



## **360 CAPITAL GROUP CORPORATE GOVERNANCE STATEMENT**

The 360 Capital Investment Trust, the 360 Capital Passive REIT, the 360 Capital Active REIT, the 360 Capital Digital Infrastructure Fund and the 360 Capital Digital Infrastructure Fund 2 (together the "Funds") are managed investment schemes registered under the Corporations Act and are listed on the ASX.

The Funds are externally managed by 360 Capital FM Limited, the responsible entity ("Responsible Entity"). The Responsible Entity is a wholly-owned subsidiary of the stapled entity comprising 360 Capital Group Limited and 360 Capital Investment Trust which together comprise the ASX-listed 360 Capital Group ("360 Capital"), (together the Funds and 360 Capital are the "Listed Entities").

To the extent they are applicable and appropriate for the Listed Entities' size and nature, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) have been adopted.

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of good corporate governance and the extent to which the Listed Entities have sought to comply with the recommendations for each for the period 1 July 2019 to 30 June 2020.

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### **Principle 1: Lay solid foundations for management and oversight**

The board of directors ("Board") of 360 Capital and the Responsible Entity are the same and comprise of Mr David van Aanholt (Chair), Mr Andrew Moffat, Mr Graham Lenzner, Mr John Ballhausen and Mr Tony Pitt (Managing Director).

The business of each Fund is managed under the direction of the Board of the Responsible Entity. The conduct of the Board is governed by the relevant Constitution, Corporations Act and Board Charter.

A copy of the Board Charter is available at <http://360capital.com.au/about-us/corporate-governance/>.

The Board has delegated responsibility for the day-to-day management of the Listed Entities to the Managing Director and Responsible Managers as stated under the Responsible Entity's Australian Financial Services Licence.

The responsibility for selection and recommendation of potential directors has been delegated to the Nomination and Remuneration Committee. The Committee will, as part of the process for selection and recommendation to the full Board, carry out appropriate checks to identify persons with the required skill and experience and other qualities required of a new director. Securityholders will be provided with all material information in relation to the appointment of a potential director affecting their decision to elect such a director or not.



There are written agreements in place for each of the directors and senior executives setting out the terms of their appointment.

The appointment and removal of the company secretary is a matter for decision by the Board and all directors have access to the company secretary. The company secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board, including governance matters.

A Diversity Policy has been adopted by the Board which includes the requirements for the Board to have measurable objectives for achieving gender diversity and to assess annually the objectives and its progress towards those objectives. The Diversity Policy can be viewed at <http://360capital.com.au/about-us/corporate-governance/>.

To drive diversity and inclusion within 360 Capital, the Board has set the following objectives:

- To maintain or increase the percentage of women in the business, more specifically in leadership roles; and
- To actively promote a culture that values diversity, inclusion and flexibility.

The Board and management are committed to upholding a culture that values diversity and inclusion and this is demonstrated daily by its support throughout the workforce for flexible working arrangements to meet important care and family responsibilities. The Board recognises the benefits of diversity in that it broadens the pool of high quality candidates which enables an appropriate mix of skill and talent to enable the organisation to achieve its goals.

As at 30 June 2020, 30% of employees were female, with two holding senior executive positions. Senior executive position within 360 Capital means any person who attends the Executive Committee meetings. There are no female directors on the Board.

The Board reviews its performance and that of its committees and individual directors on an annual basis. Performance is reviewed against the Board Charter and any other Board responsibilities. Evaluation will have regard to, amongst other things, ensuring proper and effective management and performance of financial, operational and compliance indicators.

Board performance evaluation is generally undertaken mid-year with the last review conducted in August 2019. A further review is scheduled to be conducted in August 2020.

The assessments of executive performance take place annually around August and are conducted by the Managing Director and reported to the Remuneration Committee for consideration as part of any salary reviews, which in turn are recommended to the Board. The last reviews were conducted in August 2019.



## Principle 2: Structure the Board to be effective and add value

In so far as the Funds are concerned, remuneration of the Responsible Entity is dealt with comprehensively in the relevant Fund Constitution.

The 360 Capital Board has established a Nomination and Remuneration Committee, comprising of two non-executive, independent directors as well as one executive director. The Chairman of the Committee is an independent director. The Committee assists the Board in its responsibility to oversee the nomination and remuneration of directors and senior executives within 360 Capital, including succession planning generally and reviewing board composition to ensure an appropriate mix of skill, knowledge, experience, independence and diversity. The Committee is also responsible for the induction of new directors as well as identifying and if deemed necessary implementing appropriate professional development opportunities for directors to help develop and maintain directors' skills and knowledge needed to perform their role as directors effectively.

Current Committee composition comprises Mr Andrew Moffat (Chair), Mr Graham Lenzner and Mr Tony Pitt. The Nomination and Remuneration Committee Charter can be found at <http://360capital.com.au/about-us/corporate-governance/> with two meetings held during the year attended by all Committee members. Details of each director's relevant skills, experience and expertise are set out at <http://www.360capital.com.au/about-us/the-group-board/>.

The directors possess a range of skills which, as a group, enable the Board to discharge its obligations effectively. The following table summarises the key skills of the directors as a group:

**Key Skills / Experience:**

Financial Acumen	Governance and Regulatory Compliance
ASX Listed Entity Experience	Debt and Equity Markets
Property / Real Estate / Valuation	Strategy Development
Funds Management / Financial Services	Investor Relations
Risk Management	

In determining the independence of directors, the Board has adopted the criteria set out in section 601JA(2) of the Corporations Act.

The current Board comprises five directors, four of whom are independent, namely Mr David van Aanholt (Chair) (appointed as director of 360 Capital 19 March 2013 and the Responsible Entity 10 February 2016), Mr Andrew Moffat (appointed as Director 360 Capital 2 October 2013 and Responsible Entity 8 December 2016), Mr Graham Lenzner (appointed as director 360 Capital 9 May 2013 and Responsible Entity 8 December 2016), Mr John Ballhausen (appointed as director 360 Capital 2 October 2013 and Responsible Entity 10 February 2016). Mr Tony Pitt, Managing Director, was appointed as director of 360 Capital 19 November 2009 and Responsible Entity 19 November 2009.



Mr van Aanholt has been Chairman of the Board since 2 October 2013. The roles of Chairman of the Board and Managing Director are not held by the same individual. In relation to the non-executive directors, there are no relationships which prejudice director independence.

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### **Principle 3: Instil a culture of acting lawfully, ethically and responsibly**

The Board aspires to act lawfully, ethically and responsibly in accordance with the highest standards of honesty, integrity and fairness at all times.

The Board has adopted a number of policies, procedures and guidelines aimed at ensuring that anyone who is employed by or works in the Listed Entities complies with a set of guiding principles, consistent with the above values:

- Code of Conduct; this policy sets out minimum acceptable standards of behaviour.
- Whistle-blower Policy; this policy identifies an intolerance of any corrupt, illegal or other undesirable conduct by its Directors and employees including the victimisation of any individual who intends to report or has reported such conduct as a protected disclosure in accordance with the policy.
- Anti-bribery Policy: this policy prohibits Directors and employees from engaging in activity that constitutes bribery or corruption, and provides guidelines as to what constitutes bribery or corruption and outlines reporting processes and procedures which ensure that breaches are escalated to the Board's immediate attention if and as required.

The above policies can be found at <http://360capital.com.au/about-us/corporate-governance/>

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### **Principle 4: Safeguard integrity of corporate reports**

The Board has established an Audit and Risk Committee, which comprises three non-executive, independent directors. The chairperson is appointed by the Board and is a non-executive director who is not the chairperson of the Board. The chairperson reports the activities of the Audit and Risk Committee to the Board after each Committee meeting. The Audit and Risk Committee Charter can be found at <http://360capital.com.au/about-us/corporate-governance/>.

The current Committee composition is Mr Graham Lenzner (Chair), Mr Andrew Moffat and Mr John Ballhausen. For the period 1 July 2019 to 30 June 2020 there were four Committee meetings which were attended by all Committee members. Further details on the qualifications and experience of Committee members are set out at <http://www.360capital.com.au/about-us/the-group-board/>.

Prior to the Board approving any financial statements, the Managing Director and Chief Financial Officer provide a declaration that, in their opinion, the financial records for that entity have been properly maintained and that the financial statements comply with the appropriate



accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The external auditor attends the AGM and is available to answer questions from securityholders relevant to the audit.

If corporate reports, which are not audited or reviewed by the external auditor, are released to investors, then the Audit and Risk Committee will review the reports prior to their release in order to satisfy itself that those reports are balanced and provide appropriate information.

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## **Principle 5: Make timely and balanced disclosure**

ASX continuous disclosure requirements are included in the Communications and ASX Disclosure Policy and the Continuous Disclosure Policy.

The policies reflect the Board's commitment to ensuring that all material information is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The policies also set out the relevant procedures for internal updating.

The Communications and ASX Disclosure Policy and Continuous Disclosure Policy are available on the website at <http://360capital.com.au/about-us/corporate-governance/>.

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## **Principle 6: Respect the rights of securityholders**

The fundamentals underpinning the corporate governance ethos within 360 Capital are that securityholders should be able to hold the Board and Management to account for the Listed Entities' performance. 360 Capital actively engages with its securityholders to provide them with appropriate information and facilities to allow them to exercise their rights as securityholders effectively. More information about 360 Capital's corporate governance can be found at <http://360capital.com.au/about-us/corporate-governance/>.

The Board is committed to ensuring securityholders receive clear, concise and effective information on a timely basis and facilitates the delivery of financial services disclosures through existing and emerging electronic means.

As previously stated the Board has approved a Communications and ASX Disclosure Policy, which was reviewed in May 2018, and is available at 360 Capital's website: <http://360capital.com.au/about-us/corporate-governance/>.

In accordance with the Policy, all Listed Entity ASX announcements are posted to 360 Capital's website including half year and annual reports, results releases, market briefings, updates, notices of meetings and details in relation to the underlying assets.



360 Capital's website contains all of the information as recommended by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition). The corporate governance section of 360 Capital's website contains the relevant Constitutions, Board Charter and Board Committee Charters and policies referred to in this Corporate Governance Statement.

360 Capital's website contains an overview of 360 Capital and its structure and history, biographical information and photos for each of the directors and management. It also provides access to relevant information about the Listed Entities including copies of ASX and media releases, copies of annual reports and financial statements, investor presentations, historical security price information and registry contact details, (including email address and key securityholder forms).

Teleconferencing and webcasting facilities for market briefings are also provided on the website to encourage participation from all stakeholders, regardless of location.

In relation to 360 Capital, all securityholders are encouraged to attend and/or participate in the AGM. Securityholders can attend in person or send a proxy as their representative.

Unless unavailable, all directors and senior management attend the meeting, along with the external auditor who is available to answer any questions from securityholders.

In relation to the Funds, as managed investment schemes, they are not required to hold an annual general meeting. However, the Funds do convene securityholder meetings from time-to-time and all securityholders are encouraged to participate and vote by either attending the meeting in person, voting electronically or appointing a proxy or other representative. The person chairing the meeting of securityholders will seek to ascertain the true will of the securityholders and, in the case of substantive resolutions, voting will generally be by poll as opposed to a show of hands.

The delivery of financial services disclosures and relevant communications are facilitated through electronic means such as email, hyperlinks, reference to the 360 Capital website and other emerging technologies.

The express agreement of securityholders will be obtained before delivering financial services disclosures by electronic means. All communications contain phone and email contact details that allow securityholders to contact 360 Capital and its registrar.

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## **Principle 7: Recognise and manage risk**

As stated previously the Board has established an Audit and Risk Committee. Please refer to Principle 4 for further details in relation to the Audit and Risk Committee.



The Board has adopted a Risk Management Program which outlines the process for identifying, monitoring and mitigating risks as well as generic sources of risk. This was reviewed in April 2018 and the Board is satisfied that it continues to be sound.

A copy of the Risk Management Program is available on this website at <http://360capital.com.au/about-us/corporate-governance/>

360 Capital maintains a continual internal control improvement program with management reporting to the Audit and Risk Committee on a six-monthly basis on internal control reviews undertaken and improvements actioned during the period. It also compares its internal controls processes, on an annual basis, to that of its industry peers specifically its key service providers to ensure its controls are comparable to that of other similar organisations within the sector. This comparison is used to identify any potential weakness in internal controls. 360 Capital also engages external consultants on an as needed basis to recommend improvements to existing processes.

360 Capital and its Responsible Entity are committed to acting responsibly and ethically and operating their businesses in a manner that is sustainable. The extent to which any of the Funds have any material exposure to economic, environmental and social sustainability risks these are disclosed in the Directors report together with any factors or actions 360 Capital or its Responsible Entity believe exist or are available to mitigate these risks.

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## **Principle 8: Remunerate fairly and responsibly**

As previously stated, 360 Capital has established a Nomination and Remuneration Committee. In so far as the Funds are concerned, remuneration of the Responsible Entity is dealt with comprehensively in the Fund's Constitutions. Please refer to Principle 2 for further details on the Nomination and Remuneration Committee.

Remuneration of directors and senior executives are considered by the Nomination and Remuneration Committee and in turn recommended to the full Board of 360 Capital. Directors, senior executives and employees of 360 Capital are paid by 360 Capital Financial Services Pty Limited, a wholly-owned subsidiary of 360 Capital. Directors and employees are not provided with any remuneration by any of the Funds themselves and do not receive equity in any of the Funds as a form of remuneration. Accordingly, it is considered unnecessary to have a policy which prohibits transactions in 360 Capital entities which limit the economic risk of participating in such equity based remuneration schemes.

A distinction is made between the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated by way of fees in the form of cash and superannuation contributions. Fees may include payment for specific services provided for the Responsible Entity or the Fund, (such as membership of a due diligence committee) and are fixed by the Board of the Responsible Entity. Executive directors and senior executives' packages are fixed and performance-based. Neither directors nor senior



executives are entitled to equity interests in any Fund or any rights to or options for equity interests in any Fund as a result of remuneration provided by the Responsible Entity. The Responsible Entity does not pay retirement benefits, other than superannuation, for its non-executive directors. There are no employees in any Responsible Entity or Fund.

Remuneration of the Responsible Entity is included in the Fund's Constitution. The Responsible Entity is entitled to claim asset management fees, reimbursement for all expenses reasonably and properly incurred in relation to the Fund or in performing its obligations under the Constitution, and acquisition and disposal fees.