FY22
ENVIRONMENTAL, SOCIAL AND GOVERNANCE
REPORT

where the cloud lives™

NEXT DC

NEXTDC

CONTENTS

A LETTER
FROM THE CEO

The focus on the health and wellbeing of our planet and its inhabitants has intensified over the past 12 months with the urgent need for climate action also proving to be one of the most decisive factors in the 2022 Australian Federal Election. The onus is now on organisations and governments to introduce the cultural and operational changes required to drive real progress in this space.

NEXTDC intends to continue leading, listening and acting on sustainable business operations and actively investing in environmental and social and governance (ESG) areas.

Awarded Australian Data Centre Services Provider of the Year Award by Frost & Sullivan for the second year running, our business is growing apace alongside the acceleration of digital transformation agendas across organisations and industries. While we always aspire to our vision of being the leading customer-centric data centre services company, we also acknowledge and take very seriously our responsibility to do this sustainably and responsibly. These challenges will need to be met by all businesses, and we are of the view that we can be part of the solution.

By providing our services, we enable our customers to economise at scale, take advantage of specialised design, engineering and operational excellence to create efficiencies, increase productivity and reduce the carbon footprint of their processing requirements.

Innovation is at the heart of everything we do, and we are constantly looking for new ways to minimise our environmental footprint. In addition, we are also committed to giving back to the communities in which we live, work and operate. Our corporate social responsibility programs are a testament to this.

The developments of FY22 have highlighted the importance of adopting a rigorous and robust ESG approach. We believe in this not only because it is the right thing to do, but to accelerate our competitive advantages.

The fourth industrial revolution

We live in an information economy fuelled by ever-increasing amounts of data – the currency of our digital age, where digital infrastructure connects everyone, everywhere and to everything. This is the new digital reality – the fourth industrial revolution – some have called it 'Industry 4.0'.

At NEXTDC, we are focused on finding new ways to sustainably manage the technology powering this digital transformation – in particular, minimising power and water usage across the entire lifecycle of designing, building and operating data centres. This extends to better managing waste generated across all operations to minimise our environmental footprint and supporting our customers to do the same.

Driving continuous improvement in energy efficiency

We are proud of our efforts to drive continuous improvement in the areas of energy efficiency and sustainability but recognise that we are on a continuous journey. Our data centres are some of the most energy efficient in the industry. This, in turn, enables us to help our customers achieve their own sustainability objectives and minimise their environmental impact. Our industry-leading Power Usage Effectiveness (PUE) metrics are evidence of our efforts.

" *The current data centre landscape is a complex one. On the one hand, the increasing adoption of digital technologies is driving wave after wave of innovation and change across business and society. This economic and lifestyle transformation has been accelerated as the result of global health and climate change disruption. On the other hand, this forward momentum must be balanced with a careful understanding of the associated risks our accelerating industry presents to the world and communities around us.*

In FY22, we achieved a national average PUE below 1.38 a figure which compares very favourably with the industry average. With each new generation of data centres, we apply all of the design, engineering and operational innovations gained over 11 years to achieve continual improvements in PUE performance. Simultaneously, we are harnessing technologies such as machine learning, analytics and artificial intelligence to enhance the energy efficiency of our data centre operations, including continuous real-time tuning of our Mechanical, Electrical and Plumbing (MEP) infrastructure.

In FY22 we remain the only data centre operator in Australia to hold a National Australian Built Environment Rating System (NABERS) 5-Star rating for energy efficient buildings (in place at our M1 Melbourne facility). In addition, all our facilities and operations continue to be compliant with the ISO 14001 standard for Environmental Management Systems and ISO 45001 standard for Occupational Health and Safety Management Systems.

Targeting net zero operations

We are committed to building digital infrastructure that is more reliable, secure, safe and energy efficient so that we can reduce our impact on future generations. We are prioritising renewable energy, with solar installations planned across our data centre fleet and increased engagement with our energy providers to leverage innovation centred upon renewable energy opportunities. Our target is to reach 100% renewable energy in our operations by 2030.

Our design and operational focus is on minimising the carbon emissions of our business and, where we can't avoid it, procuring carbon credits through the Qantas Future Planet (QFP) program. Since 2018, we have held accreditation as 100% carbon neutral under the Australian Federal Government's Climate Active program.

We have also been a Principal Partner to the Melbourne Renewable Energy Project (MREP) since its inception in 2014, – a first for a data centre operator in our region. MREP's 80MW Crowlands Wind Farm in Victoria opened in February 2019.

Expansion of NEXTneutral

During FY22 we welcomed yet more customers to our NEXTneutral program, a solution that enables them to offset carbon emissions from their IT footprint and make significant progress towards their sustainability goals. Critically, our customers can opt-in to NEXTneutral with just the touch of a button, through our ONEDC portal. It is a zero-complexity solution that costs customers less than a cup of coffee per kW of power used.

Minimising our environmental impact

We proactively seek to minimise the risk of any environmental incidents at our sites, as well as the sites' contribution to landfill waste. Our "Zero-Waste" initiative continues to focus on waste separation and encouraging reuse where possible. Our target is to reach a 90% reduce, re-use or recycle diversion rate for waste generated by the business. Our eWaste management and recycling program for end-of-life hardware is active at every facility and allows our customers to dispose of their retired equipment for free, with the peace-of-mind that we will recycle everything that can be, and safely dispose of what cannot.

Water management remains a key focus for NEXTDC as we plan our short and long-term water needs to further reduce our environmental impact. We added meters to monitor all water systems during FY21 and have now established benchmarks on all flows. Work has begun on our journey to optimise usage through recirculating and managing the treatment of disposed water on-site.

World-leading data centre technology innovation

In FY22 we were proud to announce our partnership with EngineRoom, an Australian data consultancy and specialist high-performance computing service provider, to bring world-leading liquid immersion cooling solutions to the local market.

This new, revolutionary technology significantly increases the output and energy efficiency of data-intensive compute, when compared to traditional air-cooling typically used in privately owned, and most colocation data centres. The technology is already driving significant improvements in server efficiency, lowering the cost base for customers, as well as resulting in a reduction in carbon emissions.

Our safety-first culture

We aim to provide and maintain a safe and healthy working environment for all workers, customers and visitors. People come first, safety is at the centre of everything we do and metrics are critical to our continuous improvement methodology. We are passionate about keeping safety front of mind and adopting safety excellence as an operational imperative.

Our culture – supported by our corporate values – embraces the concept that safety is everyone's responsibility. Having achieved ISO 45001 (Health and Safety) certification, our safety performance is documented and audited.

In FY22 we reduced our Operational Total Recordable Injury Frequency Rate (TRIFR) from 5.7 (July 2021) to zero (June 2022), an outstanding effort from all our operational and customer service teams. Working closely with our construction partners, we have also reduced our Capital Works project TRIFR from 15.0 to 10.0.

We continue looking for new ways to achieve our Safety First corporate goal of zero injuries in the workplace.

Employee health, safety and wellbeing

Throughout the challenges of the past two years, we have focused on maintaining a workplace that is both physically and psychologically safe for our team. We have now trained over 26 employees across the company as Mental Health First Aid Officers by Mental Health First Aid Australia, with further training underway.

As we journey into FY23, as an investment into mental health and team safety, we have engaged health services provider, Sonder to promote organisational wellbeing and implement additional safety programs. Sonder provides employees and their immediate family members with 24x7 access to medical, mental health and safety related support. The service, managed through a smart device app, provides expert support for a range of wellbeing issues such as stress, anxiety, suicide prevention, workplace bullying, domestic violence and more. This adds a new layer of immediacy to wellbeing support, replacing the previous call centre-based service we offered.

Fostering diversity and inclusion

We foster an inclusive workplace and recognise the business and social benefits of achieving a diverse team. Approximately 33% of the NEXTDC team is female with the Company continuing to target an improvement in the overall gender balance ratio. Our pledge is to achieve a 40:40:20 ratio, meaning 40% men, 40% women, 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.

Introduced during FY21, our 'The Way We Work' program continues to support a flexible approach to how and where we work, recognising and supporting our diverse team and their responsibilities, priorities and projects.

Our parental leave program is progressive, with primary caregivers given up to 20 weeks paid leave. This paid parental leave policy was extended in FY22 to include staff members who endured the tragedy of still birth or infant death as well as where adoption or surrogacy is involved. We also offer 10 keeping-in-touch days for team members on parental leave to ensure a smooth and comfortable transition back to the workplace.

To cement our culture of inclusion, all staff were invited to participate in 'Unconscious Bias' workshops during Q4 of FY22 to highlight the importance of respecting and embracing diversity. This training has also been included as part of our mandatory onboarding process moving forward.

We have worked hard to develop a positive culture that embodies a diverse range of skills, experiences and perspectives. This allows team members to play to their strengths, complement each other's capabilities, celebrate collaborative work and champion bright ideas. Our success in this area is reflected in our annual employee survey participation rate. A very positive outcome.

Giving back to communities

We respect the rights and interests of the communities in which we operate, particularly those who may be impacted by our activities. Our Corporate Social Responsibility (CSR) programs remain focused on helping to make a difference in our communities.

Our 'Live to Give' program allows our team and the company to give back. In FY22 our Corporate Charity partnerships included a close association with The Smith Family, the Pledge 1% movement, and multiple other workplace giving programs. This extended to dollar-for-dollar donation matching for a range of charitable organisations, including Cancer Council, Beyond Blue, The Smith Family, UN Women, SolarBuddy and The Red Cross.

In FY22, our teams across the country also got together to assemble solar lights as part of the SolarBuddy initiative, aimed at improving the lives of families living in energy poverty.

In addition, we increased the number of paid volunteer days for every employee from one to three days and introduced a paid emergency response leave benefit of up to four weeks for members of volunteer services. These benefits serve a critical purpose, given the extreme weather events witnessed across Australia in the last 12 months directly impacted several team members. To further innovate, we encouraged team members to take up our offer of additional paid volunteer days to participate in skills-based volunteering opportunities.

Throughout this report, you will find details about the progress we are making in these areas and our commitment to operate in the most sustainable, community-minded and ethical manner. While I am proud of what we have accomplished, it is an endeavour we will continue to focus on and improve year-on-year.

Craig Scroggie
Chief Executive Officer, NEXTDC

NEXTDC Data Centre Traditional Land Custodians Guide

NEXTDC acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation and the lands we are on, and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

NEXTDC location	Address	Traditional Land Custodians
Head Office	111 Eagle Street, Brisbane City QLD 4000	Turrbal and Yuggera /Jagera peoples
B1 Brisbane	20 Wharf Street, Brisbane City QLD 4000	Turrbal and Yuggera /Jagera peoples
B2 Brisbane	454 St Pauls Terrace, Fortitude Valley QLD 4006	Turrbal and Yuggera /Jagera peoples
C1 Canberra	19 Battye Street, Bruce ACT 2617	Ngunnawal people
M1 Melbourne	826 Lorimer Street, Port Melbourne VIC 3207	Bunurong of East Kulin Nation
M2 Melbourne	75 Sharps Road, Tullamarine VIC 3043	Wurundjeri of East Kulin Nation
M3 Melbourne	25 Indwe Street, West Footscray VIC 3012	Bunurong of East Kulin Nation
P1 Perth	4 Millrose Drive, Malaga WA 6090	Whadjuk Noongar
P2 Perth	11 Newcastle Street, Perth WA 6000	Whadjuk Noongar
S1 Sydney	4 Eden Park Drive, Macquarie Park NSW 2113	The Gadigal of the Eora Nation
S2 Sydney	6-8 Giffnock Avenue, Macquarie Park NSW 2113	The Gadigal of the Eora Nation
S3 Sydney	2 Broadcast Way, Artamon NSW 2064	The Gadigal of the Eora Nation
S4 Sydney	Horsley Park, NSW 2175	The Gadigal of the Eora Nation
D1 Darwin	2 Harvey Street, Darwin NT 0800	The Larrakia people
A1 Adelaide	211 Pirie Street, Adelaide SA 5000	The Kaurna people
SC1 Sunshine Coast	44 Maud St, Maroochydore QLD 4558	Kabi Kabi and Jinibara peoples

OVERVIEW

ABOUT THIS REPORT

This annual ESG Report is designed to consolidate and summarise NEXTDC's current and future initiatives on key environmental, social and governance issues important to our business and stakeholders and the measures we are taking to make a positive impact.

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. It produces one of the most recognised standards by which to measure and understand our impact on the environment, society and the economy. By using the 2021 version of the GRI Core option, NEXTDC ensures that it reports against the environmental and social issues identified as being significant to its business and stakeholders. For easy reference to our reporting disclosures, the GRI Index is also provided at the end of this Report. With our continuous focus on climate change, the climate change section of this report has also been aligned to the Task Force on Climate-related Financial Disclosures (TCFD) framework.

NEXTDC's FY22 Environmental, Social and Governance (ESG) Report covers all its operations within Australia for the financial year ending 30 June 2022, unless otherwise stated. All references to our, we, us, the Company and NEXTDC refer to NEXTDC Limited (ABN 35 143 582 521).

Assurance

No external assurance was sought on the details within this report. All details within this report have been reviewed and verified internally and were approved for publication by the NEXTDC Board.

Feedback

We at NEXTDC value all feedback. Please forward any comments on this report or requests for additional information to compliance@nextdc.com

SUSTAINABILITY
HIGHLIGHTS AND VALUES

FY22 SUSTAINABILITY HIGHLIGHTS

M1 Melbourne has maintained its NABERS 5-Star ratings for energy efficiency throughout FY22.

NEXTDC has met compliance requirements for its corporate operations to be 100% carbon neutral under the Climate Active scheme administered by the Australian Federal Department of Environment and Energy. This has been enabled through its strategic partnership to offset carbon emissions with Qantas Future Planet (QFP).

Positive uptake of our NEXTneutral program with a 188% increase in customers onboarded in FY22. NEXTneutral is our carbon neutral colocation program enabling our customers to achieve 100% carbon neutrality for IT footprints colocated in our data centres.

NEXTDC's The Way We Work strategy continues to provide ongoing flexibility for our team, recognising there is no one-size-fits-all solution to the way we work.

NEXTDC has acquired a data centre site in Maroochydore on the Sunshine Coast, Queensland, which will be the first in our 'Edge data centre network'. SC1 introduces a new era of low latency connectivity, data capacity, speed and reliability to regional and rural businesses. This Edge site facilitates the critical connectivity between people and businesses to the country's major networks and digital services providers across Australia.

Our engagement with EngineRoom, an Australian data consultancy and specialist computing service provider, to bring world-leading liquid immersion solutions to the local market. This new revolutionary technology significantly increases the output and energy efficiency of data-intensive compute, when compared to traditional air-cooling typically used in most private and colocation data centre environments.

Expanded our workplace giving program to introduce SolarBuddy and the Red Cross. These programs enabled our employees to gift solar lights to children who are living in energy poverty and support Australians who have been impacted by disasters, homelessness and other social factors.

Sydney S3 and Melbourne M3 have achieved UI Tier IV Certification of Design certification in FY22.

NEXTDC has been independently assessed and certified by the Digital Transformation Agency (DTA) as Certified Strategic (Enclave).

All NEXTDC Facilities are certified to ISO45001 for Work Health and Safety Management System, ISO9001 Quality Management System, ISO27001 Information Security Management System and ISO 14001 Environmental Management System standards.

Principal Partner to the Melbourne Renewable Energy Project (MREP) since its inception in 2014. Alongside City Councils, Universities, and other corporate organisations in the MREP consortium, NEXTDC continues to be committed to a Power Purchase Agreement (PPA) which supported the construction of the 80MW Crowlands wind farm in Victoria.

Our Green Travel Plan, established in response to the Development Condition for our S3 Sydney site, details how we intend to make travel to and from the sites safer and more sustainable for users.

Published our second Modern Slavery Statement in October 2021, in line with the requirements of the Modern Slavery Act 2018 (Cth).

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

Investment in enhanced mental health and safety programs and service for our team members- through the engagement of health services provider, Sonder. To-date, we have also had 26 team members volunteer to become accredited Mental Health First Aid Officers (MHFAO) by completing the Mental Health First Aid Australia training.

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.

Our Key Talent program has continued for the second year and seeks to identify, train and advance high potential team members to ensure a sustainable leadership pipeline.

Improved climate reporting in-line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Reduced Operational Total Recordable Injury Frequency Rate (TRIFR) from 5.7 (July 2021) to ZERO (June 2022) and working closely with our construction partners, we have also reduced our Capital Works project TRIFR by 33% from 15.0 to 10.0.

COMPANY PROFILE

NEXTDC Limited is a public company listed on the Australian Securities Exchange (ASX). The Company has ten operational data centres across Australia including Brisbane, Canberra, Melbourne, Perth and Sydney, with its headquarters located in Brisbane. Two other 3rd generation data centres in Sydney and Melbourne will be operational in FY23 with two planned for Adelaide and Darwin.

In December 2021, NEXTDC also acquired its first international sub-sea cable landing station on the Sunshine Coast (SC1). SC1 offers high speed and high capacity international connectivity and has now been extended into the first of our planned network of Edge data centres.

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 FY22 Annual Report located in the financial section of the company website www.nextdc.com.

Our corporate values

At NEXTDC, our corporate values are not just words on a page. They are the behaviours we value most in our team. We embrace these values as the attributes by which we recognise, reward, hire, dismiss and promote our people. Our commitment to our values, ethics and compliance fosters a culture that, we believe, attracts the highest-calibre employees, and builds and enhances our external relationships.

Our Board of Directors drive culture and accountability. They seek to ensure our values are reflected in our day-to-day activities. Our Code of Conduct and the way we live our values are promoted at all levels of the business. Breaches of the Code of Conduct may result in disciplinary action, including dismissal in serious cases.

NEXTDC's Board has three sub-committees: The Audit and Risk Management Committee (ARMC), the Remuneration and Nomination Committee (REMCO) and the Investment Committee (IC). NEXTDC maintains a majority independent Board and maintains its sub-committees consistent with the recommendations of the ASX Corporate Governance Council (4th edition). Safety being a key priority, we also have a Work Health and Safety (WHS) Committee, which meets monthly and provides WHS updates and reporting to the Board.

Other key Company policies include a Whistleblower Policy, Conflict of Interest 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 www.nextdc.com.

How NEXTDC creates value

NEXTDC is an ASX 100-listed technology company, enabling business transformation though customer-focused, innovative data centre solutions, connectivity services and infrastructure management software. NEXTDC provides advanced Data Centre as-a-Service (DCaaS) services with a nationwide network of Tier III and Tier IV facilities. We deliver enterprise-class colocation services to local and international organisations.

Our focus on safety, resilience, sustainability and carbon neutrality, are key components of our three critical pillars of data centre excellence: **Power, Security** and **Connectivity**.

NEXTDC is one of Australia's most highly certified and recognised data centre providers offering many award-winning engineering solutions. We are the only data centre provider to receive Climate Active certification for our corporate operations. This is the Australian Federal Governments endorsed carbon neutral certification. NEXTDC is the only Australian data centre provider to achieve NABERS 5-Star certification, an independently certified and assessed rating for energy efficiency.

> *The Edge is an emerging pillar of our digital infrastructure platform. The acquisition of SC1 and the SCIBN Cable Landing Station leverages several years of research into the growth of edge computing and the current and future requirements of digitally enabled regional communities.*
>
> **Craig Scroggie**
> CEO
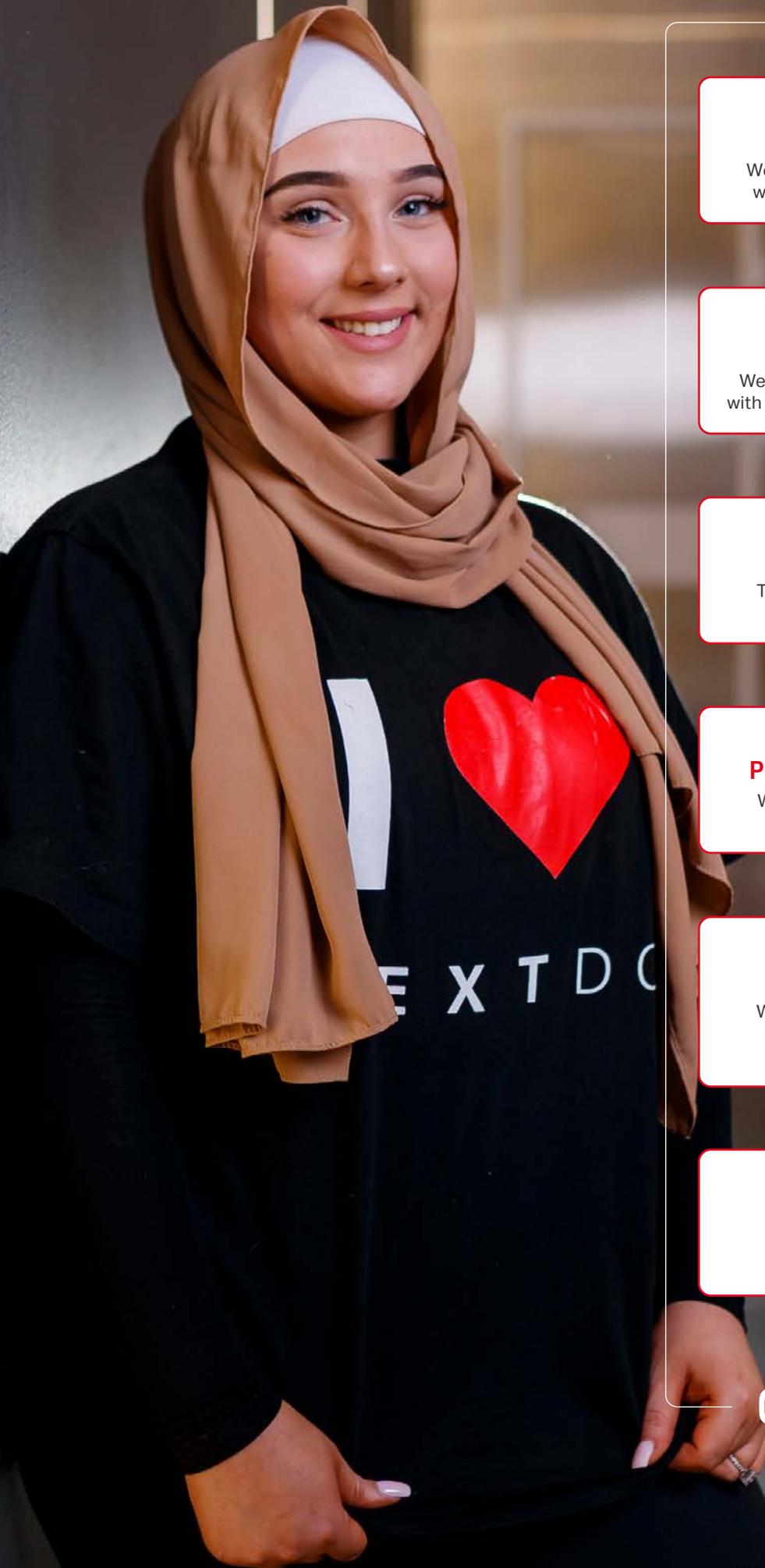
CUSTOMER FIRST
We are obsessed with delivering the world's best customer experience

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

BRIGHT IDEAS
The best way to predict the future is to create it

PURSUIT OF EXCELLENCE
We are relentless in our pursuit of excellence, not perfection

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

FRUGAL NOT CHEAP
We spend our money where it matters the most

OUR CORPORATE VALUES

RISK MANAGEMENT

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 it continues to be sound and that the Company is operating in accordance with the risk appetite set by the Board. This framework details the overarching principles and risk management controls that are embedded within NEXTDC's management processes and reporting systems.

The Company has a Risk Management Policy to ensure good corporate governance and to ensure that strategic and operational objectives as well as legislative, industry and client obligations are met. Key components of the framework are reviewed by the relevant department heads and the results reported to the Board. The effectiveness of NEXTDC's risk management framework is reviewed as part of a third line assurance program managed by the Risk and Compliance function.

The evaluation of ESG related risks and opportunities are integrated into our Risk Management Framework, and part of the seven pillars we use to articulate our enterprise-wide risks. The primary responsibility for this process lies with the Audit and Risk Management Committee (ARMC) of the Board.

Further details on our Risk Management Framework can be found in our annual Corporate Governance Statement available in the Corporate Governance section of our website www.nextdc.com.

COVID-19 risk management

Over the past two years, NEXTDC has been focussed on managing the business, its construction programs and its teams through the COVID-19 pandemic. A strong Business Continuity Management program, supported by a robust Risk Management framework has assisted our teams to both identify and mitigate many of the risks and operational and supply chain challenges this presented.

Throughout FY22, NEXTDC has continued to be fully compliant with all health guidelines issued by relevant Australian health authorities both at state and federal level. NEXTDC tracks COVID-19 cases amongst its team members (and visitors when reported). A policy of physical distancing in all operational environments has been a key part of our pandemic management plan.

As uncertainty on the future of COVID-19 endures, NEXTDC's approach to the pandemic is to continue to adjust our operations to the 'new normal', with a focus on team safety. This includes the mental health strain that the ongoing health threat has had on our communities and loved ones. We intend to continue and tune our investments in the mental health area in coming years. NEXTDC's 'The Way We Work' program, rolled out in FY21, continues to provide flexibility in when and where our team works, providing alternate ways for them to contribute in a post-pandemic world.

NEXTDC's COVID Management Committee has continued to support and keep the NEXTDC teams informed and coordinated in implementing government and health directives and helped them to respond to the ongoing changes that the 'new normal' has brought. This has included establishing on-line communities and initiatives that maintained a sense of social connection and common purpose at work and home.

NEXTDC Risk Management Framework

- Revenue Generation and Customer Growth
- Business Management and Governance
- Security of Data and Information
- Work, Health, Safety and Environment
- Ensuring Financial Health of the Company
- New Data Centres
- Maintain 100% Uptime Guarantee

STAKEHOLDER ENGAGEMENT

NEXTDC operations are affected by and dependent on a range of external and internal stakeholders.

Meaningful stakeholder engagement builds trust and confidence, and we identify these based on the level of dependency, impact or opportunity they represent. We engage with these groups to gain insight into their needs and perspectives, as well as to share information about our strategy, practices and performance. A summary of our key stakeholders and their engagement in FY22 is set out below:

STAKEHOLDER	ESG EXPECTATIONS AND CONCERNS	HOW NEXTDC COMMUNICATES AND CONSULTS WITH THEM
NEXTDC Employees Employees are NEXTDC's number one asset. We provide a comprehensive salary, benefits and training program to engage and maximise their engagement.	► Keeping the workplace safe ► Environmental impacts ► Diversity and Inclusion ► Codes of Conduct ► Protecting Personally Identifiable Information (PII) ► COVID-19 compliance	► NEXTDC Values ► WHS Committee meetings and Security 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 and Culture policies and procedures
Customers NEXTDC's core value of Customer First aims to continuously create value for customers and communicate with them to help us understand their needs, build trust, and help achieve mutual growth.	► Keeping the workplace safe ► Environmental impacts ► Protecting Personally Identifiable Information (PII) ► Energy Efficiency ► COVID-19 compliance ► Financial Performance and Profitability/Dividend Policy ► Modern Slavery	► Site Induction and Facility Rules ► Privacy Policy and Privacy Collection ► Statements Service Advisory ► Notifications ► Weekly/Monthly/Quarterly meetings
Shareholders and their Advisors NEXTDC leverages funds in an appropriate manner to create a positive cycle of investment and returns and discloses operational and financial information with transparency.	► Material and ESG risks that may affect NEXTDC and how they are being managed ► Financial Performance and Profitability/Dividend Policy	► ESG report, disclosure of ESG risks in the Annual Report, Corporate Governance Statement, AGM, and Roadshows
Regulators/Authorities (e.g. WorkCover/EPA/Clean Energy Regulator/WGEA) NEXTDC complies with the laws and regulations applicable to its business and seeks to maintains good relationships with regulators and authorities.	► Keeping the workplace safe ► Environmental impacts ► Complying with regulatory requirements ► COVID-19 compliance ► Modern Slavery ► Gender equality	► 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 ► Annual report submission to Workplace Gender Equality Agency (WGEA) ► Modern Slavery Act 2018 (Cth.) ► Annual Report ► Corporate Governance Statement
Suppliers and Contractors They are our partners in achieving a profitable and sustainable business. We work together to jointly develop better solutions for customers and the business.	► Keeping the workplace safe ► Environmental impacts ► Protecting Personally Identifiable Information (PII) ► COVID-19 compliance	► 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 ► Quarterly Business Reviews for Supplier performance including sustainability performance evaluation
Community NEXTDC continues to communicate stakeholder and residents in local communities to the impact of operations and construction activities.	► Impact of constructing new data centres ► Support and care for the community around us ► Encourage participation in social welfare activities among employees	► Extensive due diligence on site selection, including impact to flora and fauna, cultural heritage, and artefacts. ► Project discussions through meetings, onsite inspections, and reports ► Live to Give initiatives

> " *We are committed to our customers' success. Each customer has an assigned Customer Success Manager, with each receiving annual customer satisfaction surveys to enable us to gather feedback. Our executive management team reviews the survey results and, where necessary, develops action plans to address any areas of concern or opportunity. In addition, our Customer Success team works alongside the Marketing team to manage customer relations, needs, complaints and opportunities to maximise positive outcomes both for NEXTDC and our customers.*

Nick Koletsis
Head of Customer Success

Industry associations

NEXTDC is actively involved in the following industry associations and represents the data centre sector in achieving its business objectives:

- ► Communications Alliance – Communications Resilience Administration Industry Group;
- ► Communications Alliance – Building Access Operations and Installation;
- ► Communications Sector Group;
- ► Member of Trusted Information Sharing Network for Critical Infrastructure (TISN);
- ► Involved in the Communications Criticality Project;
- ► Climate Active (formerly NCOS) for Carbon neutrality activities; and
- ► Member of National Safety Council of Australia.

NEXTDC continues to review its industry associations and memberships to ensure its participation meets the expectation and needs of our broader stakeholders, with a particular focus on climate change and energy policy.

MATERIALITY ASSESSMENT

The operational and business conditions in which NEXTDC operates are constantly evolving. We conduct materiality assessments annually with subject matter experts and the executive team to identify and prioritize the ESG themes that matter most to our business and stakeholders. These decisions then become part of our sustainability initiatives, our ESG framework and reporting.

NEXTDC's FY22 key material topics and their boundaries are identified in the table below:

MATERIAL TOPIC	GRI MATERIAL ASPECT	BOUNDARY[1]	REPORTING
Energy Consumption	Energy, Emissions, Compliance and Supplier Environmental Assessment	External (Communities)	Environmental Sustainability and Performance
Workplace Health and Safety	Occupational Health and Safety	Internal (Employees)	Social Sustainability
Diversity and Inclusiveness	Diversity and Equal Opportunity	Internal (Employees)	Social Sustainability
Employee Retention and Loss of Talent	Training and Education and Equal Opportunity	Internal (Employees)	Social Sustainability
Employee Care and Benefits	Employment	Internal (Employees)	Social Sustainability
Privacy Management	Customer Privacy	External (Customers)	Social Sustainability
Social Impact of the Business	Socio-economic Compliance	External (Communities)	Social Sustainability
Legal and Compliance	Anti-Corruption and Anti-Competitive Behaviour	Internal (Employees)	Social Sustainability
Climate Change and Environmental Sustainability	Emissions and Environmental Compliance	External (Communities)	Environmental Sustainability and Performance
Human Rights including Modern Slavery Management	Social impact on the business and Supplier Environmental Assessment, Diversity and Equal Opportunity	Internal (Employees) External (Suppliers and service providers)	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.
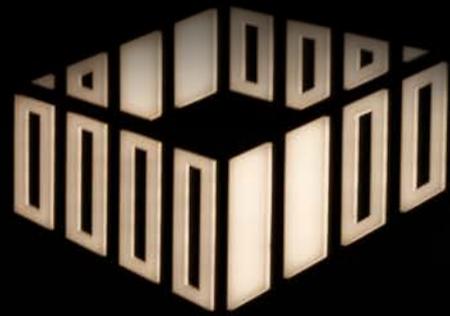
CORPORATE SOCIAL RESPONSIBILITIES

Our Vision

At NEXTDC, our vision is to help enterprises harness the digital age, improving our society through the advancement of technology. We pride ourselves on being a recognisable and trusted brand, operating a national footprint of data centres, that power, secure and connect our customers.

NEXTDC is committed to acting ethically and strives to achieve the highest standard of responsible business practices and sustainability, whilst seeking to make a positive contribution to our community. To do this we focus on integrating sustainability and corporate social responsibility into all aspects of our organisation. In operating our data centres we comply with all regulations and laws affecting them. We seek to meet our social responsibility, continue to improve our team's working conditions and build a healthy and safe workplace for our team, customers and visitors.

Sustainability & Governance

NEXTDC's Audit and Risk Management Committee (ARMC) is responsible for overseeing the development and implementation of NEXTDC's ESG policies. The senior leadership team, with assistance from the ESG Manager and Risk & Compliance team are responsible for the implementation of these initiatives.

The details of the implementation of NEXTDC's Corporate Governance initiatives can also be reviewed in the NEXTDC Corporate Governance Statement, which can be found at www.nextdc.com/investor-centre/corporate-governance.

ENVIRONMENTAL SUSTAINABILITY AND PERFORMANCE

Energy efficiency and sustainability remain key areas of focus for NEXTDC. Our facilities are designed, engineered, and operated to optimise their energy efficiency.

This also includes monitoring, tuning and continuously improving the facilities, to seek to:

- ► deliver the highest levels of energy efficiency;
- ► minimise our impact on the environment and natural resources; and
- ► meet and exceed all regulatory standards set for our operating environments.

We take pride in enabling our customers' own sustainability goals by enabling them to reduce their energy consumption and focussing on technologies that optimise efficiency and minimising their environmental footprint in data centres.

NEXTDC's environmental risks and opportunities are integrated into our corporate risk management framework.

NEXTDC seeks to set meaningful and achievable objectives and targets and report on these in a manner aligned with stakeholder expectations. These initiatives are overseen by NEXTDC management and, ultimately, directed by the Board.

NEXTDC's environmental objectives and related activities are outlined below.

ENVIRONMENTAL OBJECTIVES

OBJECTIVE 1:

DESIGN DATA CENTRES USING THE LATEST TECHNOLOGY TO REDUCE ENERGY USAGE, IMPROVE ENVIRONMENTAL CONTROLS AND OUR IMPACT ON THE ENVIRONMENT.

NEXTDC builds and operates a national footprint of highly reliable and energy efficient data centres. In 2018, M1 became the first data centre facility in Australia to achieve a NABERS 5-Star rating for energy efficiency, followed by S1 in 2020 making S1 the only data centre facility in New South Wales and the second one in Australia to achieve a NABERS 5-Star rating. As part of our ongoing improvement journey, our aim is to have all our facilities NABERS certified.

NEXTDC's second -generation data centres, including P2, B2, M2 and S2, are already delivering very high levels of energy efficiency, enabled by next-generation engineering and continuous tuning which is aimed at setting new levels of energy efficiency. Our third-generation data centres, currently under construction, seek to raise the bar to a whole new level.

All NEXTDC's facilities are designed and constructed with sufficient redundancy to ensure that our customer's Service Level Agreements (SLA) for power, temperature and humidity are met, despite unforeseen circumstances such as energy outages or heatwaves. Fuel levels at each data centre are maintained to ensure the generators can continue to operate for up to 48-hours without utilising any power from the grid. Emergency fuel supply contracts are in place with major suppliers in the event interruptions extend beyond that.

NEXTDC's Uptime Institute (UI) certifications reflect the exceptional fault tolerance of our data centres and their resiliency to the impacts of climate change. Team members are trained to operate and maintain the data centres in accordance with UI's Operational Sustainability best practice standards. These training programs have been rolled out nationally in FY22. 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 to set new benchmarks in data centre design. We aim to deliver critical digital infrastructure that also has the highest possible levels of sustainability for our customers and future generations. This is a responsibility we take very seriously.

In addition, when building new data centres, NEXTDC assess and seek to mitigate environmental risks, by considering:

- ► The effect construction might have on cultural heritage sites
- ► Its environmental impact of the site's construction and operation
- ► The generation of excessive dust and/or noise; and
- ► The development of an effective energy, waste, and water management plan.

As part of site selection for new data centre locations, NEXTDC undertakes extensive due diligence on the potential environmental impact of construction and operation. Should any asbestos be found during construction, a licenced hygienist will be appointed to manage the risk. Local communities are also engaged to solicit feedback if they are likely to be impacted.

1.38

AVERAGE PUE RECORDED ACROSS ALL NEXTDC FACILITIES IN FY22

NEXTDC facilities are designed to lead the industry and provide continuously evolving sustainable design capabilities so they can be operated with minimal environmental footprint for our children and future generations.

Jeff Van Zetten
Chief of Engineering and Design, NEXTDC

OBJECTIVE 2:

OPERATE DATA CENTRES MAXIMISING THE DESIGNED INTENT

Energy Management: Ensure each NEXTDC data centre is operated to the lowest seasonal Power Usage Effectiveness (PUE) rating, to optimise power usage when delivering services.

The nature of our business is such that many growing customers have increasing IT power requirements year-on-year. We control the portion of the data centres power consumption not directly used for this purpose by tuning our facilities to optimise the efficiency of the support and back-up infrastructure. The level of this efficiency is measured through the Power Usage Effectiveness (PUE) ratio, an internationally accepted standard metric used to rate the efficiency of data centres. This represents the proportion of total power consumption at a facility, divided by the usable power delivered to customer IT equipment. A low ratio represents an efficient data centre. The closer the PUE ratio is to "1", the more energy efficient the building is operating.

In FY22, the total power consumed by all NEXTDC data centres, nationwide, reached 421,237MWh with the average PUE across all data centres being 1.38. This is below NEXTDC's target PUE of 1.40 and compares favourably with industry average of 2.5 and state-of-the-art facilities' aim of around 1.5 based on benchmarking data provided by the Australian Department of Climate Change, Energy and Environment and Water.

CASE STUDY:

CARBON REDUCTION THROUGH CONCRETE SELECTION

Environmentally friendly concrete mixes have been used for our M2 Stage 5 and M3 Phase 1 projects to lessen carbon emissions produced during manufacture. The mixes reduced the amount of cement required to achieve the required strength in the pre-cast products, reducing the CO_2 produced during their manufacture.

Concrete Mix Design Selection:

At the commencement of both the M2 Stage 5 and M3 Phase 1 projects, our builders, Kapitol Group set the objective of utilising more sustainable mix designs. Working with the subcontractors, several mix designs were developed with the aim of reducing as much cement as feasible and using supplementary materials where possible. This was achieved via the use of either *Fly Ash*, which is a by-product of coal combustion in power stations; or ground-granulated blast furnace slag (GGBFS) – which is a by-product of iron in blast-furnace. For both projects, the amount of cement we were able to supplement, ranged from 20% up to 40% depending on the strength and application requirements. In addition, we also set out to reduce the amount of natural sand, replacing it with manufactured sand and also replacing potable water with reclaimed water. Generally, sand replacement ranged from 0% through to 50%, whilst water replacement ranged from 50% to 100% for these applications.

Reduction Quantities and Carbon Reduction:

It is estimated that carbon emissions from the manufacture of cement equates to approximately 900kg of CO_2 per tonne of cement. As Fly Ash and GGBFS are by-products, they generally produce minimal CO_2 emissions. Throughout both projects, utilising the best possible mix designs available, Kapitol were able to significantly reduce the amount of cement used on both projects.

Based on the quantities of reduced cement and the approximate cement manufacture emissions, Kapitol have calculated a reduction in CO_2 emissions of 786.6T for M3 Phase 1 and 251.1T for M2 Stage 5, bring the total to 1037.7T across both projects. This is equivalent of removing around 226 cars off the road for a year. At this stage we have not calculated the reduction in emissions from the manufactured sand or water replacement, however this would also contribute a significant, further reduction in emissions.

Ongoing Commitment:

In addition to what was achieved for both M3 Phase 1, and M2 Stage 5 as a result of the adjustment to the concrete mixes, NEXTDC, together with its builder Kapitol, are committed to further reducing our Carbon Footprint during construction and continue to explore different opportunities to improve. We are excited about what this could mean in terms of improving the carbon footprint of future projects. Kapitol is also developing a Carbon Management Lifecycle Assessment Report which will allow us to achieve further improvements, not only during construction but also over the life cycle of data centres generally.

Kapitol Group are working with Aurecon (M2 Services and Structural Consultants) to complete a study which will include a high-level analysis and meaningful insights on the current design along with commentary on strategic pathways to reduce embodied carbon emissions.

Power Usage Effectiveness - Continuous tuning of Mechanical, Electrical and Hydraulic areas for maximum efficiency

Power costs are a significant operational overhead for NEXTDC and its customers. Sustaining an industry leading average Power Usage Effectiveness (PUE) ratio of 1.4 or below is key to NEXTDC's success in attracting and retaining customers. By comparison, the global average was recently reported at 1.57 (as published by Statista Research Department, Jul 21, 2022 based on a 2021 survey responded to by IT and data centre managers).

NEXTDC's PUE at the M1 and S1 data centres were vital to achieving a first-in-market, National Australian Built Environment Rating System (NABERS) 5-star rating for data centre efficiency. Additional NEXTDC facilities will also be undertaking the process of achieving NABERS accreditation.

Efficient energy usage ultimately has a significant long-term impact on a data centre's sustainability, environmental footprint and also its profitability. All these goals are aligned, complementary and form the focus of our data centre designs and tuning cadence in operating them.

NEXTDC's superior levels of energy efficiency are achieved through the rigorous efforts of NEXTDC's multi award winning Engineering and Central Operations teams, who are continuously reviewing design and tuning of Mechanical and Electrical Plant (MEP). The Central Operations specialists seek to optimise operational heat flow and power usage based on real-time power load data and seasonal ambient climatic conditions.

Priority focus areas for the team's tuning cadence include:

► Minimise data hall (DH) air bypass leakage
► Optimise data hall floor grille air distribution
► Minimise the differential between Computer Room Air Conditioning (CRAC) and data hall floor pressure differential minimisation
► Optimise CRAC return air temperature, control valve opening position and fan speed

► Minimise secondary chilled water bypass leakage
► Minimise chiller plant primary chilled water pump speeds and flow rates, as well as decoupling bypass flow
► Optimise chiller plant supply water temperature
► Optimise chiller plant condenser water pump settings
► Optimise chiller plant condenser water set-point seasonal temperature
► Maximise free water side cooling by tuning the approach temperature; and
► Optimise free water side cooling condenser water pump speed.

NEXTDC's extensive operating expertise has built up a wealth of intellectual capital and detailed telemetric data on operating data centres for optimal efficiency. Machine learning and artificial intelligence technologies are increasingly employed throughout NEXTDC facilities to influence real-time adjustments that maintain optimal settings for energy efficiency without the need for human intervention. In 2021, NEXTDC's long serving Chief of Engineering & Design, Mr Jeff Van Zetten, developed a patent for NEXTDC and is currently undertaking his PhD developing the prototypes, innovative solutions and world first energy modelling for data centres.

NEXTDC's leading credentials in efficient operations are demonstrated through the achievement of its Uptime Institute Tier III and IV Gold Operational Sustainability accreditations, certifications that independently verify NEXTDC's operational excellence in managing its infrastructure (as have the vast array of industry awards it has achieved in this area).

> Looking forward, the energy efficiency goals for our second and third generation facilities are to target PUE performance ranging between 1.15-1.29 at full load. This will be for a complete year depending on customer required contractual supply air temperatures, customer required UPS systems and local annual weather.
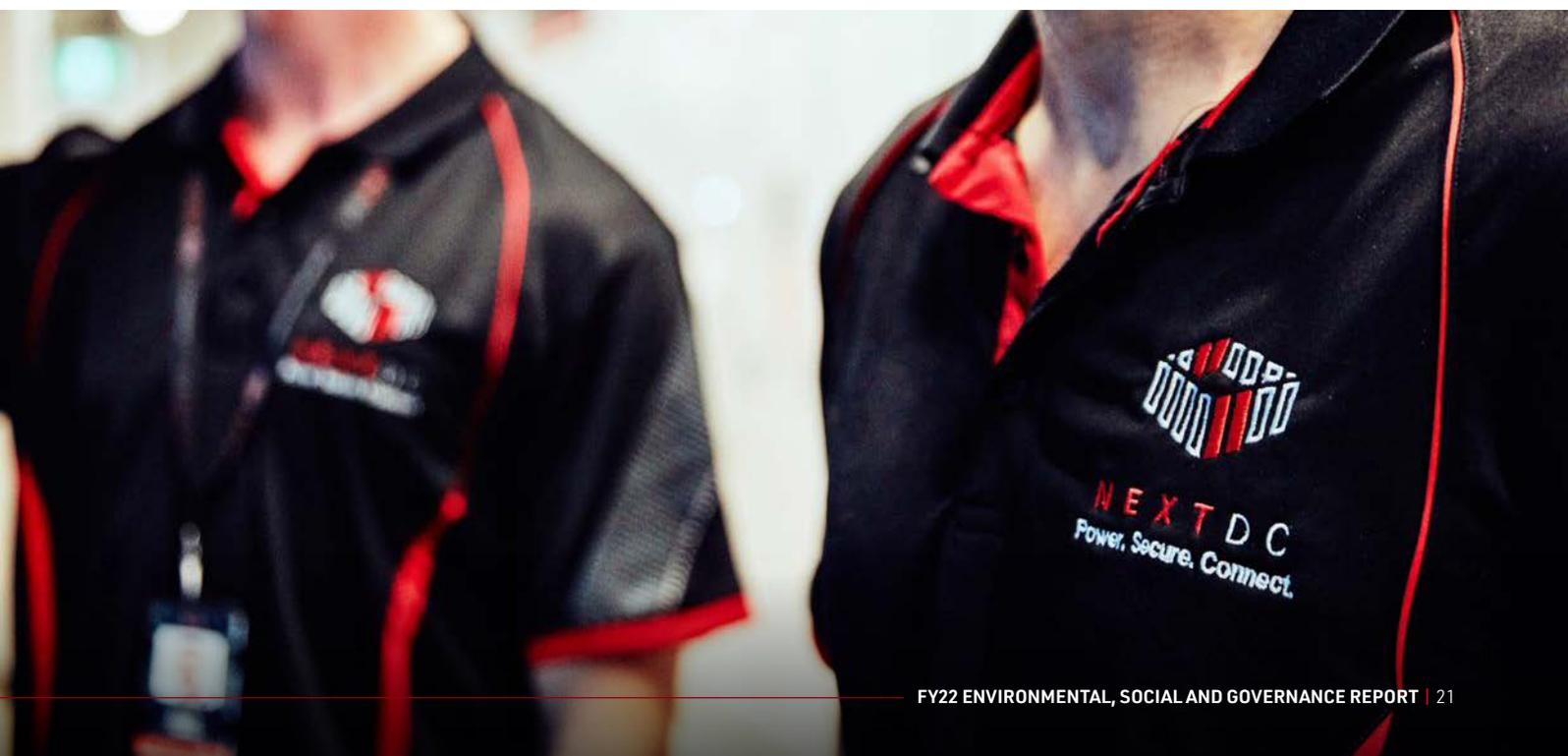
In FY22, alongside the continuous tuning of MEP for optimum efficiency, we continued to engage in various initiatives to minimise and continuously improve our PUE ratings:

▶ **Maintaining the latest data centre recommendations from The American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE).** Except for certain bespoke environments, the data hall supply air temperature has been maintained at 25 degrees Celsius with relative humidity across a much broader band allowing NEXTDC to improve energy efficiency without reducing infrastructure reliability. NEXTDC and some of its customers are continuing to explore additional efficiencies which can help achieve mutual sustainability goals.

▶ **Optimum placement of floor grills** – Careful management of floor grill placement increases the temperature of the return air from the data halls, which, in turn, improves the efficiency of the cooling plant. Our monthly audits and annual rack checks ensure that containment is adequate and no warm and cold air are mixing. Rack blanking panels are checked regularly, and blanking panels are placed in the unused racks or spaces to further reduce the energy required to cool the data halls. This is also enshrined in customer guidelines communicating these operational requirements as a significant environmental priority.

▶ **Air-side free cooling** - The use of external air sources, coupled with the optimum placement of floor grills, further improves energy efficiency in S1 and P1.

▶ **Water-side free cooling** - Depending on the weather conditions, external air sources can be used to cool water, a process which will activate automatically at data centres M1, M2, S1, S2, B2, P1 and P2 to drive the cooling plant efficiency.

> Electric vehicle (EV) charging units are being introduced at our S2, B2 M2 M3 and S3 facilities for our staff, customers and visitors to charge their vehicles. Once operational, NEXTDC will record and monitor the usage through the CSMS.

▶ **Energy monitoring systems** - An extensive project involving the collection of accurate performance data. Targeted adjustments in the MEP's operation improved our operational efficiency to enable higher NABERS ratings. The control systems add significant value in identifying areas for improvement such as the control systems in the S2 cooling towers which are continually tuned for efficiency.

▶ **Fan speed tuning** - On-going monthly operational checks to optimise the efficiency of the cooling systems. In FY22, we focussed on our generation 2 data centres and are looking to make further changes for rack-ready customers by reducing CRAC unit fan speeds.

▶ All lighting at our M1 and P1 facilities have been changed to LED with the same to be rolled out at all our facilities.

▶ Our new Sunshine Coast (SC1) facility has been upgraded to reduce single points of failure.

In addition, we are on our way to be Australia's first major 'immersion-cooling ready' colocation provider. The system is a thermal management technique in which servers and storage devices, are submerged in a thermally conductive but electrically insulating dielectric liquid or coolant. Our first Data Centre Immersion Cooling Suite was completed at S2 in Feb 2022.

Water Management: Ensure each NEXTDC data centre reports on and works toward minimal water usage– tracking Water Usage Effectiveness (WUE)

Water usage is a very important aspect of our environmental management. In NEXTDC, water is used as the main medium for heat transfer in and out of the data halls. Managing our unique temperature requirements calls on significant infrastructure and planning. NEXTDC is committed to optimising the use of water in its facilities by reusing, recycling and recovering water where possible. Our plan is to continually reduce our short and long-term water needs and reduce our impact on the environment. Our proactive approach to responsible water management, as a minimum, complies with all water licensing requirements set by industry regulators.

Alternate water management options are continuously being explored to mitigate our environmental impact. Analysing the facility designs and identifying opportunities for improvement is an ongoing process for our Facility Managers and part of their quarterly goals. In many instances, our cooling systems recirculate the water for reuse. Additionally, in FY22 the metering devices installed at all of our facilities created a benchmark on all flows, providing deeper insights on water usage. This is empowering us to further reduce consumption and promptly identify leaks.

1.61
AVERAGE WUE RECORDED ACROSS ALL NEXTDC FACILITIES IN FY22

Water Usage Effectiveness

The efficiency of NEXTDC's water usage is measured through the WUE metric for each of our data centres. NEXTDC has adopted this industry-standard metric to measure how much water our facilities use for cooling and other operational needs. This represents the ratio of total site water used divided by IT equipment energy usage. A low ratio represents effective reuse and recycling of water in the facility.

Besides the day-to-day water consumption, water is used at our facilities for cooling and regulating humidity levels to conserve energy utilised by IT equipment. Energy utilised by IT equipment 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 management, including the Board. In FY22, NEXTDC's total water consumption across our data centre fleet was 468.07 ML. We recorded an average WUE of 1.61 which is an improvement from FY21's WUE of 1.74.

Water management and energy efficiency go hand-in-hand as focus areas for our sustainability journey. Achieving the most efficient heat removal is a key objective so it's no surprise that this dual focus is key to our environmental commitments.

Nathan McBride
Head of Facility Operations

Waste Management: Commit to a target goal of at least 90% diversion of solid waste from our operations, with an ongoing commitment to prevent, eliminate and reduce wasteful practices and enable recycling.

Reducing our footprint through the prevention, reduction, recycling and reuse of waste produced during operations is a priority. In line with the Australian National Waste Policy 2018, our waste hierarchy reflects the principles of a circular economy. All waste generated across NEXTDC's operations is managed in accordance with our Waste Management Plan as well as the Hazardous Materials Management Procedure.

Our "Zero-Waste Initiative" focuses on separating waste through coloured bins at all sites, as well encouraging the reuse of office supplies and universal waste collection leveraging our e-Waste system. Every facility enables customers to dispose of their retired equipment for free, with the peace-of-mind that we will responsibly treat them.

The following waste reduction initiatives continued to be carried out in FY22:

► Clearly marked bins for separate recycling streams such as 'cardboard and packaging materials' are made available for all customers and staff in all facilities. These include deploying coloured bins for general, cardboard and commingled waste which are then collected and treated accordingly. End of life battery bins have also been made available to ensure these are disposed of correctly and recycled if possible.

► NEXTDC does not permit disposal of e-waste in its general waste bins. Clear signage is posted around the disposal areas to remind staff and customers. All replaced fluorescent lights are placed into recycling boxes to ensure they are disposed of correctly and recycled.

► E-waste (computers, phones, etc) disposal options for customers implemented.

In FY22, waste champions were appointed at each facility to help our employees, customers, contractors and visitors understand our vision and the need for change, while raising awareness of the benefits and opportunities of waste management.

NEXTDC's waste management initiatives are measured and shared with Management regularly, with Facility Managers held accountable for site level targets. NEXTDC produced 264.79 tonnes of waste during FY22, with 109.54 tonnes being recycled and saved from going into landfill. Our average diversion rate for FY22 is 41.17%. June 2022 monthly average recorded a diversion rate of 56.41% throughout NEXTDC facilities with one of our facilities (B2) achieving 90.41% diversion rate in the same month. This is positive progress towards our aim of having 90% of our waste diverted from landfill and at least one of our facilities achieving the Zero Waste certification in 2023.

Reduce emission produced by NEXTDC facilities

NEXTDC estimated carbon footprint data includes:

- **Scope 1** (direct) emissions arising from our operations such as fuel combustion, fugitive emissions and other minor emission sources; and
- **Scope 2** (indirect) emissions associated with the generation of electricity we purchase for our operations.

Selected **Scope 3** (indirect) emissions that occur in our value chain are monitored and reported where they are material and relevant under the Australian Climate Active Carbon Neutral Standard for Organisations, in line with the categories of the GHG Protocol Value Chain (Scope 3) Standard.

We acknowledge the increasing interest of stakeholders in value chain GHG emission measurements which reflect progress in economy-wide, systemic decarbonisation through corporate initiatives. However, the electricity-intensive nature of data centre facilities makes total scope 3 emissions a less relevant metric than for some other sectors.

NEXTDC's material sources of carbon emissions relate to grid supplied energy and diesel use. Through the careful management of necessary engine testing, NEXTDC endeavours to keep non-emergency use of diesel to a minimum.

In FY22, NEXTDC started tracking its Carbon Usage Effectiveness (CUE), a metric that measures data centre sustainability in terms of carbon emissions. CUE measures carbon dioxide emissions per unit of IT energy consumption (kgCO2-e/server kWh). An ideal value is 0, which would indicate that no carbon is used by the data centres operations. For FY22, NEXTDC recorded a CUE of 1.15. The NEXTDC team is focussed on improving the CUE measure over time through further improvements in data centre efficiency as well as through expanding the use of low carbon and renewable energy sources.

> Over the reporting period, NEXTDC consumed 440.81kL of diesel nationally, representing 2606.02-hours of diesel supported load. NEXTDC's generators are also set to run at maximum efficiency, further reducing their emissions. Refer to the Sustainability Data section of this report for NEXTDC's emissions data in detail. Further information on NEXTDC's carbon footprint and 100% offset program is also publicly available on the Australian Government's Climate Active website.

NEXTDC's Carbon Neutrality

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 Qantas Future Planet (QFP) carbon offset program. In November 2018, NEXTDC was certified a carbon neutral organisation under the Australian Federal Government's Climate Active Carbon Neutral Standard which is a partnership between the Australian Government and Australian businesses to encourage voluntary climate action.

First granted for the FY18 reporting period, NEXTDC has renewed its organisational certification each financial year through the audit and certification of its carbon inventory and the voluntary retirement of an equal volume of carbon credits, which are similarly certified under Climate Active, by the producers of these credits.

During FY22, NEXTDC extended its Climate Active certification by becoming the first data centre services company in Australia to have its colocation solutions certified as a carbon neutral product. This Australian Government-certified carbon offset procurement program is offered to customers under the NEXTneutral branding. NEXTneutral offers zero-complexity opt-in for customers, enabling them to offset 100% of the carbon footprint attributable to their infrastructure housed in their NEXTDC data centre footprint with the click of a button.

NEXTneutral - NEXTDC's Carbon neutral program for Customers

It has been our goal to help every one of our customers to easily achieve 100% carbon neutral digital operations when they colocate at any of our facilities. In March 2021, we launched NEXTneutral, a certified carbon neutral colocation solution. Under our NEXTneutral program we are extending our Climate Active-accredited partnerships to our customer ecosystem.

NEXTneutral provides customers the ability to leverage the investment we have made in becoming Australia's only Climate Active certified Data Centre provider. By opting in to NEXTneutral, customers can completely offset any emissions created by their IT equipment within our facilities. NEXTneutral is the next step in our mission to be the sustainability leaders in the data centre market.

With a simple approach to signing up via the ONEDC portal, customers who opt in to NEXTneutral can be confident that any emissions created by their IT are offset by certified and sustainable projects. NEXTneutral is available for all customers in any location throughout Australia. Customers simply tick-a-box in their infrastructure management portal, as you would when purchasing flights, and pay about the cost of a cup of coffee per kW, per month to achieve carbon neutrality.

We are proud to report that FY22 has seen a 188% increase in customer uptake of our NEXTneutral program. Our customers appreciate the simple option we are providing to help them realise their own carbon neutral goals.

NEXTDC has partnered with Qantas Future Planet and Tasman Environmental Markets to source carbon credits for both the organisational and NEXTneutral certification programmes. A careful selection process is used, with criteria that include the projects' alignment to the Sustainable Development Goals adopted by the United Nations General Assembly.

For the last year, credits have been sourced from the following projects:

West Arnhem Land Fire Abatement (WALFA) Project

Arnhem Land in Northern territory is prone to extreme, devastating wildfires that affect the landscape, people, plants and animals. These projects are owned exclusively by Aboriginal people with custodial responsibility for those parts of Arnhem Land under active bushfire management. Local rangers conduct controlled burns early in the dry season to reduce fuel on the ground and establish a mosaic of natural firebreaks, preventing bigger, hotter and uncontrolled wildfires later in the season.

The projects provide employment and training opportunities for local rangers while supporting Aboriginal people in returning to, remaining on and managing their country. Communities are supported in the preservation and transfer of knowledge, the maintenance of Aboriginal languages and the wellbeing of traditional custodians.

Enercon Wind Farms in Karnataka Bundled Project

Across India, wind farms introduce clean energy to the grid which would otherwise be generated by coal-fired power stations. Wind power is clean in two ways; it produces no emissions and also avoids the local air pollutants associated with fossil fuels. Electricity availability in the regions have been improved, reducing the occurrence of blackouts across the area.

The projects support national energy security and strengthen rural electrification coverage. In constructing the turbines new roads were built, improving accessibility for locals. The boost in local employment by people engaged as engineers, maintenance technicians, 24-hour on-site operators and security guards also boost local economies and village services.

Renewable energy

NEXTDC has always been proactive in working to reduce energy consumption and its dependence on non-renewable energy sources, where practical and economical. NEXTDC is actively engaged in directly procuring and investing in renewable energy. Our aim is to keep the cost of our electricity (and so the cost to customers') in line with or better than market rates. It is also NEXTDC's hope that local distribution grids will share NEXTDC's ambitions in this area and provide improved levels of sustainably generated energy over time.

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 FY22, it produced 417MWh of renewable energy, which provided an offset of over 342.19 tonnes of CO_2. The array produced around 0.5% of the electricity used by NEXTDC's customers at M1 and reduces our peak demand from the grid. It continues to support the work of the City of Melbourne in achieving its sustainability and clean energy goals.

NEXTDC has been evaluating the installation of similar rooftop arrays at other facilities with feasibility assessments on-going. The installation of incremental cooling infrastructure previously precluded the installation of such arrays at some of our facilities. As the facilities approach full capacity and incremental cooling infrastructure is no longer needed, rooftop solar is becoming an option at some of the more mature sites. The installation of solar panel array on the S1 rooftop is now complete and will be operational in the next few months. This will cover a space of 1450m². NEXTDC's P1 which has reached its full mechanical capacity will have a 960m2 array installed beginning August 2022. P1 along with M3 solar panels that were installed as part of its construction will be online in FY23.

400kW
NEXTDC M1 DATA CENTRE ROOFTOP SOLAR ARRAY

417MWh
RENEWABLE ENERGY PRODUCED

342 TONNES OF CO_2 PROVIDED

OBJECTIVE 3:

COMPLY WITH ALL APPLICABLE LEGISLATIVE AND REGULATORY REQUIREMENTS RELATING TO ENERGY AND THE ENVIRONMENT

NEXTDC is committed to complying with all environmental and energy laws and regulations relevant to its activities, products and services. NEXTDC's operations and approach to carbon emissions are compliant with the Australian Federal Government's National Greenhouse and Energy Reporting (NGER) Act 2007. NEXTDC continues to report annually on our greenhouse gas (GHG) emissions, energy consumption and production under the NGER Scheme.

Operationally we continue to comply with all requirements imposed by various state instrumentalities including in relation to cooling tower contamination sampling, lift registrations, fire testing and the like.

Environmental management direction and assurance activities

We regularly perform compliance inspections. Periodic internal audits and third-party assurance activities are carried out to confirm we comply with our accredited management systems. NEXTDC has adopted and is certified to the ISO 14001 Environmental Management System and ISO9001 Quality Management System throughout its operations. We seek to satisfy the requirements for environmental protections of all local governments.

Construction

NEXTDC data centres are designed and constructed in accordance with all relevant Australian Standards and the National Construction Code. Each of our construction projects is unique in terms of their climatic conditions, environment and geographic characteristics. The due diligence, engineering and design stages for new facilities evaluate and accommodate these as part of any construction project.

Environmental compliance and sanctions

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

Additionally, during the reporting period, NEXTDC met the following environmental compliance requirements:

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

Green Travel Plan

The Green Travel Plan (GTP) was established in 2021 for the S3 Sydney site in response to local government requirements on establishing safer and more sustainable travel to and from the facility for our staff, contactors, customers and visitors. The GTP addresses local traffic issues around the site and encourages active, safe and sustainable travel methods, such as walking, cycling, motorcycle, public transport or car sharing. S3's GTP is the first step to NEXTDC's aspirations to provide sustainable travel options at our facilities. Our national green travel strategy will be established for all our facilities over the coming years.
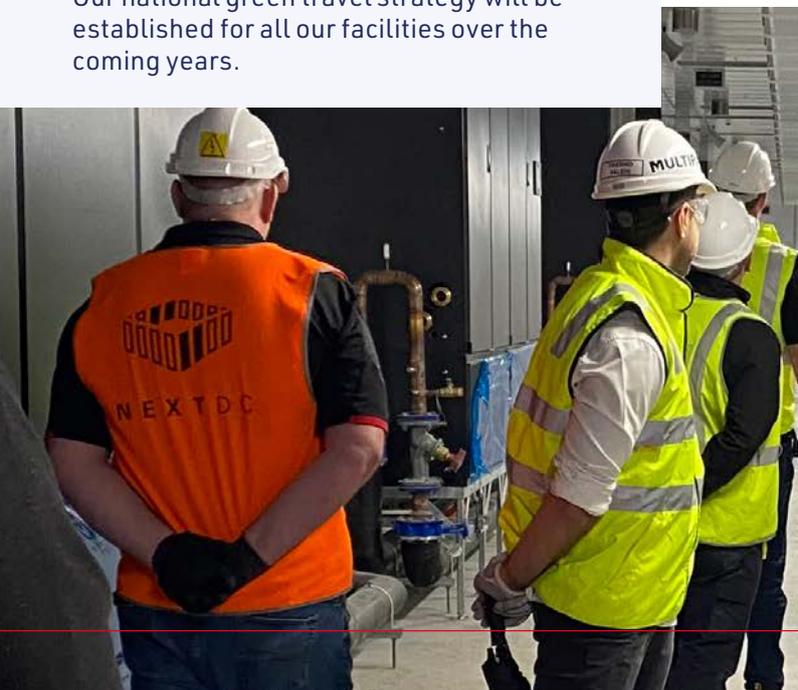
OBJECTIVE 4:

INCREASING THE AWARENESS OF HOW EACH INDIVIDUAL AT NEXTDC CAN CONTRIBUTE TOWARDS REDUCING THEIR IMPACT ON ENERGY USAGE AND THE ENVIRONMENT

NEXTDC is committed to reducing its environmental impact and increasing its focus on sustainability. This ambition can only be achieved when all team members engage and believe in the overall goals. We seek to engage and educate our team members on environmental issues.

Every facility participates in environmental protection awareness campaigns and risk reduction initiatives throughout the year. The aim is to encourage team members to learn more about the importance of environmental issues related to their work.

Environmental awareness programs are also part of the induction processes for new joiners with refresher courses, Yammer posts and targeted sessions aimed at team members throughout the organisation. Our Yammer group on *Energy & Environmental sustainability* is an example of a platform used to encourage and promote active discussions on the topic.

Forums such as the CEO and COO townhall meetings embed environmental sustainability awareness throughout the year.

In 2021 we reviewed all our suppliers' Safe Work Method Statements (SWMS) to ensure compliance with mandatory environmental requirements. We have since enhanced our internal procedures and staff training on the management of environmental incidents. For example, staff training at each facility now includes a re-enactment of a diesel spill to enable the team to practise how to use spill kits and other negating techniques. Our Method of Procedure (MOP) framework was established in FY22 to set clear expectations for documenting operational processes and maintenance activities and keeping them current. We regard this as key to managing the risk of human error.

OBJECTIVE 5:

MAINTAIN COMMUNICATIONS WITH EMPLOYEES AND EXTERNAL STAKEHOLDERS ON ENVIRONMENTAL ISSUES AND TRANSPARENTLY REPORTING ON OUR ENVIRONMENTAL PERFORMANCE TO INTERESTED PARTIES

NEXTDC's environmental strategy has been established with consideration to the views of our primary stakeholders including our shareholders, team members, customers and suppliers.

NEXTDC follows a regular reporting cadence on all environmental initiatives. The Board receives quarterly updates on our environmental performance. Assurance on environmental controls is provided via our third-party assurance programs such as ISO9001 and ISO14001. Quarterly Business Reviews (QBR) with our key suppliers are used to discuss our expectations and assess compliance with environmental standards and best practice.

Externally, NEXTDC maintains a relationship with regulators, shareholders, investors and proxy advisors. We report transparently to a range of ESG performance indices which benchmark NEXTDC against industry peers and other industries on environmental, social and governance performance. In addition, we aim to provide ESG data directly to investors (on our website) and continue to make our team available to brief key stakeholders in specialist and general briefings.

CLIMATE CHANGE

NEXTDC'S CLIMATE CHANGE AMBITIONS

NEXTDC's vision is to help enterprises harness the digital age. In this context we recognise that whilst NEXTDC serves to aggregate the carbon footprints of our customers, our actions are taken with a view to improving our society through the advancement of technology. Digitalisation acts as an enabler of decarbonisation initiatives, something we expect to play an important role in climate action.

NEXTDC's services centre around Power, Security and Connectivity. Climate related considerations are absolutely aligned with our core strategy of operational efficiency and 100% uptime. We seek to enable our customers to optimise the resources required to process the data used by them and, as a result, minimise energy consumption and GHG emissions. We strive for operational resilience of our customers, and we are an enabler of economy-wide decarbonisation through the scaled and optimised deployment of infrastructure supporting big data and the cloud. We also do so by facilitating our customers' business, many of whom, in turn, seek to enable efficiencies in how people lead their lives by providing digital solutions that can improve energy efficiency, inventory management and business efficiency. These may include reducing travel and transportation needs, substituting physical products for digital information and enable other low carbon lifestyle choices. In essence, we believe our data services support the transition to a low carbon economy enabling our business model thrives within that.

NEXTDC'S CLIMATE CHANGE STRATEGY

NEXTDC's Climate Change Strategy was established in FY22 as a high-level articulation of our view on climate change and its challenges. It represents the next step in our TCFD journey. The strategy defines NEXTDC's priorities for addressing climate change, including our response to reducing greenhouse gas (GHG) emissions across the value chain.

Our Position Statement

NEXTDC accepts that the global climate is warming at unprecedented levels, with widespread impacts on human and natural systems. We recognise the scientific position of the Intergovernmental Panel on Climate Change (IPCC), that rising concentrations of greenhouse gases emitted by human activities are the primary driver of climate change. We therefore share the aim of the Paris Agreement to keep global temperature rise this century to well below 2 degrees Celsius (above pre-industrial levels) and the ambition to limit further warming to 1.5 degrees Celsius. We acknowledge adaptation and mitigation to be complementary strategies for reducing and managing the risks of climate change.

In achieving the above, we are committed to decarbonisation to minimise and prevent severe, pervasive and irreversible impacts on people and ecosystems in the future. With data centres estimated to consume about 1% of global electricity demand produced in 2020, and most of the world's Internet Protocol (IP) traffic going through data centres, the low-carbon operation of data centres is becoming an important parameter in a climate-resilient economy. This will also create new challenges for the cost and availability of power and will shape data centre legislation, regulation and technology.

Three Pillars of NEXTDC's Climate Change Strategy

We are aware that climate-related issues have the ability to impact NEXTDC's financial performance in the short, medium and long term and consider climate-related issues as integral to our corporate strategy. Climate-related risks and opportunities are managed within these three strategic pillars, reflective of our climate ambitions.

1 OPTIMISING LIFECYCLE EMISSIONS & RESOURCES

We are committed to contributing our share to the emissions reductions needed to meet global goals in response to climate change.

We maximise resource and GHG emissions efficiency across our data centres' lifecycles.

We strive to provide the lowest-carbon connectivity options possible to our clients.

2 UPTIME & CLIMATE RESILIENCE

We are committed to providing critical infrastructure services to our clients, who are making critical contributions to the economy.

We prioritise resilience to physical impacts of climate change, including in our core service offering of 100% uptime.

We continuously focus on best practice planning for redundancy, back-up, and disaster recovery to support climate resilient operations.

3 POWERING THE INFORMATION ECONOMY

We recognise that a range of technology megatrends are instrumental in facilitating the decarbonisation of the economy including the substitution of physical products and attendance.

We strive to support our clients' business transformation activities through effective data centre solutions, connectivity services and infrastructure management software.

Where the cloud lives is where we take climate action.

NEXTDC'S TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) IMPLEMENTATION

NEXTDC fully supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Following the work, we did last year to assess our climate related risks and opportunities, we have continued to manage our risks and opportunities and embed them into our strategic planning, and operating model.

The following sections summarise our current approach and future plans to managing climate change and its related impacts across the business, disclosed in alignment with the recommendations of TCFD.
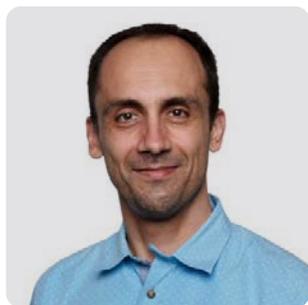
> *We see the TCFD framework as a valuable tool, guiding NEXTDC's disclosure on how we integrate climate change issues at all levels of the company, establishing a decarbonisation pathway that mitigates climate-related financial risks and promotes opportunities.*
>
> **Oskar Tomaszewski**
> **Chief Financial Officer**

Governance

The Board of Directors ('the Board') is ultimately responsible for identifying and assessing the nature and extent of internal and external risks, including climate-related risks. Several independent non-executive directors on the Board have previous executive experience in emissions-intensive sectors including engineering, operations, mining and resources, and are well-versed in climate-related issues. The Board is supported by the Audit and Risk Management Committee (ARMC) where climate-related risks are considered as part of the Company's financial reporting process, internal control structure, risk management systems (financial and non-financial) and the internal and external audit process. The Investment Committee also considers these issues in business development context.

The Board is updated on risk and compliance activities by the Chief Legal Officer/Company Secretary every quarter. This includes climate-related risk and compliance issues. The Board also reviews and discusses climate-related opportunities and the governance in place to manage these issues. This includes, for example, opportunities to improve energy efficiency in different sectors of the business. The Board also received regular briefings on management's progress on the implementation of the TCFD workplan and the ongoing development and implementation of NEXTDC's climate change strategy.

Reporting directly to the Board, NEXTDC's Executive Leadership Team (CXO) is committed to climate change action and environmental sustainability in every aspect of its operations. The Chief Operating Officer (COO) and the Chief Financial Officer (CFO) (both reporting directly to the Board), hold primary accountability for strategic leadership on climate-related issues and their financial impact. Other senior executives, having climate related responsibilities as core to their accountability include the Chief of Engineering and Design (CE&D).

Performance against sustainability goals is also included in relevant CXO remuneration plans. The short-term incentive (STI) hurdles include a range operational and climate-related metrics, including operational uptime, PUE metrics (directly linked to GHG), NABERS ratings and other compliance operational criteria which are reviewed regularly and tuned with a view to the Board's strategic priorities.

Strategy

NEXTDC's aim is to offer customers Australia's most energy efficient, sustainably managed data centres. This core objective is supported by our high standards of performance driven innovative design, engineering, and operational excellence. Climate-related issues and their impact on data centre performance are intrinsically linked to NEXTDC's business strategy and financial performance.

In FY21, we undertook a process to identify the climate-related risks and opportunities for our business, strategy, and financial planning. Consistent with TCFD requirements, short, medium and long-term timeframes were used to structure the risk assessment in the context of NEXTDC's growth plans:

- ► (S) Short term time horizon of 0 – 3 years: Focussed on existing operations and conditions in Australia, and further near-term domestic growth.
- ► (M) Medium term time horizon of 3 – 10 years: Focussed on potential climate driven changes to conditions in Australia to 2030, and considerations for international growth.
- ► (L) Long term time horizon of beyond 10 years: To consider additional large-scale changes, including substantial physical impacts of climate change.

In FY22, we worked to further define our climate related performance metrics in consultation with internal and external stakeholders and a view to our operational performance target for efficiency and energy usage.

Risk and Opportunities

The below table sets out the potentially significant climate-related risks and opportunities identified through this process, as well as the key response strategies we are implementing.

TOPIC	DESCRIPTION OF RISK AND/OR OPPORTUNITY	TIME HORIZON	CURRENT CONTROLS AND RISK REDUCTION MEASURES
Reputation	NEXTDC's climate change-related disclosures may fall below stakeholder expectations of an ASX100-listed company. This may impact our ability to attract capital, deliver shareholder returns and execute growth plans (including consideration as a preferred supplier or partner).	S/M	► We have publicly disclosed Environmental, Social and Governance (ESG) Reports each year including content on climate change. This includes a roadmap for compliance with recommendations of the TCFD. ► We undertake regular and transparent engagement with investors on ESG related concerns including climate change.
Reputation	NEXTDC's strategic response to climate change may not meet investor and other stakeholders' expectations. This may impact our ability to attract capital, deliver shareholder returns and execute growth plans (including consideration as a preferred supplier or partner). There is also an opportunity to exceed stakeholder expectations in this area, further strengthening our reputation and presenting the business as a supplier and/or investment of choice.	S/M/L	► Our core customer offering includes best practice energy efficiency levels and a carbon neutral service offering (recently released to market) with offsets procured via a reputable third-party broker. ► We have strategic partnerships in place with leaders in sustainable supply chain practices including climate change related performance, to further strengthen sustainability performance and credentials. ► We are in the process of developing decarbonisation plans and targets which are aligned with goals of the Paris Agreement.
Policy/ Compliance	As climate policies develop further in Australia, emissions from the electricity generation sector may be included, with associated carbon costs likely to be passed through to end-users such as NEXTDC and its customers. Renewable energy policies may also be expanded and result in increased pass-through of costs incurred by electricity producers and retailers. NEXTDC may also be affected by changes to commercial building laws and regulations in response to climate change, including more stringent energy efficiency requirements.	S/M/L	► An internal legal team maintains oversight of emerging regulations that may impact our business directly or indirectly, with support from external counsel where required. ► The majority of customer contracts in place allow for direct pass-through of electricity costs, including relevant levies and network charges. For contracts not set up with direct electricity cost pass-through, appropriate force majeure provisions are in place to manage disruptive price increases. ► We actively pursue renewable electricity supply contracts as a component of our electricity cost and risk management strategies (including investment in both on-site and off-site renewable generation). ► Optimal energy efficiency is maintained as a core element of NEXTDC's customer offering, including external verification via achievement and maintenance of 5-star (or better) NABERS ratings our facilities, ISO14001 certification at all sites and publicly disclosed national average Power Utilisation Effectiveness (PUE) and Water Usage Effectiveness (WUE) ratios.
Legal	As a listed organisation, NEXTDC's directors have legal and fiduciary duties to consider foreseeable climate change related risks. If these are not adequately performed, the company and directors may be exposed to legal actions by shareholders.	S/M/L	► The Board is advised of regulatory compliance and operational risks to the business through the Audit and Risk Management Committee, including climate change related matters. The Investment Committee also considers these issues in strategic business development. ► Board members have diverse technical backgrounds (including science and engineering) and include non-executive directors with skills and experience in climate-exposed sectors.

TOPIC	DESCRIPTION OF RISK AND/OR OPPORTUNITY	TIME HORIZON	CURRENT CONTROLS AND RISK REDUCTION MEASURES
Technology	Decarbonisation of NEXTDC's buildings and services may incur higher costs and increased operational risks associated with new technologies required.	M/L	► NEXTDC has a dedicated engineering and design team which pursues best practice technologies and has substantial experience in safe and successful implementation. This experience positions the company well to successfully implement further technological advancements as they become available without unplanned operational disruption or excessive costs.
Market	NEXTDC purchases large quantities of electricity and requires cost-effective access to back-up generation, which currently means substantial volumes of diesel fuel. An unpredictable transition to a low-carbon economy may cause abrupt and/or unplanned changes in market dynamics and pricing of these critical inputs and adversely affect financial performance.	S/M/L	► NEXTDC pursues competitively priced electricity and diesel on an ongoing basis to manage this cost. Since these costs are also directly or indirectly passed on to customers through contractual arrangements, these activities also enhance the competitiveness of the company's service offering. This has resulted in strong in-house capability and experience in procurement of both electricity and diesel. A range of procurement mechanisms are in place including direct supply arrangements with electricity generators (under power purchase agreements). ► NEXTDC's engineering and design teams stay at the forefront of relevant technological developments and continuously assess the feasibility of employing the most sustainable solution to every challenge.
Market	As the global transition to a low-carbon economy progresses, NEXTDC's customers' expectations on energy and emissions performance may exceed what the business considers viable at a particular time. For example, customers with aggressive scope 3 emissions targets could push for NEXTDC's data centre services to run on a higher percentage of renewable power or a carbon neutral offering that includes customer electricity emissions within the Service boundaries. There is also an opportunity to offer the market a best practice product with respect to low emissions intensity and physical resilience. This could expand our market share and consolidate existing strong partnerships with key customers.	M/L	► NEXTDC's hyperscale customers include companies that are leaders in sustainable supply chain management, driven by their own strategic goals and stakeholder expectations[1]. These are high priority strategic relationships for NEXTDC and responsiveness to their requirements and expectations have had the additional benefit of driving environmental performance ahead of the rest of the market's expectations. ► NEXTDC continues to work with all its partners and customers to explore opportunities to increase the sustainability of all our operations. ► NEXTDC's NEXTneutral, an opt-in product, which allows customers to voluntarily have their carbon footprint be 100% carbon neutral on the same basis as NEXTDC's organisational 100% carbon neutral accreditation.
Physical – acute	Increased frequency and severity of extreme weather events could increase the risk of an unplanned disconnection or downtime event outside NEXTDC's control, including: ► Damage to local power lines, local grid power outages, disruption to back up diesel supply for generators ► Damage to communication lines to a NEXTDC data centre, resulting in an unplanned disconnection event Disruption to water supply used for cooling towers (critical to continue functioning data centres safely).	S/M/L	► NEXTDC's 100% Uptime guarantee to customers and associated requirements for Uptime Institute Tier IV certification ensure a best practice standard for operational continuity in the event of a disruption. ► This includes multiple contingencies in place for each potential point-of-failure, including power supply, back up generation fuel supply, staff access to the site, connectivity and water supply. These risks are also largely accounted for as part of NEXTDC's 'Business Continuity and Disaster Recovery Strategies and Plans', which plays a critical role in our 'Uptime Guarantee'.

1. For example, one customer has announced a target to reduce scope 3 emissions by more than half by 2030 through steps including use of an internal carbon price to cover procured products and services, and implementation of ''new procurement processes and tools to enable and incentivise our suppliers to reduce their scope 1, 2, and 3 emissions.'' Another customer has made a series of commitments around working with suppliers to reduce energy and raw material use and maximise use of renewable energy in its 2020 Supplier Responsibility Report.

Risk Management

NEXTDC's Risk Management framework and related and procedures help us to assess, monitor and manage our risks. How this is achieved is discussed in detail in the Risk Management section of this report.

NEXTDC's Enterprise-Wide Risk Register (EWRR) captures risks that can affect the achievement of our goals, including addressing climate change related risks. The EWRR is updated and shared with the Board at least annually. In addition, the Environmental and Climate Risk Register, supplementary to the EWRR, captures all transitional and physical climate change risks identified for long term monitoring (please also refer to our Risk and Opportunities section above, which includes the key/most significant risks identified so far). Other processes that carefully considering climate-related risks include the Engineering and Design Risk Register and the Central Operations Risk Register. These are updated periodically, with their review cadence dependent on the subject matter and business unit.

Metric and Targets

Our metrics and targets demonstrate our commitment to adapting to climate change and increasing the resilience of our service. Our disclosure currently focuses on a subset of climate-related metrics with sufficiently reliable data.

These include:

METRICS AND TARGETS	WHERE IN THE REPORT/ DATA
Energy Management – Total electricity consumption, including breakdown by grid energy vs. renewables (MWh) and Power Usage Effectiveness	Environmental Objectives – Objective 2 Operate data centres maximising the designed intent. Sustainability Data
Water Management – Total water consumption and the Water Usage Effectiveness	Environmental Objectives – Objective 2 Operate data centres maximising the designed intent. Sustainability Data
Waste Management – Waste diversion rate including breakdown in metric tons: total, landfill, recycling, composting, recovery (energy from waste)	Environmental Objectives – Objective 2 Operate data centres maximising the designed intent. Sustainability Data
Carbon usage effectiveness (CUE) – ratio of total carbon to electricity delivered to servers ($kgCO_2$-e/server kWh)	Environmental Objectives – Objective 2 Operate data centres maximising the designed intent. Sustainability Data

Performance against sustainability goals is also included in relevant CXO remuneration plans. The short-term incentive (STI) hurdles include a range operational and climate-related metrics, including operational uptime, PUE metrics (directly linked to GHG), NABERS ratings and other compliance operational criteria which are reviewed regularly and tuned with a view to the Board's strategic priorities.

In order to incorporate different perspectives on climate-related matters and gain experience with the metrics and measurement methods, we continue to track a selection of different metrics internally. This allows us to gain deeper insights into the relationship between our operations, climate-related metrics and our disclosure framework.

Moving Forward

We intend to continue our journey to seek to convert our operational performance ambitions for efficiency and energy usage into short/medium GHG reduction targets. Ultimately the aim is to develop a net zero pathway quantifying our full value chain to 2030 and beyond. We recognise this is a major ambition and are committed to disclosing our roadmap to net zero, taking into consideration our operational regulatory and legislative constraints in a competitive market. NEXTDC will introduce scenario analysis to test the resilience of our strategies and financial performance in FY23.

EXTERNAL INITIATIVES

NEXTDC participates in benchmarking assessments and maintains its memberships with key industry bodies. These allow the Company to track performance against relevant performance standards and against our peers to ensure continual improvement in the way we conduct our business.

ISO Standards

All NEXTDC facilities are certified to **ISO 9001 (Quality Management System)**, **ISO 27001 (Information Security Management System)**, **ISO14001 (Environmental Management System)** and **ISO45001 (Work Health and Safety Management System)**.

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 and the Risk and Compliance team. Aside from reiterating our sound management in these areas, these certificates help us to articulate, in a common language, how we meet our stakeholder expectations in the relevant disciplines.

Certified System	Certified System	Certified System	Certified System
Information Security ISO 27001	Environment ISO 14001	Quality ISO 9001	OHS ISO 45001
SAI GLOBAL	SAI GLOBAL	SAI GLOBAL	SAI GLOBAL

PCI-DSS

PCI-DSS is a proprietary information security standard for organisations that handle credit card transactions. Whilst NEXTDC, does not, of itself, have the requirement to get certified for PCI-DSS purposes, as a data centre service provider, we do manage controls that form part of our customers' PCI-DSS requirements. All[1] NEXTDC facilities are certified to PCI-DSS. The scope of NEXTDC's certification covers controls managed by NEXTDC as a data centre service provider (Physical Security and availability of data centres).

Service Organisation Control (SOC) Reports

NEXTDC has issued SOC1 Type 2 and SOC 2 Type 2 assurance reports for all[1] its facilities.

SOC 1 Type 2 Reports are issued to support our customers in their annual financial audits. It provides assurance on the controls at NEXTDC relevant to the internal controls over financial reporting (ICFR) for our customers. SOC2 assurance reports reflects NEXTDC's ability to meet the Trusted Services Criteria for Security, Availability, Processing Integrity, Confidentiality and Privacy. It examines how, as an organisation, NEXTDC designs and operates the controls in these areas.

Carbon Disclosure Project (CDP)

NEXTDC participated in the 2019 and 2020 climate change CDP survey. To ensure a continued balance of resources between the delivery of our sustainability initiatives and reporting, NEXTDC has decided to pause its reporting with CDP in 2021 and 2022, to allow for the proper integration of TCFD recommendations.

FTSE4Good Index Inclusion

NEXTDC continues to be included in the FTSE4Good Index Series, a responsible investment index of FTSE Russell, a London Stock Exchange Group company since December 2020. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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1. An exception to this is NEXTDC's newly acquired edge data centre in the Sunshine Coast (SC1). Though already operated in-line with national standards, SC1 has not yet been certified. Our intention is to complete this process within the next 18 months where its applicable to the service we provide.

Uptime Institute

S3 and M3 have achieved UI Tier IV Certification of Design in FY22. NEXTDC currently holds the following awards from the Uptime Institute:

NEXTDC FACILITY	AWARDS
Sydney S1	► Tier III Certification of Design Documents ► Tier III Certification of Constructed Facility ► Tier III Gold Certification of Operational Sustainability
Sydney S2	► Tier IV Certification of Design Documents ► Tier IV Certification of Constructed Facility (Provisional)
Sydney S3	► Tier IV Certification of Design Documents
Melbourne M1	► Tier III Certification of Design Documents
Melbourne M2	► Tier IV Certification of Design Documents ► Tier IV Certification of Constructed Facility ► Tier IV Gold Certification of Operational Sustainability
Melbourne M3	► Tier IV Certification of Design Documents
Perth P1	► Tier III Certification of Design Documents ► Tier III Certification of Constructed Facility ► Tier III Gold Certification of Operational Sustainability
Perth P2	► Tier IV Certification of Design Documents ► Tier IV Certification of Constructed Facility (Provisional)
Brisbane B2	► Tier IV Certification of Design Documents ► Tier IV Certification of Constructed Facility ► Tier IV Gold Certification of Operational Sustainability
Canberra C1	► Tier III Certification of Design Documents

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 the 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.

SOCIAL
SUSTAINABILITY

„ *We take pride in fostering a culture of continuous learning and growth and embed learning and development into every aspect of our work. My role in NEXTDC is to help everyone reach their potential and provide my colleagues with access to world-class professional development to ensure they are either upgrading their existing skills or building new skills, expertise, and capabilities.*

Belinda Barron
Learning and Development Manager

Human capital development and management

As at 30 June 2022, NEXTDC had 283 employees, all of whom were all directly employed by the Company. NEXTDC makes limited use of self-employed contractors, with no workers covered by enterprise agreements.

NEXTDC understands the value that each team member brings to the Company. Through quarterly manager led talent reviews, we are able to identify our high potential talent, identify gaps and make strategic resourcing decisions. The process also enables us to calibrate and deploy development and retention plans to reduce the flight risk of critical talent and build a higher functioning team.

All NEXTDC team members received regular performance, remuneration and career development reviews during the reporting period. Each employee is encouraged to establish a Professional Development Plan with goals and training that are individually designed depending on the employee's role and aspirations. This roadmap is reviewed with their manager each quarter through the 'Check-in' process, with both employee and manager supported by our People and Culture Business Partners and Learning and Development Managers.

Our 'Check-in' process is the foundation of our approach to managing performance and career development. These quarterly conversations aim to foster a coaching and continuous feedback culture which seeks to engage and motivate employees to grow and progress their career.

Supporting and upskilling our team members is an essential investment. NEXTDC believes that a fundamental requirement to meaningful employment and growth is the professional development of its staff. In addition to performance and productivity, our employees receive value from comprehensive technical and professional development programs that impart new skills for their current roles and beyond.

In FY22, NEXTDC increased its use of casual employees across customer facing roles to better resource our facilities to customer needs. We continue to focus on hiring aspiring graduates' and provide intern and trainee opportunities, providing a pathway for them to transition into more permanent roles.

Our voluntary turnover rate for FY22 is 24.51%, reflective of the global job mobility rates and the tightened labor market impacting all sectors. NEXTDC considers this a material topic for the business and is highly committed to reducing the risk of turnover and continuing to provide an environment in which all staffs are thriving.

Superannuation contribution

As part of helping more Australians retire comfortably, the Australian government announced an increase of 0.5% to the Superannuation Guarantee Contribution (SGC) in 2021, which will take effect from 1 July 2022. In keeping in line with our approach last year when the contribution increased, NEXTDC will again continue to pay the additional 0.5% superannuation, without any impact on our employees' take-home pay.

Developing talent and building career opportunities

As part of talent development, we invest in a range of learning and development activities that readies team members for future opportunities within NEXTDC. Some of the highlights during the activities during this reporting period have included:

FORMAL PROGRAMS FOR LEADERS

► 6-week Effective Communications Skills coaching program, developing team leaders and people managers.

► 6-month coaching program called FASTLEAD, run by HFL (Harbour Future Leaders), which aims to build the capabilities of our leaders by building essential skills, knowledge and the confidence to transition from individual contributor to effective business leaders.

► 2-day, highly interactive training course called 'Crucial Conversations for Mastering Dialogue', available to people managers and CXOs seeking to drive positive behavioural change amongst their teams, and ensure we are all living by our corporate values. The aim is to develop open, honest and constructive communication between different departments.

INITIATIVES AND TRAINING

► The Key Talent Initiative (KTI) which has continued for the second year and seeks to identify and develop high-potential talent across the business. The program identifies, trains and advances high performing team members to ensure a sustainable contributor and leadership pipeline. The KTI includes tailored coaching on development plans, career mentoring with the Executive team and Personal Profile Analysis to provide insights into strengths, weaknesses and development opportunities.

► NEXTDC's Hour of Power sessions aim to provide our employees with an opportunity to increase their knowledge and skills in certain business areas and give visibility on current business projects, systems and processes. The sessions are held bi-monthly, run for 60 minutes and are presented by both by team members and external guest speakers.

► In partnership with the Institute of Managers & Leaders, we rolled out Intentional Conversations training to all employees. The course gives them the opportunity to build capability in effective communication. The workshop focussed on raising self-awareness of personal styles and their impact in conversations as well as developing emotional intelligence in building positive relationships.

TOOLS AND SPONSORSHIP

► In FY22, our Learning and Development Manager worked with the Facility Operations leaders to establish the Technical Competency Framework, a tailored tool with 14 sets of competencies specific to the roles and responsibilities of our operational team.

► NEXTDC's educational assistance program is in place to assists employees who wish to undertake a qualification or course to further their professional development. In FY22 we saw a number of employees take up this opportunity and begin their journey towards Diplomas and Graduate Diplomas.

► We sponsored the ongoing development of over 30 employees seeking additional accreditations as part of their roles, be that a Certificate III in Customer Engagement, Business or Telecommunications Technology, or Cert IV in Telecommunications Engineering Technology.

► Job shadowing is offered as a development opportunity for employees who are keen to explore other areas of the business. Shadowing enables employees to gain insight into potential career paths helps develop and strengthen relationships with people in other business areas.

Additionally, all employees are required to complete their annual compliance training. This averages to approximately four hours per employee, per year. In FY22 we carried out a review of the current suite of compliance and social training programs with our service provider, Safetrac and made a number of changes and improvements to our training program for FY23.

Compliance to Labour law and sanctions

NEXTDC ensures any formal grievances raised are treated seriously and 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.

Employee engagement

Having an engaged workforce is vital to achieving our strategic objectives. It enables us to attract and retain workers who share the same purpose, values and goals. Our annual engagement survey NEXTPOLL is essentially a deep dive survey to gain insights into core topics and diagnose important issues. Seeking, accepting, and acting on employee input boosts workplace morale and improves team performance, customer service and safety. At NEXTDC, our team members' 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 and to improve the level of employee engagement across the Company. FY22's annual employee survey had a 84% participation rate and 72% engagement rate with very positive feedback in the areas of Safety, Community Engagement and Diversity & Inclusion.

Several initiatives have been implemented throughout FY22 to address feedback from the employee surveys. These included:

- Our continued focus on mental health and wellbeing, particularly important due to the impact of the COVID-19 pandemic, which has elevated risks in areas such as anxiety, frustration, and burnout suffered by team members. These initiatives are also further elaborated on in the WHS section of this report.

- Uplifting the skills of our leaders and employees to effectively collaborate and communicate with each other through the Crucial Conversations workshops.

- Continuing our 'Humans of NEXTDC' series, which is elaborated on in the Diversity and Inclusion section of this report.

- A regular cadence of 'All Hands' calls to provide plenty of opportunity for our employees (many of whom were working from home) to hear from our leaders, ask questions and stay connected.

- Continued our 'One Team' award to allow people to recognise high performing teams including those that have lived key values and have gone above and beyond in their contributions to a specific project or outcome.

- Promoted and shared internal career stories each quarter so our people can learn how others within the business have taken ownership of their own career development.

- Invested in our people by promoting from within the business to training them to become effective people leaders.

- Our continuous improvement of our team member 'Check-in' process to foster a culture of continuous feedback and ongoing personal growth.

The future of work

In keeping pace with the constantly evolving employee sentiments, NEXTDC prioritises its focus on employee engagement, wellbeing, safety and compliance. Hybrid working redefines workplace culture to foster an environment that attracts and retains the best employees. Our 'The Way We Work' approach is a testament to our advocacy that work is something we do, not somewhere we go!

As a new era of work is ushered in, traditional work models no longer meet the needs of all employees. AT NEXTDC, we seek to ensure that each of our team members has the flexibility necessary to balance their work and personal priorities. As we work together to succeed as a business, we are seeking to provide great flexibility for our teams, which, in turn enables us to attract and retain a diverse, committed workforce and improve their well-being, engagement and productivity.

Where possible, flexible working has always been an option at NEXTDC. Our **'The Way We Work'** program, established in FY21 at the start of the pandemic, encapsulates our flexible work approach. Our employees and contractors (where feasible) have the option of continuing to work from home for as long as they need to, enabling them to look after their health and wellbeing and that of their families. Our approach is designed to recognise and support the diverse people, work activities, priorities and projects that drive our success. Depending on their role, employees may be able to work remotely and head into their local office from time-to-time to collaborate in person. Similarly, where work from home is not an option due to the nature of our 24/7 environment, we try to maintain a high degree of flexibility. We recognise that flexibility does mean different things to different people and so our Flexible Working Arrangements Policy allows team members to work hours that better suit family, study and other commitments or adopt other, flexible patterns of work.

NEXTDC also has a purchased leave scheme which provides the flexibility for employees to fund an additional period of leave (up to a maximum of 20 days per year). Purchased leave is paid at the reduced purchased leave rate and no leave loading is payable on additional leave. This benefit gives employees the chance to spend more time with their family, travel, get married, renovate their house or do volunteer work. It is a great way to boost morale and, as a result, improve productivity at work.

Our hybrid flexible working philosophy 'The Way We Work' is instilled in our culture and offers a myriad of benefits. It empowers our workforce, broadens our talent pool, boosts productivity, promotes growth and saves on costs.

It offers our people a tailored employee experience and this has had a disproportionately positive impact on our diversity, equity, and inclusion efforts, as well as on the mental health and wellbeing of our people.

In a post-pandemic world, "New Normal" has paved the way for "Next Normal" and we are committed to maintaining our momentum for the betterment of our people and our culture!

Erin Jakubans
Head of People and Culture

Men's choice to work part-time reflects a shift in lifestyle choice and NEXTDC is extremely supportive of this shift no matter which level of career they are at. We encourage our male workforce to utilise our primary carer parental benefit. Simon Guzowski, our Environmental, Social, Governance & Investor Relations Manager based in Sydney says:

> *In our broader community, it still remains less common for fathers to work part time, even though this is known to play such an important role in gender equity outcomes.*
>
> *My request to work part-time was received extraordinarily well in NEXTDC without being perceived as a sign of less dedication to my role. Its been great to experience that NEXTDC walks the talk in this area.*

Simon has chosen to work four days a week so he can dedicate more time to his growing family and ensure both parents have access to equally meaningful careers. He feels the change has made him more productive. He further added:

> *You've got some reflective time to think about work when you're not there. It makes you more focused when you are in work. Although I must add that many people are surprised to hear that I am part-time. Maybe that says something about how lucky I am to be part of a progressive work environment!*

NEXTDC sees this as a win-win situation. Moving forward we would like to set more diverse target for flexible work as well as other opportunities to help our male workforce balance their personal responsibilities with work. We want to break the stereotype around flexible work being only for women.

Employee recognition

NEXTDC believes that we need to reward the right behaviours if we want our people to flourish, drive long-term performance and feel truly valued for their contribution

Recognition doesn't mean the same thing for everyone, and that is why it is important to tailor our recognition so it's meaningful to the recipient. NEXTDC has created multiple avenues for recognition, monetary and otherwise. A centralised recognition budget is allocated to each cost centre. Managers can utilise the 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 to achieve excellence in their role. FY22 began positively for the team as they were invited to share in the Company's strong performance and were granted $1000 worth of NXT shares in recognition of their contribution and their amazing efforts dealing with the global pandemic.

Employees are recognised for living NEXTDC's values, informally through the Yammer internal communications platform and every month through a formal awards program. When it was safe to bring our people together, our annual conference included a range of awards for "A-Players", sales success and for team leadership. In FY22 we resorted to delivering some of these awards remotely.

NEXTHERO	**NEXTDC day**	**'Living our values' cards**	**One Team Award**
The 'NEXTHERO' recognition program selects a monthly winner from a short-list of candidates nominated by employees. Nominations are based on individual achievement or contribution that team members believe is exceptional. Winners of the monthly and annual awards receive gift vouchers.	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.	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.	Award created in response to employee feedback around wanting more recognition options for teams. Nominations are based on teams (can be cross-functional) who have worked collaboratively to deliver an exceptional outcome. Winners of this quarterly award receive a NEXTDC day.

DIVERSITY AND INCLUSION

At NEXTDC, we continue to build upon a culture of respect, and belonging, aiming to engrain inclusion and diversity in our culture. We believe that focusing on this has allowed us to drive innovation and create a competitive advantage.

Diversity and Inclusion Committee

Our Diversity and Inclusion (D&I) Committee is chaired by the Chief Operating Officer, a representing member of the NEXTDC's executive team, and is comprised of senior leaders from across the business. The committee proactively drives NEXTDC's inclusion and diversity strategy, monitors progress and ensures leadership accountability in these areas.

Our FY22 D&I program was developed to maintain our momentum to further shift the needle. While our virtual setting brought challenges, it also helped us to adopt new ways of working, break down geographical barriers and enabled us to engage in new ways. In FY22 we focused on a number of diversity priorities including awareness of unconscious bias, disability inclusion, mental health and wellbeing, gender targets, supporting LGBTQIA+ and furthering other social and welfare initiatives discussed in other sections of this report.

Gender diversity

NEXTDC is in an industry sector focussed on security, construction, electrical and mechanical engineering, and IT. Each of these have, in the past, had the effect of skewing our workforce strongly towards male participation. Currently, 33% 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, Marketing, Finance and HR functions). The Company is committed to achieving gender diversity in the workplace and we are making progress in many ways through our inclusive hiring practices, opportunities for 'stretch' assignments and career advancement, and the mentoring and development of female talent.

The Company continues to target an improvement in the overall gender balance ratio. Our aim is to achieve a 40:40:20 ratio; meaning 40% men, 40% women, 20% flexible across our employees, management, and the Board by 2030. This approach drives meaningful female representation and is inclusive of people who identify as non-binary. To further show our support for achieving this gender balance, we are working in partnership with 40:40 Vision, which seeks to move beyond tokenism and achieve a 40:40:20 ratio through business-oriented, structural transformation. We have joined their pledge to achieve gender balance at an executive leadership level by 2030. The Company also demonstrates gender diversity at Board level, where 29% of our Board members are female. Gender diversity remains a key focus and priority for the Company at all levels.

Listening to our team

To address the broader imbalance, NEXTDC continues to promote diversity, dismantle barriers to inclusion and promote equality for all team members. One of the ways we seek to achieve this is through NEXTPOLL, our annual engagement survey. In FY22 the survey found that 81% of our employees rated our efforts on diversity and inclusion as 'favourable' or better, identifying the company as an inclusive and respectful workplace.

Through our family inclusive leave practices, we strive to reduce the tension that exists between work and family by embedding policies that genuinely support employees to thrive both at work and home. These include leave provisions to cover parental, personal and carers, compassionate, family and domestic violence and volunteer day leave.

Unconscious Bias

We strive to follow best practice in minimizing bias across our people and business. Our recruiters and interviewers are trained in anti-bias techniques to help us assess candidates and we have upskilled our leaders, managers and People and Culture team to understand and identify unconscious bias and how it can unintentionally affect our assessment of others. We are now continuing to educate all our employees on the same mindset.

Some of our key achievements in embracing and promoting diversity and inclusiveness in FY22 included:

➤ Our 'The Way We Work' program to recognise and support the diverse people, work activities, priorities and projects that drive our success. This includes flexible working arrangements with many team members working from home, working part-time or working flexible hours to suit their personal needs.

➤ Our 'Humans of NEXTDC' series (inspired by Humans of New York by Brandon Stanton), where we promote our incredible and diverse group of people, so we can understand our differences and learn from one another, both personally and professionally.

➤ Focus on neurodiversity through our partnership with Auticon, an international IT service provider that exclusively contracts out IT consultants on the autism spectrum.

➤ Partnering with 'Empowering 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 other opportunities.

➤ Mentoring programs and networking opportunities such as our Company-wide diversity forum which brings together a broad range of team members including senior executives and subject matter experts.

➤ Celebrating days that promote inclusivity including 'R U OK' Day for mental health, Mardi Gras and Pride and various holidays to promote our cultural diversity.

➤ International Women's Day (IWD) celebrations conducted nationwide under the banner of 'women in leadership,' with many of our women and men tuning in to the UN Women's IWD breakfast event both in person and virtually.

➤ Continuing to incrementally grow the number of female employees overall including in senior roles and promoting them into internal career opportunities and professional development programs.

➤ Conducting further diversity and inclusion benchmarking against other ASX 100 companies.

➤ Attracted 30% female external hires in FY22, noting the challenge in attracting female talent to operational and technology roles.

FY22 has seen many great 'A-Players' join NEXTDC with 11% of vacancies filled with internal staff transfers and 34% of external hires coming through employee referrals. We believe this is a good indication of NEXTDC's reputation in the industry and how it is perceived as a desirable employer.

NEXTDC participates in Workplace Gender Equality annual compliance reporting and is compliant with the Workplace Gender Equality Act 2012 for FY22. The detailed breakdown of employees disclosed within the Company's 2022 Workplace Gender Equality report is available at www.nextdc.com.

The Company has a formal strategy to specifically support and promote gender equality and diversity. We want our female employment rate to continue to grow and are focussed on offering more initiatives that help our staff members balance work and family responsibilities. NEXTDC recognises the skills, values, and experiences a diversified group of people can offer and is proud of its workforce. Overall, NEXTDC's aim is to create a fun, inclusive and interesting workplace where we invest in our team and celebrate their achievements.

Paid Parental Leave

Making things better for our employees and their families is an integral part of what we believe at NEXTDC. This includes supporting our team members who are at the start of their parenting journey. NEXTDC provides 20 weeks paid parental leave for primary caregivers (in addition to any government support) and 4 weeks for secondary caregivers. Additionally, team members employees who have continued primary caregiver responsibilities for a new child may also qualify for up to 12 months unpaid parental leave. Our paid Parental Leave Policy which included birth or adoption of a child has been further extended in FY22, to include staff members who endured the tragedy of still birth or infant death as well as where adoption or surrogacy is involved.

We are now also offering a 10 keeping-in-touch days for staff on parental leave to ensure a smooth and comfortable transition back to the workplace.

DATA PROTECTION
AND SECURITY MANAGEMENT

Customer data security and privacy

NEXTDC collects a minimal amount of customer Personal Identifiable Information (PII), limited to activities such as account and contract management, marketing and to permit entry to its facilities. 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 does not interact with or manage any data stored on its customers' equipment. Customers are responsible for managing their own data on their IT equipment and the security of their data. NEXTDC is responsible and takes pride in offering exceptional physical security controls to protect customers equipment in our facilities.

We recognise that a breach of data security could have a significant reputational impact on NEXTDC and its customers. Any customer account related information that we store is protected in accordance with our Privacy Policy, a document based on and consistent with the Australian Privacy Principles (APP) and the European Union's General Data Protection Regulation (GDPR), where applicable.

Internal data management procedures, such as the Data Retention Policy, Incident Management Policy, Data Breach Notification Process and the IT Disaster Recovery Plan supports how we manage, protect secure the integrity of data and how we would respond to a security or privacy breach. These procedures are designed to comply with all relevant legislation. All NEXTDC team members as well as contractors and consultants are required to undergo mandatory privacy management and information security awareness training annually.

Our Business Continuity (BC) Plan and Disaster Recovery (DR) Plans are tested at least annually to provide further assurance on our Uptime Guarantee brand promise. These tests on system and data security build our expertise in managing critical systems and services in disaster scenarios. NEXTDC's BC program remains a critical element operational resilience a process we are constantly looking to further mature.

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

DTA Certified Strategic to secure sovereign data

In FY22, we were pleased to announce our certification by the Australian Federal Government's Digital Transformation Agency (DTA) as a Certified Strategic (Enclave) hosting provider of data centre services. Certified Strategic status is the highest level of certification attainable and recognition of our alignment with the highest certification standards assuring Federal, State and local government organisations on security and data sovereignty issues.

Physical security

Security risk management is inherently integrated into NEXTDC's purpose, governance and operations ensuring a positive security culture. NEXTDC's security risk management program is designed to safeguard the organisations' assets, people, property and information as well as customer equipment, security and their operational environments.

NEXTDC seeks to provide customers with the highest standards of security. The protection of NEXTDC data centres is enhanced using successive, layers of security through a unified platform of physical, electronic and personnel security. This layered and unified approach limits access to only those with the appropriate authorisation, be it access to the entrance, common, storage or staging areas, private cages, data hall environment or support infrastructure. NEXTDC's security and protection measures reflect ongoing changes in the risk and threat environment to protect the integrity of customer information in our care.

NEXTDC's data centre facilities and data halls are designed and built to meet the Australian Government Protective Security Policy Framework (PSPF) requirements. This approach to our security posture provides the necessary measures to DETER-DETECT-DELAY-RESPOND to any

" *NEXTDC has built and will continue to deliver on a culture that values our customers and aims to provide a very high level of customer experience, from the first to last point of contact. Security risk management is integrated into NEXTDC's governance and operations supported by a positive security culture where all team members have a role to play.*

George Dionisopoulos
Head of Security

potential security breaches in any of the protective layers of defence in our data centres. As our portfolio continues to grow, we aim to keep delivering sites that meet these high security standards. Our second-generation data centres are designed and constructed in accordance with Australian Government Protective Security Requirements. Our third-generation data centres were designed and are being constructed to the same level of compliance. This includes the creation of areas to store and process information with a Business Impact Level (BIL) of aggregated electronic information to various levels, as identified within the Australian Government PSPF. These high security standards are a testament to our approach from concept to delivery and result in facilities integrating physical construction, electronic security, policies and procedures and skilled personnel recognised by a range of third-party certifications.

Our Security Policies and Procedures are critical to our services and define the practises adopted by our personnel and staff to an effective, robust, and integrated security management plan. NEXTDC will continue to invest in stakeholder awareness and training to support our security posture. Having the ability to identify threats, mitigating their impact and be aware of threat indicators and suspicious activity and the rapid ability to report them are key to the successful protection of our customers and business. Having all the staff understand this is mission critical.

External Assurance

Our Board endorsed audit and assurance program is established to manage our risks while helping us measure our effort against both mandated requirements and data management best practices, including ISO 27001, PCI-DSS, SOC1, SOC2, APP, ASIC Report 429 – Cyber Resilience, and the ASD Strategies to Mitigate Cyber Security 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. NEXTDC's Operational Excellence (NOE) function, the second line of defence and internal assurance program, further aligns our operational and compliance obligations (ISO, PCI-DSS, SOC, NABERS, Uptime etc.) to ensure we have a robust control framework to manage our risks whilst maintaining our Power, Secure and Connectivity brands promise.

OUR GOAL IS ZERO INJURIES

Employees are NEXTDC's most important assets. Employee health, both physical and mental, is the foundation for the sustainable growth and success of the Company. NEXTDC is committed to providing and maintaining a safe and healthy working environment for all our workers, customers, and visitors. We continue to look for new ways to achieve our Safety-First corporate goal of zero injuries within the workplace. To achieve this, we strive to eliminate anything that may pose a safety risk to those who work in or visit our premises. The Company works diligently to identify these risks and ensure adequate controls are in place to mitigate them.

Safety training is mandatory for a number of positions within our facilities. Examples include first aid, chief fire warden and high voltage management courses. These ensure we have team members that can effectively respond to an emergency situation should it arise.

NEXTDC complies with and is accredited to the ISO 45001 WHS Management System.

The Company has a WHS Committee which meets monthly to review WHS matters and consult with NEXTDC's employees, represented on the Committee for each site or office through a Health and Safety Representative (HSR). All employees and contractors are required to undergo mandatory WHS inductions and training. Task specific safety training is also provided for employees and contractors 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 based on a continuous improvement methodology. NEXTDC's WHS team and external auditors are engaged to conduct regular audit and safety inspections of all data centre sites to ensure we have an effective WHS control framework in place.

The Board and Senior Executives are provided with regular reports on WHS activities and issues across the business The Company has established a program of education, coaching, training, monitoring, and reporting to promote safety culture and is actively engaged with industry and regulators. Forums such as the CEO and COO townhall meetings embed safety awareness throughout the year. Our bi-monthly CEO townhall sessions, in particular, always begin with an update by the Head of Safety.

NEXTDC maintained positive safety results for FY22, with the Company not recording any lost time injuries across its data centre operations. In particular, in FY22 we have reduced our Operational Total Recordable Injury Frequency Rate (TRIFR) from 5.7 (July 2021) to ZERO (June 2022), an outstanding effort from all our operational and customer service teams. Working closely with our construction partners, we have also reduced our Capital Works project TRIFR from 15.0 to 10.0.

Further details on our WHS journey and achievements can be found in the FY22 Annual Report.

At NEXTDC, we aim to provide and maintain a safe and healthy working environment for all workers, customers, and visitors. People come first, safety is at the centre of everything we do, and metrics are critical to our continuous improvement methodology. We are passionate about keeping safety front of mind and adopting safety excellence as an operational imperative at all sites.

Simon Cooper
Chief Operating Officer

Mental Health and Wellbeing

The mental health of our team members continues to be a safety priority. NEXTDC is committed to promoting the physical and mental health of employees by encouraging employees to maintain a healthy work-life balance, especially in these unprecedented times.

We recognise that dealing with mental illness in the workplace should not be solely left up to each employee but be a part of the company's overall approach to workplace health. We are committed to providing a safe workplace that promotes positive mental health and support those experiencing a challenging time.

Our Mental Health Strategy includes:

► Promoting positive mental health and wellbeing through policies, support services and regular health initiatives

► Encouraging employees to adopt healthy work/life balance through flexible working arrangements

► Sharing knowledge and increasing awareness of mental health problems and the resources available

► Providing a safe environment that encourages employees to seek support early if they have declining mental health

► Having trained Mental Health First Aid Officers as an additional layer of support, to help someone developing or experiencing a mental health problem

Employee Assistance Program (EAP), the counselling service used until the end of FY22 has now been replaced with the health services provider, Sonder. Through Sonder, we are offering a holistic organisational wellbeing and safety services to all employees and their immediate family. Sonder facilitates 100% confidential, 24 hours, 7 days a week support across safety, medical and mental health needs via chat, on the phone or in-person with nurses, wellbeing experts and clinical psychologists. Sonder also includes safety features such as safety alerts and notifications, 'track my journey', and 'check on me' to ensure employees and their family members are safe when going about their day,

To further evolve our approach to promoting positive mental health in the workplace and providing support to team members we have trained volunteer Mental Health First Aid Officers (MHFAO) at our facilities who may be able to offer help to someone experiencing a mental health problem. Our MHFAOs have successfully completed a Mental Health First Aid course delivered by an accredited instructor and hold a current Mental Health First Aid Australia certificate. To date, we have 26 volunteer MHFAOs across our sites who are passionate about mental health and supporting their peers.

NEXTDC has also partnered with 'Heart On My Sleeve' (https://www.heartonmysleeve.org/), an initiative equipping people managers with tools to support a team member who has made a mental health disclosure in a human-first way. We recognise that people managers need the skills to have real conversations that help those affected and break the stigma surrounding mental illness.

MH&W BENEFITS

We have a range of benefits to support you to manage your physical and mental health, including:

► Bupa Corporate Health Cover & Health Assessments

► Health & Mindfulness Webinars

► Annual Flu Vaccinations

► Healthy Snacks & Fruit

ORGANISATIONAL WELLBEING & SAFETY PROGRAM

Access EAP (and Sonders beginning FY23) provides free, confidential counselling so you can talk freely, discuss strategies, develop skills or get advice on improving your mental health and wellbeing. You can also access specialised coaching:

► Financial Coaching

► Legal Consultation

► Nutrition Consultation

► Perinatal Counselling

MENTAL HEALTH FIRST AID OFFICERS

Our acccredited Mental Health First Aid Officers (MHFAO) are available to provide first aid to people who are experiencing a mental health crisis or may be developing a mental health problem. These employees provide first aid until appropriate professional help is received or the crisis resolves.

YAMMER COMMUNITY

Share your experiences, tips, ideas and questions about mindfulness, health and wellbeing with like minded people in our dedicated Yammer community. You will find all the support you need!

FINDING BALANCE

It's important to find the time to completely switch off from work and spend time with family and friends so you can be your best self at home and work. We encourage all our people to regularly take their annual leave and consider purchasing extra annual leave using their pre-tax salary!
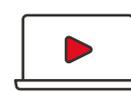
LEARNING & AWARENESS

Access to LinkedIn learning platform for a collection of recommended courses to help learn more about taking care of our wellbeing.

SUPPLY CHAIN

Sustainability is a key element of supply chain management, and we are conscious that our supply chains contribute to the greenhouse gas emissions. Sustainability impacts of our supply chain is included in our supply chain risk management process. Climate-related regulations, the cost and availability of materials and 'human rights' are all supply chain risks. We believe that working with our suppliers to improve sustainability can help mitigate these risks.

Supplier Code of Conduct

Our Supplier Code of Conduct (Code) forms the basis of our expectations of our supply chain and aligns with our Corporate Social Responsibility Policy. NEXTDC engages with many product and service providers across the business, especially on the design, build, operations, and the maintenance of our facilities. All these suppliers are required to comply with the Code. With a focus on demonstrating integrity, the Code establishes minimum requirements for corporate governance and ethical practices including WHS, social, environmental, and economic risk management, employment practices and information security requirements.

Sustainable procurement process

In awarding contracts, NEXTDC prioritises suppliers that demonstrate best practice as part of the due diligence process. We have systems in place to ensure the integrity of the Code is maintained. Where appropriate, suppliers are subject to a competitive selection process which evaluate their experience, sustainability practices, qualifications, their depth of quality assurance, demonstrable financial viability, and comprehensive insurance coverage.

Being a responsible business that also manages its social and environmental issues and responsibilities through its supply chain continues to be a focus for NEXTDC. As part of our third-party risk management process, our contractors are required to submit an Environmental Management Plan to advise NEXTDC on how they will minimise their impact on the environment, where applicable. The effectiveness of environmental controls is included in the vetting and review process of new and existing suppliers. These are tracked and monitored via our internal assurance process.

Prior to any maintenance or other relevant works being undertaken at any NEXTDC facility, a risk assessment process is conducted (including safety, environmental, human rights management, and information security requirements) to ensure risks are sufficiently identified and mitigated by the contractor.

Quarterly Business Reviews (QBR) with our key suppliers are used to discuss our expectations and assess compliance to sustainability requirements and best practice.

We recognise that some of our suppliers need support to achieve the minimum standards. We expect and acknowledge that ceasing support can have negative consequences on the suppliers' workers. Where appropriate, we continue to work with these suppliers to address non-conformances and assist them to the meet the required standards.

We are currently translating this way of working into a framework that will be rolled out across FY23 and FY24, with the aim of further strengthening our practises in this area.

99%
STAFF COMPLETED MODERN SLAVERY TRAINING IN FY22

Modern Slavery and Human Rights protection

NEXTDC values human rights for all people including employees, the communities we operate in, our business partners, and those working within our supply chains. We are committed to eliminating instances of human rights violations and risks within our supply chain.

NEXTDC conducts its business in a manner consistent with practises outlined by the United Nations Guiding Principles on Business and Human Rights. NEXTDC's supplier assurance program specifically addresses compliance with the Modern Slavery Act 2018 (Cth.) which requires us to report on and action any risks of modern slavery identified in our operations and supply chains. NEXTDC's second Modern Slavery Statement, published in October 2021 can be found on our website www.nextdc.com.

We have undertaken a comprehensive risk assessment of our supply chain and are currently implementing relevant policies to promote increased awareness amongst our staff and our suppliers about the existence of modern slavery. In order to understand the risk related to modern slavery in the supply chain, NEXTDC distributed the Self-Assessment questionnaire to all our tier 1 suppliers. More details on this process and its outcome is shared within our annual Modern Slavery Statement. Our next Modern Slavery Statement, to be published before December 2022 will outline the actions that NEXTDC is continuing to undertake to eliminate risks of modern slavery in our supply chains.

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 70 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.

We partner with organisations, big and small across a diverse range of industries. While certain materials are of a highly specialised nature and are not produced domestically, NEXTDC prioritises the procurement of 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 640 vendors, telcos and providers of infrastructure, platform, and cloud services. The business invests heavily in 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 currently employ 283 staff across the country in QLD, NSW, ACT, VIC, and WA, which is an increase of 4% from FY21. Our upcoming state-of-the-art data centre in Adelaide's central business district (A1) will create 150 jobs and around 20 jobs once operational. Our Darwin project (D1) is set to begin in October 2022 and will create around 200 jobs and up to 25 positions once operational in mid-2023. We are not only creating jobs in Australia; we are also heavily investing into the future of ICT careers within the local market.

Legal and socio-economic compliance

Due to NEXTDC's stringent sales and purchasing processes and procedures, we regard the risk of fraud and corruption as low. A Board endorsed Statement of Delegated Authority is in place to manage authority limits 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 undergo Code of Conduct training as part of their induction with an annual refresher. The Code of Conduct is supported by NEXTDC's extensive framework of policies and standards including the Work Health and Safety Policy, Procurement Policy, Diversity Policy, Anti-Bribery and Corruption Policy, Conflict of Interest Policy, Human Rights Policy, Securities Trading and Continuous Disclosure and Market Communications Policies and the Whistleblower Policy, 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

OUR COMMUNITIES MATTER TO US. WE FOCUS ON PARTNERSHIPS AND PROGRAMS THAT INSPIRE OUR FUTURE.

NEXTDC is committed to giving back. Through our Corporate Social Responsibility program, 'Live to Give,' we support various charities and the community by holding internal fundraising events and encouraging volunteering throughout the year. Since the program was established in 2018, we have consistently seen over 80% of our employees favourably rate our commitment to social responsibility.

One of our key partnerships has been with The Smith Family where NEXTDC is proud to continuously sponsor their 'Learning for Life' program, which supports disadvantaged students by providing the extra support they need to stay in school and go on to further studies. NEXTDC 's Workplace Giving Program allows employees to donate directly from their pre-tax salary to The Smith Family, Cancer Council, Beyond Blue, Red Cross, UN Women or SolarBuddy. To embed the ethos of giving back yet further, NEXTDC matches employee contributions, dollar for dollar. NEXTDC is a proud member of the Pledge 1% movement and has committed to empowering all employees to spend 1% of their work time giving back to the community. To enable employees to fulfil their pledge, everyone has access to and is encouraged to take 'Volunteer Days' to support causes of personal significance.

Our partnership with SolarBuddy and Red Cross

In FY22, we expanded our workplace giving program to introduce SolarBuddy and the Red Cross. The program enabled our employees to gift solar lights to children globally who are living in energy poverty, and support Australians who have been impacted by disasters, homelessness, and other factors.

Engaging for impact

We strongly believe that volunteering and giving back to the community promotes a positive employee experience and ultimately, advances our ambition. In FY22, we increased the number of paid volunteer days from one to three days, making it even easier for our people to give back 1% of their time to communities and charities that will benefit. Employees are also able to request further paid volunteer days to participate in skills-based volunteering opportunities, which will not only benefit the community but also provide development opportunities for our people.

The extreme weather events witnessed across Australia over the last 12 months has seen a significant increase in the update of the volunteer days benefit.

In response to the feedback and the bushfires and floods in 2020, NEXTDC will be providing paid emergency management leave (up to 4 weeks) to support our employees who currently give their time to emergency and disaster relief services such as the Rural Fire Service.

We know that by listening and collaborating with our not-for-profit partners, we can prioritize and allocate resources to achieve greater goods. Some examples for FY22 include:

- ► The Smith Family facilitated a 'day in the life' careers day for under privileged school children to educate them on a range of diverse career opportunities available at NEXTDC both in technical trades and professional services.
- ► Our Head of Products, Adam Gardner used his volunteer day by joining the Vinnies CEO Sleepout, to support initiatives combatting homelessness.
- ► Our people across the country participated in an initiative to assemble Solar Buddy's solar lights and wrote personal letters to the recipients to help improve the lives of families living in energy poverty.

I used my volunteer days to help out at my Community Kindy. I brought my tools along and did some handyman jobs over there. The Kindy staff were grateful of my efforts and they thank NEXTDC for creating this opportunity.

Joris Van Der Tang
Services Manager, Brisbane

I am a volunteer firefighter with the Rural Fire Service and value not only the volunteer days that NEXTDC give us, but the community service leave which is extra voluntary leave days for supporting emergency management activities. With the recent floods in NSW, I have been able to utilise these leave days to support my community with the flood clean up. I feel fortunate that NEXTDC allowed me to swap my laptop for a shovel and broom to assist those people in my local area when they needed help the most.

Belinda Barron
Learning and Development Manager, Sydney

SUSTAINABILITY DATA

NEXTDC's sustainability data provided below relates to the financial year ending 30 June 2022 and is presented to the nearest significant figure.

Environmental indicators

	TARGET	FY22	FY21	FY20	FY19
Energy					
Average Power Usage Effectiveness (PUE)[1]	1.40[2]	1.38	1.40	1.30	1.30
Water					
Water Usage Effectiveness (WUE)[1]	N/A[5]	1.61	1.74	2.07	N/A
Total water consumption (ML)[4]	**N/A[5]**	**468**	**392**	**346**	**216**
Emissions					
Scope 1 emissions (NEXTDC)		28	13	8	8
Scope 1 emissions (customers)		1264	652	426	387
Total Scope 1 emissions (tCO$_2$e)	**N/A[3]**	**1,292**	**665**	**434**	**395**
Scope 2 emissions (NEXTDC)		8456	5,958	4,479	3,958
Scope 2 emissions (customers)		408,974	291,939	219,629	194,068
Total Scope 2 emissions (tCO$_2$e)	**N/A[3]**	**417,430**	**297,897**	**224,108**	**198,026**

1. Average is measured across all data centres over a full year.
2. Target has been set based on all data centres being fully built and operational, and operating at target customer load.
3. There are no targets for reducing Scope 1 or Scope 2 emissions as they will reflect customer growth; rather this is managed through PUE.
4. Total water drawn from water grids and rain consumption from all data centres over a full year.
5. There are no targets for total water consumption as this will reflect organisation/customer growth. NEXTDC has started tracking its WUE and will be setting a target in the near future.

NEXTDC people

	30 June 22	30 June 21	30 June 20	30 June 19	30 June 18
Total Headcount[6]	**276**	**273**	**248**	**233**	**202**
By Division					
Corporate – Executive, Finance, Legal, People & Culture	54	74	67	66	57
Facility Operations, Project Management	78	74	68	63	50
Sales, Technology, Customer Operations and Marketing	144	125	113	104	95
Turnover Rates[7]	**24.51%**	**14.20%**	**14.10%**	**20.10%**	**19.90%**

6. Headcount: The number of employees as at the end of the reporting period (includes part-time employees).
7. Turnover rates: The average voluntary turnover rate for the reporting period.

Workforce by location, type, and gender

	Managers			Non-Managers			Totals (actuals)
	M	F	Not confirmed	M	F	Not confirmed	
Melbourne	12	2	–	37	19	–	70
Sydney	15	2	–	40	23	1	81
Brisbane	8	6	–	38	28	3	83
Canberra	2	–	–	8	1	–	11
Perth	3	2	–	16	8	–	29
Singapore	–	–	–	1	–	–	1
Sunshine Coast	–	–	–	1	–	–	1
Totals (actuals)	**40**	**12**	**0**	**141**	**79**	**4**	**276**

Workforce – New hires by gender, location and age group

	<20		20-30		31-40		41-50		51-60	
	M	F	M	F	M	F	M	F	M	F
Melbourne	3	1	7	–	1	2	1	1	3	1
Sydney	–	1	9	6	8	–	4	–	–	1
Brisbane	–	–	5	1	2	3	–	4	–	1
Canberra	–	–	–	–	1	–	–	–	–	–
Perth	–	–	2	–	2	–	–	1	–	–
Sunshine Coast	–	–	–	–	–	–	–	–	1	–
Totals	**3**	**2**	**23**	**7**	**14**	**5**	**5**	**6**	**4**	**3**

Note: Of the 77 new hires in FY22, five employees have not disclosed their gender.

GRI CONTENT INDEX

General Disclosures

GRI STANDARD	Disclosure		Page	Omission
	102-1	Name of the organisation	10	N/A
	102-2	Activities, brands, products, and services	Annual Report	N/A
	102-3	Location of headquarters	10	N/A
	102-4	Location of operations	10	N/A
	102-5	Ownership and legal form	10	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	53	N/A
	102-9	Supply chain	49	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	10	N/A
	102-12	External initiatives	Annual Report	N/A
	102-13	Membership of associations	15	N/A
	102-14	Statement from senior decision maker	2	N/A
	102-16	Values, principles, standards, and norms of behaviour	10	N/A
	102-18	Governance structure	Company's FY22 Corporate Governance	N/A
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	14	N/A
	102-41	Collective bargaining agreements	24	N/A
	102-42	Identifying and selecting stakeholders	14	N/A
	102-43	Approach to stakeholder engagement	14	N/A
	102-44	Key topics and concerns raised	16	N/A
	102-45	Entities included in the consolidated financial statements	Annual Report	N/A
	102-46	Defining report content and topic boundaries	7	N/A
	102-47	List of material topics	16	N/A
	102-48	Restatements of information	N/A	No information restatements made during the reporting period
	102-49	Changes in reporting	7	N/A
	102-50	Reporting period	7	N/A
	102-51	Date of most recent report	7	N/A
	102-52	Reporting cycle	7	N/A
	102-53	Contact point for questions regarding the report	58	N/A
	102-54	Claims of reporting in accordance with the GRI Standards	7	N/A
	102-55	GRI content index	55	N/A
	102-56	External assurance	23	N/A

Material Topics

GRI STANDARD	Disclosure		Page	Omission
1. Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	16	N/A
	103-2	The management approach and its components	18	N/A
2. Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	16	N/A
	103-2	The management approach and its components	19	N/A
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	53	N/A
	305-2	Energy indirect (Scope 2) GHG emissions	53	N/A
3. Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	16	N/A
	103-2	The management approach and its components	18	N/A
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	28	N/A
4. Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	16	N/A
	103-2	The management approach and its components	49	N/A
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	49	N/A
5. Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	16	N/A
	103-2	The management approach and its components	46	N/A
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	46	N/A
	403-8	Workers covered by an occupational health and safety management system		

Material Topics

GRI STANDARD	Disclosure		Page	Omission
6. Employee Retention and Loss of Talent				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	16	N/A
	103-2	The management approach and its components	38	N/A
	404-1	Average hours of training per year per employee	38	N/A
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs		
	404-3	Percentage of employees receiving regular performance and career development reviews	38	N/A
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	42	N/A
7. Breach of Privacy Information				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundaries	16	N/A
	103-2 T	he management approach and its components	44	N/A
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	44	N/A
8. Social Impact of the Business				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundaries	16	N/A
GRI 419: Socioeconomic Compliance	103-2	The management approach and its components	50	N/A
	419-1	Non-compliance with laws and regulations in the social and economic area	50	N/A
9. Legal Compliance				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundaries	16	N/A
	103-2	The management approach and its components	50	N/A
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	50	N/A
	205-3	Confirmed incidents of corruption and actions taken	50	N/A
GRI 206: Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	50	N/A

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

www.nextdc.com/contact