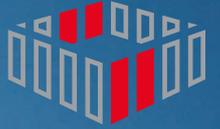


FY22

**CORPORATE
GOVERNANCE
STATEMENT**



NEXTDC



where the cloud lives™



N E X T D C





N E X T D C

NEXTDC has established a strong governance framework that defines the roles and responsibilities of NEXTDC's Board, management team, employees and suppliers. NEXTDC continues to be committed to the highest levels of integrity and ethical standards in all its business practices, recognising the fact that effective and transparent corporate governance is of critical importance to its success. The framework continues to evolve as we seek continual improvements in the way we conduct the business.

This Corporate Governance Statement has been approved by the Board and is current at 26th August 2022. It 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"). NEXTDC meets all the requirements of 4th Edition Governance Principles, unless otherwise disclosed in this Statement.

This Statement describes NEXTDC's key governance practices and articulates how decision-making is guided to meet stakeholder expectations of sound corporate governance, acknowledging the Company's specific and broader responsibilities to its shareholders, customers, suppliers, employees, and the communities in which it operates.

CONTENTS

Overview	2
Corporate Governance Framework And FY22 Highlights	4
Principle 1: Management And Oversight	6
Principle 2: Effective Board Structure	9
Principle 3: Lawful, Ethical And Responsible Culture	13
Principle 4: Integrity Of Corporate Reports	16
Principle 5: Manage Timely And Balanced Disclosures	17
Principle 6: Investor And Security Holder Rights	18
Principle 7: Risk Management	19
Principle 8: Responsible Remuneration Policy	23
Appendix: Summary of Corporate Governance Principles	24

OVERVIEW

At NEXTDC, corporate governance is an essential element of how we operate. It refers to the overarching monitoring and reporting of the Company's business operations and is the combination of processes implemented and monitored by the Board and the Executive team to direct, manage and scrutinise NEXTDC's activities.

We aim to maintain and build on our relationships with our shareholders, customers, suppliers, team members, and the broader community to achieve our vision of becoming the most trusted data centre provider in Australia.

We are focussed on operating in a socially responsible and ethical manner and meeting the highest standards of integrity and cultural sensitivity whilst adhering to clear corporate governance standards.

NEXTDC's values are anchored in its Corporate Social Responsibility (CSR) policies, which are the guiding principles in our Corporate Governance Program. This includes:

- a risk management framework complete with internal controls
- procedures as well as operational processes, such as our policies relating to the team members' conduct, training and operational standards and our dealings with shareholders and the ASX
- a regular reporting cadence to the Board and CXO team to enable them to manage, monitor and report on NEXTDC's performance and its risk management; and
- regular internal audits based on best practice standards to independently verify the effectiveness of corporate governance, risks management and internal control processes to identify and manage operational gaps.

The Board has adopted charters and corporate governance policies which articulate the standards of behaviour and procedures expected of our teams. These documents are reviewed at least annually to address any changes in governance practices, operational processes or the law.

NEXTDC's charters and corporate governance policies, further details on how NEXTDC's disclosure aligns with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Ed.) and a copy of the NEXTDC Limited Appendix 4G can be found in the Corporate Governance section of our website www.nextdc.com/investor-centre/corporate-governance.

A Summary of NEXTDC's compliance to the 4th Edition Governance Principles is also provided in the Appendix section of this report.





CUSTOMER FIRST

We are obsessed with delivering the world's best customer experience



ONE TEAM

We are an elite team working together with super stars playing in every position



BRIGHT IDEAS

The best way to predict the future is to create it



PURSUIT OF EXCELLENCE

We are relentless in our pursuit of excellence, not perfection



STRAIGHT TALK

We don't talk bull, we have crucial conversations, we disagree and then we commit



FRUGAL NOT CHEAP

We spend our money where it matters the most

OUR CORPORATE VALUES

CORPORATE GOVERNANCE FRAMEWORK AND FY22 HIGHLIGHTS

THE BOARD

Board of Directors

NEXTDC's Board is comprised of 6 independent Non-Executive Directors as well as the Managing Director and Chief Executive Officer (CEO). A profile of each Director can be found on our website at: www.nextdc.com/about-us/meet-our-board



Craig Scroggie
Chief Executive Officer and Managing Director



Douglas Flynn
Non-Executive Chairman



Dr Gregory Clark AC
Non-Executive Director



Jennifer Lambert
Non-Executive Director



Dr Eileen Doyle
Non-Executive Director



Stuart Davis
Non-Executive Director

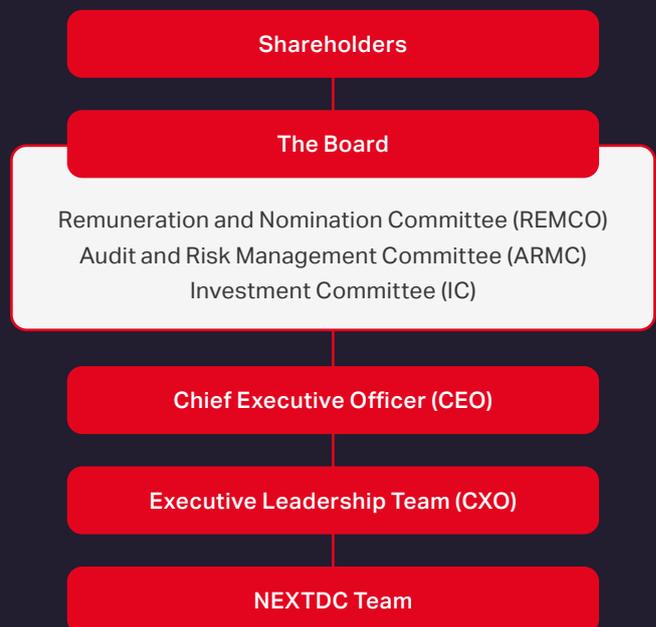


Stephen Smith
Non-Executive Director

NEXTDC'S CORPORATE GOVERNANCE FRAMEWORK

NEXTDC staff and its Board are committed to achieving the highest standards of corporate governance. The below diagram shows NEXTDC's current Board and Committee structures as well as how these fit into the broader Corporate Governance Framework. These structures, practices and reporting lines have been in place for the entire reporting period.

The NEXTDC Board has delegated responsibility for the day-to-day management of the business to the CEO, and through the CEO, to the Executive Leadership Team (CXO) who are responsible for delivering the strategic direction and goals approved by the Board. The key functions of the Board and each of its committees are outlined in this Corporate Governance Statement. Procedures and practices are in place to ensure that Board members effectively communicate with the CXOs and with each other in relation to matters of shared responsibility. All Board Committee Charters are available on the Company's website.



FY22 CORPORATE GOVERNANCE HIGHLIGHTS

Strong focus on values, reputation and stakeholder engagement

Continued to focus on ethical sourcing and commitment to supporting our suppliers

NEXTDC published its second Modern Slavery Statement in November 2021, in compliance with the requirements of the Modern Slavery Act 2018

NEXTDC's FY22 annual employee survey resulted in an 84% participation and 72% engagement rate with positive feedback in the areas of Safety, Community Engagement and Diversity & Inclusion. This has been evident in the strong employee engagement seen throughout NEXTDC's cultural and social activities program

Ongoing review of the Company's risk portfolio at every level of the organisation. The workstreams are aimed at continuing to challenge and elevate our risk management culture and capabilities and maturing them further

NEXTDC's response to the COVID-19 pandemic, including measures taken to support our customers and team members in the day-to-day challenges this has presented

Board's visits to critical development sites including M2, M3, S3 and P2 amongst others to review progress and the teams' activities

Ongoing review of the business' Risk Appetite settings to ensure that the ambitions of the business for growth are appropriately referenced and managed in the context of their operational risks

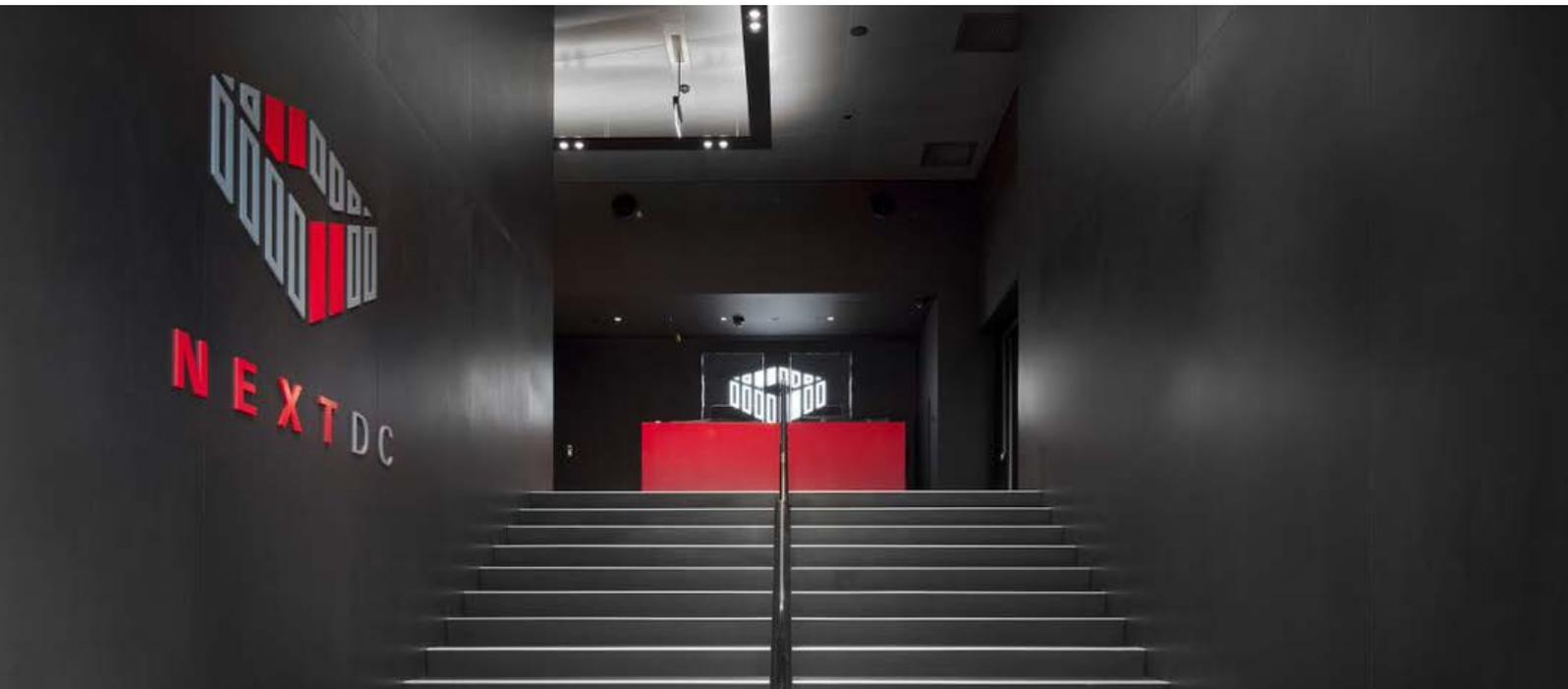
Investment in mental health and safety of our team members, including partnership with health services provider, Sonder, to promote organisational wellbeing and safety programs

Continued focus on the teams and executive remuneration program to drive performance and alignment of cultural and financial performance as well as delivery of significant projects and broader metrics focussed on work health and safety and operational efficiencies



Effective corporate governance is critical to the long-term success of the Company. NEXTDC's Board and all levels of its management are fully committed to maintaining and enhancing a strong corporate governance framework that underpins NEXTDC's vision and strategy for success

Michael Helmer
Chief Legal Officer and Company Secretary



PRINCIPLE 1: MANAGEMENT AND OVERSIGHT

The responsibility for NEXTDC's corporate governance rests with the Board. The Board is ultimately accountable to the shareholders for the performance of the Company. The Board's guiding principles in meeting this responsibility are to act honestly, conscientiously, and fairly, in accordance with the law and in the interests of its shareholders, employees and other stakeholders. In FY22, the Board has continued to oversee the governance practices to improve the quality and granularity of NEXTDC's risk management practises and reporting.

In performing these roles, the Board and its Committees are committed to continuing its high standards of corporate governance practice and seek continual improvement to further a culture of compliance, ethical behaviour, corporate integrity and respect for others.

The Board Charter outlines the responsibilities of the Board, including the powers reserved by it or delegated to the CEO and management. NEXTDC's Statement of Delegated Authority has also been endorsed by the Board to specify matters expressly delegated to the CEO and management. Whilst the CEO and management remain accountable to the Board, they are empowered to make decisions which the Board believes are appropriate for the business, within the limits and guidance set by it.

The Board's broad function is to:

- ▶ oversee the safe and sustainable operations of the Company in accordance with its values
- ▶ set the strategy and financial targets for the Company, including approving the annual capital and operating budget
- ▶ set the Company's risk appetite and ensure the integrity of the Company's risk management framework
- ▶ monitor the implementation and execution of strategy and the Company's resulting performance against financial and non-financial targets; and
- ▶ manage the appointment, performance and succession of the Board and senior leadership roles.

Certain powers and authority are specifically reserved to the Board, consistent with the functions outlined above. These include:

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

The day-to-day management of the Company's affairs and the implementation of its corporate strategy and policy initiatives are delegated to the CEO. The Board monitors the decisions of the CEO through Board and Committee meetings, by taking briefings, reviewing reports on key operational issues and monitoring 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 can be removed by the Board. All Directors have direct access to the Company Secretary and the Company Secretary has a direct reporting line to the Chair.

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 also responsible for ensuring compliance with statutory and regulatory requirements whilst making sure that the decisions of the Board are implemented. Further details on the role of the Company Secretary are set out in NEXTDC's Board Charter.

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 are briefed in detail on the operation of the Board and its Committees, as well as issues of finance, strategy, operations, risk management, meeting with management and facility tours. 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, is revised in consultation with the relevant Executive.

Before appointing a new Director or Senior Executive, or putting someone forward for election as a Director, NEXTDC undertakes appropriate checks regarding their character, experience, education, and the absence of criminal record and bankruptcy history. When a Director is due for election or re-election, all material and relevant 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

Board performance assessments are carried out annually. Where appropriate, external facilitators are engaged to conduct these reviews. Senior Executives' performance evaluations are conducted periodically and at least annually. These can include formal reviews of performance, the setting of new performance criteria and, where relevant, personal development plans that may seek to identifying and enhance their competencies.

The Board has completed its performance reviews for the reporting period and will continue to monitor the ongoing performance of Senior Executives. The most recent Board performance review was completed in July 2022.

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 to identify, assess and enhance Director competencies



“ At NEXTDC, our greatest strengths come from the people who make up our team. Diversity and Inclusion is ingrained in every part of our strategy towards success.

We are continuously pushing for the better, as we embrace our differences and diversity of identity, experience, and ideas, pushing boundaries to promote inclusive behaviours across the company and our work both internally and externally.

Craig Scroggie, Chief Executive Officer

- ▶ evaluating the performance and effectiveness of the Board and each Director, including an assessment of whether each Director has devoted sufficient time to their duties;
- ▶ ensuring the Board has access to continuing education to update and enhance their skills and knowledge.

No issues were identified during the assessment with the Board of the view it is aligned, suitably composed and focussed to support the Company’s strategic objectives.

Diversity and Inclusion

The Board is responsible for the review and oversight of NEXTDC’s Diversity and Inclusion Policy. NEXTDC prides itself on the many individuals that bring unique and diverse 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 committed to supporting and developing this diversity through its recruiting and integrating a wide variety of talent into its teams and culture.

We are committed to providing a balanced and inclusive work environment underpinned by our Diversity Policy which reinforces our commitment to an inclusive workplace culture that recognises the value of diversity. The Diversity Policy consists of measurable objectives that reflect this commitment. We believe that NEXTDC is an inclusive workplace where diversity thrives, and team members feels comfortable to share their true self. Our continued efforts and priority on Diversity and Inclusion throughout FY22 are a testament to that.

- ▶ Our approach to *The Way We Work* is designed to recognise and support the diverse people, work activities, priorities and projects that drive our success. This includes flexible working arrangements with many of NEXTDC employees working from home, working part-time or working 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
- ▶ Our ‘Humans of NEXTDC’ series (inspired by Humans of New York by Brandon Stanton) promotes our incredible and diverse group of team members so we can understand and celebrate our differences and learn from one another, both personally and professionally
- ▶ Upskilling not only our leaders and managers, but all employees, through our partnership with Diversity Australia to understand unconscious bias and how learned stereotypes can unintentionally affect our behaviour towards others. Moving forward this has also been included as part of our onboarding processes for new team members
- ▶ Partnership with health services provider, Sonder to promote organisational wellbeing and safety programs. Sonder facilitates 100% confidential, 24x7 support across safety, medical and mental health needs via chat, on the phone or in-person with clinical and registered professionals supporting NEXTDC staff members. Sonder also includes safety features such as tracking of journeys and safety alerts. As in the past, these services are also extended to all immediate family members
- ▶ Continuing to focus on neurodiversity through our partnership with Auticon, an international IT service provider that exclusively employs people on the autism spectrum as IT consultants

PRINCIPLE 1: MANAGEMENT AND OVERSIGHT CONTINUED

- ▶ Continuing to build on our key talent program ensuring high potential talent is identified, trained and advanced across the business to ensure a sustainable leadership pipeline
- ▶ 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. This includes helping employees develop skills and experience in preparation for senior positions
- ▶ Partnership with The Smith Family to host a *Work Inspiration Day* for high school students to provide them with insight into the world of work and the opportunities that exist both within NEXTDC, and beyond
- ▶ Partnership with *Empowered Women in Trades* to encourage women to consider a career as a technician at NEXTDC. This included an introduction to the industry, key leaders and potential internships and opportunities;
- ▶ Conducting further diversity and inclusion benchmarking against our industry peers and other ASX 100 companies

Further details on the Company’s social sustainability initiatives are captured within the Environmental Social and Governance (ESG) Report available in the Corporate Governance section of the Company website. www.nextdc.com/investor-centre/corporate-governance.

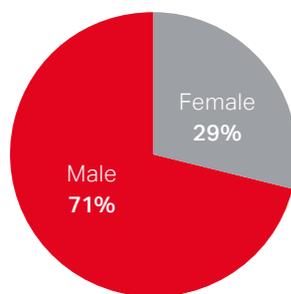
The Company continues to target an improvement in the overall gender balance ratio. Our aim is to achieve a 40:40:20 ratio; meaning 40% men, 40% women and 20% flexible across our employees, management, and the Board by 2030. To further show our support for achieving gender balance, we are working in partnership with 40:40 Vision, to seek momentum beyond tokenism and achieve a 40:40:20 ratio through business-oriented, structural transformation. We have joined their pledge to achieve gender balance at an executive leadership level by 2030.

The Company also demonstrates gender diversity at Board level where 29% of our Board members are female. Gender diversity remains a key focus and priority for the Company at all levels.

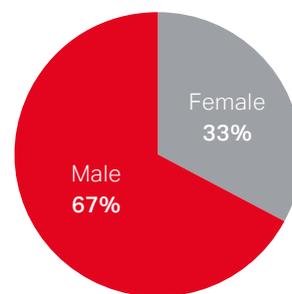
In addition to NEXTDC’s commitment to achieving its targets, we are committed to striving to achieve gender pay equity. NEXTDC undertakes a comprehensive remuneration gap analysis each year to ensure that there is no systematic gender pay issue. We recognise that, due to the relatively small number of roles in our organisation, a direct role comparison is often limited.

In FY22, the percentage of overall female representation in the Company was approximately 33%. NEXTDC ensures that during the recruitment processes, shortlisted candidates include female representation where possible. Currently, our aim is to ensure that at least 50% of suitably qualified candidates considered for a particular role be female, noting such candidates are not always available in the applicant group.

Board Gender Proportions



Group workforce Gender Proportions



All employees, including new employees, are required to undergo formal anti-discrimination training, with refresher training conducted annually. This training 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 on merit. The Company recruits the most qualified person for each role without any caveat.

In addition to the above, NEXTDC has continued to report to the Workplace Gender Equality Agency (WGEA). Reports are available under the Corporate Governance section of NEXTDC’s webpage www.nextdc.com/investor-centre/corporate-governance.



PRINCIPLE 2: EFFECTIVE BOARD STRUCTURE

Board composition

As of 30 June 2022, the Board is comprised of seven Directors, including six independent Non-Executive Directors. Details of the Directors, including the date of appointment, are set out below:

DIRECTOR	POSITION	TERM ON OFFICE	INDEPENDENCE
Mr Douglas Flynn	Non-Executive Chair	Since 27 September 2013 to date	Independent
Mr Craig Scroggie	Chief Executive Officer/Managing Director	Since 1 November 2010 to date	Not Independent
Mr Stuart Davis	Non-Executive	Since 27 September 2013 to date	Independent
Dr Gregory J Clark AC	Non-Executive	Since 30 April 2014 to date	Independent
Mr Stephen M Smith	Non-Executive	Since 1 July 2019 to date	Independent
Ms Jennifer Lambert	Non-Executive	Since 1 October 2019 to date	Independent
Dr Eileen Doyle	Non-Executive	Since 26 August 2020 to date	Independent

Independent Non-Executive Director, Mr Douglas Flynn, was appointed Chair of the Board in April 2014 and continues to hold that position. The Board continues to evaluate its composition to ensure it continues to have the right set of skills and experience on its Board. Under the Company’s Constitution, the Board of Directors shall comprise no less than three and no more than twelve Directors at any one point in time. The Board endeavours to have a majority of independent Directors and an independent Chair. Each Director is 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 AGM, the Director to retire at that meeting is:

- a. The Director who has held office for the longest period of time since their last election or appointment to that office; or
- b. If two or more Directors have held office for the same period of time, the Director is 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 to ensure the size of the Board is conducive to effective deliberation and 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 regularly engages with Senior Executives who attend Board and Committee meetings by invitation.

5.7
YEARS

AVERAGE NEXTDC
NON-EXECUTIVE BOARD
TENURE WITH 50% IN
THE POSITION FOR AT
LEAST 5 YEARS



PRINCIPLE 2: EFFECTIVE BOARD STRUCTURE CONTINUED

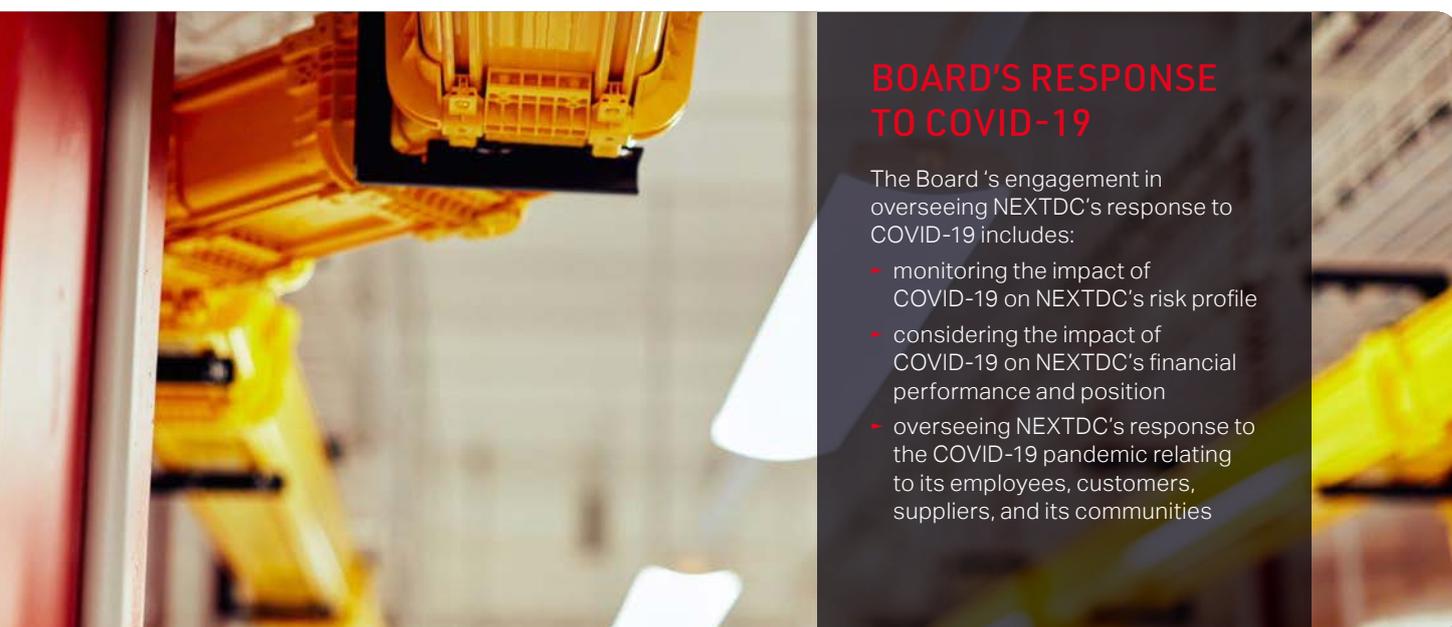
Board committees

The Board, in accordance with its Corporate Governance Framework, has established the Audit and Risk Management Committee (ARMC), Remuneration and Nomination Committee (REMCO) and the Investment Committee (IC) to assist in the execution of its duties and to allow detailed consideration of complex issues. The committees comprise of independent Non-Executive Directors, except the Investment Committee which includes Mr Craig Scroggie the Managing Director as a member. Non-Committee members, or members of Management attend these by invitation. Details of meeting attendances are set out in the Company's FY22 Annual Report. Details of the current membership and composition of each committee are set out below.

COMMITTEE	MEMBERS	PURPOSE
Audit and Risk Management Committee (ARMC)	Ms Jennifer Lambert (Chair) Mr Stuart Davis Dr Eileen Doyle	Assisting the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting process, internal control structure, risk management systems (financial and non-financial) and the internal and external audit process. Further details can be found in the 'Principle 7: Risk Management' section below.
Remuneration and Nomination Committee (REMCO)	Mr Stuart Davis (Chair) Dr Gregory J Clark AC Mr Douglas Flynn	Overseeing remuneration practices and policies. Further details can be found in the 'Principle 8: Responsible Remuneration Policy' section below.
Investment Committee (IC)	Mr Stephen M Smith (Chair) Mr Douglas Flynn Dr Gregory J Clark AC Mr Craig Scroggie	Assisting Management to review, evaluate and make recommendations to the Board in relation to NEXTDC's investment strategy, the monitoring of the effectiveness of its investment governance framework and the evaluation of key advisors. Further details can be found in the 'Principle 6: Investor and Security Holder Rights' section below.

The number of times the Committee met throughout the period and the individual attendance of the members at those meetings is disclosed within the Company's Annual Report. The Committees' structures and its 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 Corporate Governance section of 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.

NEXTDC's Board members believe that informal conversations with staff are important in assessing the culture within NEXTDC and seeing its purpose at work. Board members generally attend various staff functions and visit NEXTDC facilities.



BOARD'S RESPONSE TO COVID-19

The Board's engagement in overseeing NEXTDC's response to COVID-19 includes:

- monitoring the impact of COVID-19 on NEXTDC's risk profile
- considering the impact of COVID-19 on NEXTDC's financial performance and position
- overseeing NEXTDC's response to the COVID-19 pandemic relating to its employees, customers, suppliers, and its communities

PRINCIPLE 2: EFFECTIVE BOARD STRUCTURE CONTINUED

Board skills matrix

The NEXTDC Board collectively contribute the skills, knowledge and experience required to effectively govern and direct the Company in-line with its strategy. As this evolves, the Board’s competencies and skills will continue to be reassessed to ensure it remains effective and able to discharge its duties in a way that enhances the Company’s strategic priorities.

The Board has maintained its current size since 2020 and believes it currently contains an appropriate number of Directors and set of skills and experience to effectively discharge its function. However, the Board is mindful that, in the future, significant changes in the Company’s geographic operations or other strategic developments may require a change in its numbers or background. As a matter of good practice, the Board continues to review its composition against the desired skills and experience and to ensure its composition remains efficient, balanced, and effective.



All skill areas identified above 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 continues to regard IT, Innovation, Strategy and Risk Management, Property Development, Governance, and IP Management as key areas of priority and focus as it moves forward with its strategic priorities.

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, for good or services (other than as a director) exceeds 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. They 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 and declare any conflict of interest that they may have.

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 FY22, there was one Executive Director and six Non-Executive Directors on the Board. All six Non-Executive Directors are considered independent.

Non-Executive Directors

The Non-Executive Directors regularly meet 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 significant time and 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 appointment, new Directors and Senior Executives are supported through an induction program, including briefings from Senior executives where desired, to familiarise themselves with the operations of the business. This program is tailored to the Director's existing skills, knowledge, and experience and is designed to enable them to actively participate in Board decision-making as soon as possible. It also 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 responsibilities and roles of the 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 and are reviewed each year as part of its annual performance assessment. Details of Board meetings and attendance of Directors during FY22 are included in the Annual Report. Prior to appointment or being submitted for re-election, each Non-Executive Director is required to 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.

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

NEXTDC has a number of policies that dictate the lawful, ethical and responsible conduct of its team and outline the expected standards of their behaviour. These policies include the following:

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. NEXTDC's Directors, employees and contractors are expected to demonstrate high standards of professional and business conduct and to comply with legal requirements wherever the Company operates. The Codes are regularly reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism and 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. Under the Codes, NEXTDC is committed to acting as a good corporate citizen whilst it pursues its business objectives. All employees are required to adhere to the Company's values.

Conflict of Interests Policy

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. NEXTDC's conflict of interest related policies had previously been part of the Employee Code of Conduct and Executive Code of Conduct but have now been consolidated into a stand-alone Conflict of Interest Policy, established in June 2022.

This detailed policy provides a clear and concise guideline to identify, declare and manage any conflict of interest between an individual's role and any other interest that may conflict with this. The policy also establishes a Conflicts Register to record and report on conflicts. Further details are available in the Corporate Governance section on NEXTDC's website at www.nextdc.com/investor-centre/corporate-governance.

Whistleblower Policy

Under its Whistleblower 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 Head of People and Culture has been appointed as the Whistleblower 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 for which the ARMC Chair is the only recipient. The Board is informed of any material incidents reported under the Policy. The policy emphasises that NEXTDC will not tolerate anyone being discouraged from speaking up or being adversely affected because they have reported misconduct in accordance with the policy.

Securities Trading Policy

The Company has a Securities Trading Policy to ensure compliance with insider trading laws, protect the reputation of the Company, its directors and team members, maintain confidence in the trading of the Company's securities and prohibit specific types of transactions. The purchase and sale of Company securities by Directors and employees is regulated by this Policy. Further details on this can be found in the Remuneration Report with the policy accessible on 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.

Workplace, Health and Safety Policy

NEXTDC is committed to providing a safe and healthy environment for team members, customers, suppliers, contractors, visitors and supply chain partners. The WHS Policy describes the systems and processes in place to manage the risks and hazards that come with operating the business and ensure that NEXTDC's actions are appropriate to our risk profile.

PRINCIPLE 3: LAWFUL, ETHICAL & RESPONSIBLE CULTURE CONTINUED**Anti-bribery and Corruption Policy**

NEXTDC endeavours to maintain its reputation as a good corporate citizen and seeks to act with honesty and integrity in all dealings with the Company's customers, suppliers, competitors and colleagues. The Company's Anti-bribery and Corruption Policy further emphasises its clear position on fraud, bribery and corruption to strictly prohibit any direct or indirect illegal, unethical conduct or breach of trust. The Board is informed of any material breaches of the Anti-bribery and Corruption Policy. The Company also includes a section on Fraud, Bribery and Corruption in its Code of Conduct.

Corporate Social Responsibility Policy

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 complements the core values of the Company.

NEXTDC's 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.

Details of NEXTDC's material environmental and social risks as well as details of how it manages these are discussed in NEXTDC's Environmental, Social and Governance (ESG) Report.

Other Policies

The Company has a number of other policies which outline expected standards of behaviour of directors and team members, including but not limited to the Human Rights Policy, Delegation of Authority Policy, Diversity Policy, Energy and Environment Policy and Privacy Policy.

The Company continually assesses and upgrades its policies and procedures to ensure compliance with corporate governance requirements. All policies can be accessed by team members on the Company's intranet and are available on the Corporate Governance section of the Company's website

www.nextdc.com/investor-centre/corporate-governance.





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:

- ▶ Ms Jennifer Lambert
- ▶ Mr Stuart Davis
- ▶ Dr Eileen Doyle

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 Lambert, the current Chair of the Committee is a member of The Chartered Accountants Australia New Zealand and a Fellow of the Australian Institute of Company Directors. Ms Lambert also held the Group Chief Financial Officer position in a large property group for 13 years and was a Director at Pricewaterhouse Coopers (PwC) specialising in capital raisings, structuring and due diligence for acquisitions and disposals across various industries.

The Committee operates in accordance with a Charter which is available on the Corporate Governance section of 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 the effectiveness and efficiency of operations, reliability of financial reporting, and 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; and
- ▶ 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 AGM and are 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 breakdown of fees for non-audit services, is provided in Note 23 to the financial statements. The performance of the external auditor is reviewed annually, and alternate audit service providers considered and evaluated from time to time, taking into consideration the experience, performance and value of the existing service provider. Prior to their publication, all material announcements and documents issued by the Company, including its Annual Results, Corporate Governance Statement (CGS) and Environmental Social and Governance Report (ESG) undergo an internal verification process to seek to ensure their accuracy.





PRINCIPLE 5: MANAGE TIMELY AND BALANCED DISCLOSURES

Continuous disclosure and shareholder communication

The Company has in place written policies and procedures on information disclosure that requires continual 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 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 Corporate Governance section of the Company's website at www.nextdc.com/investor-centre/corporate-governance.

The Company Secretary is the nominated person responsible for communications with the 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 CFO 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

NEXTDC believes that shareholders, regulators, the investment community, and wider stakeholders should be informed of all material business events and risks that influence the Company in a factual, timely and widely available manner. To this end the Company has developed policies and procedures to ensure that Directors and Management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

The Company regularly updates the news and social media posts linked to its website www.nextdc.com/resources-and-insights/news and www.nextdc.com/resources-and-insights/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 and specifically, in paper form, if requested. NEXTDC recognises the importance of providing its shareholders and the broader investment community with facilities to access up-to-date information and provide avenues for communication with the Company, the Board and shareholders. A copy of the Annual Report along with other Corporate Governance material, Company announcements,

details of Company meetings, media releases and financial statements are also available on the Company's website. Shareholders may contact the Company directly for queries or clarification. NEXTDC has an investor relations officer and program to facilitate effective two-way communication with investors and to provide a detailed understanding of NEXTDC's performance. NEXTDC engages with institutional investors, private investors, sell side analysts and buy side analysts throughout the year via scheduled and ad hoc interactions. A dedicated email address investorrelations@nextdc.com also ensures that email queries are delivered directly to the CEO and CFO or otherwise as appropriate. This email address appears on all ASX announcements and on the Company website under the dedicated "Investors" section at www.nextdc.com/investor-centre.

NEXTDC 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 operations and being able to effectively recognise and manage risks and opportunities is critical for success and the growth of the Company. The Board is responsible, with the assistance of the Audit and Risk Management Committee, for overseeing the implementation and ensuring the adequacy and effectiveness of the risk management framework and internal controls. This includes ensuring that Management is operating in accordance with the Risk Appetite approved by the Board. Details on NEXTDC's Audit and Risk Management Committee (ARMC), including members and key responsibilities are provided under the narrative of Principle 4 above. Details of Directors' qualifications and ARMC attendance are set out in the Directors' Report of the Company's Annual Report.

Risk Management Framework

NEXTDC's approach to risk management is based on a robust Risk Management Framework. The framework is reviewed on an annual basis by the Board to satisfy itself that the Framework continues to be sound and that the Company is operating in accordance with the risk appetite set by the Board. This framework details the overarching principles and risk management controls that are embedded within NEXTDC's management processes, procedures, and reporting systems. The Company has a Risk Management Policy to ensure good corporate governance and to

ensure that strategic and operational objectives as well as legislative, industry and client obligations are met. Key components of the framework are reviewed by the relevant department heads and the results are reported to the ARMC. The compliance with, and effectiveness of NEXTDC's risk management framework is reviewed as part of third line assurance programme managed by the Risk and Compliance function.

As part of NEXTDC's internal review, the Board reviewed and approved the Risk Appetite Statement for FY22. The Risk Appetite Statement is designed to determine and inform the degree of risk that the Company is prepared to take as part of the decision-making process of the Board and management. The Statement is reviewed at least annually to ensure ongoing alignment with strategic objectives. The Audit and Risk Management Committee monitors compliance activities in seeking to ensure that Management is operating with due regard to the risk appetite set by the Board.

NEXTDC's growth over the last few years continues to require ongoing assessment and refinement to the management of its risk profile. In that regard, NEXTDC's Risk Management Framework continues to evolve and mature across the Company with enhancements to systems and processes continuing to feed into the improvement initiatives to keep pace with the Company's growth. The Board also continued to undertake 'deep dive' reviews into particular areas of the Company's risk profile.



Risk Management Oversight and Responsibilities

NEXTDC's key risk management functions and its responsibilities are set out below.

KEY OVERSIGHT	PURPOSE
The Board	Reviews the Company's Risk Management Framework to ensure it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.
Audit and Risk Management Committee (ARMC)	<p>The ARMC 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:</p> <ul style="list-style-type: none"> ▶ 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 and assesses the Company's processes which ensures the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including Accounting Standards ▶ Reviews Company objectives in the context of the key enterprise risk categories (outlined above) ▶ 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. <p>The Committee reviews the effectiveness of these risk management and internal control processes at least annually. The Committee will report any material risk issues to the Board and recommend actions it deems appropriate to the Board for its consideration.</p>
CEO/CFO	Ensure and provide assurance 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.
Management	For the respective area of responsibility, Management is responsible for designing, implementing and maintaining risk management and internal control systems in line with the Company's Risk Management Framework. As owners to the respective enterprise risk(s) management, continually validates risk and ensures supporting controls and processes are implemented to mitigate these risks.
Business Framework Review Committee (BFRC)	<p>The BFRC comprises the Company's Executive team (CXO) and is chaired by the Senior Risk and Compliance Manager. The Committee meets at least monthly and:</p> <ul style="list-style-type: none"> ▶ Reviews and approves key policies and procedures with our customers (commercial), external compliance requirements, financial matters and/or the Company's enterprise risk ▶ Provides guidance on governance and control related matters; and ▶ Oversees of the operations and governance of NEXTDC in line with the requirements of its compliance program.
Risk and Compliance function	<ul style="list-style-type: none"> ▶ Manage and monitor the implementation and effectiveness of risk management systems across the Company ▶ Prepare a consolidated Risk Report for the ARMC setting out key enterprise risks and the controls and processes implemented to mitigate these risks, the status of Risk Treatment Plans and remediation of risk issues and early indicators and emerging risks ▶ Assist 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; and ▶ Provide guidance and support to the business based on industry best standards and practices to improve the effectiveness and efficiency of NEXTDC's corporate governance, processes and management of lower-level risks and controls (Facility, Engineering and Design, Project risks etc).

PRINCIPLE 7: RISK MANAGEMENT CONTINUED**Internal Audit Function**

The ARMC is responsible for overseeing the internal audit function through a compliance reporting program developed to encompass the operational areas identified as most sensitive to risk. The ARMC approves NEXTDC's annual Risk and Compliance Business Plan and the Operational Internal Audit and Assurance Plan.

NEXTDC's Senior Risk and Compliance Manager, with oversight from the Chief Legal Officer, is responsible for:

- ▶ Monitoring the internal control framework of the Company and provides reports to the ARMC and the Board that include how the teams manage and monitor the implementation and effectiveness of risk management systems across the Company
- ▶ Preparing internal audit reports and reports to the BFRC, the ARMC and subsequently the Board on the adequacy of risk management and the internal control environment against the enterprise risk register;
- ▶ Preparing a consolidated Risk Report (quarterly) setting out key enterprise risks and the controls and processes implemented to mitigate these risks, the status of Risk Treatment Plans and remediation of risk issues and early indicators and emerging risks

The internal audit function and external audit are separate and independent of each other.

In FY22, NEXTDC's scope of internal audit was extended to include assurance on financial controls. These allows the Company to further evaluate the effectiveness of the financial internal control framework, corporate governance, and accounting processes. Financial internal audit is performed by outsourced service provider, who has a direct reporting line to the ARMC.

Environmental, Social and Governance risks

The Board and Senior Management recognise the importance of embedding a positive Environmental, Social and Governance (ESG) practice as an integral element to its business practises. The Board recognises their responsibility to employees, suppliers, customers, shareholders, communities, and the environment in which NEXTDC operates. NEXTDC's approach to its ESG responsibilities is structured around the risks and opportunities identified by the business and the issues of interest to our stakeholders.

NEXTDC has been reporting on its climate change risks and opportunities in-line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. NEXTDC's climate change governance, strategy and risk management practises and metrics seek targets relevant to this reporting scheme and can be found within the FY22 ESG Report and under the Corporate Governance section of NEXTDC website.

Key Risk Mitigation activities

NEXTDC has developed actionable risk mitigation strategies and metrics to monitor the implementation of risk mitigation plans and monitors its business activities to identify changes in or the emergence of new risks that may impact on these activities or its broader business strategies. Listed below are the key management systems in place to manage key enterprise risks.

Environmental Management System

NEXTDC is dedicated to monitoring and revising 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 its Environmental Management Systems and promotes awareness of its impact on the environment. The environmental objectives, targets and initiatives are set and reviewed at least annually by NEXTDC Senior Management.

NEXTDC publishes an Environmental, Social and Governance Report that can be accessed under the Corporate Governance section of its website

www.nextdc.com/investor-centre/corporate-governance.

The report outlines material environmental issues to the business and relevant sustainability practices. The Company reports on sustainable issues against the Global Reporting Initiative (GRI) – Core option.

Work Health and Safety Management System

Workplace health and safety is a key priority for NEXTDC. Our values, the priorities set by our Executives, and our policies recognise that NEXTDC has safety as a key element of every engagement with suppliers, customers and in the development and operation of its data centres. Incident prevention is of utmost importance and vital to the safety of our customers, our suppliers and our team. Ultimately it is also central to the success of the organisation.

NEXTDC's commitment to providing and maintaining a safe and healthy work environment has continued to face some unique challenges in FY22, with a focus on applying our safety-first approach to the evolving challenges of the COVID-19 pandemic. NEXTDC has continued to develop processes and protocols across the business to protect our customers, suppliers and teams. It continues to commit the resources necessary to maintain a safe working environment and ensure the ongoing operation of the business and health of its team.

In addition to its COVID-19 responses, NEXTDC has implemented strategies to enhance its workplace safety awareness. Safety is everyone's responsibility in a safety-first culture. Active management of WHS issues in the operational and data centre development areas is mandated and central to creating a culture where it is safe to speak up and report any hazards or incidents. NEXTDC has also sought a process of continual review and improvement through its safety assurance programs, with the team's performance and safety initiatives reported to the Board.

To further strengthen its safety leadership, NEXTDC has implemented a Construction Safety Management System, which benchmarks its safety performance and activities during the construction of new data centre facilities. This system has been implemented with assurance programs designed to monitor and verify its results.

NEXTDC continues to work closely and share safety learnings with stakeholders, including customers and suppliers in aligning itself with industry best practice in achieving its goal of ZERO INJURIES.

PRINCIPLE 7: RISK MANAGEMENT CONTINUED

Quality Management System

NEXTDC is committed to the principles and practices of quality of services we provide. To that extent, it has implemented a Quality Management System underpinned by the Quality Policy, known as the NEXTDC Business Framework. The scope of the system is to design and develop secured data centre infrastructure and associated services provided.

Information Security Management System

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 processes and Information Security Management System Policy to engage and manage technological and cyber related risks. All NEXTDC facilities are certified to ISO27001 – Information Security Management System. Additionally, under the Privacy Policy, NEXTDC recognises and outlines the importance of, and commitment to the protection of personal information.

Certifications and standard

All¹ NEXTDC facilities are certified to the following ISO certifications:

- ▶ ISO14001 - Environmental Management System
- ▶ ISO9001 – Quality Management System
- ▶ ISO27001– Information Security Management System
- ▶ ISO45001 – WHS Management System.

NEXTDC’s M1 facility has maintained its NABERS 5-Star ratings for energy efficiency throughout FY22. All NEXTDC facilities are operated at the national standard to achieve the same level of energy efficiency. NEXTDC is committed to the process of achieving NABERS certified rating for all our data centres.

1. as at 30 June 2022, this does not include the Sunshine Coast SC1 Cable Landing station.



PRINCIPLE 8: RESPONSIBLE REMUNERATION POLICY



Remuneration and Nomination Committee

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

- ▶ Mr Stuart Davis
- ▶ Dr Gregory J Clark AC
- ▶ Mr Douglas Flynn

Details of these Directors' attendance at Remuneration and Nomination Committee (REMCO) meetings are set out in the Directors' Report. The Committee operates in accordance with its Charter which is available on the Corporate Governance section of 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 are to:

- ▶ Review the succession plans for 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 and, as appropriate, developing and implementing a plan for identifying, assessing and enhancing Director competencies

- ▶ 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, including assessing the necessary and desirable competencies of Board members.

The Committee assumes responsibility for overseeing the management of 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.

This year, the Committee has also focussed on Senior Executive remuneration, mindful of alignment with shareholder returns and expectations as well as close alignment with the Company's strategic, cultural, safety, environmental and fiscal goals. Further information in this regard is provided in the Remuneration Report which is part of the Company's FY22 Annual Report and can be found on our website at www.nextdc.com.

The Committee 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/investor-centre/corporate-governance. The Charter also details the Committee's composition and responsibilities.

APPENDIX: SUMMARY OF CORPORATE GOVERNANCE PRINCIPLES



4TH EDITION GOVERNANCE PRINCIPLES – SUMMARY

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

<p>1.1 A listed entity should have; and disclose a Board Charter setting out:</p> <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	<p>The Board Charter is available on NEXTDC’s website at www.nextdc.com.</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>1.2 A listed entity should:</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward a candidate for election, as a Director; and (b) provide security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director. 	<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>1.3 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>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>✓ The Company Secretary of NEXTDC, Mr Michael Helmer, is accountable directly to the Board through the Chair.</p>
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a diversity policy (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, Senior Executives, and workforce generally; and (c) disclose in relation to each reporting period: <ul style="list-style-type: none"> (1) the measurable objectives set for that period to achieve gender diversity (2) the entity’s progress towards achieving those objectives; and either: (d) 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 (e) 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. <p>If the entity was in the S&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 www.nextdc.com.</p> <p>✓ NEXTDC sets measurable objectives against its Diversity Policy, which is available for viewing at the company’s website at www.nextdc.com.</p> <p>✓ Refer to the FY22 Corporate Governance Statement above for further details.</p> <p>✓ Refer to the FY22 Corporate Governance Statement above for further details.</p> <p>✓ Refer to the FY22 Corporate Governance Statement above for further details.</p> <p>✓ NEXTDC’s Gender Equality Report is published on its website www.nextdc.com.</p>
<p>1.6 A listed entity should:</p> <ul style="list-style-type: none"> (a) have; and disclose a process for periodically evaluating the performance of the board, its committees, and individual Directors; and (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. 	<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 www.nextdc.com.</p> <p>✓ Board evaluation was completed for the period reported.</p>
<p>1.7 A listed entity should:</p> <ul style="list-style-type: none"> (a) have; and disclose a process for periodically evaluating the performance of its Senior Executives at least once every reporting period; and (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. 	<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 www.nextdc.com.</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>2.1 The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent Directors; and</p> <p>(2) is chaired by an independent Director, 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) 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>✓ The Board has established a Remuneration and Nomination Committee (REMCO). All of the three Committee members on the Committee in FY22 are independent.</p> <p>✓ The REMCO Chair, Mr Stuart Davis, is an independent Director.</p> <p>✓ The REMCO Charter is available on NEXTDC’s website at www.nextdc.com.</p> <p>✓ The Board and the REMCO meeting attendance is included in the Annual Report.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>✓ NEXTDC discloses a Board skills matrix which is further explained within the FY22 Corporate Governance Statement above.</p>
<p>2.3 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>✓ Six of the seven Directors who served in FY22 are independent. The seventh member, Mr Craig Scroggie, holds the position of Chief Executive Officer (CEO) of NEXTDC.</p> <p>The section on Effective Board Structure within this report and the Annual Report provides this information.</p>
<p>2.4 A majority of the Board of a listed entity should be independent Directors.</p>	<p>✓ Six of the seven Directors who served in FY22 are independent.</p>
<p>2.5 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>✓ The Board’s Chairman during the year was Mr Douglas Flynn. Mr Craig Scroggie was the CEO for the entire period.</p>
<p>2.6 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>✓ The Board continually reviews the professional skills and development opportunities of the Board and Committee members throughout the year, and assesses the skills, development and induction needs for any new Directors joining the Board.</p>

APPENDIX: SUMMARY OF CORPORATE GOVERNANCE PRINCIPLES CONTINUED

PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

3.1 A listed entity should articulate and disclose its values.	✓ NEXTDC's values are disclosed on its website at www.nextdc.com .
3.2 A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a code of conduct for its Directors, Senior Executives, and employees; and (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 (c) any other material breaches of that code that call into question the culture of the organisation. 	<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 www.nextdc.com.</p>
3.3 A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a Whistleblower Policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. 	<p>NEXTDC's Whistleblowers Policy is available for viewing on the Company's website at www.nextdc.com.</p> <p>✓ The Board and ARMC committee receive reports of any material incidents.</p>
3.4 A listed entity should: <ul style="list-style-type: none"> (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. 	<p>The Company's Anti-bribery and Corruption Policy is available for viewing on the Company's website at www.nextdc.com.</p> <p>✓ The Company also discloses its policy regarding anti-bribery and corruption within the Company's Code of Conduct.</p> <p>The Board and ARMC committee receive reports of any material incidents.</p>

PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

<p>4.1 The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors; and</p> <p>(2) is chaired by an independent Director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(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.</p>	<p>✓ The Board has established an Audit and Risk Management Committee (ARMC) which meets the requirements of:</p> <ul style="list-style-type: none"> ▶ having at least three members at all times ▶ consists only of Non-Executive Directors ▶ consists of a majority of independent Directors. <p>✓ The ARMC Committee is chaired by Ms Jennifer Lambert, an independent Director of the Company.</p> <p>✓ The ARMC Charter is available on NEXTDC’s website at www.nextdc.com.</p> <p>✓ Refer to NEXTDC’s FY22 Annual Report for the Directors’ qualifications and experience.</p> <p>✓ Refer to NEXTDC’s FY22 Annual Report for the number of ARMC meetings and the attendance at these by Committee members.</p>
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<p>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.</p>	<p>✓ 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 2022.</p>
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<p>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.</p>	<p>Prior to their publication, all material announcements and documents issued by the Company, including its Annual Results, Corporate Governance Statement (CGS) and Environmental Social and Governance Report (ESG) undergo an internal verification process to seek to ensure their accuracy.</p> <p>✓ NEXTDC’s external auditor, Pricewaterhouse Coopers (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.</p>
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PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

<p>5.1 A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1.</p>	<p>✓ NEXTDC’s Continuous Disclosure Policy is available on the Company’s website at www.nextdc.com.</p>
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<p>5.2 A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.</p>	<p>✓ Board members receive this information promptly.</p>
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<p>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.</p>	<p>✓ All analyst presentations are disclosed in the ASX Market Announcements Platform as per NEXTDC’s Continuous Disclosure Policy.</p>
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APPENDIX: SUMMARY OF CORPORATE GOVERNANCE PRINCIPLES CONTINUED

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

<p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>NEXTDC regularly updates its website with ASX announcements and presentations, news and social media, and new information on products and services.</p> <p>✓ 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 www.nextdc.com.</p>
<p>6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	<p>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 www.nextdc.com.</p> <p>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.</p> <p>✓ A copy of this policy is available on the Company's website at www.nextdc.com.</p> <p>NEXTDC has an Investment Committee that assists Management to review, evaluate and make recommendations to the Board in relation to NEXTDC's investment strategy and to monitor the effectiveness of its investment governance framework. 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.</p>
<p>6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	<p>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.</p> <p>✓</p>
<p>6.4 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.</p>	<p>✓ All substantive resolutions at a meeting of shareholders of NEXTDC are decided by a poll rather than by a show of hands.</p>
<p>6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>✓ NEXTDC gives shareholders the option to communicate electronically with the Company and its security registry, as indicated in its Shareholder Communications Policy.</p>

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

<p>7.1 The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p>The Board has established an Audit and Risk Management Committee (ARMC) which oversees risk, and currently:</p> <ul style="list-style-type: none"> ▶ the Committee has three members who are all independent ▶ and the ARMC Committee is chaired by Ms Jennifer Lambert. <p>The ARMC Charter is available on NEXTDC’s website at www.nextdc.com.</p> <p>Refer to NEXTDC’s FY22 Annual Report for the number of ARMC meetings and the attendance at these by Committee members.</p>
<p>7.2 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>7.3 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 FY22, the responsibility for administration of the internal assurance process relating to the risk management activities was held by the Chief Legal Officer (CLO) along with the Company’s Senior Risk and Compliance Manager. The internal financial audit is performed by outsourced service provider, who has a direct reporting line to the ARMC.</p> <p>The ARMC provides oversight to the administration of 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>7.4 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 within the report above.</p>

APPENDIX: SUMMARY OF CORPORATE GOVERNANCE PRINCIPLES CONTINUED

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

<p>8.1 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 three members who are all independent.</p> <p>✓ The Committee is chaired by Mr Stuart Davis who is an independent Director.</p> <p>✓ The REMCO Charter is available on the Company’s website at www.nextdc.com.</p> <p>✓ Refer to NEXTDC’s FY22 Annual Report for the number of REMCO meetings and the attendance at these by Committee members.</p>
<p>8.2 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 www.nextdc.com.</p>
<p>8.3 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 www.nextdc.com.</p>



N E X T D C

1 July 2021 to 30 June 2022
NEXTDC Limited
ABN 35 143 582 521

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

www.nextdc.com/contact