

**SISRAM MEDICAL LTD.**

(the "Company")

**COMPANY REMUNERATION POLICY FOR DIRECTORS AND OFFICERS**

Adopted by the Remuneration Committee and the Board of Directors effective [ ] September 2021

Pursuant to Section 267A of the Israeli Companies Law, 5759-1999

and the Israeli Companies Regulations (Relief Regarding the Obligation to Adopt a Remuneration Policy),  
5760-2000

**1. Introduction**

- 1.1. The objective of this document is to define and describe the Remuneration Policy in accordance with the requirements of the Israeli Companies Law, 5759-1999 (the "**Companies Law**"). The Remuneration Policy applies to the Company's Office Holders as defined below.
- 1.2. It is emphasized that this Remuneration Policy, or its adoption by the Company, does not grant any rights to the Company's Office Holders nor does it amend any existing agreements. The compensation that any Office Holder is entitled to receive will be solely that which is approved by the competent organs of the Company in accordance with applicable law.
- 1.3. If an Office Holder should receive compensation that is less than the compensation provided in this Remuneration Policy, it will not be considered a deviation or exception from this Remuneration Policy.
- 1.4. Pursuant to the Companies Law, this Policy will be brought to the approval of our shareholders and, once adopted, and unless determined otherwise by our Board of Directors, shall serve as our Compensation Policy for the three years period commencing as of its adoption.
- 1.5. For the purpose of this policy:
  - "**Advance Notice Period**" – the period of time following notice of termination of employment or services agreement, after which termination will become effective.
  - "**Equity-based Compensation**" – options, restricted shares, restricted stock units and any other equity-based payments settled with the Company's shares.
  - "**Office Holder**" – as defined in the Companies Law, as may be amended from time to time, and correct as to the adoption date of this Policy – Directors (including the Chairman of the Board), Chief Executive Officer (the "**CEO**"), Deputy General Manager, Chief Officers, any person performing such function in the Company even if under a different title and managers directly subordinate to the CEO.
  - "**Senior Staff**" – those performing management functions directly subordinate to the CEO.
  - "**Severance Grants**" – payment or any other benefit awarded to an Office Holder in connection with termination of his position at the Company. These payments are on top of any severance payments required by applicable law.

**2. Manner of Determining Remuneration**

The terms of service and employment of Office Holders in the Company shall be approved by the remuneration committee and the Board of Directors, considering the principles set forth herein, to the extent applicable to each Office Holder:

- 2.1. The Office Holder's education, qualifications, specialization, professional expertise and achievements;
- 2.2. The Office Holder's role, area of responsibility, and prior terms of remuneration given to such Office Holder or predecessors;
- 2.3. The ratio of the Office Holder's cost of remuneration to the cost of salaries of the employees and contractors of the Company in general, and any effect such ratio may have on overall employment relations at the Company;
- 2.4. Additional relevant parameters which the remuneration committee determines are relevant, including common market practices, the size of the Company and manner of its operations.

- 2.5. Regarding compensation paid to Office Holders in any currency other than USD, the USD conversion rate into the relevant currency for salary will be based on the rate at the date of the first payment of the year and then change until the next salary update, the USD conversation rate for bonus will be based on the rate on the month of payment.
- 2.6. The Company will be permitted to grant the Office Holders (all or part) a compensation plan that includes a salary and related benefits, commissions (for Office Holders filling certain positions), a cash award (bonus) and/or equity-based payment.

### 3. **The Fixed Component**

#### 3.1. **General**

3.1.1. The “**Salary / Management Fees**” constitutes a fixed compensation the purpose of which is to compensate the Office Holder for performing his position in the Company and for performing the ongoing duties required by his job. All references Salary / Management Fees hereunder shall refer to gross amounts, unless specified otherwise.

The Salary / Management Fees of the Office Holder will be determined in the negotiation regarding his engagement with the Company, according to the parameters detailed in Section 2 above, and may take into consideration the existing salary terms of other Company Office Holders, as well as reference to accepted salary terms in the market and industry for Office Holders holding similar positions in comparable companies.

3.1.2. The maximum Salary / Management Fees are detailed below based on a full-time position (100%) assumption. The maximum Salary of the CEO or Senior Staff who is a part time employee of the Company, will be adjusted taking into consideration such partial position and its effects.

#### 3.2. **Salary or Monthly Management Fees**

3.2.1. **CEO**. The monthly Gross Salary / Management Fees of the CEO shall not exceed [USD] [70,000].

3.2.2. **Senior Staff**. The Monthly Gross Salary / Management Fees of each Senior Staff shall not exceed [USD] [60,000].

3.3. **Related Benefits**. The Chairman of the Board, CEO and Senior Staff will each be entitled to certain benefits (“**Related Benefits**”), including social benefits as provided under applicable law. In addition, their salary package can include additional benefits, such as use of a car (including grossing up the related tax), an annual paid vacation that is longer than that prescribed in applicable law, phone and communication costs, health insurance, etc. These benefits will be as determined by the Company on the date of the approval of the employment or services agreement, and may be examined from time to time and be adjusted by the remuneration committee subject to such applicable law.

3.4. **Sign-On Bonus**. Chairman, CEO, Senior Staff and employees may be eligible, in connection with their nomination, to receive a sign-on bonus, which shall not exceed the average such sign-on bonuses for comparable public companies, as documented by a compensation consultant, subject to a vesting period (i.e. working period) of at least 3 years, as will be determined by the Company’s governing bodies, in accordance applicable law.

#### 3.5. **Advance Notice and Severance Terms**

##### 3.5.1. **Advance Notice**

3.5.1.1. The Advance Notice Period for termination of employment or services of Senior Staff will be determined on an individual basis with CEO and each Senior Staff member, with reference to the parameters detailed Section 4.3 below, the Advance Notice Periods prescribed in the agreements of other Office Holders and the Advance Notice Periods accepted in the market and industry for Office Holders in similar positions.

3.5.1.2. With respect to Senior Staff who on the date of the approval of this Policy has a personal employment or services agreements already in effect, which contains a defined Advance Notice Period, there will be no change in this period as provided in their employment or services agreements.

3.5.1.3. In any event, the Advance Notice Period of the Chairman, CEO and each Senior Staff is limited to up to 4 months.

#### 3.5.2. **Severance Grants**

3.5.2.1. The Company's Board of Directors will be permitted to approve compensation terms which include award of Severance Grants as indicated hereunder, in addition to the requirements of any applicable law.

3.5.2.2. The entitlement to a Severance Grant, on top of the company's legal liability, in terms of CEO and the Senior Staff monthly salaries, shall not exceed 6 monthly salaries plus any guaranteed bonuses (on a Salary / Management Fees basis), respectively (the "**Severance Grant Cap**"). When the Board of Directors decides on a Severance Grant, it will take into account the following considerations: period of employment, terms of employment, Company performance during that period, contribution by the Office Holder to the Company to achieve its goals and earn profits, and the circumstances of the end of employment. The Board of Directors may also take into account additional considerations.

3.5.2.3. The Severance Grants will be decided by the Company's governing bodies, subject to the provisions of any applicable law.

#### 4. **Variable Components**

4.1. The terms of remuneration may include bonuses or other variable components, all as set forth herein.

#### 4.2. **Equity-Based Compensation**

4.2.1. The Company reserves the right to grant Equity-Based Compensation, according to the equity compensation plans that were and will be adopted from time to time and subject to any applicable law.

4.2.2. The Company's Office Holders who are Israeli citizens may be granted any Equity-Based Compensation in accordance with the requirements of Section 102 of the Israeli Income Tax Ordinance, as may be amended from time to time.

4.2.3. The annual economic value of the Equity-Based Compensation will be calculated by dividing the fair value of the benefit (based on financial models used for financial reporting purposes) at the grant date by the number of years until the vesting of the last tranche (linear division) (the "**Annual Economic Value**"). Determination of Annual Economic Value of Equity-Based Compensation shall be made disregarding any equity-based compensation granted prior to the adoption of the Policy.

#### **Maximum Annual Economic Value of Equity Based Payments:**

Chairman, Executive and Non-Executive Directors (but not Independent Directors)	CEO	Senior Staff
Not more than [0.06]% of the Company's fully diluted share capital.	80% of the annual base Salary /Management Fees  and not more than [_0.25_] % of the Company's fully diluted share capital.	25% of the annual base Salary /Management Fees  and not more than [0.06]% of the Company's fully diluted share capital.

For the purpose of calculating the value – in a case of securities being granted – the value will be calculated as of the date of the Board of Director's decision regarding the grant. In a case of Equity-Based Compensation payable in cash – the value will be calculated at the actual payment date.

- 4.2.4. For the avoidance of doubt, it is clarified that the Equity-Based Compensation ceiling is in addition to the annual bonus ceiling as set forth below. The Company's Board of Directors shall have the authority to set a limit to the Equity- Based Payment mentioned above in this document, at its full and exclusive discretion, if the circumstances are found to justify such a reduction. The vesting schedule shall be determined by the Board of Directors and shall be between [one (1) and four (4)] years from the date of grant, for example: in the event of a vesting schedule of [four (4) years], at the conclusion of every year 25% of the total equity compensation shares of the bonus shall vest.
- 4.2.5. The Company has the right to define other specific performance terms (other than service period) in relation to the Equity-Based Payment for each Office Holder, including specific performance-based vesting conditions (without defining specific service period).
- 4.2.6. Additional terms including eligibility upon termination, eligibility for accelerated vesting upon pre-defined events such as M&A or change of control events, adjustments for cash dividends, stock split, etc., will be consistent with the definitions of the Equity-Based Compensation plans that were or will be adopted by the Company (to the extent defined therein).
- 4.3. **Non-Equity-Based Payment.**
- 4.3.1. **Performance Bonuses.** The Chairman of the Board of Directors, CEO, Senior Staff may be eligible to performance bonuses and bonuses linked to corporate milestones, subject to the provisions of any applicable law.
- 4.3.2. **Bonuses linked to corporate milestones.** The Board of Directors and the remuneration committee are authorized to determine, at the beginning of each calendar year, the parameters on which the performance bonus shall be based, from the list of parameters detailed below. In addition, the remuneration committee and the Board of Directors are authorized to determine that part of the bonus shall be based on discretion rather than measurable parameters, as follows: (a) for the CEO – the part of the bonus based on discretion shall not exceed the larger of (i) 3 monthly base salaries, or (ii) a material portion of the total variable components of his or her remuneration; (b) for any Directors – if a part of the bonus is based on discretion, it shall require the approval of the shareholders; (c) for Senior Staff – all components of the bonus may be based on discretion.
- 4.3.3. With respect to Office Holders (other than directors) who are subject to the CEO, the Board of Directors and the Compensation Committee may delegate authority to determine such parameters to the CEO.
- 4.3.4. The parameters and the weight of each parameter will be established and approved by the remuneration committee and the Board of Directors at the beginning of each calendar year, and may include parameters from the following list:
- The initiation or completion of a certain number of clinical trials
  - The completion of an in-license or an out-license deal
  - The execution of commercial cooperation deals
  - The approval to market a new product
  - The commencement of a revenue stream
  - The realization of expense budget targets or cash flow
  - Fund raising
  - The Company's stock performance
  - Other parameters which are quantifiable.
- The weight of each parameter should not exceed 50% of the total grant.
- 4.3.5. **Bonus Cap:** (i) The total yearly cash bonus for the CEO and Chairman of the Board of Directors shall not exceed an amount equaling [80]% of their respective annual salaries (before taxes)/director fees paid to them for the same year in which the bonus is paid; and (ii) the total

yearly cash bonus for the Senior Staff shall not exceed the amount equaling [150]% of their respective salaries (before taxes)/management fees paid to them for the same year in which the bonus is paid.

- 4.3.6. If the performance bonus or part thereof is paid on the basis of data found to be incorrect, if restated in the Company's financial statement to be published in a subsequent [one (1)-year] period from the date of publication of the financial report on the basis of which the bonus was paid or the data which turned out to be otherwise incorrect during this period – the Office Holder will be required to repay the Company for any amount paid based on that same incorrect information.

5. **Remuneration of Directors**

- 5.1. The External Directors shall receive remuneration and reimbursement of expenses in accordance with the Companies Regulations (Rules Regarding Remuneration and Expenses of External Directors), 5760-2000 (the "**External Directors Regulations**").
- 5.2. All other Independent Non-Executive Directors shall receive remuneration and reimbursement of expenses not exceeding the maximum amounts pursuant to regulations 4 through 6 of the External Directors Regulations.
- 5.3. The remuneration of a Director who also serves in another office shall be governed by Sections 3-4 above.

6. **Exculpation, Indemnification and Insurance of Officer Holders**

- 6.1. The Company may decide to exculpate and indemnify its Officer Holders up to the maximum extent permitted under the Companies Law and subject to the conditions set forth therein.
- 6.2. The Company may provide exemption and indemnification letters to its Officer Holders, in a form to be approved from time to time by the competent organs of the Company and in accordance its articles of association.
- 6.3. The Company may procure for its Officer Holders a directors' and officers' liability insurance policy, which may include "run-off" and "claims made" coverage. Directors and Office Holders will be covered by a directors and officers liability insurance policy that will be maintained by the Company according to applicable law. The terms of such policy shall provide for coverage of up to USD [5,000,000] (per claim and in the aggregate). Such insurance coverage may include Directors' and officers' liability insurance with respect to specific events, such as public offerings, or with respect to periods to time following which the then existing insurance coverage ceases to apply, such as, by way of example only, "run-off" coverage following a termination of service or employment, termination of the insurance policy or in other circumstances. The authority to enter into such insurance policies shall be held by the remuneration committee, provided that the terms of the contract do not exceed the terms set forth above, and that they are consistent with market conditions and will not materially affect the Company's profits, property or liabilities.
- 6.4. The Company will review the insurance policy on an annual basis and may renew or purchase additional insurance.