

Megaport Limited - Corporate Governance Statement

Megaport Limited (the **Company** or **Megaport**) and its board are committed to achieving and demonstrating the highest standards of corporate governance.

At Megaport, corporate governance refers to the combination of rules, relationships, systems and processes by which authority is exercised and controlled and encompasses the mechanisms by which the Company, the board and its senior executive team, are held to account.

As an early adopter, Megaport Limited has reviewed its corporate governance practices against the Corporate Governance Principals and Recommendations (the Fourth Edition) published by the ASX Corporate Governance Council.

The 2020 Corporate Governance Statement reflects the corporate governance practices in place throughout the 2020 financial year. The Company's ASX Appendix 4G, which is a checklist cross referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, the Company's website (<https://www.megaport.com/investor/>) or the Annual Report, has been filed with the ASX on 19 August 2020.

The 2020 Corporate Governance Statement has been approved by the board and is current as at 19 August 2020. 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
Principle 1 – Lay solid foundations for management and oversight		
1.1	Companies should have and disclose a board charter setting out:	Complies The board is responsible for overall corporate governance of the Company.
(a)	the respective roles and responsibilities of its board and management; and	The respective roles of the board and delegation to management have been formalised in the Corporate Governance Charter (Charter) which outlines the main corporate governance practices in place for the Company and to which the board and each director are committed. A copy of the Charter is available on the Company's website.
(b)	those matters expressly reserved to the board and those delegated to management.	The conduct of the board is also governed by the Company's constitution, and the Company's code of conduct. A copy of the constitution and code of conduct is available on the Company's website. The board maintains the following roles and responsibilities: <ul style="list-style-type: none"> demonstrating leadership, defining the Company's purpose and setting its strategic objectives;

- approving the Company's statement of values and code of conduct to underpin the Company's desired culture and monitoring and promoting ethical and social responsibility by the Company;
- maintaining oversight of the Company and monitoring financial and non-financial risks to the Company;
- appointing the chair and lead independent director;
- appointing and removing the Chief Executive Officer (CEO), overseeing the CEO's development and assessing the CEO's performance, determining the CEO's remuneration and providing counsel to the CEO;
- ratifying the appointment and the removal of senior executive officers and the Company Secretary and overseeing annual senior executive performance reviews;
- overseeing succession plans for the CEO and other senior executives;
- setting the risk appetite within which the board expects management to operate and reviewing and monitoring the risk management framework at least annually to ensure that the Company is operating with due regard to the risk appetite set by the board;
- ensuring the Company's remuneration policies for directors and senior executives are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- approving and formulating company strategy and policy, and monitoring management's implementation of the Company's strategic objectives, code of conduct and values;
- ensuring that an appropriate framework exists for relevant information to be reported by senior executives to the board;
- approving and monitoring operating budgets and major capital expenditure;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- monitoring industry developments relevant to the Company;
- ensuring appropriate human resource systems are in place and promoting diversity within all levels of the Company;
- developing suitable key performance indicators of financial performance for the Company and its business;
- overseeing the Company's corporate strategy and performance objectives developed by

the senior executive team;

- overseeing the Company's compliance with its continuous disclosure obligations and ensuring corporate accountability to shareholders;
- approving the Company's remuneration framework;
- delegating appropriate powers to the CEO, senior executives and committees to ensure the effective day-to-day management of the Company; and
- monitoring the overall corporate governance of the Company.

The board has delegated day-to-day management of the Company to the CEO and other senior executives (management). The Company's management is responsible for the following:

- implementing the strategic objectives set by the board;
- instilling and reinforcing the Company's values;
- operational and business management of the Company within the values, code of conduct, budget and risk parameters set by the board;
- day-to-day running of the Company; and
- providing the board with accurate, timely and clear information to enable the board to perform its responsibilities.

The Charter sets out the role of the chair. The chair's responsibilities include:

- providing leadership to the board and the Company;
- facilitating effective contribution from all directors;
- promoting constructive and respectful relations between the board and management; and
- ensuring the board fulfils its obligations under the Charter.

Ms Seddon was appointed as the lead independent director on 12 February 2020. The lead independent director's responsibilities are set out in the Charter and include:

- ensuring that conflicts of interest of the board are identified and managed appropriately;
- acting as a liaison point for the independent directors, if required; and
- communicating views expressed by independent directors in relation to the board's business and responsibilities.

Senior executives have their roles and responsibilities defined in specific position descriptions.

1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(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.</p>	Complies	<p>The board, with assistance from the remuneration and nomination committee, considers the skills, qualifications, experience, character, education and associations of potential candidates to the board and conducts police checks, insolvency and banned director searches to confirm the suitability of candidates prior to their election.</p> <p>The Company has processes in place to ensure that comprehensive information about a candidate is provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect a director.</p> <p>The Company provided the following information in relation to Ms Naomi Seddon and Mr Jay Adelson, who stood for election as directors for the first time at the Company's recent AGM:</p> <ul style="list-style-type: none"> • the candidate's biographical details, including their experience and qualifications and details of other directorships; • confirmation that appropriate checks have been conducted into the candidate's background and experience (including whether those checks revealed any adverse information); • information that may affect the candidate's ability to act independently; and • confirmation that each candidate would, if elected, qualify as an independent director; and • confirmation that the board supports the appointment of the candidate.
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complies	<p>The Company has entered into written agreements with each director and senior executive personally.</p> <p>The terms of appointment with each director cover matters such as the term of appointment, the time commitment envisaged, committee roles and other special duties, requirements to disclose interests which could affect the director's independence, corporate policies and procedures, indemnity and insurance arrangements, access to corporate records and remuneration entitlements.</p>

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.

Complies

The Company Secretary, Celia Pheasant, is directly accountable to the board, through the chair. Ms. Pheasant's biographical details and qualifications are included in the FY20 Annual Report.

The Charter sets out the role of the Company Secretary. The Company Secretary is responsible for:

- advising the board and any committee on governance matters;
- monitoring the Charter to ensure it is followed; and
- coordinating the timely completion and despatch of board and committee papers and draft minutes; and
- helping to organise and facilitate the professional development of directors.

Each of the directors is able to communicate directly with the Company Secretary.

The decision to appoint or remove the Company secretary is reserved for the board.

- 1.5 A listed entity should:
- (a) have and disclose a diversity policy;
 - (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
 - (c) disclose in relation to each reporting period:
 - (1) the measurable objectives set for that period to achieve gender diversity;
 - (2) the entity's progress towards achieving those objectives; and
 - (3) either:
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
 - (B) 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.

Complies

The Company's Diversity Policy is available on the Company's website at <https://www.megaport.com/investor/leadership-governance/>.

Megaport continues to target gender diversity as a core objective. As at 30 June 2020, the percentage of women in the whole organisation was 28%, a decline of 5% from FY19. The proportion of women senior executives reduced from 28% to 25% due in part to an increase in the roles defined as 'senior executive' within the Company. The representation of female directors on the board increased from 20% to 25%, reflecting a decrease in the number of directors on the board.

The Company's FY20 measurable objectives and progress towards achieving those objectives is as follows:

	FY20 Diversity Objective	FY20 Diversity Achievement
General workforce	35%	28%
Senior executives	35%	25%
Board	30%	25%

The Company defines 'senior executive' as the CEO, Chief Financial Officer, Chief Marketing Officer, Chief Commercial Officer, Chief People Officer, VP Product, VP of Operations and General Counsel.

The Company conducted a peer gender diversity review in FY20 and achieved comparative results at most levels of the organisation. The results of this review are available on the Company's website. Challenges identified by the Company include achieving diversity in sales roles and specific technical roles (such as network automation engineers and software developers).

Megaport will continue to focus on gender diversity as a measurable objective in FY21 and will adopt additional interventions to support existing approaches. The Company will also introduce new measurable objectives to focus on under-represented minorities and cultural diversity within the Company.

The Company has identified its FY21 diversity measurable objectives as follows:

	FY2021 Objective	Actions
Women in General workforce	32%	Actively engage with representative organisations such as Women in Tech and equivalent companies to increase female representation in the workforce
Gender diversity of senior executive team	27%	Actively review our pipeline of talent for future succession to senior executive roles
Gender diversity of board	33%	Engage an external agency to assist with the recruitment of female board directors
Under-represented Minorities (URM)	<ul style="list-style-type: none"> Determine Company goals for URM Understand why there is a lack of colour diversity across the business Review neurodiversity in the technology sector 	<ul style="list-style-type: none"> Initiate a diversity 'think tank' to explore URM topics across the organisation Identify and engage with representative organisations to increase support for neurodiversity
Cultural Diversity	<ul style="list-style-type: none"> Determine Company goals for cultural diversity Understand how cultural differences influence the buying and selling of business services 	<ul style="list-style-type: none"> Implement a diversity blog on the company website for employee input Implement a 'lunch and learn' programme to understand how different cultures buy and sell business services.

As no entity within the Company group is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 on the basis that no entity employed 100 or more employees for the relevant period in Australia, Gender Equality Indicators are not required to be disclosed.

1.6	A listed entity should:	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 remuneration and nomination committee (Standing Rules). These documents are available on the Company's website.
(a)	have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and		The board reviews its performance annually, as well as the performance of individual committees.
(b)	disclose for each reporting period in accordance with that process during or in respect of that that period.		A performance evaluation of the board and each committee was undertaken in the reporting period in accordance with the Charter and Standing Rules. The board reviewed performance of the directors on a collective basis to identify aspects for improvement, and that analysis involved the review of the role played by each individual director. Until such time as the number of board members expands, the board is of the view that such performance evaluation of the individual directors is appropriate.
1.7	A listed entity should:	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. These documents are available on the Company's website.
(a)	have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and		The board reviews the performance of the CEO against agreed performance hurdles determined at the start of the financial year. The CEO undertakes performance reviews of the senior executives. In assessing performance, the review includes an assessment of the individual's role, the performance of the group as well as individual targets.
(b)	disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.		The CEO provides a report to the board on the performance of each senior executive, together with a recommendation on remuneration (including any performance bonus). All remuneration recommendations for senior executives must be approved by the board following consultation with the remuneration and nomination committee. A performance evaluation was undertaken in the reporting period in accordance with this process.

Principle 2	Complies	Note
Principle 2 – Structure the board to add value		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee 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,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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.</p>	Partially complies	<p>A remuneration and nomination committee has been established with its own charter which is available on the Company's website. The committee is responsible for:</p> <ul style="list-style-type: none"> • the appointment and re-election of directors; • reviewing processes for succession planning for the board, CEO and other senior executives; • recommending individuals for consideration by the board; • recommending to the chair procedures for the proper supervision of the board and senior executives; • ensuring appropriate induction and continuing professional development programs are implemented for directors; • ensuring that the performance of each director, and of all members of senior management, is reviewed and assessed each year in accordance with procedures adopted by the board; • ensuring that any diversity profile identified by the board is a factor that is taken into account in the selection and appointment of qualified employees, senior executives, and board candidates; • reporting to the board annually on the diversity profile of employees of the Company; and • regularly formally assessing the appropriate balance of skills, experience and diversity required on the board and the extent to which they are represented on the board. <p>The members of the committee during the financial year were as follows:</p>

director	Executive status	Independence status
Naomi Seddon	Non-Executive director	Independent
Jay Adelson	Non-Executive director	Independent
Simon Moore (resigned 23 September 2019)	Non-Executive director	Independent

All of the committee members are independent, and the committee is chaired by an independent director. The committee does not have at least three members. The board is actively seeking another independent non-executive director to join the remuneration and nomination committee.

The number of meetings and attendance by the directors at those meetings is disclosed in the FY20 Annual Report under the heading "Meetings of directors".

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.

Complies

The Company has developed a board skills matrix which sets out:

- the skills, knowledge and experience identified as necessary or desirable by the board, of the directors; and
- the representation of those skills held by the directors.

Skill	Existence in current board
Business and political networks	Very high
Strategy	Very high
IT and management systems	Very high
HR management/remuneration	Very high
Corporate/M&A	Very high
CEO/senior executive/management	Very high
Industry - Telecommunications	High
Finance/accounting	High
Capital markets and dealings	High

Governance/legal	Medium
Risk management	Medium
PR, communications and marketing	Medium
Chair experience	Medium

The board skills matrix is available on the Company's website.

2.3 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 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 or relationship in question and an explanation of why the board is of that opinion;
- (c) the length of service of each director.

Complies

The board undertakes an annual review of each director's association with the Company to identify whether he or she can be properly characterised as independent. A director will be identified as independent only if the board is of the opinion that he or she is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgment to bear on issues before the board and to act in the best interests of the Company as a whole.

Details of each board member and their independence status is as follows:

director	Appointment date	Length of service	Status
Bevan Slattery	27 July 2015	5 years	Not independent Non-Executive
Vincent English	16 March 2017	3 years, 5 months	Not independent Executive
Jay Adelson	1 March 2019	1 year, 5 months	Independent Non-Executive
Naomi Seddon	1 June 2019	1 year, 2 months	Independent Non-Executive
Simon Moore (resigned 23 September 2019)	26 October 2015	3 years, 11 months	Independent Non-Executive

Details of independent directors that hold an interest of a type described in the examples provided for Recommendation 2.3, but the board is of the opinion that such interest does not compromise the independence of the director:

director	Interest	Reason why independence maintained
Jay Adelson	Holds options pursuant to an employee incentive scheme of the Company	The holding of this interest helps to align the director's interest with those of other security holders

Naomi Seddon	Holds options pursuant to an employee incentive scheme of the Company	The holding of this interest helps to align the director's interest with those of other security holders
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2.4 A majority of the board should be independent **Does not comply**

Until 23 September 2019, the Company had a five-member board, of whom three (Naomi Seddon, Jay Adelson and Simon Moore) were independent non-executive directors.

Since 23 September 2019, the Company has had a four-member board, of whom two (Jay Adelson and Naomi Seddon) are independent non-executive directors.

The board is of the view that the absence of a majority of independent directors is not an impediment to its operations, business or performance. However, the board is actively engaged in recruiting two new board members.

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. On 12 February 2020, the board appointed Naomi Seddon as lead independent director to provide leadership to the other independent directors and, in circumstances where there may be an actual or perceived conflict of interest, to act as chair of the board. The lead independent director's responsibilities are set out in the Charter and include:

- ensuring that conflicts of interest of the board are identified and managed appropriately;
- acting as a liaison point for the independent directors, if required; and
- communicating views expressed by independent directors in relation to the board's business and responsibilities.

2.6 A listed entity should have a program for inducting new directors and periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

Complies

This is consistent with the board Charter and processes implemented by Megaport. New directors are provided with access to strategy briefings, explanations of company policies and procedures, governance frameworks, cultures and values, company history, director and executive profiles and other pertinent company information.

The board, with assistance from the remuneration and nomination committee, regularly reviews the professional development needs of the directors and makes an assessment of the skills, development and induction needs of any new directors joining the board.

Principle 3	Complies	Note
<p>Principle 3 – Act ethically and responsibly</p>		
3.1	<p>A listed entity should articulate and disclose its values.</p>	<p>Complies</p>
<p>The Company has adopted a values statement, which is available on the Company's website at https://www.megaport.com/investor/business-overview/.</p> <p>The values statement reflects the guiding principles that Megaport was founded on - the ideals that transparency, neutrality, flexibility, immediacy, and transformation were needed in the global connectivity industry to unlock the value of cloud adoption. The Megaport Values are derived directly from these ideals and are at the centre of everything the Company does - from its ongoing relationships with customers and partners, to its daily interactions with team members across Megaport. At its core, Megaport is all about breaking down barriers, enabling agile, reliable, trusted resources and connecting the world.</p> <p>The Company's values are:</p> <p><i>Accelerate</i></p> <p><i>Our industry moves fast but we move faster. Our customers and partners need us to stay ahead of the curve to keep them ahead of the curve. With initiative and a 'can-do' attitude, we accelerate everything we do. We bring our authentic selves to work and deliver real time services that enable customers and partners to respond to dynamic and ever-changing market dynamics immediately.</i></p> <p><i>Collaborate</i></p> <p><i>Our success is a collective win and together we achieve more.</i></p> <p><i>Innovate</i></p> <p><i>Innovation is in our DNA. Our shared knowledge builds on our collective genius. Working together across the globe with a common purpose is the most optimal way of innovating our products and brings out the best of our experiences and creativity.</i></p> <p><i>Celebrate</i></p> <p><i>We love to play as a team, win together and recognise our colleagues for their efforts and achievements.</i></p>		

<p>3.2</p> <p>(a)</p> <p>(b)</p>	<p>A listed entity should:</p> <p>have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	<p>Complies</p>	<p>The Company has adopted a code of conduct for its directors, senior executives and employees, which articulates the standards of behaviour expected by the Company and which provides the blueprint for Megaport’s culture. The code requires these individuals and the Company to:</p> <ul style="list-style-type: none"> • understand and comply with the letter and spirit of the code, the laws that apply to the Company’s day to day operations and the Company’s employee policies; • act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company; • avoid engaging in illegal, corrupt, fraudulent, dishonest or unsafe behaviour and to report such behaviour to the Company; • strive to interact with others with respect and in a manner which acknowledges the wide diversity of backgrounds, personalities and capabilities each individual brings; • create and maintain an environment free of unlawful discrimination, harassment, victimisation and bullying, and take action to stop such behaviour; and • always act ethically, responsibly and work with due care and diligence to identify and manage any risks to best ensure the protection of Megaport and its assets and resources, employees, contractors, customers and the general public. <p>A copy of the code of conduct is available on the Company’s website.</p> <p>All employees receive training on their obligations under the code of conduct and all material breaches of the code are required to be reported to the board.</p>
<p>3.3</p> <p>(a)</p> <p>(b)</p>	<p>A listed entity should:</p> <p>have and disclose a whistleblower policy; and</p> <p>ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>Complies</p>	<p>The Company has adopted a whistleblowing policy, which applies to its officers and employees, suppliers of goods or services to the Company (including their employees), associates of the Company, a relative, dependent or spouse of any of any of these individuals and any other person who is an eligible whistleblower in accordance with applicable legislation. The whistleblowing policy:</p> <ul style="list-style-type: none"> • supports the Company’s values and code of conduct; • clearly identifies the types of concerns that may be reported under the policy and the process for making a report; • explains how the confidentiality of the whistleblower’s identity will be safeguarded and how the whistleblower will be supported; and • sets out the processes that will be taken to follow up and investigate reports made under

the policy.

Individuals are made aware of and have access to the whistleblowing policy and the mechanisms for reporting through the Company's induction and training programs. The Company's general counsel monitors compliance with the policy on an ongoing basis and the policy is formally reviewed annually to ensure the policy and procedures set out in the policy remain effective and appropriate for the Company.

A copy of the whistleblowing policy is available on the Company's website.

- 3.4 A listed entity should: **Complies**
- (a) have and disclose an anti-bribery and corruption policy; and
- (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.

Megaport conducts its business in an honest and ethical manner and operates a zero-tolerance policy to bribery and corruption.

The Company has adopted an anti-bribery and corruption policy, which applies to all directors, officers, senior executives of Megaport as well as distributors and representatives, including agents, consultants and contractors of the Company. The anti-bribery and corruption policy:

- supports the Company's values and code of conduct;
- acknowledges the serious criminal and civil penalties that may be incurred and the reputational damage that may be done if the Company is involved in bribery or corruption;
- prohibits the giving of bribes to a public officer or private sector company with the intention of obtaining or retaining business or a business advantage;
- prohibits the requesting, receiving or agreeing to receive a bribe;
- prohibits the use of false or fraudulent documents or the intentional and improper destruction of documents or financial records; and
- includes appropriate controls for the giving and receiving of gifts, entertainment and hospitality.

Individuals are made aware of and have access to the anti-bribery and corruption policy through the Company's induction program. All existing employees must complete regular, scheduled training on how to implement and adhere to this policy. Breaches of the policy are required to be reported to the board.

The Company's general counsel monitors compliance with the policy on an ongoing basis and the policy is formally reviewed annually to ensure the policy and procedures set out in the policy remain effective and appropriate for Megaport's business operations.

A copy of the whistleblowing policy is available on the Company's website.

Principle 4	Complies	Note
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Principle 4 – Safeguard integrity in corporate reporting

<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those</p>	<p>Partially complies</p>	<p>An audit and risk management committee has been established with its own charter which is available on the Company’s website. The committee is responsible for:</p> <ul style="list-style-type: none"> • the adequacy of Megaport’s corporate reporting processes and internal control framework; • reviewing financial statements and other financial information distributed externally, including considering whether the financial statements reflect the understanding of the audit and risk management committee and otherwise provide a true and fair view of the financial position and performance of the Company; • reviewing management corporate reporting processes supporting external reporting, including the appropriateness of the accounting judgements or choices made by senior executives in preparing the financial reports and statements; • reviewing the nomination, performance and independence of the external auditors, including recommendations to the board for the appointment or removal of any external auditor and the rotation of the audit engagement partner; • liaising with the external auditors and monitoring the conduct, scope and adequacy of the annual external audit; and • reviewing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor. <p>The members of the committee during the financial year were as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Director</th> <th style="width: 30%;">Executive status</th> <th style="width: 30%;">Independence status</th> </tr> </thead> <tbody> <tr> <td>Naomi Seddon</td> <td>Non-Executive director</td> <td>Independent</td> </tr> <tr> <td>Jay Adelson</td> <td>Non-Executive director</td> <td>Independent</td> </tr> <tr> <td>Simon Moore (resigned 23 September 2019)</td> <td>Non-Executive director</td> <td>Independent</td> </tr> </tbody> </table>	Director	Executive status	Independence status	Naomi Seddon	Non-Executive director	Independent	Jay Adelson	Non-Executive director	Independent	Simon Moore (resigned 23 September 2019)	Non-Executive director	Independent
Director	Executive status	Independence status												
Naomi Seddon	Non-Executive director	Independent												
Jay Adelson	Non-Executive director	Independent												
Simon Moore (resigned 23 September 2019)	Non-Executive director	Independent												

All of the committee members are independent non-executive directors, and the committee

meetings.

is chaired by an independent director who is not the chair of the board. The committee does not have at least three members. The board is actively seeking an independent non-executive director with audit and qualifications and risk management experience to join as chair of the committee.

The relevant qualifications of each director are disclosed in the FY20 Annual Report under the heading "Information on directors and company secretary".

The number of meetings and attendance by the directors at those meetings is disclosed in the FY20 Annual Report under the heading "Meetings of directors".

4.2	<p>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.</p>	Complies	<p>In relation to the financial statements for:</p> <ul style="list-style-type: none"> • the financial year ending 30 June 2020; • the financial half-year ended 31 December 2019; and • the financial quarters ended 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020, <p>the CEO, CFO and group reporting manager have provided the board with:</p> <ul style="list-style-type: none"> • declarations that, in their opinion: <ul style="list-style-type: none"> • the financial records of the Company for the relevant period have been properly maintained in accordance with section 286 of the Corporations Act 2001; • the financial statements of the Company comply with the accounting standards; and • the financial statements give a true and fair view of the financial position and of the performance of the Company for the relevant period. • assurance that the declarations are founded on a sound system of risk management and internal control which is operating efficiently and effectively in all material respects in relation to business and financial reporting risks.
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report</p>	Complies	<p>As an entity subject to ASX listing rule 4.7B, the Company is required to prepare a quarterly cash flow report and quarterly activity report for release to the market (Appendix 4C). The Appendix 4C is due within one month after the end of each quarter of its financial year.</p> <p>The Company segregates responsibility for internal preparation and review of the Appendix</p>

it releases to the market that is not audited or reviewed by an external auditor.

4C, which is then subject to oversight and approval by the board. The Appendix 4C is prepared by the group reporting team following closure of the book of accounts by the group finance team. The report is subject to review by the CFO and CEO and is approved by the board prior to release to the market.

The first two quarterly cash flow reports in the financial year are inspected by the Company's external as part of its review of the Company's half year financial statements. All four quarterly cash flow reports are inspected by the external auditor as part of its audit of the Company's full year financial statements. If any material errors or omissions are identified by the external auditor in the quarterly cash flow reports, the external auditor communicates those errors or omissions to the board. If the board receives such a communication from the auditor, the Company will make an announcement to the market highlighting and correcting the errors or omissions.

Principle 5	Complies	Note
Principle 5 – Make timely and balanced disclosures		
5.1	A listed entity should have and disclose a written policy for complying with continuous disclosure obligations under listing rule 3.1.	<p data-bbox="638 427 758 451">Complies</p> <p data-bbox="842 427 1900 605">As an ASX listed company, Megaport is required to comply with the ‘continuous disclosure regime’ entrenched by section 674 of the Corporations Act 2001 and the ASX listing rules. The continuous disclosure regime requires listed entities (such as Megaport) to immediately disclose information which may materially affect the price or value of its securities. The Company’s continuous disclosure regime reflects the expectation of investors and the market to have ready access to that type of information.</p> <p data-bbox="842 626 1900 683">A copy of the policy is available on the Company’s website at https://s29325.pcdn.co/wp-content/uploads/2019/08/190820-Continuous-Disclosure-Policy.pdf.</p> <p data-bbox="842 704 1230 729">The continuous disclosure policy:</p> <ul data-bbox="842 750 1900 1154" style="list-style-type: none"> • recognises the importance of ensuring the Company’s market announcements are accurate, balanced and expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions; • highlights the importance of safeguarding the confidentiality of corporate information; • prohibits the Company’s from communicating material or price sensitive information to the media until it has given that information to ASX and it has been released to the market; • addresses the Company’s policy on analyst briefings, noting that a copy of any new and substantive analyst or investor presentations should be released to ASX prior to the briefing; and • includes the Company’s processes for responding to a false market. <p data-bbox="842 1175 1373 1200">Under the policy, the board is responsible for:</p> <ul data-bbox="842 1221 1900 1377" style="list-style-type: none"> • communicating with ASX; • monitoring the Company’s compliance with its continuous disclosure obligations; • ensuring adequate processes and controls are in place for the identification, reporting and disclosure of price sensitive information in a timely manner;

- ensuring that staff are educated on the policy and the internal reporting processes and controls; and
- where requested to do so, reviewing media announcements proposed to be made by the Company (irrespective of whether they contain price sensitive information) and making recommendations (if any) as to content.

The Company has appointed the Company Secretary as the person responsible for communication with ASX in relation to ASX Listing Rules matters and also for the general administration of this policy.

ASX announcements that are administrative in nature may be prepared by the Company Secretary without requiring further approval or formal consideration by the board.

All non-administrative ASX announcements are reviewed by the Chief Marketing Officer, the Company Secretary (and if relevant, the Chief Financial Officer) and approved by the CEO prior to release to the market. In addition, ASX announcements that contain price sensitive information or are otherwise material to the Company are reviewed and approved by the board prior to lodgment with ASX.

Individuals are made aware of and have access to the continuous disclosure policy through the Company's induction program. All existing employees must complete training on how to implement and adhere to this policy.

The Company Secretary monitors compliance with the policy on an ongoing basis and the policy is reviewed annually by the board to ensure the policy and procedures set out in the policy remain effective.

5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies	The Company has appointed the Company Secretary as the person responsible for ensuring that the board receives copies of all material or price sensitive market announcements promptly after they have been released by ASX to the market. This ensures that the board has timely visibility of the nature, quality and frequency of such disclosures.
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the	Complies	The Company may conduct briefings for analysts and institutional investors from time to time to discuss matters concerning the Company. In accordance with the Company's continuous disclosure policy, only the chair, CEO, Investor Relations Manager and/or CFO or approved representatives of the Company are authorised to speak with analysts and institutional investors. Before each reporting period, the CEO and CFO will formulate guidelines for

presentation materials on the ASX Market Announcements Platform ahead of the presentation.

briefings for that period. The Company's policy at these briefings is that:

- a copy of any new and substantive analyst or investor presentations should be released to ASX prior to the presentation;
- the Company will not disclose price sensitive information at any meeting with an investor or analyst without formally disclosing it to the market beforehand;
- the Company will ensure all responses are balanced, factual and truthful;
- the Company will not comment on price sensitive issues not already disclosed to the market; and
- any questions raised in relation to price sensitive issues not already disclosed to the market will not be answered or will be taken on notice.

If a question is taken on notice and the answer would involve the release of price sensitive information, the information must be released through ASX before responding.

Principle 6**Complies****Note****Principle 6 – Respect the rights of security holders**

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

Complies

The Company has an investor relations website (<https://www.megaport.com/investor/>) from where all relevant corporate governance information can be accessed. The investor relations website includes links to:

Information on directors	https://www.megaport.com/investor/leadership-governance/
Information on senior executives	https://www.megaport.com/about-megaport/#ourstory
Constitution, board and committee charters	https://www.megaport.com/investor/leadership-governance/
Company's values statement	https://www.megaport.com/investor/business-overview/
Corporate governance policies	https://www.megaport.com/investor/leadership-governance/
Financial reports	https://www.megaport.com/investor/financial-reporting/
ASX announcements	https://www.megaport.com/investor/#announcements
Security holder notices and meeting materials	https://www.megaport.com/investor/leadership-governance/
Investor presentations	https://www.megaport.com/investor/#announcements
Business overview and entity structure	https://www.megaport.com/investor/business-overview/
Business history	https://www.megaport.com/about-megaport/#ourstory
Events calendar	https://www.megaport.com/investor/financial-reporting/

Share price information	https://www.megaport.com/investor/stock-information/
Dividend policy	https://www.megaport.com/investor/leadership-governance/
Media releases	https://www.megaport.com/media-centre/
Media contact details	https://www.megaport.com/contact/
Shareholder contact details	https://www.megaport.com/investor/#investor-contact
Share registry contact details	https://www.megaport.com/investor/#investor-contact

- 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors. **Complies**

In order to allow investors and other financial market participants to gain a greater understanding of the Company's business, governance, financial performance and prospects, the Company conducts a program of events including half-year and full year results presentations, investor briefings and attendance at industry conventions to facilitate communication with investors.

Meetings and discussions with analysts and investors are conducted by the CEO, CFO and/or the Investor Relations Manager in accordance with the Company's continuous disclosure policy. The Company will not disclose price sensitive information at any meeting with an investor or analyst without formally disclosing it to the market beforehand. Any questions raised in relation to price sensitive issues not already disclosed to the market will not be answered or will be taken on notice.

In addition to meeting with analysts and institutional investors, the Company seeks opportunities to engage with retail investors. Retail investors are encouraged to communicate directly with the Investor Relations Manager and Company Secretary directly via email (investor@megaport.com) and are invited to subscribe to the "email alert" function on the Company's website (<https://www.megaport.com/investor/#announcements>) to stay up to date with ASX announcements from the Company.

6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. **Complies**

Megaport is committed to regularly communicating with its shareholders in a timely and accessible manner, and to encouraging shareholder participation at its general meetings. The Company has adopted a shareholder communication and participation policy (<https://s29325.pcdn.co/wp-content/uploads/2020/07/200620-Shareholder-Communication-and-Participation-Policy-mark-up.pdf>), which sets out the processes by which the Company will ensure that shareholders are provided with appropriate information and encouraged to participate in shareholder meetings.

The Company's policy is to:

- invite shareholders to subscribe to receive ASX announcements from Megaport, the share registry and the 'company announcement' platform maintained by ASX;
- ensure that significant shareholder concerns will be conveyed to the board; and
- ensure that information relating to the Company's business, values, leadership, corporate governance framework, financial information, share price and contact details is available on the Company's website.

The Company encourages full participation of shareholders at its AGM and general meetings. Where feasible and practical, Megaport will consider how it can use hybrid/virtual meeting technology to facilitate participation of shareholders in meetings.

Shareholders who are not able to attend a meeting will be given the opportunity to:

- ask questions or make comments before the meeting, which will be answered at the meeting, either by being read out and then answered at the meeting or by providing a transcript of the question and written answer at the meeting; and
- vote electronically using the Company's share registry website.

The Company chairman's address (and any CEO address) will be released to the ASX company announcements platform and will also be available to shareholders via the Company's website.

Whenever possible, the Company will provide shareholders with the option to receive communications from and send communications to the Company electronically. The Company encourages shareholders to provide email addresses so that notices of meeting and explanatory material can be sent to shareholders via email.

Shareholders can elect to receive a copy of the Company's annual report as an electronic copy or in hard copy through the mail.

The Company provides an online email enquiry service to assist shareholders with any

queries. Information is also communicated to shareholders via periodic mail outs, or by email to shareholders who have provided their email address via the “email alert” functionality on Megaport’s website.

A copy of the shareholder communications and participation policy is available on the Company’s website (<https://s29325.pcdn.co/wp-content/uploads/2020/07/200620-Shareholder-Communication-and-Participation-Policy-mark-up.pdf>).

6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by poll rather than by a show of hands.	Complies	At the Company’s most recent AGM, all resolutions were decided by poll rather than by a show of hands. The Company is committed to the principle of “one security, one vote” and to ascertaining the true will of the shareholders attending and voting at meetings and will ensure that all future shareholder resolutions are decided by conducting a poll.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the Company and its share registry electronically.	Complies	<p>Shareholders are encouraged to receive correspondence from the company electronically.</p> <p>The Company maintains its share registry through Link Market Services Limited (Link Market Services). Shareholders are able to access information relevant to their holding, as well as update their personal information and elect to receive communications electronically via the Link Market Services’ website:</p> <p>https://www.linkmarketservices.com.au/corporate/home.html</p> <p>Key security holder forms, such as transfer and transmission forms and forms for dividend reinvestment plans can also be downloaded at this website.</p>

Principle 7	Complies	Note
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Principle 7 – Recognise and manage risk

7.1 The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of 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.

Partially Complies

The Company has a combined audit and risk management committee. The committee is responsible for:

- monitoring performance against Megaport’s risk management framework, including whether senior executives are operating within the risk appetite set by the board;
- assessing corporate risk (including economic, environmental and social sustainability risks) and compliance with internal controls;
- overseeing business continuity planning and risk mitigation arrangements;
- receiving reports from senior executives on new and emerging sources of risk and the risk controls and mitigation measures that they have put in place to deal with those risks;
- making recommendations to the board in relation to changes that should be made to Megaport’s risk management framework or to the risk appetite set by the board;
- reviewing any report of material misappropriation, fraud or break-down of risk controls, and the ‘lessons learned’; and
- overseeing Megaport’s insurance program.

The members of the committee during the financial year were as follows:

Director	Executive status	Independence status
Naomi Seddon	Non-Executive director	Independent
Jay Adelson	Non-Executive director	Independent
Simon Moore (resigned 23 September 2019)	Non-Executive director	Independent

All of the committee members are independent non-executive directors, and the committee is chaired by an independent director. The committee does not have at least three members. The board is actively seeking an independent non-executive director with audit and risk qualifications and risk management experience to join as chair of the committee.

A copy of the committee charter is available on the Company's website.

The committee members, number of meetings and attendance by the directors at those meetings is disclosed in the FY20 Annual Report under the heading "Meetings of directors".

7.2	The board or a committee of the board should:	Complies	Reviews of the risk management framework are undertaken with management at least annually. The framework was updated in the reporting period to reflect the emerging risk of pandemic on the Company's business. The audit and risk management committee reviewed the updated framework and determined that the content is relevant and appropriate and continues to be sound.
(a)	review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and		A full update on the impact of COVID-19 on the Company's business is provided in the FY20 Annual Report under the heading "Impact of COVID-19".
(b)	disclose, in relation to each reporting period, whether such a review has taken place.		
7.3	A listed entity should disclose:	Complies	The Company does not have a dedicated internal audit function. The Company has an external auditor and the audit and risk management committee monitors and evaluates the Company's internal and external risk environment.
(a)	if it has an audit function, how the function is structured and what role it performs; or		The board believes it and the audit and risk management committee have appropriate oversight of the Company's existing operations and risks.
(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 governance, risk		

management and internal control processes.

7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Complies	<p>The board does not believe the Company has any material exposure to environmental or social risks.</p> <p>As a service-based organisation, Megaport’s environmental footprint is relatively small and primarily comprises the energy used by its offices and third-party data centres and the typical consumables of an office-based business.</p> <p>The board has disclosed what it believes to be the material risks faced by the business in the FY20 Annual Report. Refer to commentary at Recommendations 7.1 and 7.2 in relations to the Company’s risk management framework.</p>
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Principle 8	Complies	Note
Principle 8 – Remunerate fairly and responsibly		
8.1	Partially complies	<p>The Company has established a combined remuneration and. With respect to remuneration, the committee is responsible for:</p> <ul style="list-style-type: none"> • reviewing and making recommendations to the board for the remuneration packages of the CEO and CFO and other senior executives and of non-executive directors, ensuring that it considers Megaport’s commercial interest in controlling expenses, and the implications for Megaport’s reputation and standing in the community if Megaport is seen to pay excessive remuneration to directors and senior executives; • ensuring that incentives for executive directors and other senior executives encourage them to pursue the growth and success of Megaport without rewarding conduct that is contrary to Megaport’s values or risk appetite; • reviewing and making recommendations to the board for the Company’s remuneration policies and framework, including the allocation of the directors’ fee pool to non- executive directors;
(a)		<p>have a remuneration committee which:</p>
(1)		<p>has at least three members, a majority of whom are independent directors; and</p>
(2)		<p>is chaired by an independent director,</p>
and disclose:		
(3)		<p>the charter of the committee;</p>

- (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.

- reviewing and making recommendations to the Board for the Group’s remuneration practices, including in relation to equity-based remuneration plans and superannuation arrangements;
- assessing whether there is any gender, ethnicity, disability or other inappropriate bias in remuneration for directors, senior executives or other employees, and reporting to the Board as necessary on the results of its assessment;
- analysing market trends in employee benefits and compensation; and
- reviewing employee benefits and workplace policies and practices and making recommendations to the Board on policy and benefits changes.

The members of the committee during the financial year are detailed in Recommendation 2.1.

All of the committee members are independent, and the committee is chaired by an independent director. The committee does not have at least three members. The board is actively seeking another independent non-executive director to join the remuneration and nomination committee.

The committee has the right to obtain information, interview senior executives, and seek advice from external consultants or specialists where it considers that to be necessary or appropriate, in order to perform its responsibilities as set out above.

The number of meetings and attendance by the directors at those meetings is disclosed in the FY20 Annual Report under the heading “Meetings of directors”.

A copy of the remuneration and nomination committee charter is available on the Company’s website.

8.2	A listed entity should separately disclose the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	<p>The Company’s Remuneration Report within its FY20 Annual Report sets out the separate policies and practices for the remuneration of non-executive directors, executive directors and senior executives.</p> <p>Megaport’s director remuneration policy is to provide fair remuneration that is sufficient to attract and retain non-executive directors with experience, knowledge, skills and judgment. To preserve independence and impartiality, non-executive directors do not receive incentive or performance-based remuneration. For the same reason, equity-based remuneration is limited to non-performance based incentives. Fixed director fees reflect the time commitment and responsibilities for the role. Non-executive directors are not entitled to any retirement benefit schemes other than statutory superannuation contributions.</p> <p>Non-executive directors may be paid additional remuneration where they perform extra work</p>
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or services beyond that expected of a non-executive director or outside the scope of their role as a non-executive director. Non-executive directors are also entitled to be reimbursed for travel and other expenses incurred while carrying out their duties as a director.

The senior executive remuneration policy is designed to strengthen the alignment between performance related remuneration and shareholder returns, ensuring that remuneration outcomes for senior executives are directly linked to performance (both Company and individual) in a manner that is ultimately aligned to shareholder interest. Megaport's remuneration framework aims to be transparent, competitive and reasonable, and consists of three key components:

- fixed remuneration;
- short term incentives; and
- long term incentives.

Executives are offered a competitive base remuneration package that comprises the fixed component of remuneration and rewards. Base remuneration for executives is reviewed annually, to ensure the executive's remuneration is competitive with the market and to take account of the Company's obligations at law and the global scale of the Company's business. Base remuneration reflects core performance requirements and expectations. An executive's remuneration is also reviewed on promotion.

Senior executives may be eligible for a short-term incentive, subject to clearly specified targets set by the remuneration and nomination committee. The targets are set with the objective of ensuring variable reward is only available when value has been created for shareholders. An executive's targets typically relate to the individual accountabilities of the role, and the financial performance of the Company and relevant business unit.

Senior executives may also be eligible to participate in the Company's long-term incentive scheme, under which they are entitled to receive share options subject to minimum service conditions. Senior executive grants are now linked to satisfactory achievement of performance hurdles. No senior executive is entitled to a termination payment for removal for misconduct.

No director or senior executive is involved directly in deciding their own remuneration.

8.3	A listed entity which has an equity-based remuneration scheme, should:	Complies	The Company currently operates an equity-based remuneration scheme for directors, senior executives and other 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.
(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		A copy of the securities trading policy is available on the Company's website.
(d)	disclose that policy or a summary of it.		

Principle 9	Complies	Note
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Principle 9 – Additional recommendations that apply only in certain cases

9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director	Not applicable	All of the Company's directors speak English, being the language in which board and security holder meetings are held and key corporate documents are written.
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understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.

9.2 A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable time and place.

Not applicable

The Company is established in Australia.

9.3 A listed entity established outside Australia, and an externally managed 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.

Not applicable

The Company is established in Australia.
