



N E X T D C

where the cloud lives™



FY23 Environmental, Social and Governance Report

Contents

| | |
|---|----|
| Letter from the CEO | 3 |
| Overview | 5 |
| FY23 Sustainability Highlights | 7 |
| Company Profile | 10 |
| Stakeholder Engagement | 13 |
| External Initiatives | 17 |
| Materiality Assessment | 19 |
| Governance | 20 |
| Climate Change and Environmental Sustainability | 23 |
| Environmental Objectives | 25 |
| Climate Change | 35 |
| Social Sustainability | 43 |
| Diversity, Equity and Inclusion | 48 |
| Customer Data Security and Privacy | 52 |
| Workplace Health and Safety | 53 |
| Supply Chain | 57 |
| Community Involvement | 60 |
| Sustainability Data | 63 |



A letter from the CEO

“

Our commitment to ESG leadership is more than just principled business practice or a tick-box compliance activity.”



Craig Scroggie
CHIEF EXECUTIVE OFFICER

The global ESG landscape is evolving rapidly, creating a range of risks and opportunities across every industry. As the backbone of the digital economy, the data centre services industry has a leading role to play in supporting the responsible expansion of critical digital infrastructure. The importance of this role cannot be understated.

At NEXTDC, our ESG vision is to shine as an energy efficiency innovator in an industry that currently accounts for roughly 3% of the global electricity demand and 2% of global carbon emissions. These figures will only increase as we delve deeper into the new digital reality – the fourth industrial revolution – as data-driven technologies such as artificial intelligence become increasingly mainstream.

Our core business is to deploy and maintain the exceptional digital infrastructure and services required to support the needs and future growth of online businesses, technological innovation and the efficient management of the exploding volumes of data. However, this must not come at the expense of the world around us, and it must always be accomplished responsibly in order to preserve the planet for future generations, and service our communities.

In 2023, our commitment to sustainability leadership is more than just principled business practice or a tick-box compliance activity. It also creates opportunities for the business. Data centres use energy, but their existence create an opportunity to aggregate and optimise the operation of computer processing in an energy efficient manner. NEXTDC strives to be a leader in exploiting that opportunity and driving that efficiency. Companies with high ESG maturity show positive correlations between achieving operational efficiency and financial performance.

ESG-forward companies are also more likely to have an engaged workforce with reduced turnover and increased overall productivity. They are perceived more positively by the communities in which they operate and are more likely to have the support of government as well as customers and investors. In the years to come, this social licence to operate sustainably and ethically will challenge organisations that neglect ESG issues.

Sustainable data centres

With the realities of climate change becoming more evident, we place the highest emphasis on the sustainability of our data centre footprint. Our aim is to develop a net zero pathway quantifying the Company's full value chain to 2030 and beyond. NEXTDC recognises this is a major ambition and is committed to disclosing its roadmap to net zero, taking into consideration the operational, regulatory and legislative constraints in a competitive market. As part of that, we will continue to seek new opportunities to deliver further sustainability gains when upgrading and building new facilities that enable even higher efficiency and renewable energy targets.

We are progressively taking sustainability reporting to a whole of lifecycle perspective where we will account for the carbon footprint of a data centre from the design to decommissioning.

We will continue to focus on sustainability innovation, performance, and accountability. In practice, this means looking for new ways to minimise power and water usage and waste across the entire lifecycle of a data centre.

It also means prioritising the sourcing and generation of renewable energy for our data centres, including rooftop solar installations. In addition to existing solar panels at our M1 facility, in FY23 the new solar arrays at our S1 and M3 facilities became operational. Rooftop installations at SC1 and P1 will also soon be ready to be switched on.

In August 2023, NEXTDC's S1 Sydney became the first data centre in Australia to achieve the TRUE (Total Resource Use and Efficiency) Certification, a comprehensive certification program recognising our efforts to minimise non-hazardous solid wastes and maximising the efficient use of resources.

This achievement is a significant milestone in our journey to reduce our environmental impact and further reflects our commitment. We are proud to be recognised for our efforts and will continue to work towards achieving this certification at all our sites.

Managing carbon as digital accelerates

We will continue to support customers who want to measure and offset the carbon footprint of their digital infrastructure located in our facilities. In the face of ongoing digital transformation and the growing carbon footprints associated with IT infrastructure, our customer carbon offset program (NEXTneutral) offers a low complexity solution to customers striving to reach their own corporate ESG goals. Now in its third year, the program can be accessed with just the touch of a button, through our ONECD infrastructure management portal, and costs less than a cup of coffee per kW of power.

Meanwhile, we have continued our certification as carbon neutral for our corporate function up to FY22, with FY23 certification expected in October 2023. This is a process we have undertaken since 2018 under the Climate Active program, Australia's only Commonwealth Government-accredited carbon neutral certification scheme.

Diverse leadership and workforce

At NEXTDC, diversity is not just about having a diverse workforce. It is also about creating a culture of inclusion, where everyone feels valued and respected. We embrace our differences, diversity, experiences and ideas to promote inclusive behaviours across the company. To reflect this, our unconscious bias training program was extended to the entire workforce during this reporting period.

Our aim is to achieve a 40:40:20 ratio, meaning 40% men, 40% women, 20% flexible across our employees, management and the Board by 2030. We are getting closer to this with 34% of our workforce being female and a strong representation of mature workers.

To further show our support for achieving this gender balance, we are a signatory to the 40:40 Vision, joining in the pledge to achieve gender balance at an executive leadership level by 2030. We continue to encourage inclusive hiring practices amongst recruitment managers and offer mentoring and development programs for high performers.

As another step forward in fostering gender equality, we have now established a partnership with Work180 whose vision is to create a world in which there is fair and equal representation, opportunities, and pay for all women. Work180 has endorsed NEXTDC as an employer of choice for women to help us attract, retain and support all women at NEXTDC.

Multi-faceted approach to safety

At NEXTDC, safety is not just a value, it's a priority. We strive to provide and maintain a safe and healthy working environment for all workers, customers and visitors. Our goal is zero workplace injuries and we have once again met this goal. We believe that safety is everyone's responsibility and we encourage and empower all employees and contractors to be proactive advocates for safety and wellbeing in our workplaces.

However, our safety practices and commitments extend beyond our own facilities, and beyond physical safety. With the ongoing focus on cybersecurity,

we recognise the role we must play in protecting our own and our customers' data and so we take the physical security of our centres very seriously.

High-quality digital infrastructure that is safe, secure and resilient, with an embedded and holistic approach to physical security and risk management, has emerged as one of the key mitigating factors against data breaches. It also ensures we are helping our customers to meet their own regulatory requirements, regardless of industry.

It is important to note that while we adhere to the relevant Privacy requirements to ensure the safety and protection of personal data, we also maintain a clear delineation between the data we hold as part of managing our business and the data that our customers hold or process. This means NEXTDC does not interact with nor manage any data stored on our customers' equipment hosted in our facilities.

Giving back to communities

We place immense value on the wellbeing of the communities in which we live and work. Through our long-term corporate philanthropy project, 'Live to Give', we are proud to support and bolster the lives of those around us. We work with organisations such as The Smith Family, UN Women, SolarBuddy and The Red Cross, and are also part of the Pledge 1% movement and have an active workplace giving program with dollar-for-dollar donation matching for partner charitable organisations.

Our people have access to up to three days of paid volunteer leave as well as a paid emergency management leave benefit of up to four weeks with emergency response groups such as SES and volunteer rural fire services. They can also access additional paid volunteer days to participate in skills-based volunteer opportunities in our local communities.

Excellence in governance

Across NEXTDC's Board and executive committees, we have built a robust culture of governance. Our Board members take ESG very seriously and they are updated frequently on progress in this space. These commitments are scrutinised with the same rigour devoted to financial and operational performance.

At NEXTDC, we have an eye on the longer-term horizon in the ESG space, even as we implement today's plans and programs. There is significant and exciting work ahead to realise our ambitions in this space. The balance of this report highlights some of our achievements in this area in FY23 and I look forward to sharing more highlights from our progress on this journey as we progress.



Craig Scroggie
CHIEF EXECUTIVE OFFICER

Overview

About this report

This annual ESG Report is designed to consolidate and summarise our environmental, social, and governance performance for FY23 and our aims for FY24. It includes our progress towards our targets and our initiatives.

This report also outlines our approach to the material issues affecting NEXTDC and its stakeholders as well as details of our sustainability performance and our aims for FY24.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. By using the GRI Standards, NEXTDC ensures that it reports against the environmental and social issues identified as significant to its business and stakeholders. A copy of the GRI Index can be found in the Corporate Governance section of our website www.nextdc.com.

With our continuous focus on climate change, the climate change section of this report has been aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. NEXTDC note the recent release of the global sustainability and climate IFRS Standards 1 and 2, and will continue to monitor these developments, adapting our reporting accordingly in future years.

NEXTDC's FY23 Environmental, Social, and Governance (ESG) Report covers all its operations for the financial year ended 30 June 2023, unless otherwise stated. All references to our, we, us, the Group and NEXTDC refer to NEXTDC Limited (ABN 35 143 582 521) and its subsidiaries.

Assurance

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

Feedback

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



NEXTDC data centre traditional land custodians guide

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



Head Office

111 Eagle Street, Brisbane City QLD 4000

Yuggera /Turrbal and Jagera peoples



B1 Brisbane

20 Wharf Street, Brisbane City QLD 4000

Yuggera /Turrbal and Jagera peoples



B2 Brisbane

454 St Pauls Terrace, Fortitude Valley QLD 4006

Yuggera /Turrbal and Jagera peoples



C1 Canberra

19 Battye Street, Bruce ACT 2617

Ngunnawal people



M1 Melbourne

826 Lorimer Street, Port Melbourne VIC 3207

Bunurong of East Kulin Nation



M2 Melbourne

75 Sharps Road, Tullamarine VIC 3043

Wurundjeri of East Kulin Nation



M3 Melbourne

25 Indwe Street, West Footscray VIC 3012

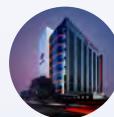
Bunurong of East Kulin Nation



P1 Perth

4 Millrose Drive, Malaga WA 6090

Whadjuk Noongar



P2 Perth

11 Newcastle Street, Perth WA 6000

Whadjuk Noongar



S1 Sydney

4 Eden Park Drive, Macquarie Park NSW 2113

Wallumedegal Clan of the Darug nation



S2 Sydney

6-8 Giffnock Avenue, Macquarie Park NSW 2113

Wallumedegal Clan of the Darug nation



S3 Sydney

2 Broadcast Way, Artamon NSW 2064

Gamaragal People of the Darug Nation



S4 Sydney

Horsley Park, NSW 2175

Cabrogal people of the Darug Nation



D1 Darwin

2 Harvey Street, Darwin NT 0800

The Larrakia people



A1 Adelaide

211 Pirie Street, Adelaide SA 5000

The Kaurna people



SC1 Sunshine Coast

44 Maud St, Maroochydore QLD 4558

Kabi Kabi and Jinibara peoples



FY23 Sustainability Highlights





NEXTDC's M1 and S1 have maintained NABERS 5-Star ratings for energy efficiency throughout FY23, with P1 achieving 4.5-Star rating this year.



Achieved more than 90% diversion rate at four of our facilities in FY23, with S1 facility becoming the first data centre in Australia to achieve TRUE Zero Waste certification well ahead of the plan in August 2023.



NEXTDC has continued to meet compliance requirements for its corporate operations to be 100% carbon neutral under the Climate Active scheme administered by the Australian Federal Department of Environment and Energy to FY22, with FY23 certification expected in October 2023. This has been enabled through its strategic partnership to offset carbon emissions with Qantas Future Planet (QFP).



Continued positive uptake of our NEXTneutral program with a 40% increase in customers onboarded in FY23. NEXTneutral is our carbon neutral colocation program enabling our customers to achieve 100% carbon neutrality for IT footprints colocated in our data centres.



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



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



Improved climate reporting in-line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This year we conducted our first scenario analysis exercise to assess how climate risks and opportunities may change under future scenarios, and further updated the metrics we use to track climate impacts and action.



Maintained a positive safety result for FY23, with the Company not recording any lost time injuries (LTIFR) across its data centre operations. On the construction front, we have continued to see a downward trend in our Capital Works project TRIFR, with no recordable injuries in the last five months.



Rooftop solar panels installed in S1, P1, SC1 and M3 sites in addition to the existing array of panels at M1.





Sydney S3 and Melbourne M3 have achieved *UI Tier IV Certification of Constructed Facility* in FY23.



Electric Vehicle (EV) charging station installed in 5 of our 12 facilities with more to come.



Our first-generation facility chillers are being upgraded with Smartlift systems that optimise compressor speeds and condenser water temperatures to drive incremental efficiency gains from these data centres.



Published our third Modern Slavery Statement in November 2022, in line with the requirements of the Modern Slavery Act 2018 (Cth).



Continued investment in enhanced mental health and safety programs and service for our team members through the engagement of health services provider, Sonder. We currently have 33 team members who are accredited Mental Health First Aid Officers (MHFAO) after volunteering to complete the Mental Health First Aid training. This program has been extended to our employees in Malaysia.



Partnership with Empowered Women in Trades to encourage women to consider a career at NEXTDC. This included an introduction to the industry, key leaders and potential internships and opportunities.



Company Profile

NEXTDC Limited is a public company listed on the Australian Securities Exchange (ASX). The Company has twelve operational data centres across Australia including Brisbane, Canberra, Melbourne, Perth and Sydney, with its headquarters located in Brisbane. It also has two data centres under construction in Adelaide and Darwin. NEXTDC owns the international sub-sea cable landing station on the Sunshine Coast (SC1). SC1 offers high speed and high capacity international connectivity and has now been extended into the first of our planned network of Edge data centres, with another one under construction in Port Hedland.

In June 2023, NEXTDC announced its entry into the Malaysian market with its first data centre development in Kuala Lumpur (KL1). We will be constructing a new, world-class data centre facility right in the heart of the Klang Valley metropolitan region, the cultural, financial, and economic centre of Malaysia. KL1 represents NEXTDC's entry into Asia. Our international expansion will be followed by a data centre in New Zealand with further Asian opportunities currently under evaluation.

Further details on the Company's activities, products and services, types of customers, net sales, capital, and quantity of services are available in NEXTDC's FY23 Annual Report located at our website's Investor section (www.nextdc.com).

Our vision

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

NEXTDC is committed to acting ethically and strives to achieve the highest standard of responsible business practices and sustainability, while seeking to positively contribute to our community. To do this, we focus on integrating sustainability and corporate social responsibility into all aspects of our organisation.

In operating our data centres we seek to comply with all regulations and laws affecting them. We strive to meet our social responsibility, continue to improve our team's working conditions, and build a healthy and safe workplace for our team, customers and visitors.



Our corporate values

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

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



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.



How NEXTDC creates value

NEXTDC is an ASX 100 Listed technology company, enabling business transformation through customer-focussed, innovative data centre solutions, connectivity services and infrastructure management software. We provide advanced Data Centre as-a-Service (DCaaS) services with a nationwide network of Tier III and Tier IV facilities. We deliver enterprise-class colocation services to local and international organisations. Our vision is to help enterprises harness the digital age and improve our society through the advancement of technology.

Our purpose is to be the leading customer-centric data centre services company, delivering solutions that **Power**, **Secure** and **Connect** enterprise and Government customers, while focusing on safety, resilience and sustainability.

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

Supporting the Company's international growth ambitions, we were also pleased to be awarded with the 2023 Australian Data Centre Services Provider of the Year Award and the 2023 Asia Pacific Data Centre Infrastructure and Operations Award for Customer Value Leadership. These awards similarly recognised NEXTDC's innovation, product portfolio, energy efficiency and operational excellence.



Stakeholder Engagement

Effective engagement with our stakeholders delivers meaningful outcomes and is critical in maintaining our reputation and long-term social licence to operate.



NEXTDC operations are affected by and dependent on a range of external and internal stakeholders. Meaningful stakeholder engagement builds trust and confidence, and we identify these based on the level of dependency, impact or opportunity they represent. We engage with these groups to gain insight into their needs and perspectives and share information about our strategy, practices, and performance.

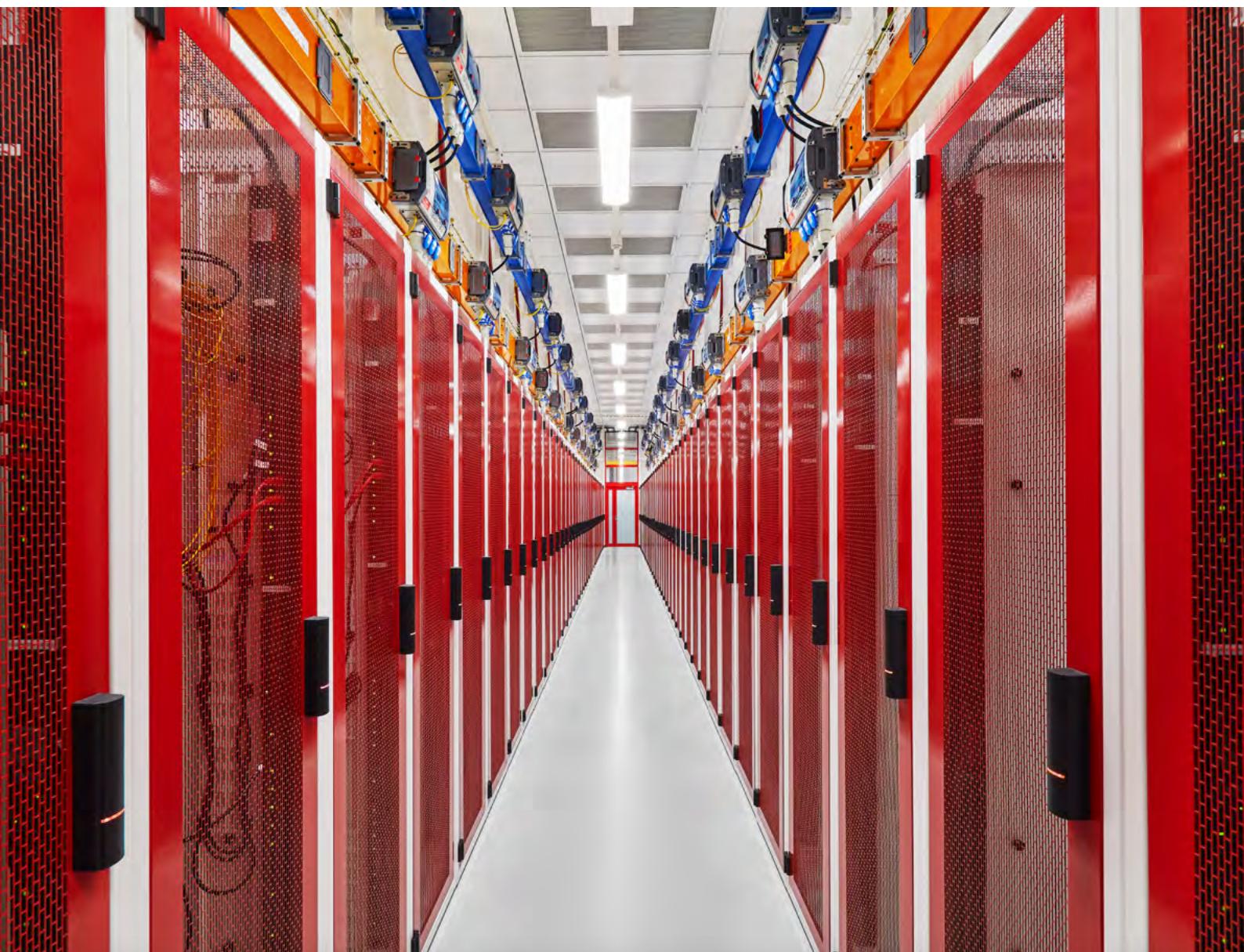
Stakeholder identification

We identify our stakeholders as those connected to or influenced by our business operations. Our stakeholders include our employees, contractors, investors, regulators, community members, customers, and suppliers. We take a long-term view and plan our engagement in a manner that builds trust and respect. Stakeholders are identified according to their level of interest, potential impact, and opportunities they represent, and we seek to prioritise engagement with those who may be directly impacted by our activities.

Stakeholder engagement

Stakeholder engagement is a part of each project or significant activity. We identify the relevant issues and the engagement required during the planning process. We share information, listen to community members and leaders, and seek to support the local community to maximise the benefits of our projects and activities. An example of this is the way we engaged with the local communities and stakeholders in the residential area around our M3 facility in Melbourne to ensure minimal disruption during the construction phase, and now that part of the building is operational, we have built a café within the facility to provide a service to the local community.

This report outlines our sustainability commitments and performance and is supported by communication throughout the year via Media Releases, company publications, our Annual General Meeting and our website. To ensure meaningful conversations and outcomes, the form and frequency of the engagement depends on the stakeholder and the issues relevant to them.



A summary of our key stakeholders and their engagement in FY23 is set out below:

| Stakeholder | ESG expectations and concerns | How NEXTDC communicates and consults with them |
|--|--|---|
| NEXTDC employees Employees are NEXTDC's number one asset. We provide a comprehensive salary, benefits and training program to engage and maximise their engagement. | <ul style="list-style-type: none"> ▪ Keeping the workplace safe ▪ Mental Health and Wellness ▪ Environmental impacts ▪ Diversity and Inclusion ▪ Codes of Conduct ▪ Protecting Personally Identifiable Information (PII) | <ul style="list-style-type: none"> ▪ NEXTDC Values ▪ WHS Committee meetings and Security Committee meetings ▪ Code of Conduct, Diversity, and other annual training sessions ▪ Information is regularly posted on intranet, which also provides an opportunity for feedback ▪ Induction and People and Culture policies and procedures |
| Customers NEXTDC's core value of Customer First aims to continuously create value for customers and communicate with them to help us understand their needs, build trust, and help achieve mutual growth | <ul style="list-style-type: none"> ▪ Keeping the workplace safe ▪ Environmental impacts ▪ Protecting Personally Identifiable Information (PII) ▪ Energy Efficiency ▪ Financial Performance ▪ Modern Slavery | <ul style="list-style-type: none"> ▪ Site Induction and Facility Rules ▪ Privacy Policy and Privacy Collection Statements Service Advisory ▪ Notifications ▪ Weekly/Monthly/Quarterly meetings |
| Shareholders and their advisors NEXTDC leverages funds in an appropriate manner to create a positive cycle of investment and returns and discloses operational and financial information with transparency. | <ul style="list-style-type: none"> ▪ Material and ESG risks that may affect NEXTDC and how they are being managed ▪ Financial Performance and Profitability/Dividend Policy | <ul style="list-style-type: none"> ▪ ESG Report, disclosure of ESG risks in the Annual Report, Corporate Governance Statement, AGM, and roadshows |
| Regulators/authorities (e.g. WorkCover/EPA/ Clean Energy Regulator/ WGEA) NEXTDC complies with the laws and regulations applicable to its business and seeks to maintain good relationships with regulators and authorities. | <ul style="list-style-type: none"> ▪ Keeping the workplace safe ▪ Environmental impacts ▪ Complying with regulatory requirements ▪ Regulatory reform ▪ Modern Slavery ▪ Gender equality | <ul style="list-style-type: none"> ▪ Obtaining required approvals for constructing new data centres – extensive due diligence for site selection ▪ Immediate contact for any notifiable incidents ▪ Submission of an annual National Greenhouse Gas and Emissions Report (NGER) to the Clean Energy Regulator ▪ Annual report submission to Workplace Gender Equality Agency (WGEA) ▪ Modern Slavery Act 2018 (Cth.) ▪ Annual Report ▪ Climate Active Carbon Neutral certification ▪ Corporate Governance Statement |
| Suppliers and contractors They are our partners in achieving a profitable and sustainable business. We work together to jointly develop better solutions for customers and the business. | <ul style="list-style-type: none"> ▪ Keeping the workplace safe ▪ Environmental impacts ▪ Protecting Personally Identifiable Information (PII) ▪ Modern slavery due diligence | <ul style="list-style-type: none"> ▪ Site Induction and Facility Rules ▪ Site meetings and permit to work for all hazardous works ▪ Supplier Code of Conduct ▪ Privacy Policy and Privacy Collection Statements ▪ Quarterly Business Reviews for Supplier performance including sustainability performance evaluation |
| Community NEXTDC continues to communicate stakeholder and residents in local communities to the impact of operations and construction activities. | <ul style="list-style-type: none"> ▪ Impact of constructing new data centres ▪ Support and care for the Community around us ▪ Encourage participation in social welfare activities among employees | <ul style="list-style-type: none"> ▪ Extensive due diligence on site selection, including impact to flora and fauna, cultural heritage, and artefacts. ▪ Project discussions through meetings, onsite inspections, and reports ▪ Live to Give initiatives for the employees |

Industry associations

NEXTDC participates in a broad range of industry groups and associations, allowing us to contribute in a coordinated way to the development of effective policy frameworks, sharing best practices and accessing information and insights on material topics. We are actively involved in the following industry associations and represent the data centre sector in achieving our business objectives:

- Communications Alliance – Communications Resilience Administration Industry Group;
- Communications Alliance – Building Access Operations and Installation;
- Communications Sector Group;
- Member of Trusted Information Sharing Network for Critical Infrastructure (TISN);
- Involved in the Communications Criticality Project;
- Climate Active (formerly NCOS) for Carbon neutrality activities;
- Member of National Safety Council of Australia;
- Department of Foreign Affairs and Trade (DFAT);
- The Australian Trade and Investment Commission (Austrade);
- Malaysia Digital Economy Corporation (MDEC);
- Malaysian Investment Development Authority (MIDA).

NEXTDC continues to review its industry associations and memberships to ensure its participation meets the expectation and needs of our broader stakeholders.



External Initiatives

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

Our Board endorsed audit and assurance program is established to manage our risks while helping us measure our effort against both mandated requirements and best practices. Regular updates on these programs are provided to the Executive Team and the Board to enable their oversight of the management of key risks. NEXTDC's Operational Excellence (NOE) function, the second line of defence and internal assurance program, further align our operational and compliance obligations to ensure we have a robust control framework to manage our risks whilst maintaining our Power, Secure and Connectivity brands promise.

ISO Standards

All* NEXTDC facilities, are certified to **ISO 9001 (Quality Management System)**, **ISO 27001 (Information Security Management System)**, **ISO 14001 (Environmental Management System)** and **ISO 45001 (Work Health and Safety Management System)**.

The scope of these certifications covers the operations and maintenance of the data centres and associated services.



NABERS - National Australian Built Environment Rating System

NEXTDC's M1 and S1 certified to NABERS 5-Star and P1 to 4.5-Star rating for energy efficiency.



Service Organisation Control (SOC) Reports

NEXTDC has issued SOC1 Type 2 and SOC 2 Type 2 assurance reports for all* its facilities.

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



Carbon Disclosure Project (CDP)

NEXTDC participated in the 2019 and 2020 climate change CDP survey. To ensure a continued balance of resources between the delivery of our sustainability initiatives and reporting, NEXTDC has decided to pause its reporting with CDP, to allow for the proper integration of TCFD recommendations. This report, prepared in-line with the GRI Sustainability Reporting Standards forms part of our disclosure on environmental, social, and governance performance.

PCI-DSS

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



TRUE certification

TRUE (Total Resource Use and Efficiency) is a zero waste certification program focused on waste reduction and recycling. NEXTDC S1 Sydney achieved Certified level TRUE Certification. Achieved in August 2023.



DTA Certified Strategic to secure sovereign data

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



Australian Government
Digital Transformation Agency

FTSE4Good Index Inclusion

NEXTDC continues to be included in the FTSE4Good Index Series, a responsible investment index of FTSE Russell, a London Stock Exchange Group company since December 2020. We continue to be a constituent of the FTSE4Good Index Series following the FTSE4Good Index Series June 2023 review. This series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices and used by a wide variety of market participants to create and assess responsible investment funds and other products.

* Excludes newly acquired edge data centre in the Sunshine Coast (SC1), and new builds S3 and M3. Though already operated in-line with national standards, SC1, M3 and S3 have not yet been certified. Our intention is to complete this process within the next 12 months, where it is relevant to the services we provide.

Uptime Institute

S3 and M3 have achieved UI Tier IV Certification of Constructed Facility in FY23. NEXTDC currently holds the following awards from the Uptime Institute:

| NEXTDC Facility | Awards |
|-----------------|---|
| Sydney S1 | <ul style="list-style-type: none"> ▪ Tier III Certification of Design Documents ▪ Tier III Certification of Constructed Facility ▪ Tier III Gold Certification of Operational Sustainability  |
| Sydney S2 | <ul style="list-style-type: none"> ▪ Tier IV Certification of Design Documents ▪ Tier IV Certification of Constructed Facility  |
| Sydney S3 | <ul style="list-style-type: none"> ▪ Tier IV Certification of Design Documents ▪ Tier IV Certification of Constructed Facility  |
| Melbourne M1 | <ul style="list-style-type: none"> ▪ Tier III Certification of Design Documents  |
| Melbourne M2 | <ul style="list-style-type: none"> ▪ Tier IV Certification of Design Documents ▪ Tier IV Certification of Constructed Facility ▪ Tier IV Gold Certification of Operational Sustainability  |
| Melbourne M3 | <ul style="list-style-type: none"> ▪ Tier IV Certification of Design Documents ▪ Tier IV Certification of Constructed Facility  |
| Perth P1 | <ul style="list-style-type: none"> ▪ Tier III Certification of Design Documents ▪ Tier III Certification of Constructed Facility ▪ Tier III Gold Certification of Operational Sustainability  |
| Perth P2 | <ul style="list-style-type: none"> ▪ Tier IV Certification of Design Documents ▪ Tier IV Certification of Constructed Facility  |
| Brisbane B2 | <ul style="list-style-type: none"> ▪ Tier IV Certification of Design Documents ▪ Tier IV Certification of Constructed Facility ▪ Tier IV Gold Certification of Operational Sustainability  |
| Canberra C1 | <ul style="list-style-type: none"> ▪ Tier III Certification of Design Documents  |

Design Documents

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

Constructed Facility

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

Operational Excellence

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

Materiality Assessment

Understanding the ESG issues that are material to NEXTDC and to our stakeholders is important for developing a comprehensive approach to managing sustainability. We assess material topics at least annually, by engaging with internal and external stakeholders, reviewing internal policies and strategies and monitoring industry trends, among others to ensure we keep up with operational and business conditions.

NEXTDC's FY23 key material topics and their boundaries are identified in the table below:

| Material topic | GRI material aspect | Boundary ¹ | Reporting |
|---|--|------------------------|--|
| Energy consumption | Energy, emissions, compliance and supplier environmental assessment | External (communities) | Environmental sustainability and performance |
| Workplace health and safety | Occupational health and safety | Internal (employees) | Social sustainability |
| Diversity and inclusiveness | Diversity and equal opportunity | Internal (employees) | Social sustainability |
| Employee retention and loss of talent | Training and education and equal opportunity | Internal (employees) | Social sustainability |
| Employee care and benefits | Employment | Internal (employees) | Social sustainability |
| Privacy management | Customer privacy | External (customers) | Social sustainability |
| Social impact of the business | Socio-economic compliance | External (communities) | Social sustainability |
| Legal and compliance | Anti-corruption and anti-competitive behaviour | Internal (employees) | Social sustainability |
| Climate change and environmental sustainability | Emissions and environmental compliance | External (communities) | Environmental sustainability and performance |
| Human rights including modern slavery management | Social impact on the business and supplier environmental assessment, diversity and equal opportunity | Internal (employees) | Social sustainability |

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

The material issues above informed the development of our sustainability strategies, and they will continue to help us define our short, medium, and long-term sustainability goals, while directing our risk management efforts. We will continue to regularly review these topics and refresh our materiality assessment to identify new or emerging issues.

Governance

Our commitment to sound governance processes reflects our organisational values and our understanding that high-quality governance is a driver of success.



NEXTDC's overall operation and performance is supported by our systems of governance, which prioritises accountable decision-making and helps to ensure we conduct our work ethically, with integrity, and consistent with regulatory requirements.

NEXTDC's Audit and Risk Management Committee (ARMC) is responsible for overseeing the development and implementation of NEXTDC's ESG policies. With assistance from the ESG Manager and Risk and Compliance Team, the senior leadership team is responsible for implementing these initiatives. This arrangement ensures better visibility of sustainability issues at the executive level, aligning with broader organisational strategies and embedding a holistic approach to issues management.

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

Other key Company policies include a Whistleblower Policy, Conflict of Interest Policy, Supplier Code of Conduct, Privacy Policy, Diversity Policy and Anti-Bribery and Corruption Policy, all of which are available in the Corporate Governance section on NEXTDC's website at www.nextdc.com.

The Investor Relations and ESG Manager and the Senior Manager of Risk and Compliance, engaged significantly with our business process owners throughout the year to identify opportunities for NEXTDC to support our sustainability objectives, as detailed further in this report.

Financial sustainability

As a publicly listed company, we are expected to manage our funds effectively. Our governance framework is built upon effective financial management strategies, procedures, and practices, and robust accountability systems.

A successful financial framework includes a plan for a sustainable future, which involves ESG considerations in our financial decision-making. In line with that, we are focussed on financial strategies that align with or are complementary to our ESG objectives.

Aligning with TCFD is part of our initiative towards a sustainable financial framework by integrating climate-related considerations into our decision-making. Our progress in that space is detailed within the Climate Change section of this report.

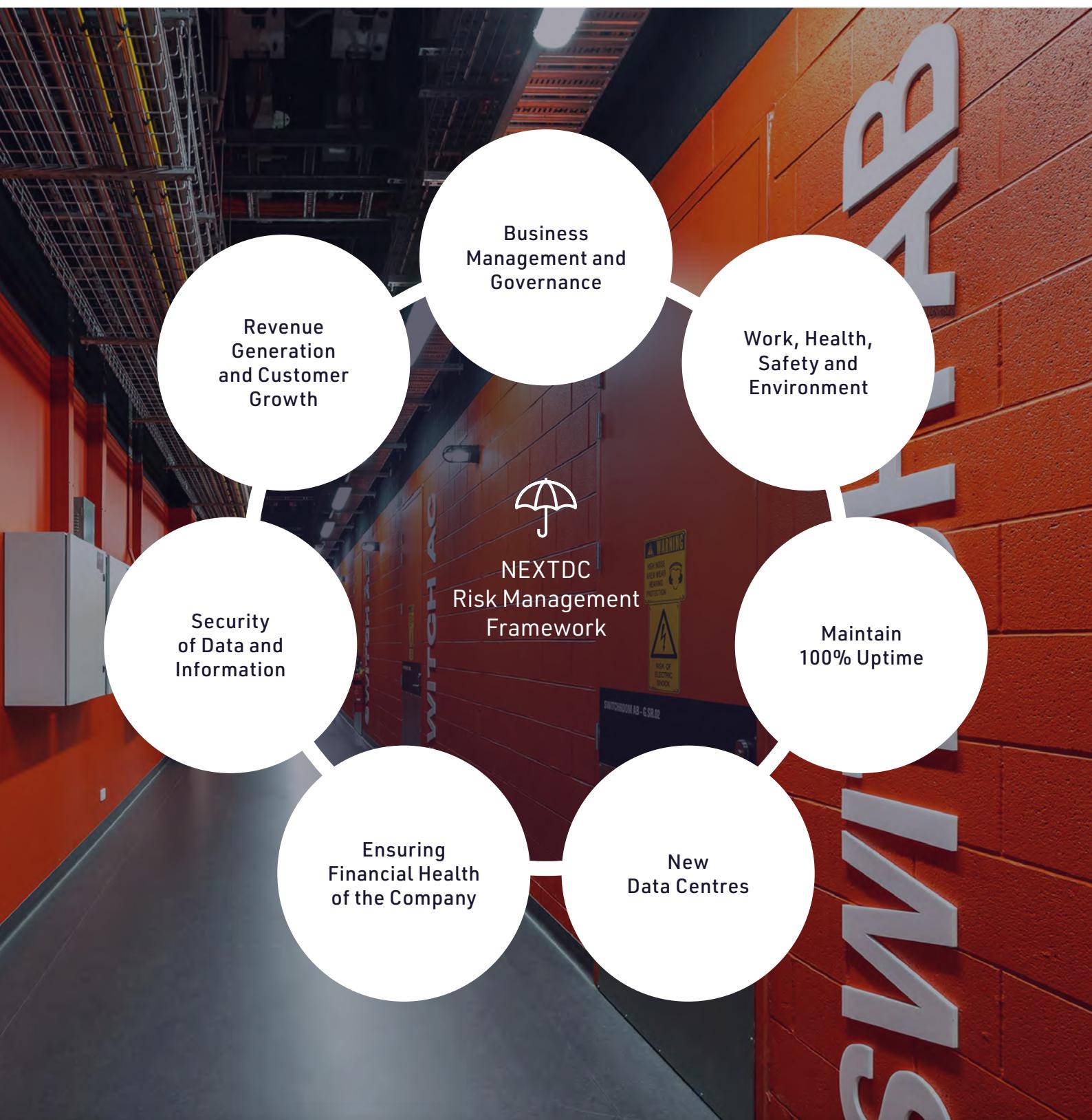


Risk Management

NEXTDC acknowledges that risk is inherent in all aspects of its business operations. Being able to effectively recognise and manage both strategic and operational risks and opportunities is critical for success. Strong and aligned governance within NEXTDC is integral to our risk management process. The aim is not to eliminate risk, but to manage it in all key business activities, to maximise opportunities, and minimise the potential for negative outcomes.

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

Further details on our Risk Management Framework can be found in our annual Corporate Governance Statement, available in the Corporate Governance section of our website (www.nextdc.com). Climate Change related risks and opportunities are outlined under Climate Change Section below.



Climate Change and Environmental Sustainability



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

This also includes monitoring, tuning and continuously improving the facilities to deliver the highest levels of energy efficiency, minimising our impact on the environment and natural resources; and meeting or exceeding the regulatory standards set for our operating environments.

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

NEXTDC seeks to set meaningful and achievable objectives and targets and report on these in a manner aligned with stakeholder expectations. Our environmental objectives and related activities are outlined below.



NEXTDC recorded an average PUE of

1.39

across its facilities in FY23



Environmental Objectives

OBJECTIVE 1:

Design data centres using the latest technology to reduce energy usage, improve environmental controls and our impact on the environment.

NEXTDC builds and operates a national footprint of highly reliable and energy efficient data centres. In 2018, M1 became the first data centre facility in Australia to achieve a NABERS 5-Star rating for energy efficiency, followed by S1 in 2020, in making S1 the only data centre facility in New South Wales and the second one in Australia to achieve a NABERS 5-Star rating. In FY23, we have included our P1 Perth facility in the NABERs certification portfolio, achieving a 4.5 star rating. NEXTDC's second generation data centres are already delivering very high levels of energy efficiency, enabled by next -generation engineering and continuous tuning which is aimed at setting new levels of energy efficiency. Our third-generation data centres made operational in FY23 are expected to raise the bar to a whole new level.

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

NEXTDC's Uptime Institute (UI) certifications reflect the exceptional fault tolerance of our data centres and their resiliency to the impacts of climate change. Our Facility Operations Team are trained to operate and maintain the data centres in accordance with UI's Operational Sustainability best practice standards, if not above. NEXTDC's UI certification journey is further detailed in the 'External Initiatives' section of this report.

As an organisation, we continue to push the boundaries to set new benchmarks in data centre design. We aim to deliver critical digital infrastructure that also has the highest possible levels of sustainability for our customers and future generations. This is a responsibility we take very seriously.

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

- Environmental compliance and regulations
- The effect construction might have on cultural heritage sites
- The environmental impact as a result of the facilities construction and operation
- Climate-related risks such as extreme weather events, flooding, or heatwaves
- The generation of excessive dust and/or noise
- The development of an effective energy, waste, and water management plan.

As part of site selection for new data centres, NEXTDC undertakes extensive due diligence on the potential environmental impact of construction and operation. Should any asbestos be found during construction, a licenced hygienist will be appointed to manage the risk. Local communities are also engaged to solicit feedback if they are likely to be impacted. We are also conscious of the use of resources such as land and construction materials during the build and the impacts of the operational phases of the data centres. We have implemented sustainable sourcing practices, evaluate options for eco-friendly building materials as part of our planning processes, and optimise resources to seek to minimise our environmental impact.

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

Looking forward, in FY24, we will be performing carbon analysis in our B2 facility to guide carbon reduction initiatives across the business. This is another effort step to identify areas where we can reduce their emissions and to develop strategies for doing so.

OBJECTIVE 2:

Operate data centres maximising the designed intent.

Energy Management:

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

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

In FY23, the total power consumed by all NEXTDC data centres that were operational, reached 465,121MWh with the average PUE across all data centres recorded at 1.39. This is slightly below NEXTDC's target PUE of 1.4 and compares favourably with an industry average of 2.5 and the state-of-the-art facilities' standards of around 1.5 based on benchmarking data provided by the Australian Department of Climate Change, Energy and Environment and Water.

As you will see below, the power tuning activities at our facilities demonstrate a continuous focus on reducing our PUE ratios and maximise the efficient use of power.



In both supporting our sustainability goals and enhancing Customer Experience, in FY23, we installed Electric vehicle (EV) charging units at our S2, B2, M2, M3, and S3 facilities. This is a free service for our staff, customers, and visitors. By offering EV charging services, we consciously contribute to reducing greenhouse gas emissions and support the transition to cleaner transportation options.

Power Usage Effectiveness:

Continuous tuning of Mechanical, Electrical and Hydraulic areas for maximum efficiency.

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

NEXTDC's Power Usage Efficiency ratio at the M1 and S1 data centres was vital to achieving a first-in-market, National Australian Built Environment Rating System (NABERS) 5-star rating for data centre efficiency. In FY23, our P1 data centre achieved a NABERS 4.5 star rating.

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

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

- Minimise data hall (DH) air bypass leakage
- Optimise data hall floor grille air distribution
- Minimise the differential between Computer Room Air Conditioning (CRAC) and data hall floor pressure differential minimisation
- Optimise CRAC return air temperature, control valve opening position and fan speed
- Minimise secondary chilled water bypass leakage
- Minimise chiller plant primary chilled water pump speeds and flow rates, as well as decoupling bypass flow
- Optimise chiller plant supply water temperature
- Optimise chiller plant condenser water pump settings
- Optimise chiller plant condenser water set-point seasonal temperature
- Maximise free water side cooling by tuning the approach temperature; and
- Optimise free water side cooling condenser water pump speed.

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

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

Looking forward, the energy efficiency goals for our second and third-generation facilities are to target PUE performance ranging between 1.15-1.29 at full load. This will be influenced by customer required supply air temperatures, required UPS systems and local annual weather.

In FY23, alongside the continuous tuning of MEP for optimum efficiency, we continued to engage in various initiatives to minimise and continuously improve our PUE ratings:

- Maintaining the latest data centre recommendations from The American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE). Except for certain bespoke environments, the data hall supply air temperature has been maintained at 25 degrees Celsius with relative humidity across a much broader band allowing NEXTDC to improve energy efficiency without reducing infrastructure reliability. NEXTDC, together with and some of its customers are continuing to explore additional efficiencies which can help achieve mutual sustainability goals.
- The chillers in our first-generation facilities have been upgraded with Smartlift systems that optimise compressor speeds and condenser water temperatures to drive incremental efficiency gains.

- Installed on demand direct water cooling to customer racks.
- Optimum placement of floor grilles – Careful management of floor grille placement increases the temperature of the return air from the data halls, improving the cooling plant's efficiency. Our monthly audits and annual rack checks ensure that containment is adequate, and that no warm and cold air is mixing. Rack blanking panels are checked regularly, and blanking panels are placed in unused racks or spaces to further reduce the energy required to cool the data halls. Customer guidelines also mandate these operational requirements as they are a significant environmental priority.
- Air-side free cooling - The use of external air sources, coupled with the optimum placement of floor grilles, further improves energy efficiency in our first-generation data centres.
- Water-side free cooling - Depending on the weather conditions, external air sources can be used to cool water, a process which will activate automatically at data centres M1, M2, S1, S2, B2, P1 and P2 to drive the cooling plant efficiency.
- Energy monitoring systems - An extensive project involving the collection of accurate performance data.
- Targeted adjustments in the MEP's operation improved our operational efficiency to enable higher NABERS ratings. The control systems add significant value in identifying areas for improvement such as the control systems in the S2 cooling towers which are continually tuned for efficiency.
- Fan speed tuning - On-going monthly operational checks to optimise the efficiency of the cooling systems and reducing CRAC unit fan speeds.
- We are proactively replacing any inefficient lighting fixtures with more efficient LED type throughout our facilities.

With the S2 site operating at scale, we carried out a detailed evaluation by comparing actual electricity use with design expectations. Close collaboration between our engineering and operational teams identified areas where we can drive additional efficiency through the fine-tuning of our electrical and cooling systems. We are also actively encouraging clients on low temperature settings to consider adjusting to higher and more flexible data hall temperatures to enable additional efficiencies.



Water Management:

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

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

Rainwater tanks in our S3 facility capture rainwater used for toilets and watering the garden. 11,000 litres rainwater tanks have been installed with captured then filtered and UV treated prior to use. The water is also used at the end of trip facilities and the building has also been designed to support the recapture and recycling of cooling tower water. The garden at S3 uses drought resistant plants of which the vast majority are native species. Not only are these gardens visually appealing for the local community, but they also contribute to a cooler microclimate around the data centre which further assists in cooling efficiency.

Alternate water management options are continuously being explored to mitigate our environmental impact. A good example of this is that the existing electrical room cooling system in S2 pours water down evaporative pads that go down the drain. In the interest of repurposing this water, the team at S2 has been

trialling a system that can capture and reuse this water. Our facilities are built in locations that are safe during a 1 in 500 PMF events (possible maximum flood) and able to have fuel supplies delivered during these events. The highly resilient evaporative water-cooling systems are expected to be able to effectively cool our data centres during high temperatures.

Analysing the facility designs and identifying opportunities for improvement is an ongoing process for our Facility Managers and part of their quarterly goals. In many instances, our cooling systems recirculate the water for reuse. The metering devices installed at our facilities benchmark water movements, providing deeper insights on usage, and empowering our team to further reduce consumption and promptly identify leaks.

Water Usage Effectiveness

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

Besides the day-to-day water consumption, water is used at our facilities for cooling and regulating humidity levels to conserve the energy use of IT equipment.

WUE is tracked and reported as part of the weekly operational dashboard presented to management, including the Board. In FY23, NEXTDC's total water consumption across our data centre fleet was 531.68ML. We recorded an average WUE of 1.73, a slight increase contributed to by our M3 and S3 facilities becoming operational in FY23.



Waste Management:

Target of at least 90% diversion of solid waste from our operations, with an ongoing commitment to prevent, eliminate and reduce wasteful practices and enable recycling.

Reducing our footprint through the prevention, reduction, recycling, and reuse of waste produced during operations is a key part of our sustainability journey. Our waste hierarchy reflects the principles of a circular economy. All waste generated across NEXTDC's operations is managed in accordance with our Waste Management Plan as well as the Hazardous Materials Management Procedure.

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

In FY23, through the service of specialised contractors for oil collection & disposal, our diesel engine oil was repurposed into other petroleum-based products. This helps protect the environment while offsetting Australia's crude oil requirements.

The following waste reduction initiatives continued to be carried out in FY23:

- Clearly marked bins for separate recycling streams such as 'cardboard and packaging materials' are made available for all customers and staff in all facilities. These include deploying coloured bins for general, cardboard and commingled waste which are then collected and treated accordingly. End of life battery bins have also been made available to ensure these are disposed of correctly and recycled if possible.
- NEXTDC does not permit disposal of e-waste in its general waste bins. Clear signage is posted around the disposal areas to remind staff and customers. All replaced fluorescent lights are placed into recycling boxes to ensure they are disposed of correctly and recycled.

- E-waste (computers, phones, etc) disposal options for customers implemented.
- We have been working with our customers to ensure they recycle the packaging used to deliver the IT infrastructure installed at our facilities.

Our waste champions continue to raise awareness at facility level, helping our employees, customers, contractors and visitors understand our vision and the need for change in the way we manage our waste.

NEXTDC's waste management initiatives are measured and shared with Management regularly, with Facility Managers held accountable for site level targets. NEXTDC produced 156.95 tonnes of waste during FY23, with 125.05 tonnes being recycled and saved from going into landfill. Our average diversion rate for FY23 is 79.55% with four of our facilities (B1, B2, S1 and S2) achieving more than 90% diversion rate in FY23. This is pleasing progress, achieved in a short time, and putting us in a great position to continue our journey towards our overall target of 90% diversion at all our facilities.



In August 2023, NEXTDC's S1 Sydney became the first data centre in Australia to achieve the TRUE (Total Resource Use and Efficiency) Certification, a comprehensive certification program recognising our efforts to minimise non-hazardous solid wastes and maximising the efficient use of resources.

This achievement is a significant milestone in our journey to reduce our environmental impact and further reflects our commitment. We are proud to be recognised for our efforts and will continue to work towards achieving this certification at all our sites.



Reduce emission produced by NEXTDC facilities

NEXTDC estimated carbon footprint data includes:

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

Selected **Scope 3** (indirect) emissions in our value chain are monitored and reported where they are material and relevant under the Australian Climate Active Carbon Neutral Standard for Organisations, in line with the GHG Protocol Value Chain Standard categories. We acknowledge the increasing interest of stakeholders in value chain GHG emission measurements which reflect progress in economy-wide, systemic decarbonisation through corporate initiatives, and are working to improve the transparency of our Scope 3 emissions.

Over the reporting period, NEXTDC consumed 270kL of diesel nationally, representing 1380 hours of diesel supported load. NEXTDC's generators are also set to run at maximum efficiency, further reducing their emissions. NEXTDC's material sources of carbon emissions relate to grid supplied energy and diesel use. By carefully managing necessary engine testing, NEXTDC endeavours to keep non-emergency use of diesel to a minimum.

In FY22, NEXTDC started tracking its Carbon usage effectiveness (CUE) across all of our Metro and Regional data centres with more than 12 months of operation. This metric measures data centre sustainability in terms of carbon emissions. CUE is the ratio of carbon dioxide emissions caused by data centre energy consumption in relation to the energy consumption of IT equipment, expressed as kgCO₂-e/server kWh. This year, NEXTDC recorded a CUE of 1.16.

Refer to the Sustainability Data section of this report for NEXTDC's emissions data in detail. Further

information on NEXTDC's carbon footprint and 100% offset program is also publicly available on the Australian Government's Climate Active website.

NEXTDC's carbon neutrality

Forming a strategic partnership with Qantas, NEXTDC became the first data centre operator in the region to achieve carbon neutral corporate operations by purchasing carbon credits through the Qantas Future Planet (QFP) carbon offset program. In November 2018, NEXTDC was certified a carbon neutral organisation under the Australian Federal Government's Climate Active Carbon Neutral Standard, a partnership between the Australian Government and Australian businesses to encourage voluntary climate action.

First granted for the FY18 reporting period, NEXTDC has renewed its corporate organisational certification each financial year through the audit and certification of its carbon inventory and the voluntary retirement of an equal volume of carbon credits, which are similarly certified under Climate Active, by the producers of these credits. This Australian Government-certified carbon offset procurement program is offered to customers under the NEXTneutral branding. NEXTneutral is a low complexity opt-in for customers, enabling them to offset 100% of the carbon footprint attributable to their infrastructure housed in their NEXTDC data centre footprint with the click of a button.

In FY24, this will be extended to our operation in Malaysia, aligned with local requirements.



NEXTneutral

NEXTDC's Carbon Neutral Program for Customers

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

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

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

We are proud to report that FY23 has seen a 40% increase in customer uptake of our NEXTneutral program compared to previous year. Our customers' appreciate the simple and convert option we are providing to help them realise their own carbon neutral goals.

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

For FY23, credits have been sourced from the following projects:



West Arnhem Land Fire Abatement (WALFA) Project

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

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

Enercon Wind Farms in Karnataka Bundled Project

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

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



Renewable energy

Enhancing technology is key to addressing climate change. NEXTDC has always been proactive in working to reduce energy consumption and its dependence on non-renewable energy sources. Its aim is to reduce the pressure on local grids, where practical and economical. NEXTDC is engaged in directly procuring and investing in renewable energy. Our aim is to keep the cost of our electricity (and so the cost to customers') in line with or better than market rates.

NEXTDC's M1 data centre has a 400kW rooftop solar array, which was Australia's largest rooftop solar array at its commissioning in 2014, and continues to support the work of the City of Melbourne in achieving its sustainability and clean energy goals. In FY23, we added another 300kW in our S1. Collectively, in FY23, we produced 762.14MWh of renewable energy which provided an offset of over 604 tonnes of CO₂. The array produced around 1% of the electricity used by NEXTDC's customers at M1 and S1, reducing our peak demand from the grid. Additionally, the installation of 198kW solar panel on P1, 60kW in M3 and 17kW on SC1 rooftops are now complete and scheduled to be online in Q1 FY24.

NEXTDC continues to evaluate the installation of similar rooftop arrays at other facilities with feasibility assessments ongoing. The installation of incremental cooling infrastructure previously precluded the installation of such arrays at some of our facilities. As the facilities approach full capacity and incremental cooling infrastructure is no longer needed, rooftop solar will become an option for some of our other facilities.



OBJECTIVE 3:

Comply with all applicable legislative and regulatory requirements relating to energy and the environment.

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

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

Environmental management direction and assurance activities

We regularly perform compliance inspections. Periodic internal audits and third-party assurance activities are carried out to confirm we comply with our accredited management systems. NEXTDC has adopted and is certified to the ISO 14001 Environmental Management System and ISO 9001 Quality Management System throughout its operations. We seek to satisfy the requirements for environmental protections of all local governments.

Construction

NEXTDC data centres are designed and constructed in accordance with all relevant Australian Standards and the National Construction Code. Each of our construction projects is unique in terms of their climatic conditions, environment and geographic characteristics. To that extent, the due diligence, engineering and design stages for new facilities

evaluate and accommodate these as part of any construction project.

Environmental compliance and sanctions

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

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

- The Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)
- The Water Act 2007
- Environmental Protection Acts for each State/Territory in Australia
- Local council requirements for waste management
- Relevant dangerous goods legislation for each State/Territory regarding storage and handling of chemicals
- Relevant waste reduction/recycle legislation for each State/Territory
- Relevant control of noise legislation for each State/Territory
- The Australian Industrial Chemicals Introduction Scheme (AICIS)
- Heritage Acts – cultural heritage obligations for each site; and
- The National Greenhouse and Energy Reporting Scheme (NGER).

Requirements of the Environmental Quality Act 1974 (EQA) in Malaysia is embedded as part of our planning phase commenced in FY23. The EQA is a comprehensive piece of legislation that sets out the framework for protecting the environment in Malaysia.

Green Travel Plan

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



OBJECTIVE 4:

Increasing the awareness of how each individual at NEXTDC can contribute towards reducing their impact on energy usage and the environment.

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

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

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

Forums such as the CEO and COO townhall meetings embed environmental sustainability awareness throughout the year. We create awareness at every level and provide as much resources for our employees, suppliers, customers and others visitors at our data centres to create awareness on environmental impact and make a difference for the planet.

OBJECTIVE 5:

Maintain communications with employees and external stakeholders on environmental issues and transparently reporting on our environmental performance to interested parties.

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

NEXTDC follows a regular reporting cadence on all environmental initiatives. The Board receives quarterly updates on our environmental performance. Assurance of environmental controls is provided via our third-party assurance programs such as ISO 9001 and ISO 14001. Quarterly Business Reviews (QBR) with our key suppliers are used to discuss our expectations and assess compliance with environmental standards and best practices.

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



Climate Change

Continuing NEXTDC's climate journey

NEXTDC acknowledges that the global climate is warming at unprecedented levels, with widespread impacts on human and natural systems. We share the aim of the Paris Agreement to keep a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and the ambition to further limit warming to below 1.5 degrees Celsius. We are committed to decarbonisation to prevent or minimise severe, pervasive, and irreversible climate change impacts on people and the ecosystem in the future.

NEXTDC's vision is to help enterprises harness the digital age with a view to improving society through the advancement of technology. We believe digitalisation acts as an enabler of decarbonisation and plays an important role in climate action, for example, by providing digital solutions that can improve energy efficiency, inventory management, and business efficiency by aggregating computing into energy efficient environments, reducing travel and transportation and substituting physical products for digital information.

NEXTDC continues to support the important work of the Task Force on Climate-Related Financial Disclosures (TCFD) and is implementing its recommendations based on the four key pillars: governance; strategy; risk management; and metrics and targets. Following the previous work completed to identify the Company's climate-related risks and opportunities, in FY23, NEXTDC has deepened its understanding of the impacts of climate change on the business. This year the Company further developed its approach and plans to address climate change and its related impacts across the business and disclose its actions and alignment with the recommendations of TCFD.

Governance

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

The Chief Legal Officer updates the Board on risk and compliance activities every quarter. It further receives ongoing reporting through its ARMC Committee and direct reporting at least twice annually. Both forms of update include content on climate-related risks, opportunities, and compliance issues faced by the Company. The Board also receives regular briefings on management's progress in implementing the TCFD work plan and the ongoing development and implementation of NEXTDC's climate change strategy.

NEXTDC's Executive Leadership Team (Cxo) reports directly to the Board and is responsible for climate action and environmental sustainability in NEXTDC's operations. The Chief Operating Officer (COO) and the Chief Financial Officer (CFO), hold primary responsibility for strategic leadership on climate-related issues and their financial impact. The Chief of Engineering and Design (CE&D) also holds climate-related responsibilities.

Performance against a number of the metrics outlined in the Metrics and Targets section is included in relevant Cxo remuneration plans. The short-term incentive hurdles include a range of operational and climate-related metrics, including operational uptime, Power Usage Efficiency (PUE) metrics (directly linked to greenhouse gas (GHG) emissions), NABERS ratings and other compliance and operational criteria which are reviewed in line with the Board's strategic priorities.

NEXTDC's analysis of the impact of climate-related risks and opportunities is supported by external climate change subject matter experts.

“For NEXTDC, implementing the TCFD framework is not just about compliance or reporting; it is a crucial step towards understanding and managing the financial implications of climate change. Integrating climate-related risks and opportunities into our decision-making processes helps us build resilience, drive sustainable innovation, and ensure long-term value creation for our shareholders.”

Michael Helmer

Company Secretary & Chief Legal Officer



Strategy

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

In FY21, NEXTDC undertook a process to identify the climate-related risks and opportunities for its business, strategy, and financial planning. Both physical and transition risks and opportunities were identified using the TCFD framework. This work continued in FY22 as the Company further defined its climate related performance metrics.

Scenario analysis

In FY23, NEXTDC deepened its understanding of the impacts of climate change on its operations by conducting its first scenario analysis exercise. This consisted of a qualitative assessment of how climate risks and opportunities may change under future scenarios based on high level assumptions of how the energy and the physical climate system might evolve in the future. Three scenarios were selected by NEXTDC to conduct its climate scenario analysis with respect to the level of warming compared to pre-industrial levels. The scenarios and their inputs and assumptions are summarised in Table 1 below.

| Scenario | Base case (BAU) | High transition risk (1.5°C) | High physical risk (> 3°C) |
|-------------------------------|---|--|---|
| Description | <p>Under a BAU scenario, while global emissions will continue to increase, the increase will be slower than historical trends, as recent mitigation efforts and legislated policies come into action. These efforts, however, will not be enough to meet global climate goals and prevent the most catastrophic climate impacts in some regions in line with an above 2-degree temperature trajectory. A BAU scenario combines transition risks (recent policy and regulatory developments in progressive markets) and physical risks (climate impacts in vulnerable regions). Impacts will be particularly felt in emerging economies, creating political instability, conflict and migration.</p> | <p>The transition to a low carbon economy will be supported by market and regulatory reform, including increased demand for sustainable products and services and reallocation of capital towards the low carbon economy. Companies that fail to adapt will face market risks and potential stranded assets in emissions intensive industries. Climate policy will be introduced globally, including carbon pricing.</p> | <p>Climate change impacts could be severe and far-reaching, including widespread displacement, food and water insecurity, and loss of biodiversity. This may lead to political instability, conflicts, and humanitarian crises. Business as usual may be largely unsustainable, and businesses may need to adapt by shifting to more resilient business models and developing new products and services that align with a 3-degree world.</p> |
| Assumptions and inputs | <ul style="list-style-type: none"> ▪ IEA STEPS scenario¹ ▪ Increase in volatility and price of electricity, gas and water ▪ Limited deployment of renewables ▪ Increased frequency of extreme flood events, particularly in QLD, NT and WA ▪ Increase in high wildfire risk days | <ul style="list-style-type: none"> ▪ IEA NZE scenario² ▪ Mandatory carbon pricing ▪ Australian Government's Rewiring the Nation Policy leading to lower electricity prices and growth of clean economy ▪ Increased and more volatile prices for gas and water ▪ Increased flood and rainfall risk (not as severe as BAU) | <ul style="list-style-type: none"> ▪ Little climate regulation and limited enforcement ▪ Increasing volatility, prices and disruption of electricity, gas and water supply ▪ Limited deployment of renewables ▪ Extreme weather events are felt more severely than BAU |

¹ The International Energy Agency (IEA)'s Stated Policies Scenario reflects current policy settings based on specific policies that are in place as well as those that have been announced by governments around the world.

² The IEA's Net Zero Emissions scenario sets out a pathway for the global energy sector to achieve net zero emissions by 2050 and does not rely on emissions reductions from outside the energy sector to achieve its goals.

The following transition and physical risk-related parameters were considered when assessing the impact of the base case, high transition risk and high physical risk scenarios on NEXTDC's operations:

- Legislated/regulated carbon pricing
- Rising electricity and gas costs
- Increase in water prices
- Flood risk exposure (direct and indirect)
- Wildfire exposure (direct and indirect)

Consistent with TCFD recommendations, short, medium and long-term timeframes were used to structure the risk assessment in the context of NEXTDC's growth plans:

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

Risk and opportunities

In 2021, NEXTDC identified its climate risks and opportunities and developed a Risk and Opportunity Inventory. In FY23, the Company reviewed and updated its climate risk and opportunity inventory, to consider impacts to its business practices from changes in the transition and/or physical climate landscape. The below table sets out NEXTDC's potentially significant climate-related risks and opportunities, as well as the key controls and risk reduction measures it is implementing.

| Topic | Description of risk and/or opportunity | Time horizon | Current controls and risk reduction measures |
|---------------------|--|--------------|--|
| Policy / Compliance | <p>As climate policies develop further in Australia, emissions from the electricity generation sector may be included, with associated carbon costs likely to be passed through to end-users such as NEXTDC and its customers.</p> <p>Renewable energy policies may also be expanded and result increased passthrough of costs incurred by electricity producers and retailers. NEXTDC may also be affected by changes to commercial building laws and regulations in response to climate change, including more stringent energy efficiency requirements.</p> <p>NEXTDC may be required to comply with more stringent property design, construction and performance requirements and energy efficiency standards under a BAU and 1.5C scenario.</p> | S/M/L | <ul style="list-style-type: none"> ▪ An internal legal team maintains oversight of emerging regulations that may impact NEXTDC's business directly or indirectly, with support from external counsel where required. ▪ The majority of the Company's contracted utilisation reflects direct pass-through of electricity cost arrangements, including relevant levies and network charges. For contracts not set up with direct electricity cost pass-through, appropriate force majeure provisions are in place to manage disruptive price increases. ▪ We actively pursue renewable electricity supply contracts as a component of the Company's electricity cost and risk management strategies (including investment in both on-site and off-site renewable generation). ▪ Optimal energy efficiency is maintained as a core element of NEXTDC's customer offering, including external verification via achievement and maintenance of 5-star (or better) NABERS ratings NEXTDC's facilities, ISO14001 certification at all sites and publicly disclosed national average Power Utilisation Effectiveness (PUE) and Water Usage Effectiveness (WUE) ratios. |

| Topic | Description of risk and/or opportunity | Time horizon | Current controls and risk reduction measures |
|------------|---|--------------|--|
| Legal | <p>As a listed organisation, NEXTDC's Directors have legal and fiduciary duties to consider foreseeable climate change related risks. If Directors' duties are not adequately performed, the Company and Directors may be exposed to legal actions by shareholders. This could lead to costs and reputational damage.</p> | S/M/L | <ul style="list-style-type: none"> ▪ The Board is advised of regulatory compliance and operational risks to the business through the Audit and Risk Management Committee, including climate change related matters. The Investment Committee also considers these issues in strategic business development. ▪ Board members have diverse technical backgrounds (including science and engineering) and include Non-Executive Directors with skills and experience in climate-exposed sectors |
| Technology | <p>Decarbonisation of NEXTDC's buildings and services may incur higher costs and increased operational risks associated with new technologies required. This may impact procurement practices, capital expenditure and operational risk costs.</p> <p>This risk is likely to be greatest under a 1.5C scenario, in which more technology would need to be implemented by NEXTDC to meet energy transition requirements, leading to higher capital expenditure and operational costs.</p> | M/L | <ul style="list-style-type: none"> ▪ NEXTDC has a dedicated engineering and design team which pursues best practice technologies and has substantial experience in safe and successful implementation. This experience positions the company well to successfully implement further technological advancements as they become available without unplanned operational disruption or excessive costs |
| Market | <p>NEXTDC purchases large quantities of electricity and requires cost-effective access to back-up generation, which currently means substantial volumes of diesel fuel. An unpredictable transition to a low-carbon economy may cause abrupt and/or unplanned changes in market dynamics and pricing of these critical inputs and adversely affect financial performance. This may impact the procurement and pricing of electricity as well as fuel and could lead to service interruption.</p> <p>Price volatility is expected to be highest under BAU and above-3C scenarios but is expected to be more stable and cost effective under a 1.5C scenario due to large scale investments in renewable generation and grid stability.</p> | S/M/L | <ul style="list-style-type: none"> ▪ NEXTDC procures competitively priced electricity and diesel on an ongoing basis to manage this cost. Since the majority of these costs are also directly or indirectly passed on to customers through contractual arrangements, these activities also enhance the competitiveness of the Company's service offering. This has resulted in strong in-house capability and experience in procurement of both electricity and diesel. A range of procurement mechanisms are in place including direct supply arrangements with electricity generators (under power purchase agreements). ▪ NEXTDC's engineering and design teams stay at the forefront of relevant technological developments and continuously assess the feasibility of employing the most sustainable solution to every challenge. |

| Topic | Description of risk and/or opportunity | Time horizon | Current controls and risk reduction measures |
|------------------|---|--------------|--|
| Market | <p>As the global transition to a low-carbon economy progresses, NEXTDC's customers' expectations on energy and emissions performance may exceed what the business considers viable at a particular time. This could lead to decreased revenue due to decreased demand for services and/or increased operating costs.</p> <p>This risk is likely to be greatest under a 1.5C scenario, in which, for example, customers with aggressive scope 3 emissions targets could push for NEXTDC's data centre services to run on a higher percentage of renewable power or a carbon neutral offering that includes customer electricity emissions within the Service boundaries.</p> | M/L | <ul style="list-style-type: none"> ▪ NEXTDC's hyperscale customers include companies that are leaders in sustainable supply chain management, driven by their own strategic goals and stakeholder expectations. These are high priority strategic relationships for NEXTDC and responsiveness to their requirements and expectations have had the additional benefit of driving environmental performance ahead of the rest of the market's expectations. ▪ NEXTDC continues to work with all its partners and customers to explore opportunities to increase the sustainability of operations. |
| Market | <p>The global transition to a low-carbon economy may create opportunities for new products and services.</p> <p>There is an opportunity to expand NEXTDC's market share and consolidate existing strong partnerships with key customers through offering new products, such as a best practice product with respect to low emissions intensity and physical resilience.</p> <p>This opportunity is greatest under a 1.5C scenario, in which customers will likely seek out products and services in order to meet their own emission reduction targets.</p> | S/M | <ul style="list-style-type: none"> ▪ NEXTDC continues to work with all its partners and customers to explore opportunities to increase the sustainability of operations as well as consider the opportunity to offer new products and services. ▪ NEXTDC's NEXTneutral, an opt-in product, which allows customers to voluntarily have their carbon footprint be 100% carbon neutral on the same basis as NEXTDC's organisational 100% carbon neutral accreditation. |
| Physical - acute | <p>Increased frequency and severity of extreme weather events could increase the risk of an unplanned disconnection or downtime event outside NEXTDC's control, including:</p> <ul style="list-style-type: none"> ▪ Damage to local power lines, local grid power outages, disruption to back up diesel supply for generators ▪ Damage to communication lines to a NEXTDC data centre, resulting in an unplanned disconnection event ▪ Disruption to water supply used for cooling towers (critical to continue functioning data centres safely). <p>This risk will be higher under BAU and above-3C scenarios due to the increase in frequency and intensity of extreme weather events relative to historic trends.</p> | S/M/L | <ul style="list-style-type: none"> ▪ NEXTDC's 100% Uptime guarantee to customers and associated requirements for Uptime Institute Tier IV certification ensure a best practice standard for operational continuity in the event of a disruption. ▪ This includes multiple contingencies in place for each potential point-of-failure, including power supply, back up generation fuel supply, staff access to the site, connectivity and water supply. These risks are also largely accounted for as part of NEXTDC's 'Business Continuity and Disaster Recovery Strategies and Plans', which plays a critical role in the Company's 'Uptime Guarantee'. |

| Topic | Description of risk and/or opportunity | Time horizon | Current controls and risk reduction measures |
|------------|--|--------------|--|
| Reputation | <p>NEXTDC's climate change-related disclosure may fall below stakeholder expectations of an ASX100-listed company.</p> <p>This may impact the Company's ability to attract capital, deliver shareholder returns and execute growth plans (including consideration as a preferred supplier or partner).</p> <p>This risk is greater under a 1.5C scenario, where companies will likely face greater scrutiny over climate action claims and greater expectations of climate action.</p> | S/M | <ul style="list-style-type: none"> ▪ We have publicly disclosed Environmental, Social and Governance (ESG) Reports each year, including content on climate change. This includes a roadmap for compliance with recommendations of the TCFD. ▪ We undertake regular and transparent engagement with investors on ESG related concerns including climate change. |
| Reputation | <p>NEXTDC's strategic response to climate change may not meet investor and other stakeholders' expectations.</p> <p>This may impact the Company's ability to attract capital, deliver shareholder returns and execute growth plans (including consideration as a preferred supplier or partner).</p> <p>This risk is greater under a 1.5C scenario, where companies will likely face greater scrutiny over climate action claims and greater expectations of climate action.</p> | S/M/L | <ul style="list-style-type: none"> ▪ Through continual progress on its climate action journey, NEXTDC has demonstrated its commitment to meaningful climate action, including its carbon neutral certification and development of a climate change strategy, and reports on its activities in line with recommendations of the TCFD. ▪ NEXTDC's core customer offering includes best practice energy efficiency levels and a carbon neutral service offering with offsets procured via a reputable third-party broker. ▪ We have strategic partnerships in place with leaders in sustainable supply chain practices including climate change related performance, to further strengthen sustainability performance and credentials. |
| Reputation | <p>NEXTDC's strategic response to climate change may exceed stakeholder expectations in this area.</p> <p>Strengthening the Company's reputation and presenting NEXTDC as a supplier and/or investment of choice may improve its ability to attract capital, deliver shareholder returns and execute growth plans (including consideration as a preferred supplier or partner).</p> <p>This opportunity is likely to be greatest in a BAU scenario, in which climate action will remain largely voluntary and not all ASX listed companies will follow a stringent path to strategically mitigate and adapt to climate change. In a +3C scenario, low stakeholder expectations of climate action reduce the value of this opportunity.</p> | S/M | <ul style="list-style-type: none"> ▪ NEXTDC's customer offering includes best practice energy efficiency levels which results in lower occupancy costs for customers as well as reducing the Company's environmental footprint ▪ The Company's carbon neutral service offering provides customers with the choice rather than obligation to offset their carbon footprint ▪ NEXTDC's strategic response to climate change and the associated disclosure of the steps being taken has received positive response from investors to date |

Monitoring climate-related risks and opportunities

NEXTDC monitors its climate-related risks and opportunities as well as its climate impact and actions using a number of performance metrics. In FY23, the Company reviewed the climate metrics it measures and reports, to consider the appropriateness for providing meaningful updates to industry and to meet stakeholder expectations. The Company's updated climate-related metrics are reported below in the Metrics section of this disclosure.

Risk Management

NEXTDC's Risk Management framework and procedures sets the baseline for us to assess, monitor and manage our climate change risks.

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



Metric and targets

NEXTDC's metrics and targets demonstrate its commitment to adapting to climate change and increasing the resilience of its services. The Company's disclosure currently focuses on a subset of climate-related metrics with sufficiently reliable data. As noted in the Strategy section, in FY23 NEXTDC reviewed the metrics it reports to ensure that they align with industry standards, compliance requirements and stakeholder expectations. The metrics reported for FY23, as well as their location in the report or data are summarised in the table below.

| Metrics and Targets | Where in the report/Data |
|--|---|
| Emissions Scope 1 and 2 emissions (tCO2-e) and emissions intensity (tCO2-e/FTE) | <input checked="" type="checkbox"/> Environmental Objectives - Objective 2: Operate data centres maximising the designed intent. <input checked="" type="checkbox"/> Sustainability Data |
| Energy Management Total electricity consumption, including breakdown by grid energy vs. renewables (MWh) and Power Usage Effectiveness | <input checked="" type="checkbox"/> Environmental Objectives – Objective 2: Operate data centres maximising the designed intent. <input checked="" type="checkbox"/> Sustainability Data |
| Water Management Total water consumption and the Water Usage Effectiveness | <input checked="" type="checkbox"/> Environmental Objectives – Objective 2: Operate data centres maximising the designed intent. <input checked="" type="checkbox"/> Sustainability Data |
| Waste Management Waste diversion rate including breakdown in metric tons: total, landfill, recycling, composting, recovery (energy from waste) | <input checked="" type="checkbox"/> Environmental Objectives – Objective 2: Operate data centres maximising the designed intent. <input checked="" type="checkbox"/> Sustainability Data |
| Carbon usage effectiveness (CUE) Ratio of total carbon to electricity delivered to servers (kgCO2-e/server kWh) | <input checked="" type="checkbox"/> Environmental Objectives – Objective 2: Operate data centres maximising the designed intent. <input checked="" type="checkbox"/> Sustainability Data |

NEXTDC continued to be certified carbon neutral under the Climate Active Carbon Neutral Standard for Organisations for FY23.

As noted earlier, performance against sustainability goals is an element of the KMP's remuneration plans. The short-term incentive (STI) hurdles include a range of operational and climate-related metrics, including operational uptime, PUE metrics (directly linked to GHG), NABERS ratings, and other compliance operational criteria.

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

Moving forward

In FY23, NEXTDC completed qualitative scenario analysis to test the resilience of its strategies and financial performance. In FY24, the Company will further this by developing quantitative inputs to stress test the financial impacts of climate change on its operations (using the scenarios outlined in the Strategy section above).

NEXTDC intends to continue the journey to convert its operational performance ambitions for efficiency and energy usage into short/medium GHG reduction targets. Ultimately the aim is to develop a net zero pathway quantifying the Company's full value chain to 2030 and beyond. NEXTDC recognises this is a major ambition and is committed to disclosing its roadmap to net zero, taking into consideration its operational, regulatory and legislative constraints in a competitive market.

Social Sustainability



Human capital development and management

As at 30 June 2023, NEXTDC had 310 employees, all of whom were all directly employed by the Company. Through bi-annual manager led talent reviews, we identify our high potential talent, talent gaps and make strategic resourcing decisions. The process also enables us to calibrate and deploy development and retention plans to reduce the flight risk of critical talent and build a higher functioning team.

All NEXTDC team members received regular performance, remuneration and career development reviews during the reporting period. Each employee is encouraged to establish a Professional Development Plan with goals and training that are individually designed depending on the employee's role and aspirations. This roadmap is reviewed with their manager each quarter through the 'Check-in' process, with both employee and manager supported by our People and Culture Business Partners and Learning and Development Managers. Our 'Check-in' process is the foundation of our approach to managing performance and career development. These quarterly conversations aim to foster a coaching and continuous feedback culture which seeks to engage and motivate employees to grow and progress their career.

Supporting and upskilling our team members is an essential investment. NEXTDC believes that a fundamental requirement to meaningful employment and growth is the professional development of its staff. In addition to performance and productivity, our employees receive value from comprehensive technical and professional development programs that impart new skills for their current roles and beyond. We have continued to increase the use of casual employees across customer facing roles to better resource our facilities to customer needs.

Our focus on hiring aspiring graduates' and provide internship and trainee opportunities has also continued to provide a pathway for them to transition into more permanent roles. In FY23, we even had several Year 10 interns spend the week at NEXTDC to gain insight and exposure into what it takes to keep a Data Centre running while supporting the learning intention of developing employability skills, explore possible career options while having a real world experience.

Our voluntary turnover rate for FY23 was 18.28%, an improvement from last year's rate of 23.23%. This may be an outcome based on management's focus on employee satisfaction but is also likely affected by global job mobility rates and the tightened labour market that is continuing to impact all sectors. NEXTDC is highly committed to minimising turnover by providing an environment in which all staff are thriving.

The future of work is as flexible as they need to be. We take pride in giving our people the option to work where they are most productive and happy!

Craig Scroggie

Chief Executive Officer



Developing talent and building career opportunities

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

Formal programs for leaders

- 6-week Effective Communications Skills coaching program, developing team leaders and people managers.
- 6-month coaching program called FASTLEAD, run by HFL (Harbour Future Leaders), which aims to build the capabilities of our leaders by building essential skills, knowledge and the confidence to transition from individual contributor to effective business leaders.
- 88% of our people leaders completed the Coaching for High Performance workshops.

Initiatives and training

- The Key Talent Initiative (KTI) which has continued for the third year and seeks to identify and develop high-potential talent across the business. The program identifies, trains and advances high performing team members to ensure a sustainable individual contributor and leadership pipeline. The KTI includes tailored coaching on development plans, career mentoring with the Executive team and Personal Profile Analysis to provide insights into strengths, weaknesses and development opportunities.
- NEXTDC's *Hour of Power* sessions aim to provide our employees with an opportunity to increase their knowledge and skills in certain business areas and give visibility on current business projects, systems and processes. The sessions are held bi-monthly, run for 60 minutes and are presented by both by team members and external guest speakers.
- Resilience Leadership Masterclass - A two-part masterclass series, designed to help you understand what resilience is and how it can be cultivated to better navigate change and uncertainty was offered to all our employees.

Tools and sponsorship

- Job shadowing is offered as a development opportunity for employees who are keen to explore other areas of the business. Shadowing enables employees to gain insight into potential career paths and helps develop and strengthen relationships with people in other business areas.
- NEXTDC's educational assistance program is in place to assist employees who wish to undertake a qualification or course to further their professional development. In FY23 we saw a number of employees take up this opportunity and begin their journey towards Diplomas and Graduate Diplomas, Bachelors and MBA.
- We sponsored the ongoing development of over 30 employees seeking additional accreditations as part of their roles, be that a Certificate III in Project Management, Customer Engagement, Business or Telecommunications Technology, or Certificate IV in Telecommunications Engineering Technology.

In addition to the above, we have facilitated targeted Leadership coaching for a selected executive team in their chosen area. This forms part of their own professional growth and contribution to the strategic growth of the company.

Additionally, all employees are required to complete their annual compliance training. This averages to approximately four hours per employee, per year. In FY23 we carried out a review of the current suite of compliance and social training programs with our service provider, Safetrac to assess its suitability for Malaysia and other territories outside Australia. This process is ongoing as we work to mature our training programs for different jurisdictions.

Looking forward, we have partnered with the *Women Rising Program* to provide our emerging female leaders an opportunity to develop their leadership strengths, explore their career paths and learn more about themselves. These courses run over a period of 4 months and are being rolled out in FY24. A *Women Leading* program for our female leaders will also be rolled out in FY24 to support their growth in those roles.

Superannuation contribution

As part of helping more Australians retire comfortably, the Australian government announced a further increase of 0.5% to the Superannuation Guarantee Contribution (SGC) effective 1 July 2023. In keeping in line with our approach last year when the contribution increased, NEXTDC has again continued to absorb the additional 0.5% superannuation, without any impact on our employees' take-home pay.

Employee engagement

Having an engaged workforce is vital to achieving our strategic objectives. It enables us to attract and retain workers who share the same purpose, values and goals. At NEXTDC, our team members' feedback is requested on a regular basis, both through formal employee engagement surveys and informal feedback requests by managers. This feedback is then used to determine the areas of focus for the business and to improve the level of employee engagement across the Company.

Several initiatives have been implemented throughout FY23 to address feedback from the employee surveys.

These included:

- Our continued focus on mental health and wellbeing, which is elaborated on in the Mental Health and Wellbeing section of this report.
- Uplifting the skills of our leaders and employees to effectively collaborate and communicate with each other.
- Continuing our 'Humans of NEXTDC' series, which is elaborated on in the Diversity and Inclusion section of this report.
- A regular cadence of 'All Hands' calls to provide plenty of opportunity for our employees (many of whom were working from home) to hear from our leaders, ask questions and stay connected.
- Continued our 'One Team' award to allow people to recognise high performing teams including those that have lived key values and have gone above and beyond in their contributions to a specific project or outcome.
- Promoted and shared internal career stories so our people can learn how others within the business have taken ownership of their own career development.
- Invested in our people by promoting from within the business to training them to become effective people leaders.
- Our continuous improvement of our team member 'Check-in' process to foster a culture of continuous feedback and ongoing personal growth.

The future of work

As a new era of work is ushered in, traditional work models no longer meet the needs of all employees. At NEXTDC, we seek to ensure that each of our team members, regardless of where they are located have the flexibility necessary to balance their work and personal priorities. As we work together to succeed as a business, we are seeking to provide greater flexibility for our teams, which, in turn enables us to attract and

retain a diverse, committed workforce, whilst improving their wellbeing, engagement and productivity.

Where possible, flexible working has always been an option at NEXTDC. Our 'The Way We Work' program, established at the start of the pandemic in 2020, encapsulates our flexible work approach. Our employees and contractors (where feasible) can continue to work from home, enabling them to look after their health and wellbeing and that of their families. Our approach is designed to recognise and support the diverse people, work activities, priorities and projects that drive our success. Depending on their role, employees may be able to work remotely and head into their local office from time-to-time to collaborate in person. Similarly, where work from home is not an option due to the nature of our 24/7 environment, we try to maintain a high degree of flexibility. We recognise that flexibility does mean different things to different people and so our Flexible Working Arrangements Policy allows team members to work hours that better suit family, study and other commitments or adopt other flexible patterns of work. A lot of our employees have opted for hybrid work which allow them to achieve the best of both worlds, the focus and collaboration of the office, and the flexibility and autonomy of remote work.

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

Flexibility is what drew me to NEXTDC five years ago. NEXTDC has supported me as I cared for an ailing parent and continue to support me as a parent of a young neurodivergent child. I now work from home most days and have re-structured my full-time hours. This flexibility allows me to deliver meaningful work, grow in my career and be available for my child after school. My child can access more opportunities because I am able to work flexibly, and I am so thankful to NEXTDC for making this a reality.

Anita Puhakka
Payroll Manager, Brisbane



Flexible working arrangements have allowed me to balance my work and personal commitments better. I am able to manage a business work schedule with customer and vendor commitments, whilst still having quality time with my family. I find myself much more productive and able to focus on work priorities without distractions.

Brett Ridley
Head of Central Operations



Employee recognition

At NEXTDC, employee recognition is critical to reinforce particular behaviours, practices, or activities that drives the company's performance and positive business results. We want our people to flourish, drive long-term performance and feel truly valued for their contribution.

Recognition doesn't mean the same thing for everyone, and that is why it is important to tailor our recognition so it's meaningful to the recipient. NEXTDC has created multiple avenues for recognition, monetary and otherwise. A centralised recognition budget is allocated to each cost centre. Managers can utilise the budget throughout the financial year to recognise their people in an appropriate way whether it's for an anniversary, birthday or because the employee has gone above and beyond to achieve excellence in their role.

Employees are recognised for living NEXTDC's values, informally through the Yammer internal communications platform and every month through a formal awards program. When it was safe to bring our people together, our annual conference included a range of awards for "A-Players", sales success and for team leadership. In FY23 we resorted to delivering some of these awards remotely.

In FY23, NEXTDC launched the President's Club, a sales incentive program that recognises and rewards top-performing sales representatives and the supporting team. The Club aims to motivate, retain top talent, boost company brand and drive sales growth. FY23 President's Club awardees were treated to a remarkable travel experience in Fiji.

Compliance with Labour law and sanctions

NEXTDC ensures any formal grievances raised are treated seriously and are addressed in accordance with NEXTDC's Grievance Handling Procedure, which meets legislative obligations including any procedural fairness requirements. NEXTDC has not received any fines or non-monetary sanctions for non-compliance with laws and regulations related to labour practices during the reporting period.

Conference Annual Award

Recognition has a big impact on our teams throughout the year and our annual conference provides a unique opportunity for us to celebrate the success of our people in a public forum!



NEXTHERO

The 'NEXTHERO' recognition program selects a monthly winner from a short-list of candidates nominated by employees. Nominations are based on individual achievement or contribution that team members believe is exceptional. Winners of the monthly and annual awards receive gift vouchers.

NEXTDC day

Managers are empowered to recognise and reward team members for going above and beyond by rewarding them with an extra day of leave, outside of their existing employee benefits. Once awarded, the employee will have 12 months to take advantage of the reward.

'Living our values' eCards

The 'values' eCards are an avenue for recognising colleagues for living NEXTDC's values with a personalised message describing how much their contribution is valued.

Anyone in the company is empowered to send a values eCard representing the value best represented by a fellow team member.

One Team Award

Award created in response to employee feedback around wanting more recognition options for teams. Nominations are based on teams (can be cross-functional) who have worked collaboratively to deliver an exceptional outcome. Winners of this quarterly award receive a NEXTDC day.



Diversity, Equity and Inclusion

To be the best Company we can be, we need the very best ideas and the best ideas come from a diverse workforce.



At NEXTDC, we continue to build upon a culture of respect, and belonging, aiming to engrain inclusion and diversity in everything we do, wherever we are. We are focussed on having a workforce with a broad range of backgrounds, skills, experience, and personalities sensitive to the cultural issues with our move to Asia, to build better relationships with their business partners and customers.

Gender diversity

NEXTDC is in an industry sector focussed on security, construction, electrical and mechanical engineering, and IT. Each of these have, in the past, had the effect of skewing our workforce strongly towards male participation. Currently, 34% of NEXTDC's workforce is female with a strong representation of mature workers. There are functions in the business that reflect female participation rates at or above 50% (such as in the Legal and Compliance, Finance and HR functions). The Company is committed to achieving gender diversity in the workplace and we are making progress in many ways through our inclusive hiring practices, opportunities for 'stretch' assignments and career advancement, and the mentoring and development of female talents.

We continue to target an improvement in the overall gender balance ratio. Our aim is to achieve a 40:40:20 ratio; meaning 40% men, 40% women, 20% flexible across our employees, management, and the Board by 2030. This approach drives meaningful female representation and is inclusive of people who identify as non-binary. To further show our support for achieving this gender balance, we are working in partnership with 40:40 Vision, which seeks to move beyond tokenism and achieve a 40:40 ratio through business-oriented, structural transformation. We have joined their pledge to achieve gender balance at an executive leadership level by 2030. The company also demonstrates gender diversity at Board level. 29% of our Board members were female during FY23, increasing to 38% in August 2023, with the appointment of Maria Leftakis to the Board, a strong reflection of gender diversity being a key focus and priority for the Company at all levels.

As another step forward in fostering gender equality, we have now established a partnership with Work180 whose vision is to create a world in which there is fair and equal representation, opportunities, and pay for all women. Through this partnership, Work180 will support NEXTDC with industry insights, benchmarking and have endorsed NEXTDC as an employer of choice for women to help us attract, retain and support all women at NEXTDC.

The Board gender proportions
as at August 2023

38%
FEMALE **62%**
MALE

Group Workforce gender proportions

34%
FEMALE **65.5%**
MALE



Listening to our team

To address the broader imbalance, NEXTDC continues to promote diversity, dismantle barriers to inclusion and promote equity for all team members. One of the ways we seek to achieve this is through NEXTPOLL, our annual engagement survey. The survey conducted in July 2022, found that 81% of our employees rated our efforts on diversity and inclusion as 'favourable' or better, identifying the company as an inclusive and respectful workplace. For the last year, the management team has been working with people managers on providing a range of activities to further foster the culture of diversity and inclusiveness.

Unconscious bias

We take pride in promoting awareness of and addressing unconscious bias within NEXTDC. Throughout FY23, we have implemented unconscious bias training programs to educate employees, People Managers, and Senior Management about the concept of bias, its impact on decision-making, and strategies for mitigating it. These programs include workshops, online modules, or interactive discussions to raise awareness and foster a more inclusive mindset. We encourage our leaders to model inclusive behaviours, challenge assumptions, and foster an environment where all voices are valued and heard.

We continue to review our recruitment and promotion processes to eliminate potential bias. These include blind resume screening, structured interviews, diverse interview panels, and clear criteria for evaluation to ensure fair and equitable decision-making. We actively seek out diverse candidates during the hiring process and employ strategies such as targeted outreach, diverse sourcing channels, and partnerships with diverse organisations to attract a wide range of candidates.

Paid Parental Leave

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

We also offer 10 keeping-in-touch days for staff on parental leave to ensure a smooth and comfortable transition back to the workplace. In FY23, this policy has been extended to our employees in Malaysia, a benefit beyond the statutory requirements of Malaysia because we believe everyone deserves to be treated equally.



Some of our key achievements in embracing and promoting diversity and inclusiveness in FY23 included:

- A new partnership with Work180 who have endorsed NEXTDC as an employer of choice for women, and who will support NEXTDC with industry insights and benchmarking to ensure we continue to focus on areas that will make NEXTDC a more diverse, equitable and inclusive place to work.
- Our 'The Way We Work' program continues to recognise and support the diverse people, work activities, priorities and projects that drive our success. This includes flexible working arrangements with many team members working from home, working part-time or working flexible hours to suit their personal needs.
- Our 'Humans of NEXTDC' series (inspired by Humans of New York by Brandon Stanton), where we promote our incredible and diverse group of people, so we can understand our differences and learn from one another, both personally and professionally.
- Continued partnership with 'Empowering Women in Trades' to encourage women to consider a career at NEXTDC. This included an introduction to the industry, key leaders and potential internships and other opportunities.
- Mentoring programs and networking opportunities such as our Company-wide diversity forum which brings together a broad range of team members including senior executives and subject matter experts.
- Celebrating days that promote inclusivity including 'R U OK' Day for mental health, Mardi Gras and Pride and various holidays to promote our cultural diversity.
- International Women's Day (IWD) celebrations conducted nationwide under the banner of 'women in leadership,' with many of our women and men attending the UN Women's IWD event.

- Continuing to incrementally grow the number of female employees overall including in senior roles and promoting them into internal career opportunities and professional development programs.
- Conducting further diversity and inclusion benchmarking against other ASX 100 companies.
- Attracted 37% female external hires in FY23, a 7% increase since last year, noting the challenge in attracting female talent to operational and technology roles.

FY23 has seen many great 'A-Players' join NEXTDC with 27% of vacancies filled with internal staff transfers and 30% of external hires coming through employee referrals. We believe this is a good indication of NEXTDC's reputation both internally and in the industry and how it is perceived as a desirable employer.

NEXTDC participates in Workplace Gender Equality annual compliance reporting and is compliant with the Workplace Gender Equality Act 2012 for FY23. The detailed breakdown of employees disclosed within the Company's 2022 Workplace Gender Equality report is available at www.nextdc.com.

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



Diversity, Equity and Inclusion Committee

NEXTDC's Diversity, Equity and Inclusion (DEI) Committee was formed in 2020, to establish actionable goals and evaluate progress. Our DEI Committee is chaired by the Chief Operating Officer, a representing member of the NEXTDC's executive team, and comprises of senior leaders from across the business, a task force of diverse staff members who are responsible for helping bring about the cultural, and possibly ethical, changes necessary for the business.

The committee proactively drives NEXTDC's inclusion and diversity strategy, monitors progress and ensures leadership accountability in these areas.

In FY23, the committee was focussed on a number of diversity priorities including continuous awareness of unconscious bias, disability inclusion, mental health and wellbeing, gender targets, supporting LGBTQIA+ and furthering other social and welfare initiatives in line with the company's growth and expansion as discussed in other sections of this report.

Customer Data Security and Privacy

NEXTDC is committed to respecting and protecting the privacy rights of all individuals with whom we interact. Our Privacy Program focuses on compliance with global data protection laws and regulations covering all aspects of our operations.

We collect a minimal amount of customer Personal Identifiable Information (PII), limited to activities such as account and contract management, marketing and permit entry to our facilities. There is a clear delineation between the data that NEXTDC holds as part of managing its business and the data that its customers hold or process as part of their operations. We do not interact with or manage any data stored on its customers' equipment. Customers are responsible for managing their own data on their IT equipment and the security of their data. NEXTDC is responsible and takes pride in offering exceptional physical security controls to protect customers' equipment in our facilities.

We recognise that a breach of data security could have a significant reputational impact on NEXTDC and its customers. Any customer account-related information that we store is protected in accordance with our Privacy Policy available on our website.

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

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

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

Cyber security

Cyber resilience is an important element of customer data security. NEXTDC's Security Operations Centre actively supports and responds to cyber threats. Our Cybersecurity framework enables us to manage cybersecurity-related risk. We also perform third-party audits to benchmark relevance and effectiveness. We maintain a set of cybersecurity and information security policies internally that are available to all employees.

Physical security

Physical security is the foundation of data centre security and security risk management is an integral part of NEXTDC's purpose, governance and operations.

NEXTDC's security risk management program is designed to safeguard our assets, people, property and information and most importantly our customers' equipment, security and their operational environments.

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

NEXTDC's data centre facilities and data halls are designed and built to meet the Australian Government Protective Security Policy Framework (PSPF) requirements, a high standard we are integrating into all future builds, both in Australia and overseas with a defense in depth strategy. This approach to our security posture provides the necessary measures to DETER-DETECT-DELAY-RESPOND to any potential security breaches in our data centres' protective layers of defence. As our portfolio continues to grow, we aim to keep delivering sites that meet these high security standards. Our second-generation data centres were and will be designed, constructed and operated in accordance with Australian Government Protective Security Requirements. Our third-generation data centres and beyond, are and will be designed and constructed to the same level of compliance. This includes the creation of areas to store and process information with a Business Impact Level (BIL) of aggregated electronic information to various levels, as identified within the Australian Government PSPF and Information Security Manual (ISM). These high security standards are a testament to our approach from concept to delivery and result in facilities integrating physical construction, electronic security, policies and procedures and skilled personnel recognised by a range of third-party certifications.

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



Workplace Health and Safety



OUR GOAL IS **ZERO** INJURIES

Employees are NEXTDC's most important assets and ensuring they are healthy and safe is our top priority. We are committed to providing and maintaining a safe and healthy working environment for all our employees, customers, and visitors. We continue to look for new ways to achieve our Safety-First corporate goal of ZERO injuries within the workplace.

NEXTDC maintained positive safety results for FY23, with the Company not recording any lost time injuries (LTIFR) across its data centre operational teams. We experienced a Total Recordable Injury Frequency Rate (TRIFR) of 2.1 for FY23. This was due to one recordable injury caused by improper lifting techniques and inappropriate storage location. The incident was treated as a high priority, and the learnings were shared amongst the national facility operations teams to help eliminate the chance of a reoccurrence.

On the construction front, we have continued to see a downward trend in our Capital Works project TRIFR. We recorded a TRIFR of 9.5 in FY23 (down from 10 in FY22 and 15 the year before), with no recordable injuries in the last five months.

Governance

NEXTDC Board oversees the WHS Policy and risk framework, including regulatory and other requirements. The Company has a WHS Committee which meets monthly to review WHS matters and consult with NEXTDC's employees, represented on the Committee for each site or office through a Health and Safety Representative (HSR). The HSRs support our organisation in identifying and managing WHS risks at facility level and providing WHS-related advice and support at the site level.

The Board and Senior Executives are provided with regular reports on WHS activities and issues across the business. The Head of Safety meets with the Board as and when required to present and discuss Safety matters. In FY23, the NEXTDC's executive team has commenced periodic site visits as part of the Senior Leadership Interactions program (SLI) to discuss safety observations and opportunities for improvement with our operational staff.

The Company has established a program of education, coaching, training, monitoring, and reporting to promote a safety culture and is actively engaged with industry and regulators. Forums such as the CEO and COO town hall meetings embed safety awareness throughout the year. Our bi-monthly CEO townhall sessions, in particular, always begin with an update by the Head of Safety.

Framework and risk management

NEXTDC complies with and is accredited to both the ISO 45001 WHS Management System and ISO14001 Environment Management System. Our management system is underpinned by the plan-do-check-act cycle.

NEXTDC offers a range of health and well-being support services to its people, such as free flu vaccination, skin checks, health monitoring, immediate, 24/7, professional care for safety, medical, and mental health concerns, and a range of initiatives to improve health and wellbeing of our employees. As part of our flexible work approach, we also seek to ensure that our people have appropriately adjusted ergonomic workstation setups and received ergonomic training, promoting self-management of hazards. Overall, the initiative was received positively with the majority of people requiring minimal workstation adjustments.

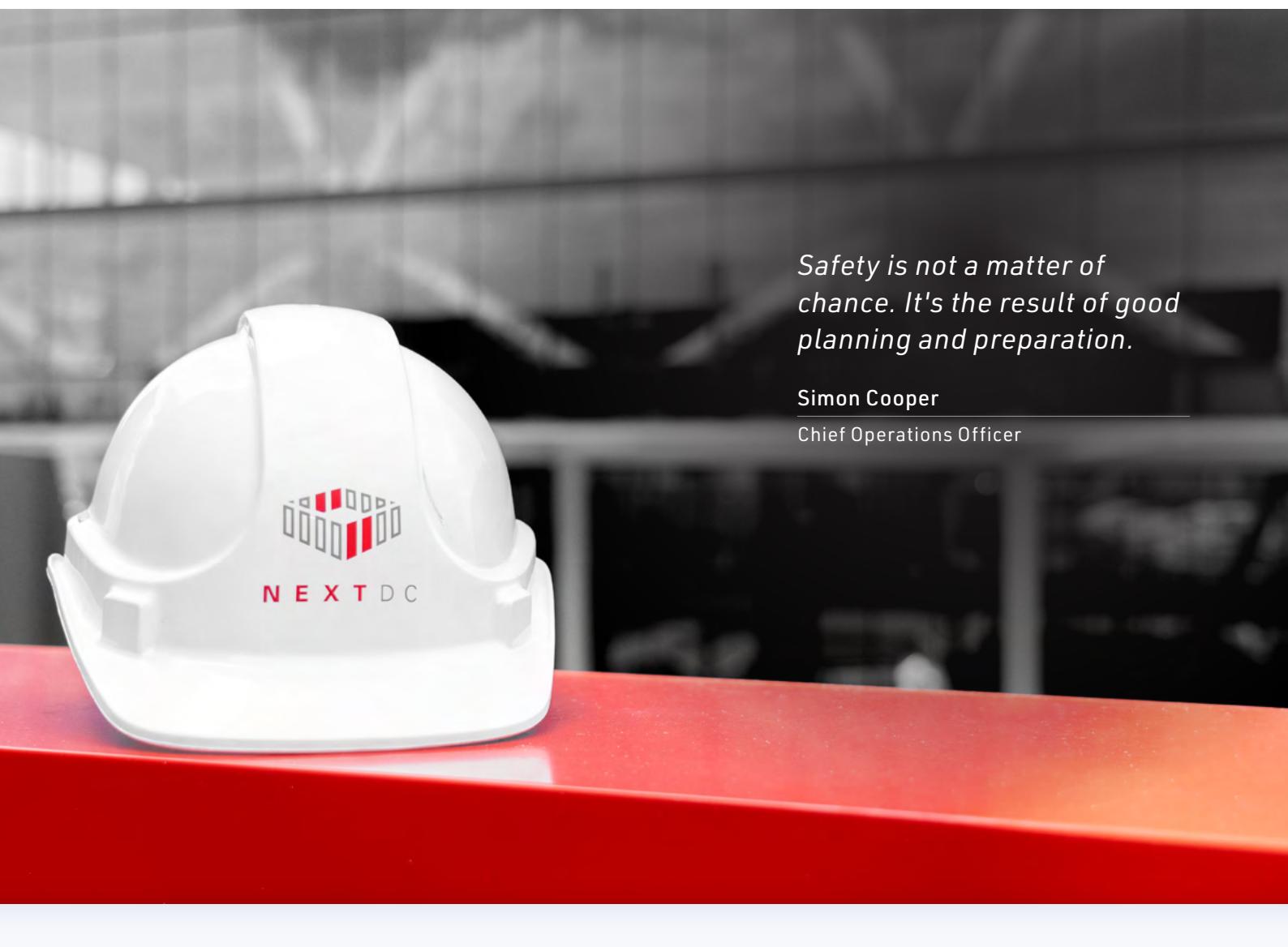
NEXTDC continues to improve the standard of our new facilities by embracing lessons learned during design, construction and operation phases of all our sites. These insights are consolidated into our "Lessons Learned Register" which now contains over 500 line items. Our Safety in Design process captures these lessons, to be reviewed by every project team as part of our site design process and to ensure they are addressed with engineering solutions, as far as possible. This process promotes improved systems and capabilities that strengthen our safety performance and culture.

Training and awareness

At NEXTDC, WHS is everyone's responsibility. WHS training at NEXTDC begins with induction and onboarding and is mandatory for all employees and contractors regardless of their job scope and location. Safety training is mandatory for a number of positions within our facilities operations team. Examples include first aid, chief fire warden and high voltage management courses. These ensure we have team members that can effectively respond to an emergency should it arise.

Task-specific safety training is also provided for employees and contractors based on hazards they are exposed to and the equipment they use on a day-to-day basis. WHS policies and procedures are regularly reviewed and updated based on a continuous improvement methodology. NEXTDC's WHS team and external auditors are engaged to conduct regular audit and safety inspections of all data centre sites to ensure we have an effective WHS control framework in place.

Further details on our WHS journey and achievements can be found in the FY23 Annual Report.



Safety is not a matter of chance. It's the result of good planning and preparation.

Simon Cooper

Chief Operations Officer

Mental health and wellbeing

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

We recognise that dealing with mental illness in the workplace should not be solely left up to each employee but be a part of the company's overall approach to workplace health.

Our Mental Health Strategy includes:

- Promoting positive mental health and wellbeing through policies, support services and regular health initiatives.
- Encouraging employees to adopt healthy work/life balance through flexible working arrangements
- Sharing knowledge and increasing awareness of mental health problems and the resources available
- Providing a safe environment that encourages employees to seek support early if they have declining mental health,
- Having trained Mental Health First Aid Officers as an additional layer of support, to help someone developing or experiencing a mental health problem

Our partnership with Sonder

Our people's wellbeing is a priority at NEXTDC. Their minds and bodies, who they are, and their environment and social situations all play a role in them 'being well'. Through our partnership with Sonder, NEXTDC has taken its mental health and wellbeing strategy to the next level by offering a holistic approach to keeping our people and their families safe and healthy.

Sonder provides our people and their families with real-time access to a team of medical, mental health and safety experts that are ready to assist with their wellbeing needs, 24 hours a day, 7 days a week.

From self-help guides and videos to help our people manage their stress, sleep, relationships, finances and more, through to live-chat or phone conversations with nurses, wellbeing experts and emergency-trained responders, our people and their families can access the help they need at the touch of a button.

With safety as our number one priority, Sonder's 'Check on me' and 'Track my journey' features ensure our people and their families always have someone looking out for them and they arrive safely to their destination, no matter where they're going.

To further evolve our approach to promoting positive mental health in the workplace and providing support to team members, our trained volunteer Mental Health First Aid Officers (MHFAO) are readily available to offer help to someone experiencing a mental health problem. We have MHFAO at most of sites with more volunteers being trained. Our MHFAOs complete the Mental Health First Aid course delivered by an accredited instructor and hold a current Mental Health First Aid Australia certificate. To date, we have 34 volunteer MHFAO's across our sites in Australia who are passionate about mental health and supporting their peers. While our volunteers support our workforce globally, local MHFAO volunteer training is being facilitated at all our sites.

In furthering our effort in this space, NEXTDC has continued to partner with '*Heart On My Sleeve*' (www.heartonmysleeve.org), offering an array of activities to our employees:

- People managers training to equip them with tools to support a team member who has made a mental health disclosure in a human-first way. We recognise that people managers need the skills to have real conversations that help those affected and break the stigma surrounding mental illness.
- Mental Health Awareness session for all employees, a lived experience and dialogue session with Mitch Wallis
- Mental Health Awareness session for all employees on Warning Signs, Mental Health and Wellbeing – top 20 behavioural signs to look out for and the 4 steps to checking in with someone to get an effective response.



MH&W Benefits

We have a range of benefits to support our employees manage their physical and mental health, including:

- Bupa Corporate Health Cover and Health Assessments
- Health and Mindfulness Webinars
- Annual Flu Vaccinations
- Healthy Snacks and Fruit

Organisational Wellbeing and Safety Program

Sonder provides our people and their families with real-time access to a team of medical, mental health and safety experts that are ready to assist with their wellbeing needs, 24 hours a day, 7 days a week.

Mental Health First Aid Officers

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

Yammer Community

A platform to share experiences, tips, ideas and questions about mindfulness, health and wellbeing with like minded people in our dedicated Yammer community.

Finding Balance

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

Learning and Awareness

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



Supply Chain

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

Supplier Code of Conduct

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

Modern Slavery and Human Rights

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

NEXTDC conducts its business in a manner consistent with practices outlined by the United Nations Guiding Principles on Business and Human Rights. NEXTDC's supplier assurance program specifically addresses compliance with the Modern Slavery Act 2018 (Cth.) which requires us to report on and action any risks of modern slavery identified in our operations and supply chains. NEXTDC's third Modern Slavery Statement, published in December 2022 can be found on our website (www.nextdc.com).

During FY23, we further refined our modern slavery work program and our supplier risk assessment process. Our Modern Slavery provision is a critical requirement of our procurement process in Malaysia.

Throughout the year, we have continued to perform comprehensive risk assessment of our supply chain while promoting increased awareness amongst our staff and our suppliers about the existence of modern slavery. In order to understand the risk related to modern slavery in the supply chain, NEXTDC distributed the Self-Assessment questionnaire to all our tier 1 suppliers. During FY23, we did not identify any instances of modern slavery in our supply chain. More details on this process and its outcome are shared within our annual Modern Slavery Statement. Our FY23 Modern Slavery Statement will be published in December 2023 and will be available on our website (www.nextdc.com).



96%
of staff completed
Modern Slavery Training
in FY23

NEXTDC opposes all forms of slavery in our operations and those of our suppliers.

Sustainable procurement process

A key focus area of our sustainability strategy is to better understand the environmental and social impacts of our purchase decisions. We recognise the need to better integrate sustainability considerations into our procurement processes. In awarding contracts, NEXTDC prioritises suppliers that demonstrate best practice as part of the due diligence process. We have systems in place to ensure the integrity of the Code is maintained. Where appropriate, suppliers are subject to a competitive selection process which evaluate their experience, sustainability practices, qualifications, their depth of quality assurance, demonstrable financial viability, and comprehensive insurance coverage.

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

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

Quarterly Business Reviews (QBR) with our key suppliers are used to discuss our expectations and assess compliance to sustainability requirements and best practice. In FY23, we established the supplier audit process. The comprehensive audit will prioritise tier 1 suppliers and will commence in Q1FY24.

While we hold our suppliers accountable to the highest standard of ESG practices, we recognise that some of our suppliers will need support to achieve the minimum standards due to the type and scale of their business. We expect and acknowledge that ceasing support can have negative consequences on the suppliers' workers. Where appropriate, we continue to work with these suppliers to address non-conformances and assist them to meet the required standards without compromising our own requirements.

We are currently translating this way of working into a framework that will be rolled out across FY24, with the aim of further strengthening our practices in this area. This is especially crucial given our expansion into Asia where the risk of modern slavery is inherently higher.



Supporting local industries

As a neutral hub for cloud computing, NEXTDC's facilities are purpose built to enable broad industry participation across a range of sectors. NEXTDC presently has an ecosystem of over 70 telecommunications carriers and a plurality of local and international infrastructure, platforms, applications, software, and Network-as-a-Service providers. Many of these providers are Australian companies who in turn are powering the cloud computing revolution in Australia with their own diverse and ever evolving service offerings.

We partner with organisations, big and small across a diverse range of industries. While certain materials are of a highly specialised nature and are not produced domestically, NEXTDC prioritises the procurement of specialised equipment and services from Australian based companies and Australian subsidiaries of international providers for our operation in Australia. These companies also undertake installation, testing, commissioning, and maintenance services within Australia and utilise Australian labour where possible as well as Australian subcontractors.

As we expand our portfolio globally, our commitment to building thriving communities also expands with us. Our intention to create economic opportunities in the regions in which we operate remains a key focus as we develop projects in new territories. We recognise that effective stakeholder engagement is critical in this process to communicate our intentions and listen to the local communities' expectations and concerns.

NEXTDC's Partner Program supports an ecosystem of more than 750+ vendors, telcos, and infrastructure, platform, and cloud services providers. The business invests heavily in our local SMB network to support Australian start-ups and small businesses via various partner agreements across the country. With national pride, NEXTDC is creating jobs for our country. We currently employ 303 staff across Australia in QLD, NSW, ACT, VIC, and WA; and 7 internationally in Malaysia. Our upcoming state-of-the-art data centre in Adelaide's central business district (A1) will create 150 jobs and around 20 jobs once operational. Our Darwin project (D1) will create around 200 jobs and up to 25 positions once operational. Our Malaysia project (KL1) is set to begin later in 2023, has had 7 positions filled in FY23, and will create at least 50 jobs once operational.

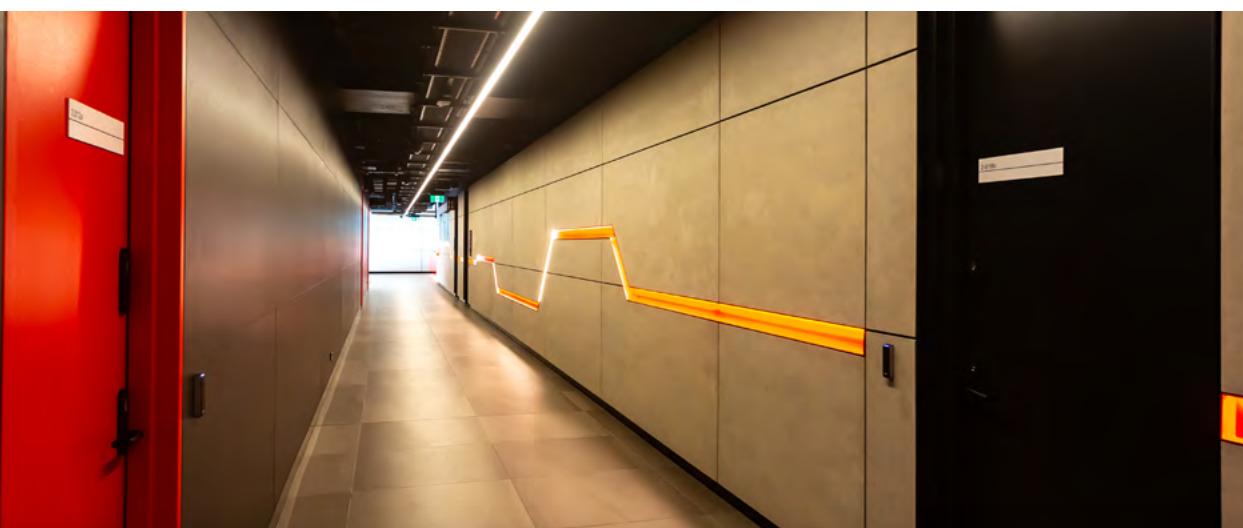
NEXTDC intends to market its services in KL1 through its existing ecosystem of more than 750 technology partners, including global hyperscale customers, a considerable number of whom plan to commence operations in Malaysia, as well as existing and new enterprise and government customers. Using Malaysia as the regional hub for its Asia expansion, NEXTDC will also develop a new Regional Operations Centre for multidisciplinary staff to support growth across the Asian region. This will create the potential for continued investment in the region with many Asian economies experiencing similar strong underlying economic tailwinds as well as rapid take up of digital services. Over the next 5 to 10 years, NEXTDC commits to digital skilling and educational initiatives to help empower Malaysia's ICT and digital workforce to drive Malaysia's competitive advantage in Asia.

Legal and socio-economic compliance

Due to NEXTDC's stringent sales and purchasing processes and procedures, we regard the risk of fraud and corruption as low. A Board endorsed Statement of Delegated Authority is in place to manage authority limits to prevent staff exceeding their approval limits. In addition, the disbursement of funds requires two independent signatories to approve all payments. The Statement of Delegated Authority was updated in FY23, to reflect organisational changes and international expansion.

All NEXTDC staff and Directors undergo Code of Conduct training with an annual refresher or as part of their induction. The Code of Conduct is supported by NEXTDC's extensive framework of policies and standards including the Work Health and Safety Policy, Procurement Policy, Diversity Policy, Anti-Bribery and Corruption Policy, Conflict of Interest Policy, Human Rights Policy, Securities Trading and Continuous Disclosure and Market Communications Policies and the Whistleblower Policy and procedure, which encourages them to come forward if they witness untoward behaviour.

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





NEXTDC is committed to giving back. Through our Corporate Social Responsibility program, 'Live to Give,' we support various charities and the community by providing donations, holding internal fundraising events and encouraging volunteering throughout the year.

We have two key partnerships that are focused on embracing the power of education and investing in the digital futures of disadvantaged young people:

- Our partnership with SolarBuddy supports their vision to gift six million solar lights to children globally who are living in energy poverty by 2030, helping them to study after dusk and improve their education outcomes.
- Our partnership with The Smith Family supports their Learning for Life scholarship program, which provides early intervention and balanced, long-term support to over 38,000 students across Australia.

NEXTDC's Workplace Giving Program allows employees to donate directly from their pre-tax salary to The Smith Family, Cancer Council, Beyond Blue, Red Cross, UN Women or SolarBuddy. To embed the ethos of giving back yet further, NEXTDC matches employee contributions, dollar for dollar. NEXTDC is a proud member of the Pledge 1% movement and has committed to empowering all employees to spend 1% of their work time giving back to the community. To enable employees to fulfil their pledge, everyone has access to and is encouraged to take 'Volunteer Days' to support causes of personal significance.

With our international expansion, we are currently exploring nonprofit partners in giving back to the community there.

This year, a few of our Sydney NEXTDCer's had a great morning at Ronald McDonald House cooking breakfast for the families currently residing at Ronald McDonald House Charities Sydney. There were many eggs beaten, bacon and hashbrowns cooked, plus other yummy goodies!

By: Yukupin (Toby Bishop) (b. 1996) is a Kungarakan (NT) artist and designer who grew up on the South Coast of New South Wales, where he now resides.

Inspired by the Cammeraygal history of Artarmon and the countless archaeological sites uncovered throughout the North Sydney region, *Written in Stone* represents the NEXTDC's S3 site's First Nations history through the motif of the stone artefact. It is a sculptural resin artwork containing shards of shale that were found during the development of S3 site.

"*Artefacts tell the story of our Country*" Yukupin explains, "*demonstrating the extensive knowledge and innovation that the Cammeraygal people and Indigenous Australians developed, through thousands of years worth of in depth connections to the land*" "*Underneath the cities concrete remains carefully crafted artefacts*".

For Yukupin, the red resin not only reflects NEXTDC's iconic brand colour but is also an ode to the red resin found in grass trees in the area that helped the Cammeraygal people construct stone tools. The found shale shards have been cleaned, polished and sculpted, reminiscent of spear heads and cutting tools, reimagined on a larger scale. The use of found shale shards in the work convey a deep connection to the rich history of the site.

Engaging for impact

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

We know that by listening and collaborating with our non-profit partners, we can prioritise and allocate resources to achieve greater goods. Some examples for FY23 include:

- Hosted World Mental Health Day Morning Teas across our facilities raising funds for an incredibly important cause, and our Workplace Giving Partner, Beyond Blue.
- The Smith Family facilitated an online mentoring program, 'iTrack' providing one-to-one online mentoring with a student in school years 9 to 11.
- Our people across the country participated in an initiative to assemble Solar Buddy's solar lights and wrote personal letters to the recipients to help improve the lives of families living in energy poverty.
- Continued to support UN Women's International Women's Day Event 2023, with our team members across the country joining in at the event
- We joined forces with Monster Smiles giving pillowcases that make a difference to children in need of a smile. Part of the effort, we collected our bottles and cans from P1 in Perth to raise funds for colourful pillowcases for the Perth Children's Hospital (100 bottles = 1 pillowcase). Our employees outside Perth also had the opportunity to donate a pillowcase for \$10 and bring a smile to the face of another child.
- Partnership with Magneto Communications to help kids read better! Part of our training fee sponsored two Indigenous high-school students to mentor a group of young children to read in a fun way.



For my annual volunteering hours, I had the opportunity to assist the Perth team: Starting Over Support for three days. They are a free community-based program providing house-hold goods and furniture for individuals or families who have experienced a life-changing crisis, such as domestic violence or a devastating event.

They work with community-based agencies, enable an individual or family to receive house-hold furniture and goods, in order for them to relocate and have critical support to start again. Most people I met working on the truck, were women with their children. Some even though housed, had been living in an empty house for weeks sleeping on the floor. The experience opened my heart and eyes to the individuals and families. Their hardships, their suffering, and the deep gratitude when they are given the support to have a chance to move forward and start a new chapter.

Also, to the team at Starting Over Supports, who dedicate their time every day of the week to give these people a leg up. After all, sometimes all we need to begin getting out of a bad situation is the help of another human being.

Thank you NEXTDC for the opportunity to give back to people in need #livetogive

Zachary Haymann

Customer Service Representative, Perth

I was lucky enough to use my volunteer days on the first annual camp in three years with the Australian Army Cadets (AAC). The AAC is a youth development program encouraging all kids to find the best in themselves. The week was spent across two military bases, teaching the cadets survival skills, including first aid in the bush, how to survive, teamwork and, engineering (they made an awesome 6ft slingshot) amongst other cool activities, like the outdoor & over pool obstacle course and seeing some of the awesome equipment our ADF team use. Not even the severe storm we had dampened the mood for these kids. Thank you NEXTDC for providing the means to participate in such a cool event!

Karl Langkilde

Security Operations Manager, Brisbane



Sustainability Data



NEXTDC's sustainability data provided below relates to the financial year ending 30 June 2023 and is presented to the nearest significant figure.

Environmental indicators

| | Target | FY23 | FY22 | FY21 | FY20 |
|--|--------------------|---------|----------------------|---------|---------|
| ENERGY | | | | | |
| Average Power Usage Effectiveness (PUE) ¹ | <1.40 ² | 1.39 | 1.38 | 1.40 | 1.30 |
| WATER | | | | | |
| Water Usage Effectiveness (WUE) ¹ | N/A ⁵ | 1.73 | 1.61 | 1.74 | 2.07 |
| Total water consumption (ML) ⁴ | N/A ⁵ | 532 | 468 | 392 | 346 |
| EMISSIONS⁶ | | | | | |
| Scope 1 emissions (NEXTDC) | | 35 | 28 | 13 | 8 |
| Scope 1 emissions (customers) | | 831 | 1,264 | 652 | 426 |
| Total Scope 1 emissions (tCO2e) | N/A ³ | 866 | 1,292 | 665 | 434 |
| Scope 2 emissions (NEXTDC) | | 7,088 | 10,624 | 5,958 | 4,479 |
| Scope 2 emissions (customers) | | 342,814 | 339,425 | 291,939 | 219,629 |
| Total Scope 2 emissions (tCO2e) | N/A ³ | 349,902 | 350,049 ⁷ | 297,897 | 224,108 |

¹ Average is measured across all data centres over a full year.

² Target has been set based on all data centres being fully built and operational, and operating at target customer load.

³ There are no targets for reducing Scope 1 or Scope 2 emissions as they will reflect customer growth; rather this is managed through PUE.

⁴ Total water drawn from water grids and rain consumption from all data centres over a full year.

⁵ There are no targets for total water consumption as this will reflect organisation/customer growth. NEXTDC has started tracking its WUE and will be setting a target in the near future.

⁶ Emissions are calculated based on the National Greenhouse and Energy Reporting (NGER) guidelines

⁷ On re-examination, Scope 2 emissions were erroneously over-reported by 19% (417,430 tCO2e) in the FY22 ESG Report due to a miscalculation but was accurately reported to the clean energy regulator (NGER) for FY22 reporting.



NEXTDC people

| | | 30 Jun 23 | 30 Jun 22 | 30 Jun 21 | 30 Jun 20 | 30 Jun 19 |
|-------------------------|---|-----------|-----------|-----------|-----------|-----------|
| Total Headcount* | | 310 | 276 | 273 | 248 | 233 |
| By division | Corporate - Executive, Finance, Legal, P&C | 63 | 54 | 74 | 67 | 66 |
| | Facility Operations, Project Management | 84 | 78 | 74 | 68 | 63 |
| | Sales, Technology, Marketing and Customer Success | 163 | 144 | 125 | 113 | 104 |
| Turnover rates^ | | 18.28% | 23.23% | 14.2% | 14.1% | 20.1% |

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

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

Workforce by location, type, and gender

| | Managers | | | Non-Managers | | | Totals (actuals) |
|-------------------------|----------|----|---|--------------|----|---|-----------------------------|
| | M | F | U | M | F | U | |
| Melbourne | 12 | 4 | | 50 | 22 | | 88 |
| Sydney | 14 | 2 | | 49 | 30 | | 95 |
| Brisbane | 8 | 4 | | 38 | 28 | 2 | 80 |
| Canberra | 2 | 0 | | 8 | 3 | | 13 |
| Perth | 2 | 2 | | 16 | 6 | | 26 |
| Sunshine Coast | | | | 1 | | | 1 |
| Malaysia | | | | 4 | 3 | | 7 |
| Totals (actuals) | 39 | 13 | 0 | 165 | 91 | 2 | 310 |

NB: U = undisclosed gender.

Workforce – New hires by gender, location and age group

| | 20 and under | | 21-30 | | 31-40 | | 41-50 | | 51-60 | | 60+ | |
|------------------|--------------|---|-------|----|-------|---|-------|---|-------|---|-----|---|
| | M | F | M | F | M | F | M | F | M | F | M | F |
| Melbourne | 2 | 2 | 12 | 8 | 6 | 2 | 3 | 1 | | | 1 | 1 |
| Sydney | | | 8 | 5 | 7 | 2 | 5 | 3 | | | | |
| Brisbane | 1 | | 1 | 1 | 2 | | 1 | | | | | |
| Canberra | 1 | 1 | 1 | | 1 | | | | | 1 | | |
| Perth | | 1 | | | | | | | | | | |
| Malaysia | | | 1 | | 1 | 2 | 1 | 1 | | | | |
| Totals | 4 | 4 | 23 | 14 | 17 | 6 | 10 | 5 | 0 | 1 | 1 | 1 |



N E X T D C

where the cloud lives™

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

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