

# Corporate Governance Statement

Megaport Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Megaport Limited has reviewed its corporate governance practices against the Corporate Governance Principals and Recommendations (the Third Edition) published by the ASX Corporate Governance Council.

The 2018 Corporate Governance Statement is dated as at 30 June 2018 and reflects the corporate governance practices in place throughout the 2018 financial year. The 2018 Corporate Governance Statement was approved by the Board on 22 August 2018. A description of the Group's current corporate governance practices is set out in the Group's Investor Centre which can be viewed at <https://www.megaport.com/investor/>.

Principle 1	Complies	Note
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Complies	The Board is responsible for overall corporate governance of the Company. The role of the Board and delegation to management have been formalised in the Charter which outlines the main corporate governance practices in place for the Company and to which the Board and each Director are committed. The conduct of the Board is also governed by the Company's constitution, and where there is inconsistency with that document, the constitution prevails to the extent of the inconsistency. The Charter will be reviewed and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed company.
1.2 Undertake appropriate checks before appointing a person as a director, and provide shareholders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Complies	The Company has completed police checks, insolvency and banned director searches in relation to the existing directors. The Company will conduct appropriate checks for future appointments.

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1.3 Have a written agreement with each director and senior executive setting out the terms of their appointment	Complies	The Company has entered into written agreements with each director and senior executive.
1.4 Have a company secretary that is directly accountable to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	This is consistent with the Charter and corporate structure of the Company. The Company Secretary has a direct relationship with the Board in relation to these matters.
1.5 Establish a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them, for reporting against in each reporting period.	Complies	The Company's Diversity Policy is available at <a href="http://megaport.com/investor">megaport.com/investor</a> . The Company continues to target an improvement in the overall diversity ratio. As at 30 June 2018, the percentage of women employees in the whole organisation was 28%, a 2% decrease from the previous year. The proportion of women senior executives remains the same at 50% and the gender diversity ratio of the leadership team was 50:50. As at 30 June 2018, all board directors were male. The company defines 'senior executive' as the CEO, CFO, CMO, and CCO. The 'leadership team' includes the senior executive as well as the Global People & Culture Manager and General Counsel.
1.6 Have a process for periodically evaluating the performance of the Board, its committees and individual directors, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	Complies	The responsibilities of the Board for monitoring its performance and that of its committees and directors are set out in the Corporate Governance Charter and the Standing Rules of the Nominations & Remuneration Committee. These documents are available for viewing on the Company's website. A performance evaluation was undertaken in the reporting period in accordance with these documents.
1.7 Have a process for periodically evaluating the performance of the company's senior executives, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	Complies	The responsibilities of the Board for monitoring the performance of its senior executives are set out in the Corporate Governance Charter and the Standing Rules of the Nominations & Remuneration Committee. These documents are available for viewing on the Company's website. A performance evaluation was undertaken in the reporting period in accordance with these

documents.

Principle 2	Complies	Note
<b>Principle 2 – Structure the board to add value</b>		
2.1 The Company should have a nomination committee, which has at least three members, a majority of independent directors and is chaired by an independent director. The functions and operations of the nomination committee should be disclosed.	Complies	A Nominations & Remuneration Committee has been established with its own Charter and consists of Drew Kelton (committee Chair), Simon Moore and Bevan Slattery. The Nominations & Remuneration Committee complies with recommendation 2.1, which recommends that the committee has at least three members, the majority of whom must be independent.
2.2 Have and disclose a board skills matrix, setting out what the board is looking to achieve in its membership.	Complies	The Company has developed a board skills matrix, which is available on the Company's website.

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2.3 Disclose the names of the directors that the Board considers to be independent directors, and an explanation of why the Board is of that opinion if a factor that impacts on independence applies to a director, and disclose the length of service of each director.	Complies	Simon Moore (appointed 26 October 2015), Drew Kelton (appointed 26 October 2015) and Peter Hase (appointed 22 September 2016). Simon Moore and Drew Kelton each hold options under the 2015 ESOP (refer to Note 21(b) to the financial statements set out in the FY18 Annual Report). Peter Hase holds options under the General ESOP (refer to Note 21(a) to the financial statements set out in the FY18 Annual Report). The grant of options provides long-term incentives for the Directors to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest when a pre-determined length of service is met. The options are not performance based and accordingly, do not impact on the Directors' independence.
2.4 A majority of the Board should be independent	Complies	The Company has a five-member Board, of whom three (Peter Hase, Simon Moore and Drew Kelton) are independent non-executive Directors.
2.5 The chair of the Board should be an independent director and should not be the CEO.	Partially complies	The Chairman, Bevan Slattery, is not independent. The Company's Chief Executive Officer, Vincent English, is not the same individual as the Chairman. The Board believes that the non-independence of the Chairman does not impede the proper oversight of the Chief Executive Officer.
2.6 There should be a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Complies	This is consistent with the Board Charter and processes implemented by Megaport.

Principle 3	Complies	Note
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**Principle 3 – Act ethically and responsibly**

3.1 Have a code of conduct for the Board, senior executives and employees, and disclose that code or a summary of that code.	Complies	The Company has adopted a code of conduct, which sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance.
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Principle 4	Complies	Note
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**Principle 4 – Safeguard integrity in corporate reporting**

4.1 The Company should have an audit committee, which consists of only non-executive directors, a majority of whom are independent directors, is chaired by an independent director who is not chairman of the Board, and has at least three members. The functions and operations of the audit committee should be disclosed.	Complies	The Company has established an Audit & Risk Management Committee to assist and report to the Board. The Audit & Risk Management Committee consists of three non-executive Directors (Simon Moore, Drew Kelton and Peter Hase). Prior to 21 February 2018, the committee also included the Chief Executive Officer (and Executive Director). The Board believes that the inclusion of the Chief Executive Officer during this period did not impede proper oversight by the Audit & Risk Management Committee. The functions and operations of the Audit & Risk Management Committee are disclosed in the Audit & Risk Management Committee Charter.
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4.2 The Board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair	Complies	This is consistent with the processes implemented by the Audit & Risk Management Committee and Board.
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view of the financial position and performance of the Company, formed on the basis of a sound system of risk management and internal controls, operating effectively.

4.3 The Company's auditor should attend the AGM and be available to answer questions from security holders relevant to the audit.	Complies	Megaport's auditor attends the AGM and shareholders are entitled to ask questions in accordance with the Corporations Act and these Guidelines.
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Principle 5	Complies	Note
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**Principle 5 – Make timely and balanced disclosures**

5.1 Have a written policy for complying with continuous disclosure obligations under the Listing Rules, and disclose that policy or a summary of it.	Complies	Megaport has a written continuous disclosure policy that is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules.
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Principle 6	Complies	Note
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**Principle 6 – Respect the rights of security holders**

6.1 Provide information about the Company and its governance to investors via its website.	Complies	The Board Charter and other applicable policies are available on the Company's website.
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6.2 Design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company aims to ensure that all Shareholders are well informed of all major developments affecting the Company and that full participation by Shareholders at the Company's AGM is facilitated.
6.3 Disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	Complies	The Company's Shareholder Communications and Participation Policy is available on the Company's website. The Policy aims to facilitate effective participation in the AGM, including the ability to submit written questions ahead of the AGM. The Company intends to adopt appropriate technologies to facilitate the effective communication and conduct of general meetings.
6.4 Give security holders the option to receive communications from, and send communications to, the Company and its share registry electronically.	Complies	The Company has instructed its share registry to facilitate this option for investors.

## Principle 7

Complies

Note

### Principle 7 – Recognise and manage risk

7.1 The Board should have a risk committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the risk committee should be disclosed.	Complies	<p>The Company has a combined Audit &amp; Risk Management Committee. The functions and operations of the committee are established under the Charter.</p> <p>The Audit &amp; Risk Management Committee consists of three independent, non-executive Directors (Peter Hase, Simon Moore and Drew Kelton) and is chaired by a non-executive Director (Simon Moore). Prior to 21 February 2018, the Committee also included the Chief Executive Officer (and Executive Director).</p>
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7.2 The Board or a committee of the Board should review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.	Complies	Reviews of the risk management framework are undertaken with management at least annually. A review was undertaken during the reporting period.
7.3 Disclose if the Company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the processes the Company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Complies	The Company does not have an internal audit function due to the relative nature and scale of its operations. The Company has an external auditor and the Audit & Risk Management Committee monitors and evaluates material or systemic issues. The Board believes it and the Audit & Risk Management Committee have appropriate oversight of the existing operations and risks.
7.4 Disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.	Complies	The Board does not believe the Company has any such material exposures. The Board has disclosed what it believes to be the material risks faced by the business in its FY18 Annual Report.

**Principle 8****Complies****Note****Principle 8 – Remunerate fairly and responsibly**

8.1 The Board should have a remuneration committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the remuneration committee should be disclosed.	Complies	The Board has established a Nominations & Remuneration committee to assist the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and non-executive Directors. The Nominations & Remuneration committee consists of two independent, non-executive Directors (Drew Kelton and Simon Moore) and is chaired by an independent, non-executive Director (Drew
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Kelton) who is not the Chairman. The composition and role of the Nominations & Remuneration Committee is set out in the Nominations & Remuneration Committee Charter.

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<p>8.2 The policies and practices regarding the remuneration of non-executive directors, and the remuneration of executive directors and other senior executives, should be separately disclosed.</p>	<p>Complies</p>	<p>The Company's remuneration report within its FY18 Annual Report sets out the separate policies and practices for the remuneration of non-executive directors, executive directors and senior executives. No director or senior executive is involved directly in deciding their own remuneration.</p>
<p>8.3 If the Company has an equity-based remuneration scheme, it should 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 disclose that policy or a summary of it.</p>	<p>Complies</p>	<p>The Company currently operates an equity-based remuneration scheme for employees. In accordance with the Company's Securities Trading Policy participants are not permitted to enter into transactions that limit economic risk without written clearance.</p>

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