

# Investment Committee Charter

NEXTDC Limited and its subsidiaries (ACN 143 582 521)



N E X T D C

## 1. Overview and Terms of Reference

The Board of the Company considers that there are opportunities in relation to NEXTDC's investment strategy and streamlining the critical review and prioritisation of investment as well as funding decisions. Accordingly, the Board has established the NEXTDC Investment Committee (NIC) as a Board sub-committee to assist Management to review, evaluate and make recommendations to the Board in relation to such opportunities.

In particular the NIC will be responsible for assisting Management and helping it frame investment as well as funding recommendations to the Board for any investment, development, business expansion and funding opportunities. This will include reviewing potential investment in data centre developments and technology investment both organic and M&A based, as well as expansion into new territories either in Australia, Asia or beyond (the 'Territories'). This may also extend to capital raising and joint venture opportunities and divestments relating to the Company's data centre business or its expansion in the Territories. (together the 'Opportunities'). Regardless of these terms of reference, the Board has ultimate decision-making authority in all such development decisions and the NIC is a body intended to assist Management and in no way impacting the current responsibilities or oversight of the Board or any sub-committees.

The NIC is established to provide a format in which robust investment and associated funding discussions can take place. The Board authorises the NIC to assist Management in evaluating Opportunities and, within the scope of that responsibility:

- facilitating and helping management evaluate the strategic merit of Opportunities and present these to the Board noting a key challenge is ranking and assessing these for suitability as part of NEXTDC's business;
- assist management in evaluating key advisors such as investment banks and other key advisors both in regards to their merit and scope of engagement;
- providing strategic guidance and liaison to Management generally in relation to the Opportunities and their presentation to the Board as well as assisting in their evaluation of the economic and resourcing considerations inherent in exercise and
- assist Management in the implementation of such Opportunities having regard to the directions of the Board and NEXTDC strategy, resourcing considerations and fiscal management.

In carrying out its role, the NIC acts as an investment committee for the Company and all its entities within the NEXTDC Group. The NIC must have regard to the individual requirements of each entity as well as the overall requirements of the Company. Its purpose, role and assigned authorities are outlined in this Charter.

Throughout this Charter, references are made to 'Management'. For the purposes of this Charter, Management includes the CEO and his/her direct reports.

## 2. Specific Functions

The NIC is responsible for assisting management in considering the financial and operational risks as well as returns of a proposed Opportunity. The functions of the NIC can be segmented into two broad categories:

### **A) To assist Management in making recommendations to the Board in relation to Opportunities**

This involves helping Management to assess the strategic economic and business impacts of such recommendations. Typically, investment and funding proposals presented by Management to the

Board will be consistent with the overall business strategy of the Company. Whilst the Board is not obliged to follow the recommendation of the Management, it is intended that it will also involve the NIC in its deliberations and evaluations of such Opportunities to allow them to be prioritised and assessed within a consistent framework.

#### **B) To provide recommendations based on reviews requested by the Board**

Typically, this includes undertaking reviews requested by the Board on Opportunities. There are a range of different reviews that the Board might request the NIC to undertake. In such cases, the path for assessment would result in the NIC liaising with Management to assist with evaluation of such Opportunities.

In both cases NIC will assist Management to make recommendations to the Board on:

- investment strategies and investment risk management;
- relevant capital raising initiatives as well as their overall economics and associated execution risks;
- the review of Opportunities and the related competitive considerations and investment criteria, priorities and risks in relation to such Opportunities
- the review and management of existing financial and strategic risks relating to the Opportunities or otherwise related to these or within the NIC's terms of reference;
- the appropriateness and effectiveness of the investment strategies used to support the Company's fiscal and strategic priorities;
- whether, in its view, the Opportunities presented align with the Board's chosen investment strategies;
- assisting Management to perform due diligence processes and compiling findings in relation to the Opportunities if requested by Management;
- the investment governance structures and resourcing considered or engaged by Management in relation to such Opportunities, including the roles and responsibilities of Management and their periodic review.

### **3. Annual Review**

The NIC Chairperson or Board will lead a review of the NIC's performance on an annual basis liaising with Management to ensure it is operating effectively, efficiently and in line with its stated purpose.

As part of the annual review process the process must specifically involve a review of this Charter to ensure it remains consistent with its objectives. Any proposed changes must be referred to the Board for approval.

### **4. Role and Limitation of Scope**

The NIC recommendations will assist Management in fulfilling its role in seeking the Board's direction on material Opportunities. However, NIC recommendations to Management shall neither be binding on it or the Board and will not be the sole basis for a decision (for example, other factors which the Board must have regard to include compliance with its obligations under the Corporations Act). The Board will inform the NIC of the ultimate decision it reaches to ensure coordination of the evaluation of Opportunities. The Board will be in continuous communication with the NIC to provide feedback to the NIC in relation to the assistance it provides to Management.

Examples of considerations and responsibilities outside the NIC's scope include originating, facilitating or selecting investment or funding opportunities outside its terms of reference or the implications of Opportunities on the Company as a business.

The NIC will execute its duties of assisting Management to the best of its ability and at all times act in the best interest of the Company.

The NIC will not be held responsible for the financial performance of the Opportunities it assists Management with. These responsibilities rest solely with Management and the Company.

## 5. Membership

### A) Composition and size

The NIC will consist of at least three (3) members of the Board who shall be nominated by the Board, in consultation with the NIC Chairperson. The Board has the right to appoint up to two additional members to the NIC if required on an ad hoc basis.

The appointment of an NIC member will cease upon expiration of the term of appointment or as otherwise determined by the Board.

### B) Chairperson

The Chairperson of the NIC will be nominated by the Board. When the Chairperson is not present at a meeting, the NIC may elect an alternate chairperson for the meeting from amongst one of the other members present.

### C) Secretary

The Company Secretary or their nominee is the secretary of the NIC. Relevant documents to be considered at NIC meetings will be compiled and distributed by the Company Secretary to all NIC members, as well as to any invitees to NIC meetings as required. If not in attendance the Company Secretary may deputise either a member of NIC, Management or Deputy Company Secretary to these responsibilities.

### D) Technical expertise and skills development

NIC members must have the requisite skills and experience to enable them to fulfil their duties and responsibilities as members of the NIC, acknowledging that heterogeneity is critical to the NIC's overall effectiveness. The NIC is structured so that:

- all members are financially literate (i.e. able to read and understand financial statements); and
- all members have the opportunity to attend seminars or training related to the functions and responsibilities of the NIC, subject to approval by the Board.

### E) Time commitment and fee

It is assumed that on an annual basis, the Committee will require no less than 4 days per year (excluding travel). The fee for each NIC member (excluding the executive members) is determined by the Board, Who shall also have the final say on and approve reimbursements and expenses in relation to specific requirements, travel and training .

### F) Term

Each of the NIC members, including the Chairperson, will be appointed for a term corresponding with the longer of i) the term of appointment of their directorship of the Company; or ii) 2 years. Following a review at the end of their term, members can be reappointed for a further term. There is no limit to the number of terms a member can serve. For the purpose of bringing new ideas and approaches to the NIC, there may be some rotation of members (as determined by the Board). For the purpose of continuity, the Board will try to avoid multiple changes at any single point.

## 6. Investment Committee meetings and processes

### A) Meetings

Meetings of the NIC are to proceed in accordance with the Constitution and Board Charter (with all necessary consequential changes), to the extent that they are applicable and not inconsistent with this Charter.

### B) Frequency and calling of meetings

The NIC will meet on an ad hoc basis to consider Opportunities. The NIC will meet at least two (2) times a year or as otherwise directed by the Board to undertake reviews of relevant Opportunities. In addition, the Chairperson must call a meeting of the NIC if requested by a minimum of two members of the NIC or the Chairperson of the Board. NIC meetings may be held by teleconference or in person, and every effort should be made to allow full participation by those not physically present.

### C) Quorum and recommendations

Three members constitute a quorum for meetings of the NIC. In order for the NIC to make a recommendation, at least three NIC members must be in favour of the recommendation. If the members are split evenly, then the Chairperson will have a casting vote. The Board must be informed as to the rationale underpinning the recommendation.

### D) Attendance by Management and advisors

Generally, the CEO, CFO and Head of the relevant Business Unit (as required) will attend the meetings in order to present the Opportunity to the NIC if requested by the Chairperson. In addition, the NIC Chairperson may invite other members of Management and external advisors to attend meetings of the NIC at any time if appropriate. Only NIC members are eligible to vote.

### E) Access to information and advisors

The NIC has the authority to:

- require Management or others to attend meetings as required;
- require Management or others to provide any information or advice that the NIC requires (subject to approval of expenditure by the Board); and
- include subject matter experts for a particular Opportunity (subject to approval of expenditure by the Board).

### F) Minutes

The Company Secretary or their deputy will keep minute books to record the proceedings and resolutions of its meetings. Minutes of proceedings, matters discussed, and recommendations made at NIC meetings and recommendations passed by members of the NIC without a meeting are to be approved by the NIC (or, in the case of written resolutions, tabled) at its next meeting.

Minutes of a meeting must be signed by the Chairperson of the meeting within a reasonable time after the meeting at which the minutes are approved.

## 7. Investment review processes

### A) The NIC is informed of the investment and funding strategy

The Board must provide all relevant information relevant to the Company's strategy to the NIC as and when these become available and relevant to the Opportunity.

## **B) Process for making investment and funding recommendations**

The NIC is charged with reviewing and challenging Management's analyses on the expected financial and impact performance of the investment or funding strategy, as the case may be, the due diligence performed and the analysis of risk relating to any Opportunities under review. The NIC will pursue a collegiate, consensus-driven decision-making process that ultimately has a collective 'cabinet' responsibility determination. For the most part, this is anticipated to result in unanimous decisions. However, if unanimity is not achievable, then the NIC is still able to make a determination (see section 6.C).

## **C) Review of Opportunities when required**

From time to time, the fundamentals of an investment or Opportunity in relation to which NIC has been involved with Management may change significantly. In such circumstances, and only when the changes will materially affect the financial and/or impact projections, the CEO must inform the NIC as soon as practicable and prepare and present an alternative or revised proposal to the NIC based on an analysis of the new data. The NIC will update its recommendation to Management, taking into account and abiding by the considerations and processes set out in this Charter, and involve the Board in the event such fundamentals relating to an Opportunity are time-sensitive..

*Last updated and approved by the Board 24 August 2023*