

# Asia Pacific Data Centre Group

## RISK MANAGEMENT POLICY

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### 1. Policy Statement

- 1.1 The Asia Pacific Data Centre Group (**APDC Group**) is formed by the stapling of the shares in Asia Pacific Data Centre Holdings Limited (**APDC Holdings**) to the units in Asia Pacific Data Centre Trust (**APDC Trust**). The APDC Group is listed on the Australian Stock Exchange (ASX).
- 1.2 Asia Pacific Data Centre Limited (**APDC Limited**) is the responsible entity for the APDC Trust and holds an Australian Financial Services Licence (**AFSL**) No 426 503. APDC Limited has engaged a subsidiary of APDC Holdings to provide certain services in respect of APDC Trust which includes services in respect of managing the risks of APDC Trust.
- 1.3 APDC Limited is responsible for implementing and monitoring appropriate risk management for its activities as a responsible entity and holder of the AFSL.
- 1.4 The Board of APDC Holdings and senior management of APDC Holdings are committed to the establishment and maintenance of adequate risk management systems.
- 1.5 This Risk Management Policy (**Policy**) has been adopted by the Board and presents the framework upon which the APDC Group will meet its regulatory risk management obligations and relevant practical benchmarks.
- 1.6 Where there is any doubt as to the requirements contained in this Policy, you should have regard to the principle that the Board will always ensure the APDC Group conducts its business operations in a fair, honest and professional manner in line with the regulatory objectives of ensuring the confident and informed participation of investors.

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### 2. Purpose

- 2.1 The purpose of this Policy is to evidence the Board's continued commitment to risk management in respect of the APDC Group and to demonstrate and acknowledge that at APDC Group, risk management:
- (a) creates and protects value;
  - (b) is an integral part of all organisational processes;
  - (c) contributes to consistent and comparable results;
  - (d) is customized and proportionate to the organization's external and internal context related to its objectives;
  - (e) is part of decision making;
  - (f) explicitly addresses uncertainty;
  - (g) is systematic, structured and timely;
  - (h) is based on the best available information taking into account any limitations and uncertainties associated with such information and expectations;

- (i) is tailored;
- (j) anticipates, detects, acknowledges and responds to changes and events in an appropriate and manner;
- (k) takes human, social and cultural factors into account;
- (l) ensures we remain a sustainable business and an attractive investment proposition, in both the short and long terms;
- (m) enables the knowledge, views and perceptions of securityholders to be considered resulting in improved awareness;
- (n) supports us to take commercial risks where we have the capability to manage those risks;
- (o) is based on our commitment that health, safety and environmental management is a business priority;
- (p) is transparent and inclusive;
- (q) is dynamic, iterative and responsive to change; and
- (r) facilitates continual improvement through learning and experience.

2.2 This policy seeks to ensure that:

- (a) appropriate systems are in place to identify to the extent reasonably practicable all material risks that may impact on the APDC Group's business;
- (b) the financial impact of identified risks is understood, and appropriate internal control systems are in place to limit the APDC Group's exposure to such risks;
- (c) appropriate responsibilities are delegated to control the identified risks effectively;
- (d) sufficient resources are allocated for risk management; and
- (e) any material changes to the APDC Group's risk profile are disclosed in accordance with the APDC Group Continuous Disclosure Policy.

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### **3. Who Should Know and Understand the Policy**

3.1 The following people should be aware of the contents of this Policy:

- (a) Directors of APDC Holdings and APDC Limited;
- (b) All APDC Holdings employees and representatives;
- (c) Anyone providing services to the APDC Group where it has been specifically determined that they should comply with the Policy (e.g. service providers, agents, contractors and temporary staff who have been advised in writing by the Chief Executive Officer of APDC Holdings; and
- (d) Anyone else that the Chief Executive Officer of APDC Holdings determines should comply with the Policy.

3.2 To ensure all officers, employees and agents are aware of the contents of this Policy and to facilitate the effective application of risk management, this Policy will be made available

electronically on APDC Group's website or in a common directory accessible by all relevant staff.

- 3.3 All staff are encouraged to provide feedback or recommendations with regards to all aspects of risk management.

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## 4. Risk Management Framework

4.1 The following definitions assist with understanding risk management:

- (a) **Risk** – is the effect of uncertainty on objectives (and usually described in terms of a combination of the consequences of an event occurring and its likelihood of occurring) and:
- (i) an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats;
  - (ii) objectives can have different aspects and categories, and can be applied at different levels.

Risk is usually expressed in terms of risk sources (being the element which alone or in combination has the potential to give rise to risk), potential events (being the occurrence or change of a particular set of circumstances), their consequences (i.e. the outcome of the event) and their likelihood or the chance of something happening.

- (b) **Risk management** – is the coordinated activities to detect and control an organisation with regard to risk;
- (c) **Risk management framework** – is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation; and
- (d) **Risk management process** – is the systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk; and
- (e) **Risk assessment** – is the overall process of risk identification, risk analysis and risk evaluation.

4.2 APDC Group's risk management system is designed to ensure that it has explicitly identified the risks it faces and has measures in place to keep those risks to an acceptable minimum. The existence of risk presents both threats and opportunities to APDC Group. The intent of the risk management system is not to eliminate risk, but to appropriately manage and control the risks.

4.3 There are a number of risks which are inherent to the business activities which the APDC Group undertakes. These risks may change over time as the external environment changes and as the APDC Group expands its operations.

4.4 APDC treats its risks by identifying, assessing, documenting and implementing a range of measures and controls or mitigants. Once implemented the controls or mitigants are monitored and reviewed.

- 4.5 The Chief Executive Officer of APDC Holdings is responsible for the identified risks and associated controls in the Risk Register. It is their responsibility to ensure the measures and controls to treat the risks are adequate and are being appropriately implemented.
- 4.6 AS/NZS ISO 31000:2018 has been used as the benchmark in planning and implementing the risk management framework. This has been adapted to meet the requirements of APDC Group based on the nature, scale and complexity of its business operations.
- 4.7 APDC Group's risk management framework includes:
- (a) a strong commitment from the Board;
  - (b) an Audit & Risk Committee which meets periodically to identify and assess specific risks. The Audit & Risk Committee have a thorough understanding of the APDC Group's activities and are conversant with the APDC Group's business plans, objectives and values;
  - (c) An appropriately designed framework for managing risk, which is based on:
    - (i) understanding the context within which APDC Group operates (i.e. setting the risk appetite);
    - (ii) establishing the risk management policy;
    - (iii) identifying the objectives and decisions that need to be made;
    - (iv) accountability;
    - (v) integrating risk management into business processes;
    - (vi) allocating sufficient resources; and
    - (vii) establishing internal and external communication and reporting mechanisms;
  - (d) Fully implementing the risk management framework and processes;
  - (e) monitoring and reviewing the framework; and
  - (f) an acceptance of continuous improvement.
- 4.8 Risk management encompasses all areas of the APDC Group's activities. Once a business risk is identified, the risk management processes and systems implemented are aimed at providing the necessary framework to enable the business risk to be managed.

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## 5. Policy Owner

- 5.1 The owner of this Policy is the Chief Executive Officer of APDC Holdings (**Policy Owner**). The Policy Owner is responsible for ensuring that the Policy is reviewed at least annually or when it requires updating (e.g. because of regulatory or operational change).
- 5.2 Where new or varied risks or gaps in existing controls are identified, they should be reported to the Policy Owner. The Policy Owner will discuss these matters with the person responsible for the relevant risk and controls (**Risk Owner**) and subsequently refer it for consideration and approval at the next appropriate Board meeting.
- 5.3 A report will be made to the Board of Directors of the outcome of any such review and recommended changes to the Policy. The review must address generally the efficacy of the

Policy. In particular, it must consider the fairness of investigations undertaken, the actual consequences for persons who report concerns and compliance with the Policy generally.

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## **6. Responsibilities**

### **6.1 Board**

The Board of APDC Holdings have, in respect of the APDC Group, overall responsibility under this Policy for:

- (a) approval of the risk management framework for the APDC Group;
- (b) internal control of the processes by which risk is considered for both ongoing operations and prospective actions;
- (c) setting the risk appetite for the APDC Group by specifying the amount and type of risk that it may or may not take, relative to objectives;
- (d) define criteria to evaluate the significance of risk and to support decision-making processes;
- (e) at each regular APDC Holdings Board meeting consider the most significant current and emerging risks relevant to the APDC Group;
- (f) receiving reports from Management on the risk management framework;
- (g) monitoring and oversight of risk management activities; and
- (h) making improvements to risk management and internal compliance and control systems to improve the suitability, adequacy and effectiveness of the risk management framework and the way the risk management process is integrated; and
- (i) at least annually review the risk management framework to:
  - (i) measure its performance against its purpose, implementation plans, indicators and expected behaviour; and
  - (ii) determine whether it remains suitable to support achieving the objectives of the organisation.

6.2 In specific areas, the Board is assisted by the Audit & Risk Committee. The Audit & Risk Committee is responsible for establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

### **6.3 Chief Executive Officer**

The Chief Executive Officer of APDC Holdings has responsibility under this Policy for:

- (a) monitoring compliance with this Policy on at least an annual basis (or more frequently as required) to ensure it remains consistent with AS/NZS ISO 31000:2018;
- (b) on a regular and routine basis report the most significant current and emerging risks to the Board;

- (c) recommending the risk management system and changes to it (including considering any changes which have been recommended by the Compliance Officer, external auditor, Risk Owners or other staff);
- (d) ensuring the risk management system has been implemented and that the Risk Register is up-to-date;
- (e) allocating necessary resources to manage risk and assigning authority, responsibility and accountability at appropriate levels within the organisation;
- (f) reporting on risk management activities to the Board;
- (g) ensuring that the Policy is reviewed at least annually or when it requires updating (e.g. because of regulatory or operational change);
- (h) issuing statements that establish risk management approaches, plans or courses of action; and
- (i) providing training on this Policy to staff to ensure that arrangements for managing risk are clearly understood and practised.

#### 6.4 Risk Owner

Each Risk Owner (as noted in the Risk Register) is responsible for:

- (a) ensuring that risks are appropriate in the context of the organisation's objectives;
- (b) ensuring on a day-to-day basis that the relevant operational procedures and controls implemented to treat each risk area are adequate and effective;
- (c) ensuring that information about risks and their management is properly communicated;
- (d) reporting any inadequacies of any control or procedure in place;
- (e) recommending alternative risk treatment to the for consideration by the Policy Owner and subsequent referral to the Board for approval (if required).

6.5 Not all aspects of risk management can be formalised, and the APDC Group places considerable reliance on the skill, experience and judgment of its people to take risk managed decisions within the framework of this Policy and to communicate openly on all risk related matters.

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## 7. Consultation with securityholders

7.1 From time to time, the Board of APDC Holdings may communicate and consult with relevant securityholders to assist in their understanding of risk, the basis on which decisions are made and the reasons why particular actions are required.

7.2 Communication and consultation aims to:

- (a) bring different areas of expertise together for each step of the risk management process;
- (b) ensure that different views are appropriately considered when defining risk criteria and when evaluating risks;
- (c) provide sufficient information to facilitate risk oversight and decision-making; and

- (d) build a sense of inclusiveness and ownership among those affected by risk.
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## 8. Further Information

If you have any questions regarding this Policy you should contact:

Address: Company Secretary  
Asia Pacific Data Centre Holdings Limited  
Level 13, 135 King Street  
Sydney NSW 2000

Telephone: 02 8405 8872

Email: [info@asiapacificdc.com](mailto:info@asiapacificdc.com)

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