company's risk management processes are set out in its Board Charter. The Board will, at least annually, satisfy itself that the Company's risk management framework continues to be sound.
- (b) A review of the Company's risk management framework was undertaken for the reporting period ending 31 December 2019.

#### **Recommendation 7.3**

**A listed entity should disclose:**

- a) if it has an internal audit function, how the function is structured and what role it performs; or**
- 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.**

The Company has an internal auditor who is responsible for reviewing the Company's compliance with applicable law and the appropriateness of business management. The internal auditor is appointed based on the recommendation of the Audit Committee, meeting certain independence requirements. The internal auditor's duty is to assist the Board, the Company's CEO and the Audit Committee.

#### **Recommendation 7.4**

***A listed entity 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.***

The Board Charter requires the Board to identify and appropriately manage the risks facing the Company's business. To the extent the Company is exposed to economic, environmental and social sustainability risks, the Company has disclosed such risks in Annual Report.

#### **Recommendation 8.1**

***The Board of a listed entity should:***

***(a) have a remuneration committee which:***

- (i) has at least three members, a majority of whom are independent Directors; and***
- (ii) is chaired by an independent Director,***

***and disclose:***

***(iii) the charter of the committee;***

***(iv) the members of the committee; and***

***(v) 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***

***(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***

The Remuneration Committee comprises of the following members (all External (Independent) Directors):

- Isaac Raviv (Committee Chair)
- Tzipi Avioz

- Sophie Raven

The Remuneration Charter is available on the Company's website.

During the reporting period one remuneration committee meeting was held. Due to the geographical spread and various time zones of the directors matters are usually discussed via email and agreed before bringing their recommendations to the Board

<b>Director</b>	<b>No. of Meetings attended</b>
Isaac Raviv	1
Tzipi Avioz	1
Sophie Raven	1

#### **Recommendation 8.2**

***A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration***

The Company's Remuneration Committee Charter and Remuneration Policy are available on the Company's website.

#### **Recommendation 8.3**

***A listed entity which has an equity-based remuneration scheme should:***

- (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***
- (b) disclose that policy or a summary of it***

(a) The Company's equity-based remuneration scheme has 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.

(b) A copy of the Company's Securities Trading Policy is available on the Company's website.