



N E X T D C

FY19
ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
REPORT



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A LETTER FROM THE CEO

The data centre and cloud infrastructure industries continue to grow at unprecedented rates as public, private and Government organisations accelerate their adoption of new and rapidly maturing technology megatrends in innovative ways.

Evolving digital technologies such as Cloud Computing, Blockchain, the Internet of Things, Mobile 5G, Virtual Reality, Augmented Reality and Artificial Intelligence, amongst others, are transforming the way enterprises approach everything. The application of these trends is disrupting the status quo at the same time as delivering positive cost efficiency, productivity and customer experience outcomes across every industry vertical and government sector.

Humanity's 4th industrial revolution

Our dependence on information is not going away. The amount of data being generated is estimated to double every two years and industry analyst, IDC forecasts there will be over 180ZBs of data generated by 2025. As we negotiate this most exciting time in human history, our challenge as an industry is to sustainably manage the vast quantity of high-powered computing hardware that is running 24 hours per day, 365 days per year with the sole purpose of facilitating digital change.

The value proposition for colocating this equipment within hyperscale data centres have been largely proven. What is not quite so ubiquitously understood is how much power and water it takes to run a data centre. How well data centre companies

minimise the environmental impact of this drain on resources will increasingly influence customer choice as computing loads continue to multiply.

Innovating to meet spiralling energy consumption challenges

At NEXTDC, we know that by applying design, engineering and operational excellence, we can create market differentiation and make a difference to the impact that digital transformation has on future generations.

We place an extremely high priority on doing everything we can to minimise the impact that our data centres have on our planet's finite resources and the environment. Without compromising on the safety and reliance of our facilities, we endeavour to innovate in all areas of the business to reduce our energy and water consumption and our efforts have been recognised globally by some of the industry's most esteemed commentators.

Further details relating to awards NEXTDC has been recognised for from global organisations such as DataCenter Dynamics and Frost and Sullivan can be found in the FY19 Annual Report.

Setting a new benchmark for energy efficiency

With all this industrial change transforming business at such a rapid rate, NEXTDC is devoted to driving continuous improvements in energy efficiency and sustainability. Our facilities are designed, engineered and operated at a level of energy efficiency that is superior to competitors in the market, all while continuing to lower the environmental footprint for our customers also.

Our industry-leading Power Utilisation Effectiveness (PUE) ratios, National Australian Built Environment Rating System (NABERS) 5-Star rated facilities and carbon neutral corporate operations are key outcomes from our commitment to environmental sustainability.

PUE is a metric that matches total energy consumption by a data centre in comparison to the load required to run the computer equipment in-house. In FY19, we achieved a national average PUE of 1.3 compared to the industry average of 1.7 which is testament to the focus we apply to energy efficiency.

NEXTDC is the only data centre operator in the country to achieve a NABERS 5-Star rating for energy efficiency for the M1 and S1 data centre facilities. The M1, B2, S1 and C1 data centres are certified as being compliant under the ISO 14001 certification for Environmental Management Systems. Our 2nd generation data centres B2, M2 and S2 have all been designed to meet, if not exceed, the current energy efficiency standards and ISO 14001 certification.

Carbon neutral operations

NEXTDC's environmental credibility is based upon transparency and accountability metrics. Our business focuses on measurable objectives to reduce the environmental impact of our data centres through minimising power usage and carbon emissions.

NEXTDC has two key compliance pillars for promoting and continuously driving sustainability across our organisation:

Environmental sustainability

NEXTDC is committed to assessing and reducing the environmental footprint of its data centres. We are focused on the continuous improvement and delivery of sustainable initiatives.

Social sustainability

NEXTDC demonstrates commitment to corporate values in dealings with staff and customers. These values are reflected in our Corporate Social Responsibility, Employee Code of Conduct and Supplier Code of Conduct and other related policies. Social sustainability improves staff engagement, customer loyalty and supplier relationships, which results in improved productivity. We categorise and prioritise the most relevant sustainability issues that affect the organisation and our stakeholders.

We continually tune our Mechanical and Electrical Plant (MEP) in real time to maximise energy efficiency under external conditions prevailing at the time. We also proactively seek to reduce the risk of any environmental incident at our sites and strive to reduce the Company's contribution to landfill.

We take every action to minimise carbon emissions but where we can't avoid it, we procure carbon credits through the Qantas Future Planet (QFP) program. We delivered yet another industry first by having the carbon emissions of our corporate operations audited and accredited under the Australian National Carbon Offset Standard (NCOS) as 100% carbon neutral.

Meanwhile, we also have one of Australia's largest rooftop solar arrays at our M1 data centre and have supported the Melbourne Renewable Energy Project (MREP) since its inception in 2014. Alongside city councils, universities and other corporations in the MREP consortium, NEXTDC has committed to a Power Purchase Agreement (PPA) which supported the construction of the 80MW Crowlands wind farm in Victoria, which went live in January 2019.

Partnership with Qantas

Continuing our focus on leadership through industry innovation, NEXTDC was independently assessed and accredited under NCOS. Forming a strategic partnership with Qantas, NEXTDC became the first data centre operator in the region to achieve carbon neutrality by purchasing carbon credits through the QFP carbon offset program. Our long-term goal is to help every one of our customers to achieve 100% carbon neutral operations when they colocate at any of our facilities.

Reducing our environmental impact

The management of waste streams from all human activity is also an area of increasing focus. Under NEXTDC's Waste Management Policy, employing the principles of a circular economy and a waste hierarchy, waste is (in order of preference) avoided, reduced, reused, recycled, recovered, treated and finally disposed, only when no other avenue is available. Alongside this, water management remains a key focus for NEXTDC as we plan and manage our short and long-term water needs to reduce our environmental impact.

The safety of our people is paramount

We are dedicated to continuous improvement in everything we do. We continue to push the boundaries for our delivery of sustainable initiatives in critical areas such as energy efficiency, minimising our impact on the environment and preserving natural resources. It is a defined objective for us to exceed the minimum environmental legislative requirements in every regard.

In addition, we have also embedded world-class safety standards into the heart of our corporate culture. Our goal is to achieve zero-injuries for employees and visitors to our data centres, an objective that has been backed up by very positive safety results in FY19, something that is elaborated upon in the report below.

Improving our society through giving back

In FY19, we extended our Corporate Social Responsibility (CSR) programs in support of helping to improve society and our local communities. NEXTDC's corporate philanthropy program 'Live to Give' was established to improve the communities in which we live and work. NEXTDC's 'Live to Give' program comprises of the following:

- Corporate partnership with The Smith Family, donating approximately \$50,000 to date and promoting staff volunteering and mentoring programs
- Partnership with Pledge 1%, enabling staff to devote 1% of their time to give back
- Workplace giving programs with \$1:\$1 donation matching for Cancer Council, Beyond Blue, The Smith Family and UN Women; and
- One paid Volunteer Day each year, allowing teams and individuals to spend time with their preferred charity or in giving back to their local community.

Fostering a diverse and inclusive culture

Despite the pressures of rapid growth which has seen total employee numbers grow from 50 in 2012 to over 235 today, we have strong staff retention ratios across the board. When you exclude casual and part-time staff, 25% of our staff have been with NEXTDC for three years or more, a metric that scores well against IT industry benchmarks.

NEXTDC excels against diversity averages in the IT industry, more specifically in the data centre space. Over 31% of staff are female while our ethnic diversity closely represents the multicultural profile of Australia. We developed a parental leave program that is well ahead of regulatory obligations and industry averages, with primary caregivers given up to 20 weeks paid leave. We also offer 10 keeping-in-touch days to ensure a smooth and comfortable transition back into the workplace for parents returning to work.

We have built a healthy culture where people join our company and build long-term successful careers that challenge and empower them to grow and be the best version of themselves, every day. At NEXTDC, we take our obligation to the environment and social sustainability very seriously and strive for full transparency in the way we conduct our business. We believe that our decisive actions today will make a big difference to the ecological status of tomorrow.

Our work in this important sphere is ongoing. As an organisation, we will continue to innovate and invest in ways that further improve our sustainability performance so that we can meet the increasing customer, community and regulatory expectations around preserving our planet for future generations.



Craig Scroggie
Chief Executive Officer

OVERVIEW



Report overview

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The GRI is an international, independent organisation that helps businesses communicate their impact on critical sustainability issues. Crucially, it produces one of the most recognised standards for sustainability reporting, the GRI Standards, which enable organisations to measure and understand their most

critical impacts on the environment, society and the economy. By using the latest version of the GRI Core Standards, including recent revisions of topic-specific standards, NEXTDC ensures that it reports against the environmental and social issues identified as being of most significance to the business and its stakeholders. For easy reference to our reporting disclosures, the GRI Index is provided at the end of the Report.

The 2019 Environmental, Social and Governance (ESG) Report covers all

operations within Australia over which NEXTDC has operational control for the financial year ending 30 June 2019 (FY19). While NEXTDC won't be seeking external assurance, the details within this report have been verified by the Company's Risk & Compliance Manager to ensure accuracy.

The Company's most recent ESG Report was published in August 2018.

where the cloud lives™



SUSTAINABILITY HIGHLIGHTS AND VALUES



FY19 SUSTAINABILITY HIGHLIGHTS

- M1 achieved a NABERS 5-Star rating for energy efficiency. S1 maintained a NABERS 4.5-Star rating throughout FY19 and achieved a NABERS 5-Star rating in July 2019
- Australia's first data centre business with 100% carbon neutral corporate operations
- NEXTDC's corporate operations were accredited 100% carbon neutral under the Australian NCOS administered by the Australian Federal Department of Environment and Energy Forming a new strategic partnership with Qantas, NEXTDC will source carbon offset credits from QFP to meet ongoing compliance requirements under the NCOS. NEXTDC maintain an end goal of helping our customers also achieve 100% carbon neutral operations when they colocate at any NEXTDC data centre
- 100% return-to-work rate following parental leave
- Principal Partner to the MREP since its inception in 2014
- Savings of 1% on power bill nationally by optimising facility mechanical and electrical plant.



COMPANY PROFILE

NEXTDC Limited is a public company listed on the Australian Securities Exchange (ASX). The Company has nine data centres across Australia including Brisbane, Canberra, Melbourne, Perth and Sydney with its headquarters located in Brisbane. Further details on the Company's activities, products and services, types of customers, net sales, capital and quantity of services are available in NEXTDC's FY19 Annual Report.

Our corporate values

At NEXTDC, our corporate values are not just words on a page, they are the behaviours and commitments that are most valued in team members. We will continue to invest in extracting optimum benefit from the holistic embrace of these values and they remain as the six most important attributes by which we will **recognise, reward, hire, fire and promote our people**. NEXTDC's defined corporate values are as follows:



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.

The Company's commitment to its values and strong focus on ethics and compliance create a positive culture that allows NEXTDC to grow by attracting the highest-calibre talent and maintaining strong customer relationships.

NEXTDC's Board of Directors, as the Company's highest governance body, ensures that our values are reflected in the Company's operations and that day-to-day activities are carried out in accordance with our Code of Conduct. Our Code of Conduct and its practical application is clearly explained to staff and promoted at all levels of the business. Breaches to the Code of Conduct may result in disciplinary action including dismissal in serious cases.

The Board has two sub-committees: The Audit and Risk Management Committee (ARMC) and the Remuneration and Nomination Committee (REMCO). NEXTDC maintains a majority independent Board and sub-committees consistent with the

recommendations of the ASX Corporate Governance Council (4th edition). The Company also has a Workplace Health and Safety (WHS) Committee, which meets monthly and provides WHS reports to the Board.

Other Company policies include a Whistle-blower Policy, Supplier Code of Conduct, Privacy Policy, Diversity Policy and Anti-Bribery and Corruption Policy, all of which are available in the Corporate Governance section on NEXTDC's website at nextdc.com/our-company/corporate-governance.

Risk management

NEXTDC has a robust approach to risk management in operational planning and the development of new products and facilities. NEXTDC's Risk Management Framework ensures a consistent approach to the recognition, measurement, and evaluation of all risks and opportunities, including environmental risks. The evaluation of climate change risks and opportunities is also

integrated into NEXTDC's Enterprise-wide risk management process. Primary responsibility for this process lies with management, with oversight provided by the ARMC and the Board.

When building new data centres, NEXTDC assess and seek to mitigate environmental risks, by assessing issues such as:

- The effect construction might have on cultural heritage
- Its environmental impact
- The generation of excessive dust and/or noise; and
- The development of an effective waste management plan.

Third party contractors engaged by the Company are also required to submit an Environmental Management Plan to advise NEXTDC on how they will minimise their impact on the environment.

STAKEHOLDER ENGAGEMENT



Maintaining meaningful stakeholder engagement is NEXTDC's key approach to building trust and understanding amongst the communities it operates. NEXTDC's stakeholders are identified based on the level of interest, potential impacts and opportunities related to its activities.

A summary of key stakeholders and the engagement with regards to their Environmental, Social & Governance (ESG) related expectations and concerns in FY19 is detailed below:

Stakeholder	ESG Expectations and Concerns	How NEXTDC communicates and consults with them
NEXTDC Employees	Keeping the workplace safe Environmental impacts Diversity & Inclusion Codes of Conduct Protecting Personally Identifiable Information (PII)	NEXTDC Values WHS Committee meetings Code of Conduct, Diversity and other annual training sessions Information regularly posted on intranet, which also provides opportunity for feedback Induction and People & Culture policies and procedures
Customers	Keeping the workplace safe Environmental impacts Protecting Personally Identifiable Information (PII)	Site Induction and Facility Rules Privacy Policy and Privacy Collection Statements
Shareholders	Material and ESG risks that may affect NEXTDC and how they are being managed	ESG report, disclosure of ESG risks in the Annual Report AGM and Roadshows
NEXTDC Board of Directors	Material and ESG risks that may affect NEXTDC and how they are being managed	Regular reports and meetings with the Board and Audit and Risk Management Committee
Authorities (e.g. WorkCover / EPA / Clean Energy Regulator)	Keeping the workplace safe Environmental impacts	Obtaining required approvals for constructing new data centres – extensive due diligence for site selection Immediate contact for any notifiable incidents Submission of an annual National Greenhouse Gas and Emissions Report (NGER) to the Clean Energy Regulator
Suppliers and Contractors	Keeping the workplace safe Environmental impacts Protecting Personally Identifiable Information (PII)	Site Induction and Facility Rules Site meetings and permit to work for all hazardous works Supplier Code of Conduct Privacy Policy and Privacy Collection Statements
Community	Impact of constructing new data centres	Extensive due diligence on site selection, including impact to flora and fauna, cultural heritage and artefacts.

Industry associations

NEXTDC is actively involved in the following industry associations and represents the data centre sector by contributing to discussions on various topics such as the Australian critical infrastructure strategy:

- Communications Alliance – Communications Resilience Administration Industry Group
- Communications Alliance – Building Access Operations and Installation
- Member of Trusted Information Sharing Network for Critical Infrastructure (TISN); and
- Involved in the Communications Criticality Project.

MATERIALITY ASSESSMENT

To define the content of this report, NEXTDC has followed the GRI's Reporting Principles for Defining Report Content. In accordance with the GRI Standards, the Company has identified the material topics that reflect the organisation's significant economic, environmental and social impacts; or which substantively influence the assessments and decisions of stakeholders. NEXTDC has identified these material topics based on stakeholder feedback, as well as a self-assessment exercise to identify the impacts related to its activities, products, services, and relationships.

NEXTDC's key material topics and their boundaries are identified in the table below.

Material Issue	GRI Material Aspect	Boundary ¹	Reporting
Energy Consumption	Energy, Emissions, Compliance and Supplier Environmental Assessment	External (Communities)	Environmental Sustainability and Performance
Employee Health and Safety	Occupational Health and Safety	Internal (Employees)	Social Sustainability
Employee Retention and Loss of Talent	Training and Education, Diversity and Equal Opportunity	Internal (Employees)	Social Sustainability
Breach of privacy information	Customer Privacy	External (Customers)	Social Sustainability
Social Impact of the Business	Socio-economic Compliance	External (Communities)	Social Sustainability
Legal Compliance	Anti-Corruption and Anti-Competitive Behaviour	Internal (Employees)	Social Sustainability

¹ Internal boundary refers to entities over which NEXTDC has direct control and the people and contractors employed by those entities. External boundary refers to people and entities outside of NEXTDC's direct control.

A photograph of a modern industrial building at dusk. The building features a dark, corrugated metal facade and a series of solar panels mounted on its upper levels. Several bright lights are visible, illuminating the building and the surrounding area. A row of yellow bollards lines the foreground, and a white car is parked in the distance. The sky is a mix of blue and grey, suggesting twilight.

ENVIRONMENTAL SUSTAINABILITY AND PERFORMANCE

NEXTDC is dedicated to monitoring, tuning and continuously improving the way we manage our data centres, in order to:

- Deliver the highest levels of energy efficiency
- Minimise our impact on the environment and natural resources, and
- Meet and exceed the minimum environmental legislative requirements.

NEXTDC's Energy and Environmental Policy has been established to achieve the above by setting meaningful and achievable objectives and targets, overseen by NEXTDC management.

Environmental targets

We acknowledge that our customers and our data centres have increasing IT power requirements year-on-year. NEXTDC controls the non-IT power usage portion of the data centre environment. The performance of this is measured through PUE, an internationally accepted standard rating metric for each of NEXTDC's data centres.

PUE measures energy efficiency, calculated via the following formula:

$$\frac{\text{Total power consumed – power consumed by the office space}}{\text{Total IT load}}$$

In FY19, the total power consumed by all NEXTDC nationwide reached 218,787MWh and the average PUE across all data centres was 1.30. This represents a 3% performance improvement across the board from the previous reporting period and reflects the ongoing effort that is applied to making our operations more environmentally sustainable. It also stacks up well against an Australian industry average of approximately 1.7.

NEXTDC's operations and approach to carbon emissions is compliant with the Australian Federal Government's National Greenhouse and Energy Reporting Act 2007 and all associated guidelines pertaining to that statute.

Environmental objectives

The following environmental objectives had been established for FY19:

1. Design, commission and tune MEP to maximise energy efficiency
2. Reduce the risk of an environmental incident, such as a diesel spill or discharge of pollutant
3. Minimise carbon emissions; and
4. Minimise NEXTDC's contribution to landfill.

Objective 1 –

Design, commission and tune MEP to maximise energy efficiency

NEXTDC has engaged in various initiatives to minimise and continuously improve its PUE rating:

- **Retuning MEP for maximum efficiency.** NEXTDC's engineering team have sought to set the most efficient settings for the MEP. It is anticipated that this will result in a further reduction in PUE based on the following parameters:
 - Using MEP data to help predict trend of IT load over the year and adjusting MEP operational parameters accordingly
 - Greater and proactive management of cooling plant efficiencies
 - Reducing the MEP used for a given level of demand (less MEP plant driven at higher load is more efficient).
- **Implementing the latest data centre recommendations from The American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE).** For the newest data centres, data hall supply air temperature will increase from 22 to 25 degrees Celsius with relative humidity across a much broader band, which allows NEXTDC to improve energy efficiency without reducing infrastructure reliability
- **Optimum placement of the floor grills.** This increases the temperature of the return air from the data halls, which improves the efficiency of the cooling plant
- **Air-side free cooling.** Using external air sources, coupled with the optimum placement of floor grills, further improves energy efficiency
- **Water-side free cooling.** Depending on the weather conditions, using external sources to cool water will activate automatically at M1, M2, S1, S2, B2 and P1 to drive the cooling plant efficiency
- **Rack blanking panels.** Racks are checked regularly, and blanking panels are placed in the empty spaces, which significantly reduces the energy required to cool the data halls
- **Energy monitoring systems.** This extensive project involves the collection of accurate performance data. Targeted adjustments in the MEP's operation made as a result then improve our operational efficiency and enable us to gain higher NABERS ratings
- **Fan speed tuning.** A project established to optimise CRAC fan speeds and data hall differential pressures, as well as seasonal tuning of the chiller water system temperatures resulted in a total reduction of 1% in cost consumed by the grid. This project remains ongoing in FY20.

Objective 2 –

Reduce risk of environmental incident

- NEXTDC continues to conduct quarterly reviews of its suppliers' efforts to minimise their environmental risks, including a detailed review of supplier's Safe Work Method Statement (SWMS)
- Since the introduction of the mandatory requirement for all suppliers to include environmental risks in their SWMS in March 2016, 100% of new suppliers who were screened have met these criteria
- In addition, NEXTDC has improved its internal procedures and staff training in relation to preventing environmental incidents, and environmental incident response. Staff training at each facility has included a re-enactment of a diesel spill to actively practice how to use the spill kits and other activities which would negate or reduce the effect of this type of incident.

Objective 3 –

Minimise carbon emissions

- NEXTDC's material sources of carbon emissions relate to grid supplied energy and diesel use. Through careful management of engine testing regimes NEXTDC endeavours to keep non-emergency use of diesel to a minimum. Over the reporting period, NEXTDC consumed 145kL of diesel nationally representing 865hrs of diesel supported load. This is reflected in a significant reduce in the total Scope 1 emissions from the previous reporting period
- NEXTDC's generators are also set to run at maximum efficiency, which reduces their emissions
- NEXTDC monitors its carbon emissions for reporting and participates in the National Greenhouse and Energy Reporting Act (NGER) initiative by the Clean Energy Regulator annually; and
- NEXTDC's carbon emissions are offset through an internationally recognised carbon offset program. NEXTDC also plans to offer a NCOS compliant colocation opt-in program to customers who wish to offset their carbon emissions in NEXTDC facilities, with an end goal of customers also having the option to achieve 100% carbon neutral operations when they colocate at any NEXTDC data centre.

Objective 4 – Minimise landfill contribution

Reducing waste generation through the prevention, reduction, recycling and reuse of waste produced during operations is a priority for NEXTDC. We continue to investigate options to minimise the volumes of general waste being sent to landfill. All waste generated across NEXTDC's operations is managed in accordance with NEXTDC's Waste Management Plan. The following reduction activities were carried out in FY19:

- At all NEXTDC facilities, clearly marked bins for separate recycling streams such as 'cardboard and packaging materials' are made available for all customers and staff to use when waste needs to be disposed of
- E-waste (end of life batteries, computers, phones, etc) disposal options for customers are being trialled at one of our facilities with the view of developing effective processes and rolling them out across all NEXTDC facilities during FY20; and
- NEXTDC does not permit disposal of e-waste in its bins. Clear signage is available around the disposal area to remind staff and customers of this.

Water management

Water management remains a key focus for NEXTDC as we plan and manage our short and long-term water needs to reduce our impact on the environment. NEXTDC is taking a proactive approach to responsible water management and as a minimum, complies with water licensing requirements set by industry regulators. Alternative water management options are explored to mitigate our impact on an ongoing basis.

NEXTDC's evaluation of water-related risks and opportunities are integrated into our Enterprise-wide risk management processes and are considered as part of the overall business strategy. Facility level risk assessments are undertaken regularly as part of planning processes which considers operational and environmental risks, constraints and challenges.

The efficiency of NEXTDC's water usage is measured through the Water Usage Effectiveness (WUE) rating metrics for each of its data centres. NEXTDC has adopted this industry-standard metric which helps data centres measure how much water a facility uses for cooling and other operational needs.

WUE is calculated by the following formula:

Total site water used in litres

IT equipment energy usage in Kwh

Water usage includes cooling, regulating humidity and producing electricity on-site. IT equipment energy includes any power drawn by hardware used in the day-to-day functioning of the data centre. WUE is tracked and reported as part of the weekly operational dashboard presented to Senior Management.

Energy savings for customers

By using NEXTDC data centres to power and cool their IT equipment, customers reduce their overall energy usage through efficiencies created by scale, specialist design and professional operations. These are key features of our highly efficient colocation data centres which usher in mutual energy efficiency benefits for all parties.

Sustainability during climate change

NEXTDC's data centres are designed and constructed with sufficient redundancy to ensure that our customer's Service Level Agreements (SLA) for power, temperature and humidity are met, even if there is an energy outage or heatwave. Fuel levels at each data centre are topped up to ensure the generators can continue to operate for at least 24 hours without any utility grid power. Emergency fuel supply contracts are in place with major fuel suppliers to cover the unlikely event of interruptions extending beyond that duration.

NEXTDC's Uptime Institute (UI) certification journey for our facilities is another reflection of the exceptional fault tolerance of our data centres and their resiliency to the impacts of climate change, such as heatwaves, bushfires and floods. Staff and vendors are trained to operate and maintain the data centre in accordance with UI's Operational Sustainability best practice standards. These training programs have been rolled out nationally to all our data centres in FY19. NEXTDC's UI certification journey is further detailed in the 'External Initiatives' section of this report.

As an organisation we continue to push the boundaries and set a new global benchmark in data centre design that will deliver the highest possible level of sustainability for our customers and our environment. We are responsible for building the critical infrastructure for the digital era that will support our future generations, and this is a responsibility we take very seriously.

Leading the industry to be Australia's first and only NABERS 5-Star energy efficiency certified data centres has taken 9 years of commitment, not just from the design perspective, but also thorough commissioning and years of on-site analysis, modeling and tuning. To become Australia's first and only NABERS 5-Star infrastructure rated colocation data centre operators is one of NEXTDC's proudest achievements and reflects our commitment to climate change action and environmental sustainability for our children's future.

– Jeff Van Zetten
Chief Engineering and Design

Renewable energy

NEXTDC has always been proactive in working to reduce energy consumption and reduce its dependence on non-renewable energy sources, where practical and economical.

NEXTDC is actively engaged in directly procuring and investing in renewable energy, in order to develop and execute a strategy that will ensure it transitions to renewable energy over the near to medium term while keeping its cost of electricity (and so the cost to its customers) in line with or better than market rates. Ideally, the respective local distribution grids will also provide improved levels of sustainably generated energy.

NEXTDC's M1 data centre has a 400kW rooftop solar array, which was the largest rooftop solar array in Australia at its commissioning in 2014. In FY19, it produced 348MWh in renewable energy, which provided an offset of over 372 tonnes of CO₂. The array produced around 2% of the electricity used by NEXTDC's customers at M1, to reduce our peak demand for energy from the grid and supports the work done by the City of Melbourne in achieving its stated sustainability and clean energy goals.

We are currently evaluating the installation of similar rooftop arrays at other facilities. The installation of incremental cooling infrastructure previously precluded the installation of such an array at some of our facilities. As the facilities approach full capacity and incremental cooling infrastructure is no longer needed, the rooftops of our facilities become available for rooftop solar.

Additionally, we are currently working with a number of electricity market participants on off-site renewable generation projects, with associated physical and financial hedges, to promote further reductions in our reliance on non-renewables and manage the procurement risk in switching to renewables.

Energy efficiency

NEXTDC builds and operates a national footprint of Australia's most energy efficient data centres which serves as a reminder that organisations can be engineered to both support the environment and improve business efficiencies.

In FY18, M1 became the first data centre facility in Australia to achieve a NABERS 5-Star rating for energy efficiency. We have maintained a rating of 4.5-Star for our S1 Sydney facility throughout FY19 and achieved a NABERS 5-Star rating for the building in July 2019, making S1 the only data centre facility in New South Wales and the second in Australia to achieve a NABERS 5-Star rating for energy efficiency.

NEXTDC's continued investment into certification through NABERS has set new benchmarks in the country by achieving

a level of certified energy efficiency not previously attained in the industry.

NEXTDC's second-generation data centres will deliver even higher levels of energy efficiency, with B2, M2 and S2 showcasing world-leading engineering that will better support our business, the environment, and our customers' and stakeholders' long-term needs.

NABERS is a national rating system that measures the environmental performance of Australian buildings by measuring the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment. The rating scale ranges from one to six stars with six stars indicating market leading performance and one star that the building under review has considerable scope for improvement.

Compliance and sanctions

NEXTDC has not received any fines or non-monetary sanctions for non-compliance with any environmental law or regulation and is not aware of any environmental authorisation or licensing breaches. Similarly, NEXTDC has not received any fines or non-monetary sanctions in respect of any other laws.

During the reporting period NEXTDC met the following environmental compliance requirements:

- Environmental Protection Acts for each state in Australia
- Local council requirements for waste management
- Relevant dangerous goods legislation for each state regarding storage and handling of chemicals
- Relevant waste reduction/recycle legislation for each state
- Relevant control of noise legislation for each state
- Heritage Acts – cultural heritage obligations for each site.

As part of site selection for new data centre locations, NEXTDC also undertakes extensive due diligence, including flora and fauna studies to ensure native wildlife and vegetation are protected. Should any asbestos be found during construction, this is managed and removed by a licenced hygienist.

External initiatives

ISO STANDARDS

NEXTDC was initially certified to ISO 9001 (Quality Management System) in May 2013 and ISO 27001 (Information Security Management System) in July 2014. These certifications now apply to its Head Office, M1, M2, S1, C1, P1, B1 and B2. M1, S1 and C1 are certified to ISO 14001 (Environmental Management System) since August 2016.

The scope of these certifications covers the operations and maintenance of the data centres and associated services. Stakeholders involved in the development and governance of these initiatives included the senior management team, heads of departments throughout the organisation and Risk and Compliance.

Besides reiterating a sound management system in these areas, these certificates meet customer expectations in the respective area which NEXTDC will continue to meet.

ISO 27001:2013



ISO 9001:2015

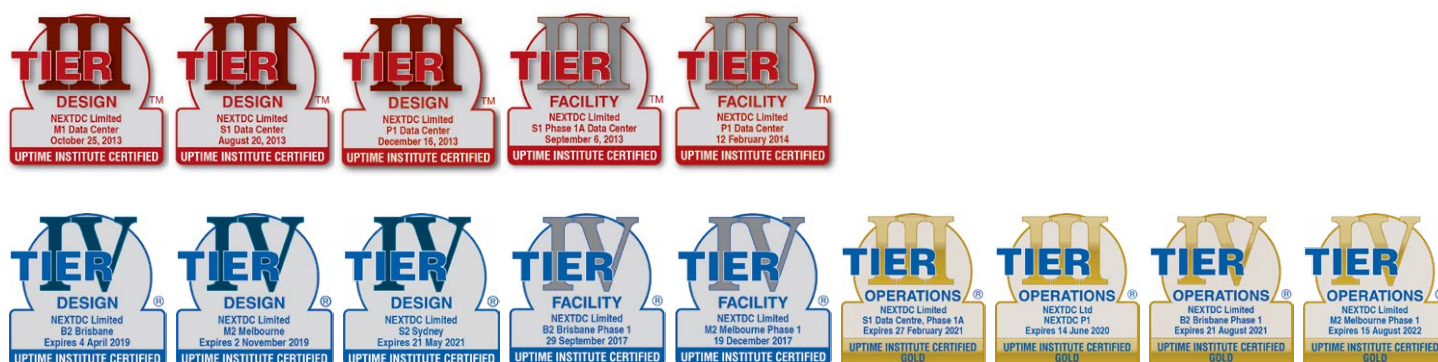


ISO 14001:2015



B2 and M2 data centres are both certified designed and constructed to the 'TIER IV Certification of Design Documents' and 'TIER IV Certification of Constructed Facility' certifications. These are the highest certifications from the Uptime Institute (UTI). B2 and M2 are the first two Australian colocation data centres to achieve the Tier IV Certification for Constructed Facility.

Following on the success of P1 and S1 in FY18, B2 has achieved Gold Uptime Institute Operational Sustainability certifications. The S2 Sydney data centre, which is currently under construction and is due to open in the first half of FY20 has also been designed to achieve the 'TIER IV Certification of Constructed Facility' standard.



Design Documents

Tier Certification of Design Documents ratifies the functionality and capacity of the engineering and architectural facility design. Design certification ensures that the facility plans have been designed to meet uptime goals and is intended to provide the sustainable business critical infrastructure that your organisation requires. –

Constructed Facility

Tier Certification of Constructed Facility ensures that your facility has been constructed as designed, and verifies that it is capable of meeting the defined availability requirements.

Operational Excellence

Operational Sustainability provides Tier Certified facilities with the prioritised behaviours and risks intrinsic to data centre operations and serves as an essential guide for effective and efficient operations. Operational Sustainability verifies that practices and procedures are in place to avoid preventable errors, maintain IT functionality, and support effective site operation

Carbon Disclosure Project (CDP)

NEXTDC participated in the 2019 climate change CDP survey which was submitted in July 2019. The CDP is a non-profit organisation that has established a global disclosure system that enables companies to measure their environmental impact(s). Participation in the CDP survey reflects NEXTDC's commitment to managing its climate related risks in a transparent and efficient manner.

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD is a Financial Stability Board initiative. The Financial Stability Board is

an international body that monitors and makes recommendations about global financial systems. It was established after the 2009 G20 London summit in April 2009 as a successor to the Financial Stability Forum. In June 2017, the TCFD published a set of voluntary recommendations to help investors understand companies' material climate-related risks and opportunities and their financial impacts. Under these recommendations, companies are encouraged to provide information on their climate related-risks, opportunities and more importantly the financial impacts of climate change.

NEXTDC is conducting a review of its operational and management practices related to climate issue management to determine the feasibility of additional management and reporting load required to report under such a regime (e.g. building specifications to withstand extreme weather, emission reduction management, customer reporting and carbon neutrality, etc.). NEXTDC is committed to engage with the relevant stakeholders in FY20 to evaluate the feasibility of a meaningful implementation of the TCFD framework for our data centre operations.

SOCIAL SUSTAINABILITY



Human capital development

As at 30 June 2019, NEXTDC had 233 employees that were all directly employed by the Company. NEXTDC makes limited use of self-employed contractors and none of NEXTDC workers are covered by enterprise agreements.

NEXTDC understands the value that its employees bring to the Company. All NEXTDC employees received regular performance, remuneration and career development reviews during the reporting period. Each employee is encouraged to establish a Career Development Plan with goals and training that are individually designed depending on the employee's roles and individual needs. This roadmap for achieving their goal is reviewed with their manager each quarter through the 'Check-in' process. Our Check-in process is the foundation of our approach to performance and development at NEXTDC. This quarterly conversation aims to effectively foster a culture of continual feedback and ensure the employee is heading in the right direction or their growth with NEXTDC.

NEXTDC strongly believes that a fundamental requirement to the provision of meaningful employment is the ongoing training and professional development of its staff, and a workplace culture that understands, supports and champions diverse participation.

NEXTDC invests in developing its people through a range of learning and development activities, including external training programs and qualifications, internal training programs, workshops, online self-paced training and on the job training:

- All facility staff hold the necessary licences in order to carry out their duties, including cabling and electrical licences
- Department heads and recognised key talent participate in leadership training consisting of instructor led off-site training and online self-paced training

- People managers participate in a 12-month training program involving external training, one to one coaching, internal workshops, webinars and online resources
- All employees complete annual compliance training, which averages to approximately four hours per employee, per year.

In FY19, NEXTDC increased its use of casual employees across customer facing roles and hired two interns into the business. We continue to focus on hiring early-in-career talent and exploring intern and graduate opportunities across the organisation.

Employee engagement

Having an engaged workforce is vital to achieving our strategic objectives. Employee feedback is requested on a regular basis, both through formal employee engagement surveys and informal feedback requests by managers. This feedback is then used to determine the areas of focus for the business to improve the level of employee engagement across the Company. FY19's annual employee survey had an 82% engagement rate with very positive feedback in the areas of Social Connection, Diversity and Inclusion and Company Confidence which reflects the strong faith employees have in NEXTDC overall strategic direction.

Several initiatives have been implemented in FY19 to address feedback from the employee survey, drive increased employee engagement and to manage turnover. These initiatives include:

- Increased promotion and positive rewarding of the company values
- Focus on active listening to increase the capability of our employees to live and breathe our straight talk value
- Increased rigor in the recruitment process, which has improved the quality of candidates applying with improved skills and cultural fit throughout
- A modified approach to performance and development which focuses on ongoing,

continuous feedback and employee led development

- Launched NEXTDC's 'Live to Give' CSR program
- Introduction of an Employee Share Purchase Plan to drive greater engagement and ownership of our employees within the business
- Introduction of new benefits such as purchased annual leave and wellness programs including flu vaccinations, free onsite health checks, mental health awareness campaigns and wellness webinars
- A rigorous approach to talent management to ensure that we identify and tailor development for our key talent and identify clear succession plans for critical leadership roles. As the Company has grown from start-up to scaling-up, ensuring the best staff are "on the bus in the right seats"
- Promoting and sharing internal career stories
- Created company "Spotlight Series" to assist teams' company-wide to better understand different parts of the business and identify potential career opportunities
- Modified NEXThero awards to be employee owned and voted – helping to increase employee participation and engagement
- Empowered managers to own recognition for their team – budget and guidance provided to managers in how to tailor recognition appropriately
- Relunched staff 'Check-in' process to foster a culture of continuous feedback and ongoing personal growth and development
- Increased focus on managing and developing supportive development plans with clear next steps for under-performers.

NEXTDC ensures any formal grievances raised are addressed in accordance with legislative obligations including meeting any procedural fairness requirements. NEXTDC has not received any fines or non-monetary sanctions for non-compliance with laws and regulations related to labour practices during the reporting period.



DIVERSITY AND INCLUSION



NEXTDC is committed to providing a balanced and inclusive working environment underpinned by our Diversity Policy and initiatives which are guided by our company values. NEXTDC is in an industry sector focussed on security, electrical and mechanical engineering and IT which, in the past, had a workforce highly skewed towards male participation, particularly in senior roles. Currently, 31% of NEXTDC's workforce is female with a strong representation of mature workers. There are functions in the business that reflect female participation rates at or above 50% (such as in the Legal and Compliance, Finance and HR functions). NEXTDC ensures that during the recruitment processes, shortlisted candidates include female representation where possible. Currently, our female representation target is set at 50% of short-listed candidates. The Company also demonstrates gender diversity at the Board level, where 20% of Board members in FY19 were female.

To address the broader imbalance, NEXTDC has been active in developing and encouraging gender diversity and inclusiveness initiatives to make it a balanced and desirable workplace for all people.

The FY19 annual employee survey found 89% of our employees rated our efforts on diversity and inclusion as favourable or better, identifying NEXTDC as an inclusive and respectful workplace. However, the Committee recognises that the work in this area requires ongoing action to achieve true equal participation. Our FY20 Diversity and Inclusion program has been developed to

address this. NEXTDC is confident that it will remain focused on delivering outcomes that materially shift the needle on these topics for NEXTDC's employee community and that do everything possible to encourage diverse and inclusive participation at all levels of the organisation.

NEXTDC is continually developing a workplace that promotes diversity and fosters an inclusive culture that also recognises and celebrates the success of our team. Some of its key achievements in FY19 includes:

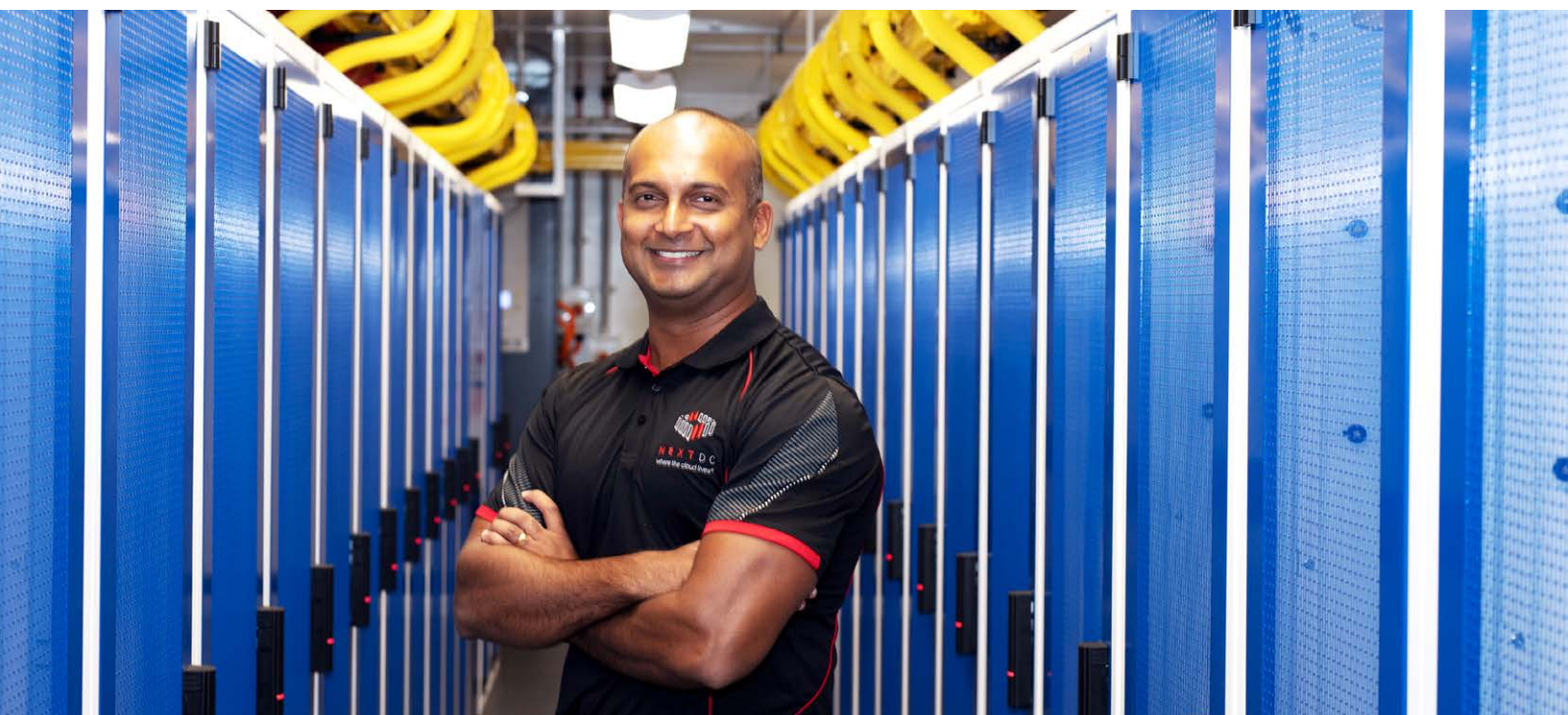
- Diversity and Inclusiveness (D&I) Council established as an avenue for awareness of D&I to be raised with employees via Town Halls, Yammer, Team meetings etc
- Introduction of Family and Domestic Violence Leave Policy
- Flexible Working Arrangements Policy updated to provide additional options to suit employees' personal needs
- Celebrated days promoting inclusivity including 'RUOK' Day (mental health) and International Day for Tolerance (cultural diversity)
- Unconscious Bias training for all Managers
- Parental leave entitlements revised to an above average benefit – e.g. eligible primary carers will now receive 20 weeks (previously 12 weeks of paid leave), whilst secondary carers will receive four weeks (previously two) of paid leave
- International Women's Day celebrations conducted nationwide under the banner of balance for better
- Established the structure for NEXTwomen – Women's networking and mentoring group to launch in FY20

- Gender pay gap review conducted to identify ways to reduce the gap in ratio of basic salary and remuneration from women to men for each of the employee categories, and
- Attracted 31% female external hires in FY19 (noting that it has been challenging attracting female talent to Operations / Technology roles).

Overall, NEXTDC aim to create a fun, inclusive and interesting workplace where we invest in our team and celebrate their achievements. FY19 has seen so many great 'A-Players' join NEXTDC with 21% of vacancies filled with internal staff movement across the businesses, and 39% of external hires came through employee references. This indicates how NEXTDC is perceived as an employer both internally and externally.

NEXTDC participates in the Workplace Gender Equality Annual Compliance Reporting and is compliant with the Workplace Gender Equality Act 2012. A detailed breakdown of employees is disclosed within the Company's 2019 Workplace Gender Equality report that is publicly available at www.nextdc.com. NEXTDC undertakes a gender pay-gap analysis annually to ensure that all employees are remunerated fairly.

The Company has a formal strategy in place that specifically supports gender equality and diversity. NEXTDC recognises the skills, values and experiences a diversified group of people with different backgrounds can offer and is proud of its strong and diverse workforce.



Employee recognition

NEXTDC has created various opportunities to recognise its people, such as NEXThero, NEXTDC days, values cards and more. Employees are recognised for living NEXTDC's values every day informally through the Yammer internal communications platform and every month through a formal awards program. Our annual conference also includes a range of awards for "A-Players," sales success and for team leadership. Managers are given a budget throughout the financial year to recognise their people in an appropriate way whether it's for an anniversary, birthday or because the employee has gone above and beyond their role to achieve excellence in their role.

- **NEXThero** - The "NEXThero" recognition program selects a monthly winner from a short list of candidates nominated by all staff and customers. Nominations are based on individual achievement or contribution that team members and customers believe is exceptional. Winners of the monthly and annual awards receive gift vouchers.
- **"Living our values" cards** - The "values" cards are an avenue for recognising colleagues for living NEXTDC's values with a personalised message describing how much their contribution is valued. Anyone in the company is empowered to send a values card representing the value best represented by a fellow team member
- **NEXTDC day** - Managers are empowered to recognise and reward team members for going above and beyond by rewarding them with an extra day of leave, outside of their existing employee benefits. Once awarded, the employee will have 12 months to take advantage of the reward.

Customer data security

There is a clear delineation between the data that NEXTDC holds as part of managing its business and the data that its customers hold or process as part of their operations.

NEXTDC collects a minimal amount of customer Personal Identifiable Information (PII), limited to activities such as account and contract management, and marketing and to permit entry into its facilities. NEXTDC does not store, interact with or manage any data stored on its customer's equipment. Customers are responsible for managing their own data on their IT equipment and data security.

In any case, we recognise that a breach of data security could have a significant reputational impact on NEXTDC. Any customer related information that we store is protected by NEXTDC in accordance with our Privacy Policy, a document based on and consistent with the Australian Privacy Principles and the European Union's General Data Protection Regulation (GDPR) where applicable. NEXTDC continues to invest in technology towards a paperless environment which is supportive of environmental policy but also enhances the security of data we manage.

Internal data management procedures, such as the Data Retention Policy and IT Disaster Recovery Plan outline how a privacy breach would be managed and these procedures are designed to comply with relevant legislation such as the Privacy Amendment (Notifiable Data Breaches) Bill (Commonwealth of Australia) 2016. All staff undergo information

security awareness training annually and as part of their induction.

Our Compliance and IT Operations departments undertake regular reviews measured against data management best practices, such as ISO 27001, Australian Privacy Principles, ASIC Report 429 – *Cyber Resilience, and the ASD Strategies to Mitigate Cyber Incidents*. Regular updates on these topics are provided to the Executive Team and the Board to enable their oversight of the management of these risks.

In addition, NEXTDC undertakes incident scenario training on these issues annually, which includes test on how we manage breach of customer privacy information. Undertaking these test exercises means that NEXTDC's operational teams and management can assess the effectiveness of our data breach notification process and better prepare to deal with privacy breaches if one were to occur.

NEXTDC has not received any substantiated complaints regarding breaches of customer privacy or losses of customer data during the reporting period.



WORKPLACE HEALTH AND SAFETY



NEXTDC considers WHS and incident prevention to be of utmost importance and vital to the ultimate success of the organisation. NEXTDC is committed to providing and maintaining a safe and healthy working environment for all employees, workers, customers and visitors. The Company continually strives to eliminate the potential for anything which may pose a safety risk to those who work in or visit NEXTDC premises or use NEXTDC services.

Our goal is to have **zero injuries**.

NEXTDC is committed to providing the resources necessary to achieve this goal and for the continuing implementation of a robust WHS Management System. The Company has a WHS committee, which meets monthly to review workplace health and safety matters and consult with NEXTDC's employees who are represented on the committee through a Health and Safety Representative (HSR) for each site or office. All employees are required to undergo mandatory WHS training. Task specific safety training is provided for employees based on hazards they are exposed to and equipment they use on a day to day basis. WHS policies and procedures are regularly reviewed and updated. NEXTDC's work health and safety team conduct regular assurance activities across the business, including safety inspections of all data centre sites. The Board and Senior Executives are provided with regular reports on WHS activities and issues across the business.

The safety results for FY19 are positive, with the Company recording no lost time or recordable injuries involving NEXTDC staff throughout the year.

A photograph of a data center aisle with blue server racks on both sides. A worker wearing a white hard hat and a high-visibility yellow vest is walking away from the camera down the center of the aisle. The floor is made of white and grey metal grates. The racks have yellow overhead lighting and some have red indicator lights. The perspective is looking down the length of the aisle, creating a sense of depth.

NEXTDC's Lost Time Injury Frequency Rate (LTIFR) is 0 and Total Recordable Injury Frequency Rate (TRIFR) is 0.

Down from 3.2 in the previous period.

Supply chain

Whilst NEXTDC does not have a large supply chain, it works with many different product and service providers across our business, especially those associated with the design, build, operation and maintenance of data centre facilities.

Sustainability is a key element of NEXTDC's supply chain as outlined in its Supplier Code of Conduct. The supply chain is expected to comply with this Code, which aligns with its Corporate Social Responsibility Policy. This establishes the minimum principles for suppliers to adhere to, including:

- Corporate governance and ethical practices
- Workplace health and safety
- Social, environmental and economic risk management
- Employment practices, and
- Information security requirements.

NEXTDC encourages sound environmental, social and governance practices amongst its suppliers and a culture of integrity in all matters. It prioritises suppliers that demonstrate best practice and dedicated due diligence processes are an integral part of our existing supply chain management and monitoring systems. Where appropriate, suppliers are subject to a detailed selection process which includes and is not limited to the following criteria:

- Organisational overview
- Strategic alignment
- Account management
- Experience and qualifications
- Health, safety, environment, information security and quality
- Financial viability; and
- Risks and insurances.

Supplier performance is monitored and measured on a regular basis to ensure compliance with NEXTDC's expectations including the Supplier Code of Conduct. For all maintenance and other relevant works completed at each NEXTDC facility, a risk assessment is conducted (including safety, environmental and information security requirements) to ensure these risks are sufficiently mitigated by the contractor prior to works being approved.

NEXTDC is committed to reducing instances of human rights risks within its supply chain and is currently developing a supplier assurance framework program. This work is specifically targeted at addressing instances of modern slavery and will be in accordance with the recent legislation. As part of this process, the company will conduct regular risk assessments of the supply chain, implement relevant policies and promote increased awareness of modern slavery amongst staff and suppliers and reported on this.

Supporting Australian industries

As a neutral hub for cloud computing, NEXTDC's facilities are purpose built to enable broad industry participation across a range of sectors. NEXTDC presently has an ecosystem of over 60 telecommunications carriers and a plurality of local and international infrastructure, platforms, applications, software and Network as a Service providers. Many of these providers are Australian companies, who in turn are powering the cloud computing revolution in Australia with their own diverse and ever evolving service offerings.

While certain materials are of a highly specialised nature and are not produced domestically, NEXTDC purchases specialised equipment and services from Australian based companies and Australian subsidiaries of international providers. These companies also undertake installation, testing, commissioning and maintenance services within Australia and utilise Australian labour where possible as well as Australian subcontractors.

NEXTDC's Partner Program is the largest and most active in Australia, supporting an ecosystem of more than 550 vendors, telcos and providers of infrastructure, platform and cloud services. The business invests heavily into our local SMB network to support Australian start-ups and small businesses via various partner agreements across the country. With national pride, NEXTDC is creating jobs for our country. We employ 233 staff across the country in QLD, NSW, ACT, VIC and WA, which is an increase of 16% from FY18. We are not only creating jobs in Australia; we are heavily investing into the future of ICT careers within the local market.

NEXTDC actively seeks to enhance and promote mutual research and development possibilities and strategic partnerships with its suppliers. By working with NEXTDC, many of our partners can demonstrate an enhanced proposal or solution to their customers that assists them in winning business. Our suppliers can also use their relationships with NEXTDC to demonstrate the unique skills they have gained in providing goods or services in a high-tech environment such as those offered by NEXTDC data centres; in turn improving their chances of success with other business. An example is NEXTDC's pioneering work in Australia relating to the use of Diesel Rotary Uninterruptible Power Supplies (DRUPS) and an Isolated Parallel-Bus system. These are innovations developed through collaboration that have created significant data centre efficiency outcomes for NEXTDC. Meanwhile, suppliers involved in this project can now use their experience with NEXTDC to demonstrate the success of the technology to other customers as well as their role in the design and engineering process. As more and more domestic providers of data centres replace battery banks with DRUPS technology, this is an important and high-value example that our suppliers can use to help grow their own business capabilities.

Legal and socio-economic compliance

Due to NEXTDC's stringent sales and purchasing processes and procedures, the risk of fraud and corruption is low. The Statement of Delegated Authority has been approved by NEXTDC's Board and authority limits are automated in NEXTDC's purchasing system to prevent staff exceeding their approval limits. In addition, the disbursement of funds requires two members of the C-Suite to approve all payments.

All NEXTDC staff and Directors must undergo Code of Conduct training as part of their induction with an annual refresher. Staff are also made aware of the Company's Whistle-blower Policy and procedure, which encourages them to come forward if they witness untoward behaviour.

There have been no identified instances of fraud since the Company was founded.

COMMUNITY INVOLVEMENT



NEXTDC is committed to giving back. The Company supports a range of charities by holding internal fundraising events and encouraging volunteering throughout the year. In FY19, NEXTDC launched a Corporate Social Responsibility program branded as 'Live to Give' which supports various charities and the community. A key partnership has been established with The Smith Family and NEXTDC is proud to sponsor their 'Learning for Life' program which supports disadvantaged students receive the extra

support they need to stay in school and go on to further studies.

NEXTDC have taken the 1% pledge and committed to a program where all employees are empowered to spend 1% of their time giving back to the community. To enable employees to fulfil their pledge, everyone has access to and are encouraged to take 'Volunteer Days' to support causes of personal significance.

NEXTDC has also introduced a Workplace Giving Program, which allows employees to donate directly from their pre-tax salary to The Smith Family, Cancer Council, Beyond Blue or UN Women. To embed the ethos of giving back further into our company DNA, NEXTDC matches employee contributions, dollar for dollar, made to these charity partners.



SUSTAINABILITY DATA



NEXTDC's sustainability data provided below relates to the financial year ending 30 June 2019 and is presented to the nearest significant figure.

Environmental indicators

Environmental Indicators	Target	FY19	FY18	FY17	FY16
Average Power Usage Effectiveness (PUE)^	1.40*	1.30	1.34	1.36	1.45
NEXTDC's Scope 1 emissions		8	16	5	5
NEXTDC's customers Scope 1 emissions		387	781	215	194
Total Scope 1 emissions (tCO ₂ e)	N/A^^	395	797	220	199
NEXTDC's Scope 2 emissions		3,958	4,066	3,554	2,265
NEXTDC's customers Scope 2 emissions		194,068	199,276	155,088	84,768
Total Scope 2 emissions (tCO ₂ e)	N/A^^	198,026	203,342	158,642	87,033
Total water consumption (kL)**	N/A***	216ML	303ML	175ML	95ML

Notes:

^ Average is measured across all data centres over a full year

* Target has been set based on all data centres being fully built and operational, and operating at target customer load

^^ There are no targets for reducing Scope 1 or Scope 2 emissions as they will increase every year due to customer growth

** Total water drawn from water grids and rain consumption from all data centres over a full year

*** There are no targets for total water consumption as this will increase every year due to organisation/customer growth

NEXTDC people

	30-Jun -19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14
Total Headcount*	233	202	165	170	163	139
BY DIVISION						
Corporate (Executive, Finance, Legal, People and Culture and Sales)	66	57	53	55	50	46
Facility Operations, Project Management and Engineering	63	50	42	50	52	43
Technology, Customer Operations and Marketing	104	95	65	65	61	50
Turnover rates^	20.1%	19.9%	14.0%	18.5%	17.0%	17.0%

Notes:

* Headcount: The number of employees as at the end of the reporting period (includes part-time employees)

^ Turnover rates: The average regretted voluntary turnover rate for the reporting period

Workforce by location, type and gender

	Managers		Non - Managers		Totals (actuals)
	M	F	M	F	
Melbourne	6	0	29	17	52
Sydney	9	2	43	16	69
Brisbane	11	4	35	28	78
Canberra	3	0	9	1	13
Perth	1	1	14	3	19
Singapore	1	0	0	0	1
Tokyo	1	0	0	0	1
Totals (actuals)	30	7	132	65	233

Workforce – New hires by gender, location and age group

	20-30		31-40		41-50		51-60	
	M	F	M	F	M	F	M	F
Melbourne	4	4	4	2	2	1	2	0
Sydney	8	4	3	2	7	2	3	0
Brisbane	5	6	4	2	2	1	1	0
Canberra	0	1	3	0	0	0	1	0
Perth	1	1	2	1	1	0	0	1
Singapore	0	0	0	0	0	0	0	0
Tokyo	0	0	0	0	1	0	0	0

GRI CONTENT INDEX

GRI Standard	Disclosure	Page	Omission
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	9	N/A
	102-2 Activities, brands, products, and services	Annual Report	N/A
	102-3 Location of headquarters	9	N/A
	102-4 Location of operations	9	N/A
	102-5 Ownership and legal form	9	N/A
	102-6 Markets served	Annual Report	N/A
	102-7 Scale of the organisation	Annual Report	N/A
	102-8 Information on employees and other workers	29	N/A
	102-9 Supply chain	25	N/A
	102-10 Significant changes to the organisation and its supply chain	Not Applicable	No significant changes during the reporting period
	102-11 Precautionary Principle or approach	9	N/A
	102-12 External initiatives	Annual Report	N/A
	102-13 Membership of associations	11	N/A
	102-14 Statement from senior decision maker	3	N/A
	102-16 Values, principles, standards, and norms of behaviour	9	N/A
	102-18 Governance structure	5 & Company's Corporate Governance Statement	N/A
	102-40 List of stakeholder groups	6	N/A
	102-41 Collective bargaining agreements	17	N/A
	102-42 Identifying and selecting stakeholders	11	N/A
	102-43 Approach to stakeholder engagement	11	N/A
	102-44 Key topics and concerns raised	12	N/A
	102-45 Entities included in the consolidated financial statements	Annual Report	N/A
	102-46 Defining report content and topic Boundaries	6	N/A
	102-47 List of material topics	12	N/A

GRI Standard	Disclosure	Page	Omission
GRI 102: General Disclosures 2016	102-48 Restatements of information	Not applicable	No information restatements made during the reporting period
	102-49 Changes in reporting	6	N/A
	102-50 Reporting period	6	N/A
	102-51 Date of most recent report	6	N/A
	102-52 Reporting cycle	6	N/A
	102-53 Contact point for questions regarding the report	35	N/A
	102-54 Claims of reporting in accordance with the GRI Standards	6	N/A
	102-55 GRI content index	31	N/A
	102-56 External assurance	16	N/A
Material Topics			
1. Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	14	N/A
GRI 302: Energy	302-1 Energy consumption within the organisation	14	N/A
2. Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	14	N/A
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	29	N/A
	305-2 Energy indirect (Scope 2) GHG emissions	29	N/A
3. Environmental Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	14	N/A
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	16	N/A
4. Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	25	N/A

GRI Standard	Disclosure	Page	Omission
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	25	N/A
5. Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	24	N/A
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	24	N/A
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries	24	N/A
6. Employee Retention and Loss of Talent			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	19	N/A
GRI 404: Training and Education	404-1 Average hours of training per year per employee	19	N/A
	404-2 Programs for upgrading employee skills and transition assistance programs	19	N/A
	404-3 Percentage of employees receiving regular performance and career development reviews	19	N/A
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	21 & 30	N/A
7. Breach of Privacy Information			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	22	N/A
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	22	N/A
8. Social Impact of the Business			

GRI Standard	Disclosure	Page	Omission
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	25	N/A
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	25	N/A
9. Legal Compliance			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	9	N/A
	103-2 The management approach and its components	25	N/A
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	25	N/A
	205-3 Confirmed incidents of corruption and actions taken	25	N/A
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	25	N/A



N E X T D C

where the cloud lives™

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

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