

# Shekel Brainweigh Ltd. Securities Trading Policy

Updated as of 17 August 2018

## Introduction

As a publicly traded company, Shekel Brainweigh Ltd. (the “**Company**”) and each of you are subject to a set of rules and responsibilities that must be followed at all times. Many of these rules affect the way in which all of us communicate business and financial information, and trade in the Company’s shares. Therefore, the Company must insist that you observe two basic guidelines as follows:

- Please do not discuss any aspect of the Company’s business operations with anyone outside of the Company and its subsidiaries at any time, including without limitation, trade and financial media, stockbrokers, investment managers, or even customers, vendors and family members. This guideline is discussed in greater detail under the section titled *Confidentiality* below.
  
- Due to your position as an “insider” with access to nonpublic information about the Company and its subsidiaries, your ability to trade in the Company’s shares is subject to certain important restrictions. An “insider” includes not only directors and officers, but also persons such as a non-officer employee who, because of a special relationship or position within the Company or its subsidiaries, learns of material undisclosed information. According to the circumstances this could include a secretary or a mailroom or messenger employee who sees or hears something while carrying out normal duties. The insider trading issue is complex, and violating these rules can lead to dismissal from the Company or its subsidiaries, criminal law penalties and/or substantial fines. The Company has developed these policy guidelines to avoid violations of insider trading laws (see *Securities Transactions*, below).

After you have reviewed this policy, you will be asked to sign a statement confirming that you have read and understood the information below.

Refer anyone with questions on these matters to Barak Nir, CFO.

## Securities Transactions

### **1. Introduction**

This Securities Trading Policy (**Policy**) sets out the requirements for Employees trading in Company Securities. In order to ensure that Employees do not inadvertently breach the insider trading provisions of the Corporations Act, Employees are only permitted to trade in Company Securities in limited circumstances determined by this Policy. The circumstances in which Employees are not permitted to trade in Company Securities are called ‘**closed periods**’ and are determined by the provisions of this Policy.

Even outside closed periods, Employees are required to seek the written approval of the Chair or his or her delegate prior to any trading in Company Securities.

The provisions allowing trading in Company Securities by Employees are subject to the overriding restriction that persons may not trade in any Securities when they are in possession of Inside Information.

### **2. Definitions**

**Associate** includes:

- (a) a spouse or defacto spouse of the Employee;
- (b) a parent or child of the Employee or their spouse or defacto spouse;
- (c) a company, partnership, or trust which:
  - i. the Employee controls;
  - ii. the Employee and any person referred to in paragraphs (a) or (b) control;
  - iii. any person referred to in paragraphs (a) and (b) controls; or

- iv. any other person with whom the Employee is acting or proposing to act in concert regarding the acquisition of Securities.

For the purposes of this definition, 'control' means the ability (whether or not based on a legal right) to determine the outcome of a decision about the relevant entity's financial and operating policies.

**ASX Business Day** has the same meaning as the term 'business day' as defined in the ASX Listing Rules.

**Employees** means the directors, and employees (full time and part time) and long-term consultants and contractors of the Company.

**Securities** or **Company Securities** includes options, shares and other securities, including, without limitation, debentures, derivatives and warrants issued or made available by the Company.

**trading** includes applying for, acquiring or disposing of securities, entering into an agreement to apply, acquire or dispose of securities and granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of securities, and includes procuring or causing other persons to trade.

**written approval** includes approval by email.

### **Prohibited Conduct under Insider Trading Provisions**

#### **3.1. The Company**

As a matter of law, all Employees must not trade in Company Securities where:

- (a) they possess information which is not generally available;
- (b) that information may have a material effect on the price or value of Company Securities; and
- (c) they know or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the price of Company Securities,

as such information constitutes "**Inside Information**".

Examples of Inside Information, if not previously publicly disclosed by the Company to the ASX, include, without limitation, the following:

- Earnings projections
- Financial results yet to be reported
- Proposed stock splits or a repurchase of new securities
- Changes in dividend policy
- Planned capital expenditures
- Merger or acquisition plans
- News about the tone of the business of the Company or its subsidiaries
- New major contracts, orders, or customers or the loss of any of these
- Actual or threatened major litigation, or a resolution of such litigation
- Changes in senior management
- New products or enhancements

#### **3.2. Other Companies**

The laws regarding insider trading extend to trading in Securities of any companies about which a person possesses material price sensitive information which is not generally available including, for example, companies in a joint venture with the Company.

### **3. Policy for Trading in Securities**

#### **4.1. Trading With Clearance**

Subject to the restriction that no Employee must trade in any Securities when they are in possession of Inside Information, and subject to clause 4.2, Employees may only trade in Securities if the Employee has complied with clause 5.

## 4.2 Closed Periods

An Employee may not trade in Company Securities if:

- (a) he or she has information that he or she knows, or ought reasonably to know, is Inside Information in relation to Company Securities; or
- (b) the Company is considering matters that would require disclosure to the market but for ASX Listing Rule 3.1A, unless the circumstances are exceptional and the procedure for prior written clearance described below has been met; or
- (c) the Company Secretary has issued an instruction prohibiting trading in Company Securities by Employees; or
- (d) it is the day on which the Company has made, or is expected to make, an announcement to the ASX; or
- (e) if it is in the period:
  - (i) five (5) business days prior to, and one (1) business day after the release of the Company's Annual Financial Report;
  - (ii) five (5) business days prior to, and one (1) business day after the release of the Interim Financial Report of the Company; and
  - (iii) five (5) business days prior to, and one (1) business day after the release of the Company's quarterly reports, if any,unless the circumstances are exceptional and the procedure for prior written clearance described below has been met; or
- (f) he or she has not complied with clause 5.

## 4. Clearance Requests

All Employees wishing to trade in Company Securities are required to seek written approval from the Chair of the Board or his or her delegate. The Chair must seek written approval from the Chief Executive Officer or the Company Secretary.

## 5. Exceptional Circumstances when Trading may take place

In exceptional circumstances where, as a result of demonstrable financial hardship (such as the threat of foreclosure on the residence in respect of a person or mortgage, a judgement in respect of a debt being obtained by a creditor, or a court order in a family law matter), an Employee is obliged to dispose of Company Securities during a closed period, the Chair and/or Chief Executive Officer or Company Secretary may give written approval to proceed to sell an agreed number of Company Securities within a specified time frame.

The Employee seeking approval to trade must satisfy the Chair and/or Chief Executive Officer or Company Secretary that he or she is in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

A limited period in which to trade should be granted, say five ASX Business Days, and the closing date during which Securities can be traded should be notified to the individual and the Company Secretary. The Company may require the Employee to swear a statutory declaration in support of their claim of financial hardship.

## **6. Short Term Trading in Company Securities**

The purchase and sale of Company Securities by Employees within one month is prohibited. For the purposes of this clause 7, the definition of ‘purchase’ does not include the exercise of options by an Employee.

## **7. Passive Trading in Company Securities**

Employees may participate during closed periods in the passive acquisition of Company Securities in plans approved by the Company’s Board, such as dividend reinvestment plans, share purchase plans and rights issues, with the proviso that an election to participate, once given, cannot be revoked during a closed period.

The exercise of options is permitted during a closed period in accordance with the terms and conditions of those options, however, the Securities issued in respect of such options or share purchase plan are subject to this Policy and may not be traded during a closed period, including the closed period in which the Securities have been acquired.

## **8. Prohibition of Credit**

Broker credit (beyond T+3), margin lending or leveraged equity providers (by whatever name and under whatever guise) must not be used in relation to Company Securities without the fully informed consent of the Board.

Employees must inform the Board of all details concerning any broker credit, margin lending or leveraged equity arrangements in place in respect of any trading (including, without limitation, prospective trading) in Company Securities.

## **9. Hedging**

Employees are prohibited under this Policy from entering into any schemes or arrangements that protect the value of Securities allocated under Company incentive schemes prior to them becoming fully vested. Any breach of this prohibition will also constitute a breach of the conditions of grant and could result in the forfeiture of the Securities.

## **10. Breach of Policy**

A breach of this Policy by an employee or a contractor can be expected to:

- (a) lead to disciplinary action, generally in the form of dismissal or termination of the relationship at first lawful instance; and/or
- (b) be reported to the authorities for investigation if the circumstances warrant, in the view of the Company.

## **11. Disclosure**

Any trading in Securities by directors must be notified to the Company Secretary within 3 days of such trading, including whether the Securities were traded during a closed period, and the details of the prior written clearance obtained in accordance with clause 5.

## **12. General Observations**

If any Employee possesses Inside Information that is not generally available, such person is prohibited from procuring any other person to trade in those Securities and from directly or indirectly communicating the information to another person who the Employee believes is likely to trade in, or procure another person to trade in, those Securities.

It is important that any Employee who possesses Inside Information that is not generally available does not pass that information on to any other party or person or recommend or otherwise suggest to any person or Associates to trade in Company Securities.

Accordingly, this Policy applies equally to persons acting for Employees or with whom it may appear Employees may communicate the Inside Information – that is, the spouse, children, family trusts, family companies of Employees or other Associates of Employees must not trade in Company Securities otherwise than in accordance with this Policy.

Employees should also ensure that, before any external body of which they are a member, director, representative or trustee (for example, personal or family superannuation (pension) funds) undertakes any transaction regarding Company Securities, any trading in Company Securities complies with this Policy.

This Policy will be administered by the Company Secretary with input from the Chair and the Chief Executive Officer. The Company Secretary will be available to answer any questions any Employee may have in relation to the Policy. However, neither the Company nor the Company Secretary is to be held responsible for any answers or any act or omission by any Employee in reliance on those answers. It is each Employee's responsibility to comply with the law, so if any Employee is in any doubt legal advice should be obtained.

This Policy is subject to regular review by the Board and will be amended as and when appropriate.

### **Other Prohibited Actions**

In addition to the restrictions on securities trading, the Company also prohibits the following:

1. **No passing of Inside Information to others:** No one engaged with the Company or its subsidiaries should pass on inside information to others outside of the Company or its subsidiaries.
2. **No "tipping":** No one engaged with the Company or its subsidiaries should recommend to others to purchase or sell the Company's shares based on knowledge of Inside Information, even if such recommendation is made without revealing the Inside Information itself. Such "tipping" may result in criminal or civil liability for both the "tipper" and the "tippee" if the "tippee" trades on the basis of the tip, or passes on the tip/information to another, who trades based upon it.
3. **No trading in certain other companies:** Additionally, no one engaged with the Company or its subsidiaries may knowingly trade in the securities of any company with which the Company or its subsidiaries are known to be engaging in a confidential transaction.
4. **No short selling:** Directors, officers and employees are prohibited against short selling of the Company's shares at any time. Selling short is the practice of selling more shares than you own, a technique used to speculate on a decline in the sales price.

These restrictions apply to all transactions in publicly traded securities in all markets. They apply to all transactions affected directly or indirectly by you or as well as members of your family or entities that you control or may be deemed to control. They also apply to all transactions through which you or a member of immediate family or household has trading discretion or influence.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for a personal emergency) are no exception to these restrictions.

These restrictions do not apply to accounts directed by a third party such as a broker or investment advisor outside the Company or its subsidiaries, who has no insider information of his own and has been given (in writing) complete discretion over your account as long as you have no influence over trading (buying or selling) in that account.

### **Confidentiality**

In addition to the above restrictions, it is important that you do not disclose confidential information regarding the Company or its subsidiaries to anyone outside the Company or its subsidiaries. This includes, but not limited to:

- Trade and financial media
- Stockbrokers
- Investment managers
- Customers
- Suppliers
- Personal acquaintances, including members of your family, household and friends.

The importance of this caveat is especially emphasized with respect to confidential information that can also be considered Inside Information. Please refer to the previously mentioned definition of Inside Information.

In addition, the documents and work products of the Company or its subsidiaries are not to be duplicated or be removed from the office except for reasons directly related to meetings or work outside of the office environment. When this information is no longer needed outside the workplace, it should be returned to the office. Any papers in an employee's, director's or consultant's possession upon termination of relationship with the Company or its subsidiaries are to be returned to the office.

Safeguarding confidential information requires following these procedures:

- Do not discuss confidential matters in the public corridors of our office buildings.
- Do not leave sensitive documents on your desk or the desks of other employees, in conference rooms or in other public areas of the office buildings.
- Pay special attention to keeping confidential information while reviewing documents in a public place.
- Avoid the discussion of information of the Company or its subsidiaries in a public place or any place where a conversation may be overheard. If you must have a conversation in a public place, such as an airport or restaurant, you should use the utmost discretion so as not to be overheard.
- While using portable computers outside the office, make sure that others are unable to view the information displayed on the screen.

***Confidentiality must be strictly maintained and each employee, director or consultant of the Company or its subsidiaries should use sound judgment in this regard.***

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Full compliance with this policy is expected of all personnel. You are asked to sign this statement attesting to the fact that they have read and clearly understood this policy and will uphold it in all aspects of its association with the Company or its subsidiaries.

Violations of this policy will be regarded in a serious manner; willful violations will constitute grounds for dismissal from the Company or its subsidiaries and could subject you to civil and criminal liability.

If you have any questions about these procedures, please feel free to contact Barak Nir, CFO.

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