



N E X T D C

ENV

1 JULY 2016 TO 30 JUNE 2017

NEXTDC Limited ABN 35 143 582 521

SUSTAINABILITY REPORT

Environmental and Social Sustainability Overview



A message from NEX TDC's CEO

More data has been created in the last two years than in the entire previous history of the human race. Global internet traffic is predicted to nearly triple over the next five years, driving billions of dollars of investment in the construction of the data centres and communications networks that enable our digital lives.

Bolstered by our new facilities coming to fruition in Brisbane and Melbourne, our national network of next-generation data centres will support Australia's digital economy as we rush headlong into the fourth industrial revolution of automated vehicles, artificial intelligence, and a vastly more interconnected world. These new facilities will feature exceptional energy efficiency in their operation and construction to minimise the energy and material inputs required to develop and maintain this critical infrastructure.

The need for sustainability is very much a part of our drive to reduce costs, and an integral part of our facility design ethos and overall operations. While we build rooftop solar arrays and free air and water cooling systems into our facilities, we're just as much focussed on building a workforce and practises that support our Company's longevity, and ultimately give back more value than we extract.

At NEX TDC, "Sustainability" means we operate our Company in a manner that enables the next generation to have opportunities and resources beyond what we have today.

We realise that there is no technological 'magic bullet' that will ensure the Company's sustainability, and ingenious solutions don't have to be technically complicated. For instance, to improve our data centres' energy efficiency, there's no substitute for monitoring and tuning the mechanical and electrical plant.



Through initiatives like NABERS, the Australian market is gaining a better understanding of how to identify an energy efficient data centre; and energy efficiency is a key benefit of colocation through economies of scale. Even though our facilities' power consumption is increasing as they become more populated, their overall efficiency improves over time, and helps our customers meet their carbon footprint targets.

Given the current state of Australia's power generation and distribution networks, electricity supply and cost are a challenge, but NEXTDC is excited by the host of major investments into renewable energy production happening around the country. These promise to stabilise supply, reduce wholesale power prices, and minimise carbon emissions.

If we are to thrive as a business, NEXTDC needs to balance a host of interrelated social, environmental and economic risks and opportunities. NEXTDC has two key pillars for promoting sustainability across our organisation:

Environmental sustainability: NEXTDC has implemented Environmental Management Systems that comply with the ISO14001:2015 standard. This focusses our attention on the continuous improvement and delivery of sustainable initiatives. We have demonstrated that establishing appropriate environmental objectives and targets improves our operating costs, and NEXTDC is committed to assessing and reducing the energy and environmental impacts of its data centres.

Social sustainability: NEXTDC aims to reflect its organisational values in its dealings with staff and customers. These values are also reflected in our Corporate Social Responsibility Policy, Employee Code of Conduct, Supplier Code of Conduct and other related policies. Social sustainability improves staff engagement and supplier relationships, which flows on to improved productivity.

NEXTDC categorises and prioritises the most relevant sustainability issues that affect the organisation and its stakeholders. This report is an opportunity to communicate and disclose to our shareholders how environmental and social considerations are addressed and monitored by the Company.

Craig Scroggie
Chief Executive Officer

Sustainability Highlights and Values

FY17 Sustainability Highlights

- ★ S1 Sydney data centre achieved a NABERS 4.5-star rating for energy efficiency.
- ★ 100% return to work rate following parental leave.
- ★ In FY17, 38% of NEXTDC's new hires were female, an increase of 14% from FY16. The total number of female employees working at NEXTDC increased by 1% in FY17, with women now making up 27% of the workforce.

NEXTDC's day-to-day operations are carried out in accordance with our Code of Conduct. NEXTDC's Board of Directors, as the Company's highest governance body, ensure that the above values are reflected in the Company's operations. The values and their practical application are clearly explained to staff and promoted at all levels of the business, and a positive culture helps NEXTDC to build on its growth by attracting the highest-calibre talent and maintaining strong customer relationships.

The Board has two sub-committees: the Audit and Risk Management Committee and the Remuneration and Nomination Committee. NEXTDC maintains a majority independent Board and sub-committees consistent with the recommendations of the ASX Corporate Governance Council (3rd edition). The Company also has an appointed Workplace Health and Safety Committee, which meets monthly and reports to the Board.

Other Company policies include a Whistleblower Policy, Supplier Code of Conduct, Privacy Policy and Diversity Policy, all of which are made publicly available under the Corporate Governance section of NEXTDC's website.

Our Values

Our Values are what we value.

At NEXTDC our values are not just words on a page, they are the behaviours and skills that are valued in team mates. That means our values are what we use to **recognise, reward, hire, fire and promote our people**. We get the right people on the bus, the wrong people off the bus, and the right people in the right seats.

Living the values at NEXTDC means:

- Our Values are not just who we are but **what we aspire to be**
- You **question actions inconsistent** with our values
- You **recognise** team members when you see great work



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 in every position



Bright Ideas

The best way to predict the future is to create it



The Pursuit of Excellence

We are relentless in our pursuit of excellence



Straight Talk

We don't talk bullshit, we have crucial conversations, we disagree and then we commit



Frugal not Cheap

We spend our money where it matters the most

Report Overview

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. Crucially, it produces one of the most recognised standards for sustainability reporting, the GRI Standards, which enable organisations to measure and understand their most critical impacts on the environment, society and the economy. Using the GRI Core Standards of 2016 ensures that NEXTDC reports against the environmental and social issues that are identified as being of most significance to our business and stakeholders.

The 2017 Environmental and Social Sustainability Overview covers all operations within Australia over which NEXTDC has operational control for the financial year ending 30 June 2017. While NEXTDC won't be seeking external assurance, the details within this report have been verified by the Company's Risk & Compliance Manager to ensure accuracy.

The Company's most recent Environmental and Social Sustainability Overview was published in July 2016.

For the 2017 financial year, NEXTDC approached its top 100 investors to participate in an Environmental, Social and Governance (ESG) survey, to better understand which ESG matters were of most importance to them. As this report is an opportunity to communicate and disclose to our shareholders how environmental and social considerations are addressed and monitored by the Company, the results of this survey were taken into consideration when preparing this report.

Company Profile

NEXTDC Limited is a publicly listed company on the Australian Securities Exchange. The Company has data centres across Australia including Brisbane, Canberra, Melbourne, Perth and Sydney with its headquarters located in Brisbane. Further details on NEXTDC's activities, products and services, types of customers, net sales, capital and quantity of services are available in NEXTDC's FY17 Annual Report pages 6-16.

Risk Management

NEXTDC has a robust approach to risk management in operational planning and the development of new products and facilities. When building new data centres, NEXTDC assesses and mitigates environmental risks, such as:

- the effect the construction might have on cultural heritage
- its environmental impact more broadly
- the generation of excessive dust and/or noise, and
- if any new data centre has an effective waste management plan in place.

Third party contractors are also required to submit an Environmental Management Plan to advise NEXTDC on how they will minimise their impact on the environment.

Stakeholder Engagement

The table below highlights NEXTDC's approach to stakeholder engagement.

Stakeholder	ESG Expectations and Concerns	How NEXTDC communicates and consults with them
Customers	<ul style="list-style-type: none"> Keeping the workplace safe Environmental impacts Protecting Personally Identifiable Information (PII) 	<ul style="list-style-type: none"> Site induction and Facility Rules Privacy Policy and Privacy Collection Statements
Shareholders	<ul style="list-style-type: none"> Material and ESG risks that may affect NEXTDC and how they are being managed 	<ul style="list-style-type: none"> ESG report, disclosure of ESG risks in the Annual Report. AGM and roadshows
NEXTDC Board of Directors	<ul style="list-style-type: none"> Material and ESG risks that may affect NEXTDC and how they are being managed 	<ul style="list-style-type: none"> Regular reports and meetings with the Board and Audit and Risk Management Committee, who provide oversight on how to manage these risks
NEXTDC Staff	<ul style="list-style-type: none"> Keeping the workplace safe Environmental impacts Diversity and Codes of Conduct Protecting Personally Identifiable Information (PII) 	<ul style="list-style-type: none"> NEXTDC Values WHS Committee meetings Code of Conduct, Diversity and other annual training sessions Information regularly posted on intranet, which also provides opportunity for feedback Induction and People & Culture policies and procedures
Authorities (e.g. WorkCover / EPA / Clean Energy Regulator)	<ul style="list-style-type: none"> Keeping the workplace safe Environmental impacts 	<ul style="list-style-type: none"> Obtaining required approvals for constructing new data centres – extensive due diligence for site selection Immediate contact for any notifiable incidents Submitting the annual NGERs report
Suppliers and Contractors	<ul style="list-style-type: none"> Keeping the workplace safe Environmental impacts Protecting Personally Identifiable Information (PII) 	<ul style="list-style-type: none"> Site induction and Facility Rules Site meetings and permit to work for all hazardous works Supplier Code of Conduct Privacy Policy and Privacy Collection Statements
Community	<ul style="list-style-type: none"> Impact of constructing new data centres 	<ul style="list-style-type: none"> Extensive due diligence on site selection, including impact to flora and fauna, cultural heritage and artefacts.

Materiality Assessment

In order to define the content of the report, NEXTDC has followed the GRI's Reporting Principles for Defining Report Content. In accordance with the GRI Standards, the Company has identified the material topics that reflect the organisation's significant economic, environmental and social impacts; or which substantively influence the assessments and decisions of stakeholders. The Company identified these material topics based on stakeholder feedback received during the reporting period, as well as a self-assessment exercise to identify the impacts related to NEXTDC's activities, products, services, and relationships. The Company has identified and prioritised those topics that are most important for the organisation. As a result of this process, NEXTDC has created a shortlist of material issues that are regarded as being significant to key stakeholders and are therefore disclosed in this report.

The Company's key material topics and their boundaries are identified in the table below.

Material Issue	GRI Material Aspect	Boundary ¹	Reporting
These are issues of very high material importance to NEXTDC and its stakeholders.			
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
These are issues of high material importance to NEXTDC and its stakeholders.			
Employee Retention and Loss of Talent	Training and Career Development, Diversity and Equal Opportunity	Internal (Employees)	Social Sustainability
Breach of privacy information	Customer Privacy	External (Customers)	Social Sustainability
These are issues of low material importance to NEXTDC and its stakeholders.			
Social Impact of the Business	Compliance	External (Communities)	Social Sustainability
Legal Compliance	Anti-Corruption and Anti-Competitive Behaviour	Internal (Employees)	Social Sustainability

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

Environmental Sustainability and Performance

NEXTDC is dedicated to monitoring and improving the best way to manage its data centres to:

- improve energy efficiency
- minimise our impact on the environment and natural resources, and
- meet and exceed the minimum environmental legislative requirements.

Environmental Targets

Our customers and therefore the data centres will have increasing power requirements year-on-year. As a result, it is difficult for NEXTDC to set targets for reduction of emissions or its carbon footprint. During the reporting period, the total power consumed by NEXTDC nationwide reached 156,497 MWh.

NEXTDC measures its environmental performance by the Power Usage Effectiveness (PUE) rating for each of its data centres. NEXTDC's primary environmental objective is to achieve the target PUE rating for each data centre.

PUE measures *energy efficiency*, calculated by the following formula:

$$\frac{\text{Total power consumed} - \text{power consumed by the office space}}{\text{Total IT load}}$$

Environmental Objectives

The following environmental objectives have been established for FY18:

- Tune our mechanical and electrical plant (MEP) to maximise energy efficiency.
- Reduce the risk of an environmental incident, such as a diesel spill or discharge of pollutant.
- Minimise CO₂ emissions.
- Reduce NEXTDC's contribution to landfill.

Objective 1 – Tune MEP to maximise energy efficiency (minimise PUE)

NEXTDC has engaged in various initiatives to improve its PUE rating:

- **Retuning mechanical and electrical plant (MEP) for maximum efficiency.** NEXTDC's engineering team have sought to set the most efficient settings for the MEP. It is anticipated that this will result in a further reduction in PUE based on the following parameters:
 - Using MEP data to help predict trend of IT load over the year and adjusting MEP operational parameters accordingly.
 - Predicting the hourly weather conditions at each location on an hourly basis and adjusting MEPS performance parameters accordingly.

- Greater and proactive management of chiller plant efficiencies.
- Reducing the number of MEP being used for the required demand (less MEP plant driven at higher load is more efficient).

- **Implementing the latest data centre recommendations from The American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE).** For the newest data centres, the data hall supply air temperature will increase from 22 to 27 degrees Celsius and relative humidity across a much broader band, which allows NEXTDC to improve energy efficiency without reducing infrastructure reliability.
- **Optimum placement of the floor grills.** This increases the temperature of the return air from the data halls, which improves the efficiency of the chiller plant.
- **Air-side free cooling.** Using external air sources, coupled with the optimum placement of floor grills, further improves energy efficiency.
- **Water-side free cooling.** Depending on the weather conditions, using external sources to cool water will activate automatically at S1, M1 and P1 to drive the chiller plant efficiency.
- **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.** This extensive project involves the collection of accurate performance data. Targeted adjustments in the MEP's operation made as a result then improve our operational efficiency and enable us gain higher NABERS ratings.

As a result of these ongoing initiatives over several years, the average PUE across all data centres over a full year has improved down to 1.36, which is the first time the target of 1.40 or better was achieved.

Objective 2 – Reduce risk of environmental incident

- Every quarter there is a review of how our suppliers minimise their environmental risks, including a detailed review of supplier's Safe Work Method Statement (SWMS).
- Since the introduction of the mandatory requirement for all suppliers to include environmental risks in their SWMS in March 2016, 100% of new suppliers who were screened met these criteria.
- In addition, NEXTDC has improved its internal procedures and staff training in relation to preventing environmental incidents, and environmental incident response. Staff training at each facility has included a re-enactment of a diesel spill to actively practice how to use the spill kits and other activities which would negate or reduce the effective of this type of incident.

Objective 3 – Minimise emissions

- NEXTDC's material sources of carbon emissions relate to grid supplied energy and diesel use. Through careful management of engine testing regimes NEXTDC endeavours to keep non-emergency use of diesel to a minimum. Over the reporting period, NEXTDC consumed 83kL of diesel nationally representing 500hrs of diesel supported load.
- NEXTDC's generators are also set to run at maximum efficiency, which reduces their emissions.
- As NEXTDC has exceeded the threshold of reportable Scope 1 and Scope 2 CO₂ emissions, we submit the National Greenhouse Gas and Emissions Report (NGER) to the Clean Energy Regulator annually.

Objective 4 – Reduce landfill contribution

To reduce landfill impact NEXTDC has taken the following reduction activities:

- All cardboard from customers' installations are recycled.
- Broken fluorescent light-tubes are recycled.
- All e-waste (end of life batteries, computers, phones, etc) is recycled.
- NEXTDC does not permit customers to dispose of e-waste in its bins.

Energy Savings for Customers

By using NEXTDC data centres to power and cool their IT equipment, NEXTDC assists customers to reduce their overall energy usage, as there are mutual energy efficiency benefits gained by housing their IT equipment in a NEXTDC colocation data centre environment.

Sustainability During Climate Change

NEXTDC's data centres are designed and constructed with sufficient redundancy in place to ensure that our customer's Service Level Agreements for power, temperature and humidity in the data halls are met, even if there is an energy outage or heatwave. Fuel levels at each data centre are kept topped up to ensure the generators can continue for at least 24 hours, and fuel contracts are in place with major fuel suppliers.

In addition, NEXTDC is trialling machine learning technology that will result in enabling the settings of the mechanical and electrical plant and equipment to automatically adjust to match external weather conditions. This means that NEXTDC data centres will run as efficiently as possible regardless of the effects of climate change.

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 the renewable energy direct procurement and investment space, in order to develop and execute a strategy that will ensure it transitions to renewable energy over the near to medium term while keeping its cost of electricity (and so the cost to its customers) in line or better than market available rates. Ideally the respective local distribution grids will provide increasing amounts of sustainably generated energy.

NEXTDC's M1 Melbourne data centre has a 400kW solar rooftop array, believed to be the largest privately funded such array in Australia. In FY17, it produced 481.11 MWh in renewable energy, which provided an off-set of over 452.24 tonnes of CO₂, equivalent to the carbon generated yearly by 96 cars. The array produced around two percent of the electricity used by NEXTDC's customers at M1. The array also helps reduce our peak demand for energy from the grid, helping the City of Melbourne achieve its stated sustainability and clean energy goals.

Energy Efficiency

NEXTDC received a 4.5 NABERS star rating for its S1 and M1 data centres.

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 that the building under review has considerable scope for improvement.

Compliance and Sanctions

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

During the reporting period NEXTDC met the following environmental compliance requirements:

- Environmental Protection Acts for each State in Australia.
- Local council requirements for waste management.
- Relevant dangerous goods legislation for each state regarding storage and handling of chemicals.
- Relevant waste reduction / recycle legislation for each State.
- Relevant control of noise legislation for each State.
- Heritage Acts – cultural heritage obligations for each site.

As part of site selection for new data centres, 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 removed by a licenced hygienist.

External Initiatives

NEXTDC was initially certified to ISO 9001 in May 2013 and ISO 27001 in July 2014. These certifications apply for the Company Head Office as well as the M1, S1, C1, P1 and B1 facilities. In addition, M1, S1 and C1 are certified to ISO 14001 since August 2016. The scope of these certifications cover 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 the Risk & Compliance department. Certification to ISO 9001, ISO 27001 and ISO 14001 are customer expectations and NEXTDC is contractually required to maintain these certifications.

Industry Associations

NEXTDC are actively involved in the following industry associations, and, representing the data centre sector, have contributed to discussions on various topics such as the Australian critical infrastructure strategy.

- Communications Alliance – Communications Resilience Administration Industry Group
- Communications Alliance – Building Access Operations and Installation
- Members of TISN (Trusted Information Sharing Network for Critical Infrastructure), and involved in the Communications Criticality Project.

In addition, NEXTDC has participated in AIIA Education Special Interest Group (SIG) workshops about apprenticeship models in IT.

Social Sustainability

Human Capital Development

As at 30 June 2017, NEXTDC had 165 employees that were all directly employed by the Company. NEXTDC makes limited use of self-employed workers. No NEXTDC workers are covered by enterprise agreements.

NEXTDC understands the value that its employees bring to the Company, and sustainable development is achieved through our people. All NEXTDC employees received regular performance, remuneration and career development reviews during the reporting period. Each employee has a Personal Development Plan with goals and training individually designed depending on the employee's roles and individual needs.

NEXTDC invests in developing its people through a range of learning and development activities, including external training programs and qualifications, internal training programs, workshops, online self-paced training and on the job training:

- All facility staff hold the required licences in order to carry out their duties, including cabling and electrical licences.
- Department Heads and recognised key talent participate in Leadership training consisting of off-site external training and online self-paced training.
- People Managers participate in a twelve-month training program involving external training, one to one coaching, internal workshops, webinars and online resources.
- All employees complete annual compliance training, which averages to approximately four hours per employee, per year.

In FY17, the P1 data centre was awarded a Gold Uptime Institute Operational Sustainability award, which signifies the staff and vendors at P1 have been trained to operate and maintain the data centre in accordance with Uptime Institute's Operational Sustainability best practice standard. This training program will be rolled out nationally to the other data centres throughout FY18.

In addition, NEXTDC employed two engineering interns to provide final year students with practical work experience. These interns graduated in FY17 and are now full-time employees. NEXTDC also provided two week's work experience to high school students at each of our data centres.

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 resulted in an improved turnover rate in FY17. These initiatives include:

- Increased promotion and positive rewarding of the Company Values.
- Increased rigor in the recruitment process, which has improved the quality of candidates applying and improved skills and cultural fit throughout.
- As the Company has grown from start-up to scaling-up, ensuring the best staff are "on the bus in the right seats".

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.

In FY17, NEXTDC offered funded parental leave to primary and secondary care givers, in addition to any government funded parental leave scheme. During the year, seven employees were entitled to maternity leave and four male employees took parental leave. Four female employees have returned to work and three are still on maternity leave. All four employees are still employed 12 months after returning to work following parental leave. Following the introduction of the Flexible Workplace Policy during FY13, there has been a continuously increasing number of employees taking up flexible working arrangements.

Diversity

NEXTDC is continually developing a workplace that promotes diversity and fosters a culture that recognises and celebrates the success of our team. We provide flexible working conditions to attract and retain the industry's best talent. We aim to create a fun, inclusive and interesting workplace where we invest in our team and celebrate their achievements.

NEXTDC participates in the Workplace Gender Equality Annual Compliance Reporting and is compliant with the Workplace Gender Equality Act 2012. A detailed breakdown of employees is disclosed within the Company's 2017 Workplace Gender Equality report that is publicly available at www.nextdc.com. NEXTDC undertakes a gender pay gap analysis annually to ensure that all employees are remunerated fairly.

The Company has a formal strategy in place that specifically supports gender equality and diversity. NEXTDC recognises the skills, values and experiences a diversified group of people with different backgrounds can offer and is proud of its strong and diverse workforce.

The Company continues to target an improvement in the overall gender diversity ratio. During the reporting period, the percentage of female representation was approximately 28%. The Company ensures that in recruitment processes, short lists contain female representation where possible, and has set a female representation target of 30%. The Company also demonstrates diversity at the Board level, where 20% of Board members are female.

Our NEXTHEROES

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

Customer Data Security

There is a clear delineation between the data that NEXTDC holds as part of managing its business and the data that its customers hold or process as part of their operations.

NEXTDC collects a minimal amount of customer Personal Identifiable Information (PII), limited to activities such as account and contract management, and marketing and to permit entry into its facilities. NEXTDC does not store, interact with or manage any data stored on its customer's equipment. Customers are responsible for managing their own IT equipment and data security.

In any case, we recognise that a breach of data security could have a significant reputational impact on NEXTDC. Any customer related information that we store is protected by NEXTDC in accordance with its Privacy Policy, a document based on and consistent with the Australian Privacy Principles. Internal data management procedures, such as the Data Retention Policy and IT Disaster Recovery Plan outline how a privacy breach would be managed and these procedures are also designed to comply with the recently released Privacy Amendment (Notifiable Data Breaches) Bill (Cwlth) 2016. All staff undergo information security awareness training annually and as part of their induction.

Our Compliance and IT Operations departments undertake regular reviews against data management best practices, such as ISO 27001, Australian Privacy Principles, ASIC Report 429 – Cyber Resilience, and the ASD Strategies to Mitigate Cyber Incidents. Regular updates on these topics are provided to the Executive Team and the Board to enable their oversight on the management of these risks.

In addition, NEXTDC undertakes “fire drill”-like scenario training on these issues annually. This year, a breach of customer privacy information was included in the test scenario. Undertaking these test exercises means that NEXTDC's operational teams and management are better prepared to deal with privacy breaches if one were to occur.

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

Workplace Health & Safety (WHS)

In accordance with the Company's Work Health and Safety Policy, NEXTDC considers workplace health and safety and incident prevention to be of utmost importance and vital to the ultimate success of the organisation. 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 high risk to anyone who works in or visits a NEXTDC premises and/or uses NEXTDC services.

Our goal is to have **zero injuries**. NEXTDC is committed to providing the resources necessary to achieve this goal, and for the continuing implementation of this Workplace Health and Safety Management System.

The Company recorded only one reportable injury involving NEXTDC staff during FY17, meaning that the Total Recordable Injury Frequency Rate (TRIFR) for the financial year was 3.61, representing a decrease of over 79%. In FY17 no time was lost by NEXTDC staff due to injury.

The Company has a WHS Committee, which meets monthly to review workplace health and safety matters. Subsequently, the Company's Board of Directors is provided with regular reports on WHS matters. All employees are required to undergo WHS training

and where particular roles require additional training, such as first aid or high voltage safety training, this training is provided. WHS policies and procedures are regularly reviewed and updated.

All of NEXTDC's employees are represented in formal joint management-worker health and safety committees since all facilities are represented by a Health and Safety Representative (HSR).

Legal and Socioeconomic Compliance

Due to NEXTDC's stringent sales and purchasing processes and procedures, the risk of fraud and corruption is relatively low. The Statement of Delegated Authority has been approved by NEXTDC's Board and authority limits are automated in NEXTDC's purchasing system to prevent staff exceeding their approval limits. In addition, the disbursement of funds requires two members of the C-Suite to approve all payments.

All NEXTDC staff and Directors must undergo Code of Conduct training as part of their induction, and an annual refresher. Staff are also made aware of the Company's Whistleblower procedure, which encourage them to come forward if they see something untoward.

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

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 50 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 purchases 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 actively seeks to enhance and promote mutual research and development possibilities and strategic partnerships with its suppliers. By working with NEXTDC, many of our customers are able to demonstrate an enhanced proposal or solution to their customers that assists them in winning business. Our suppliers also are able to use their relationships with NEXTDC to demonstrate the unique skills they have gained in providing goods or services in a high-tech environment such as that of the NEXTDC data centres; in turn improving their chances of success with other business. 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. Suppliers involved in this project are able to use their experience with NEXTDC to demonstrate the success of the technology and their role in the 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.

Supply Chain

NEXTDC sources specialist equipment and services for the build, operation and maintenance of the data centre facilities.

NEXTDC's supply chain are expected to comply with NEXTDC's Supplier Code of Conduct which is an extension of NEXTDC's Corporate Social Responsibility Policy. This establishes the minimum principles for suppliers to adhere to, including:

- corporate governance and ethical practices
- workplace health and safety
- social, environmental and economic risk management
- employment practices, and
- information security requirements.

A rigorous selection process is followed to award the best suppliers with ongoing long-term maintenance agreements and for

specialist equipment selection. Quarterly performance reviews are conducted to ensure continual adherence with the Supplier Code of Conduct requirements. For all maintenance works done at each NEXTDC facility, a risk assessment is conducted (including safety, environmental and information security requirements) to ensure these risks are sufficiently mitigated by the contractor prior to those works being approved to proceed.

Community Involvement

NEXTDC supports a range of charities, by holding internal fund-raising events across all locations, throughout the year. These charities were chosen by staff and include the Cancer Council, RSPCA and Beyond Blue. In addition, all NEXTDC staff have been granted one (1) volunteer's day leave each year to support a charity of their choice

Sustainability Data

NEXTDC's sustainability data provided below relates to the financial year ending 30 June 2017 and are presented to the nearest significant figure.

Environmental Indicators

Environmental Indicators	Target	FY17	FY16	FY15
Average Power Usage Effectiveness [^]	1.40*	1.36	1.45	1.51
NEXTDC's Scope 1 emissions (tCO2e)		5	5	N/A^{^^^}
NEXTDC's customers Scope 1 emissions (tCO2e)		215	194	N/A ^{^^^}
Total Scope 1 emissions (tCO2e)	N/A^{^^}	220	199	86
NEXTDC's Scope 2 emissions (tCO2e)		3,554	2,265	N/A^{^^^}
NEXTDC's customers Scope 2 emissions (tCO2e)		155,088	84,768	N/A ^{^^^}
Total Scope 2 emissions (tCO2e)	N/A^{^^}	158,642	87,033	30,931
Total water consumption (kL)**	44ML	174,500	94,640	37,359

Notes:

[^] 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

^{^^} There are no targets for reducing Scope 1 or Scope 2 emissions as they will increase every year due to customer growth

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

^{^^^} This calculation is not available for FY15

Note that in previous years, NEXTDC has only disclosed the total Scope 1 and Scope 2 emissions for the data centres, and this information has been restated in the table above. The reason for this restatement is to provide clarity over the direct and indirect emissions due to NEXTDC's business operations in its offices compared with the emissions of NEXTDC's customers who use the data centres to power and cool their equipment.

NEXTDC people

	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13
Total Headcount*	165	170	163	139	85
BY DIVISION					
Corporate (Executive, Finance, Legal, People & Culture, Sales & Marketing)	53	55	50	46	44
Facility Operations, Project Management and Engineering	42	50	52	43	32
Technology and Customer Operations	65	65	61	50	9
Turnover rates^	14%	18.5%	17%	17%	16%

Notes:

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

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

Workforce by location, type and gender

	Managers		Non - Managers		Totals (actuals)
	M	F	M	F	
Melbourne	6	0	24	6	36
Sydney	10	3	27	11	51
Brisbane	7	3	28	16	54
Canberra	2	0	8	0	10
Perth	1	1	8	4	14
Totals (actuals)	26	7	95	37	165

Workforce – New hires by gender, location and age group

	20-30		31-40		41-50		51-60	
	M	F	M	F	M	F	M	F
Melbourne	0	1	0	0	2	0	1	0
Sydney	4	2	1	0	2	1	1	0
Brisbane	1	2	0	2	1	0	0	0
Canberra	0	0	1	0	1	0	0	0
Perth	0	1	1	1	0	0	0	0

GRI Content Index

GRI Standard	Disclosure	Page	Omission
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	1	N/A
	102-2 Activities, brands, products, and services	5	N/A
	102-3 Location of headquarters	5	N/A
	102-4 Location of operations	5	N/A
	102-5 Ownership and legal form	5	N/A
	102-6 Markets served	Annual Report	N/A
	102-7 Scale of the organisation	Annual Report	N/A
	102-8 Information on employees and other workers	10	N/A
	102-9 Supply chain	12	N/A
	102-10 Significant changes to the organisation and its supply chain	Not Applicable	No significant changes during the reporting period
	102-11 Precautionary Principle or approach	4	N/A
	102-12 External initiatives	9	N/A
	102-13 Membership of associations	9	N/A
	102-14 Statement from senior decision maker	2	N/A
	102-16 Values, principles, standards, and norms of behavior	4	N/A
	102-18 Governance structure	4, also in the Company's Corporate Governance Statement	N/A
	102-40 List of stakeholder groups	6	N/A
	102-41 Collective bargaining agreements	10	N/A
	102-42 Identifying and selecting stakeholders	6	N/A
	102-43 Approach to stakeholder engagement	6	N/A
	102-44 Key topics and concerns raised	6	N/A
	102-45 Entities included in the consolidated financial statements	Annual Report	N/A
	102-46 Defining report content and topic Boundaries	7	N/A
	102-47 List of material topics	7	N/A
	102-48 Restatements of information	12	N/A
	102-49 Changes in reporting	4	N/A
	102-50 Reporting period	1	N/A
	102-51 Date of most recent report	5	N/A
	102-52 Reporting cycle	1	N/A
	102-53 Contact point for questions regarding the report	16	N/A
	102-54 Claims of reporting in accordance with the GRI Standards	5	N/A
	102-55 GRI content index	14	N/A
102-56 External assurance	5	N/A	

GRI Standard	Disclosure	Page	Omission
MATERIAL TOPICS			
1. Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	4	N/A
GRI 302: Energy	302-1 Energy consumption within the organisation	8	N/A
2. Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	8	N/A
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	12	N/A
	305-2 Energy indirect (Scope 2) GHG emissions	12	N/A
3. Environmental Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	8	N/A
GRI 307: Environmental Compliance	307-1: Non-compliance with environmental laws and regulations	9	N/A
4. Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	12	N/A
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	12	N/A
5. Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	11	N/A
GRI 403: Occupational Health and Safety	403-1 Workers representation in formal joint management-worker health and safety committees	11	N/A
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	11	N/A
6. Employee Retention and Loss of Talent			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	10	N/A
GRI 404: Training and Education	404-1 Average hours of training per year per employee	10	N/A
	404-2 Programs for upgrading employee skills and transition assistance programs	10	N/A
	404-3 Percentage of employees receiving regular performance and career development reviews	10	N/A
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	10 & 13	N/A

GRI Standard	Disclosure	Page	Omission
7. Breach of Privacy Information			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	10-11	N/A
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	11	N/A
8. Social Impact of the Business			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	11	N/A
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	11	N/A
9. Legal Compliance			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	7	N/A
	103-2 The management approach and its components	11	N/A
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	11	N/A
	205-3 Confirmed incidents of corruption and actions taken	11	N/A
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	11	N/A

Contact

For any queries about NEXTDC's sustainability reporting, please use the following link to contact us: <http://www.nextdc.com/contact>