

2 December 2015

Corporate Governance Statement - Departures from Recommendations

Following admission to the Official List of ASX, Peppermint Innovation Limited (**Company**) will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this announcement are set out below:

Principles and RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
<p>Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Board, its Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Boards' relationship with management and Directors' retirement arrangements.</p> <p>A copy of the Company's Board Charter will be available on the Company's website (www.pepltd.com.au).</p>
<p>Recommendation 1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Company has detailed guidelines for the appointment and selection of the Board which require the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.</p>
<p>Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>Each director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p>

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<p>Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	YES	The Board Charter provides that the Company Secretary is accountable directly to the Board, through the chair.
<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to 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:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) 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>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	YES	<p>The Company has adopted a Diversity Policy.</p> <p>The Diversity Policy provides a framework for the Company to set and achieve measurable objectives that encompass gender equality.</p> <p>The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on the measurable objectives.</p> <p>The Diversity Policy will be available on the Company's website.</p> <p>The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO/MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment.</p> <p>The Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board level.</p>
<p>Recommendation 1.6 A listed entity should:</p> <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>	WILL COMPLY	<p>(a) Currently the role of the Nomination Committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.</p> <p>(b) The Board is responsible for evaluating the performance of the Board and individual Directors will be evaluated on an annual basis. It may do so with the aid of an independent adviser.</p>

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		(c) The Company shall disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
<p>Recommendation 1.7 A listed entity 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>	YES	<p>(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives.</p> <p>(b) The Company shall disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>
Principle 2: Structure the board to add value		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (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>(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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	NO	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Nomination Committee is undertaken by the full Board.</p> <p>Pursuant to the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that Committee.</p> <p>The Board's nomination responsibilities are set out in the Board Charter.</p> <p>The Board devotes time on an annual basis to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p> <p>The Board regularly updates the Company's Board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p>

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<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	YES	The Board Charter contains the Board skill matrix.
<p>Recommendation 2.3 A listed entity 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 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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>	YES	<p>(a) As at the date of this announcement, the Board comprises four Directors, one of which, Matthew Cahill is considered by the Board to be an independent director.</p> <p>(b) The length of service of each Director is provided in the Prospectus dated 16 October 2015.</p>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	NO	<p>The Board Charter requires that where practical the majority of the Board will be independent.</p> <p>One of the four Directors are independent, therefore a majority of the Board of the Company are not independent. The Directors considered to not be independent are Christopher Kain, who is the managing director, Anthony Kain, who holds an executive role, and Leigh Ryan, who is the outgoing managing director and will hold, following re-listing on ASX, a non-executive role.</p> <p>The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors.</p>
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	NO/YES	Mr Anthony Kain will act as Chairman elect until the Company appoints a Chairman. Mr Kain is not an independent Director as he currently has an executive role. The Board believes that Mr Kain is the most appropriate person for the position of Chairman elect because of his expertise and his in-depth knowledge of the Company.

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		The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Chairman. The Company does not have a Chief Executive Officer. The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Chairman.
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	WILL COMPLY	The Company will put in place an appropriate induction program.
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1 A listed entity 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>	WILL COMPLY	<p>(a) The Company has a Code of Conduct for directors and senior executives. The Code of Conduct will be extended to cover other employees.</p> <p>(b) The Code of Conduct will be available on the Company's website.</p>
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1 The board of a listed entity 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, 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>(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>	WILL COMPLY	<p>The Board has approved an Audit Committee Charter and will establish an Audit Committee which complies with the Recommendations.</p> <p>A copy of the Audit Committee Charter will be available on the Company's website (www.pepltd.com.au).</p>

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<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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		
<p>Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that 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>	WILL COMPLY	The Board will comply with the Recommendations.
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	WILL COMPLY	The Board will comply with the Recommendations.
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 5.1 A listed entity 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>(a) The Company has a written policy for complying with its continuous disclosure obligations under the Listing Rules.</p> <p>(b) This Continuous disclosure policy will be available on the Company website (www.pepltd.com.au).</p>
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	WILL COMPLY	Information about the Company and its governance will be available on the Company's website.
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to

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		shareholders.
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	The Shareholder Communication Policy, which contains the relevant policies and procedures, will be available on the Company's website.
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	The Shareholder Communication Policy provides for this facility.
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (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>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	WILL COMPLY	The Audit Committee will, in accordance with its Charter, be responsible for risk management and oversight of risk.
<p>Recommendation 7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by</p>	WILL COMPLY	<p>(a) The Audit Committee will undertake this review.</p> <p>(b) Required disclosure will be provided.</p>

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(b) the board; and disclose in relation to each reporting period, whether such a review has taken place.		
Recommendation 7.3 A listed entity should disclose: <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (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. 	YES	<p>Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.</p> <p>The Audit Committee Charter requires the Audit Committee to oversee the evaluation and continual improvement of the effectiveness of the Company's risk management and internal control processes.</p>
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	WILL COMPLY	<p>If the Company has any material exposure to economic, environmental and social sustainability risk, it will disclose any such exposure and how it manages or intends to manage those risks, in future Corporate Governance Statements.</p>
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (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 (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. 	NO	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Remuneration Committee is undertaken by the full board. Pursuant the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee.</p> <p>The Board's Remuneration responsibilities and processes are set out in the Board Charter.</p>

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<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	WILL COMPLY	<p>The Company's policies and practices will be disclosed in the Remuneration Report contained in its Annual Report.</p> <p>The Board will ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>
<p>Recommendation 8.3 A listed entity 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>(a) The Company has a Share trading policy which includes a policy prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>(b) A copy of the Company's Share trading policy will be available on the Company's website (www.pepltd.com.au).</p>