



NEXT DC

# FY19 CORPORATE GOVERNANCE STATEMENT





# CONTENTS

Overview	3
Corporate Governance Principles – Summary	5
Management and oversight	11
Effective Board structure	13
Lawful, ethical and responsible culture	16
Corporate data integrity	17
Make timely and balanced disclosures	18
Investor and security holder rights	19
Risk management	20
Responsible remuneration policy	21



# OVERVIEW

---



Effective and transparent corporate governance is of critical importance to NEXTDC and its Board of Directors (“the Board”). The Board fully supports the intent of the Australian Securities Exchange (“ASX”) Corporate Governance Council’s new 4th edition of Corporate Governance Principles and Recommendations (“4th Edition Governance Principles”). As an early adopter to the 4th Edition Governance Principles, NEXTDC meets its requirements, unless otherwise disclosed in this statement.

At NEXTDC, corporate governance refers to the overarching monitoring and reporting environment that supports everything the Company does in the operations of its business. It is the combination of processes, metrics and structures implemented and monitored by the Board and CXO team to inform, direct, manage and scrutinise NEXTDC’s activities to meet its strategic objectives.

With regards to our corporate social responsibilities, NEXTDC is committed to ensuring that we operate in a socially responsible and ethical manner, emulating the highest standards of integrity and cultural sensitivity whilst employing clear standards of corporate governance to ensure we comply with all relevant legislative requirements. Our team seeks to understand how NEXTDC’s business impacts our internal and external stakeholders and strives to improve how those effects are managed and documented.

The adoption of a comprehensive Corporate Social Responsibility Policy complements our core values of pursuing excellence, working collaboratively as one team, enabling innovation, operating cost efficiently and putting our customers first. These are the guiding principles that we live by in our relationships with each other, our partners, customers and suppliers as well as with the greater community. It is through living our values that we foster a culture centred around trust and integrity at NEXTDC.

NEXTDC is made up of many individuals who bring a unique and diverse set of skills, values, backgrounds and attributes to the workplace including their own personal experiences gained on account of their gender, age, ethnicity or cultural background. The Company is very proud of; and values its robust and diverse workforce. We are committed to supporting and developing this diversity through recruiting and integrating a wide variety of talent into our Company’s teams and culture.

NEXTDC is committed to promoting effective communication with both current and prospective shareholders, using a variety of channels and technologies. The Company encourages broad participation in all shareholder meetings and has processes in place to deal promptly with shareholder enquiries.

Elements of NEXTDC’s Corporate Governance Program to ensure it stays on track to meet strategic objectives include:

- An effective risk management framework complete with internal controls
- Procedures, technology tools and structures, including, for example, our policies relating to staff conduct, the stock market and business operations (e.g. Environmental Policy, Information Security Policy, WHS Policy)
- Regularly reporting to the Board and CXO team to identify and communicate NEXTDC’s performance as a Company and how NEXTDC is managing its risks

- Undertaking internal operational audits against established best practice standards to independently review corporate governance, risks and controls and implement continuous improvements where gaps are identified; and
- Ensuring a sufficient level of management and oversight.

Corporate governance roles and responsibilities have been defined and delegated to various committees which are outlined in respective Charters at the Board, CXO and senior management levels.

During the Financial Year ending 30 June 2019 (FY19), NEXTDC’s Board comprised of five Directors, with an independent Chair and a majority of independent Non-Executive Directors. Mr Stephen Smith was appointed as the fifth independent Non-Executive Director, effective 1 July, 2019. Stephen brings deep knowledge and expertise in managing global technology businesses in the data centre industry.

Further details on how NEXTDC’s disclosure aligns with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (4<sup>th</sup> Ed.) and Appendix 4G can be found at <https://www.nextdc.com/our-company/corporate-governance>

# Corporate Governance Principles – Summary

## Principle 1 – Lay solid foundations for management and oversight

<p><b>1.1</b> A listed entity should have; and disclose a Board Charter setting out:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	<p>The Board Charter is available on NEXTDC's website at <a href="http://www.nextdc.com">www.nextdc.com</a></p> <p>NEXTDC has published the Code of Conduct – Directors and Senior Executives on the NEXTDC website.</p> <p>NEXTDC has established a formal Statement of Delegated Authority outlining the scope of any delegation of authority to management.</p>
<p><b>1.2</b> A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward a candidate for election, as a director; and</li> <li>(b) provide security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a director.</li> </ul>	<p>NEXTDC's formal recruitment and assessment process includes engaging specialist recruiters for the appointment of its Non-Executive Directors.</p> <p>NEXTDC ensures that all material information in its possession relevant to a Director's election or re-election is provided to shareholders in its Notice of Annual General Meeting.</p>
<p><b>1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>NEXTDC enters into formal engagement agreements with each Director and Senior Executive for this purpose.</p>
<p><b>1.4</b> 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.</p>	<p>The Company Secretary of NEXTDC, Mr Michael Helmer, is accountable directly to the Board through the Chair.</p>
<p><b>1.5</b> A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(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</li> <li>(c) disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity</li> <li>(2) the entity's progress towards achieving those objectives; and</li> <li>(3) either: <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> </li> </ul> </li> </ul> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p>NEXTDC's Diversity Policy is available for viewing at the company's website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p> <p>NEXTDC sets measurable objectives against its Corporate Diversity Policy, which is available for viewing at the company's website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p> <p>Refer to the summary following this table for further details.</p> <p>Refer to the summary following this table for further details.</p> <p>Refer to the summary following this table for further details.</p> <p>NEXTDC's Gender Equality Report is published on its website <a href="http://www.nextdc.com">www.nextdc.com</a>.</p>
<p><b>1.6</b> A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have; and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(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.</li> </ul>	<p>The responsibilities of the Board for monitoring its own performance and that of its committees and individual Directors are set out in its Charter and that of the Audit and Risk Management Committee. The Charters are available for viewing on NEXTDC's website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p> <p>Board evaluation is completed annually.</p>
<p><b>1.7</b> A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have; and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process during; or in respect of that period.</li> </ul>	<p>The responsibilities of the Board for monitoring the performance of its senior executives is set out in its Charter which is available on NEXTDC's website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p> <p>The evaluation process is further commented on in the Remuneration Report.</p>

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

<p><b>2.1</b> 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, and disclose</p> <p>(3) the charter of the committee,</p> <p>(4) the members of the committee; and</p> <p>(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; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>✓</p> <p>The Board has established a Remuneration and Nomination Committee (REMCO). All of the four Committee members are independent. Refer to the summary following this table for further details on the REMCO Committee.</p> <p>✓</p> <p>The REMCO Chair, Dr Gregory Clark, is an independent Director.</p> <p>✓</p> <p>The REMCO Charter is available on NEXTDC’s website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p> <p>✓</p> <p>The Board and the REMCO meeting attendance is included in the Annual Report.</p>
<p><b>2.2</b> 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.</p>	<p>✓</p> <p>NEXTDC discloses a Board skills matrix which is further explained below.</p>
<p><b>2.3</b> A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) if a director has an interest, position, association 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, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>✓</p> <p>Four of the five Directors for FY19 are independent. The fifth member, Mr Craig Scroggie, holds the position of Chief Executive Officer (CEO) of NEXTDC.</p> <p>The Annual Report provides this information as well as the summary following this table.</p>
<p><b>2.4</b> A majority of the Board of a listed entity should be independent directors.</p>	<p>✓</p> <p>Four of the five directors in FY19 are independent.</p>
<p><b>2.5</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>✓</p> <p>The Board’s Chairman during the year was Mr Douglas Flynn. Mr Craig Scroggie was the CEO for the entire period.</p>
<p><b>2.6</b> A listed entity should have a program for inducting new directors and for 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.</p>	<p>✓</p> <p>The Board continually reviews the professional skills and development opportunities of the Board and Committee members throughout the year, and makes an assessment of the skills, development and induction needs for any new directors joining the Board.</p>

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

<b>3.1</b> A listed entity should articulate and disclose its values.	<p>✓ NEXTDC's values are disclosed on its website at <a href="http://www.nextdc.com">www.nextdc.com</a></p>
<p><b>3.2</b> A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and</p> <p>(c) any other material breaches of that code that call into question the culture of the organisation.</p>	<p>✓ The Board has adopted Codes of Conduct for Directors and Employees.</p> <p>These are available for review in the Corporate Governance section of NEXTDC's website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p>
<p><b>3.3</b> A listed entity should:</p> <p>(a) have and disclose a whistle-blower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>✓ NEXTDC's Whistle-blowers Policy is available for viewing on the Company's website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p> <p>The Board and ARMC committee receive reports of any material incidents.</p>



**3.4** A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and
- (b) ensure that the board or committee of the board is informed of any material breaches of that policy.

The Company's Anti-bribery and Corruption Policy is available for viewing on the Company's website at [www.nextdc.com](http://www.nextdc.com).



The Company also discloses its policy regarding anti-bribery and corruption within the Company's Code of Conduct.

The Board and ARMC committee receive reports of any material incidents.

## Principle 4 – Safeguard the integrity of corporate reports

**4.1** The Board of a listed entity should:

- (a) have an audit committee which:
  - (1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and
  - (2) is chaired by an independent director, who is not the chair of the board, and disclose:
    - (3) the charter of the committee;
    - (4) the relevant qualifications and experience of the members of the committee; and
    - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.



The Board has established an Audit and Risk Management Committee (ARMC) which meets the requirements of:

- having at least three members at all times
- consists only of Non-Executive Directors
- consists of a majority of independent Directors.



The ARMC Committee is chaired by Mr Stuart Davis, an independent Director of the Company.



The ARMC Charter is available on NEXTDC's website at [www.nextdc.com](http://www.nextdc.com).



Refer to NEXTDC's FY19 Annual Report for the Directors' qualifications and experience.



Refer to NEXTDC's FY19 Annual Report for the number of ARMC meetings and the attendance at these by Committee members.

- 4.2** 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.



The Board has received a declaration from NEXTDC's CEO and the CFO in relation to the financial statements for the financial year ended 30 June 2019.

- 4.3** A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.



NEXTDC's external auditor, PricewaterhouseCooper (PwC) attends the Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

## Principle 5 – Make timely and balanced disclosure

- 5.1** A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1.



NEXTDC's Continuous Disclosure Policy is available on the Company's website at [www.nextdc.com](http://www.nextdc.com).

- 5.2** A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.



Board members receive this information promptly.

- 5.3** A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.



All analyst presentations are disclosed in the ASX Market Announcements Platform as per NEXTDC's Continuous Disclosure Policy.

## Principle 6 – Respect the rights of security holders

<b>6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	✓	NEXTDC regularly updates its website with ASX announcements and presentations, news and social media, and new information on products and services.  NEXTDC's Continuous Disclosure Policy has been designed to promote effective communications with shareholders. A copy of this policy is available on the Company's website at <a href="http://www.nextdc.com">www.nextdc.com</a> .
<b>6.2</b> A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	✓	NEXTDC has a Shareholder Communications Policy that outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure. A copy of this policy is available on the Company's website at <a href="http://www.nextdc.com">www.nextdc.com</a> .  NEXTDC's Continuous Disclosure Policy also outlines policies and requirements for communications with analysts and investors to ensure that the communications are effective and comply with the Company's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. A copy of this policy is available on the Company's website at <a href="http://www.nextdc.com">www.nextdc.com</a> .  NEXTDC's Investors Relation program allows investors and other financial market participants to gain a greater understanding of the Company's business, governance, financial performance and prospects.
<b>6.3</b> A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	✓	NEXTDC's Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of shareholders. The Company permits shareholders to cast their proxies prior to an Annual General Meeting if they are unable to attend the meeting.
<b>6.4</b> A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by show of hands.	✓	All substantive resolutions at a meeting of shareholders of NEXTDC are decided by a poll rather than by a show of hands.
<b>6.5</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	✓	NEXTDC gives shareholders the option to communicate electronically with the Company and its security registry, as indicated in its Shareholder Communications Policy.

## Principle 7 – Recognise and manage risk

<b>7.1</b> 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; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	✓	The Board has established an Audit and Risk Management Committee (ARMC) which oversees risk, and currently: <ul style="list-style-type: none"><li>the Committee has four members who are all independent; and</li><li>the ARMC Committee is chaired by Mr Stuart Davis.</li></ul> The ARMC Charter is available on NEXTDC's website at <a href="http://www.nextdc.com">www.nextdc.com</a> .  Refer to NEXTDC's FY19 Annual Report for the number of ARMC meetings and the attendance at these by Committee members.
--	---	---



<p><b>7.2</b> The Board or a committee of the board should:</p> <p>(a) review the entity's risk management framework 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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>✓ The ARMC has reviewed the Risk Management Framework and has determined that the content is relevant and appropriate, and it continues to be utilised throughout the organisation.</p> <p>The Company's risk management framework is consistent with ISO 31000 to ensure a systematic approach to risk management. The framework assists in achieving operational and strategic objectives, as well as legislative and compliance obligations.</p> <p>The risk appetite is set by the Audit and Risk Management Committee and is reviewed at least annually.</p>
<p><b>7.3</b> A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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 risk management and internal control processes.</p>	<p>✓ In FY19, the responsibility for operation of the internal risk management processes was held by the Chief Legal Officer (CLO), with oversight from the ARMC. Given the ongoing expansion of the business in terms of both size and complexity, the CLO was assisted in this role by the Company's Risk and Compliance Manager.</p> <p>Further, the Committee provides oversight to the internal audit function, which also monitors and administers the current risk management framework. Refer also to the section on Risk Management below.</p> <p>The annual internal audit plan focuses on the areas of the highest operational risk to NEXTDC and evaluates the effectiveness of internal controls, as well as ensuring legislative and compliance obligations are met.</p>
<p><b>7.4</b> A listed entity should disclose whether it has any material exposure to economic, environmental and social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>✓ Refer to the 'Recognise and manage risks' section below.</p>

## Principle 8 – Remunerate fairly and responsibly

<p><b>8.1</b> The Board of a listed entity should:</p> <p>(a) have a remuneration 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, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>✓ The Board has established a Remuneration and Nomination Committee (REMCO).</p> <p>✓ During the year, the Committee had four members who are all independent.</p> <p>✓ The Committee is chaired by Dr Gregory Clark who is an independent Director.</p> <p>✓ The REMCO Charter is available on the Company's website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p> <p>✓ Refer to NEXTDC's FY19 Annual Report for the number of REMCO meetings and the attendance at these by Committee members.</p>
<p><b>8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>✓ NEXTDC has developed a Senior Executive Remuneration Policy and Procedure and a Non-Executive Director Remuneration Policy and Procedure. Both are available for review at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p>
<p><b>8.3</b> A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>✓ NEXTDC prohibits the hedging of Incentive Rights and Restricted Shares by Participants.</p> <p>✓ The granting of equity-based remuneration under the LTI scheme is disclosed in the Remuneration Report.</p> <p>✓ NEXTDC has published the Remuneration and Nomination Committee Charter and Securities Trading Policy on its website at <a href="http://www.nextdc.com">www.nextdc.com</a>.</p>

NEXTDC and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The Board continues to review the Company's policies and practices to ensure they meet the interests of its stakeholders which includes our shareholders, government and regulators, business partners, investors, employees and the wider community.

A description of the Company's main corporate governance practices is given below. All these practices, unless otherwise stated, were in place for the entire period.



# PRINCIPLE 1: MANAGEMENT AND OVERSIGHT

Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of NEXTDC's shareholders (with a view to building sustainable value for them) and those of its employees and stakeholders.

The Statement of Delegated Authority has been established and endorsed by the Board to include matters delegated to the authority of the CEO and management. This holds the CEO and management team accountable to the Board, for their exercise of authority. Whilst the CEO and management remain accountable to the Board, the CEO and management are empowered to make decisions they believe are appropriate for the business, within the boundaries set by the Board.

The Board's broad function is to:

- Chart strategy and set financial targets for the Company
- Identify principal risks of the Company's business
- Monitor the implementation and execution of strategy and performance against financial and non-financial targets; and
- Appoint and oversee the performance of executive management and generally to take an effective leadership role.

Power and authority in certain areas is specifically reserved to the Board consistent with the functions outlined above. These areas include:

- The composition of the Board itself including the appointment and removal of Directors
- The oversight of the Company including its control and accountability system
- The appointment and removal of senior management including the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary
- The review and oversight systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliances
- The monitoring of senior management's performance and implementation of strategy; and
- The approval and monitoring of financial and other reporting, and the operation of Committees.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO. The Board monitors the decisions of the CEO through the Board meetings, by reviewing reports on key operational issues and progress towards the achievement of corporate objectives.

## The Company Secretary

NEXTDC's Company Secretary, Mr. Michael Helmer is directly accountable to the Board through the Chair on all matters to do with the proper functioning of the Board. The Company Secretary is appointed and removed by the Board.

The Company Secretary plays an important role in supporting the effectiveness of the Board and its Committees and is responsible for the efficient administration of the Company. The Company Secretary is responsible for ensuring compliance with statutory and regulatory requirements while making sure that decisions of the Board are implemented accordingly.

## Terms of appointment

New Directors are provided with a letter of appointment setting out the Company's expectations, their rights and responsibilities, and the terms and conditions of their engagement. All new Directors participate in an induction program which covers the operation of the Board and its Committees, as well as issues of finance, strategy, operations and risk management.

Each member of the Senior Executive team signs a formal services agreement at the time of their appointment, covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The contract refers to a specific formal job description which is reviewed periodically and, where necessary, revised in consultation with the relevant Executive.

Before appointing a new Director or Senior Executive, or putting someone forward for election as Director, NEXTDC undertakes appropriate checks, regarding their character, experience, education, criminal record and bankruptcy history. When a Director is up for election or re-election, all material information is provided in the Notice of Meeting of the Annual General Meeting (AGM) to enable shareholders to make an informed decision as to their appointment.

## Performance assessment

The Board and Senior Executives' performance assessments are carried out annually. Where appropriate, external facilitators are engaged to conduct these reviews.

Senior Executives' performance evaluation is conducted by the Board at least annually. It includes a formal review of their performance during the year, setting of key performance indicators and, where relevant, personal development plans. This includes developing and implementing a plan for identifying, assessing and enhancing competencies for each of the Senior Executives. The Board has completed a performance review for the most recent financial year and will continue to monitor ongoing performance of Senior Executives.

Board performance is evaluated annually, with the most recent review completed in April 2019.

The Board's performance evaluation consists of:

- Considering and articulating the time needed to fulfil the role of Board Chair and Non-Executive Directors
- Developing and implementing a plan for identifying, assessing and enhancing Director competencies
- Regularly evaluating the performance of the Board and each Director on an annual basis, including an assessment of whether each Director has devoted sufficient time to their duties; and
- Ensuring the Board has access to continuing education to update and enhance their skills and knowledge.



## Diversity and Inclusion

The Company realises the benefits that can arise to the organisation from diversity in the workplace, covering gender, age, ethnicity and cultural background and various other areas. NEXTDC is committed to providing a balanced and inclusive working environment underpinned by its Diversity Policy. The Diversity Policy consists of measurable objectives reflecting NEXTDC's commitment to ensuring there are no barriers to diversity at any level of the Company. This has continued to be a focus in FY19, with Management reports being closely aligned against diversity as well as measuring against the effectiveness of employee programs or initiatives in this area.

NEXTDC's commitment to diversity and the actions taken in meeting its objectives are evident through benefits and initiatives such as:

- Flexible working arrangements with many employees working from home, working part-time or working at flexible hours to suit their personal needs.
- An above average parental leave benefit where eligible primary carers will receive 20 weeks of paid leave, whilst secondary carers will receive four weeks of paid leave.

- Mentoring programs and networking opportunities such as a Company-wide diversity forum consisting of staff representation, Senior Executives and subject matter experts.
- Continuing to incrementally grow the number of female employees overall, and in senior roles by promoting internal career opportunities and targeted professional development programs including those aimed at helping employees develop skills and experience in preparation for senior positions.

NEXTDC's annual gender pay audit was conducted during the period and the results were presented to the Board. Reflected below is the ratio of basic salary and remuneration from women to men for each of the employee category in FY19. Maintaining a balance in pay across genders continues to be a focus during annual pay review processes and a key priority for NEXTDC moving into the next financial year.

The Company continues to target an improvement in the overall gender diversity ratio. In FY19, the percentage of overall female representation in the Company was approximately 31%. NEXTDC ensures that during the recruitment processes, shortlisted candidates include female representation where possible. Currently, our female

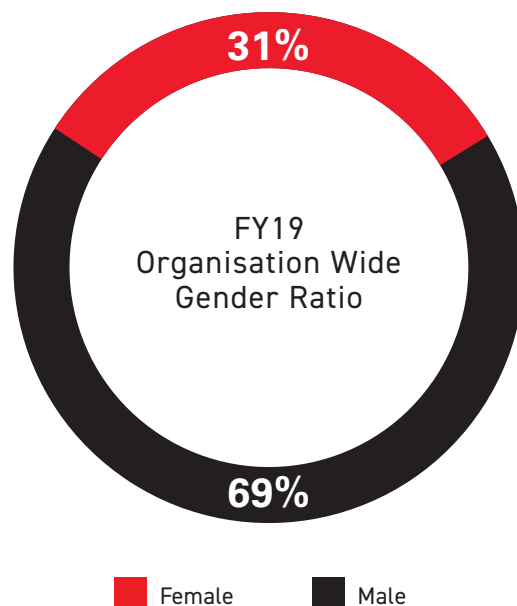
representation target is set at 50% of short-listed candidates. The Company also demonstrates gender diversity at the Board level, with 20% female representation in the Board members in FY19.

All employees, including new employees, are required to undergo formal anti-discrimination training, with refresher training conducted annually, which covers various forms of discrimination, including sexual orientation, gender and cultural diversity.

The Company does not discriminate on gender grounds for remuneration or appointments. All remuneration reviews and promotions are determined solely on merit. The Company recruits the most qualified person for each role.

A copy of the Codes, Whistle-blowers Policy and disclosure regarding Fraud, Bribery and Corruption and the Company's Corporate Social Responsibility Policy are available on the Company's website.

In addition to the above, NEXTDC has continued to report to the Workplace Gender Equality Agency (WGEA). NEXTDC's WGEA compliance report and its Diversity Policy can be found on the Company's website at [www.nextdc.com](http://www.nextdc.com).



# PRINCIPLE 2: EFFECTIVE BOARD STRUCTURE

## Board composition

In FY19, the Board comprised of five Directors, with an independent Chair and a majority of independent Non-Executive Directors as follows:

Director		Date of Appointment	Independence
Mr Douglas Flynn	Non-Executive Chair	27 September 2013	Independent
Mr Craig Scroggie	Chief Executive Officer Managing Director	1 November 2010	Not independent
Mr Stuart Davis	Non-Executive Director	27 September 2013	Independent
Dr Gregory Clark	Non-Executive Director	30 April 2014	Independent
Ms Sharon Warburton	Non-Executive Director	1 April 2017	Independent

The independent Non-Executive Director, Mr Douglas Flynn was appointed Chair of the Board in April 2014 and continues to hold that position. As the Company matures, the Board has considered its composition and the skills and experience that it feels can complement and add value to its current mix of Directors and their skill sets.

Under the Company's Constitution, the Board of Directors shall comprise of no less than three and no more than twelve Directors at any one point in time. The Company and the Board endeavours to have a majority of independent Directors and an independent Chair.

Directors will be elected for a maximum three-year term. If no Director would otherwise be required to retire but the Listing Rules require that an election of Directors be held at an annual general meeting, the Director to retire at that meeting is:

- The Director who has held office as Director the longest period of time since their last election or appointment to that office; or
- If two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise.

### The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective; and
- The size of the Board is conducive to effective discussion and efficient decision-making.

Overall, the Board believes that its composition represents an appropriate balance of executive and Non-Executive Directors to achieve the promotion of shareholder interests and the effective governance of the business. The Board also has access to, and ability to engage with, Senior Executives who may attend Board and Board Committee meetings by invitation.

### Board committees

The Board has established the Audit and Risk Management Committee (ARMC) and the Remuneration and Nomination Committee (REMCO) to assist in the execution of its duties and to allow detailed consideration of complex issues. Each is comprised entirely of independent Non-Executive Directors. The Committees' structures and memberships are reviewed on an annual basis.

Each Committee has its own written Charter setting out its role and responsibilities, composition, structure, membership requirements and the way in which the Committee is to operate. These are reviewed on an annual basis and are available on the Company's website. All matters determined by Committees are submitted to the Board for their decision.

Minutes of Committee meetings are tabled at the subsequent Board or Committee meeting. Additional requirements for specific reporting by the Committees to the Board are addressed in the Charter of the individual Committees.

## Board skills matrix

As the Company matures, the Board has considered its composition and the skillset and experience with reference to the strategy of the Company. The Board considers that its current composition is well balanced and sufficiently experienced to lead the Company into the next phase of its development. Regardless, it continues to review its composition against the desired skills and experience as a matter of good governance and to ensure its composition remain efficient, balanced and effective. The Board will consider making additional appointments that will enhance its composition and align with NEXTDC's strategy, if it believes this will add value to shareholders.



All skill areas identified are currently well represented at Board level. Each of its members contribute across the different competencies and have specific subject-matter expertise covering a range of governance, strategic, operational and financial areas. These skills are regarded by the Board as critical to NEXTDC's long-term strategic and operational success.

The Board regards IT, Innovation, Strategy and Risk Management, Property Development, Governance and IP Management as key areas of priority and focus as it moves forward.



## Directors' independence

The Board has adopted specific principles in relation to Directors' independence.

An independent Director is a Non-Executive Director (i.e. is not a member of management) who:

- i. Is not a substantial shareholder of the Company (i.e. is not a person who in conjunction with an associate holds a relevant interest in 5% or more of the shares of the Company) or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- ii. Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- iii. Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided. A material professional adviser is the Company's auditor (regardless of the fees paid to the auditor) and any other advisor to whom fees in excess of \$100,000 have been paid in any financial year in the relevant three-year period; or
- iv. Has no material contractual relationship with the Company or another Group member other than as a Director of the Company, including as a supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.

From a Director's perspective, they are regarded as having a material contractual relationship if the fees paid by the Company to the Director or an entity associated with the Director, exceed 5% of the fees received by the Director or their firm or 10% of all fees supervised by the Director (or for which the Director is otherwise given credit in a performance review) within the entity associated with the Director in any financial year in the relevant three year period.

From the Company's perspective, a Director has a material contractual relationship if:

- i. The goods or services supplied by the Director to the Company exceed 5% of the direct operating costs of the Company for any year in the relevant three-year period; or
- ii. They have served on the Board for a period in excess of ten years; or

- iii. Are not free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

However, a Director may be considered independent notwithstanding that he or she does not meet one of the criteria set out above, subject to appropriate explanation by the Board.

The Board assesses independence each year. To enable this process, the Directors must provide all information that may be relevant to the assessment.

## Board members

Details of the members of the Board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the Directors' Report under the heading "Information on Directors". As at the end of FY19, there was one Executive Director and four Non-Executive Directors on the Board. All four Non-Executive Directors are considered independent.

## Non-Executive Directors

The Non-Executive Directors regularly met during the year to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings were shared with the full Board.

## Chair and Chief Executive Officer (CEO)

The Chair is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's Senior Executives. In accepting the position, the Chair has acknowledged that this position will require a significant time commitment and has confirmed that other positions will not hinder their performance. The CEO of the Company is responsible for implementing strategies and policies. The role of Chair and CEO is not undertaken by the same person.

## Induction

Following the appointment, new Directors and Senior Executives are supported through an induction program to familiarise them with the operations of the business. The induction enables them to actively participate in Board decision-making as soon as possible. It ensures that they have a full understanding of the Company's financial position, operations, strategies, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and Senior Executives and the Company's meeting arrangements.

## Commitment

The commitments of Non-Executive Directors are considered by the Remuneration and Nomination Committee prior to the Directors' appointment to the Board of the Company and are reviewed each year as part of its annual performance assessment.

Details of Board meetings and attendance of Directors during FY19 are included in the Annual Report.

Prior to appointment or being submitted for re-election, each Non-Executive Director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

It is the Company's practice to allow its Executive Directors to accept appointments outside the Company with prior written approval of the Board.

## Conflict of interests

Directors are required to keep the Board advised, on an ongoing basis, of any potential or actual conflicts of interest in-line with the Corporations Act requirements. Conflicts of interests and disclosure of interests are included in the Company's Code of Conduct for Directors and Senior Executives which is available in the Corporate Governance section on NEXTDC's website at [www.nextdc.com](http://www.nextdc.com).

## Independent professional advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

# PRINCIPLE 3:

## LAWFUL, ETHICAL AND RESPONSIBLE CULTURE

### Code of conduct

The Company has developed Codes of Conduct (the Codes) which have been fully endorsed by the Board and apply to all Directors and employees. The Codes are regularly reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to consider legal obligations and the reasonable expectations of the Company's stakeholders.

In summary, the Codes require that all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. The Board is informed of any material breaches of the Codes.

The purchase and sale of Company securities by Directors and employees is regulated by the Company's Securities Trading Policy. Further details on this can be found in the Remuneration Report with the policy accessible at NEXTDC's website.

The Codes and the Company's Securities Trading Policy are discussed with each new employee as part of their induction training and employees receive regular refresher training. The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

### Culture and ethical behaviour

Under the Code of Conduct, the Company is committed to acting as a good corporate

citizen whilst it pursues its business objectives. The ethical standards which are expected of all Company employees include values of **Excellence, One Team, Innovation, Communication, Efficiency** and **Customer Focus**. NEXTDC endeavours to maintain a reputation as a good corporate citizen and seeks to act with honesty and integrity in all dealings with the Company's customers, suppliers and competitors and colleagues.

The Company's Anti-bribery and Corruption Policy further emphasises its clear position on fraud, bribery and corruption to ensure no illegal, unethical conduct or a breach of trust is committed. The Company also includes a section on Fraud, Bribery and Corruption in its Code of Conduct.

Under its Whistle-blowers Policy, NEXTDC is committed to promoting a culture of corporate compliance and ethical behaviour and aims to create an environment in which employees or contractors, who have genuine suspicions about improper conduct, feel safe to report without fear of reprisal. The Chief People and Culture Officer (CPCO) has been appointed as the Whistle-blower Protection Officer to ensure that reporters are not personally disadvantaged as a consequence of making a report. The ARMC Chair is an independent escalation / reporting point to whom a report can also be made where it is not possible or appropriate to report suspicion of a misconduct to other internal escalation options. This can be done via a dedicated email ([whistleblower@nextdc.com](mailto:whistleblower@nextdc.com)) for which the ARMC Chair is the only recipient.

The Board is informed of any material incidents reported under the Policy.

### Corporate social responsibility

NEXTDC is committed to ensuring it operates with social responsibility, ethical considerations, integrity and cultural sensitivity, while employing clear standards of corporate governance and complying with all relevant legislative requirements. The adoption of the Corporate Social Responsibility Policy compliments the core values of **Excellence, One Team, Innovation, Communication, Efficiency** and **Customer First**.

The NEXTDC Corporate Social Responsibility Policy supports the following objectives:

- Provide and maintain a safe and healthy working environment for all workers, customers and visitors;
- Proactively identify the actual and potential negative social, environmental and economic impacts of NEXTDC's decisions and activities, with the aim of avoiding and mitigating those impacts;
- Respect fundamental human rights and the dignity of people by actively promoting equal opportunity, equality and diversity irrespective of race, ethnic or national origins, gender, sexuality, disability, marital status and religious belief;
- Be accountable and transparent and, subject to privacy and other obligations, prepared to publicly disclose our performance and experiences in managing our impact on society and the environment; and
- Build relationships with our stakeholders by providing an avenue for them to express their feedback and listening to their interests and concerns.



# PRINCIPLE 4: INTEGRITY OF CORPORATE REPORTS

## Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) consisted of the following independent Directors during the financial year:

- Mr Stuart Davis (Chair)
- Mr Douglas Flynn
- Mr Gregory Clark
- Ms Sharon Warburton

Details of these Directors' qualifications and attendance at ARMC meetings are set out in the Directors' Report. All members of the ARMC have an appropriate understanding of the industry in which the Company operates and are financially literate. In particular, Ms Warburton is a Fellow of The Chartered Accountants Australia and New Zealand, and Mr Davis has previously held the CEO position at HSBC in various locations internationally.

The Committee operates in accordance with a Charter which is available on the Company's website. The main responsibilities of the Committee, related to audit, are to:

- Review, assess and approve full and concise annual reports, half year financial statements and all other financial information published by the Company or released to the market
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering;
  - effectiveness and efficiency of operations
  - reliability of financial reporting

- compliance with applicable laws and regulations

- Recommend to the Board the appointment, removal and remuneration of external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance
- Consider the independence and competence of the external auditor on an ongoing basis
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence
- Review and monitor related party transactions and assess their propriety
- Report to the Board on matters relevant to the Committee's role and responsibilities.

The Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The CEO and CFO have made the following certifications to the Board:

- That the Company's financial statements are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards; and
- That the above statement is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board, and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

## External auditors

In accordance with the Corporations Act 2001, the Company has appointed an external auditor who demonstrates professionalism and independence in the opinions formed on the Company's annual financial statements.

PricewaterhouseCoopers (PwC) is the current external auditor of the Company. PwC attend ARMC meetings by invitation and report annually to the Committee on its independence and the outcomes of its audit. The ARMC also reviews the scope of PwC's annual audit plan. PwC will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report. An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in Note 25 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

The performance of the external auditor is reviewed annually, and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.





## PRINCIPLE 5:

# MAKE TIMELY AND BALANCED DISCLOSURES

---

### Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on the continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. Specifically, the Company has a Continuous Disclosure Policy which complies with Listing Rule 3.1. A summary of these policies and procedures is available on the Company's website at [www.nextdc.com](http://www.nextdc.com).

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, shareholders and the public. The Chief Financial Officer is the person responsible for overseeing and coordinating information disclosure to analysts and brokers. The Company Secretary also ensures that the Board receives copies of all material market announcements promptly after they have been made.

All information disclosed to the ASX is posted on the Company's website at the Investor Centre landing page as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website, if such presentations contain information not already disclosed to the market. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.



## PRINCIPLE 6:

# INVESTOR AND SECURITY HOLDER RIGHTS

---

The Company regularly updates the news and social media posts linked to its website ([www.nextdc.com/blognews](http://www.nextdc.com/blognews) and <https://www.nextdc.com/blog>) which details the latest company activity and provides information on data centre development and the release of new products and services.

All shareholders receive a copy of the Company's Annual Report. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. This includes making all Company

announcements, details of Company meetings, media releases and financial statements available on the Company's website. Shareholders may contact the Company directly. A dedicated email address ([investorrelations@nextdc.com](mailto:investorrelations@nextdc.com)) ensures that email queries are delivered directly to the CFO and CEO or otherwise as appropriate. This email address appears on all ASX announcements and on the Company website under the "Investor Centre" tab at [www.nextdc.com/our-company/investor-centre](http://www.nextdc.com/our-company/investor-centre).

The Company promotes online voting for shareholder meetings and provides all shareholders with an opportunity to receive electronic communications via the registry. All substantive resolutions at a meeting of shareholders are decided by a poll rather than by a show of hands.

Where possible, the Company arranges for advance notification of significant group briefings (including, but not limited to, results announcements) and makes them widely accessible.



# PRINCIPLE 7: RISK MANAGEMENT

NEXTDC acknowledges that risk is inherent in all aspects of its business operation and being able to effectively recognise and manage the risks and opportunities is critical for success and the growth of the Company. NEXTDC is committed to managing risks within the risk appetite set by the Board and the management.

NEXTDC's risks have been grouped around a number of key risk themes of operations, including Engineering and Design, Legal, Financial, Environmental, Information Technology and Cyber-Security. The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal controls. Detailed work on this task is delegated to the Audit and Risk Management Committee (ARMC) and reviewed by the full Board.

The Audit and Risk Management Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. It monitors the Company's risk management framework by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks.

## In providing this oversight, the Committee:

- Reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system
- Reviews Company objectives in the context of the aforementioned categories of corporate risk
- Reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk
- Reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and

- Reviews compliance with agreed treasury policy.

The Committee recommends any actions it deems appropriate to the Board for its consideration.

The Internal Audit function assists the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and continually improving the effectiveness of the operational risk management framework, internal control and governance processes.

The Committee reviews the effectiveness of these risk management and internal control processes at least annually. The Company has a Risk Management Policy to ensure good corporate governance and that strategic and operational objectives as well as legislative, industry and client obligations are met.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control systems and reports to the Committee on the effectiveness of:

- The risk management and internal control system during the year, and
- The Company's management of its material business risks.

## Policies for Risk Mitigation

NEXTDC is dedicated to constantly monitor and revise the best ways to manage data centres, to ensure energy efficiency and minimise the impact on the environment and natural resources. The Company has implemented and is continuously improving, under its Energy and Environmental Policy, its Environmental Management System, to promote awareness of the interaction with and impact on the environment. The environmental objectives, targets and initiatives are set and reviewed at least annually by NEXTDC Senior Management. Additionally, NEXTDC is committed to the process of achieving NABERS certified rating for our data centres, with each data centre having a target Power Usage Effectiveness (PUE) rating to be as energy efficient as possible when delivering services.

The Company recognises in its Work Health and Safety Policy, that incident prevention is of utmost importance and vital to the ultimate success of the organisation. NEXTDC is committed to providing and maintaining a safe and healthy work environment for all, and continually strives to eliminate potential risks.

NEXTDC is committed to the principles and practices of quality and has implemented a Quality Management System, known as the NEXTDC Business Framework, under the Quality Policy; the scope of the system is to design and develop secured data centre infrastructure and associated services.

As NEXTDC builds and operates next generation data centres, it provides a multi-layered security access and authentication system that protects and controls access within the facilities. The Company has implemented and is continually improving its Information Security Management System Policy to engage and manage technological and cyber related risks.

Additionally, under the Privacy Policy, NEXTDC recognises and outlines the importance of, and commitment to the protection of personal information.

NEXTDC publishes a Sustainability Report that can be accessed on [www.nextdc.com.au](http://www.nextdc.com.au), that outlines material issues to the business and various environmental and sustainability practices. The Company reports on sustainable issues against the Global Reporting Initiative (GRI) – Core option.



# PRINCIPLE 8:

## RESPONSIBLE REMUNERATION POLICY

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee (REMCO) consisted of the following independent Directors during the year:

- Dr Gregory Clark (Chair)
- Mr Douglas Flynn
- Mr Stuart Davis
- Ms Sharon Warburton

Details of these Directors' attendance at Remuneration and Nomination Committee meetings are set out in the Directors' Report. The Committee operates in accordance with its Charter which is available on the Company's website. The Committee advises the Board on policies and procedures for

the selection and appointment of Directors, identifies Directors qualified to fill vacancies and ensures effective induction and orientation programs.

The main responsibilities of the Committee, related to nomination, are to:

- Review the succession plans of Senior Executives
- Recommend individuals for nomination as members of the Board and its Committees
- Ensure the performance of Senior Executives and members of the Board are reviewed at least annually
- Review the Company's diversity policy and monitor diversity within the Company in addition to the diversity of Senior Executives and the Board; and

- Monitor the size and composition of the Board.

The Committee assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programs and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

The Board operates in accordance with the broad principles set out in its Charter, which is available in the corporate governance information section on NEXTDC's website at [www.nextdc.com](http://www.nextdc.com). The Charter details the Board's composition and responsibilities.

The corporate governance statement of NEXTDC is current as at 30 August 2019 and was authorised for issue in accordance with a resolution of the Board of Directors on 30 August 2019.





**N E X T D C**

where the cloud lives™

1 July 2018 to 30 June 2019  
NEXTDC Limited  
ABN 35 143 582 521

For any queries about NEXTDC's  
corporate governance, please use  
the following link to contact us.