

Corporate Governance Statement

Megaport Limited (the **Company**) and its 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 Principles and Recommendations (the Third Edition) published by the ASX Corporate Governance Council (the **Third Edition**).

Megaport Limited will be required to comply with the Fourth Edition of the ASX Corporate Governance Principles and Recommendations (the **Fourth Edition**) in FY21 and has implemented a program to achieve compliance within this timeframe.

The 2019 Corporate Governance Statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year.

The 2019 Corporate Governance Statement was approved by the Board on 21 August 2019. 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 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 was updated by the Board on 25 July 2019 to reflect the amendments to Principle 1 introduced by the Fourth Edition of the ASX Corporate Governance Principles and Recommendations. 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.

A copy of the Charter is available in the Corporate Governance section of the Company's website.

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 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. 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.
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 for this purpose.
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	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 Company's FY19 Annual Report.

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 continues to target an improvement in its overall diversity ratio. As at 30 June 2019, the percentage of women employees in the whole organisation was 33%, a 5% increase from the previous year. The proportion of women senior executives was 28% and the representation of female directors on the Board was 20%. The company defines 'senior executive' as the CEO, CFO, CMO, CCO, Global People & Culture Director and General Counsel.

The Company conducted a peer gender diversity review in FY19 and scored favourably at most levels of the organisation, including ranking in the top quartile at senior executive level. Challenges faced by the Company include achieving diversity in the Sales team and specific technical roles (such as network automation engineers, software developers, DevOps engineers). The Company has implemented a number of initiatives to support gender diversity including attendance at WomenHack 2019/20 to meet, network, showcase the Company brand and access 130 female technical professionals' profiles. In an effort to be recognised and endorsed as an Employer of Choice for Women by December 2019, the Company has partnered with Work180 to showcase and enhance the Megaport brand among women.

The Company met its measurable diversity objectives for FY19:

	FY19 Diversity Objective	FY19 Diversity Achievement
General workforce	32%	33%
Senior executives	28%	28%
Board	20%	20%

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 Remuneration and Nomination Committee. These documents are available for viewing in the Corporate Governance section of 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 Remuneration and Nomination Committee. These documents are available for viewing in the Corporate Governance section of the Company's website. A performance evaluation was undertaken in the reporting period in accordance with these documents.

Principle 2

Complies

Note

Principle 2 – Structure the board to add value

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 Remuneration and Nomination Committee has been established with its own Charter. All current committee members (Naomi Seddon, Jay Adelson and Simon Moore) are independent. Ms. Seddon replaced Drew Kelton as Chair of the committee on 1 June 2019. Bevan Slattery stepped down from the committee on 1 March 2019 and was replaced by Mr Adelson. Mr Moore has been a member of the committee for the full reporting period. The Remuneration and Nomination Committee complies with recommendation 2.1, which recommends that the committee has at least three members, the majority of whom must be independent. The number of meetings and attendance by
--	----------	---

the directors at those meetings is disclosed in the FY19 Annual Report.

2.2 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: (a) the skills, knowledge and experience identified as necessary or desirable by the Board, of the directors; and (b) the representation of those skills held by the directors. The board skills matrix is available in the Corporate Governance section of the Company's website.
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, resigned 1 June 2016), Peter Hase (appointed 22 September 2016, resigned 10 May 2019), Jay Adelson (appointed 1 March 2019) and Naomi Seddon (appointed 1 June 2019). Mr Hase holds options under the General ESOP (refer to Note 21(a) to the financial statements set out in the FY19 Annual Report). The Company proposes to grant options (subject to shareholder approval) to Mr. Adelson and Ms. Seddon under the General ESOP. 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. Ms. Seddon is a principal of legal firm, Littler Mendelson, which has provided legal services to the Company in the last three years and to Mr. Slattery in 2016. The fees payable by the Company represent an insignificant component of Littler Mendelson's overall revenue and do not impact on Ms. Seddon's independence.
2.4 A majority of the Board should be independent	Complies	Since 1 June 2019, the Company has had a five-member Board, of whom three (Naomi Seddon, Jay Adelson and Simon Moore) are independent non-executive Directors.

		Between 1 March and 10 May 2019, the Company had a six-member board, of whom four (Jay Adelson, Peter Hase, Drew Kelton and Simon Moore) were independent non-executive directors. Prior to 1 March 2019, the Company had a five-member board, of whom three (Peter Hase, Drew Kelton and Simon Moore) were 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. On 12 February 2019, the Board appointed Simon Moore 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.
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. 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
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. The

code of conduct was updated by the Board on 11 June 2019 to reflect the amendments to Recommendation 3.1 introduced by the Fourth Edition. A copy of the revised code of conduct is available for viewing in the Corporate Governance section of the Company's website.

Principle 4	Complies	Note
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 and Risk Management Committee to assist and report to the Board. Since 1 June 2019, the Audit and Risk Management Committee has consisted of three non-executive independent Directors (Simon Moore, Naomi Seddon and Jay Adelson). From 1 March to 10 May, the Audit and Risk Management Committee comprised four non-executive independent directors (Simon Moore, Drew Kelton, Peter Hase and Jay Adelson). Prior to 1 March, the committee consisted of three non-executive independent directors (Simon Moore, Drew Kelton and Peter Hase). The Audit and Risk Management Committee is chaired by Simon Moore, who is an independent director and who is not chair of the Board. The Audit and Risk Management Committee complies with recommendation 4.1, which recommends that the committee has at least three members, the majority of whom must be independent. The functions and operations of the Audit and Risk Management Committee are disclosed in the Audit and Risk Management Committee Charter, which is available for viewing in the Corporate Governance section of the Company's website.

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 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.	Complies	This is consistent with the processes implemented by the Audit and Risk Management Committee and Board.
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.

Principle 5

Complies

Note

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. A copy of the policy is available for viewing in the Corporate Governance section of the Company's website.
--	----------	--

Principle 6	Complies	Note
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 in the Corporate Governance section of the Company's website. Shareholders can access copies of ASX announcements, investor presentations, financial reports, as well as general information about the Company, on the Company's website.
6.2 Design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company has implemented a Shareholder Communication and Participation Policy 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. The Company conducts regular market briefings including quarterly updates and half-year and full year results presentations, investor roadshows and attendance at industry conventions to facilitate communication with investors. The Investor Relations section of the Company's website contains links to the latest ASX announcements, and provides access to corporate reporting and compliance documents.
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 for viewing in the Corporate Governance section of 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 facilitates 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	The Company has a combined Audit and Risk Management Committee. The functions and operations of the committee are established under the Charter. Since 1 June 2019, the Audit and Risk Management Committee has consisted of three non-executive independent Directors (Simon Moore, Naomi Seddon and Jay Adelson). From 1 March to 10 May, the Audit and Risk Management Committee comprised four non-executive independent directors (Simon Moore, Drew Kelton, Peter Hase and Jay Adelson). Prior to 1 March, the committee consisted of three non-executive independent directors (Simon Moore, Drew Kelton and Peter Hase). The Audit and Risk Management Committee is chaired by Simon Moore, who is an independent director and who is not chair of the Board. The functions and operations of the Audit and Risk Management Committee are disclosed in the Audit and Risk Management Committee Charter, which is available for viewing in the Corporate Governance section of the Company's website.
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	Complies	Reviews of the risk management framework are undertaken with management at least annually. The Audit and Risk Management Committee reviewed the framework during the reporting period and determined that the content is relevant and appropriate and

disclose, in relation to each reporting period, whether such a review has taken place.

continues to be sound.

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 and Risk Management Committee monitors and evaluates material or systemic issues. The Board believes it and the Audit and 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 the FY19 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 Remuneration and Nomination 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. Since 1 June 2019, the Remuneration and Nomination Committee has consisted of three independent, non-executive Directors (Naomi Seddon, Jay Adelson and Simon Moore). From 1 March to 31 May 2019, the Remuneration and Nomination Committee comprised three non-executive independent directors (Drew

Kelton, Jay Adelson and Simon Moore). Prior to 1 March, the committee consisted of Simon Moore and Drew Kelton (both non-executive independent directors) and Bevan Slattery (a non-executive director since 1 September 2018).

The Remuneration and Nomination Committee has been chaired by Naomi Seddon since 1 June 2019. Prior to 1 June, the committee was chaired by Drew Kelton. At all times, the committee has been chaired by an independent director who is not chair of the Board.

The Remuneration and Nomination Committee complies with recommendation 8.1, which recommends that the committee has at least three members, the majority of whom must be independent.

The functions and operations of the Remuneration and Nomination Committee are disclosed in the Charter, which is available for viewing in the Corporate Governance section of the Company's website.

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.	Complies	The Company's Remuneration Report within its FY19 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.
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.	Complies	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.