



About this report

ANNUAL REPORT

This Annual Report is for the year ended 30 June 2022 and provides information about NBN Co Limited (NBN Co or the Company). The Financial Report was authorised for issue by the Directors on 4 August 2022. The Directors have the power to amend and reissue the Financial Report.

REPORT STRUCTURE

This Annual Report is designed to be read in its entirety. The required elements of the Directors' Report, including the Operating and Financial Review (OFR) as required by the *Corporations Act 2001* and the *Public Governance, Performance and Accountability Act* (Cth), are covered on pages 12 to 81. Commentary on NBN Co's financial performance specifically is contained on pages 56 to 61, and references information reported in the Financial Report (pages 128 to 185).

The report also includes a detailed Remuneration Report prepared in accordance with RMG 139 *Commonwealth companies, Executive Remuneration Reporting Guide for Annual Reports* on pages 82 to 101 and a Corporate Governance Statement on pages 102 to 126.

INTEGRATED REPORTING

This Annual Report has been prepared with reference to the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework (IIRF), as NBN Co believes it provides a useful basis for disclosing how the Company creates sustainable value for its broader stakeholders over time. The framework has been used to demonstrate how NBN Co's purpose, its values, and risks and opportunities drive its strategy. It also considers how the execution of NBN Co's strategy creates value for stakeholders, applying a lens that is broader than operational and financial performance alone. The transition to integrated reporting is a journey and therefore the adoption of the principles of the IIRF will continue to evolve.

RESOURCES

The IIRF describes six forms of capital (financial, manufactured, intellectual, human, social and relationship, and natural) but encourages organisations to adopt a categorisation and terminology appropriate to their business. In this report, NBN Co has grouped and defined these capitals into the five distinct resources outlined below. Icons are used throughout this report to demonstrate how each resource links to strategy, value creation, risk management and remuneration, and to demonstrate key relationships and trade-offs between business value drivers.



Network



Customers, communities and partners



People



Environment



Financial resources

FORWARD-LOOKING STATEMENTS

This Annual Report includes information about NBN Co's performance for the period 1 July 2021 to 30 June 2022. Any forward-looking statements are based on NBN Co's current expectations, best estimates and assumptions as at the date of preparation, many of which are beyond NBN Co's control. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, which may cause actual results to differ materially from those expressed in the report. Such forward-looking statements should not be relied on or considered to be a representation of what will happen by any third party. NBN Co does not give any guarantee or assurance that the results, performance or achievements expressed or implied by such forward-looking statements will actually occur.

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Any request or inquiry to so use the Annual Report should be addressed to:

The Chief Financial Officer, NBN Co Limited, Level 13, 100 Mount Street, North Sydney, NSW 2060, Australia.

GLOSSARY

Defined terms within this Annual Report should be read in conjunction with the Glossary on the NBN Co website: <https://www.nbnco.com.au/utility/glossary-of-terms>.

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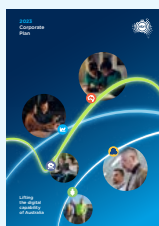
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2022 NBN CO ANNUAL REPORTING SUITE



Annual Report



Corporate Plan



Tax Transparency Report



Modern Slavery Statement

[View reporting suite online](https://nbn.co/AnnualReport)

at nbn.co/AnnualReport



About NBN Co

The **nbn**® network is Australia's digital backbone that helps deliver reliable, resilient and secure broadband across the nation. NBN Co is committed to responding to the digital connectivity needs of people across Australia, working with industry, governments, regulators and community partners to lift the digital capability of Australia.

As a Government Business Enterprise (GBE), the principal responsibility of NBN Co is to build and operate the National Broadband Network (**nbn**® network) in accordance with the Commonwealth Government's Statement of Expectations, 26 August 2021¹.

One of the Company's key objectives is to maximise the economic and social benefits of the **nbn**® network. NBN Co will support Australia's digital economy and enhance social connection by creating opportunities for communities, governments and industry to drive digital adoption and innovation.

In addition to building and operating a network that is reliable, fast, resilient and secure, NBN Co also has the aim of meeting the current and future broadband needs of households and businesses, including in regional Australia, fostering productivity and innovation, and supporting the nation to be a leading digital economy and society.

As the nation's main broadband wholesaler, NBN Co provides access to all Retail Service Providers (RSPs) on a non-discriminatory basis. This approach is intended to level the playing field in the Australian telecommunications industry, enhancing competition and innovation, and providing greater choice for customers² across the country. It is through RSPs that customers connect to the **nbn**® network for access to high-speed internet.

NBN Co is delivering high-speed broadband to customers across Australia over an area of more than seven million square kilometres. Working in collaboration with industry partners, NBN Co is committed to connecting Australian homes and businesses so they can access the social and economic benefits that fast broadband enables.

1. <https://www.nbnco.com.au/corporate-information/about-nbn-co>

2. Final downstream customers to NBN Co's Retail Service Providers (RSPs).

Our impact

NBN Co delivered another year of solid operational and financial success across the key resources and relationships it relies on to create value now and into the future for Australian homes and businesses.



Network

12.1m

Premises Ready to Connect (RTC)

FY21: 12.0m

5.1m

Premises able to access nbn® Home Ultrafast speed tier as at 30 June 2022

FY21: 3.9m

99.95%

Average network availability¹

FY21: 99.96%



Customers, communities and partners

8.5m

Homes and businesses connected

FY21: 8.2m

76%

Customers on a wholesale 50Mbps download plan or higher²

FY21: 75%

304

Business Fibre Zones

FY21: 240



People

81%

Employee engagement score

FY21: 76%

32.4%

Female representation in management

FY21: 33%

2.3

Total Recordable Injury Frequency Rate (TRIFR)

FY21: 2.2



Environment

SBTi³

Commitment

Aligning emissions reductions targets with the latest climate science

100%

Renewable electricity purchase target from December 2025

\$800m

Green bond

Largest Australian dollar-denominated Green bond issued by an Australian company



Financial resources

\$5.1bn

Revenue

FY21: \$4.6bn

\$3.1bn

EBITDA⁴

\$1.76bn improvement

\$18.2bn

Market debt funding

FY21: \$10.6bn

1. For further details on average network availability, refer to page 23.
2. In this metric, '50Mbps (download) wholesale speed plan' includes wholesale plans available to phone and internet providers with download speeds of 50Mbps and 25-50Mbps. The **nbn**^{*} wholesale speed tiers available to your phone and internet provider vary depending on the **nbn**^{*} network technology in your area.
3. The Science Based Targets initiative (SBTi) drives climate action in the private sector by enabling organisations to set science-based emissions reduction targets - <https://sciencebasedtargets.org/about-us>.
4. EBITDA is defined as earnings before interest, tax, other non-operating income, depreciation and amortisation.

Chair and Chief Executive Officer's message



NBN Co delivered financial and operational results in line with guidance for FY22.

The Company's results were delivered as recent events led to a change in the way individuals, families and businesses use their broadband connection.

The ongoing impacts of the COVID-19 pandemic, in particular, have seen more people than ever before working, learning, shopping and streaming content from home.

Throughout FY22 we have made ongoing investments to evolve the next stage of the **nbn**® network.

We know that by operating a reliable, resilient and secure network, we are playing a key role in unlocking social and economic benefits for households, businesses and communities across Australia.

Delivering on our purpose to lift the digital capability of Australia is our highest priority.

The nation has also faced climate-related challenges including devastating floods and storms, which along with self-isolation imposed by the pandemic, served to underline the importance of the **nbn**® network.



Above:
NBN Co CEO
Stephen Rue and
Chair Kate McKenzie

During these challenging times, the **nbn*** network stood up well with average monthly availability of 99.95 per cent – ensuring we delivered reliable, resilient and secure broadband for households, businesses and communities across Australia. Our network managed peak traffic, which reached a record 21.51 terabits per second.

We are continuing to grow the capacity of our network to keep ahead of that demand by pushing fibre deeper into communities and expanding Fixed Wireless and Satellite coverage and capabilities.

Following the new Government's announcement to roll out additional fibre to 1.5 million premises currently served by Fibre to the Node (FTTN) technology, our goal is to enable more than 9.7 million premises currently on our Fixed Line network to access our fastest on demand wholesale speed tier plans from 500 Mbps to close to 1 Gbps by the end of 2025.

Together with the Government, we have committed a further \$750 million to upgrade our **nbn*** Fixed Wireless network.

Average monthly download is around 380 gigabytes, but this reached 405 gigabytes in January 2022 during the school holiday period.

Through our network investments we supported the nation in working and learning from home, lifting digital capability and helping meet the growing digital demands of households, businesses and communities.

With faster speeds, the whole family can be online at the same time - meeting their work, education, health and recreation needs.

Right across our organisation, we are working hard to meet the demands of Australia's homes and businesses – wherever they are located – now and into the future.

This is a source of great pride for the people at NBN Co as we ensure the **nbn*** network plays an integral role in the digital capability of Australia.



FY22 performance

Almost 316,000 additional residential and business premises were activated on the **nbn**® network in the 12 months to 30 June 2022.

There were more than 8.5 million premises connected to the network at the end of the financial year. This equates to almost 20 million people relying on our network every day.

The total number of Ready to Connect homes and business premises rose to more than 12.1 million at 30 June 2022.

The steady growth in our customer base, and continued take-up of higher speed services on the network, helped increase total revenue by 10 per cent to \$5.1 billion in FY22.

Almost 20 million people are relying on our network every day.

The Company posted a \$1.76 billion improvement in Earnings before interest, tax, other non-operating income, depreciation and amortisation (EBITDA) compared to FY21, to bring its total EBITDA result to \$3.1 billion for FY22.

EBITDA before subscriber costs increased by 27 per cent to \$3.3 billion.

The growth in active premises, revenue and EBITDA meant that NBN Co met the FY22 operational and financial targets we set in our Corporate Plan 2022.

Network investment

The **nbn**® network is the digital backbone of our nation, supporting so much of what we do every day.

The network continues to perform exceptionally well and has stood up to rigorous demands in recent years. During this time, the Company has transitioned from the initial construction phase to our operational phase.

The Company is always looking ahead, making the necessary investments today to ensure customers, businesses and communities are connected with the services they need to succeed in the digital world of tomorrow.

NBN Co has a strong commitment to optimising the performance, capacity and resilience of our networks for the benefit of all customers.

This is crucially important if we are to anticipate and deliver on the growing needs of our customers.

Our network investment plan contains important initiatives and a co-investment fund to help more Australian businesses – particularly those in rural and remote areas – connect to the services and access the opportunities they need to thrive in a digital world.





At the end of FY22, approximately 76 per cent of residential and business customers were connected to plans based on **nbn**[®] wholesale speed tiers with peak download speeds of 50 Mbps and above.

And approximately 18 per cent were on **nbn**[®] wholesale speed plans offering peak download speeds of 100 Mbps or higher.

Around 2.2 million premises can currently access the **nbn**[®] network via Fibre to the Premises (FTTP) connections, and are able to order **nbn**[®] Home Ultrafast with close to gigabit wholesale download speeds.

Our entire Hybrid Fibre Coaxial (HFC) network, covering some 2.5 million premises, predominantly in Sydney, Melbourne and Brisbane metropolitan areas, can also access **nbn**[®] Home Ultrafast.

Most of the 1.5 million premises on Fibre to the Curb (FTTC) connections can also now access **nbn**[®] Home Fast, with wholesale download speeds of up to 100 Mbps. By the end of 2023, these customers will be able to access **nbn**[®] Home Ultrafast, on demand.

Construction of the Local Fibre Network for our Fibre to the Node to Fibre to the Premises (FTTN to FTTP) upgrade is well progressed, with the roll out of this additional fibre either underway or already in place to serve more than 920,000 premises. By the end of 2025, 3.5 million premises currently served by Fibre to the Node will be able to access Fibre to the Premises on demand.

During 2022, we announced a further \$750 million investment in the **nbn**[®] Fixed Wireless network, with \$480 million of this being provided by the Australian Government and NBN Co committing \$270 million. The program is designed to deliver faster wholesale speeds for regional Australia, benefiting customers in thousands of homes and businesses.

Funding our future

NBN Co has always been about helping deliver a better Australia. We have a strong focus on keeping the nation connected – staying ahead of growing data demand by putting more capacity into the network so it's ready and available for customers when they need it.

During FY22, debt raising through bank facilities and debt capital markets enabled us to pay down the Commonwealth loan by a further \$6.8 billion.

We have now reduced the outstanding balance to \$6.4 billion. This means we are on track to repay the original \$19.5 billion Commonwealth loan by June 2024, when it is due to mature.

These raisings, along with long-term revenue, EBITDA and free cash flow, provide us with the financial flexibility to reinvest in the network, so we can extend the capability and utility value of the **nbn**[®] network, for the benefit of customers across Australia.



Working with industry

Maintaining solid working relationships and practices with Retail Service Providers (RSPs), suppliers, government regulators and industry groups is essential to ensure Australia's digital needs are met.

Throughout FY22, we worked closely with the Australian Competition and Consumer Commission (ACCC), RSPs and industry groups on the framework that is used to regulate wholesale access to the **nbn**® network.

The Company is working towards putting forward a revised Special Access Undertaking (SAU) Variation with the aim of delivering predictability and value to the industry and most importantly, to homes and businesses across Australia, both now and in the long-term.

Our proposed changes would maintain NBN Co's opportunity – subject to market conditions – to earn the revenues needed to meet our short and medium term financial commitments, sustain our business, deliver government policy and ensure we can continue to invest in the network to improve the speed, resilience and reliability of the network.

We also recognise that we need to continually improve our internal functions and support RSPs with simplified systems.

In FY22, we made great strides in our internal transformation program to become a more streamlined, efficient wholesaler that is easier to work with. This is part of our objective to help reduce costs in the industry and improve customer experience.

Sustainability

The Company is committed to reducing emissions and addressing climate risks to support a more sustainable network and a low carbon future.

We are committed to operating a climate-resilient, resource-efficient network and business, aligned with the latest climate science, which protects and takes care of the natural environment and areas of cultural heritage significance.

The Company is committed to playing its role in mitigating the effects of climate change through its Towards-Zero Carbon Ambition and commitment to the Science Based Targets initiative.

As part of this, the Company has an initial three-year roadmap and is working towards:

- Reducing annual energy use by 25 Gigawatt hours by December 2025
- Purchasing 100 per cent renewable electricity from December 2025
- Using electric or hybrid vehicles, where suitably available, by 2030.

In support of our renewable electricity target, we announced our membership of the global RE100 renewable energy initiative in December 2021.

The recent challenges of natural disasters and extreme weather events such as floods and storms have tested the **nbn**[®] network. Pleasingly, both the network and NBN Co's emergency response teams have performed well.

NBN Co supported emergency services and communities in several natural disasters and emergencies, including the Queensland and New South Wales floods in March 2021 and March 2022, and the severe storms in Victoria in June 2021.

Supporting our response to climate impacts, we have also completed our first Company-wide Climate Change Risk Assessment. This work will inform climate transition planning and further action to increase resilience to physical climate change impacts.

Restoring and providing essential communication services that families can rely on to stay in contact with each other and emergency services during these events remains the Company's highest priority during these times.

NBN Co has also continued its strong focus on sustaining a safe, inclusive and highly engaged workforce.

This ensures that our people, their diversity and knowledge can come together to better service the needs of our customers, communities and stakeholders.

Beyond 2022

NBN Co is proud of its progress during FY22 to execute the network investment plan, which is designed to support our nation in getting the most out of the social and economic benefits enabled by fast broadband.

Through ongoing investment in the evolution of the **nbn**[®] network, we aim to continue to meet the growing digital needs of Australia's homes, businesses and communities now and in the future.

As the digital backbone of Australia, we remain committed to working in close collaboration with our industry partners to help grow the digital economy and deliver on our enduring purpose to lift Australia's digital capability.



Kate McKenzie
Chair



Stephen Rue
Chief Executive Officer



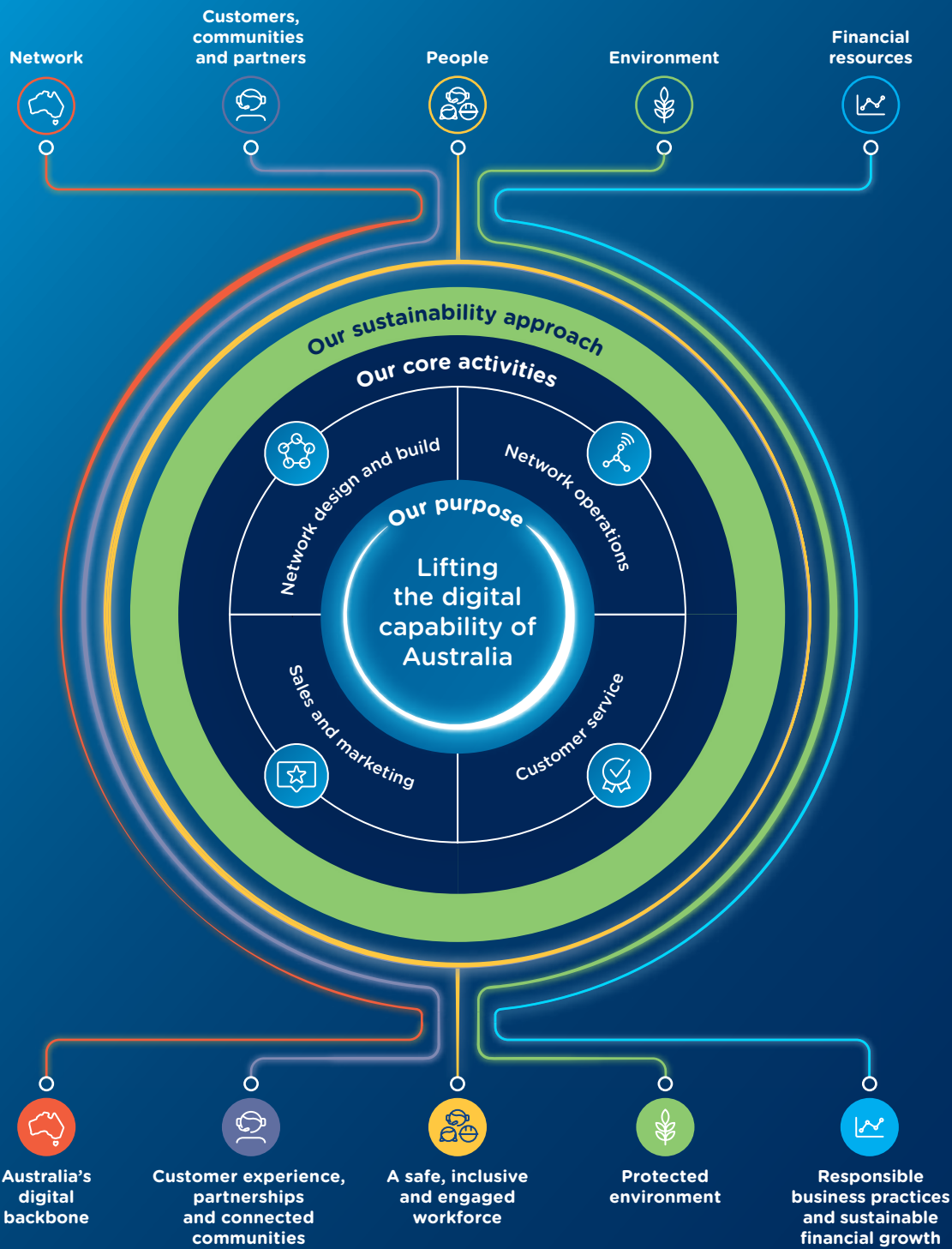


Directors' Report

The Directors of the Company present their report of NBN Co Limited (NBN Co or the Company) together with the Financial Report for the year ended 30 June 2022 and the Independent auditor's report therein.

How we create value

Our resources



Our purpose

Lifting the digital capability of Australia

Our values

We are one team

We deliver

We are fearless

We care

Our resources

Network

A reliable, resilient and secure wholesale broadband network available to people across Australia.

Customers, communities and partners

Relationships with RSPs, customers, local communities, suppliers, government, regulators and industry groups.

People

Highly capable teams who contribute their knowledge and experience to deliver NBN Co's purpose and strategy.

Environment

Efficient use of natural resources to build and operate the network, helping to mitigate the causes and impacts of climate change.

Financial resources

Capital from our shareholders and lenders.

Our core activities



Network design and build



Network operations



Sales and marketing



Customer service

Our Sustainability Approach

Environmental

Climate adaptation
Climate change mitigation
Circularity and waste
Environmental protection

Social

First Peoples reconciliation
Digital inclusion
Decent, healthy and safe work
Diversity, equity and inclusion

Governance

Sustainability governance
Sustainable finance
Culture and capability
Collaborative partnerships

Value creation outcomes



Australia's digital backbone

As Australia's digital backbone and national telecommunications asset, the **nbn**[®] network is lifting the digital capability of Australia, enabling greater productivity, economic prosperity and social opportunity.



Customer experience, partnerships and connected communities

Working collaboratively with our industry, suppliers and partners to deliver excellent customer experience and make meaningful contributions to the communities we serve.



A safe, inclusive and engaged workforce

A safe, inclusive and engaged workplace where highly capable and motivated people live NBN Co's values and are empowered to deliver NBN Co's purpose and strategy.



Protected environment

A climate-resilient, resource-efficient network and business aligned with the latest climate science, which protects the natural environment and areas of cultural significance.



Responsible business practices and sustainable financial growth

Long-term responsible and sustainable financial growth to enable reinvestment in the network to benefit people across Australia.

How we deliver and measure value

	 Network	 Customers, communities and partners
Resources	A reliable, resilient and secure wholesale broadband network available to people across Australia.	Relationships with RSPs, customers, local communities, suppliers, government, regulators and industry groups.
Value drivers	• Network investment and innovation • Network scale • Network capability and performance • Network resilience • Privacy and data security	• Number of customers • Customer experience • Relationships with partners • Community contribution • Digital inclusion and capability, and economic opportunity • First Peoples reconciliation • Ethical supply chain
Value measures	• Total premises Ready to Connect (RTC) • Availability of highest wholesale speed plans over the network • Network investment progress • Number of Business Fibre Zones • Network performance metrics • Average network availability	• Total premises connected • Customer speed tier mix • Customer satisfaction metrics • Service connection metrics • Service restoration metrics • RAP actions completed



People

Highly capable teams who contribute their knowledge and experience to deliver NBN Co's purpose and strategy.

- Workforce culture and engagement
- Diversity and inclusion
- Workforce health and safety and wellbeing

- Employee engagement score
- Female representation in management
- Gender pay comparatives
- HSE incidents and injury metrics



Environment

Efficient use of natural resources to build and operate the network, helping to mitigate the causes and impacts of climate change.

- Climate change mitigation
- Climate adaptation and resilience
- Circularity and waste
- Environmental protection

- Scope 1, 2 and 3 emissions – estimates for FY22
- Renewable energy purchases (% of total purchases)
- Greenhouse gas (GHG) emissions intensity
- Waste diversion rate %
- Notable environmental and cultural heritage incidents



Financial resources

Capital from our shareholders and lenders.

- Financial performance
- Capital management
- Corporate governance
- Transparency and accountability

- Revenue growth
- EBITDA performance
- Capital management metrics
- Liquidity metrics

Our Sustainability Approach

Embedding sustainability in all the Company’s activities supports NBN Co’s purpose to lift the digital capability of Australia, enabling long-term social, economic, and environmental value for our people, customers, communities, partners, country and planet.

NBN Co Sustainability Approach

To sustain life on earth for the long-term, the evidence base tells us that the safe and just space for humanity is between a social foundation of human wellbeing within our planetary boundaries.

Our Sustainability Approach recognises how both social and environmental themes are interdependent, act as a system, and are both enabled and controlled by governance.

Taking action on Environmental, Social and Governance themes creates and protects value for NBN Co and our stakeholders.

Governing our Sustainability Approach

NBN Co’s Sustainability Sub-Committee of its Executive Committee, consisting of six members, oversees the implementation of the Sustainability Program. In FY23, the Committee will continue to meet quarterly and support the integration of sustainability into business processes and programs. The Sustainability Sub-Committee reports to the Board biannually to enable the Board to oversee and monitor the effectiveness of NBN Co’s Sustainability Approach and Sustainability Program.

NBN Co Sustainability Approach



FY22 Sustainability Program of Work review

In FY21 and FY22, NBN Co's company-wide Sustainability Program focused on six material topics and their related risks, issues and opportunities, with actions aimed at enhancing positive impacts and mitigating potential negative impacts.

Supporting our existing sustainability objectives and value creation for stakeholders, in FY22, NBN Co progressed several Sustainability Program actions.

Acting on these topics creates value across all five streams of the Company's value creation model. For FY22 performance results see the FY22 Data Book.

Material topic	FY22 outcomes	Relevant report section
 Social equity	Defined how NBN Co supports digital inclusion and capability, explored the potential benefits arising from these related activities and incorporated these into a company-wide approach to addressing digital inclusion barriers	 Customer experience, partnerships and connected communities  Australia's digital backbone
 Economic contribution	- Researched social value measurement frameworks to inform planned approach for measuring impact of social sustainability initiatives - Incorporated our model for digital inclusion and capability into planned approach for measuring impact of social sustainability initiatives - Incorporated Social bond Use of Proceeds criteria into the Sustainability Bond Framework	
 Resilient network	- Completed company-wide climate change risk assessment - Elevated climate transition to a material business risk - Further strengthened network to increase resilience through deployment of Temporary Network Infrastructure (TNI)	 Australia's digital backbone  Protected environment
 Climate action	- Began implementation of Towards-Zero Carbon three-year roadmap, including joining RE100 and committing to science-based emissions reduction targets to align with Science Based Targets initiative (SBTi) - Incorporated Green bond Use of Proceeds criteria into the Sustainability Bond Framework	 Protected environment
 Diversity and inclusion	- Researched social value measurement frameworks to inform planned approach for measuring impact of social sustainability initiatives - Incorporated diversity and inclusion into planned approach for measuring impact of social sustainability initiatives - Maintained commitment to pay equity, with a gender pay gap of 1.1 per cent at 30 June 2022	 A safe, inclusive and engaged workforce
 Transparent and accountable business	- Executive-led Sustainability Governance Committee meetings held quarterly - Established Modern Slavery Working Group - Used global sustainability reporting frameworks to guide development of Annual Report	 Responsible business practices and sustainable financial growth  Customer experience, partnerships and connected communities Our Sustainability Approach Corporate Governance Statement

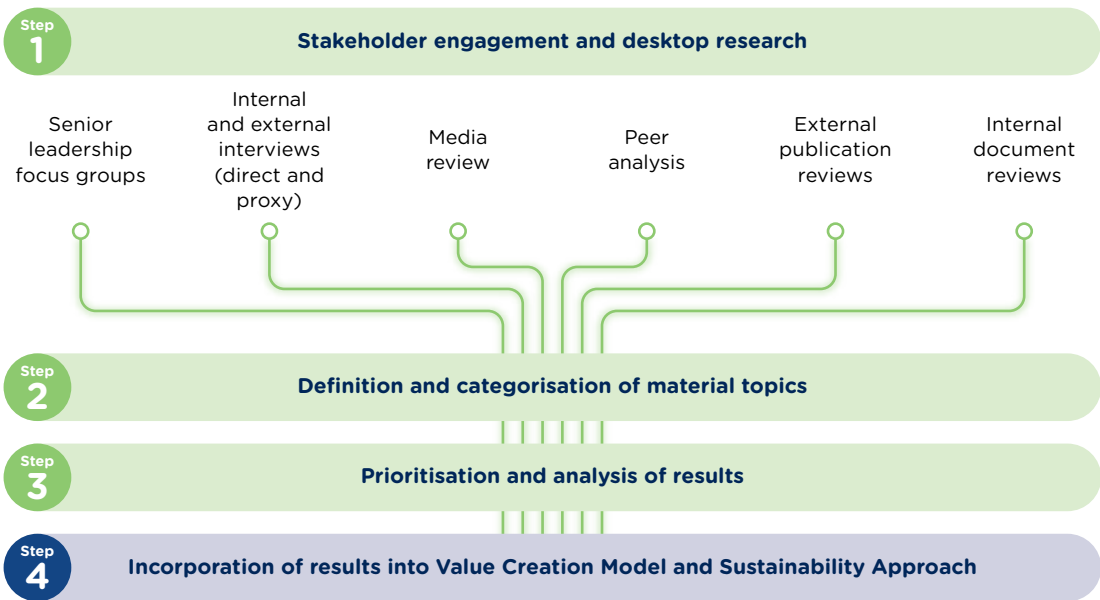
Informing our Sustainability Approach

FY22 MATERIALITY ASSESSMENT

Materiality assessments inform NBN Co’s Sustainability Approach by identifying topics and related issues that have a significant impact on NBN Co or are impacted by the Company’s operations (or both), and are considered important to both NBN Co and its stakeholders.

NBN Co’s FY21/22 Sustainability Program was informed by the Company’s first sustainability materiality assessment, conducted in FY20. In FY22, NBN Co undertook a second materiality assessment, engaging with a wider group of internal and external stakeholders. The materiality assessment results informed updates to NBN Co’s value creation model and were an input into the development of the Company’s Sustainability Approach and FY23/24 Sustainability Program.

NBN CO’S MATERIALITY ASSESSMENT APPROACH



International standards and frameworks

NBN Co’s Sustainability Program is also informed by leading practice international standards and frameworks. In FY22, NBN Co committed to science-based emissions reduction targets to align with the Science Based Targets initiative (SBTi) and joined Renewable Energy 100 (RE100), in line with the Company’s commitment to purchase 100 per cent renewable electricity from December 2025.

NBN Co is also a member of B4SI¹, supporting efforts in measuring the impact of employee volunteering and giving.

Disclosures within this Annual Report are also guided by international standards and frameworks including the International Integrated Reporting Framework, Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) Telecommunication Services Sustainability Accounting Standard, Global Reporting Initiative (GRI) Standards 2016, and UN Sustainable Development Goals (SDGs). For further details see the 2022 NBN Co Reporting Index.

1. Business For Societal Impact <https://b4si.net/>

UN Sustainable Development Goals (SDG)

In FY20, NBN Co identified the SDGs most relevant to its operations. This included mapping the supporting targets of the 17 SDGs to the Company's material topics. Each SDG was then scored based on the mapping to finalise the four 'primary' SDGs which represent where NBN Co can create direct impact and the three 'secondary' SDGs representing business activities that support indirect impact creation.

In FY22, as the Company's sustainability approach and actions have evolved, NBN Co identified an additional SDG (UN SDG 7) where it can create direct impact.

Primary SDGs NBN Co can directly impact through action



Secondary SDGs which the nbn® network and business support



Sustainability metrics

Key sustainability (or ESG) metrics and commentary are included within this Annual Report, across our five Value Creation Outcomes. For a full list of FY22 sustainability metrics demonstrating performance across our Value Creation Outcomes, see the FY22 Sustainability/Non-financial metrics Data Book on the Company's website.

NBN Co's reporting and disclosures are guided and informed by international standards and frameworks. The NBN Co FY22 Reporting Index on our Company website, provides a guide on where to find information within this report or other publicly available documents on the NBN Co website, as related to the GRI Standards, SASB Telecommunications Services Sustainability Accounting Standard reporting disclosures and TCFD recommendations. How NBN Co's actions map to relevant UN SDG targets is also included within the FY22 Reporting Index.

Sustainability assurance approach

To mature NBN Co's sustainability reporting and disclosures, the Sustainability Program has included actions focused on improving the robustness and credibility of our sustainability and non-financial metrics.

In FY21, this included improvement in data management processes for some sustainability metrics, in preparation for future third-party external assurance.

In FY22, NBN Co took the next step to improve the maturity of our non-financial reporting and disclosures, and for the first time obtained limited assurance over a select number of non-financial metrics as listed below, as at 30 June 2022 (unless otherwise stated):

- Total Recordable Injury Frequency Rate (TRIFR)
- Gender pay gap
- Females in management
- Employee engagement
- Activations
- Total scope 1 and 2 emissions for the year ended 30 June 2021¹
- Total energy consumed for the year ended 30 June 2021¹

See pages 190 to 193 for the further details on the limited assurance procedures undertaken and the independent assurance report.

1. In addition, NBN Co has for several years obtained reasonable external assurance over energy and greenhouse gas emissions data submitted to the Clean Energy Regulator in compliance with the *National Greenhouse and Energy Reporting Act 2007*. This includes FY21 total scope 1 and 2 emissions and total energy consumed. Final FY22 energy and greenhouse gas emissions data to be submitted to the Clean Energy Regulator in October 2022, will be subject to voluntary reasonable external assurance.



Our network

Australia's digital backbone

Access to fast and reliable broadband plays a vital role in the daily lives of people across Australia and is critical to our national economy.

The Company's priority is to provide homes, businesses, communities, suburbs, towns, cities and regions with access to the digital tools and services that will help enable our nation to be productive, socially connected and prosperous.

As at 30 June 2022, the Company has made over 12.1 million premises Ready to Connect to the **nbn**[®] network, following the construction of network infrastructure for in excess of 100,000 newly developed premises.

As households increasingly work and study from home and enjoy online entertainment, demand for data and NBN Co's higher wholesale speed tiers continues to grow.

Small, medium and large businesses alike are adopting digital applications to drive growth and enhance productivity.

These changes are placing increasing capacity demands on the **nbn**[®] network, which requires ongoing investment.

In FY22, we are pleased to report that no homes or businesses within the Fixed Line network experienced any breach of the network utilisation thresholds in the **nbn**[®] network.

As Australia's digital backbone, we are constantly evolving the network to meet Australia's growing digital needs.

Our network investment plan is taking fibre deeper into communities, upgrading our Fixed Wireless and Satellite networks and extending Business Fibre Zones to ensure we continue to meet the growing demands of Australia's homes and businesses, wherever they are located.

Throughout FY22, 97 per cent of homes and businesses were connected within target timeframes agreed with phone and internet providers.

The volume and location of premises around Australia is also changing. We work directly with property developers with the aim to be the first choice provider of broadband networks, services and solutions to new residential and commercial property developments around Australia.

By growing our network footprint and capacity, we are helping support the economic stimulus needed to realise the social and economic benefits that access to high-speed broadband can unlock.

FY2022 highlights

12.1m

Premises Ready to Connect (RTC)

FY21: 12.0m

5.1m

Premises able to access **nbn**[®] Home Ultrafast speed tier as at 30 June 2022

FY21: 3.9m

99.95%

Average network availability¹

FY21: 99.96%

1. Network availability is defined as the percentage of time the **nbn**[®] network is available and operating. For this measure, the network is considered 'unavailable' during the time NBN Co is restoring services following the raising of a fault. It does not include periods where the network is unavailable due to operational outages for matters such as network upgrades and improvements or events beyond NBN Co's control. This metric has been rounded to the nearest two decimal places.



Network investments - Fixed Line

Following the new Government's announcement to roll-out additional fibre to 1.5 million premises currently served by Fibre to the Node (FTTN) technology, our goal is to enable more than 9.7 million premises on our Fixed Line network to access plans based on the **nbn**[®] Home Ultrafast wholesale speed tier, offering peak download speeds from 500 Mbps to close to 1 Gbps by the end of 2025.

In March 2022, the Company made it possible for the first 50,000 customers in premises served by Fibre to the Node (FTTN) to upgrade to Fibre to the Premises (FTTP). By 30 June 2022, approximately 230,000 premises served by FTTN became eligible to upgrade to FTTP and enjoy access to the three highest residential speed tiers, **nbn**[®] Home Fast, **nbn**[®] Home Superfast or **nbn**[®] Home Ultrafast.

The Company intends to extend the FTTN to FTTP network upgrade program to approximately 600,000 eligible premises by 31 December 2022 and up to 3.5 million premises by the end of 2025.

In June 2022, NBN Co made it possible for customers in around 160,000 premises currently served by Fibre to the Curb (FTTC) in New South Wales, Victoria and South Australia to upgrade to Fibre to the Premises (FTTP).

The Company will extend eligibility to approximately 115,000 additional premises per month in New South Wales, the Australian Capital Territory, Victoria, South Australia, Queensland and Western Australia, to make almost one million premises currently served by FTTC able to upgrade to FTTP and access **nbn**[®] Home Ultrafast by the end of 2022.

By the end of 2023, approximately 1.5 million premises that currently access the **nbn**[®] network via FTTC will be able to upgrade to FTTP and enjoy access to the highest residential speeds available on the network.

As a result of these upgrades, by the end of 2025, approximately 60 per cent of premises served by the network will be either on FTTP, or capable of ordering an FTTP service.

There are currently approximately 2.5 million premises that are Ready to Connect to the Hybrid Fibre Coaxial (HFC) network. This makes up about 21 per cent of the **nbn**[®] network. As at 30 June 2022, there are just under 2 million active HFC services. NBN Co has undertaken enablement work over the past twelve months on the HFC network and as a result, 100 per cent of the HFC footprint can now access the Home Ultrafast[®] speed tier.

Following the strong progress made towards delivering our network investment plans during FY22, more than 5.1 million premises across Australia were able to access the **nbn**[®] Home Ultrafast speed tier as at 30 June 2022.

5.1 million

Premises able to access **nbn**[®] Home Ultrafast speed tier as at 30 June 2022

9.7 million

Premises able to access **nbn**[®] Home Ultrafast speed tier by end of 2025



Network investments – regional Australia

Population demographic trends and higher data usage are changing the profile of network demand and usage, particularly in regional Australia. NBN Co predicts a 300 per cent rise in customer demand for data on the **nbn**® Fixed Wireless network over the next ten years.

NBN Co already invests approximately \$200 million each year maintaining and upgrading the **nbn**® Fixed Wireless network to meet current capacity commitments and optimise the performance and resilience of the Fixed Wireless network.

In March 2022, the Commonwealth Government and the Company announced a combined investment of \$750 million in the **nbn**® Fixed Wireless network.

This regional investment is aimed at delivering an expansion of the **nbn**® Fixed Wireless footprint coverage by up to 50 per cent. This will be delivered using the latest 5G technology to extend the range, speed and capacity of the existing Fixed Wireless network.

This enhanced coverage and range will enable approximately 120,000 formerly satellite-only eligible premises to access enhanced **nbn**® Fixed Wireless services.

Subject to industry consultation, homes and businesses within the expanded **nbn**® Fixed Wireless footprint will be able to order retail services from their service provider with a potential maximum wholesale speed tier with peak download of up to 100Mbps. Up to 85 per cent of the expanded footprint will be able to order services of up to 250 Mbps, which is up to three times faster than the highest wholesale speeds available today.

We are also committed to increasing the typical wholesale busy hour peak download speeds delivered over the **nbn**® Fixed Wireless network to reach at least 50 Mbps.

For the homes and businesses that remain on **nbn**® Satellite, NBN Co has removed data usage¹ caps for all **nbn**® Sky Muster® Plus customers for the majority of the day with the off-peak period increasing to 16 hours (12am – 4pm) per day, from the previous six-hour window (1am – 7am). This has been available since mid-2022.

In addition, in mid-2022 average monthly data allowances for regular Sky Muster® products were increased to 55 gigabytes, increasing to 90 gigabytes once the **nbn**® Fixed Wireless upgrade is complete in around two years' time.

CASE STUDY

Enriching people's lives

The Partridge family from Bomaderry on the NSW South Coast are powering their busy lifestyle with the help of fast broadband, connecting to services over the **nbn**® network, for work, fun and everything in between.

See more online

at nbn.tm/Partridge



1. Video streaming and VPN traffic are metered, only between 4pm and 12 midnight. Wholesale speeds may be impacted if metered data allowance is exceeded. NBN Co may, at its discretion, shape traffic (in particular, gaming / software updates and cloud uploads in the evening) to slow wholesale speeds. Experiences, including speeds over the **nbn**® network, may vary by factors such as time of use, your plan, equipment, software or signal reception). You may also experience latency. Visit nbn.com.au/skymusterplus for more information. Fair use conditions apply – contact your internet service provider for more information.

Network co-investment

NBN Co has created a number of effective partnerships with Federal and State governments to co-invest in **nbn**[®] network upgrades and improved services in regional and remote Australia.

A recent example of this is the Company's landmark agreement with the Victorian Government in August 2021, dedicated to delivering more fibre and faster broadband services to key metropolitan and regional areas across the state.

The Victorian Government has committed \$110 million to the Victorian NBN State Program Fund. NBN Co uses this funding to execute agreed co-investment upgrades.

The first projects that NBN Co and the Victorian Government co-invested in as part of the agreement was the creation of 11 new **nbn**[®] Business Fibre Zones across outer metropolitan and regional areas. This is helping to make business-grade fibre connections more affordable for 10,000 additional Victorian businesses.

In March 2022, NBN Co and the Victorian Government announced a second stage, which in addition to adding a further five new **nbn**[®] Business Fibre Zones, will enable around 40,000 premises in 50 suburbs and towns across Victoria to benefit from on demand fibre upgrades from FTTN to FTTP.

A total of sixteen new **nbn[®] Business Fibre Zones will be created in Victoria to help businesses grow, create jobs and enhance productivity.**

Under the agreement, the Victorian Government will contribute to the cost of extending fibre-optic cable further into local communities. NBN Co will cover the cost of the fibre lead-in to the eligible home or business, which will be constructed when the customer orders a plan based on **nbn**[®] Home Fast or higher.





In some of these areas, customers will be able to order a service from June 2023.

NBN Co's \$300 million Regional Co-investment Fund (RCIF), that was announced in September 2020, is helping deliver access to higher speed wholesale broadband services over the **nbn**[®] network to households and businesses in regional and remote areas of Australia.

This is aimed at supporting improvements in regional digital inclusion and capability which lead to better outcomes for health, educational, business, disaster recovery and First Peoples stakeholders.

NBN Co invites co-investment opportunities from Federal, State and Territory or Local governments.

NBN Co has also been successful in securing a number of government grants via open government tender processes to support **nbn**[®] network upgrades including through the Regional Connectivity Program (RCP) and the Strengthening Telecommunications Against Natural Disasters Program (STAND).

These were part of the Australian Government response to the 2018 Regional Telecommunications Review, and demonstrate our commitment to regional, rural and remote Australia.

In addition to the more than \$76 million in Commonwealth Regional Connectivity Program (RCP) funding and almost \$20 million in funding support from State and Local governments, NBN Co will contribute more than \$39 million to deliver these projects.

By co-investing with all levels of Government, we continue our commitment to improve access to high-speed broadband services for Australia's rural and regional communities, enhance digital capability and boost job prospects to help our regions thrive.

During FY22, NBN Co also received its first payment under the Regional Broadband Scheme (RBS), which was established by the Commonwealth in January 2021 to ensure transparent and sustainable funding arrangements are in place to support essential broadband services to regional, rural and remote Australians. Under the RBS, telecommunications providers that own or are responsible for fixed-line networks capable of providing comparable services to the **nbn**[®] network are required to pay a contribution to help fund the cost of providing high-speed broadband to regional communities. As NBN Co is the largest fixed-line network operator in Australia, the Company continues to pay the vast majority of the costs to build and operate the Fixed Wireless and Satellite networks.

Lifting the digital capability of Australian businesses

Throughout FY22, NBN Co has worked in partnership with Retail Service Providers (RSPs) nationally, to provide Australian businesses, regardless of location, with reliable, scalable and secure broadband.

A key component is NBN Co's investment to make on-request upgrades to business-grade fibre services available to more premises than ever before. This includes increasing the number of **nbn**[®] Business Fibre Zones across Australia, including in regional areas.

Business Fibre Zones are locations with a high percentage of business premises, where customers can order high speed, reliable, scalable and symmetrical bandwidth from 10 Mbps to currently close to 1 Gbps - and since 30 June 2022, close to 10 Gbps symmetrical speeds. These customers benefit from wholesale pricing discounts to receive the same pricing as equivalent CBD customers. If RSPs sign up for a three-year Enterprise Ethernet plan in a Business Fibre Zone, there is a \$0 upfront connection cost¹.

1. NBN Co is a wholesaler and does not control costs charged by RSPs. Customers should contact their preferred RSP to ask about availability, and any fees and charges that may be applicable. These pricing offers are not available for most premises in the **nbn**[®] Fixed Wireless or Satellite footprints, or for most premises which have complex connections - further costs are likely to apply to these premises.

During FY22, through direct investment, and in collaboration with State and Local Governments, NBN Co added 64 new **nbn**® Business Fibre Zones (19 were joint-funded), taking the total to 304 Business Fibre Zones nationally.

More than 864,000 premises across Australia are located in an **nbn**® Business Fibre Zone, enabling 1.5 million businesses access to Enterprise Ethernet. Of the 304 **nbn**® Business Fibre Zones, 127 are located in regional Australia enabling approximately 315,000 businesses to access Enterprise Ethernet in non-metropolitan areas.

The Company has seen a rise in businesses applying for **nbn**® business grade products across several sectors such as healthcare, construction, finance and government.

Many locations across Australia had never connected an **nbn**® Enterprise Ethernet service until an **nbn**® Business Fibre Zone was established in their area.

NBN Co has almost 14,000 active Enterprise Ethernet services as at 30 June 2022, and the average order volume is now 168 per week.

The Enterprise Ethernet wholesale product is supported by a dedicated service team, called the Business **nbn** Operations Centre, which delivers 24/7 support to service providers to resolve any assurance issues over the **nbn**® Enterprise Ethernet network.

To support business and government customers outside the Company’s fixed fibre and other fixed technology network, NBN Co launched the Business **nbn**® Satellite Service (BSS) in September 2019 to provide business-grade services, connectivity and operational support to businesses located in rural, regional, and remote areas.

The Company expanded coverage of this service nationally in August 2021. The BSS now provides 100 per cent beam coverage¹ of Australia and its territories, enabling our RSPs to support remote and regional businesses across the nation including very remote areas such as the Gibson Desert, Cocos Islands, Bass Strait and Far North Queensland.

RSPs have responded positively to the BSS product, which plays an important role in enabling RSPs to extend their reach to all of Australia, no matter the location or application.

The agility of BSS to be deployed rapidly and with speeds up to 50/13 Mbps makes this product a game changer. As at June 2022, NBN Co has 528 BSS services.

1. An end customer’s serviceability may be affected by a range of factors including whether there is a clear line-of-sight to the satellite, no interference, for example from other end customers, retail service provider or third party equipment, and having a suitable location to install equipment. Plans over the business **nbn**® Satellite Service may not be offered by all providers.

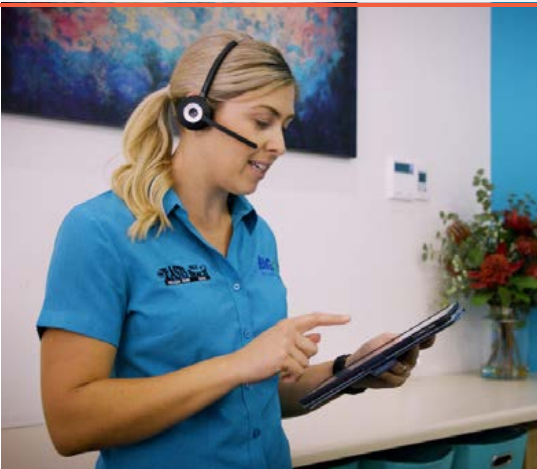
CASE STUDY

A reliable, fast and secure network

Stronger connectivity through business **nbn**® Enterprise Ethernet is helping BIG4 Easts Beach Holiday Park stay ahead of its guests’ Wi-Fi needs.

See more online

at nbn.tm/Big4





Keeping communities connected in time of need

NBN Co is working to make our network more resilient because we know that communication is never more important than when disaster strikes – whether that be floods, storms, bushfires, or a global pandemic

The Australian Government's Strengthening Telecommunications Against Natural Disasters (STAND) program is assisting NBN Co in making its networks more resistant to extreme weather events.

Five **nbn**® Muster Vehicles and 12 **nbn**® Fly Away Kits were delivered with STAND program funding and are deployed in emergency situations such as the recent South East Queensland and Northern New South Wales floods.

The Company is helping enable connectivity for Evacuation and Fire Control Centres to support community members and first responders in the event of an emergency. More than 570 services have been deployed to date.

The Company has deployed 40 Hybrid Power Cubes (HPCs), which combine solar, battery and compact diesel generator technologies to keep fixed wireless facilities operational when the power grid goes down.

These provide a more resilient, environmentally friendly and cost-effective power source during widespread power outages caused by extreme weather events.

Multi Technology Trailers (MTT) help customers to stay connected to services over the **nbn**® network during times of disaster. NBN Co recently built 12 MTTs as part of its suite of mobile Temporary Network Infrastructure (TNI).

The Company also delivered two Wireless Mast Trailers (WMTs), two Network on Wheels (NOWs) and is building a further two NOWs. These temporary facilities will be positioned at locations based on geographical need to help improve response times to affected areas when required.

Security and privacy

Protecting the **nbn**® network has never been more important than today as we face a complex and dynamic threat landscape. NBN Co is proud that even during these times of adversity, Australians have remained securely connected.

NBN Co's security and privacy approach adopts a converged (all-hazards) model, where physical, personnel, cyber, supply chain and privacy capabilities interconnect and work together. This approach treats all security and privacy risks under a common framework of risk assessment, control and mitigation across the organisation and brings together the best of existing disciplines into a coordinated effort providing single accountability under our Chief Security Officer. Our ongoing commitment to this approach is fundamental to keeping the **nbn**® network secure and is reflected in our security strategy, key policies, frameworks and operations.

We recognise that the global environment will continue to change and our network will evolve to meet the ever-changing needs of our community. The threat landscape will continue to change and risks may alter NBN Co's robust security and privacy capability. Therefore, we will remain agile and focused, with our team of experts ready to respond - ultimately enabling the **nbn** of tomorrow.

FUTURE FOCUS

- Deliver higher speed capability to more Australian homes and businesses
- Continue to operate a reliable, resilient and secure network
- Minimise technological complexity and reduce cost to build



Our customers, communities and partners

Customer experience, partnerships and connected communities



NBN Co aims to continually improve customers' experience of its network and service and to work collaboratively with Government, Retail Service Providers, key stakeholders and regulators to drive industry growth and sustainability.

We are constantly evolving our network to ensure customers, businesses and communities are able to access the tools and services they need to succeed in a digital world.

To deliver its purpose and lift the digital capability of Australia, NBN Co aims to grow the number of people who connect to our network and provide the best possible customer experience.

As the way we live and work changes, the need to be digitally connected becomes increasingly important and this continues to drive strong demand for wholesale broadband services. Now, with more than 8.5 million residential homes and businesses connected to the **nbn**[®] network as at 30 June 2022, the Company's commitment to provide the best possible customer experience is more important than ever.

We continue to focus on customer experience, improving access, value and use of the **nbn**[®] network for people across Australia. To sustainably deliver excellent customer service, NBN Co depends on a telecommunications industry that can connect with customers and provide them with the services they need to unlock the benefits of digital connectivity.

This involves continuing our partnership with Retail Service Providers (RSPs) to deliver wholesale broadband services and connect customers' premises. The Company engages with the wider industry and with regulators and works with service delivery partners to

connect customers and restore any faults quickly and efficiently.

As well as the growth in the number of homes and businesses connected to the **nbn**[®] network, we have also seen consistent demand for higher speed tier products. At the end of FY22, 76 per cent of services were connected to plans based on wholesale speed tiers with peak downloads of 50 Mbps or higher, and 18 per cent were on plans offering wholesale peak download speeds of 100 Mbps or higher. This higher speed tier mix followed on from the success of last year's Focus on Fast campaign, which helped internet retailers showcase the benefits that higher speed plans have on the home internet experience of customers.

Throughout FY22, NBN Co strove to deliver its commitment to providing a great customer experience. Delivering continuous improvements to customer experience is our highest priority and we work with Retail Service Providers and regulators to set out and deliver clear, accountable service standards.

Whilst many communities across Australia were impacted by severe weather conditions, which led to higher network outages and fault rates, NBN Co was able to maintain high network availability of 99.95 per cent. Despite the difficulties in accessing weather affected areas to restore services, NBN Co finished FY22 with over 90 per cent of accepted faults resolved within our target time frames.

FY2022 highlights

8.5m

Homes and businesses
connected

FY21: 8.2m

76%

Customers on a wholesale
50Mbps download plan
or higher

FY21: 75%

304

Business Fibre Zones

FY21: 240

Pricing evolution

Throughout FY22, the Company continued to work closely with the Australian Competition and Consumer Commission (ACCC), RSPs and industry groups on its Special Access Undertaking (SAU) variation process. The SAU is the regulatory framework that is used to regulate wholesale access to the **nbn**[®] network. The SAU variation process is guided by four key objectives:

- ensuring good value for customers
- providing greater certainty and predictability of wholesale pricing for retailers
- ensuring NBN Co remains sustainable, in order to meet its financial commitments and invest in the network to meet the increasing speed and data demands of customers
- establishing an effective regulatory framework that supports efficient investment in and efficient use of the network.

In line with the key objectives of the SAU variation process, the Company remains committed to evolving its wholesale pricing and products to support retailers and achieve a mutual goal of delivering the best possible experience for customers.

After lodgement of its SAU variation proposal in March 2022, the Company engaged in detailed consultation with the new government and the ACCC and sought further feedback from RSPs and consumer advocacy groups involved in the process.

The Company withdrew its original proposal at the end of July 2022 and plans to submit a revised SAU variation later in 2022.

NBN Co is working towards the acceptance of an SAU variation which delivers an appropriate long-term regulatory framework, serves the future needs of customers and enables the Company to achieve government policy objectives.

Service excellence

NBN Co is committed to delivering an improved experience for field technicians working on the **nbn**[®] network.

Through an extensive strategic program, new capabilities have been developed and deployed for field technicians to improve the experience for our customers and phone and internet service providers.

Throughout FY22, the Company has been engaged with key stakeholders including unions, delivery partners and technicians to evolve the way of working for field technicians and improve how we service our network for both connections and assurance.

We aim to make improvements to the utilisation of field technicians, the mobility tools they use in the field, and implement a new and simplified schedule of rates for completed work, which will come into place later this year.





Making it easier to work with NBN Co

We want to make it easier to work with us, so we are transforming our business with new and better ways of doing things.

We are innovating our technologies by making them simpler, more user-friendly and also reducing costs.

One of our critical transformation programs is called Enterprise Simplicity 2025, which aims to drive innovation across our technologies, making them simpler, more user-friendly and, at the same time, seeking to reduce our costs and the cost of doing business with us.

This builds on our earlier Systems Digital Roadmap (SDR) initiative, which was designed to streamline our legacy IT systems and processes.

As part of our commitment to continuous improvement and reducing complexity, we are focused on – partner simplicity, data simplicity, network assurance simplicity, operational simplicity and technology simplicity.

This is aimed at reducing complexity as we meet the needs of our people, while also helping us work better with RSPs.

We aim to make it easier for our partners to integrate their processes and systems with ours so they can better support their own customers' needs. And we are working to simplify partner portals where RSPs can self-serve information about products, technology or reporting.

We are working in close consultation with RSPs to upgrade and enhance our interfaces – from making them easier to use, to adding new features, functionality and information that our partners need and value.

Process and system simplification also drives cost-efficiencies, and this will help free up savings for crucial things like ongoing network upgrades.

Connected communities

As Australia’s digital backbone, the **nbn**® network plays a crucial role in supporting our nation’s productivity, economic prosperity, social connectivity and digital inclusion.

While our ongoing network upgrades are continuing to deliver greater capability, we want to ensure that the social and economic opportunities enabled by fast broadband are accessible to everyone across Australia.

The Company supports people in need through initiatives including a national program for lowest-income households, Seniors and Indigenous Australians.

Our Communities in Isolation Program is helping enable broadband access for Indigenous communities in 52 locations. We aim to extend this to more communities soon.



CASE STUDY

Innovating for accessibility

Innovate with **nbn** Grants Program winner Nathan Johnston is helping people with disability to connect, share and network with like-minded people.

See more online

at nbn.tm/DisabilityClub

NBN Co’s Digital Inclusion for Online Learning pilot program is designed for up to 250 families.

Through this, we are partnering with stakeholders across the education sector and internet retailers to support students with online learning opportunities at home.

We aim to scale up this online learning program so even more school aged children from low-income families can get support.

The Company is working with the Victorian State Government and Local Government on the development of a pilot program that would involve the installation of Enterprise Ethernet to provide Wi-Fi within a social housing development.

Through this, we want to enable the delivery of affordable internet to unconnected public housing residents.

We are also working on delivering the new Government’s commitment of providing 30,000 families with no internet at home with free internet services.

NBN Co will continue to work with all levels of government, internet providers and advocacy groups to help create a more digitally equal society where no-one is left behind.

The Company informs and drives co-investment opportunities with state governments and raises awareness of the **nbn**® offering in metropolitan centres across the country. The team works with key local and national stakeholders including small to medium businesses, smart cities, new developments and vulnerable groups.

The Company has close partnerships with stakeholder groups including the Australian Chamber of Commerce, National Retail Association, Tech Council of Australia, and the Australian Communications Consumer Action Network, and plays a crucial role in enabling smart cities, working across the government and private sector.



CASE STUDY

Meaningful community contributions

Adelaide Hills O&G is using a state-of-the-art digitally capable ultrasound machine to deliver real-time scanning onsite and streamed to specialist sonologists, radiologists and maternal foetal medicine specialists for rural South Australians over the **nbn**® network.

See more online

at nbn.tm/AdelaideHillsOandG



Supporting vulnerable customers

NBN Co recognises the importance of having access to an active service for people living in their own home, who have a dependency on connectivity for their personal safety or protection.

Over the past year, our team of 40 dedicated Priority Assistance staff have supported Retail Service Providers who offer Priority Assistance, including processing over 7,356 Priority Assistance Connections (99.8 per cent activated within 24 hours) and resolving over 15,345 Priority Assistance Incidents (95 per cent within 24 hours).

The Company also released a new support process in June 2021, which enables RSPs to escalate urgent customer cases. This provides 24/7 Service Assurance support and Connection support from 7am to 7pm Monday to Saturday.

People with medical alarms who register with the Medical Alarm Register (MAR) are supported by our dedicated support teams who work with individuals to confirm their **nbn**® service and medical alarms are connected and operating on the **nbn**® network.

NBN Co has also provided more than 6,500 eligible people with a financial incentive to upgrade their old medical alarm to a new device

that is compatible with the **nbn**® network and also provides mobile network and battery back-up capabilities.

NBN Co is the founding digital technology partner of the \$3.9 million WA Digital Inclusion Partnership, a three-year project that aims to support the digital skills and capabilities of front-line community service workers and the vulnerable people they serve.

Funded by Lotterywest, a statutory authority of the WA Government, and with support from NBN Co, the project is a collaboration of 23 leading service organisations and aims to support more than 100,000 people in metro and regional Western Australia. Commencing in July 2022, the project addresses the three key barriers to digital inclusion – Ability, Access and Affordability.

This includes a Digital Skills Training Program for 1,500 front-line community service workers, educating and supporting 45,000 vulnerable people to build their skills to safely utilise online and government services. It will educate and support at least 50,000 vulnerable people to safely access local community digital devices, skills, hubs, facilities and provide support and make affordable devices available for up to 2,000 vulnerable people.

Supporting communities

NBN Co is committed to enabling technology for many individuals, businesses, schools, hospitals, farms and communities in regional Australia.

NBN Co's Regional Development and Engagement (RDE) business unit, brings together all aspects of the **nbn*** Fixed Wireless and Satellite teams to ensure that meeting the needs of regional customers remains a priority.

RDE also has a team of telecommunications advisers and stakeholder managers based in regional and remote locations around the country who promote and assist understanding of the **nbn*** network, research emerging technologies and assist planning for network improvements across regional Australia.

The Company has people on the ground, actively engaged with communities to inform, educate and listen to issues and opportunities and be the voice of the customer back into NBN Co.

NBN Co has a strong focus on being a trusted voice and ally for those living within regional and remote communities.

The Company works with communities to create better partnerships and deliver initiatives that will help lift the digital capability of regional areas.

The team works on the ground, supporting communities in their time of need, enabling temporary connectivity for not only emergency services, but those people who are physically impacted in times of crisis – so they can stay connected to their friends and family.

Team members were deployed to support the response to the New South Wales floods in March 2021 and in March 2022, and Cyclone Niran which impacted Queensland earlier in 2021.

As team members live and work locally, they understand first-hand the connectivity challenges communities may face.

Community engagement managers are based in 22 regions across regional and rural Australia and are tasked with developing and fostering relationships with local stakeholders, representing regional communities and businesses to identify and resolve local issues and demonstrating how the **nbn*** network can be leveraged to realise opportunities.

Supporting the team are regionally based community ambassadors who engage with organisations and individuals to build digital capability through the delivery of targeted programs and campaigns.

The community ambassadors work closely with a wide range of community groups and not-for-profit organisations with a particular focus on seniors and a focus on e-safety and scams awareness. Presentations are available for community groups upon request and tailored to audience needs to ensure no-one is left behind as our digital needs continue to evolve.

We worked with local communities to secure co-funding through the North Queensland Telecommunications and Energy Improvement Grant program.

The project, totalling almost \$2 million, will convert up to 207 premises from **nbn*** Fixed Wireless to **nbn*** FTTP technology in the town of Bowen in the Whitsunday region of Queensland.

These upgrades will enable faster and more future-proof broadband connectivity for residents and businesses in Bowen, as well as enhancing disaster resilience and recovery for the wider region.



Support for Satellite customers

NBN Co's Satellite network showed great resilience with the additional demands placed on it through COVID-19. The Company was able to pull together specific tactical offers to assist customers in regional and remote Australia. From August to December 2021, NBN Co provided support to RSPs which have **nbn**® Sky Muster® customers, by providing additional usage benefits as customer needs changed during regional lockdowns.

In December 2021, we made changes to our Sky Muster product, which cemented as a permanent change, the most recent COVID-19 offer to support RSPs and their customers during lockdown. This was a 5 gigabyte increase in the average peak download data allowance per user on average, over a four-week rolling period across all CVC (Connectivity Virtual Circuit) classes.

The Company provided an additional boost which will increase the average peak download data for Sky Muster by another 5 gigabyte increase over a four-week rolling period across all CVCs by mid-2022.

This latest announcement means that by July 2022, Sky Muster peak download data allowances will have increased by a total of 10 gigabytes over a four-week rolling period across all CVC classes since late December 2021.

And this will increase to 90 gigabytes average per user over a four-week rolling period by the end of the recently announced Fixed Wireless Network enhancement rollout.

Working with Industries

Our RDE team also works closely with industry partners in sectors including agriculture, small business, health, education, tourism, the arts and Indigenous communities.

The team works closely with representatives from within industry and communities to go beyond discussing the basic internet connection to maximising the benefits from their connection.

An example of these partnerships is shown by the work performed to support Australia's farmers in making the most of the digital technology available to them and help ensure they have the ability to connect with business communities around the world.

In doing so, we aim to help farming businesses save time, and increase their revenue through the use of new, connected digital agriculture devices.

Digital farming has the potential to add \$20.3 billion to the value of Australian agriculture per annum, and by 2030, more than \$15.6 billion of this revenue could be enabled by the internet.

Together with key partners in the agricultural supply chain, we're helping farmers discover new and innovative ways of connecting to advisers, consumers and new markets globally.

nbn in the Paddock is a discussion paper released by the Company in December 2021 with a focus on connecting Australia's agricultural landscape. NBN Co subsequently held four industry roundtables to seek feedback from stakeholders on the establishment of a Quality Assurance Mark (QA) to support on-farm connectivity for Australian agriculture.

NBN Co continues to dedicate significant resources and capital to helping remote and regional areas of Australia to stay connected.

First Peoples

NBN Co's vision for reconciliation is to be deeply engaged and connected with First Peoples' cultures and aspirations for digital inclusion.

The Company released its fourth Reconciliation Action Plan (RAP) in 2020. This has an increased emphasis on digital inclusion and our internal reconciliation journey.

This includes:

- Deploying community Wi-Fi solutions in 93 communities across Australia, enabling access to essential services such as telehealth, MyGov, online education and mentoring services. We aim to roll this out to a further 7 communities
- Increasing digital ability through culturally led cyber safety awareness and education

- Building strategic partnerships with key First Peoples' stakeholders, leaders and organisations such as the JT Academy – JTLeadLikeAGirl, Koori Mail, Jawun partnership and ABCN mentoring of First Peoples' students.

NBN Co continues to dedicate significant resources and capital to helping remote and regional areas of Australia to stay connected and make households and businesses aware of their broadband options.

This includes a focus on Indigenous and isolated communities, through collaboration with government agencies, peak organisations and engaging with regional stakeholders and communities.

NBN Co's Communities in Isolation program was established to connect remote Indigenous communities through a single wireless access point within key locations in the community, such as healthcare centres or community halls. To date, NBN Co has delivered 103 installations, with a further 7 to be installed in the latter half of 2022. These services will remain in operation for a minimum of three years.

The Company is also undertaking a community-wide Wi-Fi proof of concept which has connected four remote Indigenous communities via a meshed Wi-Fi solution available across each community and is being used extensively. Services will remain in operation for an initial three-year period.

CASE STUDY

Affordable digital health care

Seven health care centres within the Laynhapuy Homelands in North East Arnhem Land were enabled with an **nbn**® Sky Muster® connection, computer with camera and microphone, and video calling software.

[See more online](#)

at nbn.tm/Laynhapuy





NBN Co has developed plans to further scale the community-wide Wi-Fi to reach a further 36 Indigenous communities, should government funding be made available to support the expansion of the initiative.

The Company recently announced a new three-year collaboration with Jawun, a not-for-profit entity dedicated to improving the capacity of Indigenous leaders, organisations, and communities to achieve their own development goals. The collaboration will see up to 12 NBN Co employees seconded into Indigenous organisations across Australia, using their expertise to help communities enhance their digital capability.

The experience, either on country or virtual, working with Indigenous organisations, and then coming back to continue their own reconciliation journey, offers our secondees both a personal and professional development opportunity. Our association with Jawun is a tangible way for our people to live the NBN Co purpose of lifting the digital capability of Australia.

Our collaboration with Jawun builds on NBN Co's ongoing commitment to working with First Peoples.

Modern slavery and ethical supply chain

NBN Co acknowledges the complexity of Environmental, Social and Governance (ESG) risks associated with its supply chain, and the importance of managing these to mitigate negative impacts on the Company's stakeholders, including workers and communities. These risks include human rights, labour rights and modern slavery, corruption, health and safety of workers, and environmental impacts.

The **nbn**® Supplier Code of Conduct (the Code) articulates NBN Co's expectations of its suppliers in terms of responsible procurement and is formally incorporated into all major contracts.

The Code's principles emphasise and promote the shared commitment with suppliers to ethical, safe, and socially responsible practices and behaviours. NBN Co expects its suppliers, including all associated entities or individuals, to comply with the Code.

The Code outlines minimum standards for human rights and workplace relations, health, safety and

environment, ethical behaviour and good business practices, and management systems.

NBN Co's approach to the management of modern slavery risks is supported by governance, reporting and procedures, and is outlined in the Company's Modern Slavery Statements.

In FY22, NBN Co established a Modern Slavery Working Group. This cross-functional team, with representatives from Procurement, Sustainability, Employee Relations and Legal, began implementation of a Modern Slavery Workplan, with progress reported to the Sustainability Sub-Committee of the Executive Committee.

The workplan includes actions to:

- Further strengthen risk management and due diligence processes over the Company's supply chain and operations
- Undertake risk assessments and audits on the Company's supply chain and operations
- Build internal capability
- Test preparedness of grievance response mechanisms
- Explore opportunities for industry collaboration and information sharing to address modern slavery risks across common supply chains.

Following completion of the risk assessments initiated in FY22, the Modern Slavery working group is expected to undertake additional due diligence on suppliers and operations. See the Company's FY21 Modern Slavery Statement for more details on NBN Co's approach.

FUTURE FOCUS

- Develop products and pricing that are more modular, flexible and simple to meet the diverse needs of customers
- Deliver on our Enterprise Simplicity program as we strive to remain a highly efficient wholesaler
- Increase collaboration with RSPs to deliver excellent customer experience, reduce cost and drive industry sustainability
- Develop NBN Co's Reconciliation Action Plan (RAP) V



Our people

A safe, inclusive
and engaged
workforce



NBN Co continues to build a values-led company culture as it delivers on its purpose to lift the digital capability of Australia, while developing capability and diversity, and striving to remain a great place to work.

NBN Co remains committed to the provision of a safe and inclusive workplace environment that values and respects the diverse backgrounds, perspectives, and experiences of its people and the communities the **nbn**[®] network serves.

The Company is committed to attracting and retaining talent by providing meaningful work, contemporary work practices and supporting employees' career aspirations through transparent career and learning pathways. Our focus has been on key technical abilities such as network and software engineering, cyber security, data science and analytics.

NBN Co values the importance of embracing emerging workplace practices including flexible work that enables us to attract and retain talent.

Employee engagement

The 2022 employee engagement survey, conducted in July 2022, achieved a participation rate of 93 per cent and an engagement score of 81 per cent, which places the Company in the top quartile of global companies, with a values-led culture, diversity, inclusion and safety all key drivers.

This is a positive achievement given the continued evolution of the Company in a highly competitive labour market, coupled with the ongoing pandemic.

Diversity, equity and inclusion

NBN Co is committed to the promotion of diversity, equity and inclusion among its people, in the workplace and in the broader community.

A diverse and inclusive workplace will allow the Company to leverage different perspectives, background and experience. This can be used to create enhanced outcomes and helps deliver better solutions for communities and customers across the nation.

In 2022, NBN Co refreshed its Diversity, Equity & Inclusion (DEI) strategy, aligned with the organisation's Purpose and Vision for 2025. Our five DEI Employee Network Groups were aligned and further empowered for positive impact under the **nbn** DEI Community of Practice (CoP).

FY2022 highlights

81%

Employee
engagement score

FY21: 76%

32.4%

Female representation
in management

FY21: 33%

2.3

Total Recordable Injury
Frequency Rate (TRIFR)

FY21: 2.2

GENDER EQUITY

Female engagement has been higher than male engagement across our last full employee engagement survey in 2021 and our pulse employee engagement survey (+1 and +2 points higher than their male counterparts).

In February 2022, NBN Co endorsed a refreshed Gender Equity strategy to identify and accelerate our gender equity objectives. Core to the strategy is the role of the leader. The Company acknowledges that leaders play a critical role in the systemic shift required to lift female representation across the organisation.

This year is the third year of **nbn** Equals, an employee-led action group working to create a fair and equitable workplace where all employees have equal access to opportunity, development and success, regardless of gender. The Company maintained its commitment to pay equity with a gender pay gap of 1.1 per cent at year end. We continue to work to reduce this to zero.

NBN Co is working with external partners to encourage girls and young women to consider careers in STEM (Science, Technology, Engineering and Maths).

In addition, the Company has mature partnerships with Parents At Work, WORK180, and Australian Business & Community Network (ABCN).

ACCESSIBILITY

The Accessibility and Inclusion Plan (AIP) supports people with disability by offering a supportive, accessible workplace. Throughout the term of NBN Co's first AIP, significant achievements have been made in accessibility to the public, our employees, partners and clients.

NBN Co also provides products and services for people and customers with a disability in the wider community, in alignment to its digital inclusion objectives.

NBN Co has a continuing relationship with the Australian Network on Disability (AND), a national not-for-profit that helps organisations engage with people with disability. NBN Co supports students with disability via the Stepping Into Internship Program and has contributed mentors to employees within AND's employee network.

The Company believes everyone should feel supported in being able to bring their whole self to work.



CASE STUDY

Gender equity

As at 30 June 2022, 32.4 per cent of management positions are held by women. The Company is committed to increasing female representation in the workforce and achieving 40 per cent female representation in management by 2025.

See more online
at nbn.tm/Equals



CASE STUDY



Lifting digital capability

Through **nbn** Giving, our people are supporting the Yolgnu students of Dhupuma Barker, a small school situated in Gunyangara, in remote North East Arnhem Land.

See more online

at nbn.tm/Dhupuma

LGBTIQ+ PRIDE

nbn Pride powers NBN Co's LGBTIQ+ inclusion initiatives, including inclusion best-practice advisory services, policy change, ally education and community and peer support.

NBN Co participates in the Australian Workplace Equality Index (AWEI), an external benchmarking tool for LGBTIQ+ inclusion.

The Company was awarded Gold employer status, for the second year running, as measured by the Australian Workplace Equality Index, putting NBN Co in the top 10 per cent reporting employers in Australia. The Company also celebrates LGBTIQ+ days of significance including Wear it Purple Day, IDAHOBIT and Pride Month.

Health and safety

As a national company - that employs approximately 4,600 people across Australia and with offices in every state and territory - the health, safety and wellbeing of our people, partners, customers and the community is paramount.

The Company knows that the changing world we live in, and associated challenges, have made the programs and policies in place to support the wellbeing and mental health of employees more important than ever before.

NBN Co's Health, Safety and Environment (HSE) team provides strategies, systems support and programs, which aim to enhance the physical health and mental wellbeing of all our people.

It is also tasked with ensuring the safety of the **nbn**® network and its associated infrastructure.

In line with public health orders and vaccination uptake at the national level, NBN Co’s employees and partner workforces are required to be fully vaccinated against COVID-19 as a condition of entry to NBN Co workplaces and undertaking customer or community work.

This follows an increase in requests for fully vaccinated field technicians when attending customer premises and the need for NBN Co to be COVID-Safe when engaging in the community.

The Company’s COVID-19 vaccination policy came into effect on 15 February 2022 following consultation and requires NBN Co employees, external partners representing NBN Co and visitors to be fully vaccinated against COVID-19 in several circumstances. This includes undertaking customer or community-facing work on behalf of the Company and attending an NBN Co controlled workplace or sponsored event.



PERFORMANCE

NBN Co has several lead metrics tracked against targets to measure health and safety performance.

As outlined in the table below, in FY22 there was an increase in the TRIFR¹ for employees and contractors (combined) but within the target set for FY22, and a reduction in the frequency of HSE incidents with the potential to cause serious harm. Injury trends were similar to previous years, with musculoskeletal injuries, fractures, and lacerations continuing to be the most common types of injuries.

Driving and remote work incidents and underground and concealed services strikes were the most common type of incidents with the potential to cause serious harm. Compliance rates with HSE Critical Risk Controls remained consistently high across the Delivery Partners and internal workforce. No serious harm HSE incidents occurred in FY22.

Year	NBN Co overall TRIFR ¹	NBN Co overall frequency of HSE incidents with the potential to cause serious harm ²
FY22	2.3	0.6
FY21	2.2	0.7
FY20	2.7	1.5

- 1. For further details of the Total Recordable Injury Frequency Rate (TRIFR), refer to footnote 1 on page 198.
- 2. Total number of potential serious harm HSE incidents per million hours worked includes incidents with a potential consequence of 'severe' but excludes incidents with an actual consequence of 'severe'. Serious harm HSE incidents are those resulting in a severe consequence such as a fatality or permanent disabling injury.

In FY22, the most significant challenges faced included:

- Health and wellbeing of our people due to COVID-19
- Responding to natural disasters
- The scale and geographic dispersion of the work.



To address these challenges in FY22, the Company has:

- Further embedded its contractor management framework, including but not limited to, HSE contractor pre-qualification of delivery partners, risk-based second line HSE audit programs, monthly HSE peer to peer review meetings and monthly National Operational Governance meetings
- Refined its HSE Confidence Score as a contractual key performance indicator on all strategic contracts
- Continued to focus on the psychological health and safety of employees, with company-wide policies, training, support mechanisms and awareness campaigns
- Continued to monitor the impact of, and implement controls to protect against, COVID-19 for both office and field-based employees
- Arranged briefings for people deployed to natural disaster impacted areas
- Held weekly leader led safety calls to review the effectiveness of existing controls and raise awareness of hazards unique to working in natural disaster areas, such as Japanese encephalitis
- Arranged debriefs following demobilisation.

SUPPORTING THE WELLBEING AND MENTAL HEALTH OF NBN CO'S PEOPLE

The past year saw a continued focus on the physical and mental health of our people, especially as we move to a new normal in the context of the COVID-19 pandemic. We have delivered a number of key wellbeing initiatives including:

- A month-long wellness program in partnership with one of our wellbeing partners. The program included a business-wide exercise competition, as well as sleep, eating and mindfulness challenges aimed at helping people adopt sustainable changes to support a healthy way of life
- Continued promotion of our employee assistance program, which offers an holistic suite of services including career advice, lifestyle and nutrition services, family and



relationship counselling as well as psychological support services

- Introduction of the Company's COVID-19 vaccination policy to support the health of our employees, our customers and those we work alongside
- Our Mindful May program, covering mindfulness and resilience to support the mental health of employees
- Ergonomic assessments and advice for employees as they work both at home and in the office.

FUTURE FOCUS

- **Attract and retain a highly skilled workforce operating in a safe and inclusive culture**
- **Maintain top quartile employee engagement results**
- **40% female representation in management by 2025**



Our environment

Protected environment

Climate change has evolved from an ethical and environmental issue to one that also presents material, foreseeable business risks.

Climate change mitigation and adaptation

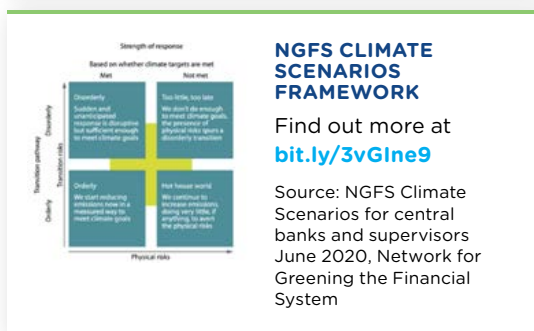
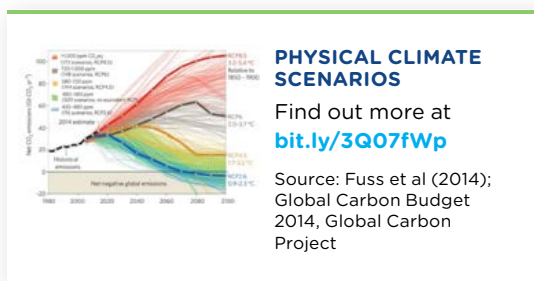
As a critical infrastructure owner and operator, NBN Co recognises the inherent risks climate change poses to its operations, network continuity and service obligations. To support the Company's response to climate change, NBN Co is aligning risk management processes and disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Climate change risks and opportunities

In FY22, NBN Co completed its first Company-wide climate change risk assessment. This assessed how the Company may be affected by climate-related impacts, identified the most significant risks and opportunities, and provided an action plan with proposed metrics and targets covering both the physical and transition risks of climate change.

The climate change risk assessment methodology was aligned to the International Risk Management Standard (ISO31000-2018), the TCFD recommendations and NBN Co's existing risk management framework. It considered both physical and transition climate risks and found NBN Co is exposed to potentially material climate-related risks and opportunities.

In addition, it considered the potential financial impacts of physical climate hazards on the **nbn**® network by modelling asset replacement costs, impact and probability of an individual climate hazard damaging the asset. This information will inform future financial impact analysis and planning activities.



FY2022 highlights

\$800m

Green bond

Largest Australian Dollar-denominated Green bond issued by an Australian company

100%

Renewable electricity purchase target from December 2025

SBTi¹

Commitment

Aligning emissions reductions targets with the latest climate science

Left: NBN Co Chief Development Officer, Regional & Remote, Gavin Williams and General Manager Sustainability, Stephen Smith at the solar farm in the Riverina area of NSW which is being enabled by the Company's first Renewable Power Purchase Agreement.

1. The Science Based Targets initiative (SBTi) drives climate action in the private sector by enabling organisations to set science-based emissions reduction targets – <https://sciencebasedtargets.org/about-us>.

NBN CO CLIMATE CHANGE RISK ASSESSMENT

	Physical risk	Transition risk
Description	- Physical risks relate to direct weather events, e.g. drought or flood, or as a result of longer-term shifts in climate patterns, including coastal inundation or soil erosion - These risks may have financial implications for organisations, such as direct damage to assets. They are also more likely to impact an organisation's performance through impacts to supply chain, transport needs, and employee safety - In NBN Co's case, these risks have the potential to disrupt the services to our customers.	- The transition climate risks are those risks arising from transitioning to a lower-carbon economy - Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial, operational and reputational risk.
Scenarios modelled	Physical climate risks were modelled for two climate change scenarios, across three time horizons (2025, 2030 and 2050): - A high emissions scenario (Representative Concentration Pathway (RCP) 8.5) - A low emissions scenario (RCP2.6) and across three time horizons.	Transition risks were modelled for two low emissions (RCP2.6) scenarios, across three time horizons (2025, 2030 and 2050), noting that the transitional risks would be minimal in a high emission scenario as there would be limited global action to address climate change. The two scenarios were: - A low emissions orderly scenario, where action would be imminent, measured and coordinated - A low emission disorderly scenario where the change is delayed and reactive but enough to meet climate goals.
Outcomes	- The physical risks overall had a higher impact to NBN Co compared to the transition risks - Eight physical risks were identified as part of the assessment - Of these, five physical risks were identified as being key: - Power dependency - Extreme wind - Forest fire - Riverine flooding - Surface water flooding	14 transition risks and eight transition opportunities were identified as part of the assessment - Of these, four transition risks were identified as being key: - Carbon pricing - Costs to transition to lower emissions technology - Electricity price risk - Cost and access to debt - Two transition opportunities were identified as being key: - Issuance of Green Bonds - Enabling markets through connectivity

Key climate-related physical risks

The table below outlines NBN Co's key climate-related physical risks, identified through the Climate Change Risk Assessment.

Risk	Risk rating under RCP 2.6 scenario			Risk rating under RCP 8.5 scenario			RCP 2.6 trend	RCP 8.5 trend
	2025	2030	2050	2025	2030	2050		
Power dependency Risk type: Physical: Acute An increase in the frequency and severity of physical climate hazards could damage power infrastructure which may result in service disruption for power dependent assets	●	●	●	●	●	●	↗	↗
Extreme wind Risk type: Physical: Acute An increase in the frequency and severity of extreme wind events may lead to asset impairment which results in service disruption as well as value at risk and technical insurance premiums	●	●	●	●	●	●	↗	↗
Forest fire Risk type: Physical: Acute An increase in the frequency and severity of forest fire events may lead to asset impairment which results in service disruption as well as value at risk and technical insurance premiums	●	●	●	●	●	●	↗	↗
Riverine flooding Risk type: Physical: Acute An increase in the frequency and severity of riverine flooding may lead to asset impairment which results in service disruption as well as value at risk and technical insurance premiums	●	●	●	●	●	●	↗	↗
Surface water flooding Risk type: Physical: Acute An increase in the frequency and severity of surface water flooding may lead to asset impairment which results in service disruption as well as value at risk and technical insurance premiums	●	●	●	●	●	●	↗	↗

Risk rating: ● Extreme ● High ● Medium ● Low

In support of the risk ratings, trend lines have been provided to illustrate changes in likelihood and/or consequence over the period to 2050.

Key climate-related transition risks

The table below outlines NBN Co's key climate-related transition risks, identified through the Climate Change Risk Assessment.

Risk	Risk rating under low emissions orderly scenario			Risk rating under low emissions disorderly scenario			Orderly trend	Disorderly trend
	2025	2030	2050	2025	2030	2050		
Carbon pricing Risk type: Transition: Policy and Legal Exposure to carbon pricing (for example, emissions trading schemes, carbon tax, carbon import tax/tariffs) could increase NBN Co's operating costs and may result in higher costs for purchased goods and services if passed on by suppliers								
Costs to transition to lower emissions technology Risk type: Transition: Technology Investment requirements to transition to lower emissions technology may increase NBN Co's annual capital expenditure								
Electricity price risk Risk type: Transition: Market Increasing electricity prices as a result of the transition (for example, due to fossil fuel plant closures, network investment costs and electricity market reforms) may increase NBN Co's annual operating costs								
Cost and access to debt Risk type: Transition: Market Failure to meet targets expected by offshore investors due to government or other constraints may result in lower access to and/or increased cost of debt								

Risk rating:  Extreme  High  Medium  Low

In support of the risk ratings, trend lines have been provided to illustrate changes in likelihood and/or consequence over the period to 2050.

Key climate-related transition opportunities

The table below outlines NBN Co's key climate-related transition opportunities, identified through the Climate Change Risk Assessment.

Opportunity	Risk rating under low emissions orderly scenario			Risk rating under low emissions disorderly scenario			Orderly trend	Disorderly trend
	2025	2030	2050	2025	2030	2050		
Issuance of Green bonds Opportunity type: Market The issuance of Green bonds will expand NBN Co's investor base and provide a source of capital which may be lower cost than comparable regular debt issuance	●	●	●	●	●	●	↘	↘
Enabling markets through connectivity Opportunity type: Market Enabling current (e.g. agriculture) and emerging (e.g. smart grid) markets through connectivity to reduce emissions and mitigate climate risk may increase demand for NBN Co's bitstream data service	●	●	●	●	●	●	↗	↗

Risk rating: ● Extreme ● High ● Medium ● Low

In support of the risk ratings, trend lines have been provided to illustrate changes in likelihood and/or consequence over the period to 2050.



CASE STUDY

NBN Co's first Green bond

NBN Co generated proceeds of \$800 million after successfully issuing its first Green bond in April 2022 as part of the Company's commitment to reduce emissions and support the nation's transition to a net-zero carbon economy.

See more online

at nbn.tm/GreenBonds

Addressing climate risks – managing impact through mitigation

ENERGY USE AND EMISSIONS

While NBN Co has initiated strategies to reduce energy use and emissions, both have increased in line with the growth of the **nbn**® network and connection of customers across Australia.

The evolution of the **nbn**® network, through the network investment plan, enables long-term reductions in network power demand, with the transition to more energy efficient technologies.

NBN Co’s emissions under operational control primarily come from:

- Electricity use (Scope 2), the majority of which is related to the network itself
- Fuel combustion (Scope 1), which is related to diesel use in leased fleet vehicles.

Indirect emissions outside of NBN Co’s operational control (Scope 3) relate to the Company’s supply chain, network equipment in customer premises, and waste.

To drive emissions reductions, the Company’s Towards-Zero Carbon Program and three-year roadmap was publicly announced in December 2021. To reduce emissions, NBN Co has committed to:

- Reducing annual energy use by 25GWh by December 2025
- Purchasing 100 per cent renewable electricity from December 2025
- Using electric or hybrid vehicles, where suitably available, by 2030.

NBN Co has begun to introduce electric or hybrid vehicles into its fleet, and at 30 June 2022, has 50 hybrid vehicles in use. The Company plans to phase in more hybrid or electric vehicles as suitable models and supporting infrastructure becomes available.

In support of the Company’s renewable electricity target, NBN Co announced its membership of the global RE100 renewable energy initiative, becoming the first Australian telecommunication company and first government business enterprise to do so.

COMMITTING TO SCIENCE BASED TARGETS

Underpinning the Towards-Zero Carbon program and further strengthening the Company’s commitment to reducing emissions, in March 2022, NBN Co committed to setting science-based emissions reduction targets via the Science Based Targets initiative (SBTi) - a global body enabling businesses to set emissions reductions targets in line with the latest climate science.

NBN Co is part of a growing number of companies to register with the SBTi in Australia and joins more than 2,000 leading companies worldwide targeting Scope 1, Scope 2 and Scope 3 emissions. The Company expects to provide its science-based targets to the SBTi for validation in the second half of 2022.

In FY22 progress has been made in assessing opportunities for reducing indirect emissions associated with the Company’s products and supply chain (Scope 3 emissions).



CASE STUDY

Sourcing renewable energy

NBN Co has committed to 100 per cent renewable electricity purchases from December 2025. Supporting this commitment, the Company’s first renewable power purchase agreement is enabling construction of a new solar farm in the Riverina area of New South Wales.

at nbn.tm/SolarFarm

Mitigation performance

During FY22 NBN Co progressed action across its three-year roadmap¹.

PROGRESS ON KEY ACTIONS TOWARDS-ZERO CARBON PROGRAM AND THREE-YEAR ROADMAP

Energy efficiency	Renewable electricity	Fleet
Reduce energy consumption across the nbn® network and facilities - Continued implementation of existing network energy efficiency projects and commencement of new projects including aggregation network evolution - Power centre of excellence and governance of program established Maximise energy efficiencies through nbn® network investment plan - Further fibre upgrades in FY22 through the FTTP network upgrade program	Source renewable electricity through further Power Purchase Agreements (PPAs) and contracts for renewables - Construction commenced on a solar farm in New South Wales, which NBN Co has contracted to take 80 GWh p.a. through a renewable Power Purchase Agreement, forecast to contribute around 19 per cent of power demand in FY23 - NBN Co has also made significant progress in assessing further PPAs to meet our 100 per cent Renewable Electricity Purchases target.	Integrate hybrid and electric vehicles where suitably available As at the end of FY22, 50 hybrid vehicles were part of NBN Co's fleet.

1. Existing energy efficiency and renewable energy projects supporting NBN Co's first emissions reduction program and target (established in FY20) have been included in the Towards-Zero Carbon Program.

In FY22, the Company's energy use is estimated to be in line with FY21, with Scope 1 emissions estimated to be in line with FY21, and Scope 2 emissions expected to decrease - reflecting updated greenhouse gas accounting factors and improved measurement methods for electricity use, agreed with electricity network service providers and in line with the Greenhouse Gas Accounting Protocols.

NBN Co is subject to the reporting requirements in the National Greenhouse and Energy Reporting Act 2007 and the Company will submit its final, externally-assured report for FY22 energy and greenhouse gas (GHG) emissions data to the Clean Energy Regulator in October 2022.

CLIMATE CHANGE MITIGATION KEY INDICATORS

Indicator	Unit of measure	FY19	FY20	FY21	FY22
Scope 1 GHG emissions ²	ktCO ₂ -e	5	5	4	4
Scope 2 GHG emissions ²	ktCO ₂ -e	259	294	325	314
Scope 3 GHG emissions ³	ktCO ₂ -e			1,332	1,158
Emissions intensity - Scope 1 and 2 ⁴	ktCO ₂ -e/TB			9.5	7.4
Energy intensity - Scope 2 ⁵	kWh/TB			11.7	9.3
Installed capacity of renewable energy	MW	1.75	1.75	1.75	2.41
Contracted Renewable energy	GWh	-	-	80	80
Renewable energy purchases ⁶	% of total purchases	17.3%	19.0%	18.9%	18.5%

2. FY22 Scope 1 GHG emissions and Scope 2 GHG emissions numbers are estimates. Final emissions data to be submitted to Clean Energy Regulator in October 2022.

3. All Scope 3 GHG emissions numbers are high-level estimates based on supplier spend data.

4. FY22 emissions intensity number is an estimate. It includes Scope 1 and 2 emissions. Final emissions data to be submitted to Clean Energy Regulator in October 2022.

5. FY22 energy intensity is an estimate based on total electricity use.

6. Renewable energy purchases are estimates and include Clean Energy Regulator's renewable energy target.

Addressing climate risks – adaptation and resilience

To support the resilience of the **nbn**[®] network and the individuals, communities and businesses that rely on it, the Company needs to understand and proactively manage the risks of climate change.

Over several years, actions to support adaptation to physical climate risks have included NBN Co's business resilience framework, enhancing the Company's natural disaster readiness capabilities (e.g. deploying disaster response solutions to ensure communications and power resiliency across the country), and continual improvements in Temporary Network Infrastructure (TNI). In FY22, this continued with deployment of additional hybrid power cubes, which combine solar, battery and compact diesel generator technologies, and keep Fixed Wireless facilities operating when the power grid goes down.

The Company's Climate Change Risk Assessment has improved NBN Co's understanding of the physical and transition risks to the **nbn**[®] network and business, and is driving adaptation and actions to increase resilience.

This was demonstrated in the response to the February and March 2022 floods in New South Wales and Queensland. A cross-functional team was established during network recovery activities, with climate risk considerations a key input informing recommendations related to network hardening, to increase resilience.

Future focus – our climate transition plan

During FY23, in response to the Climate Change Risk Assessment and to further support adaptation and resilience of the **nbn**[®] network and business, a Climate Transition Plan will be developed, to be governed through the Sustainability Sub-Committee of the Executive Committee and the Sustainability Program.

This will be a strategic planning instrument to enable effective management of mitigation and adaptation actions. It will define and document responsibilities and accountabilities across the Company for climate transition actions and support the development of specific metrics and targets to measure the implementation and effectiveness of adaptation actions and resilience of the network.

Environmental protection

The construction, operation and maintenance of the **nbn**[®] network has the potential to adversely impact natural environments and cultural heritage values.

NBN Co's approach to environment protection is supported by its Health, Safety and Environment Policy, which is reviewed annually and approved by the Board, and the integrated Health, Safety and Environment (HSE) Management System, which is certified to ISO 14001:2015 Environmental Management Systems.

The Company's Indigenous Cultural Heritage Framework includes policies and supporting documents relating to protecting places and sites of cultural significance.

To monitor compliance with risk management controls, NBN Co undertakes activities including in-field inspections. At the network design and planning stage, due diligence is applied to identifying areas of environmental significance including Indigenous and non-Indigenous cultural heritage.

FY22 PERFORMANCE AND FUTURE FOCUS

In FY22, as the volume of network construction decreased, the overall number of incidents declined. The most common types of incidents related to spills, pollution events, waste mishandling and harm to the environment from civil works activities.

During FY22, NBN Co did not receive any official cautions or prosecutions under any environmental or cultural regulations. However, a \$1,500 Penalty Infringement Notice was received from the then New South Wales Department of Planning, Industry and Environment (now the Department of Planning and Environment), in relation to obligations under the National Parks and Wildlife Act 1974 (NSW).

In FY23, NBN Co will continue to monitor the effectiveness of environmental protection controls through assurance activities.

**FY22 WASTE SUMMARY – WASTE RECYCLED AND WASTE TO LANDFILL¹****Operational waste**

FY22 Waste diversion target rate – waste recycled vs landfill – for select NBN Co facilities	55%
FY22 Waste diversion actual rate – waste recycled vs landfill – for select NBN Co facilities	62%
Recycled –	
ULAB – used lead acid batteries (tonnes)	11.9t
Recycled – technical waste – e-waste, scrap metal, cable (tonnes)	8.6t
Recycled – cardboard/paper, secure paper (tonnes)	59.2t
Recycled – mixed containers – plastics, aluminium, metal, glass (tonnes)	38.2t
Waste recycled – total (tonnes)	119.6t
General waste to landfill – total (tonnes)	72.0t
Total waste generated	192.0t

1. Waste from NBN Co operational sites, depots and select offices, for which there is complete and reliable data.

Waste management

The evolution, operation and maintenance of the **nbn**[®] network generates waste including construction waste, scrap network cable, batteries and e-waste, that needs to be managed to minimise impact on the environment and community.

Waste management is integrated into NBN Co's HSE Management System, through a Waste Management Standard. This is supported by a waste minimisation program.

In FY22, the waste minimisation program focused on:

- Improving diversion and reducing contamination rates to maximise recycling
- Implementing NBN Co's sustainable packaging guidelines
- Partnering with e-waste Connection, a social enterprise employing people with disabilities to recycle more than 10 tonnes of Fixed Wireless Network Termination Devices (NTDs)
- Implementing a program to recover from the community FTTC/FTTP NTDs for reuse with new customers or as replacement for faulty devices
- Continuing a partnership with Work Ventures, a social enterprise to reuse NBN Co devices for training or to be refurbished and made available to disadvantaged communities.

NBN Co commenced a trial of soft plastics collection and recycling, with further sites to be included in FY23.

FY22 PERFORMANCE AND FUTURE FOCUS

The waste diversion rate for FY22 (based on a 12-month rolling average) was 62 per cent, against a target of 55 per cent. This metric captures waste from NBN Co operational sites, depots and select offices, for which there is complete and reliable data.

Factors that contributed to the improvement in waste diversion in FY22 include, staff awareness, correct use of recycling bins, and changes to packaging received from suppliers.

In FY23, there will be a focus on waste minimisation practices at operational sites, with the installation of new onsite directional signage and establishment of designated waste locations.

FUTURE FOCUS

- Reduce annual energy use by 25GWh by December 2025
- Commitment to purchase 100% renewable electricity from December 2025
- Use electric or hybrid vehicles where suitably available by 2030



Our financial resources

Responsible business practices and sustainable financial growth



NBN Co's ability to generate sustainable and long-term financial growth plays a crucial role in fulfilling the Company's purpose to lift the digital capability of Australia.

NBN Co's capital received from shareholders and external lenders is utilised to fund its core activities and deliver long term sustainable growth through ethically responsible business practices.

Sustainable long-term financial growth is essential to enable reinvestment into the network to keep pace with future customer demands; to meet contractual debt and lease obligations; and to generate a modest return on the Australian taxpayers' investment in the Company.

NBN Co is focused on growing profitability, which will be achieved via increased usage of the network, effective cost management, and targeting value accretive investments that enhance network and business performance for the benefit of customers.

The Company continues to measure its financial performance based upon growth or improvement of revenue and EBITDA¹.

For the year ended 30 June	2022 \$m	2021 \$m	2020 \$m	2019 \$m	2018 \$m
Total revenue	5,103	4,629	3,837	2,825	1,978
Operating expenses	(1,857)	(2,048)	(2,071)	(2,217)	(2,081)
EBITDA ¹ before subscriber costs	3,289	2,581	1,766	608	(103)
Subscriber costs	(175)	(1,226)	(2,414)	(1,903)	(1,948)
EBITDA ¹	3,114	1,355	(648)	(1,295)	(2,051)
Depreciation and amortisation expense	(3,541)	(3,596)	(3,154)	(2,614)	(2,167)
Net finance costs	(1,470)	(1,621)	(1,460)	(993)	(580)
Loss for the year	(1,468)	(3,837)	(5,239)	(4,878)	(4,780)
Capital expenditure ²	2,495	2,764	5,038	5,905	5,713
Total assets	36,777	35,738	36,850	32,757	28,203
Debt	24,579	23,818	20,458	13,053	5,531
Lease liabilities	10,951	10,819	10,860	8,553	7,198
Contributed equity	29,500	29,500	29,500	29,500	29,500
Operating cash flows ³	3,224	2,763	1,692	587	(27)

1. EBITDA is defined as earnings before interest, tax, other non-operating income, depreciation and amortisation.
2. Capital expenditure excludes additions of leased assets, gifted assets and items of property, plant and equipment classified as inventories.
3. Net cash flows provided by/(used in) operating activities (excluding subscriber costs payments (ex GST), and receipts from government grants).

FY2022 highlights

\$5.1bn

Revenue

FY21: \$4.6bn

\$3.1bn

EBITDA¹

\$1.76bn improvement

\$18.2bn

Market debt funding

FY21: \$10.6bn

FY22 financial performance

The Company’s results for FY22 demonstrate continued financial growth with NBN Co meeting or exceeding its key financial targets outlined in its 2022 Corporate Plan.

NBN Co recorded revenue of \$5.1 billion for FY22, which was a 10 per cent increase on the prior year. This revenue growth, in combination with a decline in total operating expenses of 9 per cent year-on-year, delivered a 27 per cent increase in EBITDA¹ before subscriber costs to \$3.3 billion. Subscriber costs for the year of \$175 million decreased by 86 per cent compared to FY21, which resulted in EBITDA¹ exceeding \$3.1 billion, an improvement of \$1.76 billion on the prior year.

Statutory net profit after tax (NPAT) for FY22 was a loss of \$1.5 billion, which is a 62 per cent improvement on the prior year loss of \$3.8 billion. The strong financial performance for the year and improvement in core metrics such as revenue, EBITDA¹ and NPAT are in line with management expectations, and reflect the current stage of the Company’s lifecycle.

Revenue

Total revenue for FY22 consists of telecommunications revenue of \$5.0 billion and other revenue of \$99 million. Revenue growth in FY22 was driven primarily by approximately 316,000 customers connecting to the **nbn**[®] network, with 8.5 million

homes and businesses now connected to the **nbn**[®] network.

Telecommunications revenue includes revenue from residential and business customers. Residential telecommunications revenue was \$4.0 billion, up 10 per cent, and telecommunications revenue from the business segment was \$1.0 million, up 21 per cent.

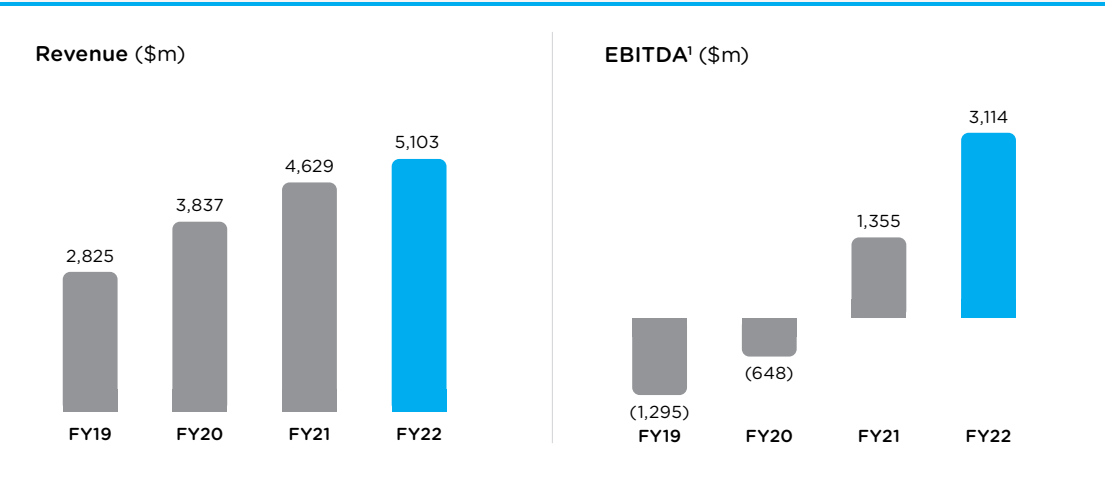
Further supporting the growth in telecommunications revenue was a 3 per cent increase in Residential Average Revenue per User (ARPU) to \$46 for the year. This is driven by customer demand for higher speed tiers, which has grown significantly in recent years. As at 30 June 2022, 76 per cent of all customers are now on plans based on wholesale speed tiers of 50Mbps or above, and 18 per cent of customers are now on plans based on wholesale speed tiers of 100 Mbps or above.

Other revenue includes revenue from developers, commercial works activities and the Technology Choice Program, as well as licensing income.

Operating expenditure

Total operating costs (excluding subscriber costs) declined 9 per cent to \$1.9 billion.

Direct network costs were \$730 million, up 10 per cent due to higher network assurance and maintenance costs as a result of the



1. For further details on EBITDA, refer to footnote 1 on page 57.

expansion of the network footprint and the increase in the number of customers connected to the **nbn**® network, as well as the impact of adverse weather events during the year.

Total employee expenses decreased by 22 per cent to \$647 million due to the decline in the number of Company employees. Following the completion of the initial build in June 2020, both the size and shape of the organisation was restructured as NBN Co transitioned from being predominantly an infrastructure build company to a wholesale operating company. Coupled with the Company's continued focus on maximising cost efficiencies through simplification and digitisation of internal operations, the number of full-time equivalent staff has fallen from approximately 5,900 at the beginning of FY21 to 4,590 as at 30 June 2022.

Other operating expenses of \$480 million have decreased 13 per cent year-on-year and have continued to reduce as a result of the Company's ongoing focus on cost efficiency.

Subscriber costs for FY22 have reduced by 86 per cent to \$175 million due to the declining payments to Telstra for the disconnection of existing services and to Optus for the migration of subscribers to services over the **nbn**® network. These costs peaked in FY20 in line with the progression of the network rollout and have now virtually ceased.

Finance costs

Net finance costs decreased by 9 per cent compared to the prior year, despite the increase in total debt to \$24.7 billion. This is due to the impact of refinancing the Commonwealth loan via diversified funding sources which lowered the weighted average cost of the Company's debt from 2.79% in FY21 to 2.47% in FY22.

These costs relate to interest on the Commonwealth loan and bank and capital markets debt, as well as finance charges relating to the accounting for assets under a right of use arrangement under AASB 16 *Leases*.

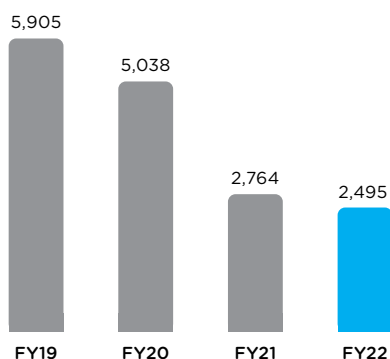
Capital expenditure

During FY22, the Company continued to invest in its customer base and the ongoing evolution of the **nbn**® network, with capital expenditure totaling \$2.5 billion.

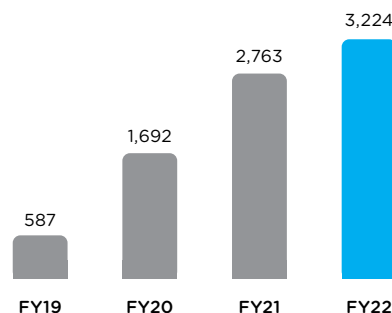
Our capital expenditure incurred during FY22 focused on five main areas:

- Executing our network investment plan to deliver fibre deeper into communities and provide more customers with access to NBN Co's fastest wholesale speed plans
- Connecting new customers onto the **nbn**® network and expanding the network to newly developed premises
- Upgrading capacity across the network to cater for increasing customer data demands

Capital expenditure (\$m)



Operating cash flows (excluding subscriber costs payments (ex GST), and receipts from government grants) (\$m)



- Deploying fibre infrastructure in support of Enterprise Ethernet products to grow our business customer base and business-grade service offerings
- Investing in software development and simplification, network resilience and security capabilities to ensure delivery of efficient and secure operations.

Operating and free cash flow

Operating cash flows¹ increased by 17 per cent to \$3.2 billion due to the growth in revenue and strong cash conversion.

Receipts for government grants increased to \$547 million (inclusive of GST) for the year, up from \$4 million in FY21. These included the announced \$480 million contribution from the Federal Government to support the upgrade of Fixed Wireless infrastructure.

Payments for subscriber costs fell by 74 per cent to \$402 million, reflecting the anticipated reduction in first-time activations and associated cash payments as we move beyond the impact of the initial build¹ of the **nbn**[®] network.

Capital expenditure payments decreased by 17 per cent to \$2.6 billion due to lower build and activation costs post the completion of the initial build, partially offset by increased investment in network upgrades.

Lease payments predominantly relate to costs associated with right-of-use arrangements over network infrastructure supplied by Telstra. Our lease payments have increased by 12 per cent to \$1.0 billion, primarily due to an increase in the volume of network infrastructure supplied by Telstra and inflationary price increases.

Interest payments on borrowings and other financial liabilities have decreased by 28 per cent to \$540 million. This is due to the lower weighted average cost of debt as a result of refinancing activities.

The Company's free cash flow improved in line with expectation to a net cash outflow of \$813 million. This is a result of the growth in operating cash flows coupled with lower capital

expenditure and subscriber payments as the Company transitions from a build to an operate model, as well as reduced interest payments due to the refinancing of the Commonwealth loan.

Capital management

During the year, NBN Co continued to execute its financing strategy, which is focused on refinancing the Commonwealth loan by June 2024, funding our network investment plan, and maintaining a strong liquidity position.

In October 2021, Fitch affirmed NBN Co's AA credit rating and revised the outlook from Negative to Stable. This change followed on from the upgrade of Australia's AAA sovereign rating outlook from Negative to Stable. Moody's has also affirmed NBN Co's long-term issuer rating as A1 Stable. These ratings have assisted the Company to confidently enter negotiations with debt markets as it progresses its refinancing strategy.

As at 30 June 2022, the Company had raised in excess of \$21.1 billion from debt capital markets and bank facilities, with over \$7.0 billion of this raised during FY22. This included the Company's inaugural Green bond for \$800 million, issued under its Australian Medium-Term Note (AMTN) Program, as well as further US144A/RegS bond issuances, private placements and increased available bank facilities.

These debt raisings are in line with the Company's refinancing strategy and have enabled the Company to repay \$6.8 billion of the Commonwealth loan, reducing the outstanding balance to \$6.4 billion. In addition, the diversification of its funding sources has enabled the Company to reduce its weighted average cost of drawn debt to 2.47 per cent (FY21: 2.79 per cent) with the weighted average tenor decreasing from 5.7 years in FY21 to 5.1 years in FY22.

In line with its Treasury policy, the Company manages its exposure to market risks, such as foreign currency and interest rate movements, by entering into derivatives to hedge against these risks.

1. For further details on Operating cash flows, refer to footnote 3 on page 57.

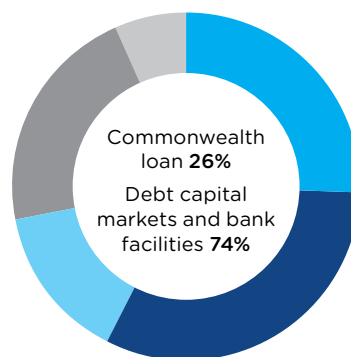
To complete the remaining financing task by FY24, NBN Co will seek to raise further debt from domestic and international capital markets over the next two years. NBN Co expects this funding task to be achievable based on its strong investment grade credit rating and the outcomes of recent financing transactions.

Debt overview

As at 30 June	2022	2021
Group debt ¹ (\$ million)	24,734	23,764
Weighted average cost of drawn debt (%)	2.47	2.79
Fixed interest ratio ² (%)	86	88
Weighted average duration of drawn debt ³ (years)	5.1	5.7
Available liquidity ¹ (\$ million)	2,775	3,579
Fitch/Moody's credit rating ⁴	AA/A1	AA/A1

1. Excluding uncommitted facilities and facilities with less than 12 months to maturity.
2. Percentage comprises fixed rate debt and floating rate debt that has been hedged and has a remaining interest period of greater than twelve months, as a proportion of total debt. Excludes forward starting interest rate swaps.
3. Excluding the Commonwealth loan.
4. Credit rating includes implied Government incentive to provide support.

Summary of borrowings as at 30 June 2022 (\$bn)



Commonwealth loan	\$6.4bn
Bank facilities	\$7.9bn
AMTN	\$3.6bn
US144A notes	\$5.3bn
Private placements	\$1.6bn

FUTURE FOCUS

- Deliver FY23 revenue and EBITDA growth in line with Corporate Plan guidance
- Maintain strong asset position
- Repay Commonwealth loan by 30 June 2024
- Continue diversification of the Company's investor base and lengthening of debt maturity profile

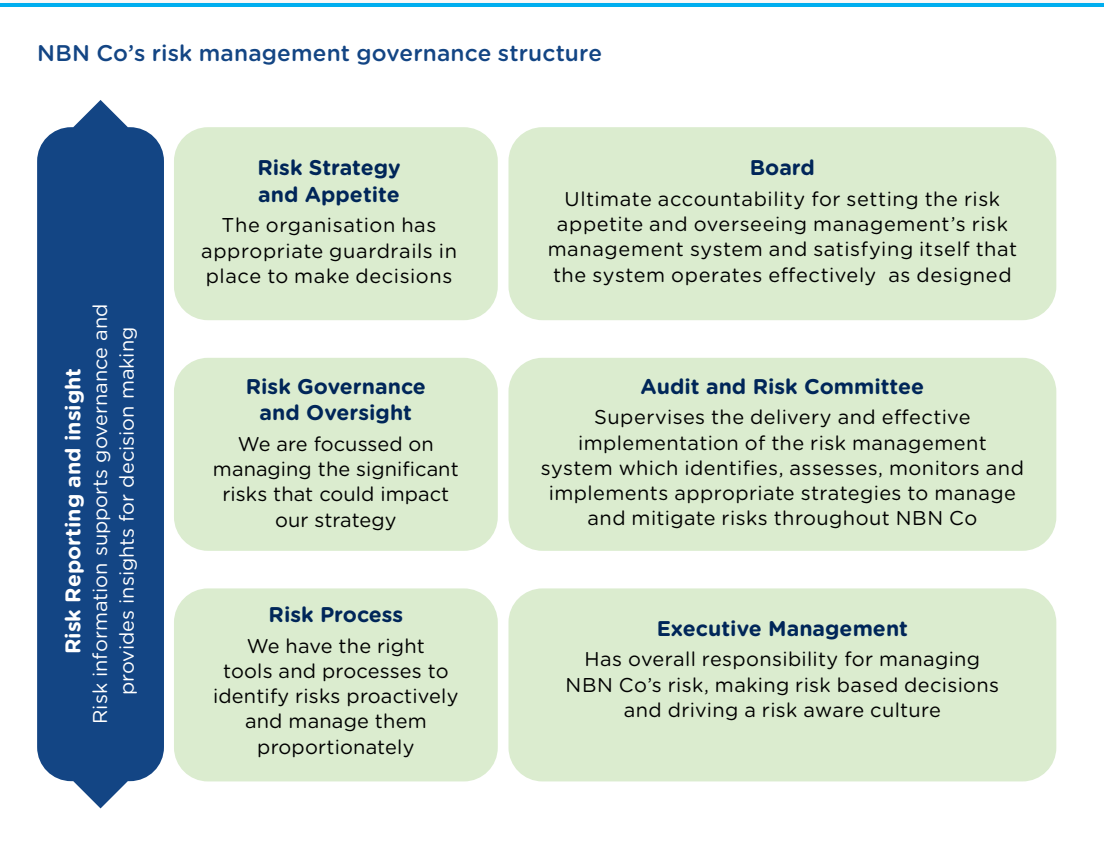
Risk management

NBN Co’s robust risk management framework is a key enabler as the Company pursues strategic objectives in delivering on its purpose to lift the digital capability of Australia.

NBN Co’s risk management framework has been developed in accordance with ISO 31000:2018 Risk Management Guidelines, including:

- A Board-approved Risk Management Policy
- A Board approved Risk Appetite Statement providing guidance to management on risk-based decision making in pursuit of our strategy. The Risk Appetite Statement has been refreshed in 2022, aligning to the Company’s strategic objectives and value creation outcomes
- The Company’s Risk Management Standard that defines the approach, methodology and process for managing risk at all levels of the organisation.

NBN Co takes an holistic and principles-led enterprise approach to managing risk and fostering a positive risk culture. Identification and management of risks and opportunities is embedded in our operational and strategic planning processes. Roles, responsibilities, and accountabilities for managing risk follow the Institute of Internal Auditors (IIA) Three Lines models. These are documented in NBN Co’s Risk Management Standard and are executed through our risk operating model.



NBN Co maintains a strong risk liaison network across the Company that coordinates risk activities and embeds the required risk management practices into the business units. Across the organisation, risks are identified, measured, monitored, and regularly reviewed.

NBN Co has identified a set of Material Business Risks. These are the Company's significant risks that have the potential to impact the viability of the organisation and achievement of strategic objectives. The Material Business Risks have Board-level oversight and are assigned executive ownership. Their status is regularly reviewed and reported on a quarterly basis to the Executive and the Audit and Risk Committee, along with scheduled risk owner led deep dive briefings. There is clear line of sight for business risks linked to the Material Business Risks. Fully understanding our Material Business Risks aids with prioritisation in the short, medium, and long term, supports the pursuit of strategic outcomes and operational returns. In addition to quarterly monitoring and reporting of business and Material Business Risks, an annual risk assessment is completed in relation to our Integrated Operating Plan. This risk assessment ensures emerging risks and Material Business Risk interdependencies are considered as we develop and prioritise the strategic initiatives and investments.

The ongoing evolution of our risk management framework and risk profile ensures we continue to adapt to our operating environment and meet the expectations of a broad range of internal and external risk management stakeholders.

FY22 risk overview

During FY22, the enduring challenges of the global COVID-19 pandemic continued to impact customer, employee, contractor and community health and safety. These challenges were further compounded by geopolitical tensions including the Ukraine/Russia conflict, global labour shortages, extreme weather events and persistent supply chain disruptions.

The ability to identify and manage our current Material Business Risks as well as identify and monitor emerging risks is more important than ever to ensure that we continue to deliver on our purpose, strategic outcomes, and operational commitments. The challenges of the past year as well as what lies ahead is evident in the following Material Business Risks.

NBN Co material business risks

Material business risk	Risk description and mitigation
Security and availability of the active network, corporate systems, data, and information 	As a nation-wide carrier, critical infrastructure provider and Government Business Enterprise (GBE) we face a complex threat landscape. NBN Co must manage exposure to cyber and physical security threats that could compromise the availability of critical network infrastructure and assets, the safety of employees, contractors and third parties and the privacy, confidentiality, availability and integrity of our information, systems, and networks. NBN Co has adopted a converged security model where physical, personnel, cyber and privacy capabilities interconnect and work collaboratively together. This approach treats all security and privacy risks under a common security governance framework of risk assessment, control and mitigation which is aligned to the Risk Management Policy and actively managed by the Company's Security Group. Due to the evolving nature of the threat landscape, ransomware practices and cyber extortion techniques, regular threat assessments are conducted. These provide the relevant insights to inform our response which enables us to develop and implement the proper safeguards and ensure contemporary threat capabilities that evolve with industry practice.
Resilience of our critical infrastructure 	The nbn® network plays a critical role in keeping communities connected, schools active, businesses operational, and the nation productive. It is therefore essential that NBN Co must embed resilience into its infrastructure, IT systems and business operations to safeguard the network against increasingly extreme physical climate risks, natural hazards, power loss, hardware/software failure or other adverse events in order to support the continued wellbeing of the community and economy. In the last 12 months, the resilience of the network has been tested like never before. There have been several significant weather and other events impacting the Company's services, including severe storms in Victoria, a mass power disruption in Queensland at the Callide Power station, the Southeast Queensland and northern NSW Floods of March 2022, and COVID-19 lockdowns placing additional demands on the network, logistics and the workforce. In addition to continuing to harden NBN Co's assets, the Company has adopted a business resilience framework which includes business continuity, incident management and crisis management processes. Our advanced response capability and recovery operations are central to our business continuity and support for the community. NBN Co works closely with the Bureau of Meteorology to understand and prepare for seasonal risks and also deploys several disaster response solutions contributing to communications and power resilience across the country, including the expansive Temporary Network Infrastructure (TNI) and the provisioning of evacuation centres with satellite community Wi-Fi through the Strengthening Telecommunications Against Natural Disasters (STAND) program.

Material business risk	Risk description and mitigation
Network planning, evolution and performance  	In order to support Australia's transition to a smarter, digitally enabled economy and meet the growing broadband demands of all Australians, NBN Co must continue to augment and scale network investment in a timely and commercial manner. This requires balancing future network investment with current commercial considerations as well as stakeholder expectations regarding network stability, capacity, availability, and reliability. This involves delivering our network Investment Acceleration Plan, which includes taking fibre deeper into the network, upgrading our Fixed Wireless and Satellite networks and extending Business Fibre Zones to ensure the network continues to meet the demands of Australian homes and businesses, wherever they are located, well into the future.
Supply chain and strategic partner/third party disruption   	NBN Co relies on many key third-party suppliers or strategic partners – such as Service Delivery Partners and Managed Service Providers – to deliver services to the customer. Adverse actions or disruption to services provided by these suppliers and partners can have significant impacts on business operations. With ongoing vulnerabilities in the supply chain due to geopolitical uncertainty, extreme weather events, and global macroeconomic factors, there is a continuing risk of disruption resulting in supplier market contraction, price increases and service delivery delays. NBN Co is proactively managing this risk through vendor governance forums and regular performance reporting. In regard to the supply of goods, the Company is monitoring supply demands and usage to forecast, building strong relationships with key suppliers, and increasing inventory holdings where appropriate.
Operations performance  	NBN Co maintains a company-wide focus on improving customer experience from connection to daily use, network reliability and rapid resolution of incidents. The Company must continue to meet customer and Retail Service Provider (RSP) expectations in the way it builds, connects, assures, and fixes the network while keeping the cost to the taxpayer and customers as low as possible. In a year that has seen a higher than usual number of extreme storm and flood events and during a time when staff availability has been reduced by COVID-19, NBN Co has managed to restore services to the majority of customers in acceptable timeframes. The Operations team is committed to service excellence. A range of initiatives are underway including 'Focus on Fix' and the development of RSP tools which will provide data and insights to carry out early identification and rectification of connectivity issues before there is noticeable customer impact. This will improve customer experience proactively and also drive cost reductions.
Stakeholder trust and social licence   	As a Government Business Enterprise (GBE) and an ethical and sustainable critical Infrastructure owner and operator, NBN Co must conduct its affairs and operate in accordance with the highest standards of governance. In this way it can meet public and stakeholder expectations and maintain the Company's social licence to operate. The Company manages stakeholder trust through its governance and compliance policies, standards, frameworks, the Code of Conduct and training, as well as through transparent disclosure and reporting. NBN Co recognises that it needs to work collaboratively with Governments at all levels, RSPs, and Regulators to drive industry growth and sustainability and meet the digital needs of all Australians. In particular, the Company is focused on our regional and remote communities. As part of a robust upgrade path, NBN Co and the Australian Federal Government have co-founded an upgrade to the Fixed Wireless network. Through recruitment of local staff in regional areas, the Company has greater presence in communities and is better resourced to promote the network's capability and address customer experience concerns.

Material business risk	Risk description and mitigation
Regulatory strategy, governance and compliance 	NBN Co operates in highly regulated environment and appreciates that there will be a continued need for regulators to focus on the Company's activities, pricing, service levels and customer experience. To ensure that NBN Co continues to operate within expected parameters and understand the implications of expanding regulations on the Company's revenue, costs and operations, proactive engagement with the industry and strong relationships with key regulatory and government stakeholders are prioritised. This risk is currently in focus as NBN Co seeks to vary the current Special Access Undertaking (SAU) following extensive industry consultation. The outcome of the variation to the SAU is still under determination. This is key to ensuring regulatory and pricing certainty to achieve the Company's long-term objectives. NBN Co proactively manages its current compliance with legislative obligations through its enterprise-wide Compliance Management Program.
Competition and customer 	NBN Co must actively manage the impact of alternative infrastructure competition including wireless substitution (5G) and competitive mass market offerings for business and residential customers as well as new developments through competitive products and pricing constructs that generate positive brand awareness in the market. A key dependency to managing this risk is the ability to work collaboratively and positively with our Retail Service Providers (RSPs) and channel partners to enhance the customer experience and ensure customers are on the right NBN Co products to meet their needs. NBN Co has dedicated capabilities to actively monitor the external environment and to assess and respond to market developments and new technologies. Customer satisfaction initiatives remain ongoing as well as the implementation of a base management program to manage customer churn. In addition, the Company continues to progress its Investment Acceleration Plan, rolling out the changes of Fibre to the Node (FTTN) and Fibre to the Curb (FTTC) to Fibre to the Premises (FTTP) providing customers seeking higher speeds with more options.
Strategy execution and change 	In order to continue NBN Co's evolution, the Company has a number of enterprise initiatives planned to achieve organisational efficiency. This involves executing and delivering on a number of complex and concurrent company-wide initiatives and change programs while continuing to maintain agility and meet our operational commitments. There is inherent program risk in delivering and implementing these large-scale enterprise-wide initiatives as well as the associated change, particularly given the current digital and IT resource constraints driven by significant global demand. Enterprise governance is in place with forums developed to provide enterprise oversight and regular reporting to the Executive on individual program health, dependencies, and risks. This governance is further augmented through the Enterprise Agility Program which will reduce risk through enabling an agile, test and learn and self-correcting approach.

Material business risk

Risk description and mitigation

Finance and debt management

NBN Co's ability to secure, optimise and manage its financing and debt arrangements is critical to the achievement of its long-term objectives and the ability to generate cashflow to reinvest and grow the network. The Company has embarked on significant refinancing activities including bond issuances in the United States and an inaugural Green bond issuance. Given the current significant debt levels, the Company is exposed to both global and domestic interest rate increases. In addition, higher than expected inflationary pressures and rising operational costs may impact our forecasts and ability to achieve our budget and corporate plan objectives.

NBN Co has a Board approved Treasury Policy in place which has enabled the Company to expand its access to diverse capital and which includes robust controls and thresholds to ensure compliance with the Policy. Benchmarking and reporting on current funding against the Company's refinancing plan ensures that current and planned funding matches the Company's requirements.

Health and safety and strategic workforce and planning

NBN Co is committed to providing a safe, healthy, and respectful workplace, and to protect human health and public safety from the potential impacts of the Company's activities.

Protecting the welfare of customers is NBN Co's priority. Well established process, controls and industry agreements are in place to manage migration activities and ensure the reliability of the network particularly for those vulnerable customers for whom it is critical to have reliable continuous connectivity.

The health and safety risks from the COVID-19 pandemic continue to be monitored and managed through enhanced COVID-safe practices both in the field and in Company premises. Health and safety policies, procedures and controls are managed through a risk based HSE management system with regular testing of partner and internal practices.

The wellbeing and engagement of staff remains a priority and a key strategic outcome. In addition, given the current constrained and competitive labour market, the attraction, retention, and development of talent is a key focus area. A number of initiatives are in place to support employee engagement including increased learning and career development opportunities.

Climate change transition

NBN Co acknowledges the inherent risks climate change poses to its operations, network continuity and service obligations. To support the resilience of the network and the individuals, communities and businesses that rely on it, the Company needs to understand and proactively manage the risks of climate change. To support this, in FY22 NBN Co undertook a company-wide climate change risk assessment, to identify physical and transition risks and opportunities under different climate scenarios. This risk relates to the actions and investments the Company needs to take to address the legal, reputational and financial risks associated with climate change transition and the ability to meet our investors and community's expectations as well disclosure requirements. The responsible and effective management of climate risks also enables the delivery of value through greater cost efficiencies and operational resilience.

A Sustainability Program is in place with Executive governance to support the management of the Sustainability Program and associated risks. In addition, a Climate Transition Plan is being developed.

Please note: the significant physical risks identified in the climate change risk assessment are included under the Critical Infrastructure Resilience Material Business Risk

The names and details of the Directors in office during the year and the period until the date of this report are as follows:

Kate is Chair of NBN Co's Financing Committee, Nominations Committee and People and Remuneration Committee and attends NBN Co's Audit and Risk Committee as a guest.

Stephen Rue

Managing Director and Chief Executive Officer

Stephen was appointed as Chief Executive Officer and an Executive Director of NBN Co effective 1 September 2018. His current term in both roles will expire on 31 August 2023.



SKILLS, EXPERIENCE AND QUALIFICATIONS

As CEO, Stephen is responsible for implementing strategic objectives and policies, and NBN Co's Corporate Plan and budget as approved by the Board. In his role as an Executive Director of NBN Co, Stephen is cognisant of the role of the Board of Directors to provide stewardship, strategic leadership, governance and oversight to NBN Co.

Stephen joined NBN Co in July 2014 as a member of the Executive Committee in the role of Chief Financial Officer, bringing with him a wealth of knowledge in financial management and high profile company transformation.

Prior to joining NBN Co, Stephen spent 17 years in various leadership roles at News Corp Australia including a decade as Chief Financial Officer. He also served as a Director on a number of associated boards, including Foxtel, Fox Sports, REA Group and Australian Associated Press, as well as Chairman of the Community Newspaper Group in Perth and Melbourne Storm Rugby League Club.

Stephen holds a Bachelor of Business Studies from Trinity College Dublin, a Diploma in Professional Accounting and is a member of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

BOARD COMMITTEE MEMBERSHIPS

Stephen attends NBN Co's Audit and Risk Committee, Financing Committee, Nominations Committee and People, and Remuneration Committee meetings as a guest.

Pam Bains

Non-Executive Director

Pam was appointed as a Director effective 19 March 2022. Her current term will expire on 18 March 2025.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Pam was appointed Group Executive Network at Aurizon in March 2020. Prior to this appointment, she held the position of Chief Financial Officer and Group Executive Strategy from 2017. She has been with Aurizon since 2010 and has held various senior management roles at the company during this time. She played a key role during Aurizon Holdings' initial public offering and listing on the Australian Stock Exchange, capital restructuring and separation of Aurizon's Network business, as well as support for various regulatory reforms which have improved the financial performance of Aurizon's Network business.

Pam has broad experience in finance and leadership roles in both Australia and globally over the past 25 years. Prior to joining Aurizon, she was the Head of Finance, Customer Service at Telefonica O2 UK, a subsidiary of one of the largest global integrated broadband and telecommunications providers. She has also held senior management roles at Next PLC, General Electric and Arthur Andersen.

Pam holds a BA (Honours) Accounting and Finance, is a Graduate of the Australian Institute of Company Directors, and a Fellow of the Institute of Chartered Accountants of England and Wales.

CURRENT COMPANY DIRECTORSHIPS

Pam is an Executive Director of Aurizon Network Pty Ltd, a wholly owned subsidiary of Aurizon Holdings Limited.

OTHER CURRENT APPOINTMENTS

Nil

BOARD COMMITTEE MEMBERSHIPS

Pam is a member of NBN Co's Nominations Committee, and Audit and Risk Committee.

Nerida Caesar

Non-Executive Director

Nerida was appointed as a Director effective 1 January 2022. Her current term will expire on 31 December 2024.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Nerida has over 34 years of broad-ranging commercial and business management experience, with particular depth in technology led businesses.

Nerida was Group Managing Director and Chief Executive Officer, Australia and New Zealand, of Equifax (formerly the ASX-listed Veda Group Limited) and is a former Director of Genome. One Pty Ltd and Stone and Chalk Limited.

Nerida has held several senior management roles at Telstra including Group Managing Director, Enterprise and Government, responsible for Telstra's corporate, government and large business customers in Australia, as well as the international sales division. She also worked as Group Managing Director, Telstra Wholesale, and prior to that held the position of Executive Director Enterprise & Government where she was responsible for managing products, services and customer relationships throughout Australia.

Prior to joining Telstra, Nerida held several executive and senior management positions with IBM within Australia and internationally over a 20-year period, including as Vice President of IBM's Intel Server Division for the Asia Pacific region.

Nerida has a Bachelor of Commerce from the University of New South Wales, an MBA from Melbourne Business School and is a Graduate of the Australian Institute of Company Directors.

CURRENT COMPANY DIRECTORSHIPS

Nerida is a Non-Executive Director of Westpac Banking Corporation, Chairman of Workplace Giving Australia Limited, Co-Chairman of G2GWGA, and Non-Executive Director of CreditorWatch.

OTHER CURRENT APPOINTMENTS

Nerida is an advisor to start-ups in the technology sector.

BOARD COMMITTEE MEMBERSHIPS

Nerida is a member of NBN Co's Audit and Risk Committee, Financing Committee, and Nominations Committee.

Drew Clarke AO PSM

Non-Executive Director

Drew was appointed as a Director effective 22 August 2017. His current term will expire on 21 August 2023.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Drew has extensive public policy experience, having served in a range of senior government positions. These include Secretary of the Department of Resources, Energy and Tourism, and Secretary of the Department of Communications. Drew's earlier public sector career included leadership roles in energy policy, and in mapping, science and innovation agencies.

Drew was awarded the Order of Australia in 2016 for distinguished service to public administration and the Public Service Medal in 2009 for his energy policy work.

Drew is a Fellow of the Australian Academy of Technological Sciences and Engineering, and a Fellow of the Royal Geographical Society.

He has a Master of Science from Ohio State University, a Bachelor of Applied Science (Surveying) from RMIT, and a Diploma from the Australian Institute of Company Directors.

CURRENT COMPANY DIRECTORSHIPS

Drew is Chairman of the Australian Energy Market Operator (AEMO), a Director of AEMO Services Ltd, and a Director of the CSIRO.

OTHER CURRENT APPOINTMENTS

Drew is Member, Australian Government Technology Investment Advisory Council. Member (*ex officio*), Australian Antarctic Science Council.

BOARD COMMITTEE MEMBERSHIPS

Drew is a member of NBN Co's Nominations Committee and People and Remuneration Committee

Andrew Dix

Non-Executive Director

Andrew was appointed as a Director effective 7 April 2021. His current term will expire on 6 April 2024.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Andrew brings deep industry experience to the position following a 35-year career working in telecommunications, infrastructure, utilities, technology and manufacturing.

Andrew has considerable experience in finance, IT, assurance, risk and governance. Prior to embarking on his Non-Executive career in 2013, he was the Executive Director responsible for Risk Management and Internal Audit at Telstra, where he also previously held roles as the Chief Financial Officer for a number of Telstra's major operating business units.

Andrew has a Bachelor of Commerce from the University of Melbourne and is a Fellow of the Institute of Chartered Accountants, a Certified Member of the Institute of Internal Auditors and a Graduate of the Australian Institute of Company Directors.

CURRENT COMPANY DIRECTORSHIPS

Andrew is a Non-Executive Director of Swinburne University of Technology, Western Leisure Services Pty Ltd and Victorian Farmers Federation.

OTHER CURRENT APPOINTMENTS

Andrew serves on the Audit and Risk Committees of Manningham and Monash Councils, Anglicare Victoria and the Victorian Planning Authority.

BOARD COMMITTEE MEMBERSHIPS

Andrew is Chair of NBN Co's Audit and Risk Committee, and a member of the Financing Committee, and Nominations Committee.

Nicole Lockwood

Non-Executive Director

Nicole Lockwood was appointed as a Director effective 19 March 2022. Her current term will expire on 18 March 2025.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Nicole is an experienced Executive, with 20 years working in law, government and consulting including 14 years of Board experience on government, corporate and not for profit Boards. Her background in infrastructure, economic development and community engagement provides her with a unique insight into the complexity of planning and delivering large economic and infrastructure projects in an environment of ever-changing social expectations.

Nicole provides strategic advice to government and the private sector, overseeing major infrastructure and integrated planning initiatives, including the Future Fremantle Planning Committee and Westport Taskforce which developed a 50-year freight and trade plan for the south west of Western Australia.

Nicole has worked throughout regional Western Australia as well as on national and metropolitan economic and infrastructure initiatives. She has a passion for sustainability and resilience building and the creation of thriving cities and communities equipped to embrace the challenges and opportunities of climate change and digital disruption.

Nicole has a Bachelor of Laws, a Bachelor of Business (Environment) Notre Dame University and is a Graduate Australian Institute of Company Directors.

CURRENT COMPANY DIRECTORSHIPS

Nicole is the Chair of Infrastructure Western Australia, the Malka Foundation and Airbridge, and a Non-Executive Director of Child and Adolescent Health Service, the Green Building Council of Australia, and the Western Australia Association for Mental Health.

OTHER CURRENT APPOINTMENTS

Nil

BOARD COMMITTEE MEMBERSHIPS

Nicole is a member of NBN Co's Nominations Committee, and People and Remuneration Committee.

Michael Malone
Non-Executive Director

Michael was appointed as a Director effective 20 April 2016. His current term will expire on 19 April 2025.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Michael founded iiNet Limited, an ASX listed telecommunications company in 1993 and continued as CEO until his retirement in 2014. As CEO, he led a relentless focus on customer service in an industry that is often perceived as primarily concerned with technology. iiNet's values reflected his own belief in the life-changing benefits of connecting people and communities.

Michael's former directorships include Autism West (as founder and Vice Chairman), the .au Domain Administration (as a founder and Chairman), Diamond Cyber Security (as a founder and Chair), Axicom Group and Down Under Geosolutions. He has received a number of prestigious industry recognitions including 2012 Australian Entrepreneur of the Year, Communications Alliance Ambassador, and the Telecommunications Society's Charles Todd Medal. Michael is a past member of the Commonwealth Consumer Affairs Advisory Council and the WA State Training Board.

Michael is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management and the Australian Computer Society. He has a Bachelor of Science (Mathematics) and a Post Graduate Diploma in Education both from the University of Western Australia.

CURRENT COMPANY DIRECTORSHIPS

Michael is a Director of Seven West Media Ltd and WiseTech Global.

OTHER CURRENT APPOINTMENTS

Nil

BOARD COMMITTEE MEMBERSHIPS

Michael is a member of NBN Co's Audit and Risk Committee, Nominations Committee, and People and Remuneration Committee.

Elisha Parker
Non-Executive Director

Elisha was appointed as a Director effective 8 December 2021. Her current term will expire on 7 December 2024.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Elisha holds cross-sector experience as a legal practitioner with a speciality in dust diseases and in the agricultural industry in various roles including co-founding Cattlesales Pty Limited.

Over the past 15 years, Elisha has held Chair and Committee positions within the agricultural sector with peak industry bodies, the Queensland state farming organisation and has also been widely recognised and awarded for leadership on regional issues, entrepreneurship, digital innovation and advocacy. She has also served as a Non-Executive Director with the Future Farmers Network.

Elisha is passionate about the advancement of regional and remote industries and communities with a particular focus on innovation and the next generation, and holds an in-depth and grassroots knowledge of the issues and needs of regional and remote communities, businesses, industries and educational facilities.

Elisha is a member of the Australian Institute of Company Directors, and has a Bachelor of Laws from Queensland University of Technology.

CURRENT COMPANY DIRECTORSHIPS

Elisha is a Director of Cattlesales Pty Limited, a Non-Executive Director of AgForce Cattle Limited and also Beef Australia Ltd.

OTHER CURRENT APPOINTMENTS

Nil

BOARD COMMITTEE MEMBERSHIPS

Elisha is a member of NBN Co's Nominations Committee, and People and Remuneration Committee.

Former Directors

Dr Ziggy Switkowski AO **Chair/Non-Executive Director**

Ceased 31 December 2021



Ziggy was first appointed Executive Chairman of NBN Co effective 3 October 2013, and reverted to the role of Non-Executive Chairman from 2 April 2014 following the appointment of Mr Bill Morrow as Chief Executive Officer.

Ziggy is a former Chairman of the Suncorp Group, the Australian Nuclear Science and Technology Organisation and Opera Australia. He has previously held positions as Chief Executive Officer of Telstra Corporation Limited and Optus Communications Ltd. He has also served as a Non-Executive Director of listed companies Tabcorp Holdings Limited, Healthscope, Oil Search, Lynas and Amcor.

Ziggy is a Fellow of the Australian Academy of Technological Sciences, the Australian Academy of Science and the Australian Institute of Company Directors. He has a Bachelor of Science (Honours) and PhD (Nuclear Physics) from the University of Melbourne.

Ziggy was Chair of NBN Co's Financing Committee, Nominations Committee, People and Remuneration Committee, and attended NBN Co's Audit and Risk Committee.

Shirley In't Veld **Non-Executive Director**

Ceased 1 December 2021



Shirley In't Veld was appointed as a Director effective 2 December 2015.

She has extensive experience as a senior executive including as Managing Director of Verve Energy, Vice President of Primary Business Development for Alcoa Australia and Managing Director of Alcoa Australia Rolled Products. In 2014, Shirley was Chairman of the Queensland Government Expert Electricity Panel and a member of the Renewable Energy Target Review Panel for the Department of Prime Minister and Cabinet and was until recently a Non-Executive Director of CSIRO and Northern Star Resources Limited, a Council member of the Australian Institute of Company Directors (WA) and, an Advisory Board member of the SMART Infrastructure Facility (University of Wollongong). She has a Bachelor of Laws (Hons) and a Bachelor of Commerce from the University of Melbourne.

Shirley was a member of NBN Co's Audit and Risk Committee, and Nominations Committee.

Zoe McKenzie**Non-Executive Director**

Ceased 6 December 2021



Zoe McKenzie was appointed as a Director effective 1 July 2018.

She is an Independent Board Director and strategic and commercial business adviser. Over 25 years, her career has spanned professional services including the law, education, communications and culture with experience in Australia as well as living and working offshore (France and Germany). Zoe is a Board Member of the Australia Council of the Arts and Advisory Board Member of the French Australian Chamber of Commerce, Australian British Chamber of Commerce Trade Policy Committee, Melbourne University Humanities Foundation Board and the National Careers Institute.

Zoe has served in senior policy roles in education, international affairs, tourism, trade and foreign investment, the legal system, and communications, and as a senior lawyer practising in industrial relations, employment, equal opportunity and privacy law.

Zoe was a member of NBN Co's Audit and Risk Committee, and Nominations Committee.

Dr Kerry Schott AO**Non-Executive Director**

Ceased 5 January 2022



Kerry was first appointed as a Director effective 28 September 2012.

Kerry has worked in numerous senior executive roles including as Managing Director and CEO of Sydney Water, Managing Director of Deutsche Bank and Executive Vice President of Bankers Trust Australia. Prior to becoming an investment banker, she was a public servant and an academic.

Kerry has a Doctorate of Philosophy from Oxford University, a Master of Arts from the University of British Columbia, Vancouver, a Bachelor of Arts (First Class Honours) from the University of New England, and Honorary Doctorates from the University of Sydney, the University of Western Sydney and the University of New England.

Kerry was Chair of NBN Co's Audit and Risk Committee, and a member of NBN Co's Financing Committee, and Nominations Committee.

Board and Committee meetings

The number of Board and Committee meetings held during FY22 and the attendance by Directors at those meetings is shown below.

	Board		Audit and Risk Committee		Financing Committee		Nominations Committee		People and Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
Pam Bains ¹	3	3	2	2	-	-	1	1	-	-
Nerida Caesar ²	5	5	3	2	-	-	1	1	-	-
Drew Clarke AO PSM	10	10	-	-	-	-	1	1	7	7
Andrew Dix ³	10	10	5	5	6	6	1	1	-	-
Shirley In't Veld ⁴	5	4	2	2	-	-	-	-	-	-
Nicole Lockwood ⁵	3	3	-	-	-	-	1	1	2	2
Kate McKenzie ⁶	10	10	5	3	7	7	1	1	7	7
Zoe McKenzie ⁷	5	5	2	2	-	-	-	-	-	-
Michael Malone ⁸	10	10	3	3	-	-	1	1	7	7
Elisha Parker ⁹	5	4	-	-	-	-	1	1	2	2
Stephen Rue	10	10	5	5	7	7	1	1	7	7
Kerry Schott AO ¹⁰	6	6	2	2	4	4	-	-	-	-
Ziggy Switkowski AO ¹¹	6	6	2	2	4	4	-	-	5	5

(A) Number of meetings held while a Director of the Board or a Committee member

(B) Number of meetings attended

1. P Bains was appointed as a Non-Executive Director effective 19 March 2022 and as a member of the Audit and Risk Committee effective 28 March 2022.
2. N Caesar was appointed as a Non-Executive Director effective 1 January 2022, as a member of the Audit and Risk Committee effective 1 January 2022 and, as a member of the Financing Committee effective 7 February 2022.
3. A Dix was appointed as Chair of the Audit and Risk Committee effective 1 September 2021 and as a member of the Financing Committee effective 24 August 2021.
4. S In't Veld ceased as a Non-Executive Director on 1 December 2021 at the expiry of her term of appointment.
5. N Lockwood was appointed as a Non-Executive Director effective 19 March 2022 and as a member of the People and Remuneration Committee effective 28 March 2022.
6. K McKenzie was appointed Chair of the Board effective 1 January 2022.
7. Z McKenzie ceased as a Non-Executive Director upon her resignation effective 6 December 2021.
8. M Malone was appointed as a member of the Audit and Risk Committee effective 14 December 2021.
9. E Parker was appointed as a Non-Executive Director effective 8 December 2021 and as a member of the People and Remuneration Committee effective 7 February 2022.
10. K Schott AO ceased as a Non-Executive Director on 5 January 2022 at the expiry of her term of appointment.
11. Z Switkowski AO ceased as a Non-Executive Director and Chairman of the Board upon his resignation effective 31 December 2021.

Executive Committee

Members of the Executive Committee include:

Stephen Rue
Chief Executive Officer



Stephen was appointed as Chief Executive Officer and an Executive Director of NBN Co effective 1 September 2018.

As CEO, Stephen is responsible for implementing strategic objectives and policies and NBN Co's Corporate Plan and budget as approved by the Board.

In his role as an Executive Director of NBN Co, Stephen is cognisant of the role of the Board of Directors to provide stewardship, strategic leadership, governance and oversight to NBN Co.

Stephen joined NBN Co in July 2014 as a member of the Executive Committee in the role of Chief Financial Officer, bringing with him a wealth of knowledge in financial management and high profile company transformation.

Stephen's biography is further outlined on page 69.

Kathrine Dyer
Chief Operations Officer



Kathrine began her appointment as NBN Co's Chief Operating Officer on 8 July 2020 after previously holding the role of Chief Network Deployment Officer.

Kathrine joined NBN Co from Telstra in November 2010 and her appointment to the Executive Committee follows her role as Executive General Manager, Regional Deployment, where she oversaw the design and build of the **nbn**[®] network from both an operational and strategic perspective.

Kathrine's knowledge and expertise within telecommunications is formidable, having more than 20 years experience working in the sector. She was at the forefront of fibre optics development and greenfields strategic planning while at Telstra.

Kathrine also has an extensive background in telecommunications legislative and regulatory management. She has a Bachelor of Business from RMIT University.

Will Irving
Chief Strategy & Transformation Officer



Will began his appointment as NBN Co's Chief Strategy & Transformation Officer in October 2019. He is accountable for strategy and transformation leadership at NBN Co. This covers NBN Co's corporate strategy, its operating model, future network architecture, regulatory and key strategic relationships.

Prior to joining NBN Co, Will was the Interim CEO of Telstra InfraCo and the Group Executive of Telstra Wholesale from 2016-18. From 2011-16 he headed Telstra Business, responsible for over one million Small and Medium Business Telstra customers – from sole traders to smaller ASX listed companies and local government. Prior to that, Will was Telstra's Group General Counsel from 2005-2011, through the T3 privatisation, the 3G mobile build and Telstra's major deal with NBN Co in 2011. Will held a variety of legal management roles at Telstra between 1997 and 2005 and was a lawyer at King & Wood Mallesons from 1994-97.

Will holds a Bachelor of Law (Honours) and Bachelor of Commerce from Melbourne University.

Sally Kincaid**Chief People and
Culture Officer**

Sally joined NBN Co in May 2019 with responsibility for the People and Culture strategy. Her portfolio includes the implementation of initiatives to ensure a high-performing and collaborative workforce, focused on caring for the health and safety of employees.

Sally has 20 years of experience directing HR teams in global financial and insurance companies across New Zealand, the UK, as well as Australia. Formerly, she held the role as Chief Human Resources Officer before stepping into the role of Global Head of HR Performance and Delivery at QBE insurance.

Sally holds an MBA from Henley Business School in the UK, Bachelor of Business Studies from Massey University, New Zealand, and is a graduate of the Australian Institute of Company Directors.

Philip Knox**Chief Financial Officer**

Philip was appointed Chief Financial Officer on 6 February 2019. He is responsible for the financial management of NBN Co's business activities, business planning, financial reporting, financial control, management reporting, taxation and treasury, audit, procurement and property.

Philip brings more than 30 years of financial experience, including leadership roles as Chief Financial Officer, and extensive knowledge of the technology and media industries. Prior to joining NBN Co, Philip was the Chief Financial Officer at APN Outdoor and previously at the Garvan Institute of Medical Research and Austar United Communications.

Philip is a member of CPA Australia and is a fellow of the Australian Institute of Company Directors.

John Parkin**Chief Engineering Officer**

John was appointed Chief Engineering Officer on 8 July 2020 after previously holding the role of Interim Chief Network Engineering Officer.

John joined NBN Co in August 2018 to lead Customer Field Operations. Under his leadership, NBN Co has refined field operations, improved commercial leadership of its delivery partners, established a Workforce Operations Centre and expanded NBN Co's Internal field workforce.

John has a long history of international experience in service delivery operations working for national telecommunications organisations including British Telecom, Spark (formerly Telecom New Zealand) and Telstra. These roles have been complemented with extensive commercial operational experience gained from working with international business partners across India, Malaysia and the Philippines.

Felicity Ross**Chief Corporate Affairs Officer**

Felicity joined NBN Co in July 2018 as Chief Corporate Affairs Officer. She leads all aspects of media and government relations, employee communications, and state corporate affairs, which focuses on national industry stakeholders and engagement.

Formerly Advocacy Director at Jobs for NSW, Felicity brings more than 20 years of experience managing stakeholder relations and communications across the private and public sectors. Felicity has deep expertise in large, high-profile, complex organisations in Australia and overseas, including London's Metropolitan Police at Scotland Yard, the UK Home Office, Serco, Westpac and NSW Government.

Felicity holds a Post Graduate Diploma in Communications Management from London Metropolitan University, as well as a Bachelor of Arts, English from Macquarie University. She is a graduate of the Australian Institute of Company Directors.

Jane van Beelen**Chief Legal and Regulatory Officer**

Jane joined NBN Co on 1 October 2020 and joined NBN Co's Executive Committee on 1 September 2021. As Chief Legal & Regulatory Officer, Jane is the General Counsel of NBN Co and leads the Company's legal and regulatory functions. The Legal & Regulatory business unit also incorporates the Company Secretary and non-discrimination obligations compliance office.

A telecommunications industry veteran, Jane joined NBN Co following a 25-year career across the legal and corporate affairs functions at Telstra, where she led the company's regulatory strategy and engagement for ten years and played a leading role in numerous reforms and regulatory outcomes across the telecommunications industry in Australia. Most recently she led the compliance and regulatory affairs function, including responsibility for the Company's compliance framework and compliance programs including ethical behaviour, regulatory and privacy.

Jane was also inaugural chair of the GSMA Asia-Pacific Policy Group and a global Policy Group member, served on the Boards of TIO Ltd and AMTA, including two years as AMTA Chair, and continues to serve as a Director of Communications Alliance.

Brad Whitcomb**Chief Customer Officer**

Brad was appointed Chief Customer Officer on 8 July 2020, following the consolidation of NBN Co's Residential and Business segment teams to form the Customer, Product and Marketing business unit. Previously, Brad was NBN Co's Chief Customer Officer - Residential, and prior to that NBN Co's Chief Strategy & Transformation Officer.

Brad leads a multi-disciplinary team that works closely with the Company's retail partners to deliver superior end-to-end customer solutions to Australian homes and businesses that drive preference, usage, and customer experience.

Brad has extensive experience leading business operations and transforming business performance across the global telecommunications, technology and energy sectors. Prior to joining NBN Co in May 2014, Brad was the Chief Strategy and Business Transformation Officer at Vodafone Hutchinson Australia where he was responsible for the whole-of-business turnaround including diagnosis, strategy, planning, execution and governance.

Brad holds an MBA from Saint Mary's College of California and a Bachelor of Economics from the University of California, Santa Barbara.

Gavin Williams

**Chief Development
Officer, Regional
& Remote**



Gavin was appointed Chief Development Officer Regional & Remote in October 2019, bringing more than five years of experience at NBN Co and 25 years within the telecommunications industry across Australia.

Gavin has held leadership roles that have spanned engineering, product management, marketing and strategy disciplines across consumer, business and wholesale markets. Prior to joining NBN Co, Gavin held positions in Optus, Telstra and was principal of an independent consultancy. He was a Board Director of Southern Cross Cable.

Gavin holds a Bachelor of Engineering degree (Hons) from the University of Melbourne and a MBA from Macquarie University.

Company Secretaries

Debra Connor

Appointed in June 2010
Company Secretary

**SKILLS, EXPERIENCE AND QUALIFICATIONS**

Debra has a Bachelor of Laws from the Queensland University of Technology and a Graduate Diploma in Corporate Governance from the Governance Institute of Australia. She has also completed postgraduate courses through Stanford and Columbia Universities in the US and Italy, respectively.

Prior to joining NBN Co, Debra was Board Secretary of Port of Melbourne Corporation from January 2007, and prior to that she was in-house Counsel and Company Secretary with SMS Management & Technology Limited, a publicly listed management consulting company based in Melbourne with an international presence in the UK and Asia.

Kylie Brown

Appointed in August 2015
Company Secretary

**SKILLS, EXPERIENCE AND QUALIFICATIONS**

Kylie joined NBN Co in June 2011 and was appointed as a Company Secretary of NBN Co in August 2015.

She has a Bachelor of Laws and Bachelor of Arts from Macquarie University, and a Certificate in Governance Practice from the Governance Institute of Australia.

She is currently an Executive General Manager Legal and Acting Deputy Chief Legal Officer in NBN Co's Legal and Regulatory team.

Prior to joining NBN Co in 2011, Kylie was a Senior Associate in private practice at Corrs Chambers Westgarth from 2000 to 2010 and a lawyer at Moray & Agnew from 1997 to 2000.

Other information

Corporate information

NBN Co is an unlisted public company limited by shares that is incorporated and domiciled in Australia. The registered office of the Company is Tower 5, Level 14, 727 Collins Street, Docklands, Victoria, 3008. NBN Co is wholly-owned by the Commonwealth of Australia.

Operating and financial review

The operating and financial review is contained on pages 12-81 of the Directors' Report.

Significant changes in the state of affairs

Other than the information set out in the operating and financial review section, there were no significant changes in the state of affairs of the Company during FY22.

Dividends

No dividends have been paid or declared since the Company was established in April 2009.

Directors' interests

The Directors of NBN Co have no interests in the shares of NBN Co.

Indemnification and insurance of Directors and Officers

NBN Co has indemnified each of the Directors of the Company against any legal proceedings, loss or liability that arises in their capacity as a Director of NBN Co.

As at 30 June 2022, no material claims have been made.

During FY22, the Company paid insurance premiums for contracts insuring Directors and Officers against liabilities (including costs and expenses) arising from the performance of their duties.

The Directors have not included the details of the nature of the liabilities covered or the amount of the premiums paid in respect of these insurance contracts, as such disclosure is prohibited under the terms of the contracts.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporation (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Financial Report and Directors' Report have been rounded off to the nearest million dollars, unless otherwise stated.

Auditor independence

The Directors received an Auditor's independence declaration from the Auditor-General. A copy of this declaration has been included with the Financial Report.

Significant events subsequent to reporting date

Since the end of the financial year, the Company formally withdrew its Special Access Undertaking (SAU) variation proposal that was lodged with the Australian Competition and Consumer Commission (ACCC) in March 2022 and is planning to submit a revised SAU variation as soon as possible. The SAU is the regulatory instrument which provides the framework for pricing and other key terms on which the Company provides services to retail service providers. NBN Co remains committed to continue working closely with the ACCC, RSPs, Shareholder Ministers and other industry groups on the SAU variation process to ensure that an appropriate long-term regulatory framework is established for the future.

This does not have any impact on the financial results or financial position of the Company as at 30 June 2022.

No other matter or circumstance has arisen since 30 June 2022 to the date of signing of this report, that has significantly affected, or may affect:

- the Company's operations in future financial years
- the results of those operations in future financial years
- the Company's state of affairs in future financial years.

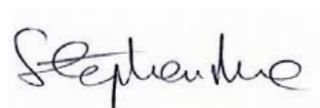
Non-audit services

No non-audit services have been provided by the Auditor-General or the Australian National Audit Office. Non-audit services provided by the contract auditor, PwC, are detailed in Note H4 to the financial statements.

Signed in accordance with a resolution of the Directors, approving the Annual Report.



Kate McKenzie
Chair



Stephen Rue
Chief Executive Officer

4 August 2022





Remuneration Report

The Remuneration Report sets out the principles and the remuneration strategy NBN Co applies to remunerate key management personnel (KMP).

The report demonstrates the alignment of the remuneration policy with NBN Co’s goals and strategic imperatives.

NBN Co is committed to a remuneration framework that supports the retention of high calibre executives that support meeting our current and future commitments. This is achieved through a remuneration framework that responsibly rewards performance and is underpinned by prudent risk management.

FY22 was another successful year for NBN Co with some important achievements:

- Activated premises continued to grow, reaching over 8.5 million households and businesses
- Supported the ongoing recovery from the floods and extreme weather experienced across much of South-Eastern Queensland and broad areas of North and Eastern New South Wales in 2022
- Australian families and businesses continued to experience considerable challenges and impacts due to COVID-19. NBN Co has supported Australia through this difficult time through the provision of secure and resilient broadband access in conjunction with the telecommunications industry. During this time, the **nbn**® network has performed very strongly, supporting the social and economic needs of Australia

- NBN Co has continued to deliver strong financial performance with revenue ahead of target in FY22
- NBN Co continued to secure long-term debt from a range of institutional banks, and domestic and international bond holders. These funds were obtained at competitive interest rates with varying lengths of tenor; were secured without government guarantee; and enabled over \$6.8 billion of government borrowings to be repaid to the Commonwealth
- Significant progress was made in the build out of fibre in areas served by the Fibre to the Node technology and the Hybrid Fibre Coaxial (HFC) Network was upgraded to support the highest speed tiers for customers who choose to order them
- The Company secured a grant of \$480m from the Commonwealth Government to upgrade the Fixed Wireless network, which on completion by December 2024, will drive significant benefits, in particular, to regional and rural Australia.



2022 Letter from the Chair of the People and Remuneration Committee

The NBN Co Board is pleased to present our 2022 Remuneration Report on behalf of the NBN Co Board. This Report summarises NBN Co's achievements of the past year and the associated remuneration outcomes for our Key Management Personnel, including the Chief Executive Officer, and the fee arrangements for our Board members.

The oversight of staff and executive remuneration is a key responsibility of the Board and its People and Remuneration Committee. The Board and Committee periodically consider NBN Co's approach to remuneration to ensure that it remains appropriate. This was particularly pertinent this year, in the context of the Commonwealth Guidelines which were issued in the early part of the financial year, regarding the payment of at-risk short-term incentives within Government Business Enterprises.

At the start of each operating year, the People and Remuneration Committee, and then the full Board, reviews and endorses a Balanced Scorecard which contains key measures of performance and summarises how at-risk pay will be allocated at year end for those participating in the Short Term Incentive (STI) program. The Committee and Board also ensure that the balance of measures included in the Balanced Scorecard are appropriate for the stage of maturity of the Company and that each measure contains an appropriate level of stretch. The remuneration framework is similar to frameworks adopted by most ASX-listed companies in the construction of the Balanced Scorecard, but differs in that there is no long-term incentive component in the plan.

Our support for Australia in times of uncertainty

The management and staff at NBN Co are driven by and aligned to the Company's purpose to lift the digital capability of Australia. It is why the network was built – to create economic opportunities for Australians, to drive productivity, to ensure Australia remains internationally competitive and to drive greater social equity and cohesiveness. This purpose has sustained the management and staff at NBN Co in supporting Australia's increased reliance on broadband through a time of great adversity and need, adapting service provision and support for customers as part of its response. This purpose has been and will continue to be a key factor in attracting and retaining key talent, alongside the need to be competitive in remuneration in order to attract and retain the skills and capabilities needed, which are in very short supply in the current labour market.

The ongoing impacts of COVID-19, including state lockdowns, saw NBN Co continue to provide critical support to all areas of Australian society, whether it be students being educated from home, ensuring families remained connected to each other or through to the businesses that kept Australia running.

As part of its role as critical national infrastructure, NBN Co has an ongoing commitment to supporting Australians in times of natural disaster and we acknowledge the huge impact these events have had on many local communities. The dedication of the NBN Co teams during these unprecedented weather events, over an extended period of the year, required an immediate response from NBN Co and drew upon our disaster recovery planning. Through this process we established a framework to test peak load events and surges, while working together with delivery partners to ensure safety and readiness for extreme weather events. This led to quicker and more effective responses for impacted communities. NBN Co was well connected with external agencies and emergency groups contributing to the broader community response, in particular the National Coordination Mechanism, which was activated for the first time.

The volume of incidents caused by this weather pattern was unprecedented in NBN Co's history and saw:

- **Multi-week Impacts:** The three highest weeks of incoming incidents received in NBN Co's history occurred within a six-week period in February/March this year
- **Sustained Impact:** The highest six weeks of incoming incidents have all occurred in FY22, in the period starting from October 2021 and extending through to March 2022
- **Peak Intensity:** NBN Co's single largest incident week occurred in March 2022, with over 40,000 incidents received in a single week. Importantly, this peak is 20% higher than any peak volume in previous financial years.

NBN Co's ability to recover from these events is the best it has ever been, and our employees have consistently found ways to meet customer needs during these challenging times. The extreme weather events naturally had some impact on certain operating metrics, but the majority of the targeted metrics would have been achieved absent this impact. In aggregate, I am pleased to say that the Company has served customers well during the year, although there is always more to do.

Performance and growth

The Board is pleased to share that NBN Co's strong commitment to the customer is reflected in the achievement of its target of 8.5 million connected premises. The financial stability of the Company has been evidenced in recent years and 2022 is no exception. The strong rate of customer growth resulted in NBN Co exceeding its revenue target. EBITDA was also achieved despite the extreme weather events. Operating expenditure exceeded budget, in part due to the impact of the weather events on service delivery costs but was still 10% per cent below the previous year. The overrun was more than offset by savings in capital expenditure and interest costs.

Remuneration oversight

The Board and the People and Remuneration Committee view the strong oversight of senior executive remuneration as a key responsibility and obligation to our shareholders and Australia. In discharging its duties, the Board and the Committee regularly review NBN Co's remuneration approach to ensure that it appropriately recognises executive performance in the context of our Corporate Plan, reflects individual accountability and reinforces alignment with company values. The Board is also cognisant of the fact that the demand for talented employees is high, and that although the Company is able to attract talent due to the strong purpose and mission of NBN Co, it is also true that the Board needs to ensure that remuneration, and its composition, is market competitive.

NBN Co's senior executive remuneration framework is rigorously reviewed by the Board and the People and Remuneration Committee each year. In reviewing NBN Co's remuneration framework this year, the Board considered a range of factors including:

- whether the remuneration framework remains 'fit for purpose', given the maturation of NBN Co's operations
- the Board's ongoing strategy to achieve the Government's objectives as set out in the NBN Statement of Expectations, including attracting and retaining high-calibre people

- the *Performance Bonus Guidance - Principles governing performance bonus use in Commonwealth entities and companies*, released in August 2021 by the previous Australian Government
- current and emerging market practice
- the impact on remuneration frameworks of changes in regulatory and governance practices in Australia.

Based on this review, and with particular regard to the Commonwealth Government Performance Bonus Guidance, the Board determined that it was appropriate to make some changes in FY22 to the remuneration framework.

In summary:

- the number of employees eligible to participate in the NBN Co STI program was reduced from around 3,500 in 2021 to less than 50 in 2022
- the composition of senior executive remuneration packages was changed, with a reduction in the Target Short Term Incentive opportunity for senior executives
- the total target remuneration opportunity for our senior executives was reduced, as the allocation of a 'one off' increase in fixed pay to the impacted senior executives to offset the foregone target STI component was at a discounted rate.

Further details of the changes to the senior executive remuneration framework are set out in the Remuneration Report.

Remuneration outcomes

In determining remuneration outcomes for 2022, the Board has concluded that the Corporate Objectives gateways for the STI program have been satisfied. The gateways are in place to ensure that aberrant results in health and safety, key financials or other aspects of operations are properly considered, even if outside the Balanced Performance Scorecard.

The Board characterised NBN Co's performance across its key metrics as exceeding or meeting most expectations. In accordance with this assessment, the Board made appropriate allowance for the unprecedented weather events during the year and the Company's response. As a result, the Board approved STI award pool funding at 66% of the maximum STI. This equated to a total STI cost to NBN Co of \$4.1 million.

This STI award pool funding pays consideration to the environment in which the decision was made and the expectations of the wider community which, in the Board's judgement, includes the expectation for fast, reliable broadband services enabled and delivered by a highly competent, skilled and dedicated workforce. The Board has the view that remuneration principles should be applied consistently with past NBN Co practices and obligations to its executives, and that the interests of our shareholder, the Commonwealth, are being properly served by rewarding outstanding performance and securing the commitment of our extraordinary leaders.

Conclusion

It is the Board's view, this assessment is appropriately aligned with performance for the year, and the contribution NBN Co has made to supporting Australia in another year of unforeseen challenges.

We trust you find this report informative and that it clearly demonstrates our commitment to responsible and effective remuneration practices and the highest standards of transparency and accountability.



Kate McKenzie

Chair, People and Remuneration Committee

4 August 2022

Key management personnel (KMP)

This report covers the remuneration of NBN Co's KMP, including Non-Executive Directors of the Company, and those Senior Executives deemed to be KMP by the Board, as outlined in the table below for the year ended 30 June 2022. The job titles for KMP reflect their roles during FY22.

Name	Title	FY22 Status	KMP Status
Current Senior Executives deemed to be KMP			
Stephen Rue	Chief Executive Officer (CEO)	Full year	Current
Kathrine Dyer	Chief Operating Officer	Full year	Current
Will Irving	Chief Strategy and Transformation Officer	Full year	Current
Philip Knox	Chief Financial Officer	Full year	Current
John Parkin	Chief Engineering Officer	Full year	Current
Brad Whitcomb	Chief Customer Officer	Full year	Current
Current Non-Executive Directors			
Pam Bains	Non-Executive Director	Part Year	Current
Nerida Caesar	Non-Executive Director	Part Year	Current
Drew Clarke	Non-Executive Director	Full year	Current
Andrew Dix	Non-Executive Director	Full year	Current
Nicole Lockwood	Non-Executive Director	Part Year	Current
Michael Malone	Non-Executive Director	Full year	Current
Kate McKenzie	Non-Executive Chair	Full year	Current
Elisha Parker	Non-Executive Director	Part Year	Current

The following changes were made in KMP during the year and up to the date the Remuneration Report was released:

- P Bains was appointed as a Non-Executive Director effective 19 March 2022.
- N Caesar was appointed as a Non-Executive Director effective 1 January 2022.
- N Lockwood was appointed as a Non-Executive Director effective 19 March 2022.
- E Parker was appointed as a Non-Executive Director effective 8 December 2021.
- S In't Veld ceased to be a Non-Executive Director effective 1 December 2021.
- K McKenzie was appointed as a Non-Executive Chair effective 1 January 2022.
- Z McKenzie ceased to be a Non-Executive Director effective 6 December 2021.
- K Schott ceased to be a Non-Executive Director effective 5 January 2022.
- Z Switkowski ceased to be a Non-Executive Director effective 31 December 2021.

Remuneration and talent governance at NBN Co

The role of the People and Remuneration Committee (P&RC) is to assist the Board in fulfilling its governance responsibilities in relation to establishing people management and remuneration policies for NBN Co that:

- enable NBN Co through its executive leadership to attract and retain capable employees who can help deliver its vision
- foster exceptional talent and performance while motivating and supporting employees to pursue the growth and success of the **nbn™** network consistent with NBN Co's Corporate Plan
- responsibly reward employees, having regard to the performance of NBN Co, individual performance, statutory and regulatory requirements and current business norms.

Support from management and external advisors

To inform decisions of the Committee, the P&RC sought advice and, at times, recommendations from the CEO and other management throughout the year.

During FY22, NBN Co obtained external advice in relation to remuneration from Ernst & Young (EY). The advice included market practice, current and emerging trends in executive remuneration design and relevant legislative and regulatory developments. This included consultation with EY on the application of the *Performance Bonus Guidance – Principles governing performance bonus use in Commonwealth entities and companies* that was released by the previous Australian Government.

None of the advice provided by EY included a remuneration recommendation as defined in the *Corporations Act 2001*.

How Senior Executive remuneration decisions are determined at NBN Co



Management

Makes recommendations to the P&RC and Board with respect to individual remuneration arrangements, target setting and performance assessment of incentive plans for Senior Executives. Develops and implements people management and remuneration policies and practices as agreed.



People and Remuneration Committee

Reviews management proposals and approves remuneration policies and practice with respect to individual remuneration arrangements, target setting, performance assessments of incentive plans for Senior Executives, and provides recommendations for CEO remuneration arrangements, target setting and performance assessment against those targets.

Reviews the effectiveness of people management and remuneration policies and programs, including NBN Co's workforce diversity report.



NBN Co Board

Reviews and approves recommendations referred by the P&RC.

Strategic imperatives and remuneration strategy

NBN Co's remuneration strategy supports the strategic imperatives of the organisation, through performance-based reward and recognition of highly capable employees.

NBN Co's remuneration policies and practices are aligned with Commonwealth guidelines and the interests of our shareholders and the Australian public.

Senior Executive remuneration is designed to attract, motivate, and retain the calibre of executives required to achieve our objectives now and into the future.

To enable this, NBN Co's Senior Executive remuneration strategy establishes an effective link between performance, prudent risk management and pay, achieved through:

- annually reviewing the Senior Executive remuneration framework
- consideration of market remuneration practices when determining Senior Executive remuneration
- ensuring a minimum level of performance is achieved by NBN Co before any Short-Term Incentive (STI) payments can be earned
- the application of malus provisions to deferred STI¹
- balancing Senior Executive remuneration against corporate and individual performance outcomes
- linking each Senior Executive's STI award to the achievement of stretch performance conditions.

1. Applicable to STI awards prior to FY22.

The information below outlines the link between NBN Co's strategy and remuneration for Senior Executives.

NBN Co's purpose

To lift the digital capability of Australia

Achieved by focusing on NBN Co's strategic imperatives



1

Ensure all Australians have access to high-speed, resilient and secure broadband



2

Keep NBN Co a great place to work, underpinned by a customer-led culture



3

Deliver a customer experience that drives satisfaction, use and network preference



4

Develop a product and pricing portfolio that addresses our customers' diverse needs



5

Strengthen relationships with Government, Industry and Community to optimise customer benefits



6

Build capabilities for the future and grow profitability to enable reinvestment to benefit our end customers

...which are reflected in STI Corporate Measures

Connected Premises (10%)

Performance against target number of connected premises for the financial year

Customer Service Delivery (20%)

Achievement against a series of key service delivery indicators including right first time, distressed tickets, mean time to restore, fault rate and network availability

Trust and Reputation (20%)

Performance against target for both residential and business customers with regard to DSAT (dissatisfaction) and Reputation

Transformation (25%)

Delivery against a range of initiatives linked to IT simplification and capital expenditure efficiency

Financial Sustainability (25%)

Achievement against corporate plan targets for revenue and operation costs¹

...and NBN Co's actual performance

Connected Premises

The target was exceeded

Customer Service Delivery

The majority of the metrics were met taking into account the impact of unprecedented weather conditions

Trust and Reputation

DSAT was steady through the year, and the Company's reputation showed improvement

Transformation

The majority of the metrics were met or exceeded

Financial Sustainability

The revenue target was exceeded. Operation costs¹ were 10% below last year, but greater than a stretched target, in part due to weather impacts

...and directly impacts Senior Executive remuneration

Total Fixed Remuneration

Fixed Remuneration increases of 3% (inclusive of superannuation guarantee contribution rate change) for FY23 arising from the annual review of Senior Executive Remuneration

CEO STI Outcome

Awarded at 66% of maximum

Average Senior Executive STI Outcomes

Awarded at 66% of maximum

1. Operation costs above are based on Statutory view of the P&L.

Senior Executive remuneration

NBN Co's remuneration structure is designed to responsibly, fairly and competitively reward Senior Executives while complying with all of our regulatory obligations.

Review of NBN Co's Senior Executive remuneration framework

In August 2021, the previous Australian Government set clear expectations in the NBN Co Statement of Expectations, which requires the NBN Co Board to balance remuneration structures with public expectations for compensation, and accountability for creating 'an engaged results-oriented staff culture'. As noted earlier, the previous Australian Government also released the Performance Bonus Guidance – Principles governing performance bonus use in Commonwealth entities and companies (referred to as the "Guidance") which covers Government Business Enterprises such as NBN Co. The Guidance is clear that Commonwealth companies should largely move away from performance bonus schemes, and limit employee eligibility in relation to STI programs. The Guidance also recognises companies like NBN Co that operate in commercial markets use at-risk remuneration arrangements and should use them only in limited circumstances and positions.

The NBN Co Board recognised that the Company has moved into a more mature phase of operation and accordingly reviewed our remuneration framework in the context of both this and the Guidance. Based on this review, the Board determined that it was appropriate to make changes to NBN Co's Senior Executive remuneration framework.

Changes in FY22 to NBN Co's Senior Executive remuneration framework

An overview of the changes is set out below:

Remuneration Component	Overview	Application	Changes in FY22
Total Fixed Remuneration (TFR)	Base salary, employer superannuation contributions, salary-sacrificed benefits and applicable fringe benefits tax.	Positioned using appropriate benchmarks, reflecting size and complexity of role, responsibilities, experience and skills.	TFR was increased to partially compensate for a reduced cash STI opportunity.
Cash STI	'At risk' remuneration, rewarding both NBN Co and individual performance.	Remuneration outcomes determined based on performance and contribution against annual objectives.	Reduced target Cash STI opportunity with the transfer of part of the target STI opportunity into TFR for these employees at a discounted rate, which had the effect of reducing the total remuneration opportunity for the senior executives.
Deferred STI ¹	25% of STI awards are deferred for two years. Awards are delivered in cash.	Supports risk management and governance over the medium term through malus provisions.	Deferred STI component withdrawn from STI awards from FY22 onwards in accordance with reduction in target STI.

1. Note that unlike many commercial enterprises, NBN Co does not grant long-term incentive awards to its Senior Executives.

Changes in the senior executive remuneration framework

The Board recognised that the remuneration framework has served NBN Co well in the initial years of its operation but given the maturation of NBN Co's operations may need to be re-assessed to ensure that it remains 'fit for purpose'. Consequently, as noted in the table above, in FY22 the Board conducted a comprehensive review of NBN Co's senior executive remuneration framework. In reviewing NBN Co's remuneration framework the Board considered a range of factors including:

- current and emerging market practice
- the impact on remuneration frameworks of changes in regulatory and governance practices in Australia
- the Guidance released by the previous Australian Government.

In addition, the Board consulted with independent remuneration and governance advisors to ensure that they had conducted appropriate due diligence in coming to their position.

Based on this review, and with particular consideration of the Guidance released by the Australian Government, the Board determined that it was appropriate to make some changes in FY22 to the remuneration framework that in turn changed the composition of the remuneration packages for the CEO and Executive Committee. In summary, the changes applied in FY22 were:

- a reduction in the Target STI opportunity for senior executives as follows:
 - CEO's target STI opportunity was reduced from 50 per cent of TFR to 30 per cent from 1 January 2022
 - Senior Executives target STI opportunity was reduced from 37.5 per cent of TFR to 20 per cent, effective 1 July 2021.

New STI Target

Name	Target STI at 30 June 2021	Target STI at 30 June 2022
S Rue	50%	30%
K Dyer	37.5%	20%
W Irving	37.5%	20%
P Knox	37.5%	20%
J Parkin	37.5%	20%
B Whitcomb	37.5%	20%

Remuneration mix

The allocation of a 'one off' increase in TFR to the impacted Senior Executives as they have foregone a component of the previous 'at risk' component of pay. It should be noted that given that a discounted rate of 64% was applied for the transfer of part of the maximum STI opportunity into TFR, this has effectively reduced the total target remuneration (TTR*) for the senior executives as illustrated in the table. The rate of 64% was applied based on a 3 year and 5 year view of historical STI awards and a review of market practice.

Name	TTR at 1 July 2021	TTR at 30 June 2022	% Change in TTR
S Rue	2,795,310	2,746,858	(1.7%)
K Dyer	1,395,625	1,372,536	(1.7%)
W Irving	1,283,975	1,262,736	(1.7%)
P Knox	1,200,238	1,180,380	(1.7%)
J Parkin [#]	837,375	950,000	13.4%
B Whitcomb	1,311,888	1,290,186	(1.7%)

* TTR is the sum of TFR and Target STI opportunity.

[#] J Parkin's Total Fixed Remuneration was changed during the year to address his broader accountabilities.

It is important to note that as 'at risk' remuneration continues to be delivered through the STI program and is tied to the achievement of NBN Co and individual performance conditions, actual remuneration received may vary from the total target remuneration.

Further detail on actual performance outcomes for FY22 has been provided in the Performance outcomes and STI award pool funding for FY22 section on page 97.

Total fixed remuneration

Base salary, superannuation contributions and non-cash benefits comprise a Senior Executive’s TFR. Factors taken into account when setting the appropriate TFR for any Senior Executive include:

- relevant market data
- complexity of the role
- internal relativities
- skills and experience
- individual performance.

Senior Executives have no guarantee of TFR increases within their contracts. The TFR of all Senior Executives is reviewed annually, to ensure alignment with market practice.

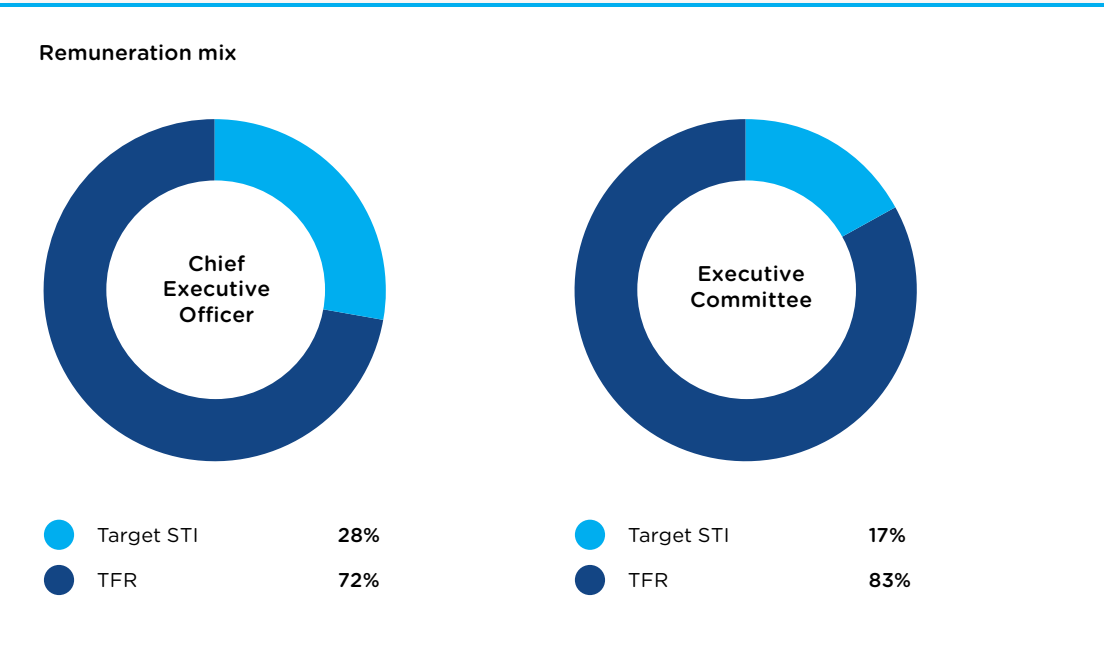
STI program

In line with market practice, Senior Executives are eligible to be awarded an STI under the terms of NBN Co’s STI program, which based on recent changes in NBN Co’s remuneration framework has become what is commonly termed an executive STI program. The STI program provides Senior Executives with the opportunity to receive ‘at risk’ remuneration that is determined based on NBN Co’s performance and then on individual performance during the performance year.

The STI program is designed to:

- reward Senior Executives who contribute to NBN Co’s success during the performance year
- ensure a portion of total remuneration is linked to the achievement of corporate performance
- through its STI funding approach, provide NBN Co with the flexibility to manage the overall cost of the program in line with the achievement of corporate performance outcomes.

NBN Co reviews its incentive program annually to ensure it remains aligned to market practice and continues to incentivise participants in alignment with the evolution of NBN Co’s business strategy.



Remuneration benchmarking

NBN Co aims to position target total remuneration (TFR plus target STI opportunity) competitively against comparable organisations.

External market benchmarks are prepared by independent remuneration advisors drawing upon disclosed data from relevant Australian listed and unlisted companies and Government Business Enterprises. The benchmarks applied are aligned with the evolution of NBN Co.

Target total remuneration for each Senior Executive role is informed by the benchmark data and relevant internal relativities.

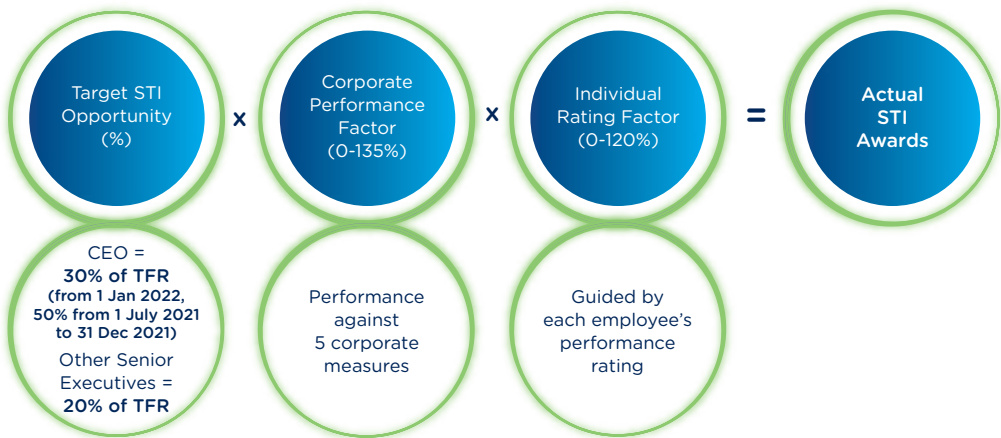
The P&RC annually reviews the remuneration arrangements of each Senior Executive to ensure that they appropriately reflect, individual and company performance and market conditions.

Role of the People and Remuneration Committee (P&RC)

Each year, the P&RC determines the performance measures and objectives of the STI program, participant eligibility, performance outcomes and the STI award pool, application of malus provisions to previous awards (where relevant) and any changes or adjustments needed to continually improve the plan.

The P&RC retains discretion under the program rules to adjust STI payments in light of unforeseen circumstances or unintended outcomes.

NBN Co's Senior Executive Short-Term Incentive (STI) program



Funding approach

NBN Co’s performance determines the size of the target STI pool for the applicable year, consistent with the approach of a commercial enterprise. The P&RC can eliminate the entire target STI pool if it determines that NBN Co has not met a gateway measure. In such circumstances, the P&RC retains the discretion to recognise exceptional contributions from individuals and can form a STI pool of up to 20 per cent of the entire target STI pool. The P&RC determines the gateway measures at the start of the performance period and determines if they have been satisfied.

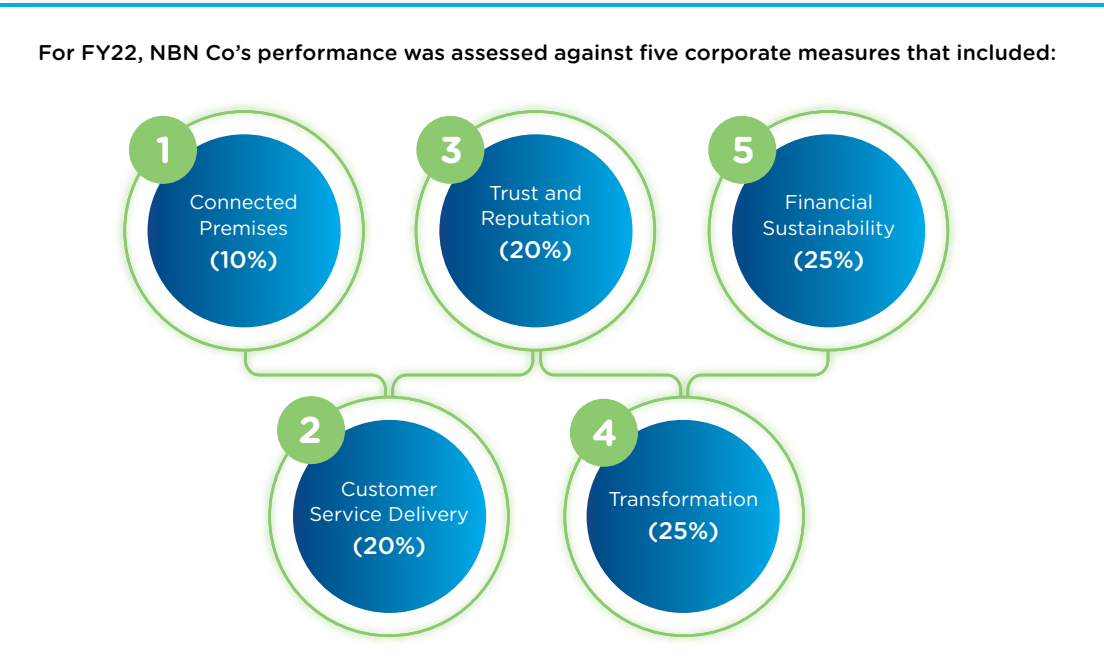
For FY22, NBN Co’s Corporate Objectives and Safety act as gateways for any STI to be awarded and the entire pool can be eliminated if either gateway is not satisfied. The operating and financial review section provides details on NBN Co’s financial performance and non-financial performance for FY22.

If the gateway measures are satisfied during the performance period, the P&RC then determines whether to adjust the target STI pool up or down (by a range between zero percent and 135 percent of the target STI pool) based on achievement of corporate objectives, resulting in an actual STI award pool. The STI award pool is the maximum cost of the STI program for that year, thus limiting NBN Co’s aggregate cost.

STI performance measures

NBN Co’s performance has a direct impact on the STI award pool and therefore the level of STI payments received by participants.

Performance measures and targets are set at the start of the performance period against the measures in the Corporate Plan and outlined in the diagram on page 95.



Performance outcomes and STI award pool funding for FY22

For FY22, the Board was satisfied the overall gateway measure for the Company was met. NBN Co's safety metrics are within the risk tolerance for FY22.

FY22 was a very successful year for NBN Co, supporting the community through ongoing COVID-19 restrictions, and through a multitude of unprecedented weather events, and in particular through the floods along the east coast of Australia. The Company completed the upgrade of the HFC network, and made significant progress in the upgrade of the Fibre to the Node network. Progress was made in funding the Company and retiring Commonwealth debt with \$6.8 billion repaid to the Commonwealth during the year.

Of the five performance metrics listed above NBN Co significantly overachieved against revenue and subscriber metrics. The performance against customer service delivery metrics was

impacted by the unprecedented weather events, and absent this impact, the majority of metrics were met or exceeded. The trust and reputation of the Company improved during the year, with DSAT steady. The majority of the transformation metrics were met or exceeded, operating costs, in part impacted by weather, and 10% below last year, were greater than budget. Interest costs and capital expenditure were both significantly below budget.

The Board accordingly arrived at a figure of 66 per cent of maximum for the short-term incentives for KMPs. This was equivalent to a STI award pool of \$4.1 million for all eligible participating employees.

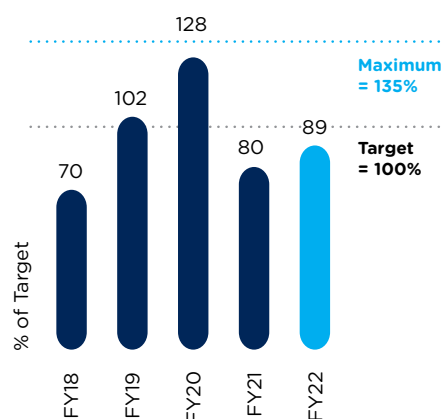
The list of KMP during FY22 disclosed in this report is shown on page 88 and a summary of remuneration received during the financial year is shown on pages 99 to 101.

Historical STI Awards

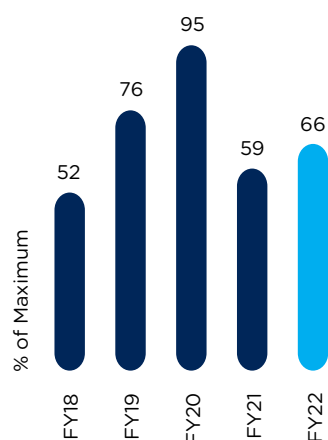
The tables below show the historical STI Awards for NBN Co over the past five years against the Corporate Performance Factor.

Historical STI Awards

Historical Short-Term Incentive
as % of Target



Historical Short-Term Incentive
as % of Maximum



Employment agreements and termination arrangement

With the exception of the CEO, all Senior Executives are permanent employees of NBN Co. Remuneration and other terms of employment for all Senior Executives are formalised in employment agreements, which are subject to law and include termination arrangements. The CEO's contractual arrangement is for the five-year period to 31 August 2023.

For the CEO, the notice for termination that must be provided by either NBN Co or the CEO is six months. For Senior Executives, the standard notice for termination that must be provided by either NBN Co or the Senior Executive is three months.

Where the CEO or a Senior Executive is terminated by NBN Co, he/she is entitled to a termination payment of six months' TFR. Termination payments are determined by policy and the contractual entitlements in place for employees ceasing employment with NBN Co.

Non cash benefits

Executives are able to utilise salary packaging arrangements in line with Company policies. The cost of any benefit, as well as any associated Fringe Benefits Tax (FBT) is deducted from the executive's salary.

Other long-term benefits

The remaining long-term benefit is the accrual of statutory long service leave for employees.

Post-employment benefits

Superannuation contributions are included in individuals' TFR. There are currently no additional benefits, entitlements or arrangements in place for any Senior Executive.

Remuneration of key management personnel

Remuneration of Senior Executives

Remuneration for Senior Executives deemed to be KMP is shown in the table below. NBN Co has applied the requirements of the PGPA Rule in its disclosures for the period ended 30 June 2022, which includes the assessment of Senior Executives as KMP in accordance with the meaning defined in AASB 124 *Related Party Disclosures*. Comparative information presented has not been adjusted.

		Short-term benefits		Post-employment		Other benefits		Total	
		Base salary and fees ¹ \$	STI award ² \$	Super-annuation \$	Other Post Employment \$	STI award deferral ² \$	Long Service Leave ³ \$	Term-ination Benefits \$	\$
Senior Executives deemed to be KMP as at 30 June 2022									
S Rue	2021	1,821,708	734,400	21,694	-	-	70,172	-	2,647,974
	2022	2,112,862	697,808	23,568	-	-	96,890	-	2,931,128
K Dyer	2021	986,489	225,000	21,694	-	75,000	72,615	-	1,380,798
	2022	1,113,265	203,593	23,568	-	476,575	44,589	-	1,861,590
W Irving	2021	932,304	207,000	21,694	-	69,000	3,608	-	1,233,606
	2022	1,080,745	187,306	23,568	-	-	9,485	-	1,301,104
P Knox	2021	849,217	193,500	21,694	-	64,500	7,204	-	1,136,115
	2022	995,577	175,090	23,568	-	-	12,861	-	1,207,096
J Parkin	2021	567,143	135,000	21,694	-	45,000	6,593	-	775,430
	2022	695,785	131,459	23,568	-	-	12,723	-	863,535
B Whitcomb	2021	927,608	211,500	21,694	-	70,500	45,840	-	1,277,142
	2022	1,055,932	191,378	23,568	-	-	57,571	-	1,328,449
Former Executives deemed to be KMP									
P Tyler ⁴	2021	155,424	-	3,616	-	-	(11,239)	608,933	756,734
	2022	-	-	-	-	-	-	-	-
Total	2021	6,239,893	1,706,400	133,780	-	324,000	194,793	608,933	9,207,799
	2022	7,054,166	1,586,634	141,408	-	476,575	234,119	-	9,492,902

NOTES

- 2022 base salary includes annual leave paid and the movement in the annual leave provision during the period calculated in accordance with AASB 119 *Employee Benefits*.
- The cash component of the STI award paid in August 2022. STI award deferral is no longer applicable to STI awards from FY22 onwards. Ms K Dyer's remuneration in FY22 includes a provision for a retention of employment agreement that is subject to future conditions being satisfied. The provision has been calculated and recognised in accordance with Australian Accounting Standards.
- Long service leave amounts relate to the movement in the provision for long service leave during the relevant period, which is calculated in accordance with Australian Accounting Standards. In estimating the provision consideration is given to expected future wage and salary levels, fulfilment of service level milestones and periods of service. Expected future payments are discounted using market yields at the balance date on national corporate bonds. Long service leave provisioning is adjusted for cessation of employment, including retirement, to reflect the settlement of any entitlements.
- P Tyler's FY21 base salary and superannuation include amounts paid until his termination on 31 August 2020, however he ceased to be KMP on 3 August 2020. Termination benefits for P Tyler are in accordance with contractual commitments.

Non-Executive Directors

Non-Executive Director fees

All Non-Executive Directors of NBN Co are appointed by the Commonwealth of Australia through the Shareholder Ministers.

Fees for Non-Executive Directors are set through the determinations of the Commonwealth Remuneration Tribunal (the Tribunal), an independent statutory body overseeing the remuneration of key Commonwealth offices. NBN Co is regulated to comply with the Tribunal’s determinations and plays no role in the consideration or determination of Non-Executive Director fees.

The Tribunal sets annual Chair and Board fees (exclusive of statutory superannuation contributions) that are inclusive of all activities undertaken by Non-Executive Directors on behalf of NBN Co (i.e. inclusive of Committee participation). The Tribunal has confirmed that there will be an increase in Non-Executive Directors fees for FY23. Statutory superannuation is paid in addition to the fees set by the Tribunal.

The following table sets out the Non-Executive Director fees (excluding superannuation) as directed by the Tribunal for FY22 and FY21.

Board position	2021-22 annual entitlement from 1 July 2021	2020-21 annual entitlement from 1 July 2020
Chair	\$226,930	\$226,930
Non-Executive Directors	\$113,520	\$113,520

Remuneration of Non-Executive Directors

Remuneration for Non-Executive Directors for FY22 and FY21 is shown in the table below:

		Short-term benefits	Post- employment	Total remuneration
		Director fees \$	Superannuation contributions \$	\$
Non-Executive Directors				
P Bains ¹	2021	-	-	-
	2022	32,082	3,208	35,290
N Caesar ²	2021	-	-	-
	2022	56,760	5,676	62,436
D Clarke	2021	113,520	10,784	124,304
	2022	113,520	11,352	124,872
A Dix ³	2021	26,660	2,533	29,193
	2022	113,520	11,352	124,872
S In't Veld ⁴	2021	113,520	10,784	124,304
	2022	47,711	4,771	52,482
N Lockwood ⁵	2021	-	-	-
	2022	32,082	3,208	35,290
M Malone	2021	113,520	10,784	124,304
	2022	113,520	11,352	124,872
K McKenzie	2021	113,520	10,784	124,304
	2022	170,225	17,022	187,247
Z McKenzie ⁶	2021	113,520	10,784	124,304
	2022	48,945	4,895	53,840
E Parker ⁷	2021	-	-	-
	2022	64,163	6,416	70,579
K Schott ⁸	2021	113,520	10,784	124,304
	2022	58,111	5,811	63,922
Z Switkowski ⁹	2021	226,930	21,558	248,488
	2022	113,465	11,346	124,811
Total	2021	934,710	88,797	1,023,507
	2022	964,104	96,409	1,060,513

NOTES

1. P Bains was appointed as a Non-Executive Director effective 19 March 2022.
2. N Caesar was appointed as a Non-Executive Director effective 1 January 2022.
3. A Dix was appointed as a Non-Executive Director effective 7 April 2021.
4. S In't Veld ceased to be a Non-Executive Director effective 1 December 2021.
5. N Lockwood was appointed as a Non-Executive Director effective 19 March 2022.
6. Z McKenzie ceased to be a Non-Executive Director effective 6 December 2021.
7. E Parker was appointed as a Non-Executive Director effective 8 December 2021.
8. K Schott ceased to be a Non-Executive Director effective 5 January 2022.
9. Z Switkowski ceased to be a Non-Executive Director effective 31 December 2021.



Corporate Governance Statement

NBN Co is committed to meeting high standards of corporate governance which it considers essential to its long-term performance and sustainability, and to be in the best interests of its stakeholders and shareholders.



The NBN Co Board and Executive Committee are committed to excellence and continued improvement in corporate governance and aspire to the highest standards of conduct and disclosure.

To support this aspiration, the Board and the Executive Committee have embedded a framework that enhances corporate performance and protects the interests of all key stakeholders. The Board and its Committees have overall responsibility for corporate governance and are collectively focused on the long-term success of the Company. Areas of specific responsibility include financial performance, setting strategy and overseeing its implementation, providing leadership and direction on workforce culture and values, and agreeing and overseeing the risk framework and risk appetite. The Board regularly reviews its corporate governance policies and processes to ensure they are appropriate and align with Government, regulatory and legislative requirements, and market practice. Going forward, the Company will continue to focus on organisational culture by encouraging an environment where people and stakeholders feel comfortable raising issues and ensuring the Board and management are kept informed of incidents that may impact the business.

In addition, the Company will continue its voluntary adoption of those ASX Corporate Governance principles and recommendations, which are relevant to NBN Co.

Corporate structure and governing legislation

This statement, which was approved by the Board on 4 August 2022, outlines the most significant aspects of NBN Co's corporate governance framework.

As NBN Co is wholly-owned by the Commonwealth of Australia, under Section 250N (4) of the *Corporations Act 2001*, it is not required to hold an Annual General Meeting.

NBN Co's governance framework is regularly reviewed to ensure it aligns to Government, regulatory and legislative requirements, and market practice. NBN Co's governance practices continue to evolve, having regard to the:

- *National Broadband Network Companies Act 2011*
- *PGPA Act 2013* and *Public Governance, Performance and Accountability Rule 2014 (PGPA Rule 2014)*
- *Corporations Act 2001*
- *Telecommunications Act 1997*
- *Competition and Consumer Act 2010*
- *Public Interest Disclosure Act 2013*
- *Freedom of Information Act 1982*
- *Commonwealth Competitive Neutrality Policy Statement*
- Commonwealth Government Business Enterprise Governance and Oversight Guidelines (January 2018) (GBE guidelines)
- Other resource management guides issued by the Department of Finance that are applicable to NBN Co
- NBN Co's voluntary adoption of the ASX Corporate Governance Principles and Recommendations relevant to the Company. NBN Co's practices are consistent with the 4th edition Principles and Recommendations (February 2019), which are relevant to NBN Co.

Our governance framework is underpinned by:

- a skilled, experienced, diverse and independent Board supported by Board Committees dedicated to achieving high corporate governance standards
- clear delegation, authorisation and accountability frameworks
- a robust risk management framework used to identify and manage risks to NBN Co's business
- open and effective communications with Shareholder Ministers and their Departments
- a clear tone from the top with a strong internal control framework supported by NBN Co's Code of Conduct, policies and procedures
- an embracement of diversity and inclusion.

PRINCIPLE

Lay solid foundations for management and oversight

(based on ASX Principle 1)

The role and responsibilities of the NBN Co Board

The *Corporations Act 2001* and NBN Co's Constitution establish and define the corporate powers of NBN Co which are exercised by the Board, unless exercised by the Shareholder Ministers under NBN Co's Constitution. The powers of NBN Co must be exercised in accordance with the objects set out in its Constitution, in particular to rollout, operate and maintain a national wholesale broadband network, and facilitate the implementation of Australian Government broadband policy and regulation.

The Board regards NBN Co as bound by and required to implement Australian Government broadband policy as set out in formal communications from its Shareholder Ministers as well as to exercise its powers in the best interests of NBN Co. The best interests of NBN Co are defined by reference to the objects and purposes of NBN Co, Australian Government policy communicated to NBN Co from time to time and as set out in the GBE guidelines.

NBN Co's Board Charter sets out the powers and responsibilities of the Board. The Charter is reviewed annually by the Board and is available on NBN Co's website: <https://www2.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/board-charter-20210622.pdf>

The Board's key responsibilities are:

- establishing and overseeing a sound corporate governance framework
- approving NBN Co's strategic direction
- engaging with its Shareholder Ministers on Australian Government policy requirements
- annually preparing and submitting a Corporate Plan to the Australian Government
- supervising and challenging Management in the implementation of NBN Co's strategic direction, the Corporate Plan and compliance with legal and regulatory obligations
- ensuring the solvency of NBN Co
- ensuring the long-term financial and organisational sustainability of NBN Co, including considering the culture and behaviours of NBN Co Management and personnel
- demonstrating leadership of NBN Co, challenging Management where necessary in its decision-making and holding Management to account
- taking the necessary steps to ensure compliance with duties and obligations imposed on the Board and NBN Co by law, and by NBN Co's Constitution (including, in particular, compliance and financial reporting requirements and the supervision of the development of risk management and internal control systems)
- setting work health, safety and environmental performance objectives, developing appropriate policies and controls, ensuring legal compliance, and ongoing progress monitoring

- approving and supervising the implementation of an appropriate internal governance framework for NBN Co including (but not limited to):
 - developing, promoting and ensuring compliance with NBN Co's values and governance framework
 - reporting on and investigating reports of unethical practice within NBN Co
 - setting diversity objectives, developing a diversity policy and monitoring progress towards achieving such objectives
 - approving policies and frameworks for, and monitoring, internal control systems
 - approving and monitoring NBN Co's compliance with NBN Co's internal and external audit requirements, including overseeing the implementation of all audits
 - either approving or noting (where appropriate) and then monitoring those policies which bind NBN Co's employees, Directors or, (where specifically provided for in a relevant policy) third parties dealing with NBN Co.
- ensuring NBN Co acts within its powers as set out in rule 4 of its Constitution
- regularly monitoring the ongoing independence of each Director and the Board generally to ensure each Director continues to exercise unfettered and independent judgement and does not have any interests that derogate from carrying out the role intended with diligence and care
- establishing and maintaining a register of interests to ensure potential conflicts can be managed and identified.

Delegation of powers

The Board may delegate its powers as it considers appropriate and has:

- established a formal delegation of authority framework
- delegated many of its powers to the Chief Executive Officer (CEO) who is responsible for implementing strategic objectives, policies, the Corporate Plan and budget of NBN Co (approved by the Board) and the additional responsibilities set out in rule 12.2 of NBN Co's Constitution. The CEO has delegated some of his powers to the members of NBN Co's Executive Committee and established standing committees to streamline the discharge of its responsibilities.

Matters specifically reserved for the Board are detailed in Section 3.4 of NBN Co's Board Charter.

Rule 8.1.1 of NBN Co's Constitution states that the Commonwealth may pass a resolution where the Ministers sign the resolution and provide it to the Company for its records; and to the extent permitted by law, any power exercisable by the Company may be exercised in that manner.

NBN Co holds an annual strategic planning meeting attended by Directors and key executives. From time to time, NBN Co's Shareholder Ministers and representatives of its Shareholder Ministers' Departments are invited to attend the meeting. External guest speakers may also be invited to present at the meeting.

NBN Co's 2022 strategic planning meeting is expected to be held in the second half of the 2022 calendar year.

NBN Co's Executive Committee (ExCo)

ExCo comprises the CEO and Executives. Further details about ExCo are outlined on pages 76 to 79.

Appointments

Directors are appointed by the Commonwealth in a formal letter of appointment setting out the key terms and conditions, including certain information prescribed in the GBE guidelines to ensure each Director clearly understands NBN Co's expectations of the Director.

Rule 5.5.1 of NBN Co's Constitution states that the term of office of a Director is to be determined by the Commonwealth at the time of appointment, with the maximum term of office to be three years. Rule 5.5.2 of NBN Co's Constitution states that a Director retires, but is eligible for re-appointment on the expiry of his or her term of office. The Commonwealth may at any time by written notice to NBN Co:

- appoint a person to be an additional or replacement Director
- remove a Director from his or her office without compensation, whether or not the Director's appointment was expressed to be for a specified period.

Rule 7.3.1 of NBN Co's Constitution states the Chair must be appointed by the Commonwealth from amongst the Directors. In accordance with section 2.8(b) of the GBE guidelines, the current Chair is not an NBN Co Executive.

Performance of the Board

From time to time, the effectiveness of the process and the performance of NBN Co's Board is reviewed. The review process is usually determined by NBN Co's Nominations Committee and the final report is provided to the Board.

Reviews of the performance of the whole of Board, Board Committees and individual Directors (including the Board Chair) have been undertaken each year from 2011 to 2019 and in 2021.

The next annual Board performance review will be undertaken in the second half of calendar year 2022.

Performance of the Senior Executives

The performance of NBN Co's Senior Executives is reviewed annually by the People and Remuneration Committee.

The outcomes of the FY22 performance evaluations and information about NBN Co's remuneration framework and policies for the Senior Executives are set out in the Remuneration Report on pages 92 to 99.

Company Secretaries

In accordance with rule 5.9.1 of NBN Co's Constitution, the Company Secretaries hold office on terms and conditions determined by the Board. The appointment or removal of the Company Secretaries is to be made or approved by the Board. Details of the Company Secretaries are included on page 79.

The responsibilities of the Company Secretaries are detailed in Section 7 of the Board Charter. Each Director has access to the Company Secretaries.

The Company Secretaries are accountable to the Board through the Board Chair on all matters relating to the proper functioning of the Board and also have a management reporting line to the CEO or his delegate.

The roles and responsibilities of each Company Secretary are managed internally.

Diversity and inclusion

NBN Co is committed to the promotion of diversity and inclusion among its people, in the workplace and in the community.

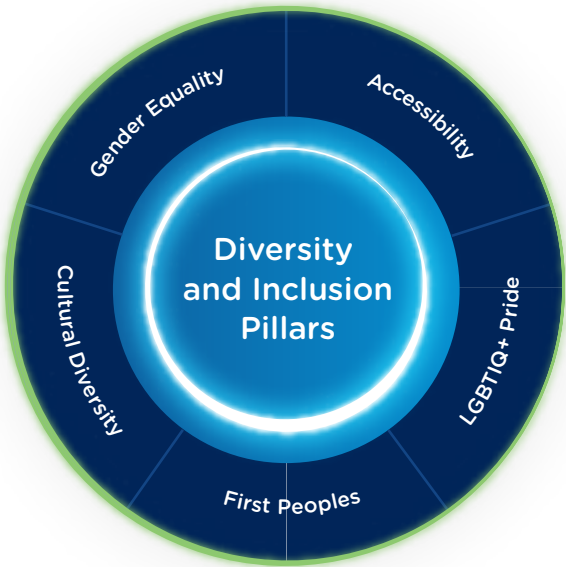
A diverse and inclusive workplace allows the Company to leverage different perspectives for enhanced outcomes and in turn, deliver better solutions for our communities and customers. It helps to drive a culture of inclusion that is necessary to deliver on NBN Co’s purpose of lifting the digital capability of Australia.

The Company continually strives to promote a workplace in which all our people feel safe and are encouraged to contribute, have a sense of belonging, a connection to purpose and a commitment to living the company values.

Our awards and memberships recognise our commitment to best-practice inclusion. We are a member of the Diversity Council of Australia, a Gold member of Australian Network on Disability (AND), a member of Pride in Diversity and hold gold employer status in the 2021 Australian Workplace Equality Index (AWEI).

NBN Co’s Diversity and Inclusion Policy is available on our website.

Strength in diversity opportunity through inclusion



Objectives and targets for female representation

NBN Co is working towards achieving gender equality throughout the organisation, with the following objectives and targets.

Measure	Objective	Future targets
Female representation in Management ¹	Increase representation of women in Management roles	Increase representation to 40% by FY25
Employee engagement	Increase engagement of women to equal to, or greater than, that of NBN Co-wide engagement	Equal engagement of males and females
Female representation in graduate intake	Maintain female representation in graduate intake	Maintain 50% female representation

Senior Executive positions held by females (as at 30 June 2022):

Role	Percentage
Non-Executive Directors	62.5%
Executive Committee	45.5%
Senior Management	36.4%
Middle Management	30.8%
Total women in Management	32.4%

1. Including Executive, Senior and Middle Management, excluding Board.

PRINCIPLE
Structure the Board to be effective and add value
(based on ASX Principle 2)

Board Composition

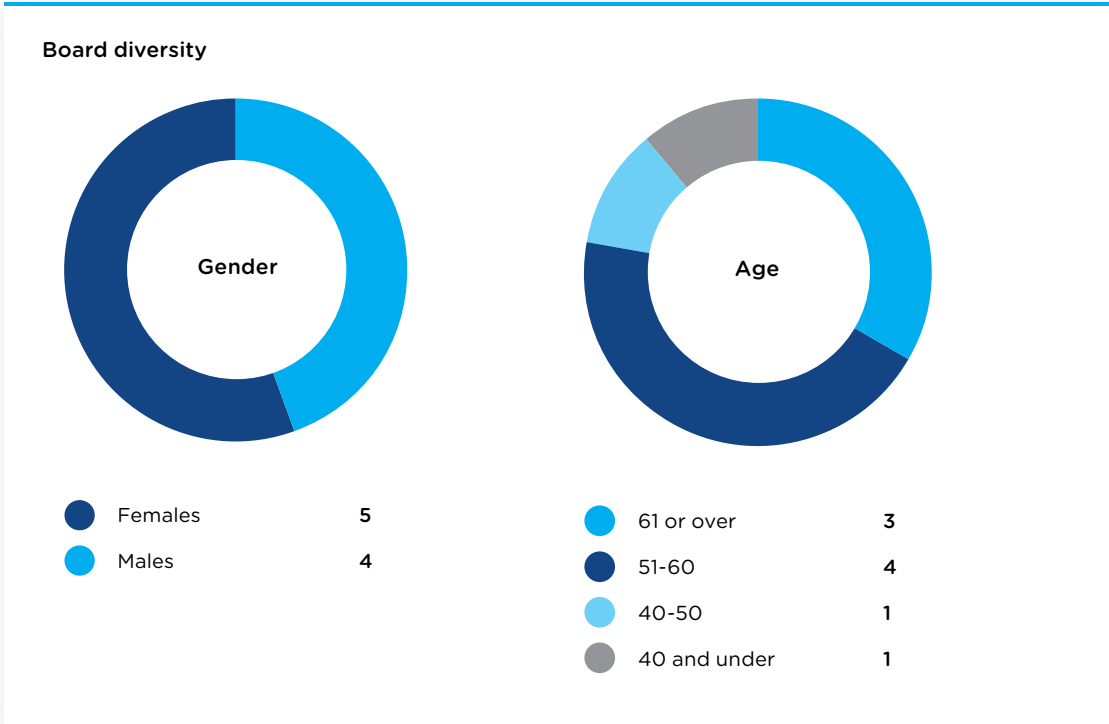
Pursuant to Rule 5.4.1 of NBN Co’s Constitution, the Board is to comprise a minimum of three and a maximum of nine Directors. The Board currently comprises eight Non-Executive Directors and one Managing Director who is the CEO.

Membership of the Board as at the signing date comprises:

- Kate McKenzie, Chair, appointed as a Non-Executive Director effective 1 December 2019 and as Chair of NBN Co effective 1 January 2022
- Pam Bains, appointed as a Non-Executive Director effective 19 March 2022

- Nerida Caesar, appointed as a Non-Executive Director effective 1 January 2022
- Drew Clarke AO PSM FTSE, appointed as a Non-Executive Director effective 22 August 2017
- Andrew Dix, appointed as a Non-Executive Director effective 7 April 2021
- Nicole Lockwood, appointed as a Non-Executive Director effective 19 March 2022
- Michael Malone, appointed as a Non-Executive Director effective 20 April 2016
- Elisha Parker, appointed as a Non-Executive Director effective 8 December 2021
- Stephen Rue, appointed as Managing Director and CEO effective 1 September 2018

With the exception of Pam Bains, Nerida Caesar, Nicole Lockwood and Elisha Parker, the above-named Directors were in office for the full period from 1 July 2021 to 30 June 2022.



Dr Ziggy Switkowski AO and Zoe McKenzie resigned as Directors effective 31 December 2021 and 6 December 2021 respectively.

Shirley In't Veld and Dr Kerry Schott AO ceased to be Directors as at the end of their terms of appointment effective 1 December 2021 and 5 January 2022 respectively.

Full details of current Directors including names, appointment dates, term expiration dates, qualifications, experience and remuneration are included in the Directors' Report on pages 68 to 72 and Remuneration Report on pages 100 to 101.

Board diversity

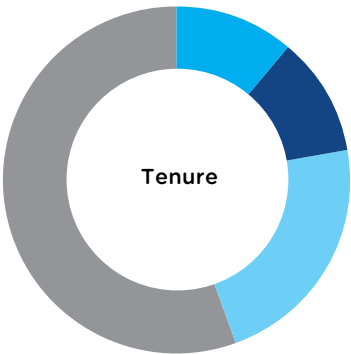
The NBN Co Board seeks to ensure it has an appropriate mix of skills, experience and diversity to enable it to effectively discharge its responsibilities.

Meetings

Agendas for all Board meetings are prepared and finalised by the nominated Company Secretary in consultation with the Board Chair and the CEO. Directors receive Board reports in advance of each meeting via NBN Co's Board portal.

Key NBN Co Executives are invited to participate in Board meetings.

The Board met 10 times during the period from 1 July 2021 to 30 June 2022. Directors' attendances are set out on page 75.

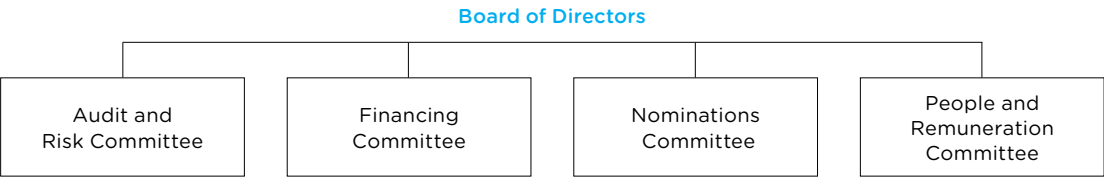


>6 years	1
4 to <6 years	1
2 to <4 years	2
0 to <2 years	5

Standing Committees – an overview

To assist in the performance of its responsibilities, the Board currently has four Committees, each of which is governed by a formal charter setting out its purpose, role, responsibilities, composition, structure and membership.

NBN Co’s governance framework:



NBN Co Board and Committee membership:

	Board	Audit and Risk Committee	Financing Committee	Nominations Committee ¹²	People and Remuneration Committee
Pam Bains ¹	●	●	-	●	-
Nerida Caesar ²	●	●	●	●	-
Drew Clarke	●	-	-	●	●
Andrew Dix ³	●	●	●	●	-
Shirley In’t Veld ⁴	●	●	-	●	-
Nicole Lockwood ⁵	●	-	-	●	●
Kate McKenzie ⁶	●	●	●	●	●
Zoe McKenzie ⁷	●	●	-	●	-
Michael Malone ⁸	●	●	-	●	●
Elisha Parker ⁹	●	-	-	●	●
Stephen Rue	●	●	●	●	●
Kerry Schott ¹⁰	●	●	●	●	-
Ziggy Switkowski ¹¹	●	●	●	●	●

- Board or Committee chair
- Board or Committee member
- Attends Board or Committee as a guest

1. P Bains was appointed as a Non-Executive Director effective 19 March 2022, and as a member of the Audit and Risk Committee effective 28 March 2022.
2. N Caesar was appointed as a Non-Executive Director effective 1 January 2022 , as a member of the Audit and Risk Committee effective 1 January 2022, and as a member of the Financing Committee effective 7 February 2022.
3. A Dix was appointed as Chair of the Audit and Risk Committee effective 1 September 2021, and as a member of the Financing Committee effective 24 August 2021.
4. S In’t Veld ceased as a Non-Executive Director on 1 December 2021 at the expiry of her term of appointment.
5. N lockwood was appointed as a Non-Executive Director effective 19 March 2022, and as a member of the People and Remuneration Committee effective 28 March 2022.
6. K McKenzie was appointed as Chair of the Board effective 1 January 2022.
7. Z McKenzie ceased as a Non-Executive Director upon her resignation effective 6 December 2021.
8. M Malone was appointed as a member of the Audit and Risk Committee effective 14 December 2021.
9. E Parker was appointed as a Non-Executive Director effective 8 December 2021, and as a member of the People and Remuneration Committee effective 7 February 2022.
10. K Schott AO ceased as a Non-Executive Director on 5 January 2022 at the expiry of her term of appointment.
11. Z Switkowski AO ceased as a Non-Executive Director and Chairman of the Board upon his resignation effective 31 December 2021.
12. Non-Executive Directors automatically become a member of the Nominations Committee from the effective date of their appointment to the Board.

Audit and Risk Committee

The Audit and Risk Committee was established on 13 August 2009 and assists the Board in:

- satisfying itself that NBN Co complies with its financial management, performance reporting, risk oversight and management, reporting obligations, and internal control and compliance with relevant laws and policies
- providing a forum for communication between the Board, Senior Management of NBN Co, and the internal and external auditors of NBN Co. In particular, the Committee supervises or reviews and makes the necessary recommendations to the Board in relation to: the preparation of periodic financial statements of NBN Co to comply with its financial reporting requirements; the delivery and effective implementation of an annual strategic internal audit plan; an annual external audit plan; NBN Co's risk management system; a plan setting out procedures and strategies for the effective prevention, detection and management of fraud or corruption and other inappropriate practices; a system for the integration and alignment of assurance processes; the delivery of the Internal Audit and Fraud Plan and Enterprise Risk, Resilience and Compliance Strategies; significant changes in accounting policies; the maintenance of effective and efficient internal and external audit processes; the approach followed in establishing NBN Co's resilience planning arrangements; the steps Management takes to embed a culture that promotes the proper use of Commonwealth resources, a commitment to ethical and lawful behaviour and a proactive approach to dealing with compliance; auditor independence and performance; and compliance with laws and regulations by NBN Co.

Subject to the PGPA Act and PGPA Rule, the Committee is appointed by the Board, and is to consist of at least three members. All Committee members are independent Non-Executive Directors.

At least one member is to have financial expertise and the necessary technical knowledge and understanding of the industry in which NBN Co operates so as to be able to assist the Committee to effectively discharge its risk related mandate. For independence purposes, the Chair of the Committee is an independent Non-Executive Director appointed by the Board who is not the Chair of the Board.

As at 30 June 2022, the Committee comprised:

- Andrew Dix
(appointed as a Committee member effective 18 May 2021 and as Committee Chair effective 1 September 2021)
- Pam Bains
(appointed effective 28 March 2022)
- Nerida Caesar
(appointed effective 14 December 2021)
- Michael Malone
(appointed effective 14 December 2021).

Kate McKenzie, Board Chair attends the Committee meetings as a guest effective from 1 January 2022.

As Managing Director and CEO, Stephen Rue attends the Committee meetings as a guest.

Refer to pages 68 to 72 of the Directors' Report for the relevant qualifications and experience of the Committee members.

The Committee will normally schedule four meetings each year. Details of the number of Committee meetings each Director was eligible to attend and the number of Committee meetings attended during the period from 1 July 2021 to 30 June 2022 are set out in the Directors' Report on page 75.

Directors appointed as a member of the Audit and Risk Committee are not remunerated for such an appointment.

In accordance with Section 4.6 (d) of its Charter, the Committee met separately with NBN Co's external auditors during the period from 1 July 2021 to 30 June 2022.

A copy of the Audit and Risk Committee Charter can be found on the NBN Co website:
<https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/audit-and-risk-committee-charter-20211115.pdf>

Financing Committee

The Financing Committee was established on 5 November 2020 and assists the Board by considering and approving matters relating to funding arrangements and debt capital markets.

The Committee is to consist of at least three members, at least one of whom is to have financial expertise in large scale corporate financing. All Committee members are independent Non-Executive Directors. The Chair of the Committee is an independent Non-Executive Director appointed by the Board and may be the Chair of the Board.

As at 30 June 2022 the Committee comprised:

- Kate McKenzie
(appointed as a Committee member effective 5 November 2020 and as Committee Chair effective 7 February 2022)
- Andrew Dix
(appointed effective 24 August 2021)
- Nerida Caesar
(appointed effective 7 February 2022).

Nominations Committee

The Nominations Committee was established on 24 March 2015 and assists the Board in fulfilling its governance responsibilities in relation to:

- the appointment, induction, independence and ongoing assessment of the skills and experience of Directors
- Board composition
- CEO recruitment
- succession planning for Directors, the CEO and members of NBN Co's Executive Committee
- evaluating the performance of the Board, its Committees and Directors.

The Committee is to consist of at least three members including the Chair of the Board, and Chairs of the Board's sub committees. All Committee members are independent Non-Executive Directors. The Chair of the Committee is an independent Non-Executive Director appointed by the Board and may be the Chair of the Board.

As at 30 June 2022 the Committee comprised:

- Kate McKenzie
(appointed as a Committee member effective 1 December 2019 and as Committee Chair effective 28 June 2022)
- Pam Bains
(appointed effective 19 March 2022)
- Nerida Caesar
(appointed effective 1 January 2022)
- Drew Clarke AO PSM
(appointed effective 22 August 2017)
- Andrew Dix
(appointed effective 7 April 2021)
- Nicole Lockwood
(appointed effective 19 March 2022)
- Michael Malone
(appointed effective 20 April 2016)
- Elisha Parker
(appointed effective 8 December 2021).

As Managing Director and CEO, Stephen Rue attends Committee meetings as a guest.

The Committee will schedule a minimum of one meeting each year. Details of the number of Committee meetings each Director was eligible to attend and the number of Committee meetings attended during the period from 1 July 2021 to 30 June 2022 are set out in the Directors' Report on page 75.

A copy of the Nominations Committee Charter can be found on the NBN Co website:

<https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/nominations-committee-charter-20210622.pdf>

People and Remuneration Committee

The People and Remuneration Committee (formerly Remuneration and Nominations Committee) was established on 7 February 2014. Following a Board resolution at the Board meeting held on 24 March 2015, the Committee changed its name from Remuneration and Nominations Committee to People and Remuneration Committee, effective 24 March 2015. The remit for the Committee was also updated at this time.

The Committee assists the Board in fulfilling its governance responsibilities in relation to:

- establishing people management and remuneration policies for NBN Co that enable NBN Co through its executive leadership to attract and retain capable employees who can help deliver its vision
- fostering exceptional talent and performance while motivating and supporting employees to pursue the growth and success of the **nbn**[®] network consistent with NBN Co's Corporate Plan
- fairly and responsibly rewarding employees, having regard to the performance of NBN Co, individual performance, statutory and regulatory requirements, contractual employment obligations and current business norms.

The Committee is to consist of at least three members, the majority of whom are independent Non-Executive Directors.

As at 30 June 2022 the Committee comprised:

- Kate McKenzie (appointed as a Committee member effective 1 December 2019 and as Committee Chair effective 7 February 2022)
- Drew Clarke (appointed effective 20 November 2017)
- Nicole Lockwood (appointed effective 28 March 2022)
- Michael Malone (appointed effective 19 November 2019)
- Elisha Parker (appointed effective 7 February 2022).

As Managing Director and CEO, Stephen Rue attends Committee meetings as a guest.

The Committee will schedule a minimum of three meetings each year. Details of the number of Committee meetings each Director was eligible to attend and the number of Committee meetings attended during the period from 1 July 2021 to 30 June 2022 are set out in the Directors' Report on page 75.

Standing Committees – in general

Committee members are appointed by the Board for a term that coincides with the earliest of the expiration of the Director's term of appointment, his or her death or resignation or removal as a Committee member or as a Director or, the termination of the Committee. Existing members may be reappointed. The Chair of each Committee is appointed by the Board.

All Directors who are not Committee members are entitled to attend any Committee meeting, subject to conflicts of interest. All Directors have access to all Board and Committee reports via NBN Co's Board portal.

Key NBN Co Executives are invited to participate in Committee meetings.

Each Committee operates pursuant to a Board approved Charter which is reviewed periodically by the Committee and any proposed changes to a Charter must be approved by the Board. Each Committee Charter is available on NBN Co's website.

Agendas for all Committee meetings are prepared and finalised by the nominated Company Secretary in consultation with the Committee Chair and appropriate key NBN Co Executives. Committee members receive Committee reports in advance of each meeting via NBN Co's Board portal.

At the Board meeting immediately following a Committee meeting, the Board is provided with a report by the Chair of the Committee on the Committee's deliberations, conclusions, resolutions and recommendations.

The nominated Company Secretary, in consultation with the Board and Committee members, sets Board and Committee meeting dates, to the extent possible, at least 12 months in advance.

Board skills

The Board seeks to ensure it has an appropriate mix of skills, experience and diversity to enable it to effectively discharge its responsibilities. This is supported through one of the Board's standing committees, the Nominations Committee, which reviews the Directors' skills and experience in the form of a skills matrix, and the composition of the Board. This is generally reported upon to the Shareholder Ministers in the form of a Board Plan.

A review of the Directors' skills matrix was undertaken by the Nominations Committee and the Board in 2022. Each Director's skills, experience and performance as a member of the Board is considered as part of NBN Co's Board performance review.

Based on the most recent review of the Director skill matrix in June 2022, collectively the Board's high level of skills and expertise are in the following areas:

Skill	Average rating out of 5*
Corporate Governance	3
Customer Focus	4
Executive Leadership	4
Financial Acumen and Capital Management	3
Government Stakeholder Relations and Public Policy	4
Health, Safety and Environment	3
Human Relations/Workplace Relations	3
IT	4
Legal and Regulatory	4
Marketing Products and Services	4
Regional and Rural	4
Reputation	4
Remuneration	3
Risk Management and Compliance	4
Strategy	4
Technology	4
Telecommunications	4

* Rounded to the nearest whole number.

Personal skills considered as part of the skills matrix review were:

Skill	Average rating out of 5*
Board Dynamics and Communication	4
Board Experience	4
Business Judgement	4
Commitment and Engagement	5
Ethics and Integrity	5
Issues Management	4
Leadership	4
Negotiations	4

LEGEND FOR LEVEL OF SKILLS & EXPERIENCE:

- 0 No skills/experience
- 1 Basic skills/experience
- 2 Somewhat skilled/experienced
- 3 Sufficient skills/experience
- 4 Extensive skills, experience and knowledge
- 5 Expert skills and experience
- * Rounded to the nearest whole number.

Independence of Directors

As at the date of this statement, the Board considers all Directors are independent and have remained so throughout the term of their appointment.

At least annually, each Director is requested to complete a declaration of personal interests which is subject to review by NBN Co's Nominations Committee and subsequently by the Board.

In addition, an assessment of independence is made at any time a Director discloses any new interest or relationship. The Board, through the Chair, evaluates the materiality of any declared interest or relationship that could be perceived to compromise the independence of a Director on a case-by-case basis having regard to the Director's circumstances.

Further, Directors are cognisant of their ongoing obligations to keep the Board and any Committee informed of an interest which could potentially conflict with the interests of the Company.

Where a Director has a declared material personal interest and/or may be presented with a potential material conflict of interest in a matter being presented to the Board or a Committee, the Director does not receive copies of Board/Committee reports relating to the matter and generally recuses himself/herself from the Board or Committee meeting at the time the matter is being considered.

Consequently, the Director also does not vote on the matter. Any disclosures made by a Director at a meeting are minuted.

NBN Co has a Director's Conflicts of Interest Policy which, as of August 2018, incorporated NBN Co's former External Securities (Declaration of Interests) Policy.

The Director's Conflicts of Interest Policy is reviewed and approved by the Board on a biennial basis or, more frequently if it is considered necessary or appropriate to do so, as determined by the Board or Management.

Independent advisors

In so far as it relates to enabling Directors to fulfil their responsibilities and to exercise independent judgement when making decisions, the Board collectively and each Director individually:

- has access to:
 - any information in the possession of NBN Co
 - Management to seek explanations and information in relation to NBN Co, and to NBN Co's auditors (both internal and external) to seek explanations and information from them in relation to the management of NBN Co.
- with the prior written consent of the Board Chair, may seek any independent professional advice in accordance with NBN Co's Funding Director Access to Independent Advice Policy which is reviewed and approved by the Board on a biennial basis or, more frequently if it is considered necessary or appropriate to do so, as determined by the Board or Management
- may seek any advice or services to be provided to NBN Co by third party advisers in accordance with applicable NBN Co policies and procedures, as amended from time to time.

Induction

NBN Co has an induction program for new Directors. Upon appointment, each Director receives a letter from NBN Co confirming his/her appointment which includes Directors' and Officers' liability insurance details; references to extensive reading material via NBN Co's Board portal and a list of formal induction sessions with key NBN Co Executives.

The induction program is generally reviewed annually by the nominated Company Secretary in consultation with Shareholder Ministers' Departments, by NBN Co's Nominations Committee, and subsequently by the Board.

Ongoing education for Directors is delivered through individual briefings, presentations made by key NBN Co Executives, and Directors visiting some of NBN Co's operational locations.

Directors have ongoing access to professional development opportunities which directly relate to their role as a Director of NBN Co and that will benefit their performance as a member of the Board.

PRINCIPLE

Instill a culture of acting lawfully, ethically and responsibly
(based on ASX Principle 3)

Statement of values

NBN Co's purpose is to lift the digital capability of Australia. We are guided by our values:

- We are one team
- We deliver
- We are fearless
- We care

Directors' shareholding interests

The Directors have no interests in NBN Co shares which are held solely by the Commonwealth of Australia.

Codes of Conduct

NBN Co aims to carry out its business in an open and honest manner, while complying with all applicable laws.

The Directors are committed to the promotion of ethical, honest and responsible decision-making and the observance of their fiduciary duties.

Directors will:

- at all times bring independent judgment to bear on matters before the Board
- consider the reasonable expectations of NBN Co's stakeholders (including the Shareholder Ministers, and through them the Commonwealth and the Parliament, NBN Co employees, its customers and its suppliers, and, where applicable, given the scale of the project, the broader community)
- investigate reports of breaches by any Director of the Directors' Code of Conduct and will monitor the investigation by Management of breaches by employees of the NBN Co Code of Conduct to ensure any systemic issues are adequately addressed.

NBN Co's Directors' Code of Conduct is contained within the Board Charter.

NBN Co also has in place numerous policies including a Code of Conduct, which governs its employees, contractors and consultants who are expected to be aware of and comply with this code as well as obligations set out in relevant legislation. The purpose of the code is to promote a safe, healthy and productive workplace. The code is underpinned by NBN Co's values and the principle of respect. Failure to comply with the Code of Conduct is a serious breach of NBN Co policy. A substantiated breach of the Code of Conduct may result in action, from disciplinary steps through to a person's termination of employment or engagement with NBN Co. A copy of the Code of Conduct, in addition to other key NBN Co policies, including NBN Co's Whistleblower Policy, can be found on NBN Co's website.

Privacy

Taking a respectful and transparent approach to the way personal information is collected, used, disclosed and protected by NBN Co is essential to building trust and supports the important work that we do in delivering Australia's National Broadband Network.

NBN Co's Privacy Officer is supported by a team of privacy professionals who work in partnership with the business to deliver on our privacy related objectives:

1. We are driven by a purpose to connect Australia and to put access to information into the hands of all Australians. In this context, we recognise the value of all information and we strive to protect it as an important asset of individuals, communities and enterprises
2. We strive for best practice in complying with the Australian Privacy Principles, which are contained in Schedule 1 of the Privacy Act, in our handling of personal information
3. We embed privacy into the development, innovation and improvement of specifications, standards, systems and services
4. We are transparent about the ways we collect, use and disclose personal information
5. When we handle personal information, we do so in a way that aligns with NBN Co's values.

Security Group

NBN Co has adopted a holistic security framework, aligning its cyber, physical, investigatory, analytics, privacy and assurance security practices in a converged model aligned with Australian Government requirements and international best practice. This is to ensure that all Australians have access to broadband that is trusted, resilient and secure. The multifaceted NBN Co Security Group proactively supports investment in cyber and physical security, undertakes ongoing security awareness activities, and is committed to protecting NBN Co's reputation, people, assets and information now and into the future.

Competition law

NBN Co operates in competitive markets and supplies into competitive markets.

A key focus for NBN Co is to comply with its obligations under general competition law. In addition, there are specific competition law obligations imposed on the telecommunications industry including some that apply only to NBN Co, including:

- supplying carriage services on a fully transparent, wholesale-only basis
- not discriminating between access seekers in supplying carriage services and engaging in related activities
- complying with NBN Co's Special Access Undertaking (SAU) accepted by the Australian Competition and Consumer Commission.

Whistleblower Protection

NBN Co has an established formal Whistleblower Policy (available on NBN Co's website), which, amongst other things, meets the requirements of the three whistleblower regimes that apply to the Company as a GBE, namely the *Public Interest Disclosure Act*, the *Corporations Act* and the *Taxation Administration Act*.

The policy was created to promote and maintain an open working environment in which eligible individuals including Directors, employees and other stakeholders are able to raise genuine concerns regarding actual, unethical, unlawful or undesirable conduct, without fear of reprisal and with the support and protection of NBN Co.

The Whistleblower Policy is reviewed and approved by the Board on a biennial basis or, more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

Value for money

As a GBE, key principles regarding value for money, efficiency, transparency and competition are central to NBN Co's buying decisions.

NBN Co has developed and maintained Purchasing Rules to facilitate a fair, competitive process that achieves value for money on a whole-of-life basis. The rules ensure NBN Co achieves efficient and competitive outcomes, reduces the risk of anti-competitive conduct, makes value based decisions and effectively manages contracts.

The Purchasing Rules are supported by policies and processes for demand planning, sourcing and engaging suppliers, and implementing and managing supplier contracts. The rules are also the means by which NBN Co satisfies conditions set out in NBN Co's Special Access Undertaking (SAU), as accepted by the ACCC on 13 December 2013.

All expenditure at NBN Co should comply with the Procurement Rules and be executed in accordance with NBN Co's Delegation of Authority Policy, agreed principles and audit requirements. The Delegation of Authority Policy is reviewed and endorsed by the Audit and Risk Committee and approved by the Board annually. This review and approval cycle may occur more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

PRINCIPLE**Safeguard the integrity of corporate reports***(based on ASX Principle 4)*

The Audit and Risk Committee assists the Board in:

- satisfying itself that NBN Co is complying with its financial management, performance reporting, risk oversight and management, reporting obligations, and internal control and compliance with relevant laws and policies
- providing a forum for communication between the Board, Senior Management of NBN Co, and the internal and external auditors of NBN Co. Refer to page 112 for more information on NBN Co's Audit and Risk Committee.

Internal Control Framework

The Board is responsible for the overall Internal Control Framework and for reviewing its effectiveness but recognises that even best practice internal control systems are unlikely to preclude all errors and irregularities. The framework is intended to provide appropriate assurance on:

- accuracy and completeness of financial reporting against the key performance indicators in the GBE Guidelines
- safeguarding of assets
- maintenance of proper accounting records
- segregation of roles and responsibilities
- compliance with applicable legislation, regulation and best practice
- effectiveness and efficiency of operations and information technology systems
- key strategic and operational risks.

Internal controls have been implemented to identify, evaluate and manage significant risks to the achievement of NBN Co's objectives.

These internal controls cover financial, operational and compliance risk, and take the form of appropriate financial delegations, financial planning and reporting, compliance with appropriate procurement standards, strategic and operational planning, and internal audit practices.

Periodic corporate reports

NBN Co produces a number of periodic corporate reports, including the annual Directors' Report, Half-Year and Annual Report (including financial statements), annual Corporate Plan and Tax Transparency Report.

The full year financial statements and Remuneration Report are audited by our external auditors. While the external auditors do not provide an audit opinion on the annual Directors' Report, including the operating and financial review section, contained in the Annual Report, it is reviewed by them and the Audit and Risk Committee, prior to approval by the Board.

The half-year financial statements are subject to an audit review report by our external auditors.

Periodic corporate reports that are not audited or reviewed by external auditors are verified internally by Management prior to public release. In addition, certain reports are reviewed by the Shareholder Departments prior to being released.

NBN Co's process for verifying unaudited periodic corporate reports is as follows:

- Reports are prepared by, or under the supervision of, subject-matter experts
- Material statements in the reports are reviewed for accuracy with reference to company source documents or, if no source documents are available, by persons with the knowledge and expertise to confirm the accuracy and completeness of the disclosures
- Relevant executives further review and approve the disclosures.

These processes are intended to ensure that all applicable laws, regulations and company policies have been complied with, and that appropriate internal approvals are obtained before a report is publicly released.

Internal Audit

Internal Audit is a key component of NBN Co's governance framework. It provides independent and objective assurance and consulting activities designed to protect and enhance value and improve NBN Co's operations.

The Internal Audit function is independent, with NBN Co's Chief Audit Executive (CAE), who is the General Manager Group Internal Audit and Fraud, reporting administratively to the CFO and functionally to the Audit and Risk Committee. The CAE has free and unrestricted access to the Audit and Risk Committee and the Board. The Audit and Risk Committee, in turn, has been constituted by the Board under Section 92 of the PGPA Act to review and endorse an annual internal audit plan. The Internal Audit function operates in accordance with a Board approved charter which is reviewed annually by the Audit and Risk Committee and the Board.

NBN Co operates a co-sourced internal audit model with dedicated professional in-house Internal Audit and Fraud staff working with Ernst & Young and KordaMentha resources as co-sourced internal audit and fraud service providers. Other providers are used on an as-needed basis.

Outcomes of internal audit reviews are provided to the Audit and Risk Committee for its review in compliance with Section 28 of the PGPA Rule 2014. The internal audit activity also seeks to meet or exceed the mandatory guidance provided in the International Professional Practices Framework, published by the Global Institute of Internal Auditors.

External audit

Under Section 98 of the PGPA Act, the Auditor-General is responsible for auditing the financial statements of Commonwealth companies. In addition, NBN Co's Annual Report is tabled in Parliament and its financial accounts lodged with the Australian Securities and Investments Commission. The Australian National Audit Office has contracted with PwC to audit the Company on behalf of the Auditor-General.

NBN Co applies audit independence principles in relation to the external auditors.

The Audit and Risk Committee meets with the external auditor during the year to:

- discuss the external audit plans, identify any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements
- review the results and findings of the external auditor, the appropriateness of accounting and financial reporting, performance reporting, risk oversight and management, the internal control system and the implementation of any recommendations made
- finalise annual reporting, review the preliminary Financial Report prior to sign-off and any significant adjustments required as a result of the external auditor's findings
- review fees paid by NBN Co to the external auditors which are provided in Note H4 to the financial statements.

Fraud risk and reporting

The Commonwealth Fraud Control Framework, which includes Section 10 of the PGPA Rule 2014 (the 'Fraud Rule'), Fraud Policy and Fraud Guidance, outlines the Government's requirements for fraud control, including that Government entities put in place a comprehensive fraud control program that covers prevention, detection, investigation, risk management and reporting strategies.

NBN Co has voluntarily adopted these requirements where appropriate. In addition, NBN Co has adopted a methodology consistent with the relevant recognised Australian Standards AS 8001-2008: Fraud and Corruption Control and the AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines.

As a GBE, NBN Co is committed to applying and adhering to these standards and as such, has a zero tolerance approach to fraudulent and/or corrupt behaviour.

NBN Co's Fraud and Corruption Control Policy and the Fraud and Corruption Control Plan also contribute to the sound management of fraud risk, and detail the requirements and responsibilities for the prevention, detection and response to fraud and corruption. In addition, the Fraud and Corruption Control Policy seeks to promote behaviour that is consistent with the Code of Conduct and other associated policies, which allow NBN Co to act appropriately and consistently in the investigation and reporting of suspected fraudulent or corrupt activity.

The Fraud and Corruption Control Policy is approved by the Audit and Risk Committee on an annual basis under delegation by the Board. The policy is also noted by the Board on an annual basis. This review and approval cycle may occur more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

Prior to the approval of the Financial Report by the Board, the CEO and the CFO provide confirmation in writing that the financial statements represent a true and fair view of NBN Co's operations and its financial position. The letter also includes representation to the Board in respect of the adequacy and effectiveness of NBN Co's risk management, internal compliance and control systems.

Based on the evaluation performed as at 30 June 2022, the CEO and the CFO concluded that, as of the evaluation date, such risk management, internal compliance and control systems were reasonably designed so that the Company's financial statements and notes are in accordance with the PGPA Act and the *Corporations Act 2001* and there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due.

PRINCIPLE**Make timely and balanced disclosure**

(based on ASX Principle 5)

Continuous disclosure

NBN Co recognises that information is a vital and invaluable resource, both for the Company and for the broader Australian community which is why it fosters and promotes a pro-disclosure culture, with the goal of creating an organisation that is open, transparent and accountable.

As a GBE, NBN Co has continuous disclosure obligations to its Shareholder Ministers similar to the continuous disclosure obligations of a publicly listed company.

These continuous disclosure obligations to its Shareholder Ministers are set out in the GBE guidelines as amended from time to time, and the PGPA Act and are reinforced by NBN Co's other reporting commitments to the Commonwealth.

NBN Co's transparency and reporting obligations are derived from its financial reporting obligations under the *Corporations Act 2001* and requirements imposed by its Shareholder Ministers. The Company also publicly releases financial and operating results on a quarterly basis.

NBN Co is also subject to the *Freedom of Information (FOI) Act 1982*, and information about NBN Co's approach to FOI is separately available on its website at <https://www.nbnco.com.au/corporate-information/about-nbn-co/freedom-of-information.html>

NBN Co has a Continuous Disclosure Policy which came into effect following approval by the Board on 13 October 2015.

The Continuous Disclosure Policy is reviewed and approved by the Board on a biennial basis or, more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

PRINCIPLE**Respect the rights of security holders**

(based on ASX Principle 6)

Shareholder communication

NBN Co keeps its Shareholder Ministers and their departments informed of any significant developments on an ongoing basis.

NBN Co regularly reports to its Shareholder Ministers based on the best practice reporting timetable detailed in the GBE guidelines and other requests from the Shareholder Ministers.

The Shareholder Ministers are publicly accountable, and NBN Co is also subject to Parliamentary scrutiny through Parliamentary Committees.

NBN Co has a dedicated governance section on its website. The governance section provides information about, or links relating to the following:

- the names, photographs and biographical information for each of its Directors and Senior Executives
- its Constitution, Board Charter and the charters of each of its Board Committees
- its corporate governance policies
- its Corporate Plan
- its Annual Reports which include its financial statements
- quarterly updates on financial and operating results.

PRINCIPLE**Recognise and manage risk***(based on ASX Principle 7)***Risk management**

NBN Co is required to address risk management in the context of its status as a GBE. The PGPA Act and the GBE guidelines prescribe the requirements NBN Co must meet to fulfil its obligations to its Shareholder Ministers to enable them to exercise their accountability to Parliament and to the general public.

As a GBE, NBN Co is responsible for providing a Corporate Plan to its Shareholder Ministers, which outlines the key risks to NBN Co. In addition, NBN Co provides regular reporting to the Shareholder Ministers of risks, mitigations, and trends.

NBN Co's Risk Management Policy, Risk Appetite Statement and Risk Management Standard communicate objectives, approach and responsibilities with regard to risk management throughout NBN Co. The policy also communicates NBN Co's commitment to support the development of a sound risk management culture.

NBN Co's Board and Management are committed to proactive identification, assessment, management and monitoring of material risks. The Risk Management Policy and Risk Appetite Statement are reviewed and endorsed by the Audit and Risk Committee and approved by the Board annually. This review and approval cycle may occur more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

NBN Co has an enterprise risk operating model that involves active management of business risks by line management and staff, with regular reporting of material strategic, operational and emerging risks to the Executive Committee, the Audit and Risk Committee, and the Board.

Sustainability approach

NBN Co's first materiality assessment conducted in FY20 informed NBN Co's first company-wide Sustainability Program. The Program focused on six material topics (social equity, economic contribution, resilient network, climate action, diversity and inclusion, and transparent and accountable business) and their related risks, issues and opportunities. Actions aimed to enhance positive impacts and mitigate potential negative impacts.

These topics capture what is important to the Company's stakeholders, internally and externally, and include environmental issues such as climate change, social issues such as digital inclusion and capability, and governance issues such as ethical and transparent business practices.

Informed by the Company's second materiality assessment conducted in FY22, over the next two years NBN Co's Sustainability Approach and Program will act on Environmental, Social and Governance themes and eight specific focus areas to create and protect value for NBN Co and its stakeholders. The Sustainability Approach has the Company's purpose at its core and recognises how both social and environmental themes are interdependent, act as a system, and are both enabled and controlled by governance.

Key initiatives to support the management of ESG risks will include but not be limited to the development of a Climate Transition Plan, delivery of a Modern Slavery Workplan and development of a Sustainability Governance Framework.

For further information see:

- How we create value on page 14
- Sustainability Approach on page 18 for details on material environmental and social risks, issues and opportunities and role of the Sustainability Sub-Committee of the Executive Committee
- Protected environment on page 48 for details on the management of climate risks
- Reporting Index for alignment with the TCFD recommendations on page 20
- Limited assurance opinion for non-financial metrics on pages 190 to 193.

A summary of NBN Co's material business risks is set out on pages 64 to 67.

Treasury

NBN Co has recently upgraded its Treasury Policy, which is approved annually by the Audit and Risk Committee and establishes a prudential framework providing guidelines, controls and reporting systems for the management of NBN Co's treasury operations.

The Treasury Policy provides clear guidelines for managing treasury risks and making investment and hedging decisions.

PRINCIPLE

Remunerate fairly and responsibly

(based on ASX Principle 8)

NBN Co's People and Remuneration Committee assists the Board in fulfilling its governance responsibilities in relation to:

- establishing people management and remuneration policies for NBN Co that enable NBN Co through its executive leadership to attract and retain capable employees who can help deliver its vision
- fostering exceptional talent and performance while motivating and supporting employees to pursue the growth and success of the **nbn**[®] network consistent with NBN Co's Corporate Plan
- fairly and responsibly rewarding employees, having regard to the performance of NBN Co, individual performance, statutory and regulatory requirements, contractual employment obligations and current business norms.

Refer to page 115 for more information on NBN Co's People and Remuneration Committee.

Directors' remuneration

The Remuneration Tribunal determines the remuneration and travel allowances payable to Non-Executive Directors. Full details of Directors' remuneration are included in the Remuneration Report on pages 100 to 101.

Senior Executives' remuneration

The remuneration of Senior Executives is set by NBN Co's People and Remuneration Committee on behalf of the Board. Full details of Senior Executives' remuneration are included in the Remuneration Report on pages 92 to 99.

Auditor's independence declaration



Auditor-General for Australia



Ms Kate McKenzie
Chair of the Board
NBN Co Limited
100 Mount Street
North Sydney NSW 2060
Australia

NBN CO LIMITED FINANCIAL REPORT 2021–22
AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of NBN Co Limited for the year ended 30 June 2022, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

A handwritten signature in black ink, reading 'Grant Hehir'.

Grant Hehir
Auditor-General

Canberra
4 August 2022



Financial Report

The Financial Report, comprising the financial statements, Notes to the financial statements and a Directors' declaration, for the year ended 30 June 2022.



Statement of profit or loss and other comprehensive income

		NBN Co	
For the year ended	Notes	30 June 2022 \$m	30 June 2021 \$m
Revenue	B1	5,103	4,629
Other income	B2	73	24
Direct network costs		(730)	(666)
Employee benefits expenses	D1	(647)	(829)
Other operating expenses	B3	(480)	(553)
Subscriber costs		(175)	(1,226)
Depreciation and amortisation expense	C3 & C4	(3,541)	(3,596)
Net finance costs	C9	(1,470)	(1,621)
Loss before income tax		(1,867)	(3,838)
Income tax benefit	H1	399	1
Loss for the year		(1,468)	(3,837)
Loss attributable to the shareholder		(1,468)	(3,837)
Other comprehensive gain/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges, net of tax	E2	905	(5)
Changes in the value of costs of hedging, net of tax	E2	24	2
Total other comprehensive gain/(loss) for the year, net of tax		929	(3)
Total comprehensive loss for the year		(539)	(3,840)
Total comprehensive loss attributable to the shareholder		(539)	(3,840)

The above statement should be read in conjunction with the accompanying notes.



Statement of financial position

		NBN Co	
As at	Notes	30 June 2022 \$m	30 June 2021 \$m
Current assets			
Cash and cash equivalents	C1	113	1
Trade and other receivables	C2	503	450
Derivative financial assets	G	28	9
Other current assets		119	69
Total current assets		763	529
Non-current assets			
Property, plant and equipment	C3	32,868	33,130
Intangible assets	C4	1,755	1,943
Derivative financial assets	G	1,377	127
Other non-current assets		14	9
Total non-current assets		36,014	35,209
Total assets		36,777	35,738
Current liabilities			
Trade and other payables	C6	1,577	1,641
Other liabilities	C7	128	31
Derivative financial liabilities	G	14	2
Lease liabilities	C8	440	476
Borrowings	C9	72	18
Provisions	C10	162	209
Total current liabilities		2,393	2,377
Non-current liabilities			
Trade and other payables	C6	19	6
Other liabilities	C7	1,407	878
Derivative financial liabilities	G	155	14
Lease liabilities	C8	10,511	10,343
Borrowings	C9	18,132	10,600
Provisions	C10	64	60
Related party borrowings	C9 & H3	6,375	13,200
Total non-current liabilities		36,663	35,101
Total liabilities		39,056	37,478
Net liabilities		(2,279)	(1,740)
Equity			
Contributed equity	E1	29,500	29,500
Other reserves	E2	935	6
Accumulated losses		(32,714)	(31,246)
Total equity		(2,279)	(1,740)

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

	NBN Co			
	Accumulated losses \$m	Contributed equity \$m	Other reserves \$m	Total equity \$m
Balance at 30 June 2020	(27,409)	29,500	9	2,100
Loss for the year	(3,837)	-	-	(3,837)
Other comprehensive loss	-	-	(3)	(3)
Total comprehensive loss for the year	(3,837)	-	(3)	(3,840)
Balance at 30 June 2021	(31,246)	29,500	6	(1,740)
Loss for the year	(1,468)	-	-	(1,468)
Other comprehensive gain	-	-	929	929
Total comprehensive (loss)/gain for the year	(1,468)	-	929	(539)
Balance at 30 June 2022	(32,714)	29,500	935	(2,279)

The above statement should be read in conjunction with the accompanying notes.

Statement of cash flows

		NBN Co	
For the year ended	Notes	30 June 2022 \$m	30 June 2021 \$m
Cash flows from operating activities			
Receipts from customers		5,650	5,076
Payments to suppliers and employees		(2,829)	(3,847)
Government grants received		547	4
Interest received		1	1
Net cash provided by operating activities	C1	3,369	1,234
Cash flows from investing activities			
Payments for property, plant and equipment		(2,308)	(2,883)
Payments for intangible assets		(310)	(257)
Net cash used in investing activities		(2,618)	(3,140)
Cash flows from financing activities			
Principal repayment of lease liabilities		(186)	(169)
Interest paid on lease liabilities		(838)	(743)
Proceeds from borrowings (net of costs)	C9	9,981	10,943
Repayment of borrowings and other financial liabilities	C9	(2,231)	(1,460)
Proceeds from related party borrowings		-	42
Repayment of related party borrowings	H3	(6,825)	(6,300)
Interest paid on borrowings and other financial liabilities	C9	(204)	(59)
Interest paid on related party borrowings	C9	(336)	(691)
Net cash (used in)/provided by financing activities		(639)	1,563
Net increase/(decrease) in cash and cash equivalents		112	(343)
Cash and cash equivalents at the beginning of the year		1	344
Cash and cash equivalents at the end of the year	C1	113	1

The above statement should be read in conjunction with the accompanying notes.

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A. About this report

NBN Co Limited (NBN Co or the Company) is an unlisted public company incorporated and domiciled in Australia. It is a company limited by shares and is wholly-owned by the Commonwealth of Australia. The Financial Report is comprised of the financial statements, Notes to the financial statements and a Directors' declaration, for the year ended 30 June 2022. The prior year comparatives include the Company and its subsidiaries it controlled for a portion of the year (together referred to as the NBN Co Group or the Group).

NBN Co is a for-profit entity for the purpose of preparing the Financial Report.

Basis of preparation

This general purpose Financial Report has been prepared in accordance with:

1. Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB)
2. the *Corporations Act 2001* (Cth)
3. the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Financial Report has been prepared on a going concern basis and in accordance with the historical cost convention and does not take into account changing money values or fair values of assets unless otherwise stated.

The Company is incorporated under the *Corporations Act 2001* (Cth) and is subject to (inter alia) the *National Broadband Network Companies Act 2011* (Cth) and the PGPA Act.

Going concern

The Directors are of the view and the financial statements have been prepared on the basis that the Commonwealth Government will continue to operate in accordance with the policy objectives as set out in the Statement of Expectations as issued by the Shareholder Ministers to NBN Co on 26 August 2021 and in accordance with subsequent written instructions

from NBN Co's Shareholder Ministers, with this factor being the primary consideration in assessing the going concern assumption.

As at 30 June 2022, the Company's current liabilities exceeded its current assets by \$1,630 million and the Company has net liabilities of \$2,279 million. These metrics are in line with expectations given the significant upfront investment in the network in advance of the Company generating free cash flows. The Company's performance in financial year 2022 resulted in NBN Co achieving the stated financial targets as outlined in its 2022 Corporate Plan.

NBN Co funds its business through a combination of \$29.5 billion equity from the Commonwealth Government and debt funding from the Commonwealth Government and domestic and international markets.

To fund its future strategy, NBN Co has been transacting with the private debt, domestic and international capital markets and secured investment grade credit ratings. These ratings have assisted the Company to successfully access the global debt capital markets as it progresses its financing strategy.

As at 30 June 2022, NBN Co has raised in excess of \$21.1 billion in domestic and international debt. The details of the transactions are disclosed in Note C9.

During the year, the Company has used bank and capital market debt to repay \$6.8 billion of the Commonwealth loan. As at 30 June 2022, the remaining balance of the Commonwealth loan is \$6.4 billion, which is due to mature in June 2024.

In order to finance the repayment of the Commonwealth loan and to execute the strategic initiatives outlined in its 2022 Corporate Plan, NBN Co is planning to continue raising additional bank and capital markets debt.

Going forward, NBN Co will look to raise further debt from the domestic and global capital markets. NBN Co expects its financing strategy to be achievable based on its investment grade credit rating and the outcomes of recent financing transactions.

A. About this report *continued*
Going concern *continued*

Notwithstanding the primary consideration in the going concern assessment as outlined above, at the date of signing the Financial Report, it is expected that the remaining undrawn components of the bank facilities of \$2,775 million and the expected outcomes of the Company’s future financing activities will enable the Company to meet its net cash flow forecasts for at least twelve months from the date of this report.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company’s functional currency.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors’ Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest million unless otherwise stated.

Comparative figures

Certain reclassifications have been made to comparative balances to conform with the current year presentation.

Significant accounting policies

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. Except where otherwise stated, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

Significant accounting policies are contained in the Notes to the financial statements to which they relate and Note H5.

Operating segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, for which discrete financial information is available and whose operating results are regularly reviewed by the entity’s chief operating decision maker (CODM) to allocate resources and assess the entity’s performance.

NBN Co’s Chief Executive Officer (CEO) has been identified as the CODM. NBN Co has determined that it operates in a single segment providing wholesale broadband services across Australia.

All NBN Co’s operations are provided in Australia, therefore no geographic information is disclosed.

Significant accounting estimates and judgements

In the process of applying the Company’s accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. In determining significant accounting estimates and judgements the Company has considered changes in economic circumstances, climate change impacts, regulatory changes, government policies, business plans and strategies, expected level of usage, and future technological developments impacting specific assets or groups of assets.

Estimates and judgements which are material or have the potential to be material to the Financial Report are found in the following notes.

Accounting estimates and judgements

Determination of useful lives of property, plant and equipment	C3
Determination of useful lives of intangible assets	C4
Assessment of indicators of impairment	C5
Determination of whether a contract contains a lease	C8
Determination of the net present value of a lease	C8
Determination of lease term	C8
Determination of the fair value of derivative assets and liabilities	G

B. Our revenue and other operating expenses

This section provides information that is most relevant to understanding our revenue and other operating expenditure during the year.

B1. Revenue

NBN Co generates revenue primarily from the provision of telecommunications services to its customers. Other sources of revenue include new development fees, lease and license fees and commercial works activities.

Revenue from contracts with customers

For the year ended	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Telecommunications revenue	5,004	4,448
Other revenue	99	181
Total revenue	5,103	4,629

Telecommunications revenue

Telecommunications services are facilitated through contracting with Retail Service Providers (RSPs) under the Wholesale Broadband Agreement (WBA). The revenue from the provision of telecommunications services includes recurring wholesale-only broadband network revenue and recurring facility access services revenue. There are also non-recurring revenues in the form of ancillary and service charges. Pricing for the various product offerings is set out in the WBA. The WBA also contains discounts and rebates that are available to all RSPs on an equal basis.

For telecommunications revenue, NBN Co recognises revenue for the amount to which it has a right to invoice and/or when the respective performance obligations have been completed.

Recurring telecommunications revenues

Broadband network services relate to the provision of NBN Co's wholesale broadband products to RSPs which are then sold to customers. The performance obligations associated with these products are satisfied over time. NBN Co transfers control of these products to the RSPs evenly over the period, during which the RSPs are able to obtain value from NBN Co's products. Accordingly, these revenues are recognised over time. The Company invoices the RSPs on a monthly basis, with standard short-term payment terms and therefore no financing component exists. Applicable credits and rebates are recognised as a reduction to the transaction price during the period to which they relate.

Non-recurring telecommunications revenues

Telecommunications revenue includes non-recurring, non-refundable upfront fees for connection charges, installation charges, service transfers and RSP end-user contributions to connect new developments. Upfront fees will be recognised at the point in time when these services are provided as there are no further performance obligations associated with these activities.

B. Our revenue and other operating expenses continued

B1. Revenue continued

Other revenue

NBN Co generates other non-telecommunications revenue from construction and lease activity via separate contractual arrangements. The construction contracts include commercial works, technology choice, new development fees and co-investment partnerships with federal and state governments. Invoices are on standard short-term payment terms and therefore no financing component exists.

Commercial works are construction-type contracts based on requests from customers for NBN Co to relocate cables and network equipment, while technology choice revenues relate to application, design and construction fees from customers who opt for alternative technologies other than those being offered at their premise. New development fees represent consideration for the deployment of infrastructure and backhaul construction received from property developers.

For construction-type contracts, NBN Co recognises revenue on a point in time basis, with the performance obligation considered satisfied when the construction activity is completed.

NBN Co also earns non-telecommunications revenue through the licence of copper and HFC access to Telstra. Under the Revised Definitive Agreements (RDAs), NBN Co progressively takes ownership of elements of Telstra's copper and HFC networks. NBN Co assures and maintains these copper and HFC network elements and provides a licence back to Telstra for the right to access the **nbn**[®] network and deliver legacy services during the co-existence period. NBN Co charges Telstra recurring licence fees, which are billed quarterly, and one-off upfront fees where Telstra orders new licenses from NBN Co.

Recurring licence fees paid in advance each quarter are deferred and recognised to revenue on a straight-line basis over the quarter they relate to, as this is the period that NBN Co satisfies the performance obligation.

Further disaggregation of revenue by timing

The Company has not provided further disaggregation of revenue based upon the timing of recognition (i.e. whether products are transferred at a point in time or over time) as the revenue transferred at a point in time is not material.

Significant customers

The Company offers equivalent terms to all its Retail Service Providers (RSPs). NBN Co's top five customers as at 30 June 2022 were Telstra, TPG Group, Optus, Vocus, and Aussie Broadband. These five RSPs contributed approximately 94% of NBN Co's total telecommunications revenue (2021: 96%).

Assets and liabilities related to contracts with customers

NBN Co has recognised the following assets and liabilities related to contracts with customers:

	Notes	NBN Co	
		30 June 2022 \$m	30 June 2021 \$m
Trade receivables	C2	467	428
Accrued revenue		12	13
Contract liabilities	C6	199	128

Contract liabilities for deferred revenue are recorded for performance obligations under contracts for which payment has been received in advance. Contract liabilities unwind as "revenue from contracts with customers" upon satisfaction of the performance obligations under the terms of the contract.

NBN Co applies the practical expedient in paragraph 121 of AASB 15 *Revenue from Contracts with Customers* and does not disclose information about remaining performance obligations that have durations of one year or less. Significant changes in the contract liabilities balances during the year are as follows:

NBN Co		
	30 June 2022 \$m	30 June 2021 \$m
Balance at 1 July	128	120
Revenue recognised that was included in the contract liability balance at the beginning of the year	(81)	(96)
Increases due to cash received, excluding amounts recognised as revenue during the year	152	104
Balance at 30 June	199	128

Revenue recognition policy

Revenue is measured based upon the consideration specified within a contract with a customer and recognised as the Company transfers control over an asset or service to a customer. The Company follows the five-step approach outlined in AASB 15 *Revenue from Contracts with Customers*.

B2. Other income

NBN Co		
	30 June 2022 \$m	30 June 2021 \$m
For the year ended		
Other operating income	43	-
Other non-operating income	30	24
Total other income	73	24

Recognition and measurement

Other operating income

NBN Co recognises other operating income in relation to various government grants, including the Regional Broadband Scheme Levy. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenditure for which the grants are intended to compensate.

Government grants which are received in advance of NBN Co incurring the related expenditure are recognised in the Statement of financial position as a deferred gain when the grant is received (refer to Note C7).

Other non-operating income

Other non-operating income relates to assets received for no consideration from developers as part of the construction of the **nbn**[®] network in new development areas and from government entities in the form of a grant. These assets are recorded at fair value and the resulting gain is credited to deferred income (refer to Note C7). The gain is released to profit or loss on a straight line basis, over the period the asset is expected to provide services, which is the estimated useful life of the assets.

B3. Other operating expenses

NBN Co		
	30 June 2022 \$m	30 June 2021 \$m
For the year ended		
IT and software expenses	(196)	(205)
Communication and public information expenses	(47)	(88)
Other operating expenditure	(237)	(260)
Total	(480)	(553)

C. Our assets and liabilities

This section provides information relating to NBN Co's financial, tangible and intangible assets and their related liabilities. NBN Co's tangible assets are primarily constructed assets or items of infrastructure acquired through finance lease arrangements.

C1. Cash and cash equivalents

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Cash at bank	113	1
Total	113	1

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

Restricted cash

The cash and cash equivalents disclosed in the Statement of financial position and the Statement of cash flows include \$94 million (2021: nil) held by the Company which is subject to contractual restrictions and therefore not available for general use.

Reconciliation of loss for the year to net cash used in operating activities

	NBN Co	
For the year ended	30 June 2022 \$m	30 June 2021 \$m
Loss for the year	(1,468)	(3,837)
Add/(less) non-cash/non-operating items		
Depreciation and amortisation	3,541	3,596
Finance charges	1,476	1,634
Other items	(51)	(43)
Income tax benefit	(399)	(1)
(Increase)/decrease in operating assets		
Decrease in trade and other receivables	20	62
(Increase)/decrease in other assets	(55)	82
Increase/(decrease) in operating liabilities		
Decrease in trade and other payables	(118)	(262)
Increase in other liabilities	480	-
(Decrease)/increase in provisions	(57)	3
Net cash provided by operating activities	3,369	1,234

C2. Trade and other receivables

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Current		
Trade receivables	467	428
Other receivables	36	22
Total	503	450

Recognition and measurement

Trade and other receivables are considered financial assets. They are initially recorded at the fair value of the amounts to be received and are subsequently measured at amortised cost using the effective interest method. These financial assets are derecognised when the rights to receive cash flows from the financial assets have expired.

For trade receivables, the Company applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk at an individual counterparty level, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Further information about the Company's accounting policy for impairment of financial assets, which includes trade and other receivables, is included in Note H5.

There have been no material impairment losses. The Company did not have any material receivables that were past due or impaired at 30 June 2022 (2021: nil).

C. Our assets and liabilities continued

C3. Property, plant and equipment

	NBN Co					
	Land \$m	Buildings and leasehold improve- ments \$m	Furniture and equipment \$m	IT equipment \$m	Network assets \$m	Total \$m
At 30 June 2020						
Cost	36	458	45	195	42,512	43,246
Accumulated depreciation	(2)	(180)	(29)	(151)	(9,146)	(9,508)
Net book value	34	278	16	44	33,366	33,738
Year ended 30 June 2021						
Opening net book value	34	278	16	44	33,366	33,738
Additions ¹	-	14	8	48	2,428	2,498
Reclassification	-	(29)	-	-	29	-
Depreciation	(1)	(72)	(10)	(21)	(3,002)	(3,106)
Net book value	33	191	14	71	32,821	33,130
At 30 June 2021						
Cost	36	426	47	243	44,969	45,721
Accumulated depreciation	(3)	(235)	(33)	(172)	(12,148)	(12,591)
Net book value	33	191	14	71	32,821	33,130
Year ended 30 June 2022						
Opening net book value	33	191	14	71	32,821	33,130
Additions ¹	-	16	6	-	2,776	2,798
Reclassification	-	(8)	-	-	8	-
Disposals	-	-	-	(1)	(2)	(3)
Depreciation	(2)	(61)	(9)	(19)	(2,966)	(3,057)
Net book value	31	138	11	51	32,637	32,868
At 30 June 2022						
Cost	36	428	50	242	47,751	48,507
Accumulated depreciation	(5)	(290)	(39)	(191)	(15,114)	(15,639)
Net book value	31	138	11	51	32,637	32,868

1. The additions balance includes the recognition of newly acquired right-of-use assets and the impact of the remeasurement of existing right-of-use assets.

Property, plant and equipment at net book value is analysed as follows:

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Constructed and purchased assets	22,708	23,387
Assets in the course of construction	1,169	796
Right-of-use assets	7,937	8,042
Assets acquired for no consideration and under government grant	1,054	905
Property, plant and equipment – net book value	32,868	33,130

Assets in the course of construction

The majority of assets in the course of construction are network assets. As these assets have not been installed and are not ready for use, no depreciation is charged on these assets.

Right-of-use assets

	NBN Co					
Right-of-use assets	Land \$m	Buildings and leasehold improve- ments \$m	Furniture and equipment \$m	Network assets \$m	Licences \$m	Total \$m
Balance at 1 July 2021	16	150	10	7,866	61	8,103
Additions	-	1	4	44	-	49
Remeasurement	-	2	-	251	-	253
Disposals	-	-	-	(2)	-	(2)
Depreciation	(2)	(54)	(7)	(342)	(8)	(413)
Net book value at 30 June 2022	14	99	7	7,817	53	7,990

Assets acquired for no consideration and under government grant

Included within network assets are assets acquired from developers for no consideration and an indefeasible right-of-use arrangement with the Department of Infrastructure, Transport, Regional Development and Communications to use certain Regional Backbone Blackspots Program assets for no consideration (refer to Note C7 for more detail).

C. Our assets and liabilities continued

C3. Property, plant and equipment continued

Non-current assets pledged as security

None of the non-current assets have been pledged as security by the Company.

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation.

NBN Co's costs include expenditures that are directly attributable to the acquisition of the asset, including the costs of materials and direct labour and initial estimates of the costs of dismantling and removing an asset and restoring the site on which it is located. The Company does not consider that it has any qualifying assets and therefore does not currently capitalise any borrowing costs.

Costs that are not directly attributable are recorded as an expense in profit or loss.

Assets under construction are recorded at cost based on the estimated percentage of completion. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on network and non-network assets commences when they are installed and ready for use, otherwise termed as 'in service'. Buildings are depreciated from the date of acquisition. Land, other than that held by way of right-of-use assets, is not depreciated.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

Depreciation on assets is calculated using the straight-line method to allocate the cost, net of residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased network and other assets, the shorter of the lease term or useful life.

During the financial year ended 30 June 2021, NBN Co revised the useful lives of certain network assets. This resulted from updated estimates over the expected period of use for these asset categories which were identified as part of the prior period annual useful life review. The net financial impact of these revised useful lives was a decrease in depreciation expense of \$353 million for the year ended 30 June 2021.

The Company has assessed the current useful lives of assets as follows:

Asset type	Useful lives
Network assets	Lower of lease term and/or 5-40 years
Buildings	Lower of lease term and/or 50 years
Leasehold improvements	Lower of lease term and/or 5-35 years
Furniture and equipment	3-10 years
IT equipment	3-5 years

Residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

Gain or loss on disposal is determined by comparing the proceeds with the carrying amount of the asset. Any gain or loss on disposal is recognised in profit or loss.

Key estimates and judgements

Determination of useful lives of property, plant and equipment

The estimation of useful lives, residual value and depreciation methods requires significant judgement and are reviewed at each reporting date. If they need to be modified, the depreciation expense is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future periods). Such revisions are generally required when there are changes in economic circumstances, climate risk impacts, regulatory changes, government policies, business plans and strategies, expected level of usage, and future technological developments impacting specific assets or groups of assets. It is possible that future results of operations could be materially affected by changes in these estimates.

Significant non-cash components

Acquisition of assets by means of non-cash transactions represents those assets acquired via right-of-use arrangements or contributed for no consideration.

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Acquisition of assets by means of right-of-use arrangements	49	154
Acquisition of network infrastructure by means of developer contributions and government grants	179	54
Acquisition of assets by non-cash transactions	228	208

C. Our assets and liabilities continued

C4. Intangible assets

	NBN Co			
	Software \$m	Licenses \$m	Other \$m	Total \$m
At 30 June 2020				
Cost	3,883	175	172	4,230
Accumulated amortisation	(1,917)	(141)	(79)	(2,137)
Net book value	1,966	34	93	2,093
Year ended 30 June 2021				
Opening net book value	1,966	34	93	2,093
Additions	261	63	16	340
Amortisation	(449)	(7)	(34)	(490)
Net book value	1,778	90	75	1,943
At 30 June 2021				
Cost	4,144	238	188	4,570
Accumulated amortisation	(2,366)	(148)	(113)	(2,627)
Net book value	1,778	90	75	1,943
Year ended 30 June 2022				
Opening net book value	1,778	90	75	1,943
Additions	284	4	8	296
Amortisation	(435)	(16)	(33)	(484)
Net book value	1,627	78	50	1,755
At 30 June 2022				
Cost	4,428	242	196	4,866
Accumulated amortisation	(2,801)	(164)	(146)	(3,111)
Net book value	1,627	78	50	1,755

Recognition and measurement

Internally generated intangible assets

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Company can demonstrate the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the development of the asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of development expenditure, the asset is carried at cost less any accumulated amortisation. Any expenditure capitalised is amortised over the period of expected benefits from the related asset. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

Software assets

Directly attributable costs associated with the development of business software for internal use are recorded as software assets if the development expenditure satisfies the criteria for capitalisation as outlined above. Costs included in software assets developed for internal use are:

- External direct costs of materials, contract labour and services consumed; and
- Payroll and payroll-related costs for employees (including contractors) directly associated with the development project.

Costs that are not directly attributable are expensed as incurred. The Company does not consider that it has any qualifying assets and therefore does not currently capitalise any borrowing costs.

Acquired intangible assets

Intangible assets acquired through separate acquisition are recorded at cost.

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of identifiable intangible assets are as follows:

Identifiable intangible asset type	Useful lives
Software assets	3–8 years
Telecommunications licences	Term of licence
Other intangible assets	3–10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Amortisation of intangible assets does not commence until the assets are installed and ready for use, as intended by the Company.

Assets in the course of construction

The carrying amount of intangible assets includes expenditure recognised on software assets which are in the course of construction. As these assets have not been installed and are not ready for use, no amortisation is charged on these assets. Total software assets in the course of construction are \$88 million (2021: \$154 million).

Key estimates and judgements

Determination of useful lives of intangible assets

The estimation of useful lives, residual value and amortisation methods requires significant judgement and are reviewed at each reporting date. If they require modification, the amortisation expense is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances, climate risk impacts, regulatory changes, government policies, business plans and strategies, expected level of usage, and future technological developments, impacting specific assets or groups of assets. It is possible that future results of operations could be materially affected by changes in these estimates.

C. Our assets and liabilities continued

C5. Impairment of non-financial assets

Recognition and measurement

Tangible and intangible non-financial assets are measured using the cost basis and are considered to be impaired where their carrying value exceeds the recoverable amount.

Material intangible assets that are not yet subject to amortisation are tested on an annual basis for impairment, or where an indication of impairment exists. Property, plant and equipment and intangible assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of an asset is the higher of its fair value less costs of disposal or its value in use. Any reduction in the carrying value of an asset that results in the carrying value being less than its recoverable amount is recognised as an expense in profit or loss as an impairment loss.

For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which that asset belongs. The Company's CGU is determined according to the lowest level of aggregation for which the cash inflows are independent of cash inflows from other assets.

Key estimates and judgements

Assessment of indicators of impairment

The Company has determined that assets which form part of the **nbn**® network, work together to achieve the delivery of products and services in order to generate cash inflows. As a result, the Company has determined that the ubiquitous broadband network is a single CGU (the NBN Co CGU).

On an annual basis the Company assesses whether there is an indicator of impairment. Indicators of impairment may include changes in economic circumstances, climate risk impacts, regulatory changes, government policies, business plans and strategies, expected level of usage of assets, and future technological developments. Where an indicator of impairment is identified, impairment testing is performed. There were no indicators of impairment as at 30 June 2022.

C6. Trade and other payables

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Current		
Trade and other payables	272	228
Contract liabilities	180	122
Accruals	1,064	1,281
GST payable	61	10
Total	1,577	1,641

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Non-current		
Contract liabilities	19	6
Total	19	6

The accruals balance includes \$500 million (2021: \$498 million) relating to property, plant and equipment and intangible assets.

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the reporting date and which are unpaid. The amounts are unsecured. Trade and other payables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method.

C7. Other liabilities

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Current		
Deferred gain on government grants	100	7
Deferred gain on developer contributions	28	24
Total	128	31

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Non-current		
Deferred gain on government grants	434	53
Deferred gain on developer contributions	973	825
Total	1,407	878

C. Our assets and liabilities continued

C7. Other liabilities continued

Recognition and measurement

Government grants

NBN Co is the recipient of various government grants, which can be in the form of a cash contribution or the contribution of an asset or assets for no consideration. Grants in the form of cash are recognised as other income in the profit or loss on a systematic basis over the periods in which the entity recognises expenditure for which the grants are intended to compensate. Where the cash is received in advance of the recognition of other income, it is recognised in the Statement of financial position as a deferred gain.

When the grant relates to an asset or assets received for no consideration, the asset is recorded at fair value and the resulting gain is credited to deferred income. The gain is released to profit or loss on a straight-line basis over the expected period of provision of services, which is estimated to be the useful life of the relevant asset or assets.

Developer contributions for no consideration

The Company receives network assets for no consideration from developers as part of the build of the **nbn**[®] network in new development areas. Assets received for no consideration are recorded at fair value and the resulting gain is credited to deferred income. The gain is released to profit or loss on a straight-line basis, over the expected period of provision of services which is estimated to be the useful life of the relevant asset or assets.

There are no unfulfilled conditions or contingencies attached to the developer contributions.

C8. Lease liabilities

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Current		
Lease liabilities	440	476
Total	440	476

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Non-current		
Lease liabilities	10,511	10,343
Total	10,511	10,343

The majority of the Company's lease liabilities relate to right-of-use licences to access Telstra's network infrastructure, including ducts, pits, exchange rack space and dark fibre network cables. The terms of these right-of-use licences are governed by the RDAs with Telstra (refer to Note F1).

The Company also leases certain commercial properties, commercial vehicles, and wireless base stations with various terms that are due to expire within a range of between one to thirty years.

Lease payments generally comprise a base amount plus an incremental contingent rental amount based on movements in the Consumer Price Index and periodic reviews to market-based levels.

Recognition and measurement under AASB 16 Leases

The Company recognises leases where the Company has the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases in which the Company is a lessee

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company, except where the Company applies the practical exemption to not apply AASB 16 for leases of low-value assets.

Management considers low-value assets as those assets valued at less than \$10,000, with this assessment based upon the value of the asset when it is new. The payments for these low-value assets will be recognised as operating expenditure on a straight-line basis (or other systematic basis). For the year ended 30 June 2022, \$22 million (2021: \$22 million) has been recognised as operating expenditure in the income statement for lease arrangements that have been classified as low-value assets.

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate that are known at the reporting date; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest charged on the lease liability and decreased by lease payments made. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is remeasured when there is a change in future lease payments. The lessee shall recognise the amount of any remeasurement of the lease liability as an adjustment to the right-of-use asset. The Company is exposed to potential future changes in variable lease payments that are based on an index or rate, such as payments linked to the Consumer Price Index (CPI). Changes to these variable lease payments will result in a remeasurement of the lease liability (and corresponding adjustment to the right-of-use asset) at the point when these changes due to the movement in an index or rate become known.

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that include purchase, renewal or termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which affects the value of lease liabilities and right-of-use assets recognised.

Leases in which the Company is a lessor

The Company does not have significant leases where it acts as the lessor. Under AASB 16, the Company will continue to classify each lease as either an operating lease or a finance lease.

A lease will be classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Lease income from operating leases where the Company is a lessor, is recognised as income on a straight-line basis over the lease term.

C. Our assets and liabilities continued

C8. Lease liabilities continued

Key estimates and judgements

Determination of whether a contract contains a lease

At the inception of a contract, the Company will assess whether the contract is, or contains a lease. The Company will recognise a lease where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In making this assessment the Company primarily considers if there is an identified asset, who has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and who can direct how and for what purpose the asset is used throughout the period of use.

Determination of the net present value of a lease

A number of key estimates and judgements have been made in determining the net present value of applicable lease payments. In determining the net present value of a lease, the applicable lease payments are discounted using the interest rate implicit in the lease. Where this cannot be readily determined, a discount rate representing the estimated incremental borrowing rate at the commencement of the lease is used.

The incremental borrowing rate is the rate of interest the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Company determines the incremental borrowing rate based upon the rate at which NBN Co, as a stand-alone company, can borrow funds. When determining the incremental borrowing rate for a lease, consideration is given to the term of the lease, recent credit ratings for NBN Co, comparable market transactions and the nature of the assets being leased.

Determination of lease term

Extension and termination options are included in a number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

For network infrastructure right-of-use licences with Telstra, the term of each right-of-use licence, of up to 35 years, does not include possible renewal as the exercise of such options was not considered reasonably certain at inception of the agreements and also at the balance sheet date. The renewal period being two options, each for ten additional years, which are exercisable by NBN Co.

C9. Borrowings and other financial liabilities

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Current		
Borrowings	72	18
Non-current		
Borrowings	18,132	10,600
Related party borrowings – Commonwealth loan	6,375	13,200
Total	24,579	23,818

NBN Co's borrowings consist of unsecured bank facilities, Australian Medium-Term Note (AMTN) issuances, US144A/Reg S bond issuances, private placements and related party borrowings issued under the loan with the Commonwealth Government, details of which are shown in the following debt issuance and loan facility tables.

During the period ended 30 June 2022, the Company executed the following debt arrangements in the debt capital markets:

- Issued \$1.6 billion Australian Medium-Term Notes including \$800 million in Green bond (AUD) under the Australian Medium-Term Note (AMTN) program and NBN Co's Sustainability Bond Framework;
- Issued \$2.8 billion US 144A/Reg S bonds under the Global Medium-Term Note (GMTN) program; and
- Issued \$1.4 billion in private placements in Australian dollars (AUD), United States dollars (USD), Norwegian Krone (NOK) and Japanese Yen (JPY).

C. Our assets and liabilities continued

C9. Borrowings and other financial liabilities continued

The debt capital market issuances by the Company are shown below:

NBN Co				
	Interest	Issued debt \$m	Tenor	Maturity
At 30 June 2022				
AMTN	Fixed	1,200	5 years	Dec 2025
AMTN	Fixed	400	10 years	Dec 2030
AMTN	Fixed	350	7 years	Jun 2028
AMTN	Fixed	400	3 years	Sep 2024
AMTN	Floating	425	3 years	Sep 2024
Green AMTN	Fixed	800	5 years	Apr 2027
US144A (US\$750m) ¹	Fixed	968	5 years	May 2026
US144A (US\$1.25bn) ¹	Fixed	1,625	10 years	May 2031
US144A (US\$600m) ¹	Fixed	824	3 years	Oct 2024
US144A (US\$700m) ¹	Fixed	965	5.3 years	Jan 2027
US144A (US\$700m) ¹	Fixed	966	10.3 years	Jan 2032
Private placements	Fixed	200	6 years	Jun 2027
Private placements	Fixed	200	5 years	Jul 2026
Private placements	Fixed	50	12 years	Jul 2033
Private placements	Fixed	200	7 years	Oct 2028
Private placements	Fixed	200	7 years	Nov 2028
Private placements (NOK 1.25bn) ¹	Fixed	191	12 years	Jul 2033
Private placements (US\$50m) ¹	Fixed	68	7 years	Aug 2028
Private placements (NOK 1bn) ¹	Fixed	153	10 years	Apr 2032
Private placements (NOK 1.5bn) ¹	Fixed	238	10 years	Oct 2031
Private placements (JPY 5.5bn) ¹	Fixed	61	12 years	May 2034
Total		10,484		
At 30 June 2021				
AMTN	Fixed	1,200	5 years	Dec 2025
AMTN	Fixed	350	7 years	Jun 2028
AMTN	Fixed	400	10 years	Dec 2030
US144A (US\$750m) ¹	Fixed	968	5 years	May 2026
US144A (US\$1.25bn) ¹	Fixed	1,625	10 years	May 2031
Private placements	Fixed	200	6 years	Jun 2027
Total		4,743		

1. Amounts shown reflect the AUD value of the hedged principal amount at inception of the debt.

During the period ended 30 June 2022, the Company entered into new committed bank facilities for \$1.25 billion and utilised a further \$2.05 billion of its bank facilities for a total drawn amount of \$7.88 billion.

NBN Co

	Interest	Facility Limit \$m	Drawn \$m	Undrawn \$m	Tenor	Maturity
At 30 June 2022						
Commonwealth loan	Fixed	6,375	6,375	-	7.5 years	Jun 2024
Bank facilities	Floating	200	200	-	3 years	Apr 2025
Bank facilities	Floating	800	250	550	5 years	Apr 2025
Bank facilities	Floating	200	-	200	4 years	Aug 2025
Bank facilities	Floating	2,350	1,665	685	5 years	Dec 2025
Bank facilities	Floating	1,700	1,300	400	6 years	Apr 2026
Bank facilities	Floating	250	250	-	5 years	Sep 2026
Bank facilities	Floating	650	650	-	5 years	Dec 2026
Bank facilities	Floating	550	50	500	7 years	Mar 2027
Bank facilities ¹	Floating	2,800	2,710	90	7 years	Apr 2027
Bank facilities ¹	Floating	950	650	300	6 years	Apr 2027
Bank facilities	Floating	150	150	-	5 years	Apr 2027
Bank facilities	Floating	50	-	50	7 years	Dec 2027
Overdraft facility	Floating	250	-	250	Rolling	Rolling
Total		17,275	14,250	3,025		
At 30 June 2021						
Commonwealth loan	Fixed	13,200	13,200	-	7.5 years	Jun 2024
Bank facilities	Floating	1,000	491	509	5 years	Apr 2025
Bank facilities	Floating	2,350	1,000	1,350	5 years	Dec 2025
Bank facilities	Floating	550	220	330	6 years	Mar 2026
Bank facilities	Floating	4,500	3,710	790	6 years	Apr 2026
Bank facilities	Floating	950	400	550	5 years	Apr 2026
Bank facilities	Floating	50	-	50	7 years	Dec 2027
Overdraft facility	Floating	100	-	100	Rolling	Rolling
Total		22,700	19,021	3,679		

1. The terms of these bank facilities were modified during the period to 30 June 2022, increasing the overall facility limit by \$1.25 billion and extending the tenor of certain facility agreements.

The loan agreement with the Commonwealth Government has a fixed interest rate of 3.96 per cent per annum and had a maximum draw down limit of \$13.2 billion as at 30 June 2021. Interest is payable monthly over the life of the facility and the full principal amount of the loan is due to be repaid by 30 June 2024. The Company utilised the proceeds from the above debt issuances and bank facilities to repay a further \$6.8 billion of the Commonwealth loan during the year to 30 June 2022. The terms of the Commonwealth loan allow NBN Co to use proceeds from debt raisings to make loan prepayments in advance of the maturity date. Once a repayment is made, the facility limit of the loan is reduced by the repaid amount, meaning it cannot be redrawn after being repaid. The Company plans to make further prepayments against the Commonwealth loan as further debt raisings are completed.

The Company's nominal weighted average cost of issued and drawn debt as at 30 June 2022 is 2.47 per cent (30 June 2021: 2.79 per cent). All borrowings are repayable in full at the end of the contracted period.

C. Our assets and liabilities continued

C9. Borrowings and other financial liabilities continued

Recognition and measurement

All loans are initially recorded at fair value, which typically reflects the proceeds received, net of directly attributable transaction costs. Establishment fees paid upon entering into loan facilities are recognised as transaction costs related to the loan to the extent that it is probable that some or all of the loan facility will be drawn down. In this case, establishment fees are deferred until the draw down occurs. If it is not deemed probable that some or all of the loan facility will be drawn down, then the fee is capitalised as a prepayment and amortised over the period of the related loan facility.

After initial recognition, all interest-bearing loans are measured at amortised cost, using the effective interest method. Loans that are in a designated fair value hedge relationship are adjusted for fair value movements attributable to the hedged risk. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are derecognised when contractual obligations are discharged, cancelled or expired.

Reconciliation of borrowings arising from financing activities

A reconciliation of NBN Co's borrowings arising from financing activities has been shown in the table below.

	NBN Co	
	30 June 2022	30 June 2021
	Borrowings \$m	Borrowings \$m
Opening balance	23,818	20,458
Cash flows	968	3,302
Accrued interest	53	18
Fair value hedge and other adjustments	(594)	36
Foreign exchange movements	357	74
Capitalised transaction costs	(43)	(77)
Amortisation	20	7
Total	24,579	23,818

Net finance costs

Net finance costs primarily relate to the right-of-use licences to access Telstra's network infrastructure, and interest charged on borrowings.

	Note	NBN Co	
		30 June 2022 \$m	30 June 2021 \$m
For the year ended			
Finance charges on lease arrangements		(869)	(862)
Unwinding of the discount on other lease-related provisions		(1)	(1)
Interest on drawn external borrowing facilities		(158)	(42)
Interest on bonds		(129)	(19)
Interest on related party borrowings	H3	(336)	(691)
Interest on working capital facilities		-	(2)
Fees on undrawn external borrowing facilities		(9)	(15)
Other finance income / (charges) ¹		26	(2)
Other net interest income		6	13
Total		(1,470)	(1,621)

1. Other finance income/charges include hedge ineffectiveness.

C10. Provisions

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Current		
Employee benefits	132	190
Other provisions	30	19
Total	162	209

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Non-current		
Employee benefits	44	46
Other provisions	20	14
Total	64	60

Recognition and measurement

Provisions are recognised when:

- There is a present legal or constructive obligation to make a future sacrifice of economic benefits as a result of past transactions or events;
- It is probable that a future sacrifice of economic benefits will arise; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Refer to Note D1 for employee benefits accounting policies.

D. Our people

This section describes employment and post-employment benefit expenses provided to our people.

D1. Employee benefits expenses

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
For the year ended		
Defined contribution superannuation expense	(71)	(71)
Other employee expenses, net of capitalisation	(576)	(758)
Total	(647)	(829)

Recognition and measurement

Short-term employee benefit obligations

Short-term employee benefits comprise salaries and wages, including non-monetary benefits, short-term incentives and annual and long service leave that is expected to be settled within 12 months of the reporting date. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefit obligations

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using high-quality corporate bond rates at the reporting date with terms to maturity and currency to match, as closely as possible to, the estimated future cash flows. Remeasurement as a result of experience adjustments and changes in assumptions are recognised in profit or loss.

Post-employment benefits

The Company pays superannuation guarantee contributions into nominated defined contribution plans as advised by employees. Superannuation contributions are recognised as an expense as they become payable.

Termination benefits

Termination benefits are payable when employment is terminated, and an expense is recognised when the Company is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without likelihood of withdrawal.

Capitalisation of employee benefits expenses

Employee benefits expenses are capitalised and included in the cost of property, plant and equipment, and software upon initial recognition to the extent that they are directly attributable to constructing and bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

D2. Key management personnel

Disclosures relating to key management personnel are set out below:

	NBN Co	
	30 June 2022 \$	30 June 2021 \$
Short-term employee benefits	9,604,904	8,881,003
Post-employment benefits	237,817	222,577
Long-term employee benefits	710,694	518,793
Termination benefits	-	608,933
Total	10,553,415	10,231,306

E. Our equity

On 22 June 2011, the Commonwealth Government and NBN Co entered into an Equity Funding Agreement (EFA), whereby the Commonwealth provided assurances to the Company in relation to the provision of equity funding until 30 June 2021.

As at 30 June 2022, the total committed equity funding of \$29.5 billion from the Commonwealth had been provided to NBN Co under the terms of the EFA.

E1. Contributed equity

As at 30 June 2022, a total of \$29.5 billion (2021: \$29.5 billion) had been provided to the Company.

	NBN Co Limited		NBN Co Limited	
	30 June 2022 Number of shares	30 June 2021 Number of shares	30 June 2022 \$m	30 June 2021 \$m
Ordinary shares fully paid	29,500,000,000	29,500,000,000	29,500	29,500
Total	29,500,000,000	29,500,000,000	29,500	29,500

Recognition and measurement

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Transactions with the Commonwealth of Australia, as owner, that are designated as equity injections for the financial period, are recognised directly in contributed equity and do not form part of comprehensive income in that financial period.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number and amounts paid on the shares held. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital risk management

The Company's objectives when managing capital are to safeguard the ability of the Company to continue as a going concern while maximising the return to the Commonwealth Government and maintaining an optimal capital structure. The capital structure of the Company consists of cash and cash equivalents disclosed in Note C1, borrowings disclosed in Note C9 and contributed equity.

Dividends declared

No dividends were declared or paid during the year (2021: nil).

E2. Other reserves

	NBN Co		
	Cash flow hedging reserve \$m	Cost of hedging reserve \$m	Total reserves \$m
At 30 June 2022			
Change in fair value of hedging instrument recognised in OCI	1,651	37	1,688
Reclassified from OCI to profit or loss	(352)	-	(352)
Deferred tax	(390)	(11)	(401)
Total	909	26	935
At 30 June 2021			
Change in fair value of hedging instrument recognised in OCI	73	3	76
Reclassified from OCI to profit or loss	(67)	-	(67)
Deferred tax	(2)	(1)	(3)
Total	4	2	6

The cash flow hedging reserve represents the effective portion of gains or losses on remeasuring the fair value of hedge instruments, where this qualifies for hedge accounting. The cost of hedging reserve represents changes in the fair value of the Company's derivative financial instruments attributable to movements in the foreign currency basis spread.

The amount accumulated in the cash flow hedge reserve and cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

F. Our significant contractual arrangements and commitments

NBN Co has entered into a number of contracts that will underpin the delivery of the **nbn**® network. In addition to entering into contractual arrangements with Delivery Partners for the build of the network, NBN Co has entered into strategic agreements with Telstra and Singtel Optus (Optus) that provide NBN Co with the required infrastructure to deliver fast broadband to all Australians.

These strategic agreements are essential to NBN Co in regard to its ability to achieve its short and long-term objectives.

F1. Telstra Revised Definitive Agreements

On 23 June 2011, NBN Co and Telstra announced that binding agreements (the Telstra Definitive Agreements or the DAs) had been entered into for the rollout of the **nbn**® network. The DAs became unconditional following the satisfaction of conditions precedent including Telstra shareholder approval in November 2011 and ACCC acceptance of Telstra's Migration Plan and Structural Separation Undertaking in March 2012.

Following the completion of the 2013 Strategic Review, the Government provided NBN Co with a new Statement of Expectations under which the **nbn**® network rollout was to transition from a primarily FTTP model to a Multi-Technology Mix (MTM) model.

On 14 December 2014, NBN Co and Telstra announced they had renegotiated the DAs and entered into a number of new agreements to provide for the shift to a MTM network rollout (the Revised Definitive Agreements or the RDAs). The RDAs came into effect on 26 June 2015 after all conditions precedent were either satisfied or waived.

As with the DAs, the RDAs provide NBN Co access to certain Telstra network infrastructure including ducts, pits, lead-in conduits (ownership of lead-in conduits transfers to NBN Co), exchange rack space and dark fibre to facilitate the efficient rollout of the **nbn**® network. The RDAs also continue to require Telstra to progressively disconnect premises connected to its copper and Hybrid Fibre Coaxial (HFC) networks (subject to exceptions for certain copper-based services and pay-TV services provided over parts of the spectrum on the HFC network) as the **nbn**® network is rolled out¹. Telstra will continue to be entitled to payments from NBN Co for disconnecting premises from its networks, and NBN Co continues to expense these payments.

In addition, the RDAs allow NBN Co to progressively take ownership of, and the operational and maintenance responsibility for, elements of Telstra's copper and HFC networks and use of those network elements where it represents the fastest and most cost effective way to deliver fast broadband to families and businesses. These copper and HFC network elements are being used as access technologies as part of the overall design of the MTM rollout.

The payment structure remains linked to the rollout of the **nbn**® network. Under the RDAs, once NBN Co starts acquiring the assets forming part of Telstra's HFC network, NBN Co has an obligation to continue to acquire all of Telstra's HFC network. In July 2016, NBN Co commenced the acquisition of assets forming part of Telstra's HFC network. Capital commitments in respect of the RDAs are disclosed in Note F3 and reflect NBN Co's obligation to continue to acquire all of Telstra's HFC network.

1. Services provided over the **nbn**® network will replace phone and internet services provided over most of the existing landline networks, including copper and the majority of HFC networks within the fixed-line footprint. Services provided over existing fibre networks (including in-building, health and education networks) and some special and business services may not be affected.

Under the RDAs, NBN Co has also agreed to reimburse Telstra for any direct, reasonable, substantiated and incremental (DRSI) costs incurred as a result of the move from the FTTP rollout to the MTM rollout, subject to certain exceptions. NBN Co is capitalising these costs as they are incurred.

As with the DAs, the estimated value of the RDAs is based on a range of dependencies and assumptions over the long-term life of the agreements. On a like-for-like basis, the estimated net present value payable to Telstra under the RDAs is equivalent to that under the DAs.

The RDAs contain an arrangement relating to the **nbn**[®] network rollout cessation and related consequences for NBN Co. In addition, there are provisions relating to NBN Co's liability for performing work on Telstra's live networks (refer to Note H2).

F2. Optus HFC Subscriber Agreement

On 23 June 2011, NBN Co executed an agreement with Singtel Optus Pty Ltd and other Optus entities (Optus) (the 2011 Optus HFC Subscriber Agreement).

On 19 July 2012, the ACCC published a final determination granting authorisation of the 2011 Optus HFC Subscriber Agreement.

Under the terms of the 2011 Optus HFC Subscriber Agreement:

- Optus agreed to progressively migrate HFC customers to the **nbn**[®] network as it is rolled out. Optus agreed to a fixed-line network preference in favour of NBN Co for residential and small business customers served by Optus' HFC network; and
- NBN Co agreed to make progressive payments to Optus based on the actual number of customers that migrate from its HFC network to the **nbn**[®] network.

On 14 December 2014, NBN Co and Optus announced they had signed agreements (the Revised HFC Subscriber Agreement) amending the 2011 Optus HFC Subscriber Agreement. On 19 September 2015, all of the conditions precedent to the Revised HFC Subscriber Agreement with Optus were satisfied.

The Revised HFC Subscriber Agreement provides NBN Co with the option to acquire elements of Optus' HFC network where it is efficient and/or cost effective to do so, as part of the overall design and implementation of the MTM rollout.

The Revised HFC Subscriber Agreement continues to require Optus to progressively migrate HFC customers to the **nbn**[®] network as it is rolled out.

Payments to Optus for the migration of customers to the **nbn**[®] network are expensed as incurred.

F. Our significant contractual arrangements and commitments continued

F3. Commitments

Capital commitments

Total capital expenditure contracted for at the reporting date but not yet recognised in the Statement of financial position is as follows:

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Within one year	705	830
Later than one year but not later than five years	54	90
Later than five years	11	11
Total capital commitments	770	931

Capital commitments include committed right-of-use and infrastructure ownership payments under the RDAs with Telstra, fixed term commercial contracts and other ordered capital expenditure.

Given the long-term nature of NBN Co's capital commitments under the RDAs, which include right-of-use payments that will occur until 2047 and scheduled infrastructure ownership payments throughout the rollout period, capital expenditure commitments relating to the RDAs in periods beyond 12 months have been discounted for the purpose of the disclosure above.

Payments to Telstra in exchange for Telstra disconnecting premises from its copper and HFC networks are excluded from the disclosure above as the payments do not constitute capital expenditure.

G. Our financial risk management

As a result of its operation, the Company is exposed to a number of financial risks. This section sets out the nature, quantification and management of these financial risks.

Financial risk management objectives

The Company's risk management policy is to identify, assess and manage risks which are likely to adversely affect the Company's financial performance, growth and ability to continue as a going concern. In terms of financial risk management, the Company takes a risk-averse approach as it seeks to minimise risk, provided it is cost effective to do so.

The Company's principal financial instruments are outlined in the following tables. The main risks arising from the Company's financial activities are market risks (interest rate risk, foreign currency risk), liquidity risk and credit risk.

Financial assets and liabilities

All the financial assets and liabilities below are carried at amortised cost except for derivatives which are measured at fair value. Borrowings that are in a designated fair value hedge relationship are adjusted for fair value movements attributable to the hedged risk.

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Financial assets		
Cash and cash equivalents	113	1
Trade and other receivables	503	450
Derivative financial assets	1,405	136
Carrying amount of financial assets	2,021	587
Financial liabilities		
Trade and other payables	1,535	1,637
Other liabilities	481	4
Lease liabilities	10,951	10,819
Derivative financial liabilities	169	16
Borrowings	18,204	10,618
Related party borrowings	6,375	13,200
Carrying amount of financial liabilities	37,715	36,294

Net interest income or expense from financial assets and liabilities

The net interest income or expense earned from financial assets and liabilities for the year ended 30 June 2022 was a net expense of \$1,469 million (2021: net expense of \$1,620 million).

G. Our financial risk management continued

Derivatives and hedging activities

The Company uses derivative financial instruments in the normal course of business in order to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Company's financial risk management policies. The Company's policies allow derivative transactions to be undertaken for the purpose of reducing risk and do not permit speculative trading.

The fair value of the Company's derivative instruments at 30 June 2022 are as follows:

	NBN Co			
	30 June 2022		30 June 2021	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
Assets				
Forward exchange contracts (FEC)	6	-	5	-
Interest rate options (IRO)	-	2	-	-
Interest rate swaps (IRS)	2	1,326	-	47
Cross-currency interest rate swaps (CCIRS)	20	49	4	80
Total derivative assets	28	1,377	9	127
Liabilities				
Forward exchange contracts (FEC)	-	-	1	-
Interest rate swaps (IRS)	14	14	1	11
Cross-currency interest rate swaps (CCIRS)	-	141	-	3
Total derivative liabilities	14	155	2	14

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

The Company has derivatives which are designated as either:

- Cash flow hedges, being hedges of a particular risk associated with cash flows of recognised assets and liabilities and highly probable forecast transactions; or
- Fair value hedges, being hedges of the fair value of recognised assets or liabilities or a firm commitment.

At the inception of the hedging transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives used in hedging transactions have been, and will continue to be effective, in offsetting changes in either the fair value or cash flows of hedged items. When forward contracts are used to hedge forecast transactions, the Company generally designates the entire fair value of the forward contract as the hedging instrument. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included within net finance costs.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The ineffective portion is recognised immediately in profit or loss within net finance costs.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When the hedged forecast transaction results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss related to the hedging instrument existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss, where applicable.

Cross-currency interest rate swaps and foreign exchange contracts hedge variability in future cash flows due to fluctuations in foreign exchange risk associated with foreign currency denominated borrowings and highly probable forecast transactions. Similarly, interest rate swaps and options which hedge variability in future cash flows due to fluctuations in underlying benchmark interest rates, are also designated in cash flow hedge relationship.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss within net finance costs, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within net finance costs.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest

method is used, is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cross-currency interest rate swaps and interest rate swaps which hedge variability in fair value of foreign and domestic borrowings due to fluctuations in underlying benchmark interest rates are designated in fair value hedge relationships.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness may occur due to:

- The credit value/debit value adjustment on the hedging instrument is not being matched by a similar adjustment on the hedged item; and
- Differences in critical terms between the hedging instrument and hedged item.

Offsetting financial assets and liabilities

Currently there is no right or basis to present any financial assets or financial liabilities on a net basis, other than interest receivable and payable on derivative financial instruments. As such, no financial assets or financial liabilities, other than those mentioned above, have been presented on a net basis in the Company's Statement of financial position at the end of the financial year.

Power Purchase Agreement

The Company entered into a solar power purchase agreement (PPA) in July 2020 for a period of ten years from the commencement of commercial production. The solar farm is situated in West Wyalong, NSW.

The PPA is not a physical electricity supply contract. It operates as a "contract for difference" (CfD) which is a derivative financial instrument.

The CfD will be measured as a level 3 financial instrument as one of the key inputs, being the electricity spot prices, cannot be forecast (using observable market data) for the duration of the contract. As at 30 June 2022, the NSW solar plant is not operational.

G. Our financial risk management continued

Derivatives and hedging activities continued

Hedge Accounting

The impact of derivatives and hedging activities on the Company's financial position and performance is as follows:

NBN Co						
Fair Value Hedges						
	30 June 2022			30 June 2021		
	Interest rate \$m	Total \$m		Interest rate \$m	Total \$m	
Carrying amount of hedging instruments^{1,2}						
Derivative assets	-	-		38	38	
Derivative liabilities	(568)	(568)		-	-	
Fair value hedge adjustment						
Carrying amount of hedged item recognised in the Statement of financial position	(5,798)	(5,798)		(2,692)	(2,692)	
Cumulative fair value adjustment on hedged item	567	567		(33)	(33)	
Hedge effectiveness						
Change in value of hedging instrument used for calculating hedge effectiveness	(606)	(606)		38	38	
Change in value of hedged item used for calculating hedge effectiveness	600	600		(33)	(33)	
Hedge ineffectiveness recorded in profit and loss	(6)	(6)		5	5	

NBN Co						
Cash Flow Hedges						
	30 June 2022			30 June 2021		
	Foreign exchange \$m	Interest rate \$m	Total \$m	Foreign exchange \$m	Interest rate \$m	Total \$m
Carrying amount of hedging instruments^{1,2}						
Derivative asset	608	1,328	1,936	84	47	132
Derivative liabilities	(141)	-	(141)	(41)	(11)	(52)
Hedge effectiveness						
Change in value of hedging instrument used for calculating hedge effectiveness	404	1,290	1,694	42	36	78
Change in value of hedged item used for calculating hedge effectiveness	(371)	(1,289)	(1,660)	(43)	(37)	(80)
Hedge ineffectiveness recorded in profit and loss	33	1	34	(1)	(1)	(2)
Change in hedge reserves						
Change in value of hedging instrument recognised in cash flow hedge reserves	364	1,216	1,580	35	29	64
Change in value of the hedging instrument recognised in cost of hedge reserves	34	-	34	3	-	3
Amount reclassified from cash flow hedge reserve to net finance costs for continued and discontinued hedges ³	(354)	68	(286)	(74)	6	(69)
Change in reserves for continued and discontinued hedges	44	1,284	1,328	(37)	35	(2)

1. Excluding accrued interest.

2. The carrying amount of the hedging instruments are grossed up to allow for the trifurcation methodology applied when designating cross-currency interest rate swaps in fair value and cash flow hedges.

3. Amounts released from cash flow hedge reserve for discontinued hedges amounted to \$5 million (30 June 2021: nil).

Foreign currency risk management

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk due to fluctuations in foreign exchange rates for certain transactions.

The carrying amount of monetary assets and liabilities for foreign exchange risk denominated in foreign currencies and notional cash outflows for forward exchange contracts as expressed in Australian dollars is as follows:

	NBN Co							
	30 June 2022				30 June 2021			
	USD \$m	EUR \$m	NOK \$m	JPY \$m	USD \$m	EUR \$m	NOK \$m	JPY \$m
Foreign exchange risk								
Trade payables	43	-	-	-	63	2	-	-
Borrowings	5,326	-	557	58	2,692	-	-	-
Current foreign exchange risk	5,369	-	557	58	2,755	2	-	-
Forward exchange contracts								
Buy foreign currency (cash flow hedges)	118	-	-	-	149	2	-	-
Forward exchange contract risk	118	-	-	-	149	2	-	-

The Company has entered into forward exchange contracts to hedge its exposure to currency risk in relation to highly probable forecast transactions which are denominated in foreign currency. In order to protect against exchange rate movements, the Company has entered into forward exchange contracts to purchase US dollars. The Company's strategy is to fully hedge all material contractually certain foreign currency exposures and to hedge highly probable material foreign exchange exposures on a sliding scale dependent upon the period of time until expected settlement.

In accordance with its risk management strategy, the Company enters into cross-currency interest rate swaps to mitigate the foreign currency exposure on all of its foreign currency denominated borrowings.

G. Our financial risk management continued

Foreign currency risk management continued

The maturity profile of the Company's cross-currency interest rate swaps is as follows:

	NBN Co					
	30 June 2022			30 June 2021		
	Within 1 year \$m	1 to 5 years \$m	Greater than 5 years \$m	Within 1 year \$m	1 to 5 years \$m	Greater than 5 years \$m
Cash flow hedges	118	2,757	3,302	149	969	1,626

As at 30 June 2022, the major currency pairs of cross-currency interest rate swaps designated in hedge relationships are receive USD/pay AUD and received NOK/pay AUD with weighted average foreign currency rates of AUD/USD 0.75 and NOK/AUD 6.44 (30 June 2021: AUD/USD 0.77).

The Company has not entered into foreign currency positions that are not supported by underlying purchasing transactions that are either certain or highly probable as to timing, quantum and currency.

Sensitivity analysis

Sensitivity analysis to exchange rate movements based on the translation of financial instruments at the end of the period is as follows:

	NBN Co	
	Impact on post-tax profit and equity 30 June 2022 \$m	Impact on post-tax profit and equity 30 June 2021 \$m
Exchange rates (AUD/USD)		
+ 10 cents	(20)	(15)
- 10 cents	24	20

A sensitivity range of plus 10 cents and minus 10 cents has been selected as a reasonably possible shift in exchange rate movements based on the current and historical level of volatility.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk due to changes in market interest rates associated with interest-bearing cash and cash equivalents and long-term borrowings. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The Company manages its risk by entering into fixed and floating rate borrowings and by entering into interest rate swaps and options to manage the interest rate exposure in accordance with the Treasury Policy.

NBN Co				
	Notional Amount \$m	Notional swapped from floating to fixed \$m	Notional swapped from fixed to floating \$m	Net exposure to floating interest rate risk \$m
At 30 June 2022				
Floating rate debt portfolio	13,861	10,860	(400)	3,401
At 30 June 2021				
Floating debt portfolio	8,413	5,600	-	2,813

Taking interest rate swaps into account, the proportion of debt exposed to floating rates is 13.75 per cent (30 June 2021: 11.85 per cent).

The notional maturity profile of the Company's interest rates swaps and options is as follows:

NBN Co						
	30 June 2022			30 June 2021		
	Within 1 year	1 to 5 years	Greater than 5 years	Within 1 year	1 to 5 years	Greater than 5 years
Cash flow hedges	-	7,910	4,950	-	4,000	1,600
Fair value hedges	-	400	-	-	-	-

As at 30 June 2022, the weighted average fixed interest rate swaps and options designated in hedge relationships was 1.27 per cent (30 June 2021: 0.75 per cent).

G. Our financial risk management continued

Interest rate risk management continued

Sensitivity analysis

Sensitivity analysis to interest rate movements, based on the translation of financial instruments at the end of the year is as follows:

	NBN Co	
	Impact on post-tax profit and equity 30 June 2022 \$m	Impact on post-tax profit and equity 30 June 2021 \$m
Interest rates +100 basis points	329	195
Interest rates -100 basis points	(352)	(206)

Sensitivity analysis to interest rates moving +/- 100 basis points on variable rate borrowings that are not hedged is -/+\$24 million on post-tax profit (30 June 2021: -/+\$20 million).

A sensitivity range of plus 100 basis points and minus 100 basis points has been selected as a reasonably possible shift in interest rates based on the current level of interest rates and historical volatility.

Credit risk exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. Counterparty exposure is measured as the total value of the exposures to all obligations of any single legal or economic entity (e.g. a group of companies). Credit risk is managed on a group basis. The Company manages its credit risk via Board approved policies that require a formal approval of new counterparties, credit limit monitoring by counterparty and ongoing monitoring and reporting to manage credit risk exposure. Credit risk arises from cash and cash equivalents and the net favourable position of derivative financial instruments, as well as credit exposures to Retail Service Providers.

The Company does not expect any significant losses from non-performance by any of these counterparties.

The Company’s maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as recorded in the Statement of financial position.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
Trade receivables		
<i>Counterparties with an external credit rating</i>		
AAA	7	2
A-	259	252
BB-	3	2
<i>Counterparties without an external credit rating¹</i>		
Group 1	3	8
Group 2	189	161
Group 3	6	3
Total	467	428
Cash at bank and short-term bank deposits		
AA-	113	1
Total	113	1
Derivative financial assets		
AA-	485	65
A+	594	24
A	278	43
A-	48	-
BBB	-	4
Total	1,405	136

1. Group 1 – new customers (less than six months).
 Group 2 – existing customers (more than six months) with no defaults in the past.
 Group 3 – existing customers (more than six months) with defaults in the past, subsequently remediated.

The Company did not have any material receivables that were past due or impaired at 30 June 2022 (30 June 2021: nil).

Liquidity risk

Liquidity risk refers to the risk of encountering difficulties in meeting obligations associated with financial liabilities. Liquidity risk management is associated with ensuring sufficient funds are available to meet financial commitments in a timely manner and planning for unforeseen events which may curtail cash flows and cause pressure on liquidity. The Company's financial liabilities are trade and other payables, finance lease liabilities, and borrowings.

The Company measures and manages liquidity risk through the liquidity ratio and by forecasting liquidity and funding requirements for the next four years as a minimum, which is reviewed annually by the Board as part of the Corporate Plan. In addition, the Company prepares and reviews a rolling monthly cash forecast. The risk of refinancing is reduced by ensuring that the Company's borrowings mature across different periods.

The total drawn and undrawn amounts across all available borrowings are included in Note C9.

G. Our financial risk management continued

Liquidity risk continued

Contractual maturities of financial assets and liabilities

The following table illustrates the maturities for financial assets and liabilities:

	NBN Co				
	Within 1 year \$m	1 to 5 years \$m	Greater than 5 years \$m	Total contractual cash flows \$m	Carrying amount (assets)/ liabilities \$m
At 30 June 2022					
Non-derivatives					
Trade and other payables	1,516	19	-	1,535	1,535
Other liabilities	97	384	-	481	481
Borrowings	551	15,635	5,056	21,242	18,204
Related party borrowings	252	6,628	-	6,880	6,375
Lease liabilities	1,308	4,175	19,460	24,943	10,951
Total	3,724	26,841	24,516	55,081	37,546
Derivatives					
Gross settled (Foreign exchange forwards)					
- inflow	124	-	-	124	(124)
- outflow	(118)	-	-	(118)	118
Gross settled (Interest rate swaps)					
- inflow	294	1,586	576	2,456	(2,167)
- outflow	(128)	(565)	(241)	(934)	865
Gross settled (Cross-currency interest rate swaps)					
- inflow	124	3,200	4,022	7,346	(6,174)
- outflow	(209)	(3,774)	(4,094)	(8,077)	6,246
Total	87	447	263	797	(1,236)
At 30 June 2021					
Non-derivatives					
Trade and other payables	1,635	6	-	1,641	1,641
Borrowings	126	8,458	2,715	11,299	10,618
Related party borrowings	523	14,245	-	14,768	13,200
Lease liabilities	1,333	4,101	19,818	25,252	10,819
Total	3,617	26,810	22,533	52,960	36,278
Derivatives					
Gross settled (Foreign exchange forwards)					
- inflow	153	-	-	153	(5)
- outflow	(149)	-	-	(149)	1
Gross settled (Interest rate swaps)					
- inflow	4	207	93	304	(292)
- outflow	(42)	(161)	(64)	(267)	257
Gross settled (Cross-currency interest rate swaps)					
- inflow	58	1,233	1,886	3,177	(2,888)
- outflow	(33)	(1,200)	(1,928)	(3,161)	2,807
Total	(9)	79	(13)	57	(120)

Fair value measurement of financial instruments

The Company uses the following fair value hierarchy for determining and disclosing the fair value of financial instruments.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs for the asset or liability are not based on observable market data (unobservable inputs).

Fair value of derivative assets and liabilities

The Company's derivative financial assets and liabilities are the only assets and liabilities carried at fair value in the Statement of financial position. The fair value of these instruments is determined using valuation techniques with observable market data, categorised as Level 2, other than PPA derivatives which are categorised as Level 3.

There has been no change in the valuation techniques applied and there were no transfers between hierarchy levels during the year.

Key estimates and judgements

Determination of the fair value of derivative assets and liabilities

There are several assumptions used in the determination of the fair value of the Company's derivative assets and liabilities, particularly in relation to the accounting for cross-currency interest rate swaps which use a trifurcation methodology between fair value and cash flow hedges. The fair value of derivatives used for hedging is determined using forward exchange rates at the reporting date and the present value of the estimated future cash flows based on observable yield curves, which if move significantly can cause material movements in the Statement of financial position.

Fair value of other financial instruments (excluding lease liabilities)

At 30 June 2022, the carrying value and fair value of the Company's non-current borrowings were \$9.9 billion and \$9.2 billion respectively. The difference between carrying value and fair value reflects the movements in underlying market interest rates between settlement date and reporting date for the Company's non-current borrowings. The carrying value of non-current borrowings were materially consistent with their fair values for the comparative period.

The Company has determined that the carrying value of the loan from the Commonwealth of Australia is materially consistent with its fair value at the reporting date. The fair value has been estimated using both observable and hypothetical unobservable inputs to determine a hypothetical cost of debt, which includes an estimate of an appropriate execution charge should this be replaced at the reporting date. Other assumptions are consistent with the terms of the loan.

The carrying amounts of the other financial instruments which are not measured at fair value are materially consistent with their fair value as at the reporting date.

H. Other financial information

This section provides information on further disclosures required by the Australian Accounting Standards and the *Corporations Act 2001* (Cth).

H1. Income tax expense

	NBN Co	
	30 June 2022 \$m	30 June 2021 \$m
For the year ended		
(a) Income tax benefit		
Deferred tax	399	1
Total	399	1
(b) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss before income tax	(1,867)	(3,838)
Tax at the Australian tax rate of 30% (2021: 30%)	560	1,151
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Current year tax losses not recognised	(492)	(1,040)
Temporary differences not recognised	(68)	(111)
Temporary differences recognised	399	1
Income tax benefit	399	1
(c) Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	29,226	27,585
Potential tax benefit at 30%	8,768	8,276
(d) Unrecognised temporary differences		
Deductible temporary differences for which deferred tax assets have not been recognised:		
Property, plant and equipment and Intangible assets	2,266	3,281
Provisions and accruals	232	318
Net temporary differences for which deferred tax assets have not been recognised	2,498	3,599
Unrecognised deferred tax asset relating to the above net deductible and taxable temporary differences	749	1,080

The cumulative amount of unrecognised tax losses of \$29,226 million (2021: \$27,585 million) may be available to offset against future income tax assessments when the Company generates taxable income.

The Company has recognised a deferred tax benefit of \$399 million for the current year. This relates to the recognition of previously unrecognised deductible temporary differences as a deferred tax asset to offset a deferred tax liability created as a result of the movement in the cash flow hedge reserve and cost of hedging reserve, which is recognised directly in the reserves to which it relates (see Note E2).

Effective tax rate

The non-recognition of deferred tax assets for deductible temporary differences and tax losses has led to NBN Co having an Australian accounting effective tax rate (ETR) of 0 per cent. If deferred tax assets had been fully recognised for deductible temporary differences and tax losses, NBN Co's Australian ETR would have been 30 per cent.

The above ETR has been calculated on the basis of income tax expense divided by accounting profit, in accordance with the requirements of the Board of Taxation's Tax Transparency Code.

Recognition and measurement

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax expense or benefit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

H2. Contingent assets and contingent liabilities

Recognition and measurement

Contingent assets and contingent liabilities are not recognised in the Statement of financial position, but are reported in this Note. They may arise from uncertainty as to the existence of an asset or liability or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable, but not virtually certain and contingent liabilities are disclosed when the likelihood of settlement is greater than remote but not probable. The details of NBN Co's significant contingent assets and liabilities are set out below:

Telstra Revised Definitive Agreements

Under the Telstra Revised Definitive Agreements, NBN Co has a right to undertake copper, HFC and associated passive infrastructure (API) pre-construction and construction works on Telstra's networks pre-asset transfer. NBN Co has indemnified Telstra against any loss or claim for death, personal injury or damage as well as contractual liabilities of Telstra to its customers arising as a result of NBN Co undertaking such works on Telstra's networks pre-asset transfer. To the extent that claims or damages could be reliably measured, adequate allowance has been made for resultant liabilities at the reporting date.

Legal action

As at 30 June 2022, NBN Co had no outstanding legal action that would materially impact the 30 June 2022 financial statements. However, from time to time, the Company may be subject to a lawsuit or proceedings for which it may be required, either by law or based on its business judgement, to make payments to settle or otherwise resolve matters.

H. Other financial information continued

H2. Contingent assets and contingent liabilities continued

Contractual related claims and disputes

Various claims and disputes arise from time to time in the ordinary course of business. Where the resolution (if any) cannot be measured with sufficient reliability, no asset or liability for these claims or disputes is recognised.

To the extent a resolution for claims or disputes is probable and could be reliably measured, and in the case of an asset the resolution is virtually certain, adequate recognition in the Statement of financial position has been made at the reporting date. The disclosure of any further information about claims or disputes would be prejudicial to the interests of the Company.

H3. Related party transactions

Parent entity

The prior year comparatives include the financial results of the Company and the subsidiaries it controlled for a portion of the period. During this period, the parent entity within the Group was NBN Co Limited. The Company's ultimate parent entity and ultimate controlling entity is the Commonwealth of Australia.

Acquisitions

There were no acquisitions in the year.

Subsidiaries

NBN Co has liquidated and deregistered NBN Tasmania Limited and NBN Co Spectrum Pty Ltd to simplify the operations of the Company. These wholly-owned subsidiaries ceased to be controlled by the Company on 2 October 2020 when the liquidators were appointed. All assets and liabilities of the subsidiaries were transferred to NBN Co Limited at carrying value.

Key management personnel

Disclosures relating to key management personnel are presented in Note D2.

Transactions with related parties

The following transactions occurred with related parties:

	NBN Co	
	30 June 2022 \$	30 June 2021 \$
For the year ended		
Loans from the Commonwealth of Australia		
Balance at 1 July	13,200,000,000	19,458,078,766
Loans advanced during the year	-	42,000,000
Loans paid during the period	(6,825,000,000)	(6,300,000,000)
Interest charged on government borrowings	336,032,038	690,632,896
Interest paid on government borrowings	(336,032,038)	(690,711,662)
Balance at 30 June	6,375,000,000	13,200,000,000

	NBN Co	
	30 June 2022 \$	30 June 2021 \$
For the year ended		
Significant transactions with our Shareholder Departments		
<i>Recognised in the Statement of profit or loss</i>		
Other operating income	42,050,349	-
<i>Recognised in the Statement of financial position</i>		
Other receivables	21,983,070	-
Contract liabilities	10,618,074	-
Other liabilities	480,000,000	3,574,634
<i>Recognised in the Statement of cash flows</i>		
Receipts from customers	10,618,074	-
Government grants received	496,492,645	3,574,634

During FY22, NBN Co received \$480 million grant funding from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts as part of the NBN Co Fixed Wireless and Satellite Upgrade Program, with NBN Co also contributing an estimated \$270 million of investment into the Program. NBN Co recognises grant income in profit or loss on a systematic basis aligned to the expenditure incurred by the Company for which the Grant is intended to compensate. As at 30 June 2022, NBN Co has recognised the full \$480 million as a deferred gain.

NBN Co has recognised \$33 million grant income from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts on behalf of the Commonwealth under the Regional Broadband Scheme (RBS). The RBS was established by Government to ensure there are long-term sustainable funding arrangements in place to provide essential broadband services to regional, rural and remote Australians. As at 30 June 2022, NBN Co had accrued income for the RBS Levy of \$22 million and \$11 million cash payments were received during the period.

NBN Co also receives a number of small individual grants from its Shareholder Departments, these are also included in the table above.

Other Directors' interests

Certain Directors of NBN Co are also Directors and/or shareholders of other companies that supply NBN Co with goods and services or acquire services from NBN Co. The contractual agreements governing these transactions are approved in line with NBN Co's delegated limits of authority. The Directors of NBN Co do not participate in the decisions to enter into these transactions, unless Board approval is required. Where Board approval is required and where a Director of NBN Co has a material personal interest, then in accordance with NBN Co's Conflict of Interest (Directors) (including External Securities Declaration of Interests) Policy, and as required by the *Corporations Act 2001* (Cth), the Director concerned will not vote upon the decision nor take part in the consideration of the relevant transaction.

Mr Malone is a Non-Executive Director of Speedcast International Limited. NBN Co had contracts with Speedcast Australia Pty Ltd and Speedcast Managed Services Pty Ltd, both subsidiaries of Speedcast International Limited. During the financial year ended 30 June 2021, the Company purchased certain assets from Speedcast Managed Services Pty Ltd and insourced the services performed by Speedcast Managed Services Pty Ltd on behalf of NBN Co. Mr Malone was not present when matters involving Speedcast were discussed by the Board in the prior year.

H. Other financial information continued

The following aggregate payments for goods and services (excluding GST) occurred with the above related parties:

For the year ended	NBN Co	
	30 June 2022 \$	30 June 2021 \$
Payments for various goods and services (excluding GST) from entities with common key management personnel	2,540,000	18,781,441

H4. Remuneration of auditors

Under Section 98 of the PGPA Act, the Auditor-General is responsible for auditing the financial statements of NBN Co Limited. On 4 December 2020, the Australian National Audit Office (ANAO) reappointed PwC as contractors to the financial statement audit process.

NBN Co has engaged PwC on assignments additional to their contract auditor duties and may decide to continue to do so, where their expertise and experience with the Company is important and no potential conflicts of interest exist. Any such engagement with PwC is subject to prior approval by the ANAO and having regard to their independence policies. The Directors are satisfied that the provision of advisory services by PwC did not compromise auditor independence requirements, having a specific regard to PwC's role as the contractor to the ANAO.

During the year, the following fees were paid or payable for services provided by the auditor and PwC:

For the year ended	NBN Co	
	30 June 2022 \$	30 June 2021 \$
Australian National Audit Office		
Audit of annual financial statements	2,497,591	2,626,200
Review of half-year financial statements	975,552	883,040
Audit of NBN Co reporting for Whole of Government financial statements	362,401	352,000
Total remuneration for audit and other assurance services	3,835,544	3,861,240
PwC Australia		
Other assurance related services		
- <i>Environmental, Social, and Governance (ESG) Assurance</i>	180,000	-
- <i>Regulatory audit and reviews</i>	470,000	435,000
- <i>Non-statutory audit and review in connection with the US debt raising</i>	192,000	204,000
- <i>Comfort letters issued in connection with the US debt raising</i>	1,000,000	1,451,942
- <i>Other services</i>	100,000	50,000
Total remuneration for other assurance related services	1,942,000	2,140,942
Other services		
- <i>Tax compliance</i>	18,000	16,000
- <i>Risk advisory services</i>	-	185,808
Total remuneration for other services	18,000	201,808
Total auditor's remuneration	5,795,544	6,203,990

H5. Other significant accounting policies

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Significant financial assets are tested for impairment individually. The remaining financial assets are assessed in groups that share similar credit risk characteristics.

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in AASB 15 *Revenue from Contracts with Customers*). Loss allowances are deducted from the gross carrying amount of the financial asset and recognised in profit or loss. ECLs are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate of the financial asset.

NBN Co has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e. by geographic region, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of financial position.

The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Interest income

The Company records interest income on an accruals basis. For financial assets, interest revenue is determined by the effective yield on the instrument.

Subscriber costs

Subscriber costs primarily include contractual payments to Telstra regarding the disconnection of services and to Optus regarding the migration of subscribers as well as expenditure for medical alarm and satellite subsidy schemes. Expenditure is recognised in the period as the disconnection or migration service is rendered.

H. Other financial information continued

H5. Other significant accounting policies continued

Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform- Phase 2

The Company adopted AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (AASB 2020-8) effective from 1 July 2020. The interest rate benchmark reform aims to discontinue Interbank Offered Rates (IBORs) and replace these interest rate benchmarks with alternate Risk Free Rates (RFRs). Phase 2 amendments enable the Company to reflect the effects of transitioning IBORs to RFRs without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Currently, the Phase 2 amendments only apply to certain currencies and as at 30 June 2022, the Company has borrowings and derivative financial instruments in both USD and JPY which are potentially impacted. Although the Company has no direct IBOR exposure to these currencies on account of the borrowings and derivative financial instruments being fixed rate in nature, some of the underlying hedge relationships reference IBOR, and as such, the Company needs to consider the impact of the IBOR reform on borrowings and derivative financial instruments issued in both these currencies.

During May 2022, the Company transacted a JPY Private Placement and hedged this using a cross-currency interest rate swap. To ensure compliance with the reform, the Company has transacted and valued its cross-currency interest rate swap with reference to the applicable RFR, Tokyo overnight average rate (TONAR), as opposed to the JPY Tokyo Interbank Offered Rate (TIBOR) rate.

As at 30 June 2022, the Company has designated cross-currency interest rate swaps based on USD London Interbank Offered Rate (LIBOR) swap rates, which will be impacted upon the discontinuation of USD LIBOR, which is expected in 2023.

The Company has performed an assessment of exposures linked to USD LIBOR as at 30 June 2022 below:

Notional in USD	Notional in AUD	Maturity	Hedge Relationship	Hedging Instrument (prior to transition)	Hedged Item	Transition Progress
USD 4.05 billion	AUD 5.42 billion	2026 to 2032	Fair Value Hedge	Receive benchmark interest rate (LIBOR3m) portion of USD coupon, pay LIBOR3m.	Benchmark interest rate (LIBOR3m) portion of USD coupons over the life of the bond.	The overall economics of the hedging transactions will not be modified as part of the transition process as there is no direct exposure to LIBOR, however, should any benchmark rates change this will be effected in the underlying hedge relationships.
			Cash Flow Hedge	Receive LIBOR3m, pay AUD BBSW3m combined with USD and AUD principal exchanges at effective and maturity date.	USD principal repayment of the bond from first repayment date until maturity of the bond.	At 30 June 2022, no hedging instruments or related hedged items linked to USD LIBOR have transitioned to alternative benchmark rates.
			Cash Flow Hedge	Receive USD margin above the benchmark interest component of the fixed USD coupon, pay AUD margin above the benchmark BBSW3m.	USD Margin above benchmark rate component of the USD fixed coupon payable on the bond (equivalent to credit margin on borrowing) over the term of the bond.	

New standards and interpretations available for early adoption

A number of standards, amendments and interpretations were applicable for the first time from 1 July 2021. These have not had a significant or immediate impact on the Company's financial statements.

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* is applicable for the first time from 1 July 2023. The amendments to this standard are not expected to have a material impact on the Company's financial statements.

I. Events occurring after the reporting period

Since the end of the financial year, the Company formally withdrew its Special Access Undertaking (SAU) variation proposal that was lodged with the Australian Competition and Consumer Commission (ACCC) in March and is planning to submit a revised SAU variation as soon as possible. The SAU is the regulatory instrument which provides the framework for pricing and other key terms on which the Company provides services to retail service providers. NBN Co remains committed to continue working closely with the ACCC, RSPs, Shareholder Ministers and other industry groups on the SAU variation process to ensure that an appropriate long-term regulatory framework is established for the future. This does not have any impact on the financial results or financial position of the Company as at 30 June 2022.

No other matter or circumstance has arisen since 30 June 2022 to the date of signing of this report, that has significantly affected, or may affect:

- The Company's operations in future financial years;
- The results of those operations in future financial years; and
- The Company's state of affairs in future financial years.

Directors' declaration

In the Directors' opinion:

- (1) The financial statements and notes set out on pages 130 to 184 are in accordance with the *Corporations Act 2001* and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), including:
 - (i) Complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date.
- (2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note A confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

Signed in accordance with a resolution of the Directors.



Kate McKenzie
Chair
4 August 2022



Stephen Rue
Chief Executive Officer
4 August 2022

Independent auditor's report



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the members of NBN Co Limited

Opinion

In my opinion, the financial report of NBN Co Limited for the year ended 30 June 2022 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of NBN Co Limited's financial position as at 30 June 2022 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report of NBN Co Limited, which I have audited, comprises the following as at 30 June 2022 and for the year then ended:

- Statement of profit or loss and other comprehensive income;
- Statement of financial position;
- Statement of changes in equity;
- Statement of cash flows;
- Notes to the financial statements, which include a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of NBN Co Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the matter
Accuracy and occurrence of telecommunications revenue <i>Refer to Note B1 Revenue and other income</i> NBN Co Limited reported telecommunications revenue of \$5,004.3 million for the year ended 30 June 2022. I consider that the recognition of telecommunication revenue is a key audit matter due to:	To audit the accuracy and occurrence of telecommunication revenue, I performed the following procedures: • evaluated the design, implementation and operating effectiveness of relevant manual, automated and IT general controls over NBN Co Limited's revenue recognition process. These include sample testing of the controls over the

- the high volume of transactions; and
 - multiple information technology (IT) systems and tools utilised in the initiation, processing and recording of transactions, including the application of product pricing, credits and rebates.
- interface between the key revenue systems and pricing change controls; and
- agreed a sample of telecommunication revenue transactions to supporting documents, such as evidence of ordering, billing and customer payment. As part of this sample test, I recalculated the price charged for each transaction and agreed it to the Wholesale Broadband Agreement that was in effect at the time of the transaction, including relevant credits and rebates.

Key audit matter

Valuation of derivatives

Refer to Note G 'Our financial risk management'

As at 30 June 2022, NBN Co Limited had derivative financial instruments of \$1,422 million assets and \$169 million liabilities.

NBN Co Limited has significant derivative financial instruments, specifically interest rate swaps and cross-currency interest rate swaps to hedge exposures to fluctuations in interest rates and foreign exchange rates.

The accounting for derivative financial instruments is considered a key audit matter due to:

- the judgements involved in determining the fair value of the derivative financial instruments, including the application of appropriate models and assumptions, such as the forward interest rate curves and credit risks; and
- the significant value of the hedged items and their corresponding derivative financial instruments and the complexity in applying hedge accounting (including the disclosure requirements) under the Australian Accounting Standards.

How the audit addressed the matter

In relation to the valuation of derivative financial instruments, I performed the following procedures:

- obtained confirmations from third parties or performed suitable alternative procedures to obtain evidence for the key terms of the derivatives at balance date;
- obtained an understanding of NBN Co Limited's policies and methodology in applying hedge accounting and assessed the appropriateness of the methodology and policies against the requirements of the Australian Accounting Standards;
- assessed the appropriateness of the methodology and assumptions adopted by NBN Co Limited to assess whether there was any evidence of error or bias in NBN Co Limited's calculation of the fair value of derivatives;
- evaluated the hedge accounting designations and hedge relationship documentation considering the requirements of the Australian Accounting Standards for a sample of derivatives; and
- examined NBN Co Limited's assessment of the effectiveness of hedging instruments in offsetting changes in cash flows of hedged items. Where there are ineffective portions of hedging instruments, I have assessed whether that was appropriately recognised in the statement of profit or loss and other comprehensive income.

Key audit matter

Accuracy and completeness of depreciation and amortisation expense

Refer to Note C3 'Property, plant and equipment' and Note C4 'Intangible assets'

NBN Co Limited's property, plant and equipment

How the audit addressed the matter

In relation to the accuracy and completeness of depreciation and amortisation, I performed the following procedures:

- considered ongoing developments to the business to assess useful lives applied

Independent auditor's report *continued*

and intangible assets combined were the largest balances on the Statement of financial position at year-end of \$34,629 million with depreciation and amortisation expense for the year ended 30 June 2022 of \$3,541 million.

I consider this to be a key audit matter because the calculation of the depreciation and amortisation expense, including the estimation of useful lives and cost allocations in the depreciation and amortisation calculations involves significant judgement and the use of complex manual depreciation models by NBN Co Limited.

- assessed the appropriateness of a sample of cost allocations in the manual depreciation calculations by comparison with the historical allocation of asset costs. These models are used to calculate depreciation for assets in use that are not yet transferred to the fixed asset register;
- re-performed the mathematical calculations for a sample of manual depreciation models; and
- tested the accuracy of a sample of in-service dates, which determine the commencement of depreciation and amortisation, to external and internal source documentation showing when construction or development was completed.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of NBN Co Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of NBN Co Limited to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate NBN Co Limited or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NBN Co Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NBN Co Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause NBN Co Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within NBN Co Limited to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the NBN Co Limited audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Grant Hehir
Auditor-General

Canberra
4 August 2022

Independent limited assurance report over selected sustainability performance metrics



To: The Board of Directors of the NBN Co Limited

Independent limited assurance report over selected sustainability performance metrics included in NBN Co Limited's Annual Report for the year ended 30 June 2022

Scope

In accordance with the terms of engagement letter dated 30 June 2022, we were engaged by NBN Co Limited to perform an independent limited assurance engagement in respect of selected sustainability performance metrics (the **Subject Matter**) contained within its Annual Report for the year ended 30 June 2022 (the **Annual Report**) in accordance with the Assurance Criteria (the **Criteria**).

Subject Matter

The Subject Matter included within the scope of our engagement comprised the following performance metrics contained in the Annual Report:

Social Performance Metrics for the year ended 30 June 2022:

- Females in management - 32.4%
- Gender pay gap - 1.1%
- Employee engagement score - 81%
- Total Recordable Injury Frequency Rate (TRIFR) - 2.3
- Activations – 8.5 million

Environmental Performance Metrics for the year ended 30 June 2021:

- Total Scope 1 and Scope 2 greenhouse gas emissions - 328,833 tCO₂e
- Total energy consumed - 1,515,814 GJ

The Subject Matter did not include data sets, statements, information, systems or approaches other than the selected sustainability performance metrics outlined in the Subject Matter and related disclosures; and neither management's forward-looking statements, nor any comparisons made against historical data.

Assurance Criteria

The Assurance Criteria against which we assessed the Subject Matter was prepared by NBN Co Limited and its Sustainability Basis of Preparation is attached as an Appendix to this letter to this limited assurance opinion.

Management's responsibilities

The Management of NBN Co Limited is responsible for the Subject Matter and for the preparation of the Subject Matter in accordance with the Criteria.

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Our Independence and Quality control

We have complied with relevant ethical requirements related to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and (ASAE 3410) *Assurance Engagements on Greenhouse Gas Statements*. These standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria, for the Period. The procedures we performed were based on our professional judgement and included:

- Enquiries of relevant staff responsible for preparing the Subject Matter;
- Enquiries about the design of internal controls and systems used to collect and process the Subject Matter;
- Where applicable, enquiries of third parties responsibility for the preparation of data included in the Subject Matter;
- Enquiries about the design of the systems used by third parties to collect and process the Subject Matter;
- Comparing the Subject Matter to relevant underlying sources on a sample basis;
- Reconciling the Subject Matter with underlying records;
- Undertaking analytical review procedures over data and obtaining explanations from management regarding unusual or unexpected amounts;
- Assessing the reasonableness of any material estimates made in preparing the Subject Matter; and
- Reviewing NBN Co Limited's Assurance Criteria to ensure that is appropriate for assurance and assessing the preparation and collation of the Subject Matter against the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independent limited assurance report over selected sustainability performance metrics *continued*



Use of report

This report was prepared for the Board of Directors of NBN Co Limited. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Board of Directors of NBN Co Limited, or for any purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations of any assurance engagements due to the selective testing of the information examined, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter with the Criteria, as it is limited primarily to making enquiries, of management, and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria, for the following periods:

- The Social Performance Metrics, for the year ended 30 June 2022; and
- The Environmental Performance Metrics, for the year ended 30 June 2021.

PricewaterhouseCoopers

PricewaterhouseCoopers

Rosalie Wilkie

Rosalie Wilkie
Partner

Sydney
4 August 2022



Appendix – Sustainability Basis of Preparation

Metric	Basis of Preparation
Total recordable injury frequency rate (TRIFR)	Total recordable injury frequency rate (TRIFR) is the total number of recordable injuries per million hours worked. TRIFR includes work related injuries that relate to an NBN Co workplace or NBN Co activity undertaken by an NBN Co employee or contractor or delivery partner (DP) employee or contractor that resulted in: fatality, permanent disability injury/illness (PDI), work-related injury/illness resulting in lost time (LTI), restricted work injury (RWI) or medical treatment injury (MTI). It does not include any first aid injury/illness. TRIFR is a rolling annual metric and is significantly reliant upon information provided by DPs and their contractors who undertake and complete field related activities, which includes but is not limited to network construction, customer connections and network assurance and maintenance activities. NBN Co's first priority is the safety of its people and as a result requires that all incidents are reported for evaluation. To enhance the comparability of the TRIFR metric across various periods and to measure performance against other lead and lag metrics and the broader HSE control environment, a NBN Co authorised person reviews each incident and its associated specific facts, including the environmental surroundings where the incident occurred, when determining whether an incident should be classified as a reportable work-related injury. As a consequence of this review, incidents such as animal bites and incidents occurring on the journey to-or-from home premises may be excluded from reportable injuries.
Gender pay gap	Gender pay gap is calculated as the difference between the average male annualised total fixed remuneration (TFR) and the average female annualised TFR divided by the average male annualised TFR as at period end. Total fixed remuneration includes base salary and superannuation but excludes bonuses or other discretionary remuneration. Proportional full-time equivalent of TFR is annualised in the calculation. Employees who have not designated as either male or female are excluded from the calculation. $(\text{Average Male Annualised TFR} - \text{Average Female Annualised TFR}) / \text{Average Male Annualised TFR}$.
Females in management	Females in management is the number of females in management positions expressed as a percentage of total management positions at the period end. Management is defined as those employees in a Senior Manager grade or above, including Executive Manager, General Manager, Executive GM, and CEO/Executive Committee. Employees who have not designated as either male or female are excluded from the calculation.
Employee engagement	Employee engagement is measured as the percentage of favourable responses, being a rating of 'agree' or 'strongly agree', to the following questions in NBN's annual CultureAmp survey: - Given the opportunity I can see myself working here in the future - I would recommend NBN as a place to great place to work - I am proud to work here - NBN motivates me to go beyond what I would in a similar role elsewhere
Activations	The number of homes and businesses connected to a plan over the nbn™ access network through a phone and internet provider (rounded to the nearest 100,000).
Total Scope 1 & 2 emissions and electricity consumed	NBN's Scope 1 and Scope 2 carbon emissions and electricity consumed have been measured in accordance with the criteria set out in the following: - Section 19 of the National Greenhouse and Energy Reporting Act 2007 ("the NGER Act") - National Greenhouse and Energy Reporting Regulations 2008 ("NGER Regulations") - National Greenhouse and Energy (Measurement) Determination 2008 ("the NGER (Measurement) Determination").



Regulatory Report

The Regulatory Report provides information on NBN Co's compliance with the applicable laws and regulations.



A number of matters are disclosed in the main body of the Annual Report. Other matters are disclosed in this Regulatory Report.

NBN Co is subject to various reporting requirements including (but not limited to) under the:

- *Public Governance, Performance and Accountability Act 2013*
- *Corporations Act 2001*
- *Freedom of Information Act 1982*
- *Public Interest Disclosure Act 2013*
- *Superannuation Benefits (Supervisory Mechanisms) Act 1990*
- *Work Health and Safety Act 2011*
- *Environment Protection and Biodiversity Act 1999*
- *National Greenhouse and Energy Reporting Act 2007.*

The regulatory reporting requirement index on pages 204 to 208 shows where the relevant information can be found in this Annual Report.

Legislation

The *National Broadband Network Companies Act 2011* (NBN Co Act) is a standalone law which establishes:

- NBN Co's ownership arrangements and wholesale mandate
- Certain line of business restrictions on NBN Co
- A framework for access to telecommunications transmission towers owned or operated by NBN Co
- The framework for the eventual privatisation of NBN Co.

NBN Co ownership and structure

Under the NBN Co Act, the Commonwealth must retain ownership of NBN Co until at least:

- The Communications Minister has declared that the **nbn**[®] network is built and fully operational
- The Productivity Minister has tabled a Productivity Commission inquiry report in both Houses of Parliament
- The Parliamentary Joint Committee on the ownership of NBN Co has examined the report
- The Finance Minister has declared that conditions are suitable for NBN Co sale scheme.

Corporate Plan

NBN Co published the Corporate Plan 2022-25, which covers the reporting periods of FY22 to FY25 inclusively, in August 2021. NBN Co has also prepared a draft Corporate Plan for the reporting periods 2023-26.

Objective

NBN Co's key objective is to ensure all Australians have access to fast broadband as soon as possible, at affordable prices, and at least cost.

To achieve this objective, the **nbn**[®] network has been structured as a wholesale-only access network available on equivalent terms to all access seekers.

This is intended to level the playing field for Australian telecommunications and create real and vibrant competition within the industry.

Commonwealth Government policies

NBN Co's objectives are set by the Shareholder Ministers in a document referred to as a Statement of Expectations (SoE), which is supplemented from time to time by policy directives and correspondence. NBN Co's current objectives are set out in the 26 August 2021 SoE, which outlines the Australian Government's commitment to complete the **nbn*** network and ensure all Australians have access to fast broadband as soon as possible, at affordable prices and at least cost.

The Commonwealth Government expects that NBN Co will use flexible discretion in the design, build and operation of the **nbn*** network, within the estimated funding requirements. The Commonwealth Government expects NBN Co to provide download data rates of at least 25Mbps at the wholesale level to all premises and at least 50Mbps at the wholesale level to 90 per cent of Australian fixed-line premises¹.

The Commonwealth Government expects the Company to operate in an appropriately transparent manner and to take proportionate responsibility for the quality, consistency and continuity of service experienced by Retail Service Providers and end customers.

The Commonwealth Government's vision for NBN Co is that it operates as a commercial entity. NBN Co has been established as a wholly-owned Government Business Entity (GBE).

NBN Co has adopted a holistic security framework, aligning its overall security compliance with Australian Government security requirements and telecommunications regulatory obligations. The multi-disciplinary NBN Co Security Group, supported by investment in cyber security and independent security reviews, provides a balanced security team committed to protecting NBN Co's reputation, people, assets and information.

Parliamentary oversight

Responsible Minister

NBN Co has two Shareholder Ministers. As at the date of this report these were the Minister for Communications, the Hon Michelle Rowland MP, and Minister for Finance, Women, and Public Service, Senator the Hon Katy Gallagher.

Reporting requirements and transparency

As part of regular reporting to the Commonwealth Government and Parliament, NBN Co provides regular reporting to its Shareholder Ministers and the public in accordance with the Government's requirement for a high degree of transparency of the project. This includes weekly online reporting of key network deployment metrics, monthly reports to Shareholder Ministers and quarterly financial and operational updates for stakeholders.

Parliamentary and other Committees

During FY22, NBN Co appeared before the Environment and Communications Legislation Committee for Supplementary Estimates and Additional Budget Estimates 2021-2 hearings, as well as Budget Estimates 2022-3 hearing (three hearings).

NBN Co also made one appearance before the Senate Select Committee on Job Security, and responded to a request for additional information from the Joint Standing Committee on the National Broadband Network.

NBN Co lodged 118 Indexed Questions on Notice for FY22, in addition to the questions answered during hearings.

During FY22, NBN Co lodged a number of 'significant event notices' with the Commonwealth Government in accordance with the *Public Governance, Performance and Accountability Act 2013*. No Ministerial directions were received by NBN Co during FY22 (FY21: nil).

1. The **nbn*** network is being designed to provide these peak speeds to NBN Co's Retail Service Providers at **nbn*** network boundary.

Superannuation benefits

During FY22, NBN Co complied with all relevant guidelines and made no significant changes to superannuation arrangements for employees.

Work Health and Safety Act 2011

Our safety performance

In FY22, NBN Co’s TRIFR¹ for employees and contractors increased from 2.2 to 2.3. However the Lost Time Injury Frequency Rate (LTIFR) increased from 0.8 to 0.9 for employees and contractors.

Indicator	FY22	FY21
TRIFR ¹ – employees and contractors	2.3	2.2
TRIFR ¹ – employees	3.2	2.4
TRIFR ¹ – contractors	1.8	2.0

1. Total Recordable Injury Frequency Rate (TRIFR) is the total number of recordable injuries per million hours worked. TRIFR includes work related injuries that relate to an NBN Co workplace or NBN Co activity undertaken by an NBN Co employee or contractor or delivery partner (DP) employee or contractor that resulted in: fatality, permanent disability injury/illness (PDI), work-related injury/illness resulting in lost time (LTI), restricted work injury (RWI) or medical treatment injury (MTI). It does not include any first aid injury/illness. TRIFR is a rolling annual metric and is significantly reliant upon information provided by DPs and their contractors who undertake and complete field related activities, which includes but is not limited to network construction, customer connections and network assurance and maintenance activities. NBN Co’s first priority is the safety of its people and as a result requires that all incidents are reported for evaluation. To enhance the comparability of the TRIFR metric across various periods and to measure performance against other lead and lag metrics and the broader HSE control environment, an NBN Co authorised person reviews each incident and its associated specific facts, including the environmental surroundings where the incident occurred, when determining whether an incident should be classified as a reportable work related injury. As a consequence of this review, incidents such as animal bites and incidents occurring on the journey to-or-from home premises may be excluded from reportable injuries.

In FY22, NBN Co notified Comcare of 13 work health and safety incidents. NBN Co did not receive any notices under Part 10 of the Work Health and Safety Act.

Where appropriate, we conducted investigations in line with our NBN Co HSE Incident Management Procedure. NBN Co’s Delivery Partners also conduct investigations in line with our HSE Incident Management Procedure for Contractors.

Additional quality metrics for Delivery Partner investigations were introduced in FY22.

Refer to pages 40 to 45 for further information on NBN Co’s health and safety performance.

Environment Protection and Biodiversity Conservation Act 1999

As a Commonwealth GBE, NBN Co reports each year in compliance with Section 516A of the EPBC Act 1999 on the following matters:

- how the activities of NBN Co accorded with the principles of ecologically sustainable development (ESD)
- the effect of NBN Co’s activities on the environment
- measures being taken to minimise the impact of activities by NBN Co on the environment and the mechanisms for reviewing and increasing the effectiveness of these measures.

Accordance with and contribution to Ecologically Sustainable Development (ESD)

At NBN Co we value the environment. NBN Co aims to build and operate a network that minimises energy use and has minimal impact on the environment.

The National Strategy for Ecologically Sustainable Development defines the goal of ESD as ‘development that improves the total quality of life, both now and in the future, in a way that maintains the ecological processes on which life depends’ and therefore references to the integration, precautionary, intergenerational, biodiversity and valuation ESD principles. NBN Co has an ongoing commitment to ESD principles as articulated in our HSE Policy and embedded into business activities via our HSE Management System, standards and approach to sustainability, which is supported by the Company’s Sustainability Program.

In FY22, the HSE management system maintained certification to ISO 14001:2015 Environmental Management System.

During FY22, this was demonstrated by:

- evolving, operating and maintaining the **nbn**® network that aims to deliver access to high-speed broadband to all Australians. The network supports Australia's economic growth and evolution towards a digitised society and economy. Access to broadband will help to improve resource efficiency and reduce reliance on travel. The network will support innovation, benefit the health, education and wealth of Australians, and act as a digital enabler for a lower carbon future (Integration and Intergenerational Principle)
- implementing a company-wide Sustainability Program and FY22 Action Plan, focusing on social, economic and environmental considerations across six material topics; social equity, economic contribution, resilient network, climate action, diversity and inclusion and transparent and accountable business (Integration Principle)
- implementing energy efficiency projects to reduce energy consumption and greenhouse gas emissions (Precautionary Principle)
- completing waste audits of technical and operational facilities to identify improvement opportunities (Precautionary Principle)
- recycling additional waste streams from NBN Co's operational activities including supporting Delivery Partners to improve their recycling performance (Intergenerational Principle)
- completing a company-wide climate change risk assessment, to help identify the risks and associated financial costs of climate change impacts (Precautionary and Valuation Principle)
- simplification of NBN Co's environment and heritage due diligence processes through the introduction of the Constraints and Access Report. This simplified process enables all contractors to fulfil NBN Co requirements more efficiently for identification and mitigation of harm to environment and heritage values (Biodiversity Principle).

Our environment performance

The table below provides an estimate of NBN Co's scope 1 and 2 greenhouse gas emissions and energy consumption for FY22 in comparison with prior years' externally assured data (as reported to the Clean Energy Regulator).

Indicator	FY22 Estimate - rounded to thousands (k) and millions (m)	FY21	FY20	FY19
Scope 1 GHG emissions (tCO ₂ -e)	4k	4k	5k	5k
Scope 2 GHG emissions (tCO ₂ -e)	314k	325k	294k	259k
Scope 1 and 2 GHG emissions (tCO ₂ -e)	318k	329k	299k	264k
Energy consumed (GJ)	1.5m	1.5m	1.4m	1.2m

NBN Co is subject to the reporting requirements in the *National Greenhouse and Energy Reporting Act 2007*. The Act requires NBN Co to report its annual Australian greenhouse gas emissions, energy consumption and energy production. NBN Co will submit its final, externally assured report for FY22 energy and greenhouse gas emissions data to the Clean Energy Regulator in October 2022.

During FY22, NBN Co did not receive any official cautions or prosecutions under any environmental or cultural regulations. However, a \$1,500 Penalty Infringement Notice was received from the then New South Wales Department of Planning, Industry and Environment (now the Department of Planning and Environment), in relation to offences under the National Parks and Wildlife Act 1974 (NSW).

Freedom of Information report

Subject to relevant exemptions from release, the *Freedom of Information Act 1982* (FOI Act) gives members of the public a general right of access to documents held by Australian Government agencies, Ministers and Government Business Enterprises, such as NBN Co. In addition to the general exemptions under the FOI Act, Parliament has determined that documents relating to NBN Co’s commercial activities are exempt from the operation of the FOI Act. Similar exemptions operate for other Commonwealth businesses, and research and other organisations, such as Australia Post, CSIRO and Comcare.

During FY22, NBN Co received 46 new FOI requests, carried forward 9 from FY21, finalised 50 requests under the FOI Act and carried over 5 FOI requests into the next financial year.

Those applications were processed as follows:

Granted in full	3
Granted in part	0
Access refused	6
No documents held	1
Request transferred	0
Application withdrawn	40

The Office of the Australian Information Commissioner (OAIC) did not initiate any reviews concerning any of NBN Co’s FOI determinations or FOI processes in FY22.

Five OAIC reviews are still pending, while no other Information Commissioner Reviews were closed in FY22. In addition, NBN Co was not subject to any reviews or appeals at the Administrative Appeals Tribunal.

How to make FOI requests

NBN Co recognises that information is a vital and an invaluable resource, both for the Company and for the broader Australian community. NBN Co promotes a pro-disclosure culture, with the goal of creating an organisation that is open, transparent and accountable. As such, a large amount of information is freely available on NBN Co’s website.

To make an FOI request, applicants should apply in writing and:

- specify that documents are being sought for the purposes of the FOI Act
- provide a postal or email address where correspondence can be sent. A telephone number will also help in case further information is required
- describe as clearly as possible the information being sought, including any reference numbers or details that may assist in identifying specific material.

FOI applications can be emailed to: FOlofficer@nbnco.com.au

Or posted to:
FOI Officer NBN Co Limited
Level 13, 100 Mount Street
North Sydney NSW 2060

Information publication scheme

Part 2 of the FOI Act requires Commonwealth Government agencies, Ministers and certain Government Business Enterprises (GBEs) to establish an Information Publication Scheme (IPS). As a GBE, NBN Co is required to adhere to the IPS provisions and outline the Company's obligations to provide the Australian community with access to information regarding the Company's operations, activities and other matters.

In addition to publishing a broad range of information on the website, NBN Co has published its IPS Plan, which explains how the Company implements and administers its IPS. This may be found at the following: <http://www.nbnco.com.au/corporate-information/about-nbn-co/freedom-of-information/information-publication-scheme.html>

While section 7(2) and section 7(3A) of the FOI Act exempts NBN Co from releasing information relating to its commercial activities, NBN Co regularly releases information about its operations on a proactive basis. NBN Co's objective is to continue along this path without compromising its commercial, business or operational objectives, or those of its business partners.

NBN Co welcomes input from the community regarding its IPS, along with suggestions regarding information that our Company might consider publishing. In that regard, please forward any comments or suggestions to the FOIofficer@nbnco.com.au. If NBN Co is unable to publish the information requested, NBN Co staff will be in contact to discuss the reasons that the information was unavailable. NBN Co will also endeavour to provide other options regarding information that may be available.

Privacy and access to personal information

Under the Privacy Act 1988 individuals have, subject to certain exceptions permitted by law, a right to request access to their personal information. For further information, please refer to NBN Co's Privacy Policy, available on our website.

Individuals may apply for access to their personal information held by NBN Co by writing to:

Privacy Officer NBN Co Limited
Level 13, 100 Mount Street
North Sydney NSW 2060

Or email to: privacyofficer@nbnco.com.au

Other matters

During FY22, no reports on NBN Co were given by any of the Commonwealth Ombudsman, Office of the Australian Information Commissioner or Australian Securities and Investment Commission.

Workforce statistics

Paragraph 28E(ga) of the PGPA Rule requires the publication of statistics on the number of employees of the Company (with reference to ongoing and non-ongoing employees), at the end of the reporting period and the previous reporting period, in relation to each of the following:

- full-time employees
- part-time employees
- gender
- location

NBN Co's workforce statistics are provided in the tables below.

Employment by classification and gender as at 30 June 2022	Ongoing	Non-Ongoing	Total
Male	3,198	27	3,225
Female	1,452	12	1,464
Indeterminate, Intersex or Unspecified	6	33	39
Total	4,656	72	4,728

Employment by classification and gender as at 30 June 2021	Ongoing	Non-Ongoing	Total
Male	3,353	37	3,390
Female	1,528	33	1,561
Indeterminate, Intersex or Unspecified	-	-	-
Total	4,881	70	4,951

Employment type by full-time, part-time status as at 30 June 2022	Ongoing	Non-Ongoing	Total
Full-time	4,581	71	4,652
Part-time	75	1	76
Total	4,656	72	4,728

Employment type by full-time, part-time status as at 30 June 2021	Ongoing	Non-Ongoing	Total
Full-time	4,795	67	4,862
Part-time	86	3	89
Total	4,881	70	4,951

Employment type by location as at 30 June 2022	Ongoing	Non-Ongoing	Total
ACT	26	-	26
NSW	1,599	38	1,637
NT	4	-	4
QLD	396	6	402
SA	101	-	101
TAS	36	-	36
VIC	2,379	27	2,406
WA	115	1	116
Total	4,656	72	4,728

Employment type by location as at 30 June 2021	Ongoing	Non-Ongoing	Total
ACT	30	-	30
NSW	1,748	40	1,788
NT	5	-	5
QLD	381	3	384
SA	103	1	104
TAS	38	-	38
VIC	2,464	25	2,489
WA	112	1	113
Total	4,881	70	4,951

Regulatory reporting requirements index

For the year ended 30 June 2022

Section	Subject	Location	Pages
Public Governance, Performance and Accountability Act 2013 (PGPA Act)			
s. 97	Financial Report	Financial Report	128-185
	Directors' Report	Directors' Report	12-81
	Auditor's report	Independent auditor's report	186-189
Corporations Act 2001			
s. 295	Financial statements	Financial Report	130-133
	Notes to financial statements	Financial Report	134-184
	Directors' declaration	Directors' declaration	185
s. 298 - s. 300	Directors' Report	Directors' Report	12-81
s. 301 and s. 308	Audit of annual report and auditor's report	Independent auditor's report	186-189
Public Governance, Performance and Accountability Rule 2014			
28E	Contents of Annual Report		
28E (a)	The purposes of the company as included in the company's corporate plan for the reporting period.	Regulatory Report	194
28E(aa)	The results of a measurement and assessment of the company's performance during the period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets included in the company's corporate plan for the period.	Directors' Report	12-61
28E (b)	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers.	Regulatory Report	197
28E (c)	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period.	Regulatory Report	197
28E (d)	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act.	Regulatory Report	197
28E (e)	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the company during the reporting period under section 93 of the Act.	Not applicable	Not applicable
28E (f)	Information on each director of the company during the period.	Directors' Report	68-74
28E (g)	An outline of the organisational structure of the company (including any subsidiaries of the company).	Financial Report	178

Section	Subject	Location	Pages
28E (ga)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics of full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location	Regulatory Report	202-203
28E (h)	An outline of the location (whether or not in Australia) of major activities or facilities of the company.	Directors' Report	12-81
28E (i)	Information in relation to the main corporate governance practices used by the company during the reporting period.	Corporate Governance Statement	102-126
28E (j), 28E (k)	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision-making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions.	Not applicable	Not applicable
28E (l)	Any significant activities or changes that affected the operations or structure of the company during the reporting period.	Directors' Report	80
28E (m)	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company.	Regulatory Report	Not applicable
28E (n)	Particulars of any report on the company given by: (i) the Auditor-General; or (ii) a Parliamentary Committee; or (iii) the Commonwealth Ombudsman; or (iv) the Office of the Australian Information Commissioner; or (v) the Australian Securities and Investments Commission.	Independent auditor's report Regulatory Report Regulatory Report Regulatory Report Regulatory Report	i: 186-189 ii-v: 201
28E (o)	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report.	Not applicable	Not applicable
28E (oa)	Information about executive remuneration	Remuneration Report	83-101

Section	Subject	Location	Pages
28E (ob)	The following information about the audit committee for the company:		
	(a) a direct electronic address of the charter determining the functions of the audit committee;	Corporate Governance Statement	105
	(b) the name of each member of the audit committee	Corporate Governance Statement	113
	(c) the qualifications, knowledge, skills or experience of each member of the audit committee;	Directors' Report	68-74
	(d) information about each member's attendance at meetings of the audit committee;	Directors' Report	75
	(e) the remuneration of each member of the audit committee.	Corporate Governance Statement	113
28E (p)	An index identifying where the requirements of this section and section 28F (if applicable) are to be found.	Regulatory index	204-208
28F	Disclosure requirements for Government Business Enterprises		
28F (1)(a) (i)	An assessment of significant changes in the company's overall financial structure and financial conditions.	Directors' Report	56-61
28F (1)(a) (ii)	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition.	Directors' Report	62-67
28F (1)(b)	Information on dividends paid or recommended.	Directors' Report	80
28F (1)(c)	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations.	Not applicable	Not applicable
28F (2)	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise. However, information may be excluded if the directors of the government business enterprise believe, on reasonable grounds, that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise. The annual report must state whether such information has been excluded.	Not applicable	Not applicable

Section	Subject	Location	Pages
<i>Work Health and Safety Act 2011</i>			
Sch 2, cl 4(2)(a)	Initiatives taken during the year to ensure the health, safety and welfare of workers who carry out work for the entity.	Directors' Report	40-45
Sch 2, cl 4(2)(b)	Health and safety outcomes (including the impact on injury rates of workers) achieved as a result of initiatives mentioned under clause 4(2)(a) or previous initiatives.	Directors' Report	40-45
Sch 2, cl 4(2)(c)	Statistics of any notifiable incidents of which the entity becomes aware during the year that arose out of the conduct of businesses or undertakings by the entity.	Directors' Report	40-45
Sch 2, cl 4(2)(d)	Any investigations conducted during the year that relate to businesses or undertakings conducted by the entity, including details of all notices given to the entity during the year under Part 10 of the Work Health and Safety Act 2011.	Directors' Report	40-45
Sch 2, cl 4(2)(e)	Such other matters as are required by guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit.	Directors' Report	40-45
<i>Environment Protection and Biodiversity Conservation Act 1999</i>			
s. 516A(4) and (6)	Report on the implementation of the Ecologically Sustainable Development program within NBN Co including social, economic, culture and environmental performance.	Regulatory Report	198
<i>Superannuation Benefits (Supervisory Mechanisms) Act 1990</i>			
s. 6(1)(b)	Report on establishment and operation of the superannuation arrangement under which the benefits are provided.	Regulatory Report	198
<i>The Freedom of Information Act, 1982</i>			
s. 93	Provide information to the Information Commissioner (IC).	Regulatory Report	200

Section	Subject	Location	Pages
National Greenhouse and Energy Reporting Act 2007			
s. 19	Report to be given to the Regulator: (1) A corporation registered under Division 3 of Part 2 must, in accordance with this section and in respect of each financial year mentioned in subsection (2) provide a report to the Regulator relating to the: (a) greenhouse gas emissions; (b) energy production; (c) energy consumption. from the operation of facilities under the operational control of the corporation and entities that are members of the corporation's group, during that financial year. (2) A report under subsection (1) is required for: (a) the corporation's trigger year (within the meaning of subsection 12(1) or (3)); and (b) any financial year in which the corporation is registered at the end of that year.	The Regulatory Report contains estimated FY22 greenhouse gas emissions, energy consumption and energy production data. Actual FY22 data will be subject to external assurance and will be submitted to the Clean Energy Regulator in October 2022	199

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