

CORPORATE GOVERNANCE STATEMENT

The Board of eSense-Lab Ltd (**Company**) is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework for the financial year ended 31 December 2020 (**Reporting Period**), the Board has referred to the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council (**Recommendations**). The Company sets out below its compliance with, and departures from the Recommendations for the financial year ended 31 December 2020.

As at the date of this Statement, the Company has adopted the following corporate governance policies and procedures, which can be found on the Company's website at <https://www.esense-lab.com/corporate-governance> (together, the **Corporate Governance Plan**):

- a) Board Charter
- b) Corporate Code of Conduct
- c) Audit and Risk Committee Charter
- d) Remuneration Committee Charter
- e) Nomination Committee Charter
- f) Performance Evaluation Policy
- g) Continuous Disclosure Policy
- h) Risk Management Policy
- i) Trading Policy
- j) Diversity Policy
- k) Shareholder Communication Policy
- l) Whistleblower Policy.

The Board is committed to administering the Corporate Governance Plan with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. In light of the Company's size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose, efficient, practical and cost-effective method of directing and managing the Company. As the Company's activities develop in size and nature, the implementation of additional corporate governance policies and structures will be considered.

The Company further notes that it is in the process of reviewing its Corporate Governance Plan in light of the 4th Edition Corporate Governance Principles and Recommendations.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company complied with Recommendation 1.1 in part for the whole of the Reporting Period.

The Company has adopted, and has disclosed on its website, a Board Charter setting out the roles, and responsibilities of, and matters expressly reserved to, the Board.

The Company's Board Charter sets out the role of management, noting that it is to support the Company's Chief Executive Officer (**CEO**), and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Given the size of the Board and management in the past financial year, the Company has operated by the Board delegating specific responsibilities and matters to management (above and beyond management's general role specified above) on an as-needs, and ongoing basis.

Following the significant changes to the Board and management in the past 12 months, the Board is now in the process of establishing clearly the responsibilities of, and matters which are expressly delegated to, management, and intends to document these specifically in a new Board Charter to be adopted in 2021.

Recommendation 1.2

The Company complied with Recommendation 1.2 in part for the whole of the Reporting Period.

It is the Company's policy under its Nomination Committee Charter, to undertake appropriate checks before appointing a Director or senior executive, or putting someone forward for election as a director. The Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect, or re-elect a director.

During the Reporting Period, the Company appointed Dr James Ellingford, Mr Peter Hatfull and Mr Winton Willesee, as Directors of the Company, and Mr Itzik Mizrahi (former CEO), Mr Moshe Hukaylo (CFO) and Mr Yoav Elishoov (current CEO) as senior executives of the Company. The Company undertook informal background checks and assessments of Directors and senior executives prior to their appointment to the Board, which it deemed appropriate in the circumstances. As part of its increased corporate governance practices, in the coming reporting period, the Company will undertake formal background checks before appointing a Director or senior executive, or putting someone forward for election as a director.

During the Reporting Period, the Company put forward for re-election, Mr Benjamin Karasik, Mr Piers Lewis, and Mr Amit Edri, at the Company's 2020 Annual General Meeting, and all information relevant to their re-appointment was included in the Notice of Meeting released by the Company on 4 May 2020.

Recommendation 1.3

The Company complied with Recommendation 1.3 in full for the whole of the Reporting Period.

The Company has a written agreement with each Director and senior executive of the Company, which sets out the terms of their appointment.

Recommendation 1.4

The Company complied with Recommendation 1.4 in full for the whole of the Reporting Period.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Board Charter of the Company sets out the specific responsibilities of the Company Secretary.

Recommendation 1.5

The Company complied with Recommendation 1.5 in part for the whole of the Reporting Period.

The Board and the Company as a whole is committed to an inclusive workplace that embraces and values diversity while always upholding the principle of meritocracy.

During the Reporting Period:

- a) the Company had in place a Diversity Policy which was disclosed on its website;
- b) for the reasons set out below, the Board did not set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally;
- c) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out below. The Company defines 'senior executives' as those employees whose direct report is the Chief Executive Officer:
 - All of the Company's Board members as at 31 December 2020 were male;
 - All of the Company's senior executives as at 31 December 2020 were male; and
 - 14% of the Company's entire workforce of 7 people, were female.

The Company notes that during the Reporting Period, the Company had in place a Diversity Policy which required (amongst other things) the Board to determine measurable objectives to achieve the diversity objectives set out in its policy. Notwithstanding the Board's commitment to diversity in the workplace, the Company did not comply (in full) with Recommendation 1.5 during the Reporting Period, as given the size of the Company and its workforce, it does not currently have sufficient resources to be able to define and implement a formal diversity program that is compliant with the Recommendations. Further, the Board considers that, at this stage, the incremental benefits of a

structured diversity program are disproportionate to the implementation costs involved, when compared to the Company's current practices.

The Company is in the process of reviewing its Diversity Policy, and intends to adopt a revised Diversity Policy which provides for a tiered approach to the implementation of the initiatives of Recommendation 1.5, which is relative to the size of the Group and its workforce. Accordingly, where the Group employs 100 or more employees, the Board of the Company undertakes to adopt practices in line with the Recommendations.

Whilst the Group's workforce remains below this threshold, the Board of the Company will continue to drive the Group's diversity strategies on an informal basis, and will apply the initiatives contained in its Diversity Policy to the extent that the Board considers them to be necessary, practical and achievable in the context of the Group's needs and available resources.

The Company was not in the S&P/ASX300 Index at the commencement of the Reporting Period.

Recommendation 1.6

The Company complied with Recommendation 1.6 in full for the whole of the Reporting Period.

The Company has adopted a Performance Evaluation Policy which sets out the process for annually evaluating the performance of the Board, its committees, individual directors and senior executives.

Upon establishment of a Remuneration and Nomination Committee in February 2020, that Committee assumed responsibility for driving the evaluation process set out in the Performance Evaluation Policy in respect of the Board and individual directors. The full Board assumed responsibility for undertaking the evaluation process set out in the Performance Evaluation Policy in respect of the Company's committees.

A copy of the Performance Evaluation Policy is disclosed on the Company's website.

Due to the significant changes in the Board during the Reporting Period (and consequential short tenure of the same as at the end of the Reporting Period), the process set out in the Performance Evaluation Policy was not undertaken during the Reporting Period. Having stabilised the Board, the Company intends undertake the performance evaluation processes in the coming reporting period.

Recommendation 1.7

The Company complied with Recommendation 1.7 in full for the whole of the Reporting Period.

The Company has adopted a Performance Evaluation Policy which sets out the process for annually evaluating the performance of the Board, its committees, individual directors and senior executives.

Upon establishment of a Remuneration and Nomination Committee in February 2020, that Committee assumed responsibility for driving the evaluation process set out in the Performance Evaluation Policy in respect of senior executives.

A copy of the Performance Evaluation Policy is disclosed on the Company's website.

Due to the significant changes in senior executives during the Reporting Period (and consequential short tenure of the same as at the end of the Reporting Period), the process set out in the Performance Evaluation Policy was not undertaken during the Reporting Period. Having stabilised management, the Company intends undertake the performance evaluation processes in the coming Reporting Period.

Principle 2: Structure the board to add value

Recommendation 2.1

The Company complied with Recommendation 2.1 in full for the whole of the Reporting Period.

For the period 1 January 2020 to 20 February 2020, due to the size of the Board, the Company did not have a separate nomination committee, and the responsibilities of the nomination committee as set out in the Remuneration and Nomination Committee Charter were carried out by the full Board.

In February 2020, the Company established a joint Remuneration and Nomination Committee, comprised of three independent, non-executive Directors, being Dr James Ellingford, Mr Michael

Edwards and Mr Amit Edri. Mr Edwards was appointed as the Chair of the Committee, and was not the Chairman of the Board.

Following the resignation of Mr Edwards on 27 March 2020, the Committee comprised of Dr James Ellingford and Mr Amit Edri. Following the resignation of Mr Edri on 9 June 2020, the Committee was comprised of only Dr Ellingford, and the duties under the Remuneration and Nomination Committee Charter were carried out by the full Board.

On 29 September 2020, the Company appointed Mr Benjamin Karasik (a non-independent non-executive Director) and Mr Peter Hatfull (an independent non-executive Director) to the Committee with Dr Ellingford. Mr Hatfull was appointed as the Chair of the Committee, and was not the Chairman of the Board. Following the resignation of Mr Karasik on 31 October 2020, the Committee comprised Dr Ellingford and Mr Hatfull.

Given the size of the Board, the Company did not consider it necessary that the Remuneration and Nomination Committee comprise three members, and considered that the composition of its Remuneration and Nomination Committee was at all times sufficient to allow it to carry out its Australian duties and responsibilities in accordance with its Charter.

The joint Remuneration and Nomination Committee (or the Board, in its absence) is responsible for carrying out the duties and responsibilities set out in the joint Remuneration and Nomination Committee Charter, a copy of which is available on the Company's website.

The relevant qualifications and experience of the members of the current Committee are set out below:

Dr James Ellingford

Dr Ellingford previously served as International President of a multi-billion dollar NASDAQ software business, Take-Two Interactive Software, with its headquarters in Geneva and New York. He has vast international experience in the software industry and has close ties with financial institutions and governments throughout the world.

Dr Ellingford holds a Post-Graduate in Corporate Management, Masters in Business Administration and a Doctorate in Management. Dr Ellingford has lectured MBA students in Corporate Governance, ethics and marketing at a leading Sydney University.

Dr Ellingford's current Board positions with ASX listed entities include Executive Director – Creso Pharma Ltd (ASX:CPH) and Non-Executive Chairman – eSense-Lab Ltd (ASX:ESE).

Dr Ellingford's recent former Board positions with ASX listed entities include positions on the Board of MinRex Resources Limited (ASX:MRR), Manalto Limited (ASX:MTL), Victory Mines Limited (ASX:VIC), Burrabulla Corporation Limited (ASX:BUA), Elysium Resources Limited (ASX:EYM) and Zyber Holdings Limited (ASX:ZYB).

Mr Peter Hatfull

Mr Hatfull has over 40 years' experience in a range of Board and senior executive positions with Australian and international companies. He has an extensive skill-set in the areas of business optimisation, capital raising and Group restructuring.

Mr Hatfull is a professional Director and is currently the independent Chairman of several listed and unlisted companies. Peter specialises in corporate governance and strategic planning and has held senior financial and board positions in Australia, Africa and the UK. Peter graduated as a Chartered Accountant in the United Kingdom where he worked for Coopers and Lybrand (now PriceWaterhouseCoopers), and subsequently moved to Africa, where he spent 8 years in Malawi prior to moving to Australia.

Mr Hatfull's current Board positions with ASX listed entities include Non-Executive Director – eSense-Lab Ltd (ASX:ESE), Non-Executive Chairman Rafaella Resources Ltd (ASX:RFR) and Non-Executive Director – Roots Sustainable Agricultural Technologies Ltd (ASX:ROO)

Mr Hatfull's recent former Board positions with ASX listed entities include Non-Executive Director - Affinity Energy and Health Ltd.

The joint Remuneration and Nomination Committee did not hold a formal meeting during the Reporting Period.

Recommendation 2.2

The Company did not comply with Recommendation 2.2 in full for the whole of the Reporting Period.

The Board of the Company aims to ensure its members have a broad and complementary range of technical, commercial, financial and other skills, experience and knowledge relevant to overseeing the business of the Company.

Whilst the Company did not have a formal Board Skills Matrix setting out the mix of skills that the Board currently had or was looking to achieve, the Board regularly considers the skills, qualification and experience of existing directors and new board candidates against its the desired composition set out above. The Company has established a Remuneration and Nomination Committee, and intends to establish and maintain a Board Skills Matrix in the next Reporting Period.

Recommendation 2.3

The Company complied with Recommendation 2.3 in full for the whole of the Reporting Period.

For a majority of the Reporting Period, the Board was comprised of a majority of independent Directors, with the composition of independent and non-independent Directors on the Board being as follows:

Between 1 January 2020 and 12 January 2020:

Independent	Not Independent
Piers Lewis	Benjamin Karasik*
Amit Edri	
Michael Edwards	

* Mr Karasik was considered not independent due to his interest in securities in the Company.

Between 13 January 2020 and 27 March 2020, following the appointment of Dr James Ellingford on 13 January 2020:

Independent	Not Independent
Piers Lewis**	Benjamin Karasik
Amit Edri	
Michael Edwards	
James Ellingford	

** Mr Lewis served as interim CEO of the Company for the period 28 January 2020 to 6 March 2020. The Board did not, during that time or prior to his resignation, formally re-evaluate his independence.

Between 28 March 2020 and 8 June 2020, following the resignation of Michael Edwards on 27 March 2020:

Independent	Not Independent
Piers Lewis	Benjamin Karasik
Amit Edri	
James Ellingford	

Between 9 June 2020 and 1 July 2020, following the resignation of Amit Edri on 9 June 2020:

Independent	Not Independent
Piers Lewis	Benjamin Karasik
James Ellingford	

Between 2 July 2020 and 30 July 2020, following the appointment of Peter Hatfull, and resignation of Piers Lewis, on 2 July 2020:

Independent	Not Independent
James Ellingford	Benjamin Karasik
Peter Hatfull	

Between 31 July 2020 and 30 October 2020, following the appointment of Winton Willesee on 31 July 2020:

Independent

James Ellingford

Peter Hatfull

Not Independent

Benjamin Karasik

Winton Willesee***

*** Whilst for the purposes of the Recommendations, the Board considers that Mr Willesee would be deemed independent, Mr Willesee is not independent under Israeli corporations laws due to the engagement of an entity under his control, Azalea Consulting Pty Ltd, for the provision of company secretarial services to the Company.

Between 31 October 2020 and 31 December 2020, following the resignation of Benjamin Karasik on 31 October 2020:

Independent

James Ellingford

Peter Hatfull

Not Independent

Winton Willesee

The Board considered the independence of directors having regard to the guidance set out in Box 2.3 of the Recommendations and has not formed an opinion contrary to those guidelines.

The length of service of each Director in office during the Reporting Period was as follows:

Director	Appointment Date	Cease Date
Benjamin Karasik	09/02/2018	31/10/2020
Piers Lewis	30/11/2018	02/07/2020
Amit Edri	30/11/2018	08/06/2020
Michael Edwards	08/11/2019	27/03/2020
James Ellingford	13/01/2020	Current
Peter Hatfull	02/07/2020	Current
Winton Willesee	31/07/2020	Current

Recommendation 2.4

The Company complied with Recommendation 2.4 for part of the Reporting Period, having a majority of its Board as independent Directors, as noted above, other than for the period 31 July 2020 to 30 October 2020, during which time, due to the size of the Board and the nature of the Company's activities, the Company considered it appropriate to have an even number of independent and non-independent directors.

Recommendation 2.5

The Company complied with Recommendation 2.5 in full for the whole of the Reporting Period.

The Chair of the Board from to 12 January 2020 was Mr Piers Lewis, an independent Director, who was not the CEO.

From 13 January 2020 onwards, the Chair of the Board was current independent Director, Dr James Ellingford, who is not the CEO.

Recommendation 2.6

The Company complied with Recommendation 2.6 in full for the whole of the Reporting Period.

The Company's Corporate Governance Policies set out the following program:

- (a) the Board is responsible for procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively;
- (b) the Nomination Committee is responsible for approving and reviewing induction and continuing

professional development programs and procedures for Directors, to ensure that they can effectively discharge their responsibilities; and

- (c) the Company Secretary is responsible for facilitating the induction and professional development of Directors.

The Company's induction of new directors is tailored to each new Director according to their personal requirements, background skills, qualifications and experience and includes the provision of a formal letter of appointment and induction information sufficient to allow the new Director to gain an understanding of the business of the Company and the roles, duties and responsibilities of Directors.

The Board aims to periodically (at least annually) review the need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

Principle 3: Act ethically and responsibly

Recommendation 3.1

The Company did not comply with Recommendation 3.1 in full for the whole Reporting Period. The Company is in the process of preparing its statement of values, however due to competing interests and vast changes in the Board and management during the Reporting Period, has not finalised these values.

The Company intends to formalise the following values in the coming Reporting Period:

- (a) Our primary objective is to deliver maximum shareholder value through profitable growth and the development of stable and sustainable projects, whilst acting lawfully, ethically and responsibly.
- (b) The Company will pursue operational and commercial excellence by using best practice approaches in our decision-making process focusing on continuous development, accountability and teamwork in all aspects of our business. A key attribute to this approach is maintaining responsible long-term management.
- (c) In order to achieve these goals, we will ensure our employees and business partners have the appropriate skills and resources to perform their work effectively and efficiently and that all stakeholders (including investors, customers, suppliers and regulators) are aware of the Company's values and our intention to uphold them. We will foster an open and supportive environment in all activities and relationships, and make sure that our senior executives demonstrate and reinforce our values in all aspects of our business and in all interactions with staff.
- (d) We believe that our pursuit of these goals will cement a positive reputation for the Company in the community as a reliable, responsible and ethical organisation.

Recommendation 3.2

The Company complied with Recommendation 3.2 in full for the whole of the Reporting Period.

The Company has established a Code of Conduct (**Code**), which applies to all employees of the Company (which the Board interprets to extend to all Directors, senior executives, and employees), and addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. A copy of the Code is disclosed on the Company's website.

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. Any material breaches of the Code are reported to the Board, and employees are encouraged to raise any matters of concern in good faith with the head of their business unit or with the Company Secretary, without fear of retribution, to ensure such breaches are reported.

Recommendation 3.3

The Company did not comply with Recommendation 3.3 in full for the whole of the Reporting Period.

Due to competing priorities, the size of the Company, and the need to have all policies reviewed by

Israeli advisers for compliance with Israeli laws, as at the end of the Reporting Period, the Company was in the process of finalising a formal written Whistleblower Policy. This Whistleblower Policy is now in place, and available on the Company's website.

Despite not having a formal policy during the Reporting Period, the Company was (and is) committed to:

- (a) encouraging and supporting people to feel confident to speak up safely and securely if they become aware of wrong-doing or illegal or improper conduct within the Company;
- (b) providing information and guidance on how to report such conduct, how reports will be handled and investigated in a timely manner and the support and protections available if a report is made;
- (c) ensuring the Company and its management are aware of their responsibilities in upholding the Company's commitment to reporting any illegal, unethical or improper conduct; and
- (d) promoting ethical behaviour and a culture of speaking up to deter wrong-doing,

and endeavoured to do this throughout the Reporting Period.

Recommendation 3.4

The Company did not comply with Recommendation 3.4 in full for the whole of the Reporting Period.

Due to competing priorities, the size of the Company, and the need to have all policies reviewed by Israeli advisers for compliance with Israeli laws, the Company is in the process of finalising a formal written Anti-Bribery and Corruption Policy, which it is endeavouring to have in place as soon as possible.

The Company's Code of Conduct addresses the Company's position on corruption and bribery, which obligates all employees to report suspected corrupt conduct.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The Company complied with Recommendation 4.1 in full for the whole of the Reporting Period.

Due to the size of the Board, the Company did not have a separate audit committee, and the responsibilities of the audit committee, as set out in the Company's Audit and Risk Committee Charter, were carried out by the full Board, a majority of whom are independent, non-executive Directors.

A copy of the Company's Audit and Risk Committee Charter is available on the Company's website, which sets out the processes employed by the Company to independently verify and safeguard the integrity of the Company's corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Recommendation 4.2

The Company did not comply with Recommendation 4.2 in full for the whole of the Reporting Period.

Due to the changes to the Board and management during the Reporting Period, the Chief Executive Officer and Chief Financial Officer in office at the time of lodgement of the Company's financial statements during the Reporting Period were not in a position to make the declarations recommended in Recommendation 4.2.

As the Company is a company registered in Israel, the Board is not required by the Corporations Act to receive these declarations prior to the approval of the accounts. The Company has since appointed an internal auditor, and is in the process of appointing External Directors in order to form an Israeli Companies Law compliant Audit Committee.

Following the implementation of the above processes, and the settlement of the Company's senior management positions, the Company has received the relevant declarations in the current reporting period, and expects to continue to do-so going forward.

Recommendation 4.3

The Company complied with Recommendation 4.3 in full for the whole of the Reporting Period.

The Board Charter of the Company specifically charges the Board with responsibility for approving and monitoring the adequacy and integrity of financial reporting. The Board complies with this obligation by ensuring that all periodic corporate reports released to the market that are not audited or reviewed by an external auditor, are first considered by management and the Company Secretary, and are then considered and approved by the Board. The Company also engages with independent experts and its auditors on complex matters prior to the release of unaudited financial information.

In addition, when formed, the Company's Audit and Risk Committee will be responsible for assisting the Board to fulfil its statutory and fiduciary responsibilities relating to the quality and integrity of the Company's financial statements.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company complied with Recommendation 5.1 in full for the whole of the Reporting Period.

The Company is committed to:

- a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- b) complying with the continuous disclosure obligations contained in the Listing Rules and applicable sections of the Corporations Act; and
- c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Continuous Disclosure Policy, which is disclosed on the Company's website. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media releases and continuous disclosure issues. It forms part of the Company's corporate governance policies and procedures and is available to all staff.

Recommendation 5.2

The Company complied with Recommendation 5.2 in full for the whole of the Reporting Period.

The Board of the Company considers and approves all material announcements prior to their release to the market, and receives a copy of the final announcement immediately upon its release to the market.

Recommendation 5.3

The Company complied with Recommendation 5.3 in full for the whole of the Reporting Period.

The materials of any new and substantive investor or analyst presentation are released on the ASX Market Announcements Platform ahead of the presentation.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company complied with Recommendation 6.1 in full for the whole of the Reporting Period.

Shareholders can access information about the Company, its operations and its governance (including adopted governance policies) from the Company's website at <https://www.esense-lab.com/>.

Recommendation 6.2

The Company complied with Recommendation 6.2 in full for the whole of the Reporting Period.

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

- a) ASX announcements;

- b) general meetings; and
- c) the Company website;

In addition to the above, Shareholders can email or call the Company, via the Company Secretary, Investor Relations Liaison or Share Registry, to seek further information to assist them in exercising their rights as Shareholders.

Recommendation 6.3

The Company complied with Recommendation 6.3 in full for the whole of the Reporting Period.

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals. Shareholders are encouraged to participate at all general meetings of the Company by written statement contained in every notice of meeting sent to shareholders prior to each meeting.

The Company also accommodates shareholders who are unable to attend general meetings in person by accepting votes by proxy.

Further, any material presented to shareholders at a shareholders meeting is released to the ASX immediately prior to the commencement of the meeting, for the benefit of those shareholders who are unable to attend in person. The Company also announces to the ASX the outcome of each meeting immediately following its conclusion.

At each general meeting, shareholders are given an opportunity to ask questions in relation to the resolutions put to shareholders at that meeting, and in respect of the Company's business and operations generally. At each annual general meeting, shareholders are also invited to ask questions of the Company's external auditor and the Board in relation to the annual financial report of the Company.

Recommendation 6.4

The Company complied with Recommendation 6.4 in full for the whole of the Reporting Period.

All substantive resolutions at a meeting of security holders during the Reporting Period were decided by a poll rather than by a show of hands. The Company intends to apply this recommendation to all general meetings moving forward.

Recommendation 6.5

The Company complied with Recommendation 6.5 in full for the whole of the Reporting Period.

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically.

To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the Company's website and ASX platform) for shareholders to make their enquiries.

Principle 7: Recognise and manage risk

Recommendation 7.1

The Company complied with Recommendation 7.1 in full for the whole of the Reporting Period.

Due to the size of the Board, the Company did not have a separate risk committee, and the responsibilities of the risk committee, as set out in the Company's Audit and Risk Committee Charter, were carried out by the full Board, a majority of whom are independent, non-executive Directors.

A copy of the Company's Audit and Risk Committee Charter is available on the Company's website, which sets out the processes employed by the Company to oversee the Company's risk management framework.

Recommendation 7.2

The Company did not comply with Recommendation 7.2 in full for the whole of the Reporting Period.

The Company's process for risk management and internal compliance is set out in its Risk Management

Policy.

The Company's Audit and Risk Committee Charter includes a requirement for the Audit and Risk Committee (or in its absence, the Board) to regularly review the Company's risk management framework, to satisfy itself that it continues to be sound. The Company's formal risk management policies do not currently require the Board to undertake an annual review of the risk management framework of the Company to satisfy itself that the Company is operating with due regard to the risk appetite set by the Board.

Whilst a formal review of the nature required by Recommendation 7.2 was not undertaken during the Reporting Period, given the size of the Company, and the current level of involvement of the Board in material matters of the Company, the Board considers that these reviews are undertaken on an ongoing basis, and that a formal annual review was not required during the Reporting Period. Nevertheless, the Company will include this requirement in its updated Risk Management Policy, which it intends to adopt this reporting period.

Recommendation 7.3

The Company complied with Recommendation 7.3 in full for the whole of the Reporting Period.

From the commencement of the Reporting Period until July 2020, due to the size and nature of the Company's operations, the Company did not consider it necessary to have an internal audit function. The Company's Corporate Governance Plan charged the Audit and Risk Committee and/or Board with responsibility for monitoring the effectiveness of the Company's risk management and internal control processes, and the need for a formal internal audit function,

In July 2020, on advice from the Company's Chief Financial Officer of an obligation to do so under Israeli law, the Company appointed an Internal Auditor, Mr Beni Ackerman, who is a partner at the Head of Internal Audit Division at accounting and advisory firm, Baker Tilly. Mr Akerman's role is to assist the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes within the Company. The Internal Auditor's responsibilities include mapping relevant regulations applicable to the Company, checking for compliance with selected clauses of Israeli Companies Law, and checking for compliance with ASX recommendations.

Recommendation 7.4

The Company complied with Recommendation 7.4 in full for the whole of the Reporting Period.

The Company's Risk Management Policy details the Company's risk management system which assists in identifying and managing potential or apparent environmental or social risks (where appropriate).

The Company does not have any material exposure to environmental or social risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The Company complied with Recommendation 8.1 in full for the whole of the Reporting Period.

For the period 1 January 2020 to 20 February 2020, due to the size of the Board, the Company did not have a separate remuneration committee, and the responsibilities of the remuneration committee as set out in the Remuneration and Nomination Committee Charter were carried out by the full Board.

In February 2020, the Company established a joint Remuneration and Nomination Committee, comprised of three independent, non-executive Directors, being Dr James Ellingford, Mr Michael Edwards and Mr Amit Edri. Mr Edwards was appointed as the Chair of the Committee, and was not the Chairman of the Board.

Following the resignation of Mr Edwards on 27 March 2020, the Committee comprised of Dr James Ellingford and Mr Amit Edri. Following the resignation of Mr Edri on 9 June 2020, the Committee was comprised of only Dr Ellingford, and the duties under the Remuneration and Nomination Committee Charter were carried out by the full Board.

On 29 September 2020, the Company appointed Mr Benjamin Karasik (a non-independent non-executive Director) and Mr Peter Hatfull (an independent non-executive Director) to the Committee with Dr Ellingford. Mr Hatfull was appointed as the Chair of the Committee, and was not the Chairman of the Board. Following the resignation of Mr Karasik on 31 October 2020, the Committee comprised Dr

Ellingford and Mr Hatfull.

Given the size of the Board, the Company did not consider it necessary that the Remuneration and Nomination Committee comprise three members, and considered that the composition of its Remuneration and Nomination Committee was at all times sufficient to allow it to carry out its Australian duties and responsibilities in accordance with its Charter.

As an Israeli company, the Company is required to appoint a remuneration committee that has no less than three members, a majority of which must be 'External Directors' (as defined under the Israeli Companies Law, 1999), and of which each External Director is a member. The Company is in the process of preparing documents for the appointment of External Directors, and will reconstitute its joint Remuneration and Nomination Committee to comply with these Israeli obligations as soon as possible.

The joint Remuneration and Nomination Committee (or the Board, in its absence) is responsible for carrying out the duties and responsibilities set out in the joint Remuneration and Nomination Committee Charter, a copy of which is available on the Company's website.

The relevant qualifications and experience of the members of the current joint Remuneration and Nomination Committee are set out at Recommendation 2.1 above.

The joint Remuneration and Nomination Committee did not hold a formal meeting during the Reporting Period.

Recommendation 8.2

The Company complied with Recommendation 8.2 in full for the whole of the Reporting Period.

The Company's policies and practices regarding the remuneration of Non-executive Directors and the remuneration of Executive Directors and other senior executives are set out separately in the Company's Compensation Policy, a summary of which is disclosed in the Notice of AGM and EGM released by the Company on 7 March 2018.

Recommendation 8.3

The Company complied with Recommendation 8.3 in part for the whole of the Reporting Period.

The Remuneration Committee (or, in its absence, the Board), is required to review, manage, and disclose the policy (if any) under which participants in a plan may be permitted (at the discretion of the Company) to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the plan.

The Company's general policy is that participants in the Company's employee incentive plan are prohibited from entering into transactions which 'hedge' the risk of any fluctuation in the value of any unvested entitlement in the Company's securities. The Company intends to update its Corporate Governance Plan to formally disclose this policy for this reporting period.

Recommendation 9.1

Recommendation 9.1 does not apply to the Company, as all Directors are fluent English speakers.

Recommendation 9.2

The Company complied with Recommendation 9.2 in full for the whole of the Reporting Period.

As at 19 February 2021, over 95% of the Company's CDI-holders are based in Australia. During the Reporting Period, the Company held its annual general meeting at its registered office (at the time) in Subiaco, Western Australia, at 3.00pm AWST (9:00am Israel time). Due to the evolving COVID-19 situation at the time of the meeting, the meeting was made accessible to all holders of Shares and CDIs via live teleconference. The Company considers that this time and place was reasonable in the circumstances.

Recommendation 9.3

The Company did not comply with Recommendation 9.3 in full for the whole of the Reporting Period.

The Company's auditor was not present at its AGM during the Reporting Period. Going forward, the Company will ensure that its auditor is present by dial-in facilities at its annual general meetings, to allow security holders to ask questions relevant to the audit.