

## Asia Pacific Data Centre Group CORPORATE GOVERNANCE STATEMENT

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### Introduction

Asia Pacific Data Centre Holdings Limited (**APDC Holdings**) and Asia Pacific Data Centre Limited (**APDC Limited**) as responsible entity for Asia Pacific Data Centre Trust (**APDC Trust**) comprise the APDC Group (**APDC Group**).

APDC Limited holds Australian Financial Services Licence (**AFSL**) No. 426 503.

The shares of APDC Holdings and the units of APDC Trust are stapled and listed on the Australian Securities Exchange (**ASX**).

The ASX Corporate Governance Council has developed corporate governance principles and recommendations for ASX-listed entities known as the 'Corporate Governance Principles and Recommendations' (**Principles**) in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The Principles are not prescriptive but rather are guidelines. Listed entities are required to disclose the extent of their compliance and, if any Principles have not been followed, must give reasons for not following them.

The APDC Group is committed to meeting its securityholders' expectations of sound corporate governance whilst also delivering sustainable value. The APDC Group recognises the importance of good governance in achieving corporate objectives in a cost effective manner, in discharging its responsibilities to all securityholders and in addressing the broader role of being a good corporate citizen.

As such the APDC Group has established an appropriate corporate governance framework to ensure that the APDC Group is effectively managed, that statutory obligations are met and that the APDC Group's culture of corporate integrity is reinforced.

This statement is current as at 27 September 2018 and describes the key corporate governance practices in place as at that date. This statement describes the extent to which the APDC Group has follows the Principles and should be read in conjunction with the APDC Group corporate governance practices, systems and processes which are available on the APDC Group website.

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

#### 1.1 Recommendation - Roles and Responsibilities of the Board

*A listed entity should disclose:*

- (a) *the respective roles and responsibilities of its board and management; and*
- (b) *those matters expressly reserved to the board and those delegated to management.*

Each of APDC Holdings and the APDC Trust have their own corporate governance and

compliance obligations and their own constitutions. While APDC Limited is a responsible entity of APDC Trust, APDC Limited has a separate board.

The operations of APDC Holdings and APDC Trust as the stapled APDC Group are coordinated between the board of APDC Holdings and the board of APDC Limited. The term '**Board**' hereafter should be read as a reference to the board of APDC Holdings.

The Board is accountable to investors for the APDC Group's performance and is responsible for the overall management and governance of the APDC Group. The Board's guiding principle in meeting this responsibility is to act honestly, in good faith and in the best interests of the APDC Group as a whole and of its securityholders in accordance with the law and the APDC Group's Code of Conduct.

The Board has adopted a charter (**Board Charter**) which establishes the role of the Board and provides that the Board is responsible for the overall operation and stewardship of the assets of the APDC Group. The Board Charter articulates the division of responsibilities between the Board and management to manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In accordance with the Board Charter, the Board is responsible for:

- (a) approving the strategic objectives of the APDC Group and establishing goals designed to promote the achievement of those strategic objectives;
- (b) approving and monitoring systems of risk management and internal compliance and control, codes of conduct, legal compliance, ethical standards, exposure to economic, environmental and social sustainability risks;
- (c) approving and monitoring financial and other reporting;
- (d) approving the remuneration and nomination policies of the APDC Group;
- (e) appointing and monitoring senior management's performance (against the goals and objectives established by the Board);
- (f) approving any public statements which reflect the APDC Group's policy or strategy;
- (g) establishing an investor relations program to facilitate communication with investors.

The Board Charter permits the establishment of committees (**Board Committees**) in the interests of good governance and provides that charters will be adopted to set out the membership, responsibilities and reporting obligations of such Board Committees.

Authority to act on behalf of the Board may be delegated to management. The Chief Executive Officer (**CEO**) is to act under a delegated authority on matters including day to day management of the affairs of the APDC Group and the implementation of strategy.

In accordance with the Board Charter, the Board Charter will be reviewed regularly to ensure that it continues to be appropriate to the needs of the APDC Group.

A copy of the Board Charter is available on the APDC Group website.

## 1.2 **Recommendation - Appointment of Directors**

*A listed entity should:*

- (a) *undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
- (b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

As set out in the Board Charter, appropriate checks are undertaken before a candidate is put forward for election as a Director.

The Board will provide to securityholders, in notices of meetings, such material information in its possession as is relevant to enable securityholders to make their decisions on whether to elect or re-elect a Director.

Prior to appointment, candidates are required to provide details of other commitments (including an indication of time involved), and to acknowledge that they will have adequate time to fulfil his or her responsibilities as Director.

## 1.3 **Recommendation - Written Agreements**

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

Each Director is provided with a formal appointment letter setting out the key terms and conditions of their appointment.

The CEO's appointment will be by way of an employment agreement which includes expectations of their role, term of appointment, termination entitlements and rights and responsibilities.

## 1.4 **Recommendation- Company Secretary**

*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.*

The company secretary of APDC Holdings (**Company Secretary**) reports directly to the Board through the Chairman on all matters to do with the proper functioning of the Board and any Board Committee.

## 1.5 **Recommendation - Diversity**

*A listed entity should:*

- (a) *have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- (b) *disclose that policy or a summary of it; and*

- (c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
- (i) *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*
  - (ii) *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Board has adopted a Diversity Policy which can be viewed on the APDC Group website.

The Diversity Policy demonstrates the APDC Group's commitment to providing and promoting a corporate culture which embraces diversity.

APDC Holdings currently only has three employees and, as such, measurable objectives including gender diversity targets have not been set.

The gender composition of APDC Holdings as at 30 June 2018 is summarised as follows:

Category	Female	Male	Female %
Board	0	3	0%
Senior Executives (CEO only)*	0	1	0%
Employees	1	2	33.3%

## 1.6 Recommendation - Evaluation of the Board

*A listed entity should:*

- (a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

In accordance with the Board Charter, the Board undertakes an annual performance evaluation of itself that compares the Board, Audit and Risk Committee and individual director performance with the requirements of the Board Charter and other adopted charters and sets out the goals and objectives of the Board for the upcoming year.

The evaluation process is an internal assessment based on a survey of Directors. The Chairman coordinates the results and discusses these and any potential improvements with the Board. The last evaluation was conducted in August 2017. The next evaluation process for the Board and the Audit and Risk Committee is scheduled to be conducted in December 2018.

## 1.7 Recommendation - Evaluation of senior executives

*A listed entity should:*

- (a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

A combination of financial and non-financial key performance indicators (**KPIs**) is used to monitor the performance of the CEO. The performance of the CEO is assessed at least annually by the Chairman who then makes recommendations to the Board.

The last performance evaluation for the CEO was conducted in December 2016. An evaluation of the CEO was scheduled in December 2017 but this did not occur as there was no CEO appointed on that date. A new CEO was appointed on 14 May 2018 and accordingly their performance evaluation has been scheduled for December 2018.

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## 2. Principle 2 - Structure the Board to add value

### 2.1 Recommendation - Nomination committee

*The board of a listed entity should:*

- (a) *have a nomination committee which:*
  - (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*
- (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, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

Due to the size of the APDC Group, the Board has determined that it is not necessary to have a nomination committee. Instead, the Board performs the nomination function and has adopted policies relating to nomination as part of its Board Charter. Currently two of the three Directors are independent Directors.

Responsibilities of the Board include:

- monitoring the size, composition and skills mix of the Board;
- identifying Directors' and senior management competencies;
- considering succession planning;
- identifying qualified and appropriate potential Board members having regard to prescribed criteria; and
- developing selection policies and procedures.

## 2.2 **Recommendation** - Directors' skills and experience

*A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

Collectively, the Board has an extensive range of commercial skills and other relevant experience which are vital for the effective management of the APDC Group. The Board has developed and assessed a skills matrix and notes that the Directors collectively have experience in the following areas:

- Funds management of listed and unlisted entities, direct and indirect asset classes
- Real estate transactions, valuations and asset management
- Capital markets and corporate advisory services
- Accounting and audit
- Corporate strategy
- Governance, compliance and regulation
- Risk management and insurance

The Board has assessed that at this stage the Board's skills and experience as a group meet the APDC Group's needs and there are no identifiable gaps in skills and experience.

## 2.3 **Recommendation** - Directors' independence

*A listed entity should disclose:*

- (a) *the names of the directors considered by the board to be independent directors;*
- (b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 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*
- (c) *the length of service of each director.*

The required composition of the Board is set out in the Board Charter. The Board of Directors will comprise no less than three and no more than ten Directors at any one point in time.

The Board recognises that independent directors are important in assuring investors that the Board is properly fulfilling its role and is diligent in holding management accountable for

its performance. Accordingly, the Board will endeavour to have at least 50% independent Directors and an independent Chairman.

The Board consider an independent director to be a non-executive director who is not a member of management and who is free of any business or other relationship that could interfere, or might be seen to interfere, with a director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the APDC Group's securityholders generally. In its assessment of independence, the Board will take account of the factors set out in relation to Recommendation 2.3 of the *ASX Corporate Governance Principles & Recommendations (3<sup>rd</sup> Edition)* and any other factors it considers relevant. None of the independent Directors have a relationship of the type described in Recommendation 2.3 (Box 2.3).

Until 14 May 2018, the Board consisted of four Directors, comprising a non-executive Chairman, two independent non-executive Directors and one Director (who is a director on the board of a major shareholder of the APDC Group) (**Shareholder Director**). On 14 May 2018, the Shareholder Director resigned as a director. As at the date of this statement, the Board consists of three Directors and their names are Mr David van Aanholt (Chairman), Mr John Wilson and Mr Lawrie Gibbs. Mr John Wilson and Mr Lawrie Gibbs are independent directors. Mr David van Aanholt is a director and chairman of a major shareholder of the APDC Group.

Profiles of each Director, including details of their skills, expertise, qualifications and experience can be found in the Directors' Report. Directors' interests in securities are detailed in the Remuneration Report contained in the Directors' Report (within the Annual Report). All of the current Directors were appointed on 23 November 2017 and have continued to serve since this date.

#### 2.4 **Recommendation** - Board Independence

*A majority of the board of a listed entity should be independent directors.*

Two of the three Directors are considered to be independent directors.

#### 2.5 **Recommendation** - Chairman

*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.*

The Board chairman is David van Aanholt and due to his directorship in 360 Capital FM Limited (the main shareholder of APDC Group), may not be considered to be an independent director. The roles of CEO and Chair of Board are not held by the same person.

#### 2.6 **Recommendation** - Induction Program

*A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

Any appointment of new Directors will be managed by the Board in accordance with its nomination responsibilities.

Any new Directors appointed will be provided with an induction, including key documents and discussions with key persons to ensure that they fully understand their responsibilities



and the APDC Group's strategy, operations and financial position. Appropriate professional development opportunities are provided to Directors on an ongoing basis to maintain and develop their skills and knowledge.

In fulfilling their duties, and to ensure independent decision-making, each Director may take independent professional advice where necessary at the expense of the APDC Group.

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

#### **3.1 Recommendation - Code of Conduct**

*A listed entity should:*

- (a) *have a code of conduct for its directors, senior executives and employees; and*
- (b) *disclose that code or a summary of it.*

The Board has adopted a Code of Conduct for Directors and senior executives setting out the ethical standards expected of those individuals. The Board has also adopted a Code of Conduct for employees.

The purpose of these Codes is to guide Directors, senior executives and employees in their performance of their duties, including:

- acting honestly and with integrity;
- dealing with conflicts of interest;
- disclosing any conflicts of interests; and
- managing confidential information.

Each Director, senior executive and employee is required to comply with the Code, and report to the appropriate authority within the ADPC Group any matters which are believed to constitute fraud, corruption, misconduct or other unethical conduct.

APDC Holdings is committed to promoting a culture of corporate compliance and ethical behaviour. The best way to fulfil this commitment is to create an environment in which employees who have genuine suspicions about improper conduct feel safe to report it without fear of reprisal.

The Whistleblower Policy provides employees with an internal reporting system where there is genuine suspicion of improper conduct. Any report made in good faith will be listened to, investigated and treated in confidence. APDC Group will take all reasonable steps to protect people who report concerns from any detrimental action in reprisal for making the disclosure. APDC Group will also afford natural justice to the person who is the subject of the disclosure.

This Policy is very important to APDC Group, as it helps identify and rectify problems and reflects the APDC Group's commitment to ensure its compliance with legal and ethical obligations.

Copies of the Code of Conduct and Whistleblower Policy are available on the APDC Group



website.

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## 4. Principle 4 - Safeguard integrity in financial reporting

### 4.1 Recommendation - Audit and Risk Committee

*The board of a listed entity should:*

- (a) *have an audit committee which:*
  - (i) *has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
  - (ii) *is chaired by an independent director, who is not the chair of the board, and disclose:*
  - (iii) *the charter of the committee;*
  - (iv) *the relevant qualifications and experience of the members of the committee; and*
  - (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*
- (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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Board has established an audit and risk committee (**AR Committee**) that operates under the Audit and Risk Committee Charter (**ARC Charter**)

The members of the AR Committee shall be members of, and appointed by, the Board. In accordance with the ARC Charter, the AR Committee shall consist of:

- (a) at least three members;
- (b) only non-executive Directors;
- (c) a majority of independent Directors; and
- (d) an independent chairman, who shall be nominated by the Board from time to time but who shall not be the chairman of the Board.

Current members are the three Directors of the Board – all are non-executive directors and two of the committee members are independent. All the members of the AR Committee are financially literate and understand the industry in which the APDC Group operates. The AR Committee is chaired by an independent Director (Mr Lawrence Gibbs) who is not the Chairman of the Board.

The AR Committee meets quarterly. Minutes are kept of all AR Committee meetings and presented at the next Board meeting. The AR Committee reports to the Board on all matters relevant to its role and responsibilities.

Details of AR Committee meetings held and attendance at those meetings are detailed in the Directors' Report contained within the Annual Report.

The AR Committee undertakes an annual performance evaluation of itself that compares AR Committee performance with the requirements of the ARC Charter and sets forth the goals and objectives of the AR Committee for the upcoming year. The evaluation process is an internal assessment based on a survey of Directors. The AR Committee chairman coordinates the results and discusses these and any potential improvements with the AR Committee.

#### 4.2 **Recommendation** - Chief Executive Officer's declaration

The Board receives a declaration signed by the Chief Executive Officer required by section 295A of the Corporations Act and Recommendation 4.2 confirming that in their opinion, the financial records of the APDC Group 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 APDC Group, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. A declaration was made for each reporting period this financial year.

#### 4.3 **Recommendation** - External auditors

The AR Committee is responsible for making recommendations to the Board regarding the appointment, re-appointment, replacement, remuneration and monitoring of the effectiveness and independence of the external auditors.

In line with requirements of the Corporations Act and professional standards, the APDC Group requires the audit partners and review partners of its external auditor to rotate every 5 years. The external auditor must manage its audit team members to ensure adequate rotation of staff.

The members of the AR Committee meet with the external auditor when required without the CEO present.

The Board asks the external auditor to attend the Annual Meeting each year to answer questions about the conduct of the audit and the preparation and content of the Audit Report.

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## 5. **Principle 5 - Make timely and balanced disclosure**

### 5.1 **Recommendation** - Continuous Disclosure

*A listed entity should:*

- (a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) *disclose that policy or a summary of it.*

The Board has adopted a Continuous Disclosure Policy which is designed to ensure that the APDC Group complies with its ASX Listing Rule requirements, provides securityholders and the market with timely, direct and equal access to information issued by the APDC Group and promotes investor confidence in the integrity of the APDC Group and its

securities.

The Company Secretary is responsible for the overall administration of the Continuous Disclosure Policy, including determining what information is to be disclosed. Where there is doubt as to whether certain information should be disclosed, the Company Secretary will discuss the issue with the Board, and if necessary, seek external advice.

A copy of the Continuous Disclosure Policy is available on the APDC Group website.

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## 6. Principle 6 - Respect the rights of securityholders

### 6.1 Recommendation - Investor communications

*A listed entity should provide information about itself and its governance to investors via its website.*

The APDC Group places great importance on engaging with its securityholders and providing them with appropriate information and facilities to allow them to exercise their rights effectively. As such, the Board has adopted a Securityholder Communications Policy which is designed to ensure that the APDC Group securityholders are kept informed of all major developments affecting the state of affairs of the APDC Group and are able to obtain information about the APDC Group through direct communications or on the APDC website. [www.asiapacificdc.com](http://www.asiapacificdc.com).

Securityholders can receive or send communications electronically or in hard copy.

ADPC prepares annual reports for investors for each financial year ending 30 June. These reports are posted to APDC's website following their release to the ASX.

### 6.2 Recommendation - Investor communications

*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The Securityholder Communications Policy outlines the facility for securityholders to directly raise matters of concern by contacting the APDC Group or the security register provider, Link Market Services.

### 6.3 Recommendation - Annual meetings

*A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The APDC Group communicates with its securityholders and investors by posting information on its website, and by encouraging attendance and participation at Annual Meetings (**AM**) which are generally held in October or November each year. Notices and proxy forms are sent to securityholders in advance of the meeting. A copy of the notice is posted to the APDC Group's website.

Securityholders who are unable to attend the AM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form. Securityholders have the opportunity to submit written questions to the APDC Group and the external auditor prior to the commencement of the meeting. Results of the meeting are then published to the ASX and on the APDC Group website following the conclusion of the AM.

The APDC Group will regularly review its policies and procedures that it has in place to facilitate and encourage participation in meetings.

**6.4 Recommendation - Electronic communications**

*A listed entity should give securityholders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Securityholders are able to communicate electronically via the APDC Group website or by emailing the Company Secretary or the registry.

**7. Principle 7 - Recognise and manage risk**

**7.1 Recommendation - Audit and Risk Committee**

- (a) *The board of a listed entity should:*
- (i) *have a committee or committees to oversee risk, each of which:*
  - (ii) *has at least three members, a majority of whom are independent directors; and*
  - (iii) *is chaired by an independent director, and disclose:*
  - (iv) *the charter of the committee;*
  - (v) *the members of the committee; and*
  - (vi) *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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

While the Board is ultimately responsible for overseeing the implementation of an effective system of risk management and internal control, it has adopted policies relating to risk management as part of the Audit and Risk Committee Charter. The AR Committee is responsible for reviewing risk management policies developed and implemented by management, gaining an understanding of the current areas of greatest risk, receiving updates from management, legal counsel, auditors and others regarding risk management matters and reviewing any significant legal matters.

The composition and operation of the AR Committee is summarised in Principle 4 of this Corporate Governance Statement.

The Board also adopted a Risk Management Policy, which, along with the Audit and Risk Committee Charter, summarises the roles and responsibilities relating to risk management.

Management also plays an important role in risk management, including the designing, implementing and maintaining a sound system of risk management and internal control.

A copy of the Risk Management Policy is available on the APDC Group website.

## 7.2 **Recommendation** - Risk management

*The board or a committee of the board should:*

- (c) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (d) *disclose, in relation to each reporting period, whether such a review has taken place*

The APDC Group has a risk management framework which is detailed in the Risk Management Policy referenced above at Principle 7.1. The Board reviews the risk management framework at least annually and has reviewed the framework this reporting period. It has received a report from management as to the effectiveness of the APDC Group's management of material business risks.

The Board is responsible for approving and monitoring systems of risk management and internal compliance and control, codes of conduct, legal compliance and ethical standards and for internal and external financial and other reporting, including reporting to securityholders, the ASX and other stakeholders.

## 7.3 **Recommendation** - Internal Audit Function

The day to day operation of risk management systems and internal and external controls is delegated by the Board to the CEO, with oversight by the AR Committee. The APDC Group does not have an internal audit function due to the size, nature and scale of its operations. As the APDC Group continues to develop, the AR Committee will consider establishing an independent internal audit function.

The compliance function is undertaken by APDC Limited.

## 7.4 **Recommendation** - Economic, environmental and social sustainability risks

*A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Principles define 'material exposure' as a 'real possibility that the risk in question could substantively impact the listed entity's ability to create or preserve value for securityholders over the short, medium or long term'.

The Board has determined that it does not have a material exposure to economic, environmental or social sustainability risks. The APDC Group owns one class of real estate asset, data centres. APDC Limited leases its data centres to one tenant, NEXTDC Limited. Further information regarding economic risk can be found in Notes 12, 15 and 25 of the Financial Statements (contained within the Annual Report).

The Board will continue to monitor its exposure through management's regular review of the risk environment and, if necessary, develop plans to address any identified or emerging risks.

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## 8. Principle 8 - Remunerate fairly and responsibly

### 8.1 Recommendation - Remuneration function

*The board of a listed entity should:*

- (a) *have a remuneration committee which:*
  - (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*
- (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.*

The Board performs the remuneration function because of the size of the APDC Group and has adopted policies relating to remuneration in its Board Charter.

Responsibilities under the Board Charter include:

- regularly reviewing and making recommendations as to the structure of remuneration packages of senior executives, non-executive Directors and executive Directors;
- equity-based incentive plans; and
- other employee benefit programs.

The composition and operation of the Board is summarised in Principle 1 of this Corporate Governance Statement.

### 8.2 Recommendation - Remuneration of Directors

*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.*

The Constitution for APDC Holdings provides that the non-executive Directors of the Board are entitled to remuneration not exceeding an aggregate maximum sum of \$400,000 per annum or such other maximum amount determined by APDC Holdings in general meeting. The aggregate sum is divided among the non-executive Directors of APDC Holdings in such a manner and proportion as agreed by the APDC Holdings Directors and, in default of agreement, equally.

Non-executive Directors will not be remunerated by way of commission or participate in profits and will not be provided with any retirement benefits other than statutory superannuation.

The Constitution for APDC Holdings provides that the remuneration of an executive Director and the form of that remuneration will be determined by the Directors. There is currently no executive Director of APDC Holdings.

Except in circumstances prohibited by the Corporations Act, APDC Holdings may pay a premium for a contract insuring an APDC Holdings Director against liability incurred by the person as a Director.

APDC Holdings' Directors may also be paid out of pocket expenses properly incurred by them in connection with the APDC Group's business.

### 8.3 **Recommendation** - Equity-based Remuneration

*A listed entity which has an equity-based remuneration scheme should:*

- (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*
- (b) *disclose that policy or a summary of it.*

Currently, APDC Group does not have any equity-based remuneration scheme in place and as such has not developed a policy regarding an executive's ability to enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.

Refer to the Remuneration Report contained in the Directors' Report (contained within the Annual Report) for further information.



## 9. Corporate Governance Summary

Corporate Governance Council principle	Complied	Note
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
1.1 A listed entity should disclose:		
(a) the respective roles and responsibilities of its board and management; and	✓	The Board Charter is available on APDC Group's website. Delegations to management are authorised by the Board.
(b) those matters expressly reserved to the board and those delegated to management.		
1.2 A listed entity should:		
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	✓	APDC Group conducts appropriate checks for candidates. APDC Group provides material information in its possession to securityholders relevant to a decision whether or not to elect or re-elect a director
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.		
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	APDC Group enters into formal written agreements with each Director and senior executive.
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.	✓	The Company Secretary of APDC Holdings is appointed by the Board and accountable directly to the Board through the Chairman.
1.5 A listed entity should:		
(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;		The Diversity Policy is available on APDC Group's website.
(b) disclose that policy or a summary of it; and		
(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:	✓	Given that there are only three employees, measurable objectives including gender diversity targets have not been set.
(1) 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		The proportions of men and women are disclosed in the Corporate Governance Statement.
(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality		

	Indicators”, as defined in and published under that Act.		
1.6	A listed entity should:		
	(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	✓	The performance evaluation process is an annual internal assessment based on a survey of Directors.
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		An evaluation was conducted this reporting period.
1.7	A listed entity should:		
	(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	✓	The performance evaluation process is an annual assessment conducted by the Chairman with reference to key performance indicators.
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		
<b>Principle 2 – Structure the Board to add value</b>			
2.1	The board of a listed entity should:		
	(a) have a nomination committee which:		
	(1) has at least three members, a majority of whom are independent directors; and		
	(2) is chaired by an independent director,		
	and disclose:		
	(3) the charter of the committee;		
	(4) the members of the committee; and		
	(5) 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	✓	The Board performs the nomination committee function and has adopted policies relating to nomination in its Board Charter.
	(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, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	✓	The skills and experience of the Directors are disclosed in the Corporate Governance Statement.
2.3	A listed entity should disclose:		
	(a) the names of the directors considered by the board to be independent directors;	✓	The independent Directors are Mr John Wilson and Mr Lawrie Gibbs.
	(b) if a director has an interest, position,		Each Director was appointed on

	association or relationship of the type described in Box 2.3 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		23 November 2017.
	(c) the length of service of each director.		
2.4	A majority of the board of a listed entity should be independent directors.	✓	Two out of the three Directors are independent directors.
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.	✓	The Chairman is David van Aanholt and, due to him being a director of 360 Capital FM Limited (the majority securityholder of the Group) he may not be an independent Director.  The CEO is Vishant Narayan.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	✓	APDC Group provides new Directors with an induction when they are appointed and appropriate development opportunities on an ongoing basis.
<b>Principle 3 – Act ethically and responsibly</b>			
3.1	A listed entity should:		
	(a) have a code of conduct for its directors, senior executives and employees; and	✓	The Code of Conduct for Directors and Senior Executives and Code of Conduct for Employees is available on APDC Group's website.
	(b) disclose that code or a summary of it.		
<b>Principle 4 – Safeguard integrity in financial reporting</b>			
4.1	The board of a listed entity should:		
	(a) have an audit committee which:		
	(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and		The Board has established the Audit and Risk Committee. Its composition satisfies the criteria.  It is chaired by Mr Gibbs, an independent, non-executive Director.
	(2) is chaired by an independent director, who is not the chair of the board, and disclose:	✓	Other members are Mr John Willson who is an independent, non-executive Director and Mr David van Aanholt who is a non-executive Director.
	(3) the charter of the committee;		The charter of the committee is available on APDC Group's website.
	(4) the relevant qualifications and experience of the members of the committee; and		
	(5) 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		The skills and experience of the Directors are disclosed in the Corporate Governance Statement.

	meetings; or		
	(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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		The Directors' Report (contained within the Annual Report) summarises the number of times the committee met and the attendance of Directors.
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, in their opinion, 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.	✓	The Board has received a declaration from the Chief Executive Officer in accordance with this recommendation for this reporting period
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.	✓	The Board asks the external auditor to attend the Annual Meeting each year to answer questions about the conduct of the audit and the preparation and content of the Audit Report.

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

5.1	A listed entity should:		
	(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	✓	The Continuous Disclosure Policy is available on APDC Group's website.
	(b) disclose that policy or a summary of it.		

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

6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓	APDC Group maintains a website <a href="http://www.asiapacificcdc.com">www.asiapacificcdc.com</a>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	✓	The Securityholder Communications Policy is available on APDC Group's website.
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.	✓	The Securityholder Communications Policy is available on APDC Group's website.
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.	✓	Securityholders can receive or send communications electronically or in hard copy.

#### Principle 7 – Recognise and manage risk

7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	✓	<p>The Board has adopted policies relating to risk management as part of the Audit and Risk Committee Charter, which is available on APDC Group's website.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	✓	<p>APDC Group has a risk management framework which is detailed in the Risk Management Policy. The Board reviews the risk management framework at least annually. It has received a report from management as to the effectiveness of the APDC Group's management of material business risks.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	✓	<p>The day to day operation of risk management systems and internal and external controls is delegated by the Board to the CEO, with oversight by the Audit and Risk Committee.</p> <p>APDC Group does not have an internal audit function due to the size, nature and scale of its operations.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	✓	<p>APDC Group owns one class of real estate asset, data centres. APDC Trust leases its data centres to one tenant, NEXTDC Limited.</p>
<b>Principle 8 – Remunerate fairly and responsibly</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p>	✓	<p>The Board performs the remuneration committee function and has adopted policies relating to remuneration in its Board Charter.</p>

	<p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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> <p>(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.</p>		<p>The composition of the Board is disclosed in the Corporate Governance Statement.</p>
8.2	<p>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.</p>	✓	<p>This information is disclosed in the Remuneration Report contained in the Directors' Report (contained within the Annual Report) and the Corporate Governance Statement.</p>
8.3	<p>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>	✓	<p>APDC Group does not have any equity-based remuneration scheme in place.</p>

## 10. Further Information

10.1 If you have any questions regarding this Statement you should contact:

Contact:	Company Secretary Asia Pacific Data Centre Holdings Limited
Telephone:	02 8973 7684
Email:	<a href="mailto:info@asiapacificdc.com">info@asiapacificdc.com</a>

Last updated: 27 September 2018 (by resolution of the Board)