

Risk Management Policy

NEXTDC Limited and its subsidiaries (ACN 143 582 521)



N E X T D C

NEXTDC is committed to having a sound Risk Management Framework and recognises it is not only an important component of good corporate governance but is also fundamental in achieving strategic and operational objectives and meeting legislative, industry and client obligations. The framework sets out to ensure that NEXTDC's risks are contained to acceptable levels consistent with its risk appetite, while improving decision making by identifying potential exposure to economic, environmental and social sustainability risks and mitigates material events that may impact shareholder value.

Scope

This policy applies to the management, employees and contractors of NEXTDC, who are collectively responsible for managing all material business risks with a clear understanding of responsibility and accountability for risk management. Risk management processes shall be applied to all aspect of the business, including design and construct projects, engineering, service delivery, information security management and the ongoing management of the facilities. This means that everyone at NEXTDC has a responsibility to be aware of the risks related to their activities at every level and to be accountable for ensuring those risks are effectively managed. NEXTDC commits to making the necessary resources available to assist those accountable and responsible for managing risks.

Methodology

NEXTDC has implemented a Risk Management Framework consistent with the international risk standard ISO31000 which ensures a systematic approach is used to identify and assess risks, and determine treatment plans to manage, transfer and avoid risks. NEXTDC's Risk Management Framework promotes awareness of risks throughout the organisation and an understanding of the company's risk appetite. NEXTDC commits to continuous improvement in governance and the implementation of best practice. The performance of the risk management framework shall be measured by periodically assessing risk maturity rating.

Responsibilities

The Board is ultimately responsible for identifying and assessing the nature and extent of internal and external risks that may impact NEXTDC in achieving its strategic objectives. The Board is responsible for setting the risk appetite and overseeing the development and implementation of the Risk Management Framework to satisfy itself that the framework is sound. NEXTDC's Risk and Compliance function is focused on supporting each part of the business to assist them to better manage their risks and to align efforts across the business in ensuring risks are identified, analysed, evaluated and mitigated for their respective areas of responsibility. It also supports Senior Management and the Board in meeting their corporate governance responsibilities.

Reporting

In accordance with the ASX Corporate Governance Principles and Recommendations and the Corporations Act, the CEO and the CFO provide a declaration to the Board which will state that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company's risk management posture and strategy is also included in its Annual Report, the Environment, Social and Governance Report (ESG) and the Corporate Governance Statement for the reporting period.

The Board, with the support from the Company's Chief Legal Officer (CLO) and Risk and Compliance Manager, is responsible for reviewing and approving the Risk Management Framework at least annually to ensure its effectiveness and continued application and relevance to NEXTDC.