



## Pivotal Systems Corporation

ARBN 626 346 325 (the 'Company')

### 2019 Corporate Governance Statement

This Corporate Governance Statement (**Statement**) sets out the Company's compliance with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) (**ASX Recommendations**) during the reporting period 1 January 2019 to 31 December 2019 (**Reporting Period**). The ASX Recommendations are not mandatory. However, the Company seeks to follow the ASX Recommendations to the extent that it is practicable having regard to the size and nature of its operations. This Statement sets out the extent to which the Company has followed the ASX Recommendations during the Reporting Period.

The Board of the Company currently has in place corporate governance policies and charters which have been posted in a dedicated corporate governance information section on the Company's website at [www.pivotalsys.com/investors/](http://www.pivotalsys.com/investors/).

This Statement is current as at 27 February 2020 (Freemont PST), 28 February 2020 (Sydney AEDT) and has been approved by the Board.

Principles and Recommendations		Comply Yes / No	Explanation
1	<b>Lay solid foundations for management and oversight</b>		
1.1	Companies 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.	Yes	The respective roles and responsibilities of the Board and management are defined under the Board Charter, a copy of which is available on the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a> . There is a clear delineation between the Board's responsibility for the Company's strategy and activities, and the day-to-day management of operations conferred upon the Chief Executive Officer and certain other officers of the Company.
1.2	Companies should:  (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	Yes	The process for selection, appointment, and re-appointment of directors is detailed in the Remuneration and Nomination Committee Charter, a copy of which is available on the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a> .  The Remuneration and Nomination Committee is responsible for undertaking appropriate checks prior to appointment of a director or putting forward to

Principles and Recommendations		Comply Yes / No	Explanation
	(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>shareholders a new candidate for election as a director. The checks undertaken may include checks in relation to the person's character, experience and qualifications, criminal history and bankruptcy.</p> <p>Under the Remuneration and Nomination Committee Charter, shareholders are required to be provided with all material information in the Committee's possession relevant to a decision on whether or not to elect or re-elect a director (including, biographical details, qualifications, a statement as to whether the Board supports the election of the director and the director's independence or otherwise and, details of any existing directorships). Such information will be provided in the relevant Notice of Meeting for.</p> <p>There were no new director appointments made by the Board during the reporting period.</p>
1.3	Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has a written agreement in place with each director and senior executive, setting out the terms of their appointment.
1.4	The company secretary (or person nominated by the Board to perform the role of 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 appointed a company secretary as it is not required to appoint a company secretary under Delaware General Corporation Law and applicable US law. The Company has engaged Company Matters Pty Ltd to provide company secretarial services, as and when requested by the Company from time-to-time, and to act as Pivotal's ASX Representative under ASX Listing Rule 12.6.</p> <p>The relevant person nominated by Company Matters Pty Ltd to perform the ASX Representative services, Naomi Dolmatoff, reports directly to the Chair of the Board and is directly accountable to the Chair on all matters to do with the proper functioning of the board..</p>
1.5	Companies 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	No	The Company has adopted a Diversity Policy, a copy of which is available on the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a> .

Principles and Recommendations		Comply Yes / No	Explanation												
	<p>assess annually both the objectives 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>(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</p> <p>(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 and published under that Act.</p>		<p>The Diversity Policy requires the Board to adopt measurable objectives to assist the Company to achieve gender diversity and to review the Company's progress in achieving these objectives.</p> <p>The Remuneration and Nomination Committee is responsible for recommending measurable objectives to the Board in light of the Company's general selection policy for Personnel and to report to the Board each year on the effectiveness of the objectives and the Company's progress towards achieving the objectives.</p> <p>During the Reporting Period, the Company did not set measurable diversity objectives as it employs only 45 employees. The Company has a strong commitment to diversity and recognises the value of attracting and retaining personnel with different backgrounds, knowledge, experiences and abilities which is represented by the diverse cross section of the current workforce.</p> <p>The Company believes that diversity is important, and its workforce includes employees from various cultural, ethnic, age and religious backgrounds. The Board will continue to regularly assess setting measurable objectives as it relates to gender diversity.</p> <p>The respective proportions of men and women on the Board, in senior executive positions (defined as all senior executives that report directly to the CEO) and across the whole organisation are as follows:</p> <table><tr><th></th><th>Male (%)</th><th>Female (%)</th></tr><tr><td><b>Board</b></td><td>100 (2018: 100)</td><td>0 (2018: 0)</td></tr><tr><td><b>Senior Executive</b></td><td>100 (2018: 100)</td><td>0 (2018: 0)</td></tr><tr><td><b>All Employees</b></td><td>82 (2018: 82)</td><td>18 (2018: 18)</td></tr></table> <p>The Company is not a "relevant employer" under the Workplace Gender Equality Act.</p>		Male (%)	Female (%)	<b>Board</b>	100 (2018: 100)	0 (2018: 0)	<b>Senior Executive</b>	100 (2018: 100)	0 (2018: 0)	<b>All Employees</b>	82 (2018: 82)	18 (2018: 18)
	Male (%)	Female (%)													
<b>Board</b>	100 (2018: 100)	0 (2018: 0)													
<b>Senior Executive</b>	100 (2018: 100)	0 (2018: 0)													
<b>All Employees</b>	82 (2018: 82)	18 (2018: 18)													
1.6	Companies should:	No	<p>Under the Board Charter, the Board is responsible for:</p> <ul style="list-style-type: none"><li>at least once per year, with the advice and assistance of the Remuneration and Nomination Committee, reviewing and evaluating</li></ul>												

Principles and Recommendations		Comply Yes / No	Explanation
	<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>		<p>the performance of the Board, each Board Committee and each individual director against the relevant charters, corporate governance policies, and agreed goals and objectives (as applicable);</p> <ul style="list-style-type: none"> <li>• following each review and evaluation, considering how to improve performance; and</li> <li>• agreeing and setting the goals and objectives for the Board and its Committees each year and if necessary, amending the relevant charters, committees, policies or goals. and objectives.</li> </ul> <p>During the Reporting Period, Pivotal did not conduct a performance evaluation because the methodology of evaluation is still under discussion. In addition, considerable investment of time and effort is required on the part of the Board and the Chairperson to perform these evaluations, and due to the economic challenging environment, management decided to focus on urgent tasks and strategic business decisions during 2019.</p> <p>However, on February 2020, the Board approved the Board Charter that includes specific responsibilities of the Board aligned with the corporate governance principles</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>	No	<p>Under the Board Charter, the Board is responsible for appointing, monitoring and managing the performance of the Company's executive directors and with the advice and assistance of the Remuneration and Nomination Committee, reviewing and approving the performance of the Company's senior executives .</p> <p>During the Reporting Period, Pivotal did not conduct a performance evaluation because the process and methodology of evaluation is still under discussion and due to the economic challenging environment, management decided on focusing on urgent tasks and processes. However, on February 2020, the Board approved the Board Charter that includes specific responsibilities of the Board aligned with the corporate governance principles.</p>
2	Structure the board to add value?		

Principles and Recommendations		Comply Yes / No	Explanation																												
2.1	<p>The board should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an Independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</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>No in respect of 2.1(a)(i)</p> <p>Yes in respect of other recommendations</p>	<p>The Board has established a Remuneration and Nomination Committee. which is governed by a Remuneration and Nomination Committee Charter. The Charter is available on the Company’s website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p> <p>The Remuneration and Nomination Committee consists of four members, Peter McGregor (Chair), Ryan Benton, Kevin Landis and David Michael, all of whom are non-executive directors. Half of the Committee members, being Peter McGregor (Chair) and Ryan Benton, are considered by the Board to be independent directors. The Board is mindful of the recommendation that the Remuneration and Nomination Committee be comprised of a majority of members whom are independent directors and will continue to take this into consideration when considering future membership. Notwithstanding this, the Board is satisfied that the current composition of the Committee is appropriate for the Company’s circumstances and that the Committee is able to discharge its mandate effectively.</p> <p>Details as to the number of times the Board and Committees met and the individual attendances of the members at those meetings is set out below.</p> <table><tr><th></th><th colspan="2">Board of Directors</th><th colspan="2">Audit &amp; Risk Management Committee</th><th colspan="2">Remuneration &amp; Nomination Committee</th></tr><tr><th></th><th>Eligible</th><th>Attendance</th><th>Eligible</th><th>Attendance</th><th>Eligible</th><th>Attendance</th></tr><tr><td>John Hoffman</td><td>12</td><td>12</td><td></td><td></td><td>-</td><td>-</td></tr><tr><td>Joseph Monkowski</td><td>11</td><td>11</td><td></td><td></td><td>-</td><td>-</td></tr></table>		Board of Directors		Audit & Risk Management Committee		Remuneration & Nomination Committee			Eligible	Attendance	Eligible	Attendance	Eligible	Attendance	John Hoffman	12	12			-	-	Joseph Monkowski	11	11			-	-
	Board of Directors		Audit & Risk Management Committee		Remuneration & Nomination Committee																										
	Eligible	Attendance	Eligible	Attendance	Eligible	Attendance																									
John Hoffman	12	12			-	-																									
Joseph Monkowski	11	11			-	-																									

Principles and Recommendations		Comply Yes / No	Explanation						
			<b>Ryan Benton</b>	12	12	3	3	4	4
			<b>Kevin Landis</b>	11	10	3	3	4	4
			<b>David Michael</b>	11	11	3	3	4	4
			<b>Peter McGregor</b>	11	10	2	1	4	4
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 Company's Remuneration and Nomination Committee is responsible for regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations to the Board regarding any changes to ensure a diverse range of candidates are selected and any gaps in the skill or experience of the Board are identified.</p> <p>The Company has not prepared a Board Skills Matrix . The Company will disclose details of any board skills matrix adopted (if any) in either its future annual reports or subsequent corporate governance statements.</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>	Yes	<p>The Company assesses the independence of its Directors against the criteria set out in the Board Charter which largely reflects the independence criteria set out in the ASX Recommendations.</p> <p>Director independence is initially assessed upon each Director's appointment and reviewed each year, or as required when a new personal interest or conflict of interest is disclosed. Directors are required to disclose all actual or potential conflicts of interest on an ongoing basis.</p> <p>Ryan Benton and Peter McGregor are the only directors considered by the Board to be independent.</p> <p>John Hoffman is not considered to be independent due to his executive role as CEO with the Company.</p>						

Principles and Recommendations	Comply Yes / No	Explanation
(c) the length of service of each director.		<p>Dr. Joseph Monkowski is not considered independent due to his executive role as Chief Technology Officer with the Company.</p> <p>Kevin Landis is not considered independent due to his position as the CEO and CIO of Firsthand Capital Management, the investment adviser to Firsthand Technology Value Fund, Inc (<b>Firsthand</b>), which is a substantial shareholder of the Company. Kevin Landis is also the nominee director of Firsthand appointed to the Pivotal Board.</p> <p>David Michael is not considered independent due to his position as the Managing Partner of Anzu Partners, an investment partnership which is a substantial shareholder of the Company. In addition, in the three years prior to the Company listing on the ASX, David Michael was a nominee director of Anzu Partners appointed to the Pivotal Board.</p> <p>The length of service of each Director on the Board is as follows:</p> <ul style="list-style-type: none"> <li>▪ John Hoffman: 30 May 2008 - present</li> <li>▪ Dr. Joseph Monkowski: 29 October 2003 - present</li> <li>▪ Ryan Benton: 24 September 2015 - present</li> <li>▪ Kevin Landis: 27 November 2012 - – present</li> <li>▪ David Michael: 14 November 2016 – present</li> <li>▪ Peter McGregor: 23 August 2018 - present</li> </ul>
2.4 A majority of the board should be independent directors	No	<p>The Company has six directors and only two are considered by the Board to be independent.</p> <p>Whilst the Board does not have a majority of independent directors as recommended in the ASX Recommendations, the Board believes that as a whole it, and each individual director, is not hindered in its ability to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole.</p> <p>The Board is mindful of the recommendation that a majority of the Board should be independent directors and will continue to take this into</p>

Principles and Recommendations		Comply Yes / No	Explanation
			consideration when considering the future nomination, election or re-election of directors to the Board.
2.5	The chair of the board should be an independent director and, in particular, should not be the same person as the CEO.	No	<p>The Chairman of the Board is John Hoffman. John Hoffman is not considered to be an independent director.</p> <p>The role of CEO is also held by John Hoffman.</p> <p>The Board is mindful of the recommendation that the chair of the Board should be an independent director and should not be the same person as the CEO. The Board will continue to take this into consideration when considering the future nomination of the Chair of the Board. However, considering the company's size, the company's financial results and shareholder representation on the Board, the Board believes John Hoffman's exercise of these two roles is appropriate for the Company's business and circumstances and is in the best interests of shareholders as whole.</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.	Yes	<p>The Company's Remuneration and Nomination Committee is responsible for establishing and facilitating an induction program for new directors with all such information and advice which may be considered necessary or desirable for the director to commence their appointment to the Board. No new directors were appointed during the Reporting Period.</p> <p>The Company's Remuneration and Nomination Committee is also responsible for critically reviewing the skills, performance and effectiveness of the Board, its committees and its individual members and providing directors with access to continuing education for the purpose of updating and maintaining their skills and knowledge. This may include inviting directors hear from external consultants and industry professionals on matters that may assist the Board.</p> <p>As part of Board evaluation conducted during the year, and at scheduled Board meetings, the directors are encouraged to identify to the Executive Chairman and CEO any areas or topics for which they believe would be appropriate for continuing professional education. Where appropriate, this</p>



Principles and Recommendations		Comply Yes / No	Explanation
			is then arranged by the Executive Chairman and CEO and built into the annual Board calendar.
<b>3</b>	<b>Act ethically and responsibly</b>		
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 Company has adopted a Code of Conduct which applies to all directors, officers and employees of the Company as well as a Securities Trading Policy. Each of these has been prepared having regard to the ASX Recommendations and relevant ASX Listing Rules and is available on the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p>
<b>4</b>	<b>Safeguard integrity in corporate reporting</b>		
4.1	<p>The board should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p>	<p>No in respect of 4.1(a)(i)</p> <p>Yes in respect of other recommendations</p>	<p>The Company has established an Audit and Risk Management Committee which is governed by an Audit and Risk Management Committee Charter, a copy of which is available on the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p> <p>The Audit and Risk Management Committee consists of four members, Ryan Benton (Chair), Peter McGregor, Kevin Landis, and David Michael. All members of the Committee are non-executive directors.</p> <p>Half of the Committee, being Peter McGregor and Ryan Benton (Chair), are considered to be independent directors. Mr Benton is not the chairman of the Board.</p> <p>Whilst a majority of the members of the Audit and Risk Management Committee are not independent directors, the Board believes that the composition and skills of the members of the Audit and Risk Management Committee are appropriate for the Company and that the Committee is able to discharge its mandate effectively.</p>

Principles and Recommendations	Comply Yes / No	Explanation
<p>(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</p> <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>		<p>Details as to the relevant qualifications and experience of the members of the Committee are set out in the Directors' Report, which forms part of the 2019 Company's Annual Report.</p> <p>Details as to the number of times the Audit and Risk Management Committee met and the individual attendances of the members at those meetings is set out at Item 2.1.</p>
<p>4.2 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>Prior to the Board approving the Company's financial statements, the Board ensures that it receives from the CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained, 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> <p>The Company obtained the required declarations from the CEO and CFO prior to the approval of the 2019 half year and annual financial statements. These declarations have documented in the representation letter for the company's 2019 financial statements.</p>
<p>4.3 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>The Company requires its external auditor to attend its AGM to answer any questions from shareholders relevant to the audit and this requirement is specifically set out in the Company's Shareholder Communication Policy.</p> <p>The Company's external auditor, BDO East Coast Partnership attended and was available to answer questions relevant to the audit at Pivotal's AGM held in May 2019.</p>

Principles and Recommendations		Comply Yes / No	Explanation
<b>5</b>	<b>Make timely and balance disclosure</b>		
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 Company is committed to taking a proactive approach to continuous disclosure and creating a culture within the Company that promotes and facilitates compliance with the Company's continuous disclosure obligations.</p> <p>The Company has adopted a written policy to ensure compliance with its continuous disclosure obligations under the Listing Rules. A copy of the Company's Continuous Disclosure Policy is available on its website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p> <p>The Company has appointed its CEO as the reporting officer under its Continuous Disclosure Policy to streamline day-to-day compliance with continuous disclosure obligations and its local agent (Company Matters Pty Ltd) as the ASX liaison officer, being the person responsible for communicating with the ASX. However, the Board retains ultimate responsibility for compliance with the Company's continuous disclosure obligations.</p>
<b>6</b>	<b>Respect the rights of security holders</b>		
6.1	Companies should provide information about itself and its governance to investors via its website.	Yes	<p>The Company provides investors with access to comprehensive information about itself and its governance on its website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>, including copies of the Company's Certificate of Incorporation and Bylaws, Board and Committee charters and key corporate governance policies, copies of all ASX announcements, briefings and presentations made to the market, analysts or the media, the Company's annual reports and notices of shareholder meetings. Further details are set out in the Company's Shareholder Communications Policy which is available on the Company's website.</p> <p>Investors can subscribe for email alerts regarding news and announcements on its website at <a href="https://www.pivotalsys.com/investors/#email_alerts">https://www.pivotalsys.com/investors/#email_alerts</a></p>

Principles and Recommendations	Comply Yes / No	Explanation
<p>6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>The Company has engaged an investor relations adviser to assist with the Company's investor relations program and ensure that the Company has effective two-way communication with investors.</p> <p>The Company has adopted a Shareholder Communications Policy setting out the ways in which the Company communicates with shareholders, a copy of which is available on the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p> <p>The Company seeks to utilise numerous modes of communication, including electronic communication to facilitate effective two way communication with shareholders, such as webcasting shareholder meetings.</p>
<p>6.3 Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>All shareholders and CDI holders are invited to attend the Company's 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> <p>Shareholders and CDI holders who are unable to attend general meetings in person are encouraged to participate by completing either their proxy form or CDI voting form which is included with the notice of general meeting and returning it to the Company in the manner as specified within the notice of meeting.</p>
<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</p>	Yes	<p>The Company gives security holders the option to receive and send communications electronically. Shareholders and CDI holders who wish to elect to receive communications electronically should contact the Company's respective share or CDI registry.</p> <p>The Company encourages shareholders and CDI holders to submit questions or requests for information directly to the Company via the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>. Investors can contact the Company via email or phone using the details provided in the 'Contact Us' section of the Company's website or by email to the Company's Investor Relations' adviser, Nemean Group, via the Investor section of the Company's website. Investors can also subscribe for email alerts regarding news and announcements via the Investor section of the Company's website.</p>

Principles and Recommendations		Comply Yes / No	Explanation
<b>7</b>	<b>Recognise and manage risk</b>		
7.1	<p>Companies should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</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>No in respect of 7.1(a)(i)</p> <p>Yes in respect of other recommendations</p>	<p>The Board has established an Audit and Risk Management Committee whose responsibilities include implementing, reviewing and supervising the Company's risk management framework. The Audit and Risk Management Committee is governed by the Audit and Risk Management Committee Charter, a copy of which is available on the Company's website, <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p> <p>The Company has clearly defined the responsibility and authority of the Board to oversee and manage the risk management program while conferring responsibility and authority on the Audit and Risk Management Committee to develop and maintain the risk management program in light of the day-to-day needs of the Company.</p> <p>In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy which outlines the risk management program implemented by the Company to ensure appropriate risk management within its systems and culture.</p> <p>The Audit and Risk Management Committee is responsible for:</p> <ul style="list-style-type: none"> <li>• considering the overall risk management framework and annually reviewing its effectiveness in meeting sound corporate governance principles;</li> <li>• keeping the Board informed of all significant business risks;</li> <li>• reviewing with management the adequacy of the Company's systems for identifying, managing and monitoring the key risks to the Company;</li> <li>• obtaining reports from management on the status of any key risk exposures or incidents;</li> <li>• reviewing the adequacy of the Company's process for managing risk and providing a recommendation to the Board regarding the same;</li> </ul>

Principles and Recommendations	Comply Yes / No	Explanation
		<ul style="list-style-type: none"> <li>• reviewing any incident involving any breakdown of the Company's risk management framework in accordance with the Company's Risk Management Policy; and</li> <li>• providing regular reports to the Board about Committee activities, issues and related recommendations.</li> </ul> <p>The composition and members of the Audit &amp; Risk Management Committee as well as the number of meetings held and attendances are set out under Recommendations 2.1 and 4.1.</p> <p>Details as to the relevant qualifications and experience of the members of the Committee are set out in the Directors' Report, which forms part of the Company's 2019 Annual Report.</p> <p>A copy of the Company's Risk Management Policy is available on the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p>
<p>7.2 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 sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	No	<p>The Audit and Risk Management Committee will annually review the effectiveness of the Company's risk management framework in meeting sound corporate governance principles.</p> <p>The division of responsibility between the Board, Audit and Risk Management Committee and management aims to ensure that specific responsibilities for risk management are clearly communicated and understood.</p> <p>The Audit and Risk Management Committee Charter and Risk Management Policy provide for regular reporting to the Board which supplements the Company's quality system, complaint handling processes and standard operating procedures which are all designed to address various forms of risks.</p> <p>A review of the Company's risk management framework was not completed during the period because management decided to focus on urgent tasks and strategic business decisions during 2019, due to the economic challenging environment in the industry in which the company operates.</p> <p>However, on February 2020, the Board approved the Audit and Risk Management Charter that includes specific responsibilities of the Audit and</p>

Principles and Recommendations		Comply Yes / No	Explanation
			Risk Management Committee aligned with the corporate governance principles.
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>Due to the Company's current size and business circumstances, the Company does not have an internal audit function. The Company will reconsider this decision as appropriate and appoint an internal auditor if, and when, the Company considers this necessary.</p> <p>Under the Audit and Risk Management Committee Charter, the Audit and Risk Management Committee is responsible for monitoring corporate risk assessment and internal controls, reviewing the effectiveness of the Company's internal controls, reviewing the scope of the external auditor's review of internal controls and reviewing on an ongoing basis the Company's need to establish an internal audit function and appoint an internal auditor.</p>
7.4	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.	Yes	The Company does not consider that it has any material exposure to economic, environmental and social sustainability risks. Economic and financial risks applicable to Pivotal are set out in the Company's Prospectus dated 22 June 2018 as well as in the notes to the financial statements included in the Company's 2019 Annual Report.
<b>8 Remunerate fairly and responsibly</b>			
8.1	<p>Companies should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p>	<p>No in respect of 8.1(a)(i)</p> <p>Yes in respect of other recommendations</p>	<p>The Company has a Remuneration and Nomination Committee, which is governed by a Remuneration and Nomination Committee Charter.</p> <p>A copy of the Remuneration and Nomination Committee Charter is available on the website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p> <p>The composition and members of the Remuneration and Nomination Committee as well as the number of meetings held and attendances are set out under Recommendation 2.1 Details as to the relevant qualifications and experience of the members of the Committee are set out in the Directors' Report, which forms part of the Company's 2019 Annual Report.</p>

Principles and Recommendations		Comply Yes / No	Explanation
	<ul style="list-style-type: none"> <li>(iv) the members of the committee; and</li> <li>(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</li> <li>(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.</li> </ul>		
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 Remuneration and Nomination Committee is responsible for assisting the Board with setting and reviewing the policies and practices of the Company regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives, separately.</p> <p>The Company's 2019 Annual Report discloses the components of the remuneration of the Company's non-executive directors and executive directors.</p>
8.3	<p>A company which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Yes	<p>The Company has adopted a Securities Trading Policy which provides that participants must not, without prior written approval by the relevant person specified in the Policy, engage in hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to the Company's securities.</p> <p>A copy of the Securities Trading Policy is available on the Company's website at <a href="http://www.pivotalsys.com/investors/">www.pivotalsys.com/investors/</a>.</p>



