



NEXTDC  
where the cloud lives™

**FY21**

**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
REPORT**



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# A LETTER FROM THE CEO

Ongoing global health challenges and accelerating climate change have had an enormous impact on economies all over the world and intensified demand for public and private organisations to implement cultural changes to address environmental and social issues. FY21 played out as a year of unprecedented disruption to our personal and business lives. For NEXTDC, that translated into an even greater focus on the role that data centres and cloud infrastructure have on our daily lives.

Our business has seen growth and demand at unprecedented levels. Public, private and government organisations have accelerated their digital transformation, resulting in a surge of growth, driven by both customer demand and rapidly evolving requirements imposed by environmental and health threats.

The extraordinary changes to climate and community cohesion that continues to unfold globally introduce new barriers to traditional business models. This includes resource scarcity, commodity price volatility, weather anomalies, social distancing, border closures, supply chain disruptions and intensified compliance obligations.

These macro impacts across all industries have resulted in exponential increases in data usage and escalated the dependence that organisations and individuals have on digital infrastructure. These developments further reinforce the importance of our Environmental, Social and Governance (ESG) approach and the role NEXTDC plays in supporting individuals, businesses and communities.

Surging volumes of data intensifies the consumption of energy and water, as required by such infrastructure to support the essential security, carriage, processing and storage of this critical information. We take our obligation to provide a best-in-class data centre service very seriously and apply our efforts to innovate and embed sustainable practices, such as carbon mitigation programs, into all our activities in order to minimise our environmental footprint.

In addition, as the Company scales up, we acknowledge our corporate social responsibility to share our success, in giving back to the communities in which we live, work and operate.

## Accelerated 4th industrial revolution

As we facilitate what has been described as the fourth industrial revolution, our challenge as an industry is to sustainably manage the vast quantity of high-powered computing hardware that is running 24/365. Minimising any negative environmental impact remains our focus.

The value proposition for leveraging cloud technologies and colocating mission critical equipment within data centres is well understood. Customer awareness on how much power and water it takes to run a data centre is growing. How well data centre companies minimise the environmental impact of these operational requirements will increasingly influence customer choice, as computing loads continue to multiply.

## Innovating to set new benchmarks for energy efficiency

At NEXTDC, we know that by applying our in-house excellence in design, engineering and operations to reduce energy consumption, we reduce the unintended consequences of digital transformation on future generations. This is our market differentiation.

NEXTDC is devoted to driving continuous improvement in energy efficiency and sustainability.

Our unrivalled energy efficient data centres allow us to support our customers in their efforts to reduce their carbon footprint and impact on the environment. Our industry-leading Power Utilisation Effectiveness (PUE) metrics, National Australian Built Environment Rating System (NABERS) 5-Star rated facilities, as well as the carbon neutrality of our corporate operations and NEXTneutral product are key statements of our commitment to energy efficiency and environmental sustainability.

In FY21, we achieved a national average PUE of 1.4, compared to the industry average of approximately 1.7. Our S2 facility in Sydney embodies all the design, engineering and operational innovations from over 11 years of operations and, as it nears capacity, is recording unprecedented PUE performance. PUEs have been observed as low as 1.15 in some months; a ground-breaking achievement.

NEXTDC remains the only data centre operator in Australia to achieve a NABERS 5-Star rating for energy efficient buildings, attained at both M1 Melbourne and S1 Sydney. Additionally, all NEXTDC data centres are certified compliant with the ISO 14001 standard for Environmental Management Systems.

## Carbon neutral operations

NEXTDC's environmental credibility is focussed on transparent, measurable objectives to reduce the environmental impact of our data centres by optimising power usage and minimising carbon emissions. We continually tune our Mechanical and Electrical Plant (MEP) in real-time, employing machine learning and artificial intelligence, to achieve optimum energy efficiency in any prevailing environmental conditions.

We take every action to minimise carbon emissions and where we can't avoid it, we procure carbon credits through the Qantas Future Planet (QFP) program. Since 2018, NEXTDC has been audited and accredited under the Australian Federal Government Climate Active initiative as 100% carbon neutral for our corporate operations.

## Pioneering carbon neutral data centre services

In FY21, we extended our carbon offset partnership with QFP to launch NEXTneutral, a low-cost, zero-complexity sustainability solution that enables our customers to offset 100% of carbon



emissions from their IT operations housed in our facilities. As a first-in-market sustainability program, NEXTneutral enables organisations to make meaningful contributions to creating more sustainable outcomes for the environment and for business.

NEXTneutral removes most barriers of entry to carbon neutrality for customers. As customers increasingly demand sustainable solutions, including offset of the carbon footprint of their digital growth, such click-of-the-button convenience is critical. NEXTneutral is a powerful initiative that enables our customers to quickly and easily meet their own carbon reduction objectives.

### Promoting renewable energy usage

NEXTDC is proud to own and operate its own solar array on the roof of its M1 facility and is currently installing a new solar array on the S1 facility, with other facilities to follow.

Additionally, NEXTDC has been a Principal Partner to the Melbourne Renewable Energy Project (MREP) since its inception in 2014. Financial close on this project was achieved during FY18 and the 80MW Crowlands Wind Farm in Victoria was opened in February 2019. Our support was another first for a data centre operator in the Asia Pacific region.

### Minimising our environmental impact

We proactively minimise the risk of any environmental incident at our sites, as well as the sites' contribution to landfill waste.

Under NEXTDC's Waste Management Policy, water management also remains a key focus for NEXTDC as we plan and manage our short and long-term water needs to further reduce our environmental impact. We have started to add meters to all water systems with a view to setting benchmarks on all flows and to continue our journey to optimise usage, recirculating more water and managing the treatment of disposed water on-site.

During FY21, NEXTDC also introduced a formal eWaste management and recycling program for end-of-life hardware at every facility. Customers can now dispose of their retired equipment for free with the peace-of-mind that we will recycle everything that can be and safely dispose of whatever cannot.

### Sharpened focus on safety

We have also embedded world-class safety standards into the heart of our operational and corporate culture. We place the highest priority on the safety of every person who engages with our business and encourage a culture where safety comes first and is everybody's responsibility. We target zero injuries for our employees and visitors to our data centres.

Our capital works projects continue to grow in size, scale, complexity and number. The uncompromising efforts of our safety team over the last 18 months have culminated in NEXTDC achieving ISO45001 certification, the global standard for Workplace, Health and Safety Management Systems.

### Giving back to communities

In FY21, our Corporate Social Responsibility (CSR) programs have become more important than ever and we remain committed to helping improve society and our local communities. NEXTDC's 'Live to Give' program was established to aid the communities in which we live, work and operate. NEXTDC's 'Live to Give' program comprises the following:

- Corporate partnership with The Smith Family.
- Partnership with Pledge 1%, enabling staff to devote 1% of their time to give back.
- Workplace giving programs with \$1:\$1 donation matching for Cancer Council, Beyond Blue, The Smith Family and UN Women.
- One paid Volunteer Day each for every employee in FY21. This has since been increased to 3 days, making it even easier for our people to give back 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.

### Fostering diversity and inclusion

NEXTDC excels when measured against many diversity and inclusion metrics in the corporate environment and particularly in the IT industry, more specifically in the data centre space. Over 33% of staff are female. In August 2021, NEXTDC became a signatory to the 40:40 Vision, formally adopting targets to achieve gender balance in its executive ranks by 2030.

We have developed a parental leave program that is well ahead of regulatory obligations, with primary caregivers given up to 20 weeks paid leave. We also offer 10 keeping-in-touch days to ensure a smooth and comfortable transition back into the workplace.

We have built a healthy culture where people join our company and build long-term successful careers that challenge and empower them to grow and be the best version of themselves, every day.

### Supply chain management

NEXTDC's business is conducted in a manner consistent with practises outlined by the United Nations Guiding Principles on Business and Human Rights. In addition, NEXTDC's supplier assurance program specifically addresses compliance with the Modern Slavery Act 2018 (Cth), which requires us to report on and action any modern slavery risks identified in our operations and supply chains.

As an organisation, we will continue to innovate and invest in ways that further improve our sustainability and social performance so that we can meet the increasing customer, community and regulatory expectations around preserving our planet for future generations.





# OVERVIEW

## ABOUT THIS REPORT

This annual ESG Report is designed to consolidate and summarise NEXTDC's work on key environmental, social and governance issues important to our business and stakeholders.

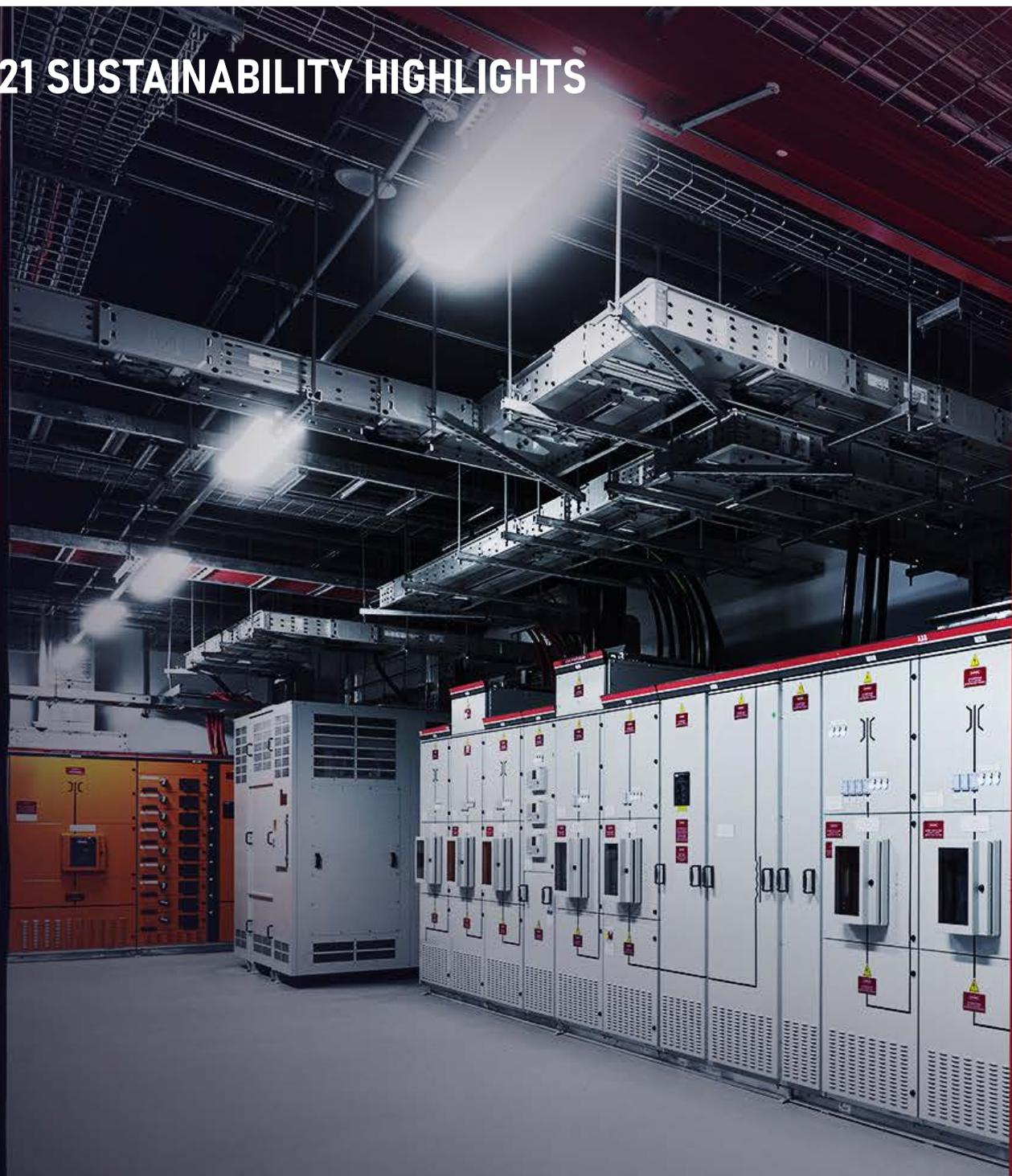
This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards - Core option. The GRI is an international, independent organisation that helps businesses communicate their impact on critical sustainability issues. It produces one of the most recognised standards for sustainability reporting, which enables organisations to measure and understand their impact on the environment, society and the economy. By using the latest version of the GRI Core Standards, including recent revisions of certain topic-specific standards, NEXTDC ensures that it reports against the environmental and social issues identified as being significant to its business and stakeholders. For easy reference to our reporting disclosures, the GRI Index is also provided at the end of this Report. With our strong and continuous focus on climate change, the climate change section of this report has been aligned to the Task Force on Climate-related Financial Disclosures (TCFD) framework.

NEXTDC's FY21 ESG Report covers all its operations within Australia for the financial year ending 30 June 2021, unless otherwise stated.

## 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.

# FY21 SUSTAINABILITY HIGHLIGHTS



- S1 and M1 both successfully maintained their NABERS 5-Star ratings for energy efficiency throughout FY21.
- NEXTDC has met 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, through its strategic partnership to offset carbon emissions with Qantas Future Planet (QFP).
- We launched NEXTneutral, a carbon neutral colocation program. A simple opt-in program, NEXTneutral enables our customers to achieve 100% carbon neutrality for their IT footprint, when they colocate in our data centres.
- NEXTDC's The Way We Work strategy was established, to provide further and ongoing flexibility to our team, recognising there is no one-size-fits-all solution to the way we work.
- We have been working with external subject matter experts to align our climate change disclosure approach and reporting to the recommendations of TCFD.
- P1 and S1 recertified by the Uptime Institute Tier III Gold for Operational Sustainability, while S2 and P2 provisionally certified Tier IV Certification of Constructed Facility (provisional certification was successfully attained through the world's first Uptime Institute remote audit due to travel restrictions).



- B1, P2, S2, M2 and the Head Office in Brisbane obtained ISO 14001 Environmental Management System certification. All NEXTDC facilities are now certified to ISO14001.
- All NEXTDC Facilities are Certified to ISO45001 for Work Health and Safety Management System.
- In FY21 NEXTDC was named Sustainability Company of the Year in the Australian Business Awards.
- In FY21 NEXTDC was named Australia's Most Reliable Data Centre Provider.
- Principal Partner to the Melbourne Renewable Energy Project (MREP) since its inception in 2014. Alongside City Councils, Universities and other corporate organisations in the MREP consortium, NEXTDC is party to a Power Purchase Agreement (PPA) which supported the construction of the 80MW Crowlands wind farm in Victoria, which went live in January 2019.
- Published our first Modern Slavery Statement in December 2021, in line with the requirements of the Modern Slavery Act 2018 (Cth).
- FY21's annual employee survey had a 78% engagement rate with very positive feedback in the areas of diversity and inclusion, social connection and leadership, which reflects the strong faith employees have in NEXTDC's overall strategic direction.
- Established the Mental Health First Aid Policy and Mental Health First Aid Officers. Over the last few months, 20 employees across our sites who are passionate about mental health and supporting their peers, have volunteered to become accredited Mental Health First Aid Officers (MHFAO) by completing the Mental Health First Aid Australia training.

# COMPANY PROFILE

NEXTDC Limited is a public company listed on the Australian Securities Exchange (ASX). The Company has nine operational data centres and two under construction across Australia including Brisbane, Canberra, Melbourne, Perth and Sydney, with its headquarters located in Brisbane. NEXTDC entered the ASX 100 in June 2020. 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 FY21 Annual Report located in the financial section of the company website.

## 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, fire and promote our people. Our commitment to our values, ethics and compliance fosters a culture that, we believe, attracts the highest-calibre employees and builds and enhances our external relationships.

Our Board of Directors drive culture and accountability. They ensure our values are reflected in our operations and our day-to-day activities and are carried out in accordance with our Code of Conduct. Our Code of Conduct and the way we live our values is central to our behavioural expectations and promoted at all levels of the business. Breaches to the Code of Conduct may result in disciplinary action, including dismissal in serious cases.

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 its 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 reports to the Board.

Other key Company policies include a Whistleblower 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](http://www.nextdc.com).

## Creating meaningful outcomes and customer value

NEXTDC is a technology company, enabling business transformation through customer-focussed, innovative data centre outsourcing solutions, connectivity services and infrastructure management software. As Asia's most advanced Data Centre as-a-Service (DCaaS) provider with a nationwide network of Tier III and Tier IV facilities, we deliver enterprise-class colocation services to local and international organisations.

With a focus on safety, resilience, sustainability and carbon neutrality, we are building the infrastructure platform for the digital economy by delivering industry leading performance in the three critical components of data centre excellence: Power, Security and Connectivity.

NEXTDC is Australia's most environmentally advanced and certified data centre provider, leading the industry with award-winning engineering solutions and best-in-class operations. We are the only data centre provider to receive Climate Active certification for our corporate operations. This is the Australian Federal Government endorsed carbon neutral certification. NEXTDC is the only data centre provider to achieve NABERS 5-Star certification, an independently certified and assessed rating for energy efficiency. This allows us to deliver the lowest total cost of operations in Australia to our customers.

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We create long-term value and deliver on our business strategy through a collaborative and proactive approach with both internal and external stakeholders.”



**Alex Teo**

**VICE PRESIDENT OF STRATEGY AND INVESTOR RELATIONS**



### 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.

# RISK MANAGEMENT

NEXTDC has a robust approach to risk management, which is evident in our operational planning and the development of new products and facilities. Our growth over the last decade has required an ongoing assessment and refinement to the management of our operational risk profile. Following an independent review of NEXTDC's Risk Management Framework in FY20, a robust and refreshed framework was introduced to manage the emerging risks and challenges faced by the business. This included ongoing work to refine and focus the risk culture across the Company. A workstream was established to rollout the refreshed framework across the different layers of risk management within the Company. Each of these corresponds to the management of Enterprise-Wide risk issues which are then reported to the ARMC every quarter. The rollout of the refreshed framework is expected to be complete by mid-FY22, with enhancements to systems and processes to continue perpetually. This will feed into the broader improvements and maturity of NEXTDC's risk management capabilities, keeping pace with the company's growth and emerging risks.

The evaluation of ESG related risks and opportunities is integrated into our Risk Management Framework, within the seven pillars we use to articulate our enterprise-wide risks. The primary responsibility for this process lies with the ARMC and the Board. Further details on our Risk Management Framework and approach can be found in our annual Corporate Governance Statement available in the Corporate Governance section of our website ([www.nextdc.com](http://www.nextdc.com)).

Being Australia's leading Data Centre-as-a-service (DCaaS) provider and the first and only NABERS 5-Star rated colocation data centre are testament to our commitment to manage our environmental risks and impacts.

## COVID-19 risk management

Throughout FY21, NEXTDC has continued to be fully compliant with all health guidelines issued by relevant Australian health authorities both at state and federal level. There have been no confirmed cases of COVID-19 amongst our staff or visitors in FY21. A policy of physical distancing has been a key part of our Pandemic Plan and the activation of our overarching Business Continuity Plan. Our COVID Management Committee has continued to meet periodically, to respond to the ongoing changes and requirements.

Besides implementing appropriate processes throughout all facilities, including increased sanitisation, our interactions with customers, vendors and suppliers have been standardised and segmented to ensure a consistent and appropriate approach on health practises. NEXTDC's National COVID Safe Plan sets out the minimum expectations across our facilities. All entry into NEXTDC Facilities requires sign-in via QR code and body-temperature checks before admission beyond the front office.

Mandatory online training on 'Infectious Disease Awareness in the Workplace' was continued in FY21. The training was aimed to not only raise awareness of the pandemic's spread, but also to educate our team on its history, potential impact and the signs and symptoms of the disease, as well as prevention and isolation processes.

As uncertainty surrounding COVID-19 endures, NEXTDC's comprehensive COVID-19 plan not only addresses our operations in the 'new normal' world, but also continues to maintain a setting that is responsive to COVID-19 as an ongoing health threat. Importantly, this also includes our continuous investment in the mental health of our team. NEXTDC's The Way We Work program was rolled out in FY21, to provide further flexibility in when and where our team works. NEXTDC's approach to flexible working and mental health is set out in the Social Sustainability and WHS sections below. NEXTDC also provides paid time-off for employees to receive COVID vaccinations and COVID testing whenever required.





# STAKEHOLDER ENGAGEMENT

Meaningful stakeholder engagement builds trust and confidence. Our key stakeholders are identified based on the level of interest, potential impacts and opportunities related to the operation of our data centres. We engage with these groups on an ongoing basis to gain insight into their needs and perspectives, as well as to share information about our strategy, practices and performance. A summary of our key stakeholders and our engagement with them in FY21 is set out below:

Stakeholder	ESG Expectations and Concerns	How NEXTDC communicates and consults with them
<b>NEXTDC Employees</b>	<ul style="list-style-type: none"> <li>Keeping the workplace safe</li> <li>Environmental impacts</li> <li>Diversity and Inclusion</li> <li>Codes of Conduct</li> <li>Protecting Personally Identifiable Information (PII)</li> <li>COVID-19 compliance</li> </ul>	<ul style="list-style-type: none"> <li>NEXTDC Values</li> <li>WHS Committee meetings and Security Committee meetings</li> <li>Code of Conduct, Diversity and other annual training sessions</li> <li>Information regularly posted on intranet, which also provides opportunity for feedback</li> <li>Induction and People and Culture policies and procedures</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Keeping the workplace safe</li> <li>Environmental impacts</li> <li>Protecting Personally Identifiable Information (PII)</li> <li>COVID-19 compliance</li> </ul>	<ul style="list-style-type: none"> <li>Site Induction and Facility Rules</li> <li>Privacy Policy and Privacy Collection Statements</li> <li>Service Advisory Notifications</li> <li>Weekly/Monthly/Quarterly meetings</li> </ul>
<b>Shareholders and their Advisors</b>	<ul style="list-style-type: none"> <li>Material and ESG risks that may affect NEXTDC and how they are being managed</li> </ul>	<ul style="list-style-type: none"> <li>ESG report, disclosure of ESG risks in the Annual Report, AGM and Roadshows</li> </ul>
<b>Regulators/Authorities (e.g. WorkCover/EPA/Clean Energy Regulator/WGEA)</b>	<ul style="list-style-type: none"> <li>Keeping the workplace safe</li> <li>Environmental impacts</li> <li>Complying with regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining required approvals for constructing new data centres – extensive due diligence for site selection</li> <li>Immediate contact for any notifiable incidents</li> <li>Submission of an annual National Greenhouse Gas and Emissions Report (NGER) to the Clean Energy Regulator</li> <li>Annual report submission to Workplace Gender Equality Agency (WGEA)</li> <li>Modern Slavery Act 2018 (Cth.)</li> </ul>
<b>Suppliers and Contractors</b>	<ul style="list-style-type: none"> <li>Keeping the workplace safe</li> <li>Environmental impacts</li> <li>Protecting Personally Identifiable Information (PII)</li> <li>COVID-19 compliance</li> </ul>	<ul style="list-style-type: none"> <li>Site Induction and Facility Rules</li> <li>Site meetings and permit to work for all hazardous works</li> <li>Supplier Code of Conduct</li> <li>Privacy Policy and Privacy Collection Statements</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Impact of constructing new data centres</li> </ul>	<ul style="list-style-type: none"> <li>Extensive due diligence on site selection, including impact to flora and fauna, cultural heritage and artefacts.</li> </ul>

## Industry associations

NEXTDC is actively involved in the following industry associations and represents the data centre sector in achieving its 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; and
- Member of National Safety Council of Australia.

In FY21, NEXTDC intends to undertake a full review of its industry associations and memberships to ensure our participation meets the expectation of our broader stakeholders with a particular focus on climate change and energy policy.

# MATERIALITY ASSESSMENT

In managing our business NEXTDC has followed the GRI's Reporting Principles for defining content, structuring and details in this report. In accordance with the GRI Standards, the Company has identified the below topics that reflect the organisation's significant economic, environmental and social impacts or which substantively influence their assessment or those of our stakeholders. NEXTDC has identified these based on our annual review and stakeholder feedback.

NEXTDC self-assessment exercises in FY21 included internal and external workshops with NEXTDC employees and a wide range of external stakeholders. Materiality was validated by subject matter experts and the Executive team.

NEXTDC's FY21 key material topics and their boundaries are identified in the table below:

Material Issue	GRI Material Aspect	Boundary <sup>1</sup>	Reporting
Energy Consumption	Energy, Emissions, Compliance and Supplier Environmental Assessment	External (Communities)	Environmental Sustainability and Performance
Employee 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)	
Privacy Management	Customer Privacy	External (Customers)	Social Sustainability
Social Impact of the Business	Socio-economic Compliance	External (Communities)	Social Sustainability
Legal Compliance	Anti-Corruption and Anti-Competitive Behaviour	Internal (Employees)	Social Sustainability
Climate Change	Emissions and Environmental Compliance	External (Communities)	Environmental Sustainability and Performance
Human Rights including Modern Slavery and Management	Social impact on the business and Supplier Environmental Assessment, Diversity and Equal Opportunity	Internal (Employees)	Social Sustainability

<sup>1</sup> 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.

# ENVIRONMENTAL SUSTAINABILITY AND PERFORMANCE

Energy efficiency and sustainability remains a key focus for NEXTDC. Our facilities are designed, engineered and operated at an industry-leading level of energy efficiency.

NEXTDC is dedicated to monitoring, tuning and continuously improving the way we manage our data centres, to:

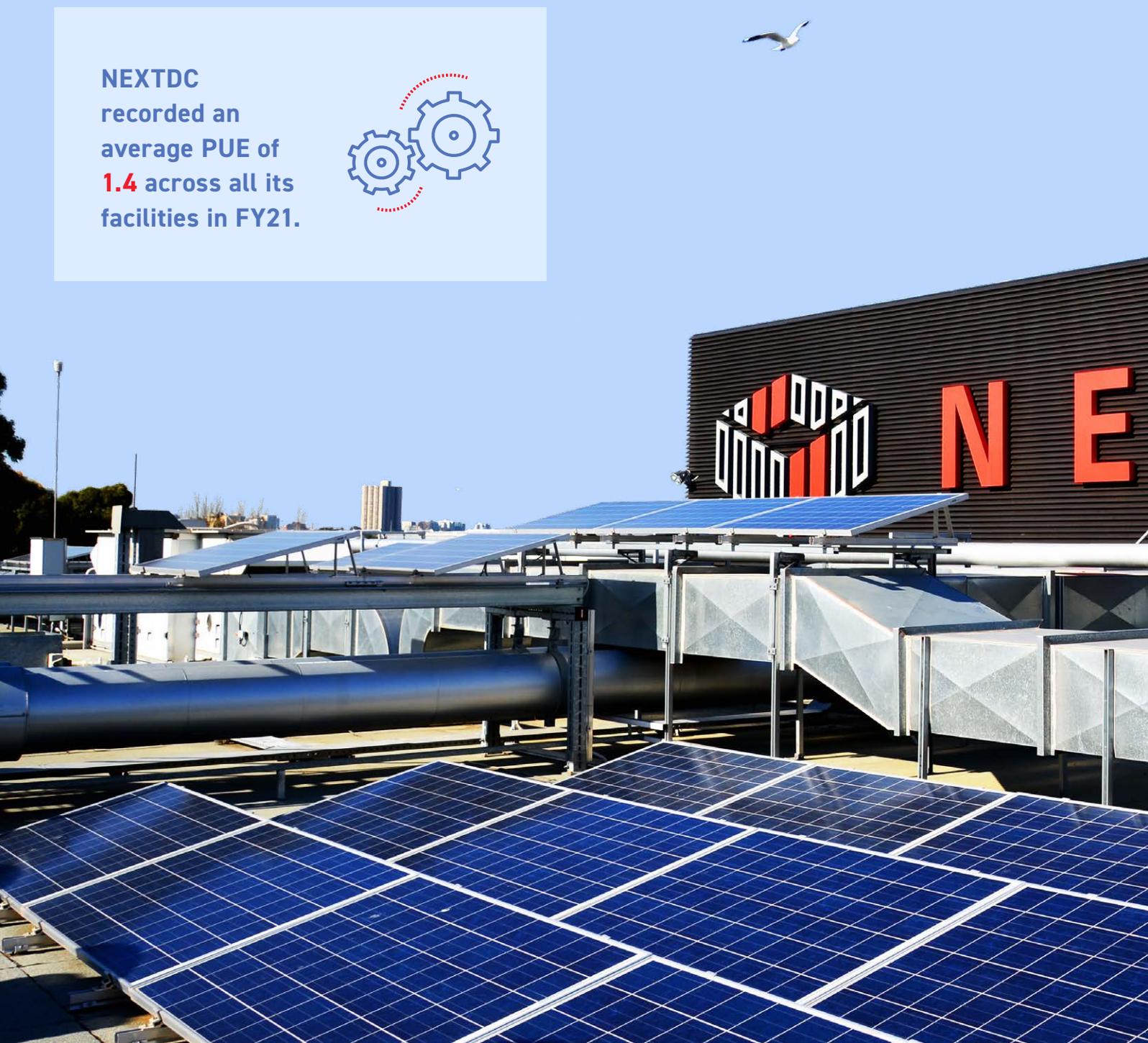
- Deliver the highest levels of energy efficiency
- Minimise our impact on the environment and natural resources; and
- Meet and exceed the minimum environmental legislative requirements.

We take pride in not just providing great service, but also in contributing to our customers' own emission reduction targets by focussing on technologies that optimise efficiency and minimise environmental footprint. This helps us attract customers and increase our business performance.

NEXTDC's environmental risks and opportunities are integrated into our enterprise-wide risk management processes and are managed as part of the overall business strategy. Facility level risk assessments are undertaken regularly as part of planning processes and take into consideration operational and environmental risks, constraints and challenges at facility level. These risks are managed in line with NEXTDC's Risk Management Framework and reported as required to the leadership team and the Board.

NEXTDC's Energy and Environmental Policy has been established to achieve the above by setting meaningful and achievable objectives and targets, overseen by NEXTDC management and the Board.

**NEXTDC**  
recorded an  
average PUE of  
**1.4** across all its  
facilities in FY21.





“

Our facilities are operated with the aim of minimising our environmental footprint; to meet the needs of the present without compromising our future.”

**Simon Cooper**

**CHIEF OPERATING OFFICER, NEXTDC**



# ENVIRONMENTAL OBJECTIVES

## Objective 1:

### DESIGN DATA CENTRES USING THE LATEST TECHNOLOGY TO REDUCE ENERGY USE, IMPROVE INDOOR ENVIRONMENT QUALITY AND REDUCE IMPACT ON THE ENVIRONMENT.

NEXTDC builds and operates a national footprint of Australia's most energy efficient data centres, evidence that our industry can be advanced by organisations engineered to both support the environment and improve business efficiencies. In 2018, M1 became the first data centre facility in Australia to achieve a NABERS 5-Star rating for energy efficiency. In FY20, NEXTDC has achieved the same for its S1 Sydney facility, making it the only data centre facility in New South Wales and the second in Australia to achieve a NABERS 5-Star rating for energy efficiency.

NEXTDC's continued investment and commitment into certification through NABERS has set new benchmarks in the country by achieving a level of certified energy efficiency not previously attained in the industry. NEXTDC's second-generation data centres will deliver even higher levels of energy efficiency, with B2, M2, P2 and S2 showcasing world-leading engineering that will better support our business, the environment and our customers' as well as stakeholders' long-term needs.

#### CASE STUDY:

#### Repurposing of Sydney S3 Grounds

During the early works phase of the S3 Project in Sydney, NEXTDC broke new ground for engaging with indigenous businesses as part of the procurement process. Delta Group, the Principal Early Works Contractor for this development in Artarmon, on Sydney's lower North Shore, awarded the bulk excavation works for the project to Eather Group, a 100% owned indigenous business. It represents one of the most significant projects in the civil construction industry to engage an indigenous owned services company.

Eather Group's participation introduced two indigenous concepts to the project.

The first concept was to embrace the 'traditional Indigenous trading economy'. This serves to reflect traditional protocols and trade practices from pre colonisation times, Eather Group consulted with the Metropolitan Local Aboriginal Land Council, an organisation which encourages Indigenous enterprises to engage directly with mainstream industry, which in turn creates meaningful opportunities for local Indigenous owned businesses. As part of this process, the project was also introduced to a nominated local Indigenous sub-contractor, Kangaroo Transport which was invited to participate in the project.

The contribution of Eather Group and Kangaroo Transport resulted in a total of 5,020 truck and trailer movements and over 240,000 tonnes of material disposed of off-site.

Together Eather Group and Kangaroo Transport have contributed 18,000-man hours, which represents 30% of the total man hours worked during the Early Works Phase of the project.

The second concept is 'the Indigenous Circular Economy in Action'. In addition to providing haulage and transportation, Eather Group introduced sustainability initiatives and solutions for minimising the disposal of virgin excavated natural material (VENM) generated as part of the bulk excavation on the project. The concept involved transporting over 155,000 tonnes of VENM to PGH Brickworks in Western Sydney where the material will be repurposed into bricks for the construction industry.

This supply of the raw materials from the S3 excavation project will contribute to the production of 117,000,000 recycled bricks. Enough to supply the construction industry across New South Wales for ~5 years.

Further leaning into the concept of a "circular economy", NEXTDC will incorporate material components generated from the bulk excavation, into the S3 data centre in the form of interpretive artworks to be displayed in the facility's 'Front of House' customer reception area.



NABERS is a national rating system that measures the environmental performance of Australian buildings by measuring the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment. The rating scale ranges from one to six stars, with six stars indicating market leading performance and one star indicating that the building under review has considerable scope for improvement.

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, even if there is an energy outage or heatwave. Fuel levels at each data centre are topped up to ensure the generators can continue to operate for up to 48-hours without any utility grid power. Emergency fuel supply contracts are in place with major fuel suppliers to cover the unlikely event of interruptions extending beyond that duration. NEXTDC's Uptime Institute (UI) certifications for our facilities reflect the exceptional fault tolerance of our data centres and their resiliency to the impacts of climate change. Staff and vendors are trained to operate and maintain the data centre in accordance with UI's Operational Sustainability best practice standards. These training programs have been rolled out nationally

to all our data centres in FY20. 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 and set a new global benchmark in data centre design to deliver the highest possible level of sustainability for our customers and our environment. We are responsible for building the critical infrastructure for the digital era that will support our future generations. This is a responsibility we take very seriously.

When building new data centres, NEXTDC assess and seek to mitigate environmental risks, by considering:

- The effect construction might have on cultural heritage sites
- Its environmental impact of the site's construction and operation
- The generation of excessive dust and/or noise; and
- The development of an effective energy, waste and water management plan.

As part of site selection for new data centre locations, NEXTDC also undertakes extensive due diligence, including flora and fauna studies to ensure native wildlife and vegetation are protected. Should any asbestos be found during construction, this is managed and overseen by a licenced hygienist.

## CASE STUDY:

### Sustainably constructed Facility - B2

NEXTDC started the journey to develop its first Generation 2 data centre in Brisbane (B2), when it secured the site in May 2016. B2 is NEXTDC's flagship second generation facility, designed and constructed to the highest industry standards. B2 achieved the Uptime Institute's Tier IV Certification from the Uptime Institute (UI). World-leading sustainability outcomes were targeted from the very beginning of the design and engineering process.

UI's certification program is globally regarded as the leading third-party verification standard for data centre performance, with Tier IV being the highest classification attainable. By working closely with project contributors, including the UI, NEXTDC achieved a new energy efficiency benchmark by eliminating complexity and engineering air-flow solutions that reduced cooling requirements. For example, the critical mechanical and electrical plant were positioned proximate to data halls to optimised heat flow and ejection.

The B2 site was originally an old office building, meaning the construction project's embedded carbon footprint was diminished substantially by repurposing the existing structure, rather than demolishing it. Floor loading was a challenge, as data centres need to sustain more weight than office buildings. By introducing an innovative carbon fibre reinforcement design to the legacy building slabs and including additional structural columns, the need to demolish and replace the entire building was eliminated.

Design and engineering innovations pioneered at B2 have been further deployed throughout NEXTDC's second and third generation designs and construction methodologies, including M2, S2, P2 and S3. Continual improvement in energy efficiency is a priority for all NEXTDC's design, engineering and construction projects and this has served to entrench the Company's position as a sustainability leader.



## 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, ensuring optimal energy efficient as possible when delivering services.**

We acknowledge that our customers and our data centres have increasing IT power requirements year-on-year. NEXTDC controls the non-IT power usage portion of the data centre environment as part of its energy management plan. The performance of this is measured through PUE, an internationally accepted standard metric used to rate the efficiency of each of NEXTDC's data

centres. This represents the ratio of total power consumption divided by the usable power delivered to customer IT equipment. A low ratio represents effective reuse and recycling of heat in a data centre facility.

In FY21, the total power consumed by all NEXTDC data centres nationwide reached 345,988MWh with the average PUE across all data centres being 1.4, which is in-line with NEXTDC's target PUE of 1.4 and compares very favourably with an Australian industry average of approximately 1.7. This is however slightly higher than the 1.3 average recorded in FY20, due to two new facilities (S2 and P2) that were introduced in the last reporting period. Tuning activities for these facilities are underway to further optimise energy consumption.

#### Continuous tuning of Mechanical, Electrical and Plumbing (MEP) areas for maximum efficiency

Power costs are a significant operational overhead for NEXTDC's customers. Sustaining an industry leading average Power Utilisation Effectiveness (PUE) rate of 1.4 is key to NEXTDC's success in attracting and retaining customers. By comparison, the Australian industry average is approximately 1.7 and the global average for one of NEXTDC's key competitors was recently reported at 1.51.

NEXTDC's Power efficiency 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. Additional NEXTDC facilities are undertaking the process of achieving the same or better rating.

Efficient operations ultimately have a significant impact on data centre sustainability and reducing the environmental footprint of the accelerating digital transformation which is instrumental to modern economies and communities.

NEXTDC's superior levels of energy efficiency are achieved through the rigorous efforts of NEXTDC's Central Operations team continuously reviewing and tuning Mechanical and Electrical Plant (MEP). The Central Operations specialists enable the optimisation of heat flow and power usage based on real-time customer power loads and seasonal ambient climactic 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. Machine learning and artificial intelligence technologies are increasingly employed throughout NEXTDC facilities, to make real-time adjustments that maintain optimal settings for energy efficiency without the need for human intervention. In 2021, NEXTDC launched a PhD scholarship program at LaTrobe University, driving further research into data centre efficiency.

NEXTDC's industry-leading credentials in efficient operations is demonstrated through the achievement of Uptime Institute's Tier III and IV Gold Operational Sustainability accreditations, a certification that independently verifies NEXTDC's undeniable capability in managing and negating risk. Furthermore, demonstration of NEXTDC's operational excellence is cemented by the vast array of industry awards.



In FY21, alongside the continuous tuning of MEP for maximum efficiency, NEXTDC continued to engage in various initiatives to minimise and continuously improve our PUE rating:

- **Maintaining the latest data centre recommendations from The American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE)**

The data hall supply air temperature has been increased from 22 to 25 degrees Celsius with relative humidity across a much broader band, which allows NEXTDC to improve energy efficiency without reducing infrastructure reliability.
- **Optimum placement of the floor grills**

Careful management of floor grill placement increases the temperature of the return air from the data halls, which improves the efficiency of the cooling plant.
- **Air-side free cooling**

The use of external air sources, coupled with the optimum placement of floor grills, further improves energy efficiency.
- **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 and P1 to drive the cooling plant efficiency. P2, which was fully commissioned in July 2020, has the same operational capabilities.
- **Rack blanking panels**

Racks are checked regularly and blanking panels are placed in the empty spaces, which significantly reduces the energy required to cool the data halls.
- **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.
- **Fan speed tuning**

A process for on-going monthly operational checks was implemented in FY20 to further optimise the efficiency of the data centre cooling systems.

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

Water is used as the main medium for heat transfer in and out of the data halls. NEXTDC commits to optimising the use of water in its facilities by reusing, recycling and recovering water to the extent possible as part of our plan to manage our short and long-term water needs and reduce our impact on the environment. Our proactive approach to responsible water management, as a minimum, complies with water licensing requirements set by industry regulators.

Alternative water management options are explored to mitigate our impact on an ongoing basis. Analysing the facility design and identifying opportunities for improvement or seeking further data is an ongoing requirement for the Facility Managers and part of their quarterly goals. During FY21, an internal review of effective water usage was conducted at every facility. This resulted in a water efficiency program which also included the implementation of additional metering devices at all facilities. This provided deeper analysis on water usage across our facilities and best practices. Some early outcomes included reduced consumption in some facilities and upgrading our chemical dosing systems and identifying leaks. This information is fed back to the engineering and capital works teams via our continuous improvement program and implementation into future data centre build designs.

The efficiency of NEXTDC's water usage is measured through the WUE rating metrics for each of our data centres. NEXTDC has adopted this industry-standard metric which helps data centres measure how much water a facility uses for cooling and other operational needs. This represents the ratio of total site water used divided by IT equipment energy usage. A low ratio represents effective reuse and recycling of water in a data centre facility.

Water usage includes cooling, regulating humidity and producing electricity onsite. IT equipment energy includes any power drawn by hardware used in the day-to-day functioning of the data centre. WUE is tracked and reported as part of the weekly operational dashboard presented to Management. In FY21, NEXTDC's total water consumption was 392ML and we recorded an average WUE of 1.74.



**Waste Management: Commit to a target goal of at least 90% diversion of solid waste from our operation, with ongoing commitment to prevention, elimination or reduction of wasteful practices and recycling.**

Reducing waste generation through the prevention, reduction, recycling and reuse of waste produced during operations is a priority for NEXTDC. In line with the Australian National Waste Policy 2018, we have adopted the waste hierarchy reflecting the principles of a circular economy. These seek to retain the value of resources, through reuse, recycling and reprocessing, for as long as possible to reduce the impact on the environment. All waste generated across NEXTDC's operations is managed in accordance with NEXTDC's Waste Management Plan as well as the Hazardous Materials Management Procedure.

In FY21, NEXTDC established its Zero Waste Management Program, building the roadmap to achieving Zero Waste certification by committing to 90% diversion from landfill. Our target is to achieve certification for at least one facility by Q1 of CY2023. In meeting these targets for reduction, we are taking a systemic approach aimed at changing how materials flow through the facility whilst considering the entire lifecycle of products used. Below are the steps taken to improve our waste diversion rate:

- Conduct a thorough audit/gap analysis to identify opportunities for efficiency and improvements.
- Reduce the amount of waste being produced. This means focusing on our supply stream and what is coming into the

facility. We are actively promoting our program both internally and to external stakeholders to bring in only items that are recyclable or compostable

- Standardise all our recycling bins. We believe that consistency is keen to make it simple and easy for our employees and visitors to do the right thing. In standardising our recycling bins, we have developed a consistent visual standard with key colours throughout the facility so people can quickly learn how to recycle properly. We have bins placed where required, and in heavy traffic areas to facilitate waste disposal appropriately
- Improve the graphics and signage on our bins. Studies have concluded that people have 2-3 seconds to decide where to put an item when disposing their waste. We have ensured clear signages with examples and graphics that stand out is available for each bin, in showing people exactly what goes where, and to communicate our sustainability message
- Communication and awareness. We truly believe that education and raising awareness of these activities, both internally and externally (contractors, suppliers, customers etc.) is key to our success in promoting a greener economy. We are actively communicating our target, the requirements and most importantly, our ultimate goals and why we are doing this in getting everyone onboard the program; and
- Measure and report on our progress. NEXTDC's waste management initiatives are measured and shared with Management regularly, with Facility Managers, both held accountable and rewarded for achieving site level targets.

NEXTDC produced 268 tonnes of waste during FY21, with 91 tonnes (34%) being recycled and saved from going into landfill.

The following reduction activities have continued to be carried out in FY21 in all our facilities:

- Clearly marked bins for separate recycling streams such as 'cardboard and packaging materials' are made available for all customers and staff in all NEXTDC facilities. These include deploying coloured bins for general waste, cardboard waste and commingled waste so customers and staff have the appropriate bin to dispose of their waste products. These are then collected and disposed of accordingly. End of life battery bins have been made available within the garbage rooms to ensure these are not disposed of within general waste. These are then collected routinely and recycled
- NEXTDC does not permit disposal of e-waste in our general waste bins. Clear signage is displayed around the disposal area to remind staff and customers of this. All replacement fluorescent lights are placed into recycling boxes to ensure these are not disposed of within general waste. These are then collected routinely and recycled; and
- E-waste (computers, phones, etc) disposal options for customers implemented.



By using DocuSign, from implementation in 2015 to date, NEXTDC has saved:



**4,970 kg of wood = 33 trees**



**122,114 l of water = 23 washing machines**



**11,665 kg of carbon = 2 cars**



**808 kg of waste = 30 rubbish bins**

## Reduce emissions produced by NEXTDC facilities

NEXTDC's estimated carbon footprint data includes:

- **Scope 1** (direct) emissions arising from our operations such as from fuel combustion, fugitive 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 that occur in our value chain are monitored and reported where they are material and relevant under the Australian Climate Active Carbon Neutral Standard for Organisations.

NEXTDC's material sources of carbon emissions relate to grid supplied energy and diesel use. Through the careful management of necessary engine testing NEXTDC endeavours to keep non-emergency use of diesel to a minimum. Over the reporting period, NEXTDC consumed 214.10kL of diesel nationally, representing 429-hours of diesel supported load. NEXTDC's generators are also set to run at maximum efficiency, which reduces their emissions. Refer to 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 on the Australian Government's Climate Active website.

## NEXTDC's carbon neutrality

In November 2018, NEXTDC was a certified a carbon neutral organisation under the Australian Federal Government's Climate Active Carbon Neutral Standard. The Climate Active initiative is a partnership between the Australian Government and Australian businesses to encourage voluntary climate action. Organisations who become carbon neutral, under mechanisms set out in the Kyoto Protocol and Paris Agreement, receive certification and can display the Climate Active trademark.

First granted for the FY18 reporting period, NEXTDC renews our organisational certification each financial year through the audit and certification of our 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.

During FY21, NEXTDC extended its Climate Active certification by becoming the first data centre services company in Australia to have our colocation solution certified as a carbon neutral product. This Australian Government-certified carbon offset procurement program is offered to customers under the NEXTneutral branding. NEXTneutral is a zero-complexity opt-in for customers, enabling them to offset 100% of the carbon footprint attributable to their infrastructure housed at NEXTDC.

Customers simply tick-a-box in their infrastructure management portal, as you would when purchasing flights and pay around the cost of a cup of coffee per kW, per month to achieve carbon neutrality with NEXTDC.

NEXTDC has partnered with Qantas Future Planet and Tasman Environmental Markets to source carbon credits for both the organisational and NEXTneutral certification programs. A careful selection process is employed, using criteria including the credentials of the projects which produce those credits, their alignment to the Sustainable Development Goals adopted by the United Nations General Assembly, as well as the economic and ecological value of those credits to all stakeholders.

To date, credits have been sourced from three key projects (detailed below):

- Great Barrier Reef Restoration Project (Queensland, Australia)
- West Arnhem Land Fire Abatement Project (Northern Territory, Australia); and
- Maharashtra Wind Power Project (Maharashtra, India).

## Renewable energy

NEXTDC has always been proactive in working to reduce energy consumption and reduce its dependence on non-renewable energy sources, where practical and economical. NEXTDC is actively engaged in directly procuring and investing in renewable energy, to develop and execute a strategy that will ensure it transitions over the near to medium term. NEXTDC also wants to keep the cost of its electricity (and so the cost to its customers) in line with or better than market rates. Ideally, the respective local distribution grids will also provide improved levels of sustainably generated energy over time.

NEXTDC's M1 data centre has a 400kW rooftop solar array, which was the largest rooftop solar array in Australia at its commissioning in 2014. In FY21, it produced 792MWh in renewable energy, which provided an offset of over 847 tonnes of CO<sub>2</sub>. The array produced around 0.3% of the electricity used by NEXTDC's customers at M1, reduces our peak demand from the grid and continues to support the work of the City of Melbourne in achieving its sustainability and clean energy goals. NEXTDC has been evaluating the installation of similar rooftop arrays at other facilities with feasibility assessments on-going. The installation of incremental cooling infrastructure previously precluded the installation of such an array at some of our facilities. As the facilities approach full capacity and incremental cooling infrastructure is no longer needed, rooftop solar becomes an option for generating renewable energy. NEXTDC's S1 Sydney data centre has now reached its full mechanical capacity and no longer requires roof access for new infrastructure installations. NEXTDC has consequently commenced installation of a solar panel array on the S1 rooftop. This work is in progress and is expected to soon be operational.

In addition to the above, we are currently working with several electricity market participants on off-site renewable generation projects, with associated physical and financial hedges, to promote further reductions in our reliance on non-renewables and manage the procurement risk in switching to renewables.



### NEXTneutral - NEXTDC's Carbon Neutral Program for Customers

In FY18, NEXTDC delivered yet another industry first by having the carbon emissions of our corporate operations audited and accredited under the Climate Active as 100% carbon neutral. Forming a strategic partnership with Qantas, NEXTDC became the first data centre operator in the region to achieve carbon neutrality by purchasing carbon credits through the Qantas Future Planet (QFP) carbon offset program.

Our goal since, has been to help every one of our customers to achieve 100% carbon neutral corporate operations when they colocate at any of our facilities, a first in the Asia Pacific region. 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 ecosystem, enabling our customers and partners to leverage the carbon offset capability we have built through our own corporate program.



Native vegetation, reforestation and conservation.



Indigenous fire management



Renewable energy.

## Objective 3:

# COMPLY WITH ALL APPLICABLE LEGISLATIVE AND REGULATORY REQUIREMENTS RELATING TO ENERGY AND THE ENVIRONMENT.

NEXTDC's operations and approach to carbon emissions is compliant with the Australian Federal Government's National Greenhouse and Energy Reporting (NGER) Act 2007 and all associated guidelines pertaining to that statute. NEXTDC continues to report annually on our greenhouse gas (GHG) emissions and energy consumption and production under the NGER Scheme.

Operationally we continue to maintain facility operational requirements imposed by various state governments, e.g. monthly cooling tower water sampling for contamination, annual lift registrations, fire testing requirements, etc. Most recently, we completed a cladding review to comply with Queensland Building Regulation requirements for building owners to register their buildings and complete the combustible cladding checklist. This review was undertaken nationally for all facilities.

### 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:

- 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; and
- Heritage Acts – cultural heritage obligations for each site.

“

At NEXTDC, we take our compliance responsibilities very seriously. We believe that an effective Compliance Framework is the foundation of good governance.”

**Michael Helmer**

**CHIEF LEGAL OFFICER AND  
COMPANY SECRETARY**



## Objective 4:

**INCREASING THE AWARENESS OF HOW EACH INDIVIDUAL  
AT NEXTDC CAN CONTRIBUTE TOWARDS REDUCING  
THEIR IMPACT ON ENERGY USAGE AND THE ENVIRONMENT.**

Mandatory operational training has continued to be rolled out throughout FY21. Forums such as the CEO and COO townhalls have been used to embed safety and environmental awareness throughout NEXTDC. In FY21, we performed detailed reviews of suppliers' Safe Work Method Statement (SWMS). All our suppliers reviewed in FY21 have met the mandatory environmental requirements. Furthermore, we have improved our internal procedures and staff training in relation to the prevention of environmental incidents and our response. Staff training at each facility has included a re-enactment of a diesel spill to actively practise how to use the spill kits and other activities which negate or reduce the effect of these types of incidents.



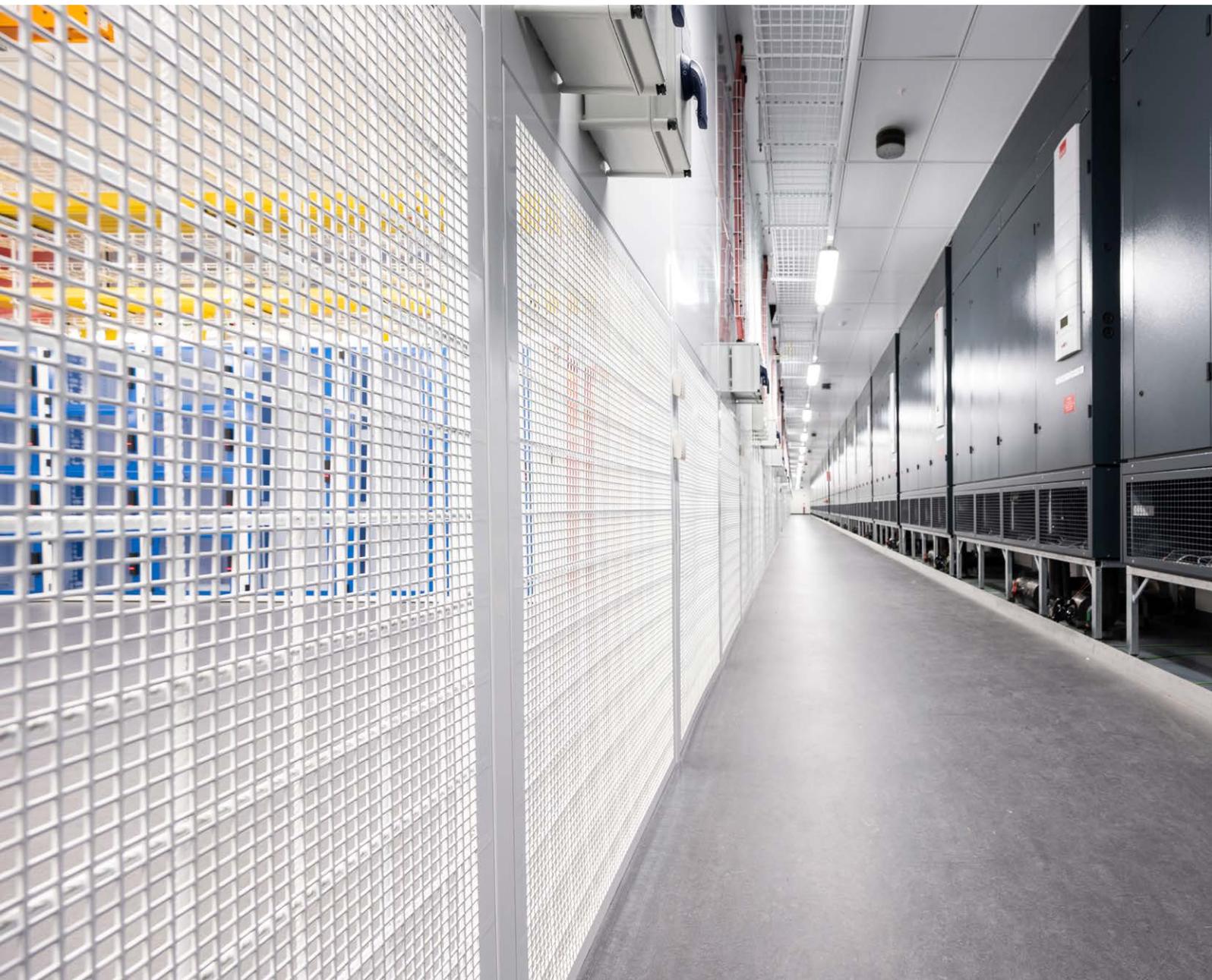
## Objective 5:

# MAINTAIN COMMUNICATIONS WITH EMPLOYEES AND EXTERNAL STAKEHOLDERS ON ENVIRONMENTAL ISSUES AND TRANSPARENT REPORTING ON OUR ENVIRONMENTAL PERFORMANCE TO INTERESTED PARTIES.

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

NEXTDC follows a regular reporting cadence on all environmental initiatives. The Board receives quarterly updates on our environmental performance. Assurance on environmental controls is provided via our third-party assurance programs such as ISO14001 and ISO45001. Quarterly Business Reviews with our key suppliers provide the platform to discuss our expectations on meeting environmental objectives.

Externally, NEXTDC maintains relationships 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

## NEXTDC's climate change position

NEXTDC acknowledges that the global climate is warming at unprecedented levels, with widespread impacts on human and natural systems. We recognise the scientific position of the Intergovernmental Panel on Climate Change (IPCC) that rising concentrations of greenhouse gases (GHG) emitted by human activities are the primary driver of climate change. We share the aim of the Paris Agreement to keep the rise of global temperatures this century to well below 2 degrees Celsius (above pre-industrial levels) and the ambition to limit further warming to 1.5 degrees Celsius. We acknowledge adaptation and mitigation to be complementary strategies for reducing and managing the risks of climate change.

In achieving the above, we are committed to decarbonisation to minimise and prevent severe, pervasive and irreversible impacts on people and ecosystems in the future. With data centres estimated to consume around 10% of the world's energy and most of the world's Internet Protocol (IP) traffic going through data centres, the low-carbon operation of data centres is becoming an important parameter in a climate-resilient economy. This will also create new challenges for the cost and availability of power and will shape data centre legislation, regulation and technology.

NEXTDC's vision is to help enterprises harness the digital age with a view to improving our society through the advancement of technology. Climate change threatens these advancements, noting also that digitalisation acts as an enabler of decarbonisation and plays an important role in climate action. NEXTDC's services centre around Power, Security and Connectivity and climate related considerations are embedded in our core strategy of operational efficiency and 100% uptime. We optimise resource and greenhouse gas (GHG) emissions efficiency across our data centres' lifecycles. We also strive for operational resilience to climate change driven increases in extreme weather events and chronic impacts through our 100% uptime guarantee.

## NEXTDC's Taskforce on Climate-related Financial Disclosures (TCFD) implementation

Following the planning work in FY20, we have been working with external experts throughout FY21 to align our response to climate change, conducting climate-related risk assessments and developing our reporting in line with the recommendations of the TCFD. Our work has been focussed on building on our understanding of climate change driven risks and opportunities to our strategic/financial plans including our operating model and the underlying management processes.

Our TCFD Implementation Program Working Group (consisting of the VP of Strategy and Investor Relations, Senior Risk and Compliance Manager and third-party subject matter experts) engaged with key stakeholders from across the business involved in the management, development and support of NEXTDC's climate change objectives and priorities. In FY21, the working group focussed on assessing the effectiveness of our governance and risk management frameworks to address climate change issues and defining our businesses' climate-related risks and opportunities.

The following sections summarise our current approach and our future plans to manage climate change and its related impacts across the business, disclosed in alignment with the recommendations of the TCFD.

The Recommendations of the **TCFD** is a voluntary framework for climate-related financial disclosures. It helps public companies and other organisations more effectively disclose climate-related risks and opportunities through their existing reporting processes measured against the following core elements:

### Governance:

Disclose the organisation's governance around climate-related risks and opportunities.

### Strategy:

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material.

### Risk Management:

Disclose how the organisation identifies and manages climate-related risks.

### Metrics and Targets:

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

The characteristics of climate risk, particularly non-linearity, compound effects, long timeframes and how their occurrence is not referenceable in past events, are inherently challenging for standard Enterprise Risk Management systems. TCFD disclosure therefore typically present the information tabulated along the risk "type", being transition risk related to policy and legal, technology, market, reputation as well as chronic and acute physical risks related to shifts in climate patterns and severe weather events, the applicable time horizon (short, medium, long-term), the most relevant scenario and risk mitigation and control measures.

## 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 independent non-Executive directors on the Board have previous executive experience in emissions-intensive sectors, including engineering, operations, mining and resources, and are therefore well-versed in climate-related issues, including energy efficiency. The Board is supported by the Audit and Risk Management Committee (ARMC) where climate-related risks are considered 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 strategic business development.

The Board is updated on risk and compliance activities by the Chief Legal Officer/Company Secretary as a standing agenda item. This includes climate-related risk and compliance issues. The Board also reviews and discusses climate-related opportunities identified and the governance in place to manage these issues such as, for example, energy efficiency opportunities. The Board also received regular briefings on management's progress on the implementation of the TCFD workplan and the ongoing development of NEXTDC's climate change strategy.

Reporting directly to the Board, NEXTDC's Executive Leadership Team (CXO) is committed to climate change action and environmental sustainability as key considerations in every aspects of the company operations. The Chief Operating Officer (COO) and the Chief Financial Officer (CFO) together with the Chief Executive Officer (CEO), hold primary accountability for strategic leadership on climate-related issues and their financial impact.

Other senior Executives, who have climate change related responsibilities embedded as core to their accountabilities, include the Chief of Engineering and Design (CEandD), Head of Central Operations and VP of Investor Relations and Strategy.

Where relevant, performance against sustainability goals is explicitly included in relevant CXO remuneration plans. The short-term incentive (STI) hurdles include climate-related metrics, including uptime, PUE (directly linked to GHG), compliance and upholding of operations standards, as well as NABERS ratings.

## Strategy

NEXTDC has a strong commitment to offering customers Australia's most energy efficient, sustainably managed data centres with our high standards of performance driven by innovative design, engineering and operational excellence. We also operate in a capital- and energy-intensive industry that demands the uninterrupted operation of our data centres. Physical and transitional climate-related issues and their potential impact are therefore intrinsically linked to NEXTDC's business strategy and financial performance.

During FY2021, we undertook a process to identify the climate-related risks and opportunities for our business, strategy and financial planning. Consistent with TCFD requirements, short, medium and long-term timeframes were used to structure the risk assessment in the context of NEXTDC's market and 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 to 2030 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

The table below sets out the potentially significant climate-related risks and opportunities identified through this process, as well as the key response strategies we are implementing.

Topic	Description of risk and/or opportunity	Time horizon	Control and mitigation
Reputation	<p>NEXTDC's climate change-related disclosures may fall below stakeholder expectations of an ASX100-listed company.</p> <p>This may impact our ability to attract capital, deliver shareholder returns and execute growth plans (including consideration as a preferred supplier or partner).</p>	S/M	<ul style="list-style-type: none"> <li>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 in FY21 and FY22</li> <li>We undertake regular and transparent engagement with investors on ESG related concerns including climate change.</li> </ul>
Reputation	<p>NEXTDC's strategic response to climate change may not meet investor and other stakeholders' expectations.</p> <p>This may impact our ability to attract capital, deliver shareholder returns and execute growth plans (including consideration as a preferred supplier or partner).</p> <p>There is also an opportunity to exceed stakeholder expectations in this area, further strengthening our reputation and presenting the business as a supplier and/or investment of choice.</p>	S/M/L	<ul style="list-style-type: none"> <li>Our core customer offering includes best practice energy efficiency levels and a carbon neutral service offering (recently released to market) with offsets procured via a reputable third-party broker.</li> <li>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.</li> <li>We are in the process of developing decarbonisation plans and targets which are aligned with goals of the Paris Agreement.</li> </ul>
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 in increased pass-through of costs incurred by electricity producers and retailers.</p> <p>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>	S/M/L	<ul style="list-style-type: none"> <li>An internal legal team maintains oversight of emerging regulations that may impact our business directly or indirectly, with support from external counsel where required.</li> <li>The majority of customer contracts in place allow for direct pass-through of electricity costs, 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.</li> <li>We actively pursue renewable electricity supply contracts as a component of our electricity cost and risk management strategies (including investment in both on-site and off-site renewable generation).</li> <li>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 our facilities, ISO14001 certification at all sites and publicly disclosed national average Power Utilisation Effectiveness (PUE) ratios.</li> </ul>
Legal	<p>As a listed organisation, NEXTDC's directors have legal and fiduciary duties to consider foreseeable climate change related risks. If these are not adequately performed, the company and directors may be exposed to legal actions by shareholders.</p>	S/M/L	<ul style="list-style-type: none"> <li>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.</li> <li>Board members have diverse technical backgrounds (including science and engineering) and include non-executive directors with skills and experience in climate-exposed sectors.</li> </ul>

Topic	Description of risk and/or opportunity	Time horizon	Control and mitigation
Technology	Decarbonisation of NEXTDC's buildings and services may incur higher costs and increased operational risks associated with new technologies required.	M/L	<ul style="list-style-type: none"> <li>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.</li> </ul>
Market	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.	S/M/L	<ul style="list-style-type: none"> <li>NEXTDC pursues competitively priced electricity and diesel on an ongoing basis to manage this cost. Since 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).</li> <li>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.</li> </ul>
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.</p> <p>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> <p>There is also an opportunity to offer the market a best practice product with respect to low emissions intensity and physical resilience. This could expand our market share and consolidate existing strong partnerships with key customers.</p>	M/L	<ul style="list-style-type: none"> <li>NEXTDC's hyperscale customers include companies that are leaders in sustainable supply chain management, driven by their own strategic goals and stakeholder expectations<sup>1</sup>. 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.</li> <li>NEXTDC continues to work with all its partners and customers to explore opportunities to increase the sustainability of all our operations. An example is the recent launch of 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.</li> </ul>
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"> <li>Damage to local power lines, local grid power outages, disruption to back up diesel supply for generators</li> <li>Damage to communication lines to a NEXTDC data centre, resulting in an unplanned disconnection event</li> <li>Disruption to water supply used for cooling towers (critical to continue functioning data centres safely).</li> </ul>	S/M/L	<ul style="list-style-type: none"> <li>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.</li> <li>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 play a critical role in our 'Uptime Guarantee'.</li> </ul>

<sup>1</sup> For example, one customer has announced a target to reduce scope 3 emissions by more than half by 2030 through steps including use of an internal carbon price to cover procured products and services and implementation of "new procurement processes and tools to enable and incentivise our suppliers to reduce their scope 1, 2 and 3 emissions". Another customer has made a series of commitments around working with suppliers to reduce energy and raw material use and maximise use of renewable energy in its 2020 Supplier Responsibility Report.

## Risk Management

NEXTDC's Risk Management Framework and related risk management policies and procedures are in place to help identify, assess, monitor and manage our risks. How this is achieved is discussed in detail within the Risk Management section of this report.

NEXTDC's Enterprise-Wide Risk Register (EWRR) captures risks that can affect the achievement of NEXTDC's strategy and goals,

including climate change related risks. The EWRR is reviewed, updated and shared with the Board at least annually. In addition, the Environmental and Climate Risk Register (ECCRR), supplementary to the EWRR, captures all transitional and physical climate change risks identified for monitoring over the longer term. Other processes considering climate-related risks include the Engineering and Design Risk Register and the Central Operational Risk Register. These lower-level risk registers are updated periodically, with their review cadence dependent on the subject matter and business unit.

### What's Next?

Having completed the work to identify our climate change risks and opportunities, we have now commenced work to define the key focus areas of NEXTDC's Climate Change Strategy to address the climate change impacts identified (both risks and opportunities) and ensure ongoing alignment with our broader business planning activities. Outcomes of this process will materialise over the coming months and will be published by the end of CY2021. Alongside this in FY22, we will focus on further developing our climate response and climate-related transition plan.

This will see NEXTDC consider a multi-year roadmap to:

- 1** Define our strategic priorities for climate change
- 2** Define climate-related metrics, including a review of the relevance of a set the cross-industry metrics proposed by the TCFD (2021) currently under consultation
- 3** Set meaningful targets
- 4** Estimating the climate-related financial impact of our risks and opportunities
- 5** Introduce scenario analysis to test the resilience of our strategies and financial performance
- 6** Articulate our transition plan to a lower carbon economy



# EXTERNAL INITIATIVES

NEXTDC participates in benchmarking assessments and maintains our memberships with key bodies. Together with our partnerships and stakeholder feedback, these assessments and memberships allow the Company to track performance against relevant industry standards and peers to ensure continual improvement in the way we conduct business.

## ISO Standards

All NEXTDC facilities, including the Head Office in Brisbane are certified to **ISO 9001 (Quality Management System)**, **ISO 27001 (Information Security Management System)**, **ISO14001 (Environmental Management System)** and **ISO45001 (Work Health and Safety Management System)**. The scope of these certifications covers the operations and maintenance of the data centres and associated services. Stakeholders involved in the development and governance of these initiatives included the senior management team, heads of departments throughout the organisation and Risk and Compliance. Besides reiterating a sound management system in these areas, these certificates meet customer expectations in the respective areas.



## PCI-DSS

PCI-DSS is a proprietary information security standard for organisations that handle credit cards 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 forms 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, availability of data centre etc.).



## Service Organisation Control (SOC) Reports

NEXTDC has issued SOC1 Type 2 and SOC 2 Type 2 assurance reports for its M2 Melbourne and S2 Sydney facilities.

Service Organisation Control (SOC) 1 Type 2 Reports are issued to support our customers in their annual financial statement audits. It provides assurance on controls at NEXTDC relevant to the internal controls over financial reporting (ICFR) for our customers. SOC2 assurance report reflects NEXTDC's ability to meet the Trusted Services Criteria for Security, Availability, Processing Integrity, Confidentiality and Privacy. It examines how, as an organisation, NEXTDC designs and operate the controls in these areas.



## 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 on their outcomes, NEXTDC has decided to pause its reporting and partnership with CDP in 2021, to focus on a proper integration of TCFD recommendations.

## FTSE4Good Index Inclusion

In December 2020, NEXTDC became a constituent of the FTSE4Good Index, having been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



FTSE4Good

## Uptime Institute

S1 and P1 have achieved UI Tier III Gold Operational Sustainability recertification in FY21. S2 Sydney and P2 Perth data centres have both achieved provisional certification to 'Tier IV Certification of Design Documents' and are 'Tier IV Certification of Constructed Facility' standard in FY21. Provisional certificates were awarded based the successful remote audit due to travel restrictions imposed by COVID-19. Final non-provisional awards will be issued following physical site visit by Uptime Institute when allowed.

NEXTDC has achieved the following awards from the Uptime Institute:

### S1 Sydney

- Tier III Certification of Design Documents
- Tier III Certification of Constructed Facility
- Tier III Gold Certification of Operational Sustainability



### S2 Sydney

- Tier IV Certification of Design Documents
- Tier IV Certification of Constructed Facility (Provisional)



### M1 Melbourne

- Tier III Certification of Design Documents



### M2 Melbourne

- Tier IV Certification of Design Documents
- Tier IV Certification of Constructed Facility
- Tier IV Gold Certification of Operational Sustainability



### Perth P1

- Tier III Certification of Design Documents
- Tier III Certification of Constructed Facility
- Tier III Gold Certification of Operational Sustainability



### Perth P2

- Tier IV Certification of Design Documents
- Tier IV Certification of Constructed Facility (Provisional)



### Brisbane B2

- Tier IV Certification of Design Documents
- Tier IV Certification of Constructed Facility
- Tier IV Gold Certification of Operational Sustainability



### Canberra C1

- 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 organisations require.

### Constructed Facility

Tier Certification of Constructed Facility ensures that the 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.

# SOCIAL SUSTAINABILITY



## Human capital development

As at 30 June 2021, NEXTDC had 273 employees that were all directly employed by the Company. NEXTDC makes limited use of self-employed contractors, with no workers covered by enterprise agreements.

We recognise the value our employees bring to the Company. All NEXTDC employees received regular performance, remuneration and career development reviews during the reporting period. Each employee is encouraged to establish a Personal Development Plan with goals and training that are individually designed depending on the employee's role and individual needs. This roadmap for achieving their goal is reviewed with their manager each quarter through the 'Check-in' process and both employee and manager are supported by our People and Culture Business Partners and Learning and Development Manager. Our 'Check-in' process is the foundation of our approach to performance and development. This quarterly conversation aims to foster a culture of continual feedback and ensure the employee is heading in the right direction for their growth with NEXTDC.

Supporting and upskilling our team members is an essential investment in our people. NEXTDC believes that a fundamental requirement of meaningful employment is the ongoing learning and professional development of its staff. We understand that life changes can throw up unexpected situations and we have leave policies in place (covering areas such as parental, personal and carers, compassionate, family and domestic violence, and volunteer day leave) and other programs to support our team members through those challenges.

We invest in our people through a range of learning and development activities, including external training programs, qualifications, internal training and workshops, self-paced on-line training and other on the job training:

- All facility staff hold the necessary licences to carry out their duties, including cabling and electrical licences.
- NEXTDC offer an Educational Assistance program to assist employees who wish to undertake a qualification or course to further their professional development and career.
- People managers participate in ongoing development involving external training, one-to-one coaching, internal workshops, webinars and online resources. In FY21 we introduced a Fast Lead program for managers who have been promoted from within the business in the past 12 months; the program aims to equip them with the essential skills, knowledge and confidence to transition from individual contributors to effective people leaders.
- In FY21 we established a key talent initiative (KTI) into NEXTDC for our high performing/high potential employees. The KTI included tailored coaching on their development plans, career mentoring sessions with our Executive team and Personal Profile Analysis to provide them with better insights into their strengths and areas for development.
- We designed a competency framework to communicate what knowledge, skills, judgement and behaviours are required and valued with respect to our various career levels within NEXTDC. This defined set of competencies provides a common understanding of what skills and behaviours our people need to develop to work more effectively and achieve their potential.
- Tech Squad forum was designed to bring together some of our senior technical experts and enable them to further develop core business skills such as collaboration, influence, negotiation and critical thinking.
- We facilitated over 40 employees to start their Cert III in Customer Engagement, Business or Telecommunications Technology, or Cert IV in Telecommunications Engineering Technology.
- All employees complete annual compliance training, which averages to approximately four hours per employee, per year.

In FY21 we increased the use of casual employees across customer facing roles. We continue to focus on hiring early-in-career talent and exploring intern and graduate opportunities across the organisation, where we have had the opportunity to extend permanent employment. In addition to bringing on new talent, we have been heavily invested in retaining our employees and this focus saw us maintain our voluntary turnover rate at 14% for the last two years.

## Employee engagement

Having an engaged workforce is vital to achieving our strategic objectives. Employee 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 to improve the level of employee engagement across the Company.

Several initiatives have been implemented throughout FY21 to address feedback from the employee survey, drive increased employee engagement and to manage turnover. These initiatives include:

- Continued focus on mental health and wellbeing, which was particularly important due to the impact of COVID-19, presenting a risk in potential employee anxiety, frustration and burnout. Initiatives are explained within the WHS section of this report.
- Created our 'Humans of NEXTDC' series which is elaborated on in the Diversity and Inclusion section of this report.
- 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 and stay connected to our company vision.
- Launched our new One Team award to allow people to recognise high performing teams who have effectively lived the One Team value, whilst going above and beyond in their contributions to a specific project or outcome.
- Delivered 'Hour of Power' Lunch and Learn sessions to build capability in several areas including communication and collaboration.
- Promoted and shared internal career stories each quarter so our people can learn how others within the business took ownership of their development.
- Invested in our people managers who were promoted from within the business to equip them with the skills to become effective people leaders.
- Continuous improvement of employee 'Check-in' process to foster a culture of continuous feedback and ongoing personal growth and development.

FY21's annual employee survey had a 78% engagement rate with very positive feedback in the areas of Social Connection, Diversity and Inclusion and Company Confidence which reflects the strong faith employees have in NEXTDC's overall strategic direction.

 **78%**

## Flexible working

AT NEXTDC, we care deeply about ensuring each of our team members has the flexibility necessary to balance their work and life priorities. As we work together to succeed as a business, we believe that providing greater flexibility will enable us to attract and retain a diverse, committed workforce and improve well-being, engagement, productivity and our overall effectiveness. Offering greater flexibility also empowers us to adapt to an ever-evolving workplace. This is particularly important given the recent challenges of COVID-19. Though flexible working has always been an option, in FY21, we took another step forward by establishing the 'The Way We Work' program to further support our flexible work approach.

Work is something we do, not somewhere we go. Our employees and contractors (where feasible) have the option to continue to work from home for as long as they need to, 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. Similarly, where work from home is not an option due to the nature of our 24/7 environment, NEXTDC facilitates options that adhere to WHS and COVID-19 requirements. An advanced technology platform has been established to enable teams to stay connected and work collaboratively no matter where they are. These options are not just short term to suit the current climate. Employees can opt to continue with these flexible work options on an ongoing basis, provided they can do so productively and safely. We also recognise that flexibility means different things to different people and our Flexible Working Arrangements Policy allows team members to work hours that better suit family, study and other commitments, adopt flexible patterns of work (e.g. split shifts or job sharing) or consider flexible leave options.

## Compliance to labour law and sanctions

NEXTDC ensures any formal grievances raised are addressed in accordance with legislative obligations including meeting 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.

## Employee recognition

NEXTDC believes that we need to reward the right behaviours if we want our people to flourish and drive long-term performance.

Employees are recognised for living NEXTDC's values every day, 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 and fortunately, we were able to deliver some of these awards remotely in FY21.

Managers are given a 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.

## 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.



We recognise there is no one-size-fits-all solution to the way we work. What matters most is being able to work productively, safely and in a way that aligns with our values.

We want to provide staff with the flexibility to contribute when and where they do their best work. For most of us that will be defined by the nature of their specific role."



**Craig Scroggie**

**CHIEF EXECUTIVE OFFICER, NEXTDC**

## 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 has 12 months to take advantage of the reward.

## 'Living our values' cards

The 'values' cards 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 card 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.

“

As a law student, working full time in the CSR team, NEXTDC has also given me the opportunity to gain real world experience within the Legal team. Aside from my role as a CSR, I now intern with the Legal team one day a week, learning from the experienced and friendly Legal Counsels while applying my studies in a meaningful way. NEXTDC has been supportive in helping me manage my work-study balance and I can't thank them enough for their support."

**Lindsey Wilson**

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**CUSTOMER SERVICE REPRESENTATIVE AT  
B2 BRISBANE FACILITY, NEXTDC**



# DIVERSITY AND INCLUSION

“

Doing what is right for NEXTDC's employees, partners and our community is critical to our business success. We aim to foster a workplace that reflects and contributes to the diverse community that we operate in. We strive for this by creating the opportunities and environment of inclusiveness, equality, wellness and fostering career growth to the benefit of our staff and the company.”

**Ellie Whitton**

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HEAD OF PEOPLE AND CULTURE

NEXTDC is committed to providing a balanced and inclusive working environment underpinned by our Diversity Policy and initiatives guided by our company values. NEXTDC is in an industry sector focussed on security, construction, electrical and mechanical engineering and IT, all of which have historically been skewed towards male participation, particularly in senior roles.

In FY21, 33% 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 Legal and Compliance, Marketing, Finance and HR).

We continue to target an improvement in the overall gender balance ratio for the Company at all levels. Our aim is to achieve a 40:40:20 ratio; made up of 40% men, 40% women and 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. In support of achieving gender balance, we are working in partnership with 40:40 Vision, which seeks to move beyond tokenism and achieve a 40:40:20 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, where 29% of our Board members are female.

To address the broader imbalance, NEXTDC actively develops and encourages gender diversity and inclusiveness initiatives to create a balanced and fulfilling workplace. The FY21 annual employee survey found 85% of employees rated our efforts on diversity and inclusion as favourable or better, identifying NEXTDC as an inclusive and respectful workplace. This was up from 78% in FY20. Our focus in this area remains ongoing and our FY22 Diversity and Inclusion program has been developed to address this. We are confident that our focus will enable us to deliver outcomes that will materially shift the needle on these topics. Furthermore, we continue to encourage and advocate for diverse and inclusive participation at all levels of the organisation. NEXTDC is continually developing a workplace that promotes diversity and fosters an inclusive culture that also recognises and celebrates the success of our team.

We are committed to growing our female employment ratio, therefore we are focussed on offering more initiatives that help our staff balance work and family responsibilities, while fostering a workplace culture that embraces diversity in all forms. NEXTDC recognises the skills, values and experiences a diversified group of people with different backgrounds can offer and we are proud of our strong and diverse workforce. NEXTDC's aim is to create a fun, inclusive and interesting workplace where we invest in our team and celebrate their achievements.

FY21 has seen so many great 'A-Players' join NEXTDC with 14% of vacancies filled with internal staff movement across the business and 25% of external hires coming through employee referrals. This is a good indication of NEXTDC's reputation in the industry and how it is perceived as an employer both internally and externally.

NEXTDC participates in the Workplace Gender Equality Annual Compliance Reporting and is compliant with the Workplace Gender

Equality Act 2012 for FY21. The detailed breakdown of employees disclosed within the Company's 2020 Workplace Gender Equality report is available at [www.nextdc.com](http://www.nextdc.com).

## Key achievements in FY21 include:

- Our approach to The Way We Work recognises and supports the diverse people, work activities, priorities and projects that drive our success. This includes flexible working arrangements with many NEXTDC employees working from home, working part-time or working flexible hours to suit their personal needs.
- Created our 'Humans of NEXTDC' series (inspired by Humans of New York by Brandon Stanton), is a spotlight series on our diverse group of people, whereby we celebrate our differences and learn from one another, personally and professionally.
- Upskilled our leaders, managers, People and Culture team, and Diversity and Inclusion Committee to understand unconscious bias and how learned stereotypes can unintentionally affect our behaviour towards others; acknowledging that it is only when we recognise our own bias that we can put in place measures to address it.
- Focused on neurodiversity and partnered with Auticon, an international IT service provider that exclusively employ people on the autism spectrum as IT consultants.
- Hosted one of Women in Technology WA (WITWA)'s events at our P2 data centre in Perth. WITWA supports the next generation of young women exploring careers in STEM, whilst creating a collaborative community for the women in the WA ICT community.
- Mentoring programs and networking opportunities such as a company-wide diversity forum consisting of staff, Senior Executives and subject matter experts.
- Celebrated days promoting 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 remotely tuning in to the UN Women's IWD breakfast event.
- Continuing to incrementally grow the number of female employees overall and in senior roles by promoting internal career opportunities and targeted professional development programs including those aimed at helping employees develop skills and experience in preparation for senior positions.
- Conducted further diversity and inclusion benchmarking against other ASX 100 companies.
- 36% female external hires in FY21, despite the challenges faced in attracting female talent to operational and technology roles.

## Paid Parental Leave

Making things better for our employees and their families is integral to our beliefs. This includes supporting team members who are at the start of their parenting journey. NEXTDC provides 20 weeks paid parental leave for primary caregivers (in addition to government support) and four weeks for secondary caregivers. Additionally, employees who have continued primary caregiver responsibilities for a new child may also qualify for up to 12 months unpaid parental leave. Our Parental Leave Policy applies in relation to the birth or adoption of a child.

## Diversity and Inclusion Council

Diversity is about the mix of people at NEXTDC. Inclusion is the deliberate act of welcoming diversity and creating an environment where all different kinds of people can thrive and succeed. It is where all people and their unique differences are heard and respected and have access to equal opportunities to contribute their perspectives and talents to NEXTDC.

NEXTDC's Diversity and Inclusion Council was formed in 2019. Comprised of a group of passionate employees across the business, it is an active forum for equal voice, helping connect and empower our employees from diverse backgrounds. Chaired by a member of the Executive Team, the Council meet bi-monthly and are responsible for generating ideas; communicating to the business; advocating for diverse and inclusive initiatives that will drive real change at NEXTDC.

## Customer data security and availability

NEXTDC collects a minimal amount of customer Personal Identifiable Information (PII), limited to activities such as account and contact management, marketing and to permit entry into its facilities. NEXTDC does not interact with or manage any data stored on our 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 the best-in-class physical security controls to secure customers equipment in our facilities.

We recognise that a breach of data security could have a significant reputational impact on NEXTDC and our customers. Any customer account related information that we store is protected by NEXTDC in accordance with our Privacy Policy, a document based on and consistent with the Australian Privacy Principles (APP) and the European Union's General Data Protection Regulation (GDPR), where applicable.

Internal data management procedures, such as the Data Retention Policy, Incident Management Policy, Data Breach Notification Process and the IT Disaster Recovery Plan support or outline how a privacy breach would be managed. These procedures are designed to comply with all relevant legislation including the Privacy Amendment (Notifiable Data Breaches) Bill (Commonwealth of Australia) 2016. All NEXTDC staff as well as external contractors and consultants are required to undergo mandatory privacy management and information security awareness training annually.

Our Board endorsed audit and assurance program is established to manage our risks while helping us measure our effort against both mandated requirements and data management best practices, including ISO 27001, APP, ASIC Report 429 – Cyber Resilience and the ASD Strategies to Mitigate Cyber Security Incidents. Regular updates on these topics are provided to the Executive Team and the Board to enable their oversight of the management of these risks. NEXTDC's Operational Excellence (NOE) function, the second line of defence and internal assurance program, further aligns our operational and compliance obligations (ISO, PCI-DSS, SOC, NABERS, Uptime etc.) to ensure we have a robust control framework to manage our risks whilst maintaining our Power, Secure and Connectivity brand promise.

The annual testing regime of our Business Continuity (BC) and Disaster Recovery (DR) Plans provide further assurance on our Uptime Guarantee brand promise. These tests on data security

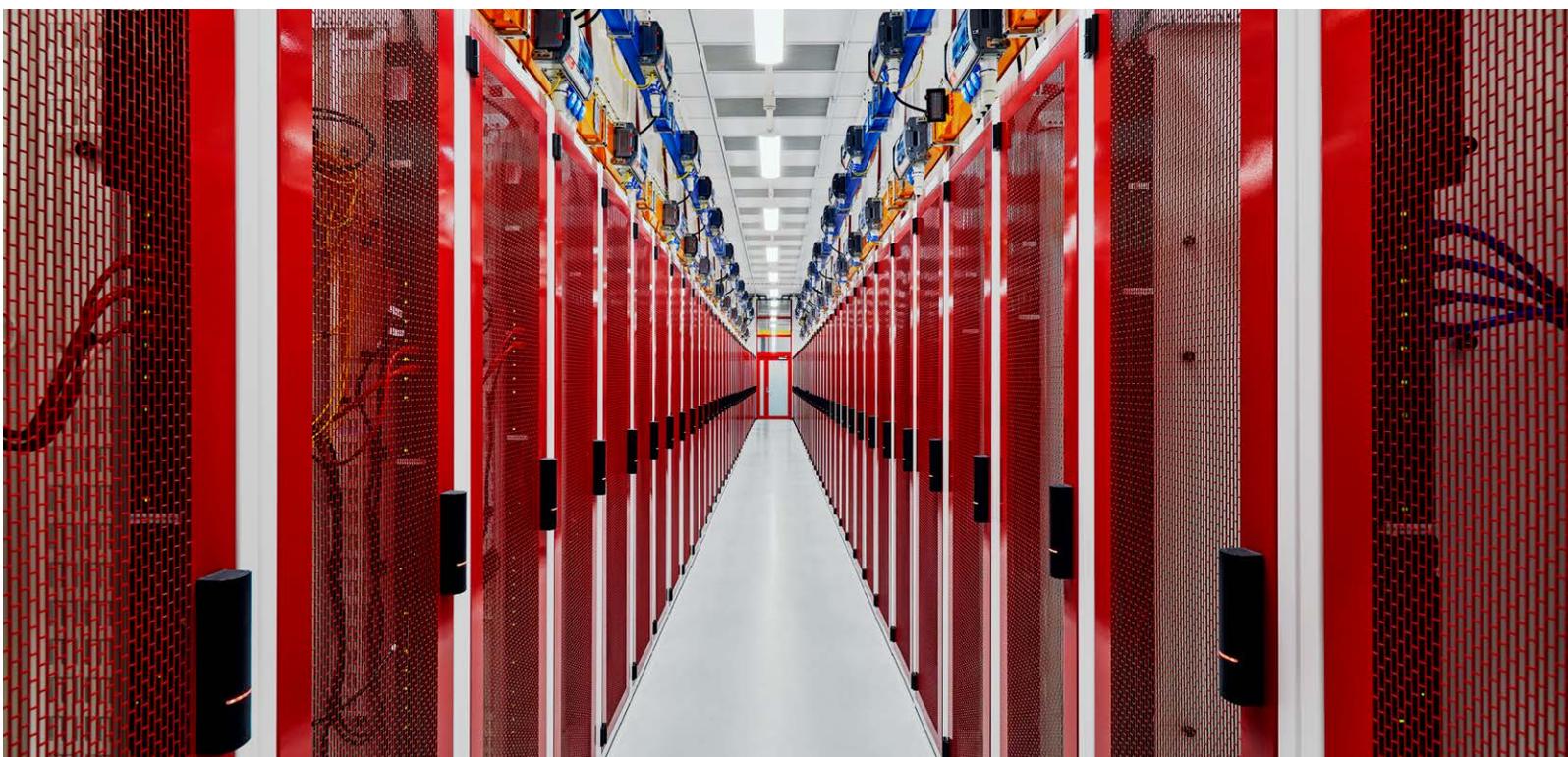
providing assurance of our ability to manage customer data and assess the effectiveness of our data breach notification process. NEXTDC's BC program remains a critical discipline for building operational resilience and we are constantly looking for opportunities to further mature the process.

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

## Physical security

Security risk management is inherently integrated into NEXTDC's purpose, governance and operations ensuring a positive security culture. NEXTDC provides a multi-layered security and authentication system controlling access to the facilities. NEXTDC's data centre facilities and data halls are designed and built to meet the Australian Government Protective Security requirements. This physical security provides the necessary measures to DETER-DETECT-DELAY-RESPOND to any security breaches in any of the protective layers of defence in our data centres. As our portfolio continues to grow, we remain committed to delivering sites that meet these high security standards. Our P2 Perth, which was completed during the COVID-19 pandemic, is a testament to this. The building is designed and constructed in accordance with Australian Government Protective Security Requirements. This includes the creation of areas to store and process information with a Business Impact Level (BIL) for aggregated electronic information to various levels, as identified within the Australian Government Protective Security Policy Framework (PSPF), a standard we are also able to provide for our customers at our M1, M2 and S2 facilities. 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.

Our Security Policies and Procedures are critical to our services and define the practises adopted by our personnel and staff to an effective, robust and integrated security management plan. We continue to invest in stakeholder awareness and training to further strengthen our security posture. Having the ability to identify threats, mitigating their impact and be aware of threat indicators, suspicious activity and the rapid ability to report them are key to the successful protection of our customers and business. Ensuring every one of our staff understand this is essential.



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“There is a clear delineation between the data that NEXTDC holds as part of managing our business and the data that its customers hold or process as part of their operations. NEXTDC does not interact with or manage any data stored on its customers’ equipment”

**Jeff Arndt**

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**CHIEF INFORMATION OFFICER**



# WORKPLACE HEALTH AND SAFETY

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I was genuinely surprised by this course! It was so practical and down to earth, giving simple actionable steps that could make the world of difference to someone experiencing a mental health crisis. One in five Australians experience a diagnosable mental health illness in any given year and more than 200 Australians end their own life every month. If the opportunity arises to support someone in crisis, it feels good knowing that I'm a little better prepared to help after this course. Thanks to NEXTDC and the People and Culture team for driving this great initiative!

**Gary Atherstone**

CITY FACILITY MANAGER, BRISBANE, AND ACCREDITED MENTAL HEALTH FIRST AID OFFICER

Workplace Health and Safety (WHS) has and will always be our number one priority and vital to our success. NEXTDC is committed to providing and maintaining a safe and healthy working environment for all employees, workers, customers and visitors. The Company continually strives to eliminate the potential for anything which may pose a safety risk to those who work in or visit our premises. The Company works diligently to identify these risks and ensure adequate controls are in place to mitigate them.

NEXTDC is committed to doing everything necessary to achieve this goal. Appropriate resources are allocated for the continuing implementation of a robust WHS Management System, accredited to the ISO45001:2018 standard. 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). All employees and contractors are required to undergo mandatory WHS induction and training. Task specific safety training is also provided for employees and contractors based on hazards they are exposed to and 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 safety 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. The Board and Senior Executives are provided with regular reports on WHS activities and issues across the business. The Company has established a program of education, coaching, training, monitoring and reporting to promote the safety culture and is actively engaged with industry and regulators.

NEXTDC maintained positive safety results for FY21, with the Company recording only one lost time injury, involving a NEXTDC employee who lost a single day's work after they struck their head on the corner of an access platform. The protruding mounting plate was removed, with an alert issued to the broader NEXTDC footprint to assess similar hazards. Our design risk register has been updated to ensure we plan for adequate access in all future site builds.

We recorded LTIFR rates of 2.3 for FY21 compared to 2.5 in the prior year. Across our Capital Projects, we have now reached an important milestone of a year without lost time injuries. Further details on our WHS journey and achievements can be found in the FY21 Annual Report.

## OUR GOAL IS ZERO INJURIES.

### Mental Health and Wellbeing

The mental health of our team members continues to be a health, wellbeing and safety priority for NEXTDC. 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 and safety. We are committed to providing a safe workplace that promotes positive mental health and provide support for those experiencing a challenging time. Our strategy for providing a safe workplace focuses on protecting people from harm by identifying and managing workplace risks to mental health, building capacity to respond and support people experiencing mental ill-health and suicide ideation in the workplace and promoting positive mental health and wellbeing.

The national Employee Assistance Program (EAP), which is a voluntary, confidential and complimentary counselling service, is available to all employees and their immediate family 24 hours, 7 days a week.

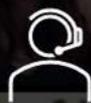
To further evolve our approach to promoting positive mental health in the workplace and providing support to employees in FY21, NEXTDC established the Mental Health First Aid Policy and Mental Health First Aid Officers. Over the last few months, 20 employees across our sites who are passionate about mental health and supporting their peers, have volunteered to become accredited Mental Health First Aid Officers (MHFAO) by completing the Mental Health First Aid Australia training.



#### MH & W BENEFITS

The health & wellbeing of our people is a priority. We have a range of benefits to support you to manage your physical and mental health, including:

- Bupa Corporate Health Cover & Health Assessments
- Health & Mindfulness Webinars
- LinkedIn Learning MH&W courses
- Annual Flu Vaccinations
- Healthy Snacks & Fruit



#### EMPLOYEE ASSISTANCE PROGRAM

AccessEAP provides free, confidential counselling so you can talk freely, discuss strategies, develop skills or get advice on improving your mental health and wellbeing. You can also access specialised coaching:

- Financial Coaching
- Legal Consultation
- Nutrition Consultation
- Perinatal Counselling



#### 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.



#### 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 people to regularly take their annual leave and consider purchasing extra annual leave using their pre-tax salary!



#### YAMMER COMMUNITY

Share your experiences, tips, ideas and questions about mindfulness, health and wellbeing with like minded people in our dedicated Yammer community. You will find all the support you need!

## Supply chain

Sustainability is a key element of NEXTDC's supply chain management. We operate in accordance with our Supplier Code of Conduct which also aligns with our Corporate Social Responsibility Policy. NEXTDC engages with many product and service providers across its business, especially on the design, build, operation and maintenance of our facilities. All these suppliers are required to comply with this 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.

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, 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.

# 98%

of staff completed Modern Slavery Training in FY21

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.

We recognise that some of our suppliers need support to achieve the minimum standards. 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 the meet the required standards.

## Supporting Australian 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.

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. These companies also undertake installation, testing, commissioning and maintenance services within Australia and utilise Australian labour where possible as well as Australian subcontractors.

NEXTDC's Partner Program is the largest and most active in Australia, supporting an ecosystem of more than 640 vendors, telcos and providers of infrastructure, platform and cloud services. 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 273 staff across the country in QLD, NSW, ACT, VIC and WA, which is an increase of 10% from FY20. We are not only creating jobs in Australia; we are also heavily investing into the future of ICT careers within the local market.



NEXTDC actively seeks to enhance and promote mutual research and development possibilities and strategic partnerships with its suppliers. By working with NEXTDC, many of our partners can demonstrate an enhanced proposal or solution to their customers that assists them in winning business. Our suppliers can also use their relationships with NEXTDC to demonstrate the unique skills they have gained in providing goods or services in a high-tech environment. This in turn, improves their chances of success with other businesses. An example is NEXTDC's pioneering work in Australia relating to the use of Diesel Rotary Uninterruptible Power Supplies (DRUPS) and an Isolated Parallel Bus system. These are innovations that have created significant data centre efficiencies. Suppliers involved in this project can now use their experience with NEXTDC to demonstrate the success of the technology to other customers as well as their role in the design and engineering process. As more and more domestic providers of data centres replace battery banks with DRUPS technology, this is an important and high-value example that our suppliers can use to help grow their own business capabilities.

### 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 signatories (independent of the preparation process) to approve all payments.

All NEXTDC staff and Directors undergo Code of Conduct training 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, 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.

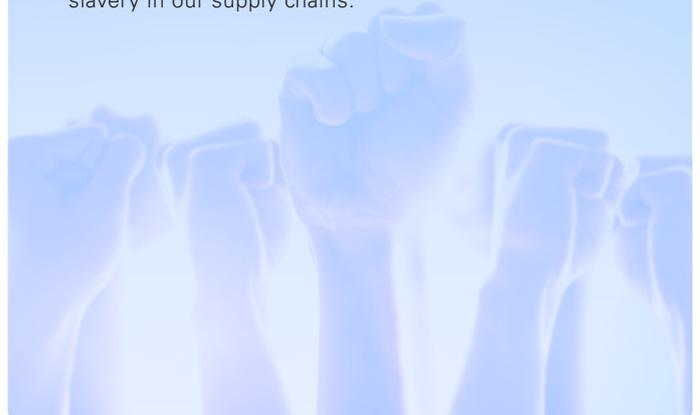
There have been no identified instances of fraud since the Company was founded.

### Protecting Human Rights

NEXTDC values human rights for all people including employees, the communities we operate in, 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 practises 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 First Modern Slavery Statement, published in December 2020 can be found on our website ([www.nextdc.com](http://www.nextdc.com)).

We have undertaken a comprehensive risk assessment of our supply chain and are currently implementing relevant policies to promote increased awareness amongst our staff and our suppliers about the existence of modern slavery. We will be publishing our second Modern Slavery Statement before December 2021 which will outline the actions that NEXTDC is continuing to undertake to eliminate risks of modern slavery in our supply chains.



# COMMUNITY INVOLVEMENT

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I recently had the opportunity to assist NSW Air Ambulance crews training, winching them on and off vessels. As a member of Marine rescue NSW, a volunteer organisation committed to boating safety, my unit was approached to assist with this. Without a moment of hesitation, I put my hand up. On the day, we had a number of paramedics lifted on and off the rescue vessel BPH30 by 3 different air crews. I am so glad to have used my NEXTDC Volunteer Day, learning a new skill that could one day make a real difference.

**Andrew Butler**

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SERVICES MANAGER, SYDNEY



NEXTDC is committed to giving back. Through our Corporate Social Responsibility program, 'Live to Give,' we support various charities and the community by holding internal fundraising events and encouraging volunteering throughout the year. One of our key partnerships has been with The Smith Family where NEXTDC is proud to continuously sponsor their 'Learning for Life' program, which supports disadvantaged students by providing the extra support they need to stay in school and go on to further studies.

NEXTDC's Workplace Giving Program allows employees to donate directly from their pre-tax salary to The Smith Family, Cancer Council, Beyond Blue or UN Women. To embed the ethos of giving back yet further, NEXTDC matches employee contributions, dollar for dollar.

Since our Live to Give program was established in 2018, we have consistently seen over 80% of our employees favourably rate our commitment to social responsibility. In FY21, we conducted a pulse survey to ensure our Live to Give program continued to be meaningful to employees and represent the causes our people care about. We were pleased to see our employees continue to highly value being able to give back to the communities in which they live and work, however many people were unable to utilise their paid volunteer days in a suitable and meaningful way due to COVID-19 restrictions and lockdowns.

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.

Having said that, NEXTDC is constantly looking at ways to go beyond and above. As we embarked into FY22, we have introduced more changes to the way we give back, including:

- increasing 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.
- In response to the feedback and the bushfires and floods in 2020, NEXTDC will be providing paid emergency management leave (up to 4 weeks) to support our employees who currently give their time to emergency and disaster relief services such as the Rural Fire Service.
- We have expanded our workplace giving program to introduce SolarBuddy and Red Cross to our partners. This expanded program now enables employees to gift solar lights to children globally who are living in energy poverty, and support Australians who have been impacted by disasters, homelessness and other factors.



# SUSTAINABILITY DATA

NEXTDC's sustainability data provided below relates to the financial year ending 30 June 2021 and is presented to the nearest significant figure.

## Environmental indicators

	Target	FY21	FY20	FY19	FY18
Average Power Usage Effectiveness (PUE) <sup>^</sup>	1.40*	1.40	1.30	1.30	1.34
<b>NEXTDC's Scope 1 emissions</b>		<b>13</b>	<b>8</b>	<b>8</b>	<b>16</b>
NEXTDC's customers Scope 1 emissions		652	426	387	781
<b>Total Scope 1 emissions (tCO<sub>2</sub>e)</b>	<b>N/A<sup>^^</sup></b>	<b>665</b>	<b>434</b>	<b>395</b>	<b>797</b>
<b>NEXTDC's Scope 2 emissions</b>		<b>5,958</b>	<b>4,479</b>	<b>3,958</b>	<b>4,066</b>
NEXTDC's customers Scope 2 emissions		291,939	219,629	194,068	199,276
<b>Total Scope 2 emissions (tCO<sub>2</sub>e)</b>	<b>N/A<sup>^^</sup></b>	<b>297,897</b>	<b>224,108</b>	<b>198,026</b>	<b>203,342</b>
Water Usage Effectiveness (WUE) <sup>^</sup>		1.74	2.07	N/A	N/A
Total water consumption (ML)**	N/A***	392	346	216	303

Notes:

<sup>^</sup> Average is measured across all data centres over a full year.

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

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

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

\*\*\* 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.

## NEXTDC people

	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17
<b>Total Headcount*</b>	<b>273</b>	<b>248</b>	<b>233</b>	<b>202</b>	<b>165</b>
<b>BY DIVISION</b>					
Corporate (Executive, Finance, Legal, People and Culture and Sales)	74	67	66	57	53
Facility Operations, Project Management and Engineering	74	68	63	50	42
Technology, Customer Operations and Marketing	125	113	104	95	65
<b>Turnover Rates <sup>^</sup></b>	<b>14.2%</b>	<b>14.1%</b>	<b>20.1%</b>	<b>19.9%</b>	<b>14.0%</b>

Notes:

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

<sup>^</sup> Turnover rates: The average voluntary turnover rate for the reporting period.

## Workforce by location, type and gender

	Managers		Non-Managers		Totals (actuals)
	M	F	M	F	
Melbourne	12	2	40	18	72
Sydney	12	2	42	23	79
Brisbane	7	6	40	29	82
Canberra	2	0	9	1	12
Perth	2	2	7	16	27
Singapore	0	1	0	0	1
Tokyo	0	0	0	0	0
<b>Totals (actuals)</b>	<b>35</b>	<b>13</b>	<b>138</b>	<b>87</b>	<b>273</b>

## Workforce – New hires by gender, location and age group

	<20		20-30		31-40		41-50		51-60		60+	
	M	F	M	F	M	F	M	F	M	F	M	F
Melbourne	1	0	6	1	4	0	3	1	4	1	0	0
Sydney	1	0	1	5	4	1	6	2	0	1	0	0
Brisbane	2	0	3	4	0	4	0	0	2	0	0	1
Canberra	0	0	0	1	0	0	0	0	0	0	0	0
Perth	0	0	0	1	2	1	1	0	0	0	0	0
Singapore	0	0	0	0	0	0	0	0	0	0	0	0
Tokyo	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>4</b>	<b>0</b>	<b>10</b>	<b>12</b>	<b>10</b>	<b>6</b>	<b>10</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>1</b>

# GRI CONTENT INDEX

GRI Standard	Disclosure	Page	Omission
<b>General Disclosures</b>			
	102-1 Name of the organisation	10	N/A
	102-2 Activities, brands, products and services	FY21 Annual Report	N/A
	102-3 Location of headquarters	10	N/A
	102-4 Location of operations	10	N/A
	102-5 Ownership and legal form	10	N/A
	102-6 Markets served	FY21 Annual Report	N/A
	102-7 Scale of the organisation	FY21 Annual Report	N/A
	102-8 Information on employees and other workers	51	N/A
	102-9 Supply chain	46	N/A
	102-10 Significant changes to the organisation and its supply chain	No significant changes during the reporting period	N/A
	102-11 Precautionary Principle or approach	10	N/A
	102-12 External initiatives	FY21 Annual Report	N/A
GRI 102: General Disclosures	102-13 Membership of associations	14	N/A
	102-14 Statement from senior decision maker	4	N/A
	102-16 Values, principles, standards and norms of behaviour	11	N/A
	102-18 Governance structure	Company's FY21 Corporate Governance Statement	N/A
	102-40 List of stakeholder groups	14	N/A
	102-41 Collective bargaining agreements	36	N/A
	102-42 Identifying and selecting stakeholders	14	N/A
	102-43 Approach to stakeholder engagement	14	N/A
	102-44 Key topics and concerns raised	15	N/A
	102-45 Entities included in the consolidated financial statements	FY21 Annual Report	N/A
	102-46 Defining report content and topic boundaries	7	N/A
	102-47 List of material topics	15	N/A

GRI Standard	Disclosure	Page	Omission
GRI 102: General Disclosures	102-48 Restatements of information	No information restatements made during the reporting period	N/A
	102-49 Changes in reporting	7	N/A
	102-50 Reporting period	7	N/A
	102-51 Date of most recent report	7	N/A
	102-52 Reporting cycle	7	N/A
	102-53 Contact point for questions regarding the report	56	N/A
	102-54 Claims of reporting in accordance with the GRI Standards	7	N/A
	102-55 GRI content index	52	N/A
	102-56 External assurance	34	N/A
<b>Material Topics</b>			
<b>1. Energy</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	16	N/A
GRI 302: Energy	302-1 Energy consumption within the organisation	17	N/A
<b>2. Emissions</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	18	N/A
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	50	N/A
	305-2 Energy indirect (Scope 2) GHG emissions	50	N/A
<b>3. Environmental Compliance</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	25	N/A
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	25	N/A

GRI Standard	Disclosure	Page	Omission
<b>4. Supplier Environmental Assessment</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	46	N/A
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	46	N/A
<b>5. Occupational Health and Safety</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	44	N/A
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	44	N/A
	403-8 Workers covered by an occupational health and safety management system		
<b>6. Employee Retention and Loss of Talent</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	36	N/A
GRI 404: Training and Education	404-1 Average hours of training per year per employee	36	N/A
	404-2 Programs for upgrading employee skills and transition assistance programs		
	404-3 Percentage of employees receiving regular performance and career development reviews	36	N/A
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	40	N/A
<b>7. Breach of Privacy Information</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	42	N/A
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	42	N/A

GRI Standard	Disclosure	Page	Omission
<b>8. Social Impact of the Business</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	47	N/A
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	47	N/A
<b>9. Legal Compliance</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	15	N/A
	103-2 The management approach and its components	47	N/A
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	47	N/A
	205-3 Confirmed incidents of corruption and actions taken	47	N/A
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	47	N/A



**N E X T D C**

where the cloud lives™

1 July 2020 to 30 June 2021  
NEXTDC Limited  
ABN 35 143 582 521

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