

Pivotal Systems Corporation
ARBN 626 346 325 (the 'Company')
Corporate Governance Statement

This Corporate Governance Statement sets out the Company's current compliance with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Principles and Recommendations.

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.

Principles and Recommendations		Comply Yes / No	Explanation
1	Lay solid foundations for management and oversight		
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 www.pivotalsys.com . 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 (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.	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 www.pivotalsys.com . 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 nomination of the director and

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		the degree of independence of the director and, details of any existing directorships held.
1.3	Yes	The Company requires each director and senior executive to execute a written agreement setting out the terms of their appointment.
1.4	No	<p>The Company has not appointed a Company Secretary which it is not legally required to do under Delaware Corporation Law and applicable US law. Alternatively, the Company has appointed Company Matters Pty Ltd to provide company secretarial services in line with the role of the company secretary outlined in the Board Charter, a copy of which is available on the Company's website at www.pivotalsys.com.</p> <p>The relevant person nominated by Company Matters Pty Ltd to perform these services will report directly to the chair of the Board and is directly accountable to the through the chair of the Board.</p>
1.5	Yes	<p>The Company has adopted a Diversity Policy, a copy of which is available on the Company's website at www.pivotalsys.com.</p> <p>The Diversity Policy requires the Board to establish measurable objectives to assist the Company to achieve gender diversity and to assess the Company's progress in achieving these objectives.</p> <p>The Remuneration and Nomination Committee will report to the Board on the Company's progress towards achieving its measurable objectives each year.</p> <p>The Company has not yet adopted measurable objectives.</p>

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	<ul style="list-style-type: none"> (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 and published under that Act. 		The Company will provide updates on its progress towards achieving its diversity objectives including 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") in its future annual reports.
1.6	<p>Companies should:</p> <ul style="list-style-type: none"> (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. 	Yes	<p>Under the Board Charter, the Board is required, at least once per year, with the advice and assistance of the Remuneration and Nomination Committee, to review and evaluate the performance of the Board, its Committees and individual directors against the relevant charters, corporate governance policies, and agreed goals and objectives (as applicable).</p> <p>The Board will ensure that an evaluation of the Board, its committees and individual directors is undertaken in accordance with the Board Charter in future years. The Company will provide details as to its compliance with these recommendations in its future annual reports.</p>
1.7	<p>Companies should:</p> <ul style="list-style-type: none"> (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. 	Yes	<p>Under the Board Charter, the Board (with the advice and assistance of the Remuneration and Nomination Committee) is responsible for reviewing and approving the performance of the members of the executive leadership team.</p> <p>The Board will ensure that an evaluation of the members of its executive leadership team is undertaken in accordance with the Board Charter in future years.</p>

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2	Structure the board to add value?	
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 guidelines</p> <p>The Board has established a Remuneration and Nomination Committee to oversee the selection and appointment practices of the Company.</p> <p>The Remuneration and Nomination Committee is governed by a Remuneration and Nomination Committee Charter, which is available on the Company's website at www.pivotalsys.com.</p> <p>The Remuneration and Nomination Committee consists of three members, Ryan Benton (Chair), Kevin Landis and David Michael, all of whom are non-executive directors with only Ryan Benton being an independent director. 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 directors is appropriate for the Company's circumstances.</p> <p>The Remuneration and Nomination Committee is chaired by Ryan Benton, who is an independent non-executive director for ASX purposes.</p> <p>The Company will provide details as to the number of times the Committee met and the individual attendances of the members at those meetings in its future annual reports.</p>

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<p>2.2 Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Yes	<p>The Company's Remuneration and Nomination Committee is responsible for regularly reviewing the size, composition and skills of the Board to ensure that the Board is able to discharge its duties and responsibilities effectively and to identify any gaps in the skills or experience of the Board.</p> <p>The Company will provide details of any board skills matrix it adopted (if any) in its future annual reports.</p>
<p>2.3 Companies should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	No	<p>The Company assesses the independence of its directors against the requirements for independence set out in the Board Charter which reflect the independence criteria set out in the ASX Corporate Governance Principles.</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 is the director considered by the Board to be independent for ASX purposes.</p> <p>John Hoffman is not considered to be independent due to his executive role as CEO with the Company.</p> <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, which is a substantial shareholder of the</p>

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		<p>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, and in the three years prior to the Company listing on the ASX, David Michael has also been 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"> ▪ John Hoffman: 2010 - present ▪ Dr. Joseph Monkowski: 2003 - present ▪ Ryan Benton: 2015 - present ▪ Kevin Landis: 2012 - – present ▪ David Michael: 2016 - present
2.4	A majority of the board should be independent directors	<p>No</p> <p>The Company has five directors and one of these is considered independent for ASX purposes.</p> <p>The Board believes that the current mix of directors is appropriate for the Company's business and circumstances and is in the best interests of shareholders as a whole. Further, the Board believes that, the Board as a whole is not hindered in its ability to exercise independent view and judgement. The Board also currently has a vacancy which it is undertaking to fill via a search for an Australian-resident</p>

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		<p>independent non-executive director to supplement the experience on the Board.</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 consideration when considering the future nomination, election or re-election of directors to the Board.</p>
2.5	No	<p>The Chairman of the Board is John Hoffman. John Hoffman is not considered an independent director for ASX purposes.</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, the Board believes John Hoffman's exercise of these two roles are appropriate for the Company's business and circumstances and is in the best interests of shareholders as whole.</p>
2.6	Yes	<p>The Company's Remuneration and Nomination Committee is responsible for establishing and facilitating induction for new directors and providing 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.</p> <p>The Company's Remuneration and Nomination Committee is also responsible for providing directors with access to continuing education for directors for the purpose of</p>

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			<p>updating and maintaining their skills and knowledge to perform their roles as directors effectively.</p> <p>A copy of the Nomination Committee Charter is available on the Company's website at www.pivotalsys.com.</p>
3	Act ethically and responsibly		
3.1	<p>Companies should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	<p>The 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 Corporate Governance Principles and Recommendations and is available on the Company's website at www.pivotalsys.com.</p>
4	Safeguard integrity in corporate reporting		
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 guidelines</p>	<p>The Company has established an Audit and Risk Management Committee to oversee the management of financial and internal risks.</p> <p>The Audit and Risk Management Committee consists of three members, Ryan Benton (Chair), Kevin Landis, and David Michael. All members of the Committee are non-executive directors with Ryan Benton being the only independent director, who is also Chair of the Committee.</p> <p>Whilst a majority of the members of the Audit and Risk Management Committee are not independent directors for ASX purposes, the Board believes that the composition and skills of the members of the Audit and Risk Management Committee are appropriate for the Company.</p>

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<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>The Audit and Risk Management Committee is governed by an Audit and Risk Management Committee Charter, a copy of which is available on the Company's website at www.pivotal.com.</p> <p>The Company will provide details as to the relevant qualifications and experience of the members of the committee, the number of times the committee met and the individual attendances of the members at those meetings in its future annual reports.</p>
4.2	Yes	<p>Prior to the Board approving the Company's financial statements, the Board will ensure 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>
4.3	Yes	<p>The Company requires its external auditor to attend its AGM to answer any questions from shareholders relevant to the audit and this is specifically set out in the Company's Shareholder Communication Policy.</p>
5 Make timely and balance disclosure		
5.1	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>

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<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>		<p>The Company has adopted a written policy to ensure compliance with their ASX Listing Rule disclosure obligations. A copy of the Company's Continuous Disclosure Policy is available on its website at www.pivotalsys.com. The Company has appointed its CEO as the reporting officer and its local agent (Company Matters Pty Ltd) as the ASX liaison officer. However, the Board retains ultimate responsibility for compliance with the Company's continuous disclosure obligations.</p>
<p>6 Respect the rights of security holders</p>		
<p>6.1 Companies should provide information about itself and its governance to investors via its website.</p>	<p>Yes</p>	<p>The Company provides investors with comprehensive and timely access to information about itself and its governance on its website at www.pivotalsys.com, including copies of the Company's Certificate of Incorporation and Bylaws, Board and committee charters and key corporate governance policies, copies of all material information lodged with ASX, copies of all announcements, briefings and speeches made to the market, analysts or the media, press releases or announcements made by the Company, financial data for the Company, the Company's annual reports and notices of shareholder meetings. Further details are set out in the Company's Shareholder Communication Policy.</p>
<p>6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Yes</p>	<p>The Company has adopted a Shareholder Communications Policy for shareholders wishing to communicate with the Board, a copy of which is available on the Company's website at www.pivotalsys.com.</p> <p>The Company seeks to utilise numerous modes of communication, including electronic communication to ensure that its communication with shareholders is frequent, clear and accessible.</p>

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6.3	Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	All shareholders are invited to attend the Company's annual meetings either in person or by representative. Shareholders have an opportunity to submit questions to the Board or the Company's external auditor.
	Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically	Yes	The Company encourages shareholders to submit questions or requests for information directly to the Company via the Company's website at www.pivotalsys.com . The Company also encourages shareholders to submit any questions related to their shareholdings in the Company to the Company's share registry with the share registry's contact details included in the Company's Shareholder Communication Policy, including details for electronic communication.
7	Recognise and manage risk		
7.1	<p>Companies should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(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</p>	<p>No in respect of 7.1(a)(i)</p> <p>Yes in respect of other guidelines</p>	<p>In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy which is designed to assist the Company to identify, assess, monitor and manage its risk, including any material changes to its risk profile.</p> <p>The Board has delegated responsibility for the day-to day oversight and management of the Company's risk profile to the Audit and Risk Management Committee.</p> <p>The Audit and Risk Management Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes and provides regular reports to the Board on these matters.</p> <p>The Audit and Risk Management Committee consists of three members, Ryan Benton (Chair), Kevin Landis and David</p>

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<p>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>Michael. All members of the Committee are non-executive directors with Ryan Benton being the only independent director, who is also Chair of the Committee.</p> <p>Whilst a majority of the members are not independent directors for ASX purposes, the Board believes that the composition and skills of the members of the Audit and Risk Management Committee are appropriate for the Company.</p> <p>The Board has conferred responsibility on the Company's management to develop and maintain a risk management program and internal control systems which identify material risks in light of the day to day needs of the Company.</p> <p>The Board is responsible for oversight of the overall system of internal control and provides final consideration and direction on any risk management issues.</p> <p>The Company will provide details as to the number of times the committee met and the individual attendances of the members at those meetings in its future annual reports.</p> <p>A copy of the Company' s Risk Management Policy is available on the Company's website at www.pivotalsys.com.</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>	Yes	<p>The Audit and Risk Management Committee will annually review and evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.</p> <p>The division of responsibility between the Board, Audit and Risk Management Committee and management aims to</p>

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			<p>ensure that specific responsibilities for risk management are clearly communicated and understood.</p> <p>The Risk Management Policy provides 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>The Company will provide details on whether such a review has taken place in its future annual reports.</p>
7.3	<p>Companies should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</p>	No	<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 providing an independent and objective assessment to the Board regarding the adequacy, effectiveness and efficiency of the Company's risk management and internal control process.</p>
7.4	<p>Companies should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Company does not consider that it has any material exposure to economic, environmental and social sustainability risks.</p> <p>If the Company determines in the future that it has any material exposure to economic, environmental and social sustainability, the Company will provide details in its future annual reports.</p>
8	Remunerate fairly and responsibly		

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<p>8.1 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>(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 remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>No in respect of 8.1(a)(i)</p> <p>Yes in respect of other guidelines</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 www.pivotalsys.com.</p> <p>The Remuneration and Nomination Committee consists of three members, Ryan Benton (Chair), Kevin Landis and David Michael all of whom are non-executive directors with the only independent director being Ryan Benton.</p> <p>The Remuneration and Nomination Committee is chaired by Ryan Benton, who is an independent director for ASX purposes.</p> <p>The Company will provide details as to the number of times the committee met and the individual attendances of the members at those meetings in its future annual reports.</p> <p>The Board is mindful of the recommendation that a majority of the Remuneration and Nomination Committee should be independent directors and will continue to take this into consideration when considering the future nomination of directors to the Committee.</p>
<p>8.2 Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Yes</p>	<p>The Remuneration and Nomination Committee is responsible for setting and reviewing the policies and practices of the Company regarding the remuneration of non-executive directors and the remuneration of</p>

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			<p>executive directors and other senior executives, separately.</p> <p>Policies and practices regarding remuneration of non-executive directors, executive directors and senior executives will be disclosed in the annual report of the Company.</p>
8.3	<p>A company which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>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 www.pivotalsys.com.</p>