

## **CORPORATE GOVERNANCE STATEMENT**

The Board of Directors of Peppermint Innovation Limited (the Company) is responsible for the corporate governance of the Group. The Board guides and monitors the business affairs of the Group on the behalf of the shareholders by whom they are elected and to whom they are accountable.

### **ASX Corporate Governance Principles**

The ASX Corporate Governance Council (the Council) has Corporate Governance Principles and Recommendations (the Principles), which are designed to maximise corporate performance and accountability in the interests of shareholders and the broader economy. The Principles encompass matters such as board composition, committees and compliance procedures.

The Principles (being those under ASX's 3rd edition of Corporate Governance Principles and Recommendations dated March 2014) can be viewed at [www.asx.com.au](http://www.asx.com.au). The Principles are not prescriptive, however ASX listed entities are required to disclose the extent of their compliance with the Principles, and to explain why they have not adopted a Principle if they consider it inappropriate in their particular circumstances.

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Group's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Group has followed the guidelines during the financial year. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

The Company has lodged with the ASX an Appendix 4G (Key to Disclosures – Corporate Governance Council Principles and Recommendations) and Recommendations. A summary against the Principles is set out below.

## CORPORATE GOVERNANCE STATEMENT (continued)

### Corporate Governance Checklist

Corporate Governance Council Recommendation		Does the Company follow the recommendation?	Comment
<b>Principle 1 - Lay solid foundations for management and oversight</b>			
1.1	Disclose roles and responsibilities of board and management	Y	
1.2	Undertake appropriate checks before appointing or electing a person as director	Y	
1.3	Written agreement with each director and senior executive	Y	
1.4	Company Secretary accountable directly to Board	N	The Chair of the Board is the company secretary
1.5	Diversity Policy disclosures reported	Y	
1.6	Board performance evaluation undertaken	N	In view of the size of the operations and limited number of directors, a formal performance evaluation process is not performed.
1.7	Senior executive performance evaluation undertaken	N	In view of the size of the operations and limited number of executives, a formal performance evaluation process is not performed.
<b>Principle 2 – Structure the board to add value</b>			
2.1	Nomination committee requirements met	N	The duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.
2.2	Board skills matrix disclosed	Y	
2.3	Director Independence and tenure disclosed	Y	
2.4	Majority of the board are independent directors	Y	
2.5	Chair of the board is an independent director and not the same person as the CEO	N	The Chair of the Board is an executive director and the company secretary. The Chair is not the CEO.
2.6	Director induction and ongoing training program	N	In view of the size of the operations of the Company and the limited number of directors, the Company does not have a formal director induction and ongoing training program.
<b>Principle 3 – Act ethically and responsibly</b>			
3.1	Code of conduct available on website	Y	

## CORPORATE GOVERNANCE STATEMENT (continued)

### Corporate Governance Checklist (Continued)

Corporate Governance Council Recommendation		Does the Company follow the recommendation?	Comment
<b>Principle 4 – Safeguard integrity in corporate reporting</b>			
4.1	Audit committee requirements met	N	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill an audit committee.
4.2	CEO and CFO financial statements declarations received	Y	
4.3	External auditors attend AGM and available to answer questions from securityholders	Y	
<b>Principle 5 – Make timely and balanced disclosure</b>			
5.1	Continuous Disclosure Policy available on website	Y	
<b>Principle 6 – Respect the rights of securityholders</b>			
6.1	Corporate and governance information available on website	Y	
6.2	Investor relations program	Y	
6.3	Processes to facilitate and encourage participation at securityholders meetings	Y	
6.4	Electronic securityholder communication functionality	Y	
<b>Principle 7 – Recognise and manage risk</b>			
7.1	Risk committee requirements met	N	In view of the size of the operations of the Company, this is performed by the Board.
7.2	Annual review of risk management framework	Y	
7.3	No internal audit function but internal control processes in place	Y	
7.4	Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk	Y	
<b>Principle 8</b>			
8.1	Remuneration committee requirements	N	In view of the size of the operations of the Company, this is performed by the Board.
8.2	Remuneration practices disclosed	Y	
8.3	Remuneration Policy disclosures regarding equity based remuneration	Y	

## CORPORATE GOVERNANCE STATEMENT (continued)

### Principle 1 - Lay solid foundations for management and oversight

#### ***Recommendation 1.1 - Disclose roles and responsibilities of board and management***

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated, by the Board, to the CEO and the executive management team.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity
- Implementation of budgets by management and monitoring progress against budget — via the establishment and reporting of both financial and non-financial key performance indicators

Other functions reserved to the Board include:

- Approval of the annual, half-yearly and quarterly financial reports
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored
- Reporting to shareholders

#### ***Recommendation 1.2 - Undertake appropriate checks before appointing or electing a person as director***

Reference checks are performed for each director.

#### ***Recommendation 1.3 - Written agreement with each director and senior executive***

Each director has received a letter of appointment which details the key terms of their appointment. This letter includes all of the recommended matters in the Principles. Each director also enters into required agreements regarding insurance, access to records and disclosure of any trading in Company securities as required under the Listing Rules.

All directors have formalised job descriptions and letters of appointment.

#### ***Recommendation 1.4 - Company Secretary accountable directly to Board***

The Chair of the Board is the Company Secretary.

## CORPORATE GOVERNANCE STATEMENT (continued)

### ***Recommendation 1.5 - Diversity Policy disclosures reported***

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

35% of the Group's employees are females, and the Chief Operating Officer of the Company based in the Philippines is a female.

### ***Recommendation 1.6 - Board performance evaluation undertaken***

In view of the size of the operations of the Group and the number of directors, a formal performance evaluation process is not performed.

### ***Recommendation 1.7 - Senior executive performance evaluation undertaken***

In view of the size of the operations of the Group and the limited number of executives, a formal performance evaluation process is not performed.

## **Principle 2 – Structure the board to add value**

### ***Recommendation 2.1 - Nomination committee requirements met***

During the year ended 30 June 2019, the Group did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

### ***Recommendation 2.2 - Board skills matrix disclosed***

The directors possess a broad range of complimentary skill sets. The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' report.

### ***Recommendation 2.3 - Director Independence and tenure disclosed***

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of their unfettered and independent judgement.

In the context of director independence, “materiality” is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of the Company are considered to be independent:

## CORPORATE GOVERNANCE STATEMENT (continued)

<b>Name</b>	<b>Position</b>
Mr Matthew Cahill	Non-Executive Director
Mr Leigh Ryan	Non-Executive Director
Mr Albert Cheok	Non-Executive Director

The term in office held by each director in office at the date of this report is as follows:

<b>Name</b>	<b>Term in office</b>
Mr Anthony Kain	Appointed 24 July 2014 (inception), tenure 5 years, 1 month
Mr Christopher Kain	Appointed 24 July 2014 (inception), tenure 5 years, 1 month
Mr Matthew Cahill	Appointed 24 July 2014 (inception), tenure 5 years, 1 month
Mr Leigh Ryan	Appointed 4 December 2015, tenure 3 year, 9 months
Mr Albert Cheok	Appointed 29 April 2019, tenure 2 months

### ***Recommendation 2.4 - Majority of the board are independent directors***

The Company has five directors, three of whom are independent.

### ***Recommendation 2.5 - Chair of the board is an independent director and not the same person as the CEO***

The Chair of the board is not an independent director and is not the CEO. The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing a suitably qualified additional independent Non-Executive Director to Chair the Company.

### ***Recommendation 2.6 - Director induction and ongoing training program***

In view of the size of the operations of the Group and the limited number of directors, the Group does not have a formal director induction and ongoing training program.

## **Principle 3 – Act ethically and responsibly**

### ***Recommendation 3.1 - Code of conduct available on website***

The Company's Code of Conduct is available on the Company's website.

## **Principle 4 – Safeguard integrity in corporate reporting**

### ***Recommendation 4.1 - Audit committee requirements met***

Recommendation 4.1 requires the audit committee to be structured so that it consists only of non-executive directors with a majority of independent directors, chaired by an independent chairperson who is not chairperson of the Board and has at least three members. During the year ended 30 June 2019, the Company did not have a separately established audit committee. The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill an audit committee.

### ***Recommendation 4.2 - CEO and CFO financial statements declarations received***

In accordance with section 295A of the *Corporations Act*, the CEO and CFO have provided a written statement to the Board that:

## CORPORATE GOVERNANCE STATEMENT (continued)

- Their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Group's risk management and internal compliance and control system is operating effectively in all material respects.

### ***Recommendation 4.3 - External auditors attend AGM and available to answer questions from securityholders***

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

### **Principle 5 – Make timely and balanced disclosure**

#### ***Recommendation 5.1 - Continuous Disclosure Policy available on website***

The Group's policy is to comply with its continuous disclosure obligations under the Listing Rules at all times.

### **Principle 6 – Respect the rights of securityholders**

#### ***Recommendation 6.1 - Corporate and governance information available on website***

Information about the Group and its governance is available to investors via the Company's website.

#### ***Recommendation 6.2 - Investor relations program***

The Group's objective is to promote effective communication with its shareholders at all times.

The Group is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Group's activities in a balanced and understandable way;
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia; and
- Communicating effectively with its shareholders.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on the Group's website: [www.pepltd.com.au](http://www.pepltd.com.au).

The Group's website publishes all important company information and relevant announcements made to the market.

#### ***Recommendation 6.3 - Processes to facilitate and encourage participation at security holders meetings***

Meetings of security holders of the Company are convened at least once a year, usually in October.

## CORPORATE GOVERNANCE STATEMENT (continued)

An explanatory memorandum on the resolutions is included with the notice of meeting. Unless specifically stated in the notice of meeting, all holders of fully paid securities are eligible to vote on all resolutions.

In the event that security holders cannot attend formal meetings, they are able to lodge a proxy in accordance with the Corporations Act. Proxy forms can be mailed, lodged by facsimile or emailed.

### ***Recommendation 6.4 - Electronic securityholder communication functionality***

Securityholders are provided with the option to receive communications from, and send communications to, the Group and its security registry electronically.

## **Principle 7 – Recognise and manage risk**

### ***Recommendation 7.1 - Risk committee requirements met***

The Group does not have a committee to oversee risk. In view of the size of the operations of the Group, this is performed by the Board.

### ***Recommendation 7.2 - Annual review of risk management framework***

The Board has identified the significant areas of potential business and legal risk of the Group. The identification, monitoring and, where appropriate, the reduction of significant risk to the Group will be the responsibility of the Board.

To this end, comprehensive practices are in place which are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Group’s resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

### ***Recommendation 7.3 - No internal audit function but internal control processes in place***

In view of the size of the operations of the Group, the Group does not have an internal audit function. Internal processes include segregating incompatible functions, dual signatories on bank accounts and oversight by the Board.

### ***Recommendation 7.4 - Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk***

The Group does not believe it has any material exposure to economic, environmental and social sustainability risks.

## **Principle 8 – Remunerate fairly and responsibly**

### ***Recommendation 8.1 - Remuneration committee requirements***

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 30 June 2019, the Group did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

### ***Recommendation 8.2 - Remuneration practices disclosed and Recommendation 8.3 - Remuneration Policy disclosures regarding equity based remuneration***



## **CORPORATE GOVERNANCE STATEMENT (continued)**

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.