



FY20 CORPORATE GOVERNANCE STATEMENT



N E X T D C



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OVERVIEW



FY20 closed as a significant year for NEXTDC as it entered the ASX 100 in June 2020. Over the years, NEXTDC has established a strong governance framework and continues to be committed to the highest levels of integrity and ethical standards in all its business practices. Effective and transparent corporate governance is of critical importance to NEXTDC and its Board of Directors ("the Board").

The Board fully supports the intent of the Australian Securities Exchange ("ASX") Corporate Governance Council's new 4th edition of Corporate Governance Principles and Recommendations ("4th Edition Governance Principles"). NEXTDC meets all the requirements of 4th Edition Governance Principles, unless otherwise disclosed in this Statement.

At NEXTDC, corporate governance refers to the overarching monitoring and reporting environment that supports everything the Company does in the operations of its business. It is the combination of processes, metrics and structures implemented and monitored by the Board and the Company's Executive (CXO) team to inform, direct, manage and scrutinise NEXTDC's activities to meet its strategic objectives. NEXTDC's Corporate Governance Framework continues to evolve as it seeks continual improvement in the way it conducts its business. We strive to maintain and build on the confidence of our shareholders, customers, suppliers, team members, and the broader community and achieve our vision to become the most trusted data centre provider in Australia, while growing long-term shareholder value.

NEXTDC is committed to ensuring that we operate in a socially responsible and ethical manner, meeting the highest standards of integrity and cultural sensitivity whilst employing clear standards of corporate governance to ensure we comply with all relevant legislative requirements. The adoption of a comprehensive Corporate Social Responsibility (CSR) policy and the way we foster a culture centred around trust and integrity is evident in our Values. These are the guiding principles that we live by in our relationships with each other, our partners, customers, suppliers as well as with the greater community.

NEXTDC is made up of many individuals who bring a unique and diverse set of skills, values, backgrounds, and attributes to the workplace including their own personal experiences gained on account of their gender, age, ethnicity or cultural background. The Company is very proud of its robust and diverse workforce. We are committed to supporting and developing this diversity through recruiting and integrating a wide variety of talent into our Company's teams and culture.

NEXTDC is committed to promoting effective communication with both current and prospective shareholders, using a variety of channels and technologies. The Company encourages broad participation in all shareholder meetings and has processes in place to promptly deal with shareholder enquiries.

Elements of NEXTDC's Corporate Governance Program, to ensure it stays on track to meet strategic objectives, include:

- An effective risk management framework complete with internal controls
- Procedures, technology tools and structures, including, for example, our policies relating to staff conduct, the stock market and business operations
- Regularly reporting to the Board and CXO team to identify and communicate NEXTDC's performance as a Company and how NEXTDC is managing its risks
- Undertaking internal operational audits against established best practice standards to independently review corporate governance, risks and controls and implement continuous improvements where gaps are identified; and
- Ensuring a sufficient level of management and oversight.

Further details on how NEXTDC's disclosure aligns with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Ed.) and a copy of the Appendix 4G can be found at www.nextdc.com/our-company/corporate-governance. A Summary of NEXTDC's compliance to the 4th Edition Governance Principles is also provided in the Appendix section of this report.

Our Corporate Values



CUSTOMER FIRST

WE ARE OBSESSED WITH
DELIVERING THE WORLD'S BEST
CUSTOMER EXPERIENCE.



ONE TEAM

WE ARE AN ELITE TEAM
WORKING TOGETHER
WITH SUPER STARS PLAYING
IN EVERY POSITION.



BRIGHT IDEAS

THE BEST WAY TO PREDICT THE
FUTURE IS TO CREATE IT.



PURSUIT OF EXCELLENCE

WE ARE RELENTLESS
IN OUR PURSUIT OF EXCELLENCE,
NOT PERFECTION.



STRAIGHT TALK

WE DON'T TALK BULL, WE HAVE
CRUCIAL CONVERSATIONS, WE
DISAGREE AND THEN WE COMMIT.



FRUGAL NOT CHEAP

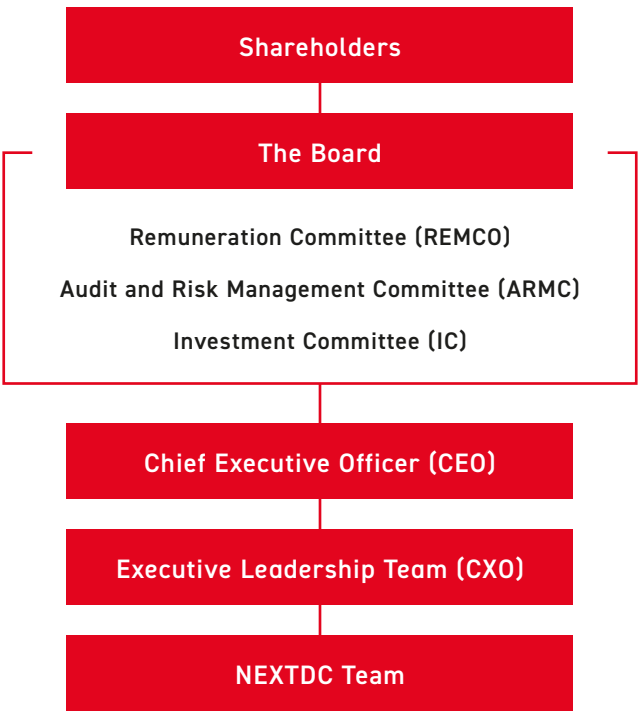
WE SPEND OUR MONEY
WHERE IT MATTERS THE MOST.

CORPORATE GOVERNANCE FRAMEWORK AND FY20 HIGHLIGHTS



NEXTDC and its 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 stakeholders which includes our shareholders, government and regulators, business partners, investors, employees, and the wider community. A description of the Company's main corporate governance practices are given below. All these practices, unless otherwise stated, were in place for the entire period.

NEXTDC's Corporate Governance Framework



FY20 Corporate Governance Highlights

THE BOARD

- Mr Stephen M Smith and Ms Jennifer Lambert joined the NEXTDC Board
- Ms Jennifer Lambert took on the role as the Audit and Risk Management Committee (ARMC) Chair
- Mr Stuart Davis took on the role of Remuneration and Nomination Committee (REMCO) Chair
- Investment Committee (IC) established to oversee and assist in the evaluation of investment opportunities, with Mr Stephen M Smith appointed as Chair

RISK MANAGEMENT FRAMEWORK

- A third-party was engaged to review and refresh NEXTDC's enterprise Risk Management Framework including the processes, procedures and key enterprise risk register
- Risk Appetite Statement re-established in line with the refreshed enterprise risk portfolio

DIVERSITY AND INCLUSION

- The FY20 annual employee survey had an 81% engagement rate with very positive feedback in the areas of social connection, diversity and inclusion and Company confidence which reflects the strong faith employees have in NEXTDC's overall strategic direction
- Performed gender pay audit to identify, target and reduce any gender pay gaps within the organisation

PRINCIPLE 1: MANAGEMENT AND OVERSIGHT

Responsibility for the Company's 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 of building sustainable value for them) and those of its employees and stakeholders. In FY20, the Board has further strengthened the Company's governance practices to improve the quality of information on risk management performance, including non-financial risk and the frequency of reporting.

In performing its role, the Board is committed to a high standard of corporate governance practice and to fostering a culture of compliance which values ethical behaviour, personal and corporate integrity, accountability, transparency, and respect for others.

The Board Charter outlines the responsibilities of the Board, including powers that are expressly reserved by the Board and specifically delegated to the CEO and management. NEXTDC's Statement of Delegated Authority has been established and endorsed by the Board to include matters delegated to the authority of the CEO and the management. This holds the CEO and management team accountable to the Board, for their exercise of authority. Whilst the CEO and management remain accountable to the Board, they are empowered to make decisions which they believe are appropriate for the business, within the boundaries set by the Board.

The Board's broad function is to:

- Chart strategy and set financial targets for the Company
- Oversee the Company's risk management framework and the management of key enterprise risks against the risk appetite
- 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 an effective leadership role.

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

- The composition of the Board itself including the appointment and removal of Directors
- The oversight of the Company including its control and accountability system
- The appointment and removal of senior management including the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary
- The review and oversight systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliances
- The monitoring of senior management's performance and implementation of strategy; and
- The 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 Board monitors the decisions of the CEO through Board meetings, by reviewing reports on key operational issues and progress towards the achievement of corporate objectives.

The Company Secretary

NEXTDC's Company Secretary, Mr Michael Helmer is directly accountable to the Board through the Chair on all matters to do with the proper functioning of the Board. The Company Secretary is appointed and can be removed by the Board. The Company Secretary plays an important role in supporting the effectiveness of the Board and its Committees and is responsible for the efficient administration of the Company. The Company Secretary is also responsible for ensuring compliance with statutory and regulatory requirements while making sure that decisions of the Board are implemented accordingly. Further details on the role of the Company Secretary are set out in NEXTDC's Board Charter.

Terms of appointment

New Directors are provided with a letter of appointment setting out the Company's expectations, their rights and responsibilities, and the terms and conditions of their engagement. All new Directors participate in an induction program which covers the operation of the Board and its Committees, as well as issues of finance, strategy, operations, risk management, meeting with management and facility tours. Each member of the Senior Executive team signs a formal services agreement at the time of their appointment, covering a range of matters including their duties, rights, responsibilities, and any entitlements on termination. The contract refers to a specific formal job description which is reviewed periodically and, where necessary, revised in consultation with the relevant Executive.

Before appointing a new Director or Senior Executive, or putting someone forward for election as Director, NEXTDC undertakes appropriate checks, regarding their character, experience, education, criminal record, and bankruptcy history. When a Director is up for election or re-election, all material information is provided in the Notice of Meeting of the Annual General Meeting (AGM) to enable shareholders to make an informed decision as to their appointment.

Performance assessment

The Board and Senior Executives' performance assessments are carried out annually. Where appropriate, external facilitators are engaged to conduct these reviews. Senior Executives' performance evaluation is conducted by the Board at least annually. It includes a formal review of their performance during the year, setting of key performance indicators and, where relevant, personal development plans. This includes developing and implementing a plan for identifying, assessing, and enhancing competencies for each of the Senior Executives. The Board has completed a performance review for the most recent financial year and will continue to monitor ongoing performance of Senior Executives. Board performance is evaluated annually, with the most recent review completed internally in July 2020. No issues were identified during the assessment. The Board was very much aligned to support the Company's strategic objectives.

The Board's performance evaluation consists of:

- Considering and articulating the time needed to fulfil the role of Board Chair and Non-Executive Directors
- Developing and implementing a plan 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.

Diversity and Inclusion

The Company realises the benefits to the organisation gained from diversity in the workplace, be it gender, age, ethnicity and cultural background or various other areas. NEXTDC is committed to providing a balanced and inclusive working environment underpinned by its Diversity Policy. The Diversity Policy consists of measurable objectives reflecting NEXTDC's commitment to removing barriers to diversity at every level of the Company. This has continued to be a focus in FY20, with Management reports being closely aligned to diversity programs and initiatives in this area.

NEXTDC's commitment to diversity and the actions taken in meeting its objectives are evident through benefits and initiatives such as:

- Flexible working arrangements with many employees working from home, working part-time or working at flexible hours to suit their personal needs
- An above average parental leave benefit where eligible primary carers will receive 20 weeks of paid leave, whilst secondary carers will receive four weeks of paid leave
- Mentoring programs and networking opportunities such as a Company-wide diversity forum consisting of staff representation, Senior Executives, and subject matter experts
- Continuing to incrementally grow the number of female employees overall, and in senior roles, by promoting internal career opportunities and targeted professional development programs including those aimed at helping employees develop skills and experience in preparation for senior positions; and
- Conducting further diversity and inclusion benchmarking against other ASX 100 companies.

Further details on the Company's social sustainability initiatives are captured in the Environmental Social and Governance (ESG) Report available in the Corporate Governance section of the Company website (www.nextdc.com/our-company/corporate-governance). NEXTDC's annual gender pay audit was conducted during the period and the results were presented to the Board. Reflected below is the ratio of total annual remuneration between male and female for each of the employee category in FY20. We recognise that due to the relatively small number of roles in our organisation a direct role comparison is often limited. NEXTDC strives for equal pay and promotion opportunities in all roles

regardless of gender. Maintaining a balance in pay across genders continues to be a focus during annual pay review processes and a key priority for NEXTDC.

The Company continues to target an improvement in the overall gender diversity 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. In FY20, the percentage of overall female representation in the Company was approximately 33%. NEXTDC ensures that during the recruitment processes, shortlisted candidates include female representation where possible. Currently, our female representation target is set at 50% of short-listed candidates. The Company also demonstrates gender diversity at Board level where, for five months of the reporting cycle, two of the Board members (29%) were female. The retirement of Ms Sharon Warburton from the Board effective 31 March 2020 took the female representation ratio to one of six (17%) total Board members as at 30th June 2020. It has now returned to 29% with the appointment of Dr Eileen Doyle as at 26 August 2020. Gender diversity remains a key focus and priority for the Company at all levels.

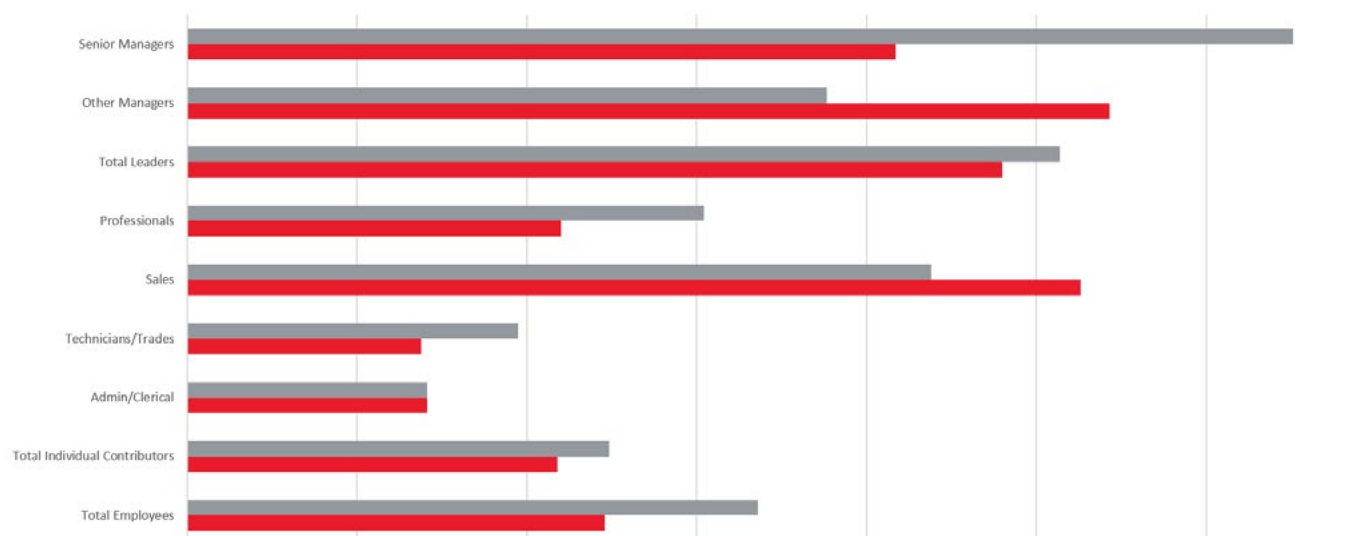
All employees, including new employees, are required to undergo formal anti-discrimination training, with refresher training conducted annually, which covers various forms of discrimination, including sexual orientation, gender and cultural diversity. The Company does not discriminate on gender grounds for remuneration or appointments. All remuneration reviews and promotions are determined solely on merit. The Company recruits the most qualified person for each role without any caveat.

A copy of the Codes, Whistleblowers Policy and disclosure regarding Fraud, Bribery and Corruption, the Company's Diversity Policy, Corporate Social Responsibility Policy and all other corporate governance policies are available on the Corporate Governance section of the Company's website (www.nextdc.com/our-company/corporate-governance). In addition to the above, NEXTDC has continued to report to the Workplace Gender Equality Agency (WGEA) and the Company's most recent WGEA compliance report which is also published under the corporate governance section of the Company's website at www.nextdc.com.

FY20 NEXTDC Organisation Wide Gender Ratio



FY20 NEXTDC Gender Pay Parity Overview



*This graph is based on average total remuneration.

PRINCIPLE 2: EFFECTIVE BOARD STRUCTURE

Board composition

As at 30 June 2020, the Board is comprised of six Directors, including five independent Non-Executive Directors. Keeping pace with its rapid growth and development, FY20 has seen two new valuable additions to the NEXTDC Board. Mr Stephen M Smith joined the NEXTDC Board as Non-Executive Director effective 1 July 2019, bringing a deep background in managing market leading technology businesses with particular expertise in the data centre industry. This was followed by Ms Jennifer Lambert joining the NEXTDC Board as Non-Executive Director effective 1 October 2019, bringing in an expansive background in the finance and property sectors. Ms Sharon Warburton retired from the NEXTDC Board, effective 31 March 2020. Details of the Directors, including the date of appointment and departure where applicable, are set out below:

Director	Position	Term on Office	Independence
Mr Douglas Flynn	Non-Executive Chair	Since 27 September 2013 to date	Independent
Mr Craig Scroggie	Chief Executive Officer/Managing Director	Since 1 November 2010 to date	Not Independent
Mr Stuart Davis	Non-Executive	Since 27 September 2013 to date	Independent
Dr Gregory J Clark AC	Non-Executive	Since 30 April 2014 to date	Independent
Mr Stephen M Smith	Non-Executive	Since 1 July 2019 to date	Independent
Ms Jennifer Lambert	Non-Executive	Since 1 October 2019 to date	Independent
Ms Sharon Warburton	Non-Executive	Since 1 April 2017 to 31 March 2020	Independent

Independent Non-Executive Director, Mr Douglas Flynn was appointed Chair of the Board in April 2014 and continues to hold that position. The Board continues to evaluate its composition and the skills and experience that it feels can complement and add value to its current mix of Directors. Under the Company's Constitution, the Board of Directors shall comprise no less than three and no more than twelve Directors at any one point in time. The Company and the Board endeavours to have a majority of independent Directors and an independent Chair. Directors will be elected for a maximum three-year term. If no Director would otherwise be required to retire but the Listing Rules require that an election of Directors be held at an AGM, the Director to retire at that meeting is:

- The Director who has held office as Director the longest period of time since their last election or appointment to that office; or
- 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 to ensure the size of the Board is conducive to effective discussion and efficient decision-making.

The Board has now appointed Dr Eileen Doyle as a Non-Executive member of the Board with effect from 26 August 2020. Dr Doyle's appointment will be put before the shareholders for ratification at NEXTDC's FY20 AGM. Overall, the Board believes that its composition represents an appropriate balance of executive and Non-Executive Directors to achieve the promotion of shareholder interests and the effective governance of the business. The Board also has access to, and ability to engage with, Senior Executives who may attend Board and Board Committee meetings by invitation.



Board committees

Board committees have been set up as per NEXTDC's Corporate Governance Framework. The Board has established the Audit and Risk Management Committee (ARMC), Remuneration and Nomination Committee (REMCO) and the Investment Committee (IC) to assist in the execution of its duties and to allow detailed consideration of complex issues. Each is comprised entirely of independent Non-Executive Directors. Details of meeting attendance for members of each committee are set out in the Company's FY20 Annual Report. Details of the current membership and composition of each committee are set out below.

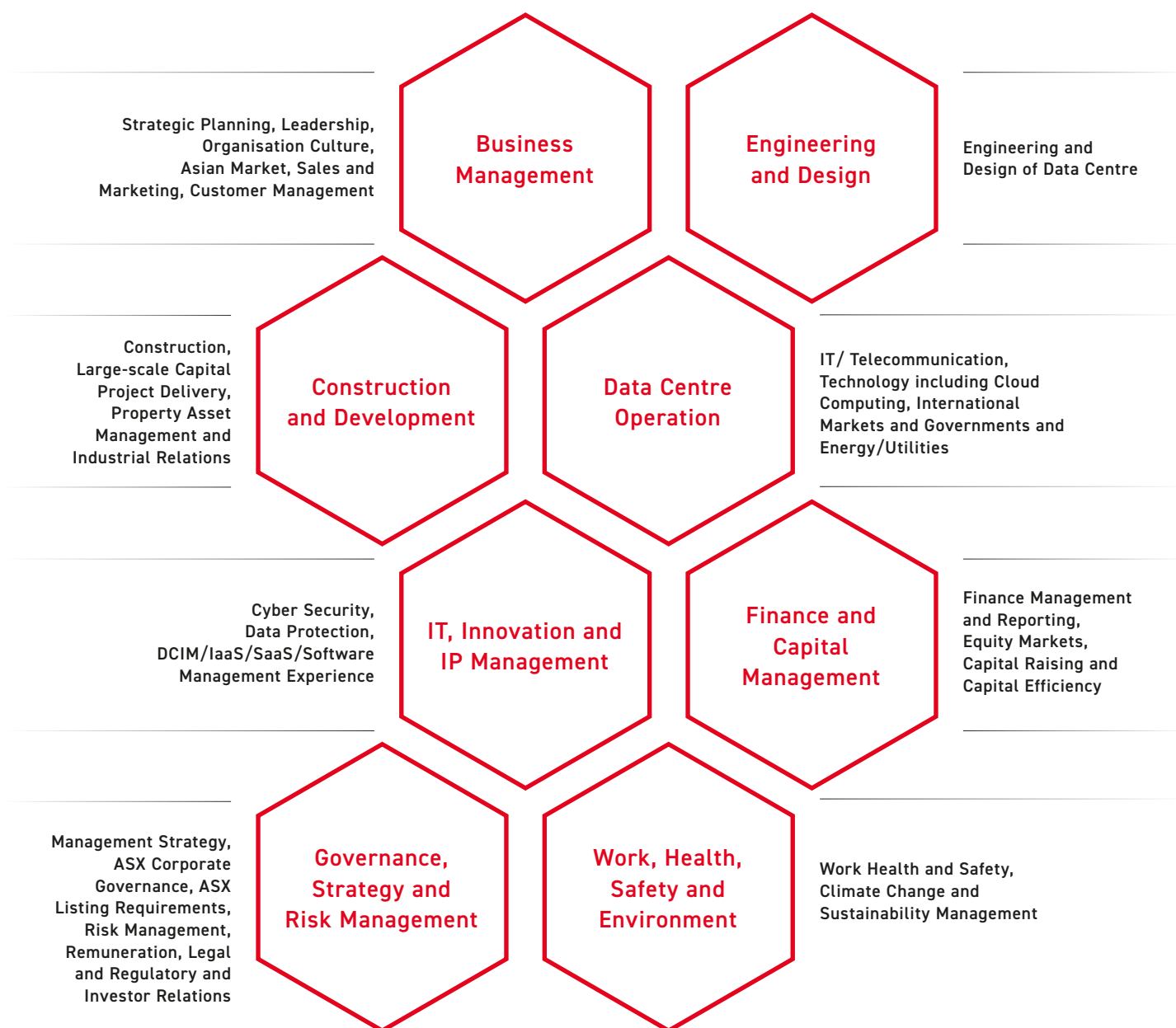
Committee	Members	Purpose
Audit and Risk Management Committee (ARMC)	Ms Jennifer Lambert (Chair) Mr Stuart Davis Mr Douglas Flynn	Assisting the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process, internal control structure, risk management systems (financial and non-financial) and the internal and external audit process. Further details can be found in the 'Risk management' section below.
Remuneration and Nomination Committee (REMCO)	Mr Stuart Davis (Chair) Dr Gregory J Clark AC Mr Douglas Flynn	Overseeing the remuneration practices and policies. Further details can be found in the 'Responsible remuneration policy' section below.
Investment Committee (IC)	Mr Stephen M Smith (Chair) Mr Douglas Flynn Dr Gregory J Clark AC Mr Craig Scroggie	Assisting Management to review, evaluate and make recommendations to the Board in relation to NEXTDC's investment strategy and the monitoring of the effectiveness of its investment governance framework and the evaluation of key advisors such as investment banks. Further details can be found in the 'Investors and Shareholders Rights' section below.

The number of times the committee met throughout the period and the individual attendance of the members at those meetings is disclosed within the Company's Annual Report. The Committees' structures and its memberships are reviewed on an annual basis. Each Committee has its own written Charter setting out its role and responsibilities, composition, structure, membership requirements and the way in which the Committee is to operate. These are reviewed on an annual basis and are available on the Corporate Governance section of the Company's website. All matters determined by Committees are submitted to the Board for their decision. Minutes of Committee meetings are tabled at the subsequent Board or Committee meeting. Additional requirements for specific reporting by the Committees to the Board are addressed in the Charter of the individual Committees.



Board skills matrix

The Board continues to consider its composition, skill-set and experience with reference to the strategy of the Company. The Board considers that its current composition is well balanced and sufficiently experienced to lead the Company into the next phase of its development. Regardless, it continues to review its composition against the desired skills and experience, as a matter of good governance and to ensure its composition remain efficient, balanced, and effective. The Board will consider making additional appointments that will enhance its composition and align with NEXTDC's strategy, if it believes this will add value to shareholders. To that end it notes the appointments of Mr Stephen M Smith and Ms Jennifer Lambert made in FY20, and the recent appointment of Dr Eileen Doyle to the Board in August 2020.



All skill areas identified are currently well represented at Board level. Each of its members contribute across the different competencies and have specific subject-matter expertise covering a range of governance, strategic, operational, and financial areas. These skills are regarded by the Board as critical to NEXTDC's long-term strategic and operational success. The Board continues to regard IT, Innovation, Strategy and Risk Management, Property Development, Governance, and IP Management as key areas of priority and focus as it moves forward.

Directors' independence

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

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

From a Director's perspective, they are regarded as having a material contractual relationship if the fees paid by the Company to the Director or an entity associated with the Director, 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:

- i. The goods or services supplied by the Director to the Company exceed 5% of the direct operating costs of the Company for any year in the relevant three-year period; or
- ii. They have served on the Board for a period in excess of ten years; or
- iii. Are not free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

However, a Director may be considered independent notwithstanding that he or she does not meet one of the criteria set out above, subject to appropriate explanation by the Board. The Board assesses independence each year. To enable this process, the Directors must provide all information that may be relevant to the assessment.

Board members

Details of the members of the Board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the Directors' Report under the heading "Information on Directors". As at the end of FY20, there was one Executive Director and five Non-Executive Directors on the Board. All five Non-Executive Directors are considered independent.

Non-Executive Directors

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

Chair and Chief Executive Officer (CEO)

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

Induction

Following the appointment, new Directors and Senior Executives are supported through an induction program to familiarise themselves with the operations of the business. This comprehensive induction program is tailored to the Director's existing skills, knowledge, and experience. The induction 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 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 its annual performance assessment. Details of Board meetings and attendance of Directors during FY20 are included in the Annual Report. 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 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 in-line with the Corporations Act requirements. Conflicts of interests and disclosure of interests are included in the Company's Code of Conduct for Directors and Senior Executives which is available in the Corporate Governance section on NEXTDC's website at www.nextdc.com.

Independent professional advice

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

PRINCIPLE 3: LAWFUL, ETHICAL AND RESPONSIBLE CULTURE

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 consider legal obligations and the reasonable expectations of the Company's stakeholders.

In summary, the Codes require that all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. The Board is informed of any material breaches of the Codes.

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 with the policy accessible at NEXTDC's website.

The Codes and the Company's Securities Trading Policy are discussed with each new employee as part of their induction training and employees receive regular refresher training. The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

Culture and ethical behaviour

Under the Code of Conduct, the Company is committed to acting as a good corporate citizen whilst it pursues its business objectives. The ethical standards which are expected of all employees includes adherence to the Company's values. NEXTDC endeavours to maintain a reputation as a good corporate citizen and seeks to act with honesty and integrity in all dealings with the Company's customers, suppliers and competitors and colleagues. The Company's Anti-bribery and Corruption Policy further emphasises its clear position on fraud, bribery, and corruption to ensure no illegal, unethical conduct or a breach of trust is committed. The Board is informed of any material breaches of the Anti-bribery and Corruption Policy. The Company also includes a section on Fraud, Bribery and Corruption in its Code of Conduct.

Under its 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 Head of People and Culture has been appointed as the Whistleblower Protection Officer to ensure that reporters are not personally disadvantaged as a consequence of making a report. The ARMC Chair is an independent escalation/reporting point to whom a report can also be made where it is not possible or appropriate to report suspicion of a misconduct to other internal escalation options. This can be done via a dedicated email (whistleblower@nextdc.com) for which the ARMC Chair is the only recipient. The Board is informed of any material incidents reported under the Policy.

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 complements the core values of the Company.

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.

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



PRINCIPLE 4: INTEGRITY OF CORPORATE REPORTS

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) consisted of the following independent Directors during the financial year:

- Ms Jennifer Lambert (current Chair effective 1 January 2020)
- Mr Stuart Davis (previous Chair retired effective 1 January 2020)
- Mr Douglas Flynn
- Ms Sharon Warburton (retired from ARMC and NEXTDC Board as of 31 March 2020)

Details of these Directors' qualifications and attendance at ARMC meetings are set out in the Directors' Report. All members of the ARMC have an appropriate understanding of the industry in which the Company operates and are financially literate. In particular, Ms Lambert, the current Chair of the Committee is a member of The Chartered Accountants Australia New Zealand and a Fellow of the Australian Institute of Company Directors. Ms Lambert also held the Group Chief Financial Officer position in a large property group for 13 years and was a Director at Pricewaterhouse Coopers (PwC) specialising in capital raisings, structuring and due diligence for acquisitions and disposals across various industries. Prior to that, Mr Davis, who was the previous chair, held the CEO position at HSBC in various locations internationally.

The Committee operates in accordance with a Charter which is available on the Corporate Governance section of the Company's website. The main responsibilities of the Committee, related to audit, are to:

- Review, assess and approve full and concise annual reports, half year financial statements and all other financial information published by the Company or released to the market;
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations;
- Recommend to the Board the appointment, removal and remuneration of external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- Consider the independence and competence of the external auditor on an ongoing basis
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;

- Review and monitor related party transactions and assess their propriety; and
- Report to the Board on matters relevant to the Committee's role and responsibilities.

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

The CEO and CFO have made the following certifications to the Board:

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

External auditors

In accordance with the Corporations Act 2001, the Company has appointed an external auditor who demonstrates professionalism and independence in the opinions formed on the Company's annual financial statements. PricewaterhouseCoopers (PwC) is the current external auditor of the Company. PwC attend ARMC meetings by invitation and report annually to the Committee on its independence and the outcomes of its audit. The ARMC also reviews the scope of PwC's annual audit plan. PwC will attend the AGM and are available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report. An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in Note 23 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

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.



PRINCIPLE 5: MANAGE TIMELY AND BALANCED DISCLOSURES

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. Specifically, the Company has a Continuous Disclosure Policy which complies with Listing Rule 3.1. A summary of these policies and procedures is available on the Corporate Governance section of the Company's website at www.nextdc.com.

The Company Secretary is the nominated person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, shareholders and the public. The CFO is the person responsible for overseeing and coordinating information disclosure to analysts and brokers. The Company Secretary also ensures that the Board receives copies of all material market announcements promptly after they have been made.

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



PRINCIPLE 6: INVESTOR AND SECURITY HOLDER RIGHTS

NEXTDC believes that shareholders, regulators, the investment community and wider stakeholders should be informed of all material business events and risks that influence the Company in a factual, timely and widely available manner.

The Company regularly updates the news and social media posts linked to its website (www.nextdc.com/news 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 and specifically, in paper form, if requested. NEXTDC recognises the importance of providing its shareholders and the broader investment community with facilities to access up-to-date information and provide avenues for communication with the Company, the Board and shareholders. A copy of the Annual Report along with other Corporate Governance material, Company announcements, details of Company meetings, media releases and financial statements are also available on the Company's website. Shareholders may contact the Company

directly for queries or clarification. NEXTDC has an investor relations team and program to facilitate effective two-way communication with investors and to provide a detailed understanding of NEXTDC's performance. NEXTDC engages with institutional investors, private investors, sellside analysts and buy-side analysts throughout the year via scheduled and ad hoc interactions. A dedicated email address (investorrelations@nextdc.com) also ensures that email queries are delivered directly to the CEO and CFO or otherwise as appropriate. This email address appears on all ASX announcements and on the Company website under the "Investor Centre" tab at www.nextdc.com/our-company/investor-centre.

NEXTDC promotes online voting for shareholder meetings and provides all shareholders with an opportunity to receive electronic communications via the registry. All substantive resolutions at a meeting of shareholders are decided by a poll rather than by a show of hands. Where possible, the Company arranges for advance notification of significant group briefings (including, but not limited to, results announcements) and makes them widely accessible.



PRINCIPLE 7: RISK MANAGEMENT

NEXTDC acknowledges that risk is inherent in all aspects of its business operation and being able to effectively recognise and manage risks and opportunities is critical for success and the growth of the Company. NEXTDC is committed to managing risk within the risk appetite set by the Board and the management. Details on NEXTDC’s Audit and Risk Management Committee (ARMC), including members and key responsibilities are provided under the narrative of Principle 4 above. Details of Directors’ qualifications and ARMC attendance are set out in the Directors’ Report of the Company’s Annual Report.

Risk Management Framework

NEXTDC’s Risk Management Framework is reviewed on an annual basis by the Board to satisfy itself that the Risk Management Framework continues to be sound and that the Company is operating in accordance to the risk appetite set by the Board. This framework details the overarching principles and risk management controls that are embedded within NEXTDC’s management processes, procedures, and reporting systems. The Company has a Risk Management Policy to ensure good corporate governance and to ensure that strategic and operational objectives as well as legislative, industry and client obligations are met.

The growth of the Company over the last few years has meant that the management of its risk profile has required ongoing assessment and refinement. To ensure that the Company manages evolving enterprise and emerging risks, including the recent impact of the COVID-19 pandemic, to mention one example, an independent review exercise was carried out in early 2020 to articulate NEXTDC’s risk settings and appetite in the context of the current operating environment. The outcomes included a revised Risk Appetite Statement endorsed by the Board as well as the identification of key enterprise risks against which they were assessed.



Risk Management Oversight and Responsibilities

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

Key oversight	Purpose
The Board	Reviews the Company's Risk Management Framework to ensure it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.
Audit and Risk Management Committee (ARMC)	The Audit and Risk Management Committee (ARMC) is responsible for ensuring there are adequate policies in relation to risk management, compliance, and internal control systems. It monitors the Company's risk management framework by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Committee: ▪ Reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system ▪ Reviews and assesses the Company's processes which ensures the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including Accounting Standards ▪ Reviews Company objectives in the context of the key enterprise risk categories (outlined above) ▪ Reviews and, where necessary, approves guidelines and policies governing the identification, assessment, and management of the Company's exposure to risk ▪ Reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and ▪ Reviews compliance with agreed treasury policy. The Committee reviews the effectiveness of these risk management and internal control processes at least annually. The Committee will report any material risk issues to the Board and recommend actions it deems appropriate to the Board for its consideration.
CEO/CFO	Ensure and provide assurance to the Board that the Company's financial statements are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards.
Management	For the respective area of responsibility, Management is responsible for designing, implementing and maintaining risk management and internal control systems in line with the Company's Risk Management Framework. As owners to the respective enterprise risk(s) management, continually validates risk and ensures supporting controls and processes are implemented to mitigate these risks.
Business Framework Review Committee (BFRC)	The BFRC comprises the Company's Executive team (CXO) and is chaired by the Risk and Compliance Manager. The Committee meets at least monthly and: ▪ Reviews and approves key policies and procedures with on customers (commercial), external compliance requirements, financial matters and/or the Company's enterprise risk ▪ Provides guidance on governance and control related matters; and ▪ Oversees of the operations and governance of NEXTDC in-line with the requirements of its compliance programme.
Risk and Compliance function	▪ Manage and monitor the implementation and effectiveness of risk management systems across the Company ▪ Prepare a consolidated Risk Report for the ARMC setting out key enterprise risks and the controls and processes implemented to mitigate these risks, the status of Risk Treatment Plans and remediation of risk issues and early indicators and emerging risks ▪ Assist the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and continually improving the effectiveness of the operational risk management framework, internal control and governance processes; and ▪ Provide guidance and support to the business based on industry best standards and practices to improve the effectiveness and efficiency of NEXTDC's corporate governance, processes and management of lower level risks and controls (Facility, Engineering and Design, Project risks etc.)

Internal Audit Function

The ARMC is responsible for implementing the internal audit function through a compliance reporting program developed to encompass the areas identified as most sensitive to risk. The ARMC approves NEXTDC's annual Risk and Compliance Business Plan and the Internal Audit and Assurance Plan to ensure that the planned audit and assurance activities are aligned to key enterprise risks and business objectives.

NEXTDC's Risk and Compliance Manager, with an oversight from the Chief Legal Officer is responsible for monitoring the internal control framework of the Company and provides reports to the ARMC and subsequently the Board, and is responsible for the following:

- Manage and monitor the implementation and effectiveness of risk management systems across the Company;
- Prepare internal audit reports and reports to the Business Framework Review Committee (BFRC), the ARMC and subsequently the Board on the adequacy of risk management and the internal control environment against the enterprise risk register; and
- Prepare a consolidated Risk Report (quarterly) setting out key enterprise risks and the controls and processes implemented to mitigate these risks, the status of Risk Treatment Plans and remediation of risk issues and early indicators and emerging risks.

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

Key Risk Mitigation activities

NEXTDC has developed actionable risk mitigation strategies and metrics to monitor implementation of risk mitigation plans and identify changes and new risks that impacts these activities. Listed below are the key management systems in place to manage key enterprise risks.

Environmental Management System

NEXTDC is dedicated to monitoring and revising the best ways to manage data centres, to ensure energy efficiency and minimise the impact on the environment and natural resources. The Company has implemented and is continuously improving its Environmental Management Systems, 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 Management. Additionally, NEXTDC is committed to the process of achieving NABERS certified rating for our data centres, with each data centre having a target Power Usage Effectiveness (PUE) rating to be as energy efficient as possible when delivering services.

NEXTDC publishes an Environmental, Social and Governance Report that can be accessed on www.nextdc.com, 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.

Work Health and Safety Management System

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

NEXTDC's commitment to providing and maintaining a safe and healthy work environment has faced some unique challenges in FY20, with a focus on applying our safety-first approach to the challenges of the COVID-19 pandemic. In order to deal with the evolving threat of the pandemic we have established new processes and protocols across the business to protect our customers, suppliers and teams. We continue to commit the resources necessary to maintain a safe working environment and ensure the ongoing operation of the business and health of our team. In addition to our COVID responses, we have implemented strategies to enhance our workplace safety awareness. Safety is everyone's responsibility in a safety-first culture. Active management of WHS issues in the operational and data centre development areas are mandated and central to creating a culture where it is safe to speak up and report any hazards or incidents. NEXTDC has also sought a process of continual review and improvement through its safety assurance programs, with the team's performance and safety initiatives reported to the Board.

To further strengthen our safety leadership across the industries, we have also implemented a Construction Safety Management System, which benchmarks our safety performance and activities during the construction of our new data centre facilities. This system has been rolled out across NEXTDC with assurance programs designed to monitor and verify its implementation and results. We continue to work closely and share safety learnings with our stakeholders, including customers and suppliers and to align ourselves with industry best practice to seek to achieve our ultimate goal of zero injuries.

Quality Management System

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.

Information Security Management System

As NEXTDC builds and operates next generation data centres, it provides a multi-layered security access and authentication system that protects and controls access within the facilities. The Company has implemented and is continually improving its 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.

PRINCIPLE 8: RESPONSIBLE REMUNERATION POLICY

Remuneration and Nomination Committee

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

- Mr Stuart Davis (current Chair effective 1 January 2020)
- Dr Gregory J Clark AC (previous Chair retired effective 1 January 2020)
- Mr Douglas Flynn
- Ms Sharon Warburton (retired from the NEXTDC Board as of 31 March 2020)

Details of these Directors' attendance at Remuneration and Nomination Committee (REMCO) meetings are set out in the Directors' Report. The Committee operates in accordance with its Charter which is available on the Corporate Governance section of the Company's website. The Committee advises the Board on policies and procedures for the selection and appointment of Directors, identifies Directors qualified to fill vacancies and ensures effective induction and orientation programs.

The main responsibilities of the Committee, related to nomination, are to:

- 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 in addition to the diversity of Senior Executives and the Board; and
- Monitor the size and composition of the Board.

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

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

The corporate governance statement of NEXTDC is current as at 26 August 2020 and was authorised for issue in accordance with a resolution of the Board of Directors on 27 August 2020.



APPENDIX: SUMMARY OF CORPORATE GOVERNANCE PRINCIPLES



4TH EDITION GOVERNANCE PRINCIPLES – SUMMARY

Principle 1 — Lay solid foundations for management and oversight

1.1 A listed entity should have; and disclose a Board Charter setting out: (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 and 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 a candidate for election, as a Director; and (b) provide security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director.	✓ NEXTDC's formal recruitment and assessment process includes engaging specialist recruiters for the appointment of its Non-Executive Directors. ✓ NEXTDC ensures that all material information in its possession relevant to a Director's election or re-election provided to shareholders in its 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 and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, Senior Executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity (2) the entity's progress towards achieving those objectives; and either: (a) the respective proportions of men and women on the board, in Senior Executive positions and across the whole workforce (including how the entity has defined "Senior Executive" for these purposes); or (b) 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. If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its Directors of each gender within a specified period.	✓ NEXTDC's Diversity Policy is available for viewing at the company's website at www.nextdc.com. ✓ NEXTDC sets measurable objectives against its Diversity Policy, which is available for viewing at the company's website at www.nextdc.com. ✓ Refer to the FY20 Corporate Governance Statement above for further details. ✓ Refer to the FY20 Corporate Governance Statement above for further details. ✓ Refer to the FY20 Corporate Governance Statement above for further details. ✓ NEXTDC's Gender Equality Report is published on its website www.nextdc.com.
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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	✓ The responsibilities of the Board for monitoring its own performance and that of its committees and individual Directors are set out in its Charter and that of the Audit and Risk Management Committee. The Charters are available for viewing on NEXTDC's website at www.nextdc.com. ✓ Board evaluation was completed for the period reported.
1.7 A listed entity should: (a) have; and disclose a process for periodically evaluating the performance of its Senior Executives at least once every reporting period; and (b) disclose, in relation to each reporting period, whether a performance Evaluation was undertaken in the reporting period in accordance with that process during; or in respect of that period.	✓ The responsibilities of the Board for monitoring the performance of its Senior Executives is set out in its Charter which is available on NEXTDC's website at www.nextdc.com. ✓ The evaluation process is further commented on in the Remuneration Report.

Principle 2 – Structure the Board to be effective and 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) 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 (REMCO). All of the four Committee members on the Committee in FY20 are independent. Refer to the summary following this table for further details on the REMCO Committee. ✓ The REMCO Chair, Mr Stuart Davis, is an independent Director. ✓ The REMCO Charter is available on NEXTDC's website at www.nextdc.com. ✓ The Board and the REMCO meeting attendance is included in the 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.	✓ NEXTDC discloses a Board skills matrix which is further explained within the FY20 Corporate Governance Statement above.
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.	✓ Six of the seven Directors who served in FY20 are independent. The seventh member, Mr Craig Scroggie, holds the position of Chief Executive Officer (CEO) of NEXTDC. The section on Effective Board Structure within this report and the Annual Report provides this information.
2.4 A majority of the Board of a listed entity should be independent Directors.	✓ Six of the seven Directors who served in FY20 are independent.
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 Board's Chairman during the year was Mr Douglas Flynn. Mr Craig Scroggie was the CEO for the entire period.
2.6 A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.	✓ 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 for any new Directors joining the Board.

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

3.1	A listed entity should articulate and disclose its values.	✓	NEXTDC's values are disclosed on its website at www.nextdc.com .
3.2	A listed entity should: (a) have and disclose a code of conduct for its Directors, Senior Executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a Director or Senior Executive; and (c) any other material breaches of that code that call into question the culture of the organisation.	✓	The Board has adopted Codes of Conduct for Directors and Employees. These are available for review in the Corporate Governance section of NEXTDC's website at www.nextdc.com .
3.3	A listed entity should: (a) have and disclose a Whistleblower Policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	✓	NEXTDC's Whistleblowers Policy is available for viewing on the Company's website at www.nextdc.com . The Board and ARMC committee receive reports of any material incidents.
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	✓	The Company's Anti-bribery and Corruption Policy is available for viewing on the Company's website at www.nextdc.com . The Company also discloses its policy regarding anti-bribery and corruption within the Company's Code of Conduct. The Board and ARMC committee receive reports of any material incidents.

Principle 4 – Safeguard the integrity of corporate reports

4.1	The Board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors; and (2) is chaired by an independent Director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	✓	The Board has established an Audit and Risk Management Committee (ARMC) which meets the requirements of: ▪ having at least three members at all times ▪ consists only of Non-Executive Directors ▪ consists of a majority of independent Directors.
		✓	The ARMC Committee was chaired by Mr Stuart Davis for the period of 1 July until 31 December 2019, and was succeeded by Ms Jennifer Lambert who is the current Chair. Both are independent Directors of the Company.
		✓	The ARMC Charter is available on NEXTDC's website at www.nextdc.com .
		✓	Refer to NEXTDC's FY20 Annual Report for the Directors' qualifications and experience.
		✓	Refer to NEXTDC's FY20 Annual Report for the number of ARMC meetings and the attendance at these by Committee members.
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	The Board has received a declaration from NEXTDC's CEO and the CFO in relation to the financial statements for the financial year ended 30 June 2020.
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	✓	NEXTDC's external auditor, Pricewaterhouse Coopers (PwC) attends the Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5 — Make timely and balanced disclosure

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| 5.1 A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1. | ✓ | NEXTDC's Continuous Disclosure Policy is available on the Company's website at www.nextdc.com . |
| 5.2 A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made. | ✓ | Board members receive this information promptly. |
| 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | ✓ | All analyst presentations are disclosed in the ASX Market Announcements Platform as per NEXTDC's Continuous Disclosure Policy. |
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Principle 6 — Respect the rights of security holders

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| 6.1 A listed entity should provide information about itself and its governance to investors via its website. | ✓ | NEXTDC regularly updates its website with ASX announcements and presentations, news and social media, and new information on products and services.
NEXTDC's Continuous Disclosure Policy has been designed to promote effective communications with shareholders. A copy of this policy is available on the Company's website at www.nextdc.com . |
| 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors. | ✓ | NEXTDC has a Shareholder Communications Policy that outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure. A copy of this policy is available on the Company's website at www.nextdc.com .
NEXTDC's Continuous Disclosure Policy also outlines policies and requirements for communications with analysts and investors to ensure that the communications are effective and comply with the Company's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.
A copy of this policy is available on the Company's website at www.nextdc.com .
NEXTDC has an Investment Committee that assists Management to review, evaluate and make recommendations to the Board in relation to NEXTDC's investment strategy and to monitor the effectiveness of its investment governance framework. NEXTDC's Investors Relation program allows investors and other financial market participants to gain a greater understanding of the Company's business, governance, financial performance and prospects. |
| 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | ✓ | NEXTDC's Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of shareholders. The Company permits shareholders to cast their proxies prior to an Annual General Meeting if they are unable to attend the meeting. |
| 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by show of hands. | ✓ | All substantive resolutions at a meeting of shareholders of NEXTDC are decided by a poll rather than by a show of hands. |
| 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | ✓ | NEXTDC gives shareholders the option to communicate electronically with the Company and its security registry, as indicated in its Shareholder Communications Policy. |
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Principle 7 – Recognise and manage risk

7.1 The Board of a listed entity should:

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

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

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

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

Refer to NEXTDC's FY20 Annual Report for the number of ARMC meetings and the attendance at these by Committee members.

7.2 The Board or a committee of the board should:

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

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

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

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

7.3 A listed entity should disclose:

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

In FY20, the responsibility for operation of the internal risk management processes was held by the Chief Legal Officer (CLO) along with the Company's Risk and Compliance Manager.

The ARMC provides oversight to the internal audit function, which also monitors and administers the current risk management framework. Refer also to the section on Risk Management below.

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

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

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

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 (REMCO). ✓ During the year, the Committee had three members who are all independent. ✓ The Committee is chaired by Mr Stuart Davis who is an independent Director. ✓ The REMCO Charter is available on the Company's website at www.nextdc.com. ✓ Refer to NEXTDC's FY20 Annual Report for the number of REMCO meetings and the attendance at these by Committee members.
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 (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 prohibits the hedging of Incentive Rights and Restricted Shares by Participants. ✓ The granting of equity-based remuneration under the LTI scheme is disclosed in the Remuneration Report. ✓ NEXTDC has published the Remuneration and Nomination Committee Charter and Securities Trading Policy on its website at www.nextdc.com.



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NEXTDC Limited
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