



N E X T D C
where the cloud lives™



FY23 Corporate Governance Statement

Contents

Overview	3
Our Corporate Values	4
Corporate Governance Framework	5
FY23 Corporate Governance Highlights and key focus for the Board	6
Principle 1: Management and Oversight	8
Principle 2: Effective Board Structure	13
Principle 3: Lawful, Ethical and Responsible Culture	18
Principle 4: Integrity of Corporate Reports	20
Principle 5: Manage Timely and Balanced Disclosures	21
Principle 6: Investor and Security Holder Rights	22
Principle 7: Risk Management	23
Principle 8: Responsible Remuneration Policy	28
Appendix: Summary of Corporate Governance Principles	29



Overview

The Board has approved this Corporate Governance Statement ("Statement") which is current at 24 August 2023.

For the financial year ended 30th June 2023, NEXTDC considers that its governance arrangements were consistent with the recommendations of the Australian Securities Exchange ("ASX") Corporate Governance Council's 4th edition of Corporate Governance Principles and Recommendations ("4th Edition Governance Principles").

NEXTDC has a robust governance framework that clearly defines the roles and responsibilities of its Board, management team, employees and suppliers. The framework prioritises transparency, accountability and ethical conduct to support NEXTDC's long-term sustainability and success.

This Statement describes NEXTDC's framework and key governance practices in place to ensure effective oversight, management and accountability. It outlines the principles, policies, and procedures that guide the way the Company seeks to meet its responsibilities to shareholders, customers, suppliers, employees and the communities in which it operates.

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.

Copies of NEXTDC's Charters and related governance materials referred to in this Statement and a copy of our 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 with the 4th Edition Governance Principles is also provided in the Appendix section of this Statement.



Our Corporate Values

Living our values

Our goal as a company is to have every one of our people living our six core values. We encourage our employees to share their stories and we empower staff to speak out when they see behaviours that are inconsistent with our values.



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.

Corporate Governance Framework

The Board

Board of Directors

The Board of NEXTDC Limited is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its stakeholders. NEXTDC's Board comprises 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



Douglas Flynn
Non-Executive Chairman



Craig Scroggie
Chief Executive Officer
and Managing Director



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



Maria Leftakis
Non-Executive Director
(effective Aug 2023)

NEXTDC's Corporate Governance Framework

This diagram shows NEXTDC's current Board and Committee structures and 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 each other concerning matters of shared responsibility. All Board Committee Charters are available on the Company's website.



Corporate governance is the foundation of an organisation's success. By adhering to strong governance principles, we build trust, promote sustainability, pave the way for long-term success and create long-term value for all our stakeholders. As the Chair of NEXTDC's Board, I am committed to upholding high transparency, integrity, and accountability standards."

Douglas Flynn
NEXTDC Chairman

FY23 Corporate Governance Highlights and key focus for the Board

NEXTDC adopts a continuous improvement approach to its corporate governance framework.

During FY23, the Board and its Committees undertook the following key governance-focused activities:



Endorsed NEXTDC's third Modern Slavery Statement which was published in November 2022, in compliance with the requirements of the Modern Slavery Act 2018



Continued focus on the teams and executive remuneration programs to drive performance and alignment of cultural and financial performance



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



Visited critical development sites in Australia, including S3 Sydney and SC1 Sunshine Coast amongst others to review progress and the teams' activities





Our Corporate Governance framework is aimed to foster trust, attract investors, inspire employee confidence and maintain our reputation and value in the market."

Craig Scroggie

Chief Executive Officer



Reviewed and updated the Statement of Delegated Authority in light of overseas expansion activities



Ongoing review of the Company's risk management framework and the business' Risk Appetite positions on key operational issues



Monitoring NEX TDC's performance on key ESG metrics and overseeing the implementation of strategies to improve ESG performance and enhance ESG awareness



Monitoring NEX TDC's safety performance and overseeing implementation of strategies to improve safety performance and enhance workplace safety awareness



Reviewing and updating policies, reporting and processes to improve the NEX TDC's system of corporate governance and compliance

Principle 1:

Management and Oversight

NEXTDC's corporate governance sits with the Board. The Board provides governance and strategic guidance for NEXTDC and effective oversight of management.

In FY23, the Board continued to oversee the governance practices to improve the quality and granularity of NEXTDC's risk management practices and reporting. In performing these roles, the Board and its Committees continue driving high standards of corporate governance and seek continual improvement to further a culture of compliance, ethical behaviour, corporate integrity and respect for others.

Board Charter

The Board Charter outlines the responsibilities of the Board, including the powers reserved by it. The Charter includes details on the Board's role in strategy and planning, budgeting, financial reporting, employee and remuneration policies, risk management, governance, safety, health and environment, sustainability, audit, compliance and performance monitoring. As detailed in its Charter, the Board may delegate any of its powers to Committees of the Board. The standing Committees established by the Board are outlined in this Corporate Governance Statement.

Certain powers and authority are reserved to the Board. These include:

- the composition of the Board itself including the appointment and removal 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.

Delegation to the Chief Executive Officer

The Board delegated authority for the day-to-day management of NEXTDC to the CEO, who manages NEXTDC according to the strategy, budgets, policies, and delegations approved by the Board. 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 that the Board believes are appropriate for the business, within limits and with its guidance.

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 corporate objectives.

The Company Secretary

The appointment and tenure of the Company Secretary is a decision made by the Board. 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. Mr Helmer is a trusted advisor to the Board, providing advice on legal, regulatory, and governance matters, whilst ensuring that the Board's directions and decisions are implemented. All Directors have direct access to the Company Secretary and the Company Secretary has a direct reporting line to the Chair.

NEXTDC's Company Secretary is also involved in seeking to ensure the Company's compliance with all statutory and regulatory requirements. Further details on the role of the Company Secretary are set out in NEXTDC's Board Charter.



A key part of effective compliance in a growth business is the balance between regulatory and audit activities and business growth, all whilst ensuring the company operate within the required legal framework."

Michael Helmer

Company Secretary & Chief Legal Officer



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 on key issues of finance, strategy, operations, risk management, meetings with management and facility tours. Each Senior Executive team member 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, its terms are revised in consultation with the relevant Executive.

Before appointing a new Director or Senior Executive, or putting someone forward for election as a Director, NEX TDC undertakes appropriate checks regarding their character, experience, education, and the absence of criminal records 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.

Evaluation of Board performance

The Board reviews its performance and that of each Director on an annual basis. During FY23, the Board completed a Board effectiveness process to assess the performance of the Board as a whole. The results of the review were used to identify opportunities to further enhance the effectiveness of the Board and its Committees.

Evaluation of Executive Team performance

The CEO is responsible for monitoring the performance of each member of the Executive Team (CXO). The CEO is also responsible for ensuring there is an effective succession planning process for each CXO. The CEO, along with the Board, conducts senior Executives' performance evaluations 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 CXOs meets regularly to review Company performance and strategic issues, and to build alignment across the business. Each CXO has a written position description, employment contract and annual key performance indicators (KPIs). CXOs are reviewed against their agreed KPIs and NEX TDC's Values. The REMCO reviews the performance of the Executive Team through reporting and end-of-year performance appraisals. Performance reviews of the CXOs were conducted by the CEO for the year ended 30 June 2023.



Diversity and Inclusion

NEXTDC is committed to providing a balanced and inclusive working environment supported by well-considered policies, built on our Values. The Board has approved a Diversity Policy coupled with measurable objectives to reflect our commitment to the diversity at all levels of the organisation. 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.

We believe that NEXTDC is an inclusive workplace where diversity thrives, and team members feel comfortable sharing their true self. Our continued efforts and strategic priorities on diversity and inclusion throughout FY23 are a testament to that.

The Way We Work

NEXTDC understands that providing employees with flexibility in the way they work creates an inclusive work environment and supports employee wellbeing. Our approach to The Way We Work is designed to recognise and support the diverse people, activities, priorities and projects that drive our success. This includes flexible working arrangements with many of NEXTDC employees continuing to work from home, working part-time or working flexible hours to suit their personal needs.

Parental leave

A generous parental leave benefit, where eligible primary carers will receive 20 weeks of paid leave, whilst secondary carers will receive four weeks of paid leave.

Humans of NEXTDC

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.

Mental Health & Safety

Through our partnership with Sonder we have continued 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.

Professional Development

NEXTDC is committed to 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.

Throughout FY23, we have continued 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.
- facilitate mentoring programs and networking opportunities such as a Company-wide diversity forums consisting of staff representation, Senior Executives, and subject matter experts
- continued 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

All employees, including new employees, are required to undergo formal anti-discrimination training, with refresher training conducted annually. This training covers educating team members on 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.

External partnerships

- 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
- Campaigns throughout the year to recognise and promote its global days of significance (International Women's Day, World Mental Health Day) and heighten employee engagement with its current Diversity and Inclusion priorities.

Our Sonder partnership promotes wellbeing, safety with 24x7 support for all NEXTDC staff.



Gender Diversity

As the Company continues to target an improvement in the overall gender balance ratio, our aim is to achieve a 40:40:20 ratio (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.

Currently, 34% of NEXTDC's workforce is female with a strong representation of mature workers. The company also demonstrates gender diversity at Board level. 29% of our Board members were female during FY23, increasing to 38% in August 2023, with the appointment of Maria Leftakis to the Board, a strong reflection of gender diversity being a key focus and priority for the Company at all levels.

The Board gender proportions
as at August 2023

38%
FEMALE

62%
MALE

Group Workforce gender proportions

34%
FEMALE

65.5%
MALE



During the recruitment process for new team members, we encourage shortlists to include female candidates where possible. Currently, we aim to ensure that at least 50% of suitably qualified candidates considered for a particular role are female, noting such candidates are not always available in the applicant group.

In addition to achieving our gender ratio target, we are committed to achieving 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.

NEXTDC is a 'relevant employer' under the Workplace Gender Equality Act 2012 and NEXTDC's most recent public report to the Workplace Gender Equality Agency (WGEA) is available on the Corporate Governance section of the Company website (www.nextdc.com/investor-centre/corporate-governance).

Further details on the diversity and inclusion related initiatives are captured within the FY23 Environmental Social and Governance (ESG) Report and relevant policies available in the Corporate Governance section of the Company website (www.nextdc.com/investor-centre/corporate-governance).



At NEXTDC, our greatest strengths come from the people who make up our team. I strongly believe that a diverse and inclusive team will unlock untapped potential, drive better decision making, and create a workplace where everyone feels valued and empowered. We are all about creating a culture where everyone has an equal opportunity to thrive and contribute their unique talents.

Craig Scroggie

Chief Executive Officer

Principle 2:

Effective Board Structure

Board composition

As of 30 June 2023, the Board comprised of seven Directors, including six independent Non-Executive Directors. Keeping pace with its rapid growth and development, 2023 has seen a valuable addition to the NEXTDC Board. Mrs Maria Leftakis joined the NEXTDC Board as an independent Non-Executive Director effective 24 August 2023. Details of the Directors, including the date of appointment, are set out below:

Director	Position	Term of Office	Independence
Mr Douglas Flynn	Non-Executive Chair	27 September 2013 to date	Independent
Mr Craig Scroggie	Chief Executive Officer/ Managing Director	1 November 2010 to date	Not Independent
Mr Stuart Davis	Non-Executive	27 September 2013 to date	Independent
Dr Gregory J Clark AC	Non-Executive	30 April 2014 to date	Independent
Mr Stephen M Smith	Non-Executive	1 July 2019 to date	Independent
Ms Jennifer Lambert	Non-Executive	1 October 2019 to date	Independent
Dr Eileen Doyle	Non-Executive	26 August 2020 to date	Independent
Mrs Maria Leftakis	Non-Executive	24 August 2023 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:

1. The Director who has held office for the longest period of time since their last election or appointment to that office; or
2. 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.

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 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 attendance are set out in the Company's FY23 Annual Report. Details of each committee's current membership and composition are set out below.

6.5 years

average NEXTDC
Non-Executive Board tenure
with 50% in the position
for at least five years.

Committee	Members	Purpose
Audit and Risk Management Committee (ARMC)	Ms Jennifer Lambert (Chair) Mr Stuart Davis Dr Eileen Doyle Mrs Maria Leftakis (effective Aug 2023)	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 'Principle 7: Risk Management' section below.
Remuneration and Nomination Committee (REMCO)	Mr Stuart Davis (Chair) Dr Gregory J Clark AC Mr Douglas Flynn Mrs Maria Leftakis (effective Aug 2023)	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 in 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 how the Committee operates. These are reviewed annually 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 skills matrix

NEXTDC is committed to ensuring that the composition of its Board continues to include directors who collectively bring an appropriate mix of skills, experience, and diversity (including gender diversity) to Board decision-making. The Board continues to review its composition as a matter of good governance and to ensure it remains efficient, balanced, and effective.

To that end, it notes the appointment of Maria Leftakis to the Board in August 2023. Mrs Leftakis is recognised as an industry leader in shareholder engagement and corporate governance advisory, having worked with both domestic and international companies in Australia for over 25 years. She offers deep commercial and industry expertise, having founded and led a number of successful stakeholder advisory businesses.

NEXTDC has identified 8 skill sets reflecting the skills and experience required of the Board to manage the operations of NEXTDC effectively and prudently and fulfill its duties and deliver outcomes as agreed by the Board from time to time. The Board seeks to have as many of these skills represented across its members whilst also aiming to have representation from subject matter experts on the Board for each of these key areas. 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.



The Board skills identified above describes the combined skills, experience and expertise presently represented on the Board. Each of our directors 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.

Board 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 AUD\$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 goods and services (other than as a director) exceed 5% of the fees received by the Director or their firm or 10% of all fees supervised by the Director (or for which the Director is otherwise given credit in a performance review) within the entity associated with the Director in any financial year in the relevant three year period.

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

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

- i. They have served on the Board for a period in excess of ten years; or
- ii. 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 Company's best interests.

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". At the end of FY23, 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 roles and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's Senior Executives. In accepting the position, the Chair acknowledged that it will require significant time and commitment and 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 undertake a comprehensive induction program, including briefings from Senior Executives where desired, to familiarise themselves with the business operations of the Company. This program is tailored to the Director's existing skills, knowledge, and experience and is designed to enable them to participate in Board decision-making as soon as possible. It also ensures that they fully understand the Company's financial position, operations, strategies, culture, values and risk management policies.

Directors are encouraged to undertake continuing education and training to develop and maintain the skills and knowledge required to perform their role. Directors receive briefings on developments in the industry and updates on the legislative and regulatory frameworks within which the Company operates. Throughout FY23, the Board received briefings in relation to climate change and sustainability, Cyber security, and Work Health & Safety among others.

Directors also undertake site visits with the purpose of enhancing each individual Director's knowledge of the business and its operating environment.

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 FY23 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 to seek independent professional advice at the Company's expense in connection with their duties and responsibilities. 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 while pursuing 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

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. Our Whistleblower Policy sets out how someone can raise a concern and comprises of a number of policies and reporting channels. The Head of People and Culture has been appointed as the Whistleblower Protection Officer to ensure that reporters are not personally disadvantaged due to making a report. The ARMC Chair is the independent escalation/reporting point to whom a report can also be made where it is not possible or appropriate to report suspicion of misconduct to other internal escalation options.

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.

Human Rights Policy

NEXTDC's Human Rights Policy outlines how human rights are protected and incorporated into NEXTDC policies and processes and how it meets all related regulatory requirements in the jurisdictions in which we operate. NEXTDC also produces an annual Modern Slavery Statement in line with the requirements of the Modern Slavery Act. The annual statement reports on the risks of modern slavery in our operations and supply chains, and actions to address those risks. The Board is advised on breaches if any, and the remedial actions undertaken.

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 trading the Company's securities, and prohibit specific types of transactions. The purchase and sale of Company securities by Directors and employees are 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.

Anti-bribery and Corruption Policy

NEXTDC endeavours to maintain its reputation as a good corporate citizen and seek 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. Details of NEXTDC's material environmental and social risks as well as details of how it manages these are discussed in NEXTDC's FY23 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 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 at www.nextdc.com/investor-centre/corporate-governance.



Principle 4:

Integrity of Corporate Reports

Audit and Risk Management Committee (ARMC)

Information concerning the members of the ARMC is detailed at Principle 2 above. The role of the ARMC is to assist the Board in fulfilling its responsibilities in relation to risk management, financial reporting and internal controls. Collectively the Committee members have the technical expertise to enable the ARMC to discharge its responsibilities effectively. 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, Fellow of Australian Institute of Company Directors and has also held the Group Chief Financial Officer position in a large property group for 13 years. Prior to that she had been a Director at Pricewaterhouse Coopers (PwC).

The Committee operates according to 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 their 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 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. For FY23, the CEO and CFO have confirmed 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.

This is founded on a sound system of risk management and internal compliance and controls, which implement the policies adopted by the Board, and a belief that the Company's risk management and internal compliance and controls are operating efficiently and effectively in all material respects in relation to financial risks.

External auditors

PricewaterhouseCoopers (PwC) has been NEXTDC's external auditor since 2010 and is responsible for reviewing and auditing the half year and full year financial statements and reports in order to provide an independent opinion that these statements and reports are true and fair and comply with applicable accounting standards and regulations.

PwC attend meetings of the ARMC by invitation and meet regularly with the ARMC independently of management to discuss matters which have arisen during the course of its reviews and audits. The ARMC reviews the scope of PwC's annual audit plan. PwC 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 of the FY23 Annual Report.

PwC has provided NEXTDC with the required full year certification of independence which is included in the FY23 Annual Report. NEXTDC's current Audit Engagement Partner is Michael Shewan. 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, reputation, performance and value of the existing service provider.

Verification of periodic corporate reports

NEXTDC has a process of internal review to verify the content it publishes in periodic corporate reports.

This process applies to key documents published by NEXTDC including when its auditor is required to approve or audit these, such as the Annual Report and to other documents such as the Environmental Social and Governance (ESG) Report, Modern Slavery Statement, Appendix 4E/4D, Director reports and this Corporate Governance Statement.

The process followed is specific to the nature of the relevant document or report and includes review by the relevant subject matter expert and review against source documentation.

Principle 5:

Manage Timely and Balanced Disclosures

Continuous disclosure and shareholder communication

NEXTDC seeks to provide shareholders and other interested parties with timely and accurate information through the reporting of financial results, the provision of the Annual Report as well as other announcements and briefings to the market throughout the year. 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 coordinating 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. NEXTDC ensures that all stakeholders have equal and timely access to externally available information issued by the Company.

All information disclosed to the ASX is posted on the NEXTDC'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/investor-centre) 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, 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 and 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.

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.

Electronic communications

NEXTDC promotes online voting for shareholder meetings and provides all shareholders with an opportunity to receive electronic communications via the registry. NEXTDC's share registry is managed by Link Market Services, who can be contacted at www.linkmarketservices.com.au. Shareholders can contact NEXTDC electronically by sending an email to investorrelations@nextdc.com or visiting our website at www.nextdc.com/investor-centre.



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 both strategic and operational risks and opportunities is critical for success and the growth of the Company. Strong and aligned corporate governance and accountability structures within NEXTDC are integral to our effective risk management. The aim is not to eliminate risk, but to manage the risks involved in all key business activities, to maximise opportunities, and minimise the potential for negative outcomes. NEXTDC is committed to embedding risk management principles and practices in:

- Organisational culture.
- Decision-making processes.
- Business information systems.
- Strategic and operational planning of programs and activities.
- Anticipating and responding to changing social, environmental, and legislative conditions; and
- Business and financial processes.

The Board is responsible, with the assistance of the ARMC, for overseeing the implementation and ensuring the adequacy and effectiveness of the risk management frameworks and internal controls. This includes ensuring that Management operates according to the Risk Appetite approved by the Board. Details on NEXTDC's 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 principles and risk management controls embedded within NEXTDC's management processes, procedures, and reporting systems. The Company has a Risk Management Policy to ensure good corporate governance and that strategic and operational objectives and legislative, industry and client obligations are met. Complementing the policy, NEXTDC's Risk Management Procedure is designed to:

- identify potential events and risks that may significantly affect the ability to achieve strategic goals or maintain business operation.
- assess and evaluate those risks against NEXTDC's level of risk tolerance; and
- design and implement controls to provide reasonable assurance that the organisational objectives will be achieved.

The compliance with, and effectiveness of NEXTDC's risk management framework is reviewed as part of a 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 FY23. 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. ARMC monitors compliance activities and seeks 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 of 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 adequate policies concerning risk management, compliance, and internal control systems are in place. 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 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 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 in accomplishing 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).

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 annual Risk and Compliance Business Plan, of which the Internal Audit and Assurance Plan is part, is developed in consultation with the ARMC and the CXOs after considering NEXTDC's risk profile and appetite. External consultants are used to deliver the audit plan where required.

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
- internal audit reports and managing external assurance providers to audit and provide to the BFRC, the ARMC and subsequently, the Board advice on the adequacy of risk management and internal controls
- 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.

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 its 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 FY23 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 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 (<https://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 developing and operating 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.

Throughout FY23, 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.

NEXTDC's Construction Safety Management System further strengthens its safety leadership, benchmarking 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 practices in achieving its goal of ZERO INJURIES.

Quality Management System

NEXTDC is committed to the principles and practices of the 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 secure 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 continually improves its processes and Information Security Management System Policy to engage and manage technological and cyber related risks. Additionally, under the Privacy Policy, NEXTDC recognises and outlines the importance of and commitment to the protection of personal information.

Certifications and standard

NEXTDC facilities which are operational (except newly established S3 Sydney and M3 Melbourne, and the SC1 Sunshine Coast Cable Landing station) are certified to the following ISO certifications:

- ISO 14001 - Environmental Management System.
- ISO 9001 – Quality Management System
- ISO 27001– Information Security Management System.
- ISO 45001 – WHS Management System.

NEXTDC's M1 and S1 facilities have maintained the NABERS 5-Star ratings for energy efficiency throughout FY23 with P1 in Perth achieving a 4.5* rating in Q4 of FY23. 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.



Principle 8:

Responsible Remuneration Policy

Remuneration and Nomination Committee (REMCO)

Information concerning the members of the REMCO is detailed at Principle 2 above. The REMCO assists the Board in considering people and remuneration strategies and related issues within NEXTDC, in addition to its 'nominations' responsibilities. Details of these Directors' attendance at 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, develop and implement 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.

Remuneration Report

Remuneration Report Details of NEXTDC's remuneration policies and practices and information relating to the remuneration of its Executives and Non-executive Directors are disclosed in the Remuneration Report of the FY23 Annual Report available on NEXTDC's website.

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: <ul style="list-style-type: none"> (i) 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 (ii) 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 FY23 Corporate Governance Statement above for further details.</p> <p>Refer to the FY23 Corporate Governance Statement above for further details.</p> <p>Refer to the FY23 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.</p> <p>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> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose (3) the charter of the committee (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <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 FY23 are independent.</p> <p>✓</p> <p>The REMCO Chair, Mr Stuart Davis, is an independent Director.</p> <p>✓</p> <p>The REMCO Charter is available on NEXTDC's website at www.nextdc.com.</p> <p>✓</p> <p>The Board and the REMCO meeting attendance is included in the Annual Report.</p> <p>✓</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>✓</p> <p>NEXTDC discloses a Board skills matrix which is further explained within the FY23 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>✓</p> <p>Six of the seven Directors who served in FY23 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>✓</p> <p>Six of the seven Directors who served in FY23 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>✓</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>✓</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>

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

<p>3.1 A listed entity should articulate and disclose its values.</p>	<p>✓</p>	<p>NEXTDC's values are disclosed on page 4 of this document and the Company's website at www.nextdc.com.</p>
<p>3.2 A listed entity should:</p> <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>✓</p>	<p>The Board has adopted Codes of Conduct for Directors and Employees.</p> <p>These are available for review in the Corporate Governance section of NEXTDC's website at www.nextdc.com.</p>
<p>3.3 A listed entity should:</p> <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>✓</p>	<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>
<p>3.4 A listed entity should:</p> <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>✓</p>	<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

4.1 The Board of a listed entity should:

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

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

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

The ARMC Committee is chaired by Ms Jennifer Lambert, an independent Director of the Company.

- ✓ The ARMC Charter is available on NEXTDC's website at www.nextdc.com.

- ✓ Refer to NEXTDC's FY23 Annual Report for the Directors' qualifications and experience.

- ✓ Refer to NEXTDC's FY23 Annual Report for the number of ARMC meetings and the attendance at these by Committee members.

- ### 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

- ✓ The Board has received a declaration from NEXTDC's CEO and the CFO in relation to the financial statements for the financial year ended 30 June 2023.

- ### 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.

- ✓ The Annual Report, Corporate Governance Statement, Appendix 4E/4D, Environmental Social and Governance (ESG) Report, ASX Results release and Investor Presentations undergo an internal verification process. The information in these documents is reviewed, verified and signed-off by relevant functional subject matter experts and relevant executives prior to approval for release to market.

Principle 5 – Make timely and balanced disclosure

- | | | |
|--|---|---|
| 5.1 A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1. | ✓ | NEXTDC's Continuous Disclosure Policy is available on the Company's website at www.nextdc.com . |
| 5.2 A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made. | ✓ | Board members receive this information promptly. |
| 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | ✓ | All analyst presentations are disclosed in the ASX Market Announcements Platform as per NEXTDC's Continuous Disclosure Policy. |
-

Principle 6 – Respect the rights of security holders

<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. A copy of this policy is available on the Company's website at www.nextdc.com.</p> <p>✓</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>✓</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>
	<p>✓</p>

Principle 7 – Recognise and manage risk

7.1 The Board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
- (1) has at least three members, a majority of whom are independent Directors; and
 - (2) is chaired by an independent Director, and disclose:
 - (3) the charter of the committee
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board has established an Audit and Risk Management Committee (ARMC) which oversees risk, and currently:

- the Committee has three members who are all independent
- the ARMC Committee is chaired by Ms Jennifer Lambert.

The ARMC Charter is available on NEXTDC's website at www.nextdc.com.

Refer to NEXTDC's FY23 Annual Report for the number of ARMC meetings and the attendance at these by Committee members.

7.2 The Board or a committee of the board should:

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

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.

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.

The risk appetite is set by the Audit and Risk Management Committee and is reviewed at least annually.

7.3 A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (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.

In FY23, 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 ARMC provides oversight to the administration of the internal audit function, which also monitors and administers the current risk management framework.

From time to time, ARMC will also instruct the audit function to engage external providers to assess key operational risks and advise ARMC in relation to this. In addition, the internal financial audit is performed by outsourced service providers, who have a direct reporting line to the ARMC.

Refer also to the section on Risk Management above.

- ### 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.

Refer to the 'Recognise and manage risks' section within the report above.

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> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <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 FY23 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>




NEXTDC
Power. Secure. Connect.



N E X T D C
where the cloud lives™

1 July 2022 to 30 June 2023
NEXTDC Limited
ABN 35 143 582 521

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