

Asia Pacific Data Centre Group

RISK MANAGEMENT POLICY

1. Policy Statement

- 1.1 The Board and senior management of Asia Pacific Data Centre Group (**APDC Group**) are committed to the establishment and maintenance of adequate risk management systems.
- 1.2 This Risk Management Policy (**Policy**) has been adopted by the Board and presents the framework upon which the Group will meet its regulatory risk management obligations and relevant practical benchmarks.
- 1.3 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 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.

2. Purpose

- 2.1 This Policy relates to APDC Group in its capacity as being listed on the ASX, as an AFS licensee and as Responsible Entity (**RE**) and Trustee of a registered managed investment scheme.
- 2.2 The purpose of this Policy is to evidence the Board's commitment to risk management 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) Is part of decision making;
 - (d) Explicitly addresses uncertainty;
 - (e) Is systematic, structured and timely;
 - (f) Is based on the best available information;
 - (g) Is tailored;
 - (h) Takes human, social and cultural factors into account;
 - (i) Ensures we remain a sustainable business and an attractive investment proposition, in both the short and long terms;
 - (j) Supports us to take commercial risks where we have the capability to manage those risks;
 - (k) Is based on our commitment that health, safety and environmental management is a business priority;
 - (l) Is transparent and inclusive;
 - (m) Is dynamic, iterative and responsive to change; and

- (n) Facilitates continual improvement.

3. Who Should Know and Understand the Policy

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

- (a) Directors;
- (b) All APDC employees and representatives (including responsible managers, and any authorised representatives);
- (c) Anyone providing services to APDC 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 Group or the Policy Owner); and
- (d) Anyone else that the Policy Owner (i.e. Chief Executive Officer) determines should comply with the Policy.

3.2 To ensure all officers, employees and agents are aware of the contents of this Policy, it will be made available electronically on APDC Group's intranet or in a common directory accessible by all relevant staff.

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);
- (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 APDC treats its risks by identifying, assessing, documenting and implementing a range of measures and controls (i.e. mitigants). Once implemented the mitigants are monitored and reviewed.

- 4.4 Risk Owners have been assigned responsibility 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.
- 4.5 AS/NZS ISO 31000:2009 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.
- 4.6 APDC Group's risk management framework includes:
- (a) A strong commitment from the Board;
 - (b) 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) Accountability;
 - (iv) Integrating risk management into business processes;
 - (v) Allocating sufficient resources; and
 - (vi) Establishing internal and external communication and reporting mechanisms;
 - (c) Fully implementing the risk management framework and processes;
 - (d) Monitoring and reviewing the framework; and
 - (e) An acceptance of continuous improvement.
- 4.7 At present, APDC Group does not have an internal audit function, however, its risk management framework includes procedures that evaluate and improve risk management and internal control processes.

5. Policy Owner

- 5.1 The owner of this Policy is the Chief Executive Officer (**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.

6. Responsibilities

6.1 Board

The Board of APDC have responsibility under this Policy for:

- (a) Approval of the risk management framework;
- (b) Setting the risk appetite;
- (c) At each regular Board meeting consider the most significant current and emerging risks;
- (d) Receiving reports from Management on the risk management framework;
- (e) Monitoring and oversight of risk management activities; and
- (f) At least annually review the risk management framework to satisfy itself that it continues to be sound.

6.2 Chief Executive Officer

The Chief Executive Officer 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 31000:2009;
- (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) Reporting on risk management activities to the Board;
- (f) Ensuring that the Policy is reviewed at least annually or when it requires updating (e.g. because of regulatory or operational change); and
- (g) Providing training on this Policy to staff.

6.3 Risk Owner

The Risk Owner (as noted in the Risk Register) is responsible for ensuring on a day-to-day basis that the relevant operational procedures and controls implemented to treat each risk area are adequate and effective. If a control or procedure is not adequate and effective in treating the risk, the Risk Owner should report this, with a recommendation for an alternative risk treatment, to the Compliance Officer for consideration and subsequent referral to the Chief Executive Officer and if required the Board for approval.

7. Further Information

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

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

Telephone: 02 8973 7493

Email: info@asiapacificdc.com

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