

FY18 CORPORATE GOVERNANCE STATEMENT

(and Appendix 4G)

NEXTDC Limited
ABN 35 143 582 521

1 July 2017 to
30 June 2018



N E X T D C



Overview

Corporate Governance is of central importance to NEXTDC and its Board of Directors ("the Board"). The Board endorses the 3rd edition of the Australian Securities Exchange ("ASX") Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles").

At NEXTDC, Corporate Governance means the overarching environment that supports everything the Company does. It is the combination of processes and structures implemented by the Board and Senior Executives to inform, direct, manage and monitor NEXTDC's activities to meet its strategic objectives.

Regarding corporate social responsibilities, NEXTDC is committed to ensuring that we are socially responsible, operate ethically, with integrity and cultural sensitivity whilst employing clear standards of corporate governance and complying with all relevant legislative requirements. We seek to understand how NEXTDC impacts on our internal and external stakeholders, and to continuously strive to improve how those impacts are managed.

The adoption of the Corporate Social Responsibility Policy compliments our core values of excellence, one team, innovation, communication, efficiency and customer first. These are the values that we live by every day in our relationships with our customers, with each other and with the greater community. These are the values that foster a culture of trust and integrity at NEXTDC.

NEXTDC is made up of many individuals with diverse skills, values, experiences, backgrounds and attributes including those gained on account of their gender, age, ethnicity and cultural background. The Company values, and is proud of its strong and diverse workforce and is committed to supporting and further developing this diversity through attracting, recruiting, engaging and retaining diverse talent and aligning the Company's culture and management systems with this commitment.

NEXTDC is committed to promoting effective communication with both current and prospective shareholders using available channels and technologies. The Company aims to encourage participation in shareholder meetings and to deal promptly with shareholder enquiries.

Elements of NEXTDC's Corporate Governance to ensure the Company stays on track to meet strategic objectives include:

- an effective risk management framework and internal controls;
- procedures, processes and structures, including policies relating to code of conduct, the stock market and business operations (e.g. Environmental Policy, Information Security Policy, WHS Policy);
- regularly reporting to the Board and Senior Executives from department heads to understand how NEXTDC is performing as a company and how NEXTDC is managing its risks;
- undertaking internal audits against best practice standards to independently review corporate governance, risks and controls, and implement continuous improvements if any gaps are identified; and
- ensuring a sufficient level of management and oversight.

Corporate governance roles and responsibilities have been delegated to various committees and outlined in respective Charters at the Board level, senior executive and senior management level.

Further details on how NEXTDC's Corporate Governance aligns with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Ed.) and Appendix 4G can be found at www.nextdc.com/our-company/corporate-governance.

Corporate Governance Principles – Summary

Principle	Complied	Note
Principle 1 – Lay solid foundations for management and oversight		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.		The Board Charter is available on NEXTDC's website at www.nextdc.com. NEXTDC has published the Code of Conduct – Directors & Senior Executives on the NEXTDC website. NEXTDC has established a formal Statement of Delegated Authority outlining the scope of any delegation of authority to management.
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	 	NEXTDC's formal recruitment and assessment process includes engaging specialist recruiters for the appointment of its Non-Executive Directors. The Company ensures that all material information in its possession relevant to a Director's election or re-election is provided to shareholders in the Company's Notice of Annual General Meeting.
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.		NEXTDC enters into formal engagement agreements with each Director and senior executive for this purpose.
1.4 The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.		The company secretary of NEXTDC, Mr Michael Helmer, is accountable directly to the Board through the Chair.
1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	    	NEXTDC sets measurable objectives against its corporate Diversity Policy. The policy is available for viewing at the Company's website at www.nextdc.com. Refer to the summary following this table. Refer to the summary following this table. Refer to the summary following this table.

Principle	Complied	Note
1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓ ✓	The responsibilities of the Board for monitoring its own performance and that of its committees and individual directors are set out in its Charter and that of the Audit and Risk Management Committee. The Charters are available for viewing at NEXTDC's website at www.nextdc.com. The evaluation process is further commented on in the Remuneration Report.
1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓ ✓	The responsibilities of the Board for monitoring the performance of its senior executives is set out in its Charter which is available at NEXTDC's website at www.nextdc.com. The evaluation process is further commented on in the Remuneration Report.
Principle 2 – Structure the Board to add value		
2.1 The Board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the Charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	✓ ✓ ✓ ✓	The Board has established a Remuneration and Nomination Committee. All of the committee members are independent. The Chairman, Dr Gregory J Clark AC, is an independent Director. The Charter of the Committee is available at NEXTDC's website at www.nextdc.com. Attendance has been separately reported at page 19 of the FY18 Annual Report.
2.2 A listed entity should have, and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	✓	The evaluation process is further commented on in the Remuneration Report.
2.3 A listed entity should disclose: (a) the names of the directors considered by the Board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each director.	✓	Four of the five directors are independent. The fifth member, Mr Craig Scroggie, holds the position of Chief Executive Officer (CEO) of NEXTDC. Refer to the summary following this table.
2.4 A majority of the Board of a listed entity should be independent directors.	✓	Four of the five directors are independent.

Principle	Complied	Note
2.5 The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.		The role of Chair during the year was exercised by Mr Douglas Flynn. Mr Craig Scroggie was CEO for the entire period.
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		The Board continually reviews the professional skills and development opportunities of the Board and committee members throughout the year, and makes an assessment of the skills, development and induction needs of any new Directors joining the Board.
Principle 3 – Act ethically and responsibly		
3.1 A listed entity should:		The Board has adopted Codes of Conduct for Directors and Employees.
(a) have a code of conduct for its directors, senior executives and employees; and		These are available for review at the NEXTDC website at www.nextdc.com
(b) disclose that code or a summary of it.		
Principle 4 – Safeguard integrity in financial reporting		
4.1 The Board of a listed entity should:		The Board has established an Audit and Risk Management Committee which:
(a) have an audit committee which:		▪ has at least three members ▪ consists only of Non-Executive Directors ▪ consists of a majority of independent Directors.
(1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and		The committee is chaired by Mr Stuart Davis. No Chair of the committee was also Chair of the Board during the period.
(2) is chaired by an independent director, who is not the chair of the Board, and disclose:		
(3) the Charter of the committee;		The Audit and Risk Management Committee Charter is available at NEXTDC's website at www.nextdc.com .
(4) the relevant qualifications and experience of the members of the committee; and		
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		Refer to NEXTDC website at www.nextdc.com/ourcompany/Board for the Directors' qualifications and experience.
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		Refer to page 19 of the FY18 Annual Report for the committee meeting schedule and the attendance of Directors.
4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		The Board has received a declaration from NEXTDC's CEO and CFO (in accordance with Principle 4.2) in relation to the financial statements for the financial year ended 30 June 2018.
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		The Company's external auditor attends the annual general meeting and will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle	Complied	Note
Principle 5 – Make timely and balanced disclosure		
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.		The Company has developed a Continuous Disclosure Policy which is available on our website at www.nextdc.com.
Principle 6 – Respect the rights of shareholders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.		The Continuous Disclosure Policy has been designed to promote effective communication with shareholders. A copy of this policy is available at the Company's website at www.nextdc.com. In addition, NEXTDC regularly updates its website with ASX announcements and presentations, news and social media, and new information on products and services.
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.		The Company has a Shareholders Communications Policy that outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure. A copy of this policy is available at the Company's website at www.nextdc.com. The Company's Continuous Disclosure Policy also outlines policies and requirements for communications with analysts and investors to ensure that the communications are effective and comply with the Company's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. A copy of this policy is available at the Company's website at www.nextdc.com.
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.		The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company permits shareholders to cast their proxies prior to a General Meeting if they are unable to attend the meeting.
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.		The Company gives security holders the option to communicate electronically with the Company and its security registry, as indicated in the Company's Shareholder Communications Policy.

Principle 7 – Recognise and manage risk

7.1 The Board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director, and disclose:
- (3) the Charter of the committee;
- (4) the members of the committee; and
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.



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

- the committee has four members who are all independent; and
- it is chaired by Mr Stuart Davis. No chair of the committee was also Chair of the Board during that period.

The Audit and Risk Management Committee Charter is available at the NEXTDC's website at www.nextdc.com.

In relation to the number of times the committee met and the attendance of Directors please refer to page 19 of the FY18 Annual Report.

7.2 The Board or a committee of the Board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.



The committee has reviewed the Risk Management Framework and has determined that the content is relevant and appropriate, and it continues to be utilised throughout the organisation.

The Company's risk management framework is consistent with ISO 31000 to ensure a systematic approach to risk management. The framework assists in achieving operational and strategic objectives, as well as legislative and compliance obligations.

7.3 A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.



In FY18, the responsibility for operation of the internal risk management processes was held by the General Counsel, with oversight from the Audit and Risk Management Committee (ARMC). Given the ongoing expansion of the business in terms of both size and complexity, the General Counsel was assisted in this role by the Company's Risk & Compliance Manager.

Further, the committee provides oversight to the internal audit function, which also monitors and administers the current risk management framework. Refer also to Principle 7 below.

The annual internal audit plan focuses on the areas of highest risk to the Company and evaluates the effectiveness of internal controls, as well as ensuring legislative and compliance obligations are met.

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.



Refer to the 'Business Risks' section on page 13.

Principle	Complied	Note
Principle 8 – Remunerate fairly and responsibly		
8.1 The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the Charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	    	The Board has established a Remuneration and Nomination Committee. During the year the committee had four members who are all independent. The committee is chaired by Dr Gregory J Clark AC who is an independent Director. The Remuneration and Nomination Committee Charter is available on our website at www.nextdc.com. Please refer to page 19 of the FY18 Annual Report for the number of times the committee met and the attendance of Directors.
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other senior Executives.		NEXTDC has developed a Senior Executive Remuneration Policy and Procedure and a Non-Executive Director Remuneration Policy and Procedure. Both are available for review at www.nextdc.com.
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	  	NEXTDC has developed a Long Term Incentive (LTI) scheme limiting the participants' economic risk. The granting of equity-based remuneration under the LTI scheme is disclosed in the Remuneration Report. The Company has published the Remuneration and Nomination Committee Charter and Securities Trading Policy at its website at www.nextdc.com.

NEXTDC and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the Company's policies and practices to ensure they meet the interests of shareholders.

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

Principle 1

Lay solid foundations for management and oversight

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

The Board's broad function is to:

- chart strategy and set financial targets for the Company;
- identify principal risks of the Company's business;
- monitor the implementation and execution of strategy and performance against financial and non-financial targets; and
- appoint and oversee the performance of executive management, and generally to take and fulfil an effective leadership role.

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

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

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO.

The Company Secretary

NEXTDC's Company Secretary plays an important role in supporting the effectiveness of the Board and its committees. The Company Secretary is responsible for the efficient administration of the Company, particularly with regards to ensuring compliance with statutory and regulatory requirements. The Company Secretary also seeks to ensure that decisions of the Board are implemented.

Terms of appointment

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

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

Performance assessment

All Senior Executives are subject to an annual performance evaluation that includes a formal review of their performance during the year, setting of key performance indicators and, where relevant, personal development plans. The Board will continue to monitor ongoing performance of Senior Executives.

In relation to Senior Executives, performance assessment includes:

- Developing and implementing a plan for identifying, assessing and enhancing competencies of Senior Executives; and
- Ensuring that the performance of each Senior Executive are evaluated at least annually.

In terms of the Board, performance evaluation consists of:

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

Principle 2

Structure the Board to add value

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of NEXTDC's website at www.nextdc.com. The Charter details the Board's composition and responsibilities.

The independent Non-Executive Director Mr Douglas Flynn was appointed Chairman of the Board in April 2014 and continues to hold that position.

As the Company matures the Board has considered its composition and the skills and experience that it feels can complement and add value to its current mix of directors and their skill sets.

The Board considers that its current Board composition is well suited to leading the Company into the next phase of its development and that the Board provides a suitable mix of experience in financing, technology and management that is well placed to provide leadership in the Company's future development. The Company will continue to review its Board composition from time to time as a matter of good governance, but considers that its current composition, including size and skills based on the below skill sets, contributes to an efficient and balanced Board.

Skill	Description
Finance	Those directors that carry professional qualifications in finance disciplines, exhibit a high level of financial acumen, and/or carry direct experience in equity capital markets.
Technology	Professional qualifications and experience in the research, development and implementation of technology services and infrastructure management software.
Management & Leadership Experience	Directors that have extensive experience in executive strategy positions, including previous managing director, chief executive and strategic senior manager roles.
Industry Experience	Practical experience working in an executive capacity in the technology and/or software industry.
Legal & Regulatory	Professional qualifications in legal practice, government affairs and/or prior experience in corporate legal matters or government/industry body relations in an executive or senior manager capacity.
Governance	Directors that are current or former Board members of publicly listed companies, with emphasis on individuals that currently or formerly chair an audit or remuneration sub-committee. Private company, not-for-profit and government sector Boards are also considered.
Environmental & Sustainability	Professional training or prior experience managing public company environmental and social responsibility risks.

Board composition

The Board Charter states:

1. the Board of Directors shall comprise of no less than three and no more than twelve directors at any one point in time. The Company and the Board will endeavour to have a majority of independent Directors and an independent Chairman.
2. Directors will be elected for a maximum three year term.
3. If no Director would otherwise be required to retire but the Listing Rules require that an election of Directors be held at an annual general meeting, the Director to retire at that meeting is:
 - a. the Director who has held office as Director the longest period of time since their last election or appointment to that office; or
 - b. if two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise.

The Board seeks to ensure that:

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

Directors' independence

The Board has adopted specific principles in relation to Directors' independence. An independent Director is a Non-Executive Director (i.e. is not a member of management) and who:

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

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

From the Company's perspective, a Director has a material contractual relationship if goods or services supplied by the Director to the Company exceed 5% of the direct operating costs of the Company for any year in the relevant three year period; or

5. has not served on the Board for a period in excess of ten years; or
6. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

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

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

Board members

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

Non-Executive Directors

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

Chair and Chief Executive Officer (CEO)

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

The CEO is responsible for implementing strategies and policies. The Board Charter specifies that these are separate roles to be undertaken by separate people.

Induction

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

Commitment

The Board held 25 Board meetings during FY18.

The number of meetings of the Company's Board and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each Director is disclosed on page 19 of the FY18 Annual Report.

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

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

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

Conflict of interests

Directors are required to keep the Board advised, on an ongoing basis, of any potential or actual conflicts of interest. Furthermore, the Board has adopted a specific policy for dealing with conflicts of interest relating to cross-directorships, in addition to already existing policies and Corporations Act requirements in terms of which conflicts of interest are managed.

Independent professional advice

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

Board committees

The Board has established the Audit and Risk Management Committee and the Remuneration and Nomination Committee to assist in the execution of its duties, and to allow detailed consideration of complex issues. Each is comprised entirely of Non-Executive Directors and a majority of independent Directors. The committees' structure and membership is reviewed on an annual basis.

Each committee has its own written Charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these Charters are reviewed on an annual basis and are available on the Company's website. All matters determined by committees are submitted to the full Board as recommendations for Board decisions.

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

Principle 3

Promote ethical and responsible decision making

Code of conduct

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

In summary, the Codes require that, at all times, all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The purchase and sale of Company securities by Directors and employees is regulated by the Company's Securities Trading Policy. Further details on this can be found in the Remuneration Report. Any transactions undertaken must be notified to the Company Secretary or Chairman in advance.

The Codes and the Company's Securities Trading Policy are discussed with each new employee as part of their induction training, and employees receive regular refresher training.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

A copy of the Codes and the Securities Trading Policy are available on the Company's website.

Culture and ethical behaviour

Under the Code of Conduct, the Company is committed to acting as a good corporate citizen while it pursues its business objectives. The ethical standards which all Company employees are expected to uphold include 'Customer First', 'One Team', 'Bright Ideas', 'Pursuit of Excellence', 'Straight Talk' and 'Frugal Not Cheap'. NEXTDC strives to maintain a reputation as a good corporate citizen and acts with honesty and integrity in all dealings with the Company's customers, suppliers and competitors and colleagues.

The Company has a clear position on fraud, bribery and corruption to ensure no illegal, unethical or a breach of trust is committed.

Under the Whistleblowers Policy, NEXTDC is committed to promoting a culture of corporate compliance and ethical behaviour and aims to create an environment in which employees or contractors who have genuine suspicions about improper conduct, feel safe to report without fear of reprisal. The Chief People and Culture Officer has been appointed as the Whistleblower Protection Officer to ensure that reporters are not personally disadvantaged as a consequence of making a report.

Corporate social responsibility

NEXTDC is committed to ensuring it operates with social responsibility, ethical considerations, integrity and cultural sensitivity, while employing clear standards of corporate governance and complying with all relevant legislative requirements. The adoption of the Corporate Social Responsibility Policy compliments the core values of **excellence, one team, innovation, communication, efficiency** and **customer first**.

The NEXTDC Corporate Social Responsibility Policy supports the following objectives:

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

Diversity

The Company realises the benefits that can arise to the organisation from diversity in the workplace, covering gender, age, ethnicity and cultural background and various other areas. The Company's Diversity Policy seeks to capture these issues and sets measurable objectives.

Management report against diversity including gender and cultural origins, as well as measuring against the effectiveness of any employee programs and initiatives.

In FY18 the Company has continued the focus on the measurable objectives as set out in the Diversity Policy. The company promotes flexible working arrangements with many employees working from home and working flexible hours to suit their personal needs. The measurable objectives include a parental leave program, goals for female representation, a gender pay audit and a Company-wide diversity forum consisting of staff representation, Senior Executives and subject matter experts.

The Company continues to target an improvement in the overall gender diversity ratio. In FY18, the percentage of overall female representation in the Company was approximately 30%. NEXTDC ensures that during the recruitment processes, shortlisted candidates include female representation where possible. Currently, our female representation target is set at 50% of short-listed candidates. The Company also demonstrates gender diversity at the Board level, where 20% of Board members are female.

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

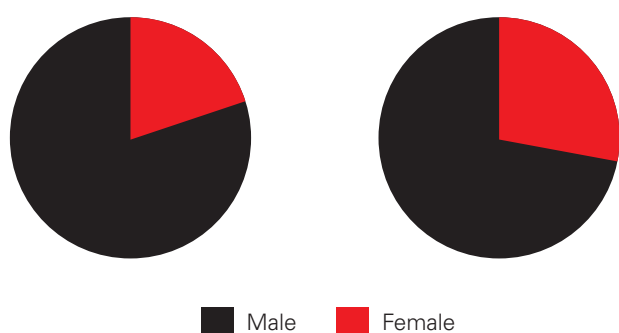
A gender pay audit, which was a measurable objective for FY18, was conducted during the period and the results presented to the Board. This will continue to be a key priority for NEXTDC. This is the third year that the Company was required to report to the Workplace Gender Equality Agency and this will be an ongoing requirement. The WGEA compliance report can be found on the Company's website at www.nextdc.com.

Maintaining a balance in pay across genders continues to be a focus during annual pay review session.

The Company promotes flexible working arrangements and works with people returning from parental leave to provide flexible working conditions that meet the needs of the employee. As discussed under Principle 2 above, diversity was a specific consideration in Board selection.

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

Board Members Whole Organisation



Ratio of the basic salary and remuneration of women to men for each employee category



Principle 4 Safeguard integrity in financial reporting

Audit and Risk Management Committee

The Audit and Risk Management Committee consisted of the following directors during the year:

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

Details of these Directors' qualifications and attendance at audit committee meetings are set out in the Directors' Report.

All members of the Audit and Risk Management Committee have an appropriate understanding of the industry in which the Company operates and are financially literate. In particular, Ms Warburton is a Fellow of The Institute of Chartered Accountants Australia New Zealand, and Mr Davis has previously held the CEO position at HSBC, in various locations internationally.

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

- Review, assess and approve annual full and concise reports, half year financial statements and all other financial information published by the Company or released to the market.
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations.
- Oversee the effective operation of the risk management framework.
- Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence.
- Review and monitor related party transactions and assess their propriety.
- Report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the Audit and Risk Management Committee:

- receives regular reports from management and the external auditors;
- meets with the external auditors at least once a year, or more frequently if necessary;
- reviews the processes the CEO and CFO have in place to support their certifications to the Board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved; and
- provides the external auditors with a clear line of direct communication at any time to either the Chair of the committee or the Chair of the Board.

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

In complying with Recommendation 4.2, the CEO and CFO have made the following certifications to the Board:

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

External auditors

The policy of the Company and Audit and Risk Management Committee is to appoint external auditors who clearly demonstrate professionalism and independence. The performance of the external auditor is reviewed annually, and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PwC was appointed as the external auditor in November 2010. As part of PwC's policy to rotate audit engagement partners on listed companies at least every five years, PwC has appointed a new audit engagement partner in FY18.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Directors' Report. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Committee reviews the effectiveness of its risk management and internal control processes at least annually.

Principles 5 and 6

Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on the continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the Company's website at www.nextdc.com.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, shareholders and the public. The CFO is the person responsible for overseeing and coordinating information disclosure to analysts and brokers.

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

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

All shareholders receive a copy of the Company's Annual Report. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. This includes making all Company announcements, details of Company meetings, media releases and financial statements available on the Company's website. Shareholders may contact the Company directly, and a dedicated email address (investorrelations@nextdc.com) ensures that email queries are delivered directly to the CFO and CEO or otherwise as appropriate. This email address appears on all ASX announcements and on the Company website under the "Investor Centre" tab.

The Company promotes online voting for shareholder meetings and provides all shareholders with an opportunity to receive electronic communications via the registry.

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

Principle 7

Recognise and manage risk

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit and Risk Management Committee and reviewed by the full Board.

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

In providing this oversight, the committee:

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

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

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

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

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

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

Policies for risk mitigation

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

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

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

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

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

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

Principle 8

Remunerate fairly and responsibly

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consisted of the following directors during the year:

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

Details of these Directors' attendance at Remuneration and Nomination Committee meetings are set out in the Directors' Report.

The committee operates in accordance with its Charter which is available on the Company's website.

The committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors.

The main responsibilities of the committee are to:

- provide advice in relation to remuneration packages of Senior Executives, Non-Executive Directors and Executive Directors, equity-based incentive plans and other employee benefit programs;
- review the Company's recruitment, retention and termination policies;
- review the Company's superannuation arrangements;
- review the succession plans of Senior Executives;
- recommend individuals for nomination as members of the Board and its committees;
- ensure the performance of Senior Executives and members of the Board are reviewed at least annually;
- review the Company's diversity policy and monitor diversity within the Company having particular regard to the diversity of Senior Executives and the Board; and
- monitor the size and composition of the Board.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report".

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

The committee strives to ensure that remuneration is based on merit and skill.

The corporate governance statement of NEXTDC is current as at 30 August 2018 and was authorised for issue in accordance with a resolution of the Board of Directors on 30 August 2018.

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity:

NEXTDC LIMITED

ABN / ARBN:

35 143 582 521

Financial year ended:

30 June 2018

Our corporate governance statement² for the above period above can be found at:³



This URL on our website:

<https://www.nextdc.com/our-company/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 31 August 2018 and has been approved by the Board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date:

31 August 2018

Name of Secretary authorising lodgement:

Michael Helmer

1. Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

2. Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

3. Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

Annexure – Key to Corporate Governance Disclosures

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
Principle 1 – Lay solid foundations for management and oversight		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ at http://www.nextdc.com/our-company/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

4. If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

1.5 A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
 - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators"; as defined in and published under that Act.

... the fact that we have a diversity policy that complies with paragraph (a):

☒ in our Corporate Governance Statement

☐ at *[insert location]*

... and a copy of our diversity policy or a summary of it:

☒ at <http://www.nextdc.com/our-company/corporate-governance>

... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:

☒ in our Corporate Governance Statement

☐ at *[insert location]*

... and the information referred to in paragraphs (c)(1) or (2):

☒ in our Corporate Governance Statement **AND**

☒ at <http://www.nextdc.com/our-company/corporate-governance>

☐ an explanation why that is so in our Corporate Governance Statement **OR**

☐ we are an externally managed entity and this recommendation is therefore not applicable

1.6 A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

... the evaluation process referred to in paragraph (a):

☒ in our Corporate Governance Statement **AND**

☒ the Board Charter and Charter of the Audit and Risk Management Committee at <http://www.nextdc.com/our-company/corporate-governance>

... and the information referred to in paragraph (b):

☒ in our Corporate Governance Statement

☐ at *[insert location]*

☐ an explanation why that is so in our Corporate Governance Statement **OR**

☐ we are an externally managed entity and this recommendation is therefore not applicable

1.7 A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

... the evaluation process referred to in paragraph (a):

- ☒ in our Corporate Governance Statement
- ☐ at *[insert location]*

... and the information referred to in paragraph (b):

- ☒ in our Corporate Governance Statement **AND**
- ☒ in the Remuneration Report of the FY18 Annual Report at <http://www.nextdc.com>

- ☐ an explanation why that is so in our Corporate Governance Statement **OR**
- ☐ we are an externally managed entity and this recommendation is therefore not applicable

Principle 2 – Structure the board to add value

2.1 The board of a listed entity should:

- (a) have a nomination committee which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

... the fact that we have a nomination committee that complies with paragraphs (1) and (2):

- ☒ in our Corporate Governance Statement
- ☐ at *[insert location]*

... and a copy of the charter of the committee:

- ☒ at <http://www.nextdc.com/our-company/corporate-governance>

and the information referred to in paragraphs (4) and (5):

- ☒ in our Corporate Governance Statement
- ☒ in the FY18 Annual report at <http://www.nextdc.com>

- ☐ an explanation why that is so in our Corporate Governance Statement **OR**
- ☐ we are an externally managed entity and this recommendation is therefore not applicable

2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

... our board skills matrix:

- ☒ in our Corporate Governance Statement
- ☒ in the Remuneration Report if the FY18 Annual report at <http://www.nextdc.com>

- ☐ an explanation why that is so in our Corporate Governance Statement **OR**
- ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i> ... and the length of service of each director: ☒ in our Corporate Governance Statement AND ☒ in the Directors Report of the FY18 Annual Report at http://www.nextdc.com	☐ an explanation why that is so in our Corporate Governance Statement
2.4 A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Principle 3 – Act ethically and responsibly

- 3.1 A listed entity should:
- (a) have a code of conduct for its directors, senior executives and employees; and
 - ... our code of conduct or a summary of it:
 - ☒ in our Corporate Governance Statement AND
 - ☒ Board Charter and Codes of Conduct at <http://www.nextdc.com/our-company/corporate-governance>
 - (b) disclose that code or a summary of it.
 - ☐ an explanation why that is so in our Corporate Governance Statement

Principle 4 – Safeguard integrity in corporate reporting

- 4.1 The board of a listed entity should:
- (a) have an audit committee which:
 - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - ... the fact that we have an audit committee that complies with paragraphs (1) and (2):
 - ☒ in our Corporate Governance Statement
 - ☐ at *[insert location]*
 - ... and a copy of the charter of the committee:
 - ☒ at <http://www.nextdc.com/our-company/corporate-governance>
 - ... and the information referred to in paragraphs (4) and (5):
 - ☒ in our Corporate Governance Statement **AND**
 - ☒ in the Directors Report of the FY18 Annual Report at <http://www.nextdc.com>
 - (2) is chaired by an independent director, who is not the chair of the board, and disclose:
 - (3) the charter of the committee;
 - (4) the relevant qualifications and experience of the members of the committee; and
 - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
 - (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
Principle 5 – Make timely and balanced disclosure		
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ☒ in our Corporate Governance Statement AND ☒ at http://www.nextdc.com/our-company/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement

Principle 6 – Respect the rights of security holders

6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ☒ at www.nextdc.com	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement AND ☒ Shareholders Communication Policy and Continuous Disclosure policy at http://www.nextdc.com/our-company/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement AND ☒ at Shareholders Communication Policy at http://www.nextdc.com/our-company/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement AND ☒ at Shareholders Communication Policy at http://www.nextdc.com/our-company/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement

Principle 7 – Recognise and manage risk

7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i> ... and a copy of the charter of the committee: ☒ at http://www.nextdc.com/our-company/corporate-governance ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement AND ☒ in the Directors Report of the FY18 Annual Report at http://www.nextdc.com	☐ an explanation why that is so in our Corporate Governance Statement
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i> ... and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	... how our internal audit function is structured and what role it performs: ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement AND ☒ in the Directors Report of the FY18 Annual Report at http://www.nextdc.com	☐ an explanation why that is so in our Corporate Governance Statement

Principle 8 – Remunerate fairly and responsibly

8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement ☐ at <i>[insert location]</i> ... and a copy of the charter of the committee: ☒ at http://www.nextdc.com/our-company/corporate-governance ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement AND ☒ in the Directors Report of the FY18 Annual Report at http://www.nextdc.com	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
--	--	---

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement AND ☒ in the Remuneration Report which is part of the FY18 Annual Report at http://www.nextdc.com/our-company/ and the remuneration policies at http://www.nextdc.com/our-company/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: ☒ in our Corporate Governance Statement AND ☒ remuneration policies and procedures for Long Term Incentives at http://www.nextdc.com/our-company/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable



NEXT DC

FY18



NEXT DC

where the cloud lives™

13 NEXT sales@nextdc.com www.nextdc.com