

2023 Sustainability Bond Report



7 August 2023

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About NBN Co

The Company's purpose is to lift the digital capability of Australia

Established in 2009 as a Government Business Enterprise (GBE), the principal responsibility of NBN Co (NBN Co or the Company) is to operate and continue to build and upgrade the **nbn**[®] network in accordance with the expectations of the Government.

NBN Co works to fulfil the objectives set out by its Shareholder Ministers in a Statement of Expectations (SoE). The Government issued NBN Co with a revised SoE in December 2022.¹

The revised SoE confirms the Government will retain NBN Co in public ownership for the foreseeable future and that NBN Co will provide fast, reliable and affordable connectivity across Australia. This connectivity is essential to enabling access to key services, maximising employment and educational opportunities, and driving productivity and economic growth.

NBN Co will enhance Australia's digital connectivity by delivering services to meet the current and future needs of households, communities and businesses, and promoting digital inclusion and equitable access to affordable and reliable broadband services. NBN Co will operate on a commercial basis, drive efficiency and innovation and meet the highest standards of transparency, governance and accountability.

1. nbn.com.au/StatementofExpectations22



Sustainability Approach

Embedding sustainability across 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’s Sustainability Approach¹ recognises how both social and environmental themes are interdependent, act as a system, and are enabled and controlled by governance. Taking action on Environmental, Social and Governance (ESG) themes creates and protects value for NBN Co and its stakeholders.

The Company’s Sustainability Approach is underpinned by an evidence-based, risk management approach, including materiality assessment and alignment to the latest climate science and international standards and frameworks.

NBN Co’s Sustainability Approach



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

Governing NBN Co's Sustainability Approach




NBN Co's Sustainability Sub-Committee of the Executive Committee consists of six members and is responsible for the endorsement of the Sustainability Approach as well as overseeing the implementation of the Sustainability Program of Work. In FY23, the committee met quarterly and supported the integration of sustainability into business processes and programs. The Sustainability Sub-Committee of the Executive Committee reports to the Board regularly. The role of the Board is to oversee and monitor the effectiveness of NBN Co's Sustainability Governance Framework, strategy and associated actions; management of material social and environmental risks, issues and opportunities and associated non-financial (sustainability) reporting and disclosure requirements.¹

The four governance levers within NBN Co's Sustainability Approach - which are sustainability governance, culture and capability, collaborative partnerships and sustainable finance - enable and control action on NBN Co's social and environmental focus areas. The Sustainability Governance Framework underpins the implementation of the Company's sustainability strategy by outlining the arrangements for these four levers, supporting accountability for action, performance monitoring and reporting, and strengthening relationships between internal and external stakeholders.

Sustainability Program of Work

NBN Co's Sustainability Approach is supported by the FY23/24 Sustainability Program of Work (refer to table below). The NBN Co Sustainability Approach has an objective for each Environmental, Social and Governance theme to address current and anticipated emerging expectations of stakeholders. An understanding of stakeholder expectations is obtained through the Company's sustainability materiality assessment and ongoing engagement with stakeholders including investors and external subject matter experts. The FY23/24 Sustainability Program of Work will help support NBN Co in meeting its Environmental, Social and Governance objectives through key initiatives.

NBN Co FY23/24 Sustainability Program of Work.

	<p>Objective Operate a climate-resilient, resource-efficient network and business, aligned with the latest climate science, which protects the natural environment.</p>	<ul style="list-style-type: none"> • Develop a Climate Transition Plan including mitigation and adaptation actions to address physical climate change impacts • Explore how NBN Co can support Australia's transition to a net-zero economy through product and service solutions • Explore how circular economy principles can be leveraged for NBN Co through a circularity framework and strategy
	<p>Objective Enhance and protect social value by lifting the digital capability of Australia and enabling equity across our value chain.</p>	<ul style="list-style-type: none"> • Deliver diversity, equity and inclusion strategy and workplans • Release and deliver Reconciliation Action Plan (RAP) • Deliver digital inclusion programs • Deliver modern slavery workplan actions • Appraise and develop/explore a Social Value Framework for NBN Co
	<p>Objective Manage our environmental and social risks, opportunities and issues through sustainability governance, sustainable finance, maturing our culture and capability and collaborative partnerships.</p>	<ul style="list-style-type: none"> • Embed sustainability throughout NBN Co including governance arrangements, to enable culture change • Transition to Integrated Reporting and commence Carbon Disclosure Project (CDP) and Green Bond impact reporting • Develop Sustainability Governance Framework, to provide clarity for action on material sustainability risks, issues and opportunities

1. NBN Co Board Charter - <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/board-charter-20221216.pdf>

Supporting Australia's transition to a net-zero emissions economy

The Commonwealth Government of Australia through the Climate Change Act 2022¹ has legislated a target to reduce emissions by 43 per cent compared with 2005 levels by 2030 and committed to achieve net-zero emissions by 2050. This new target will make a responsible contribution to global efforts to keep 1.5°C of warming within reach.²

Through enabling digital connectivity, the **nbn**[®] network has the potential to enable reductions in emissions and reduce climate risks for homes and businesses across Australia. NBN Co will also reduce its own energy demand, and enable access to new modes of work to help businesses operate effectively.

While research has found that 'the emissions avoided through the use of Information and Communication Technologies (ICT) are nearly ten times greater than the emissions generated by deploying it'³, emissions in the ICT sector must dramatically reduce in line with the latest climate science.

Climate Mitigation and NBN Co

NBN Co is committed to setting and delivering long-term greenhouse gas emissions reduction targets and achieving net-zero emissions via the Science Based Targets initiative (SBTi)⁴. NBN Co's long-term greenhouse gas emissions reduction targets will be consistent with meeting and exceeding the Government's commitment to net-zero emissions by 2050.

As mitigating the effects of climate change requires action now, NBN Co has set near-term science-based emissions reduction targets, which have been validated by the SBTi (refer to below table). Progress against NBN Co's science-based emission reduction targets is reported within the Company's Annual Reports and Sustainability Data Book.

NBN Co's near-term emissions reduction targets validated by the SBTi.

Emissions Scope	Target(s)
Scope 1 & 2 – Direct (Fuel/electricity emissions)	NBN Co commits to reduce absolute scope 1 and 2 GHG emissions by 95 per cent by FY30, from a FY21 base year
Scope 3 – Supplier (Supply chain emissions)	NBN Co commits that 80 per cent of suppliers by spend covering purchased goods and services, capital goods, and downstream transportation and distribution will have science-based targets by FY27
Scope 3 – Customer (Use of products emissions)	NBN Co commits to reduce scope 3 GHG emissions by 60 per cent per customer device by FY30, from a FY21 base year.

In response to the risk and opportunities from climate change, NBN Co is developing a Climate Transition Plan (CTP). The CTP aims to align the Company's operations and planning, and capital expenditure, with its decarbonisation goals, whilst managing physical and transition climate risks to the **nbn**[®] network and business. The final CTP will be endorsed by the Board and governed by the Sustainability Sub-Committee of the Executive Committee.

The CTP will support strategic planning, implementation and stakeholder engagement on climate mitigation and adaptation, and is designed to address three key areas of focus: Network, Customer and Communities and Partners.

1. Climate Change Act 2022 ([legislation.gov.au](https://www.legislation.gov.au))

2. Australia's 8th National Communication on Climate Change (unfccc.int)

3. https://smarter2030.gesi.org/downloads/Full_report.pdf

4. 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's Climate Transition Plan (CTP) areas of focus.

Area of focus	Description – actions related to:
Network	<ul style="list-style-type: none"> • Improving nbn[®] network resilience to the impacts of climate change • Deploying more fibre to neighbourhoods will enable homes and businesses to replace their copper connection, reducing NBN Co's energy demand • Implementing projects that reduce annual energy use by 25 GWh by December 2025 • Target of purchasing 100 per cent renewable electricity from December 2025 • Using electric or hybrid vehicles, where suitably available, by 2030 • Funding eligible projects that deliver outcomes through the issuance of Green Bonds • Installation of on-site renewables, such as solar panels and wind turbines.
Customer	<ul style="list-style-type: none"> • Incorporating energy efficient features within the nbn[®] devices used in customer premises • Creating greater awareness of power outages and network impacts due to loss of mains power • Improving customer notifications of planned and unplanned outages
Communities and partners	<ul style="list-style-type: none"> • Deployment of Temporary Network Infrastructure (TNI) to enable connectivity for emergency services and members of the community who have been physically impacted by climatic events • Delivering products and services to support Australia's transition to a low-carbon economy. • Engaging and partnering with suppliers to set science-based emission reductions targets • Enabling emission reductions and avoidance through the nbn[®] network.

Sustainability Milestones

Summary of NBN Co Sustainability Milestones from July 2020 to June 2023

Timing	Milestone	
2020	July	NBN Co executes its first renewable electricity Power Purchase Agreement (PPA) in relation to a solar farm in NSW
	October	Sustainability Sub-Committee of Executive Committee established
	November	Third Reconciliation Action Plan (RAP) launched
2021	January	NBN Co publishes first Sustainability Report
	March	NBN Co publishes first Modern Slavery Statement
	May	Awarded Gold employer status in Australian Workplace Equality Index (AWEI)
	December	NBN Co announces Towards Zero Carbon Ambition; joins RE100 and commits to a target of 100 per cent renewable electricity from December 2025; and commits to reducing its annual energy use by 25GWh by December 2025 and using electric or hybrid vehicles, where suitably available, by 2030 Publishes second Sustainability Report and Modern Slavery Statement
2022	January	Modern Slavery working group established
	February	Sustainability Bond Framework established
	March	NBN Co commits to set near-term emissions reduction targets via the Science Based Targets Initiative (SBTi) ¹
	April	First AUD 800 million Green Bond issued Climate change transition elevated to Material Business Risk
	June	NBN Co's first enterprise-wide Climate Change Risk Assessment completed
	September	Sustainability Approach and FY23/24 Sustainability Program of Work released Sustainability Approach embedded in the Company's value creation model and released through 2022 Annual Report Task Force on Climate Related Financial Disclosures (TCFD) included in NBN Co's 2022 Annual Report First Environmental, Social and Governance (ESG) Data Book released on the NBN Co website Near-term science-based emissions reduction targets submitted to SBTi ¹ for validation
	October	Sustainability Governance Framework established
	November	NBN Co received KangaNews Awards for 2022: <ul style="list-style-type: none"> • Australian Corporate Issuer of the Year • Australian Sustainability Issuer of the Year
	December	NBN Co publishes third Modern Slavery Statement NBN Co received Finance Asia's Achievement Awards for 2022 related to the AUD Green Bond: <ul style="list-style-type: none"> • Best Issuer of the Year - Sustainability: NBN Co • Best Local Bond Deal • Best Sustainable Finance Deal – Corporate for Australia Sustainability embedded within the Board Charter and Board Skills Matrix

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>.

2023	February	NBN Co committed to long-term company-wide emission reductions by 2050 (or sooner) in line with science-based net-zero via the SBTi ¹ First Sustainability Bond Report published
	March	NBN Co raised EUR 1.35 billion (AUD 2.1 billion equivalent) from its inaugural European Green Bonds issuance
	April	NBN Co's near-term company-wide emission reductions targets validated by the SBTi NBN Co pilots innovative wind power during emergencies
	May	NBN Co executes its second renewable electricity PPA in relation to a wind farm in Victoria Second Accessibility and Inclusion Plan launched Fifth Reconciliation Action Plan launched
	June	NBN Co executes its third renewable electricity PPA in relation to a solar farm in Queensland

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>.

Sustainability Bond Framework

Overview

The Sustainability Bond Framework (the Framework) was established in February 2022 to demonstrate how the Company intends to enter transactions which support NBN Co's purpose, Sustainability Approach and Program of Work, as well as how NBN Co may issue Green, Social and Sustainability Bonds (GSS Bonds).

The Framework describes NBN Co's eligible green projects and eligible social projects which include assets, investments and other related and supporting expenditures (Eligible Projects). The net proceeds of the Company's GSS Bonds will be used to finance or refinance Eligible Projects.

Alignment to international standards & frameworks

International Capital Markets Association

NBN Co's Sustainability Bond Framework was developed to demonstrate how NBN Co may issue green bonds that are aligned with the Green Bond Principles (GBP)¹, social bonds that are aligned with the Social Bond Principles (SBP)², and sustainability bonds that are aligned with the GBP, SBP, and Sustainability Bond Guidelines (SBG).³

Sustainability Bond Report

The approach presented in this report is consistent with NBN Co's Sustainability Bond Framework, which remains in compliance with the International Capital Market Association (ICMA) Principles as at the date of this report.

UN SDG alignment

NBN Co supports the United Nations Sustainable Development Goals (SDGs), which were developed and adopted by all United Nations member states in 2015 to achieve a more sustainable future for all by 2030. NBN Co has identified SDGs 7, 8, 9 and 12 as most relevant to its Sustainability Bond Framework.

SDG 7 and 9 align to the 'Energy efficiency' GBP category, through expenditure and investments targeting improved energy efficiency of the nbn® network.



Other relevant standards and frameworks

NBN Co's Sustainability Approach and Program of Work is also informed by leading practice international standards and frameworks, including:

- Science Based Targets initiative (SBTi⁴)
- RE100 initiative
- 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 2021
- UN Guiding Principles for Business and Human Rights.

1. <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

2. <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>





3. <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

4. 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>.

Use of proceeds



The net proceeds of each Green Bond issued under the Framework will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green projects that meet one or more of the following categories of eligibility as recognised in the Green Bond Principles (GBP).

The table below includes a sample of Eligible Green Projects which may be considered by NBN Co:

Eligible GBP Categories	Green Project Descriptions	SDG Mapping
Energy efficiency	Deployment of Australia's broadband network, using a more energy-efficient technology such as a Fixed Line fibre optic connection instead of legacy technology (i.e. copper), to lift the digital capability of Australia.	 
Renewable energy	Purchasing renewable electricity to power the nbn [®] network and infrastructure in line with the Company's RE100 Commitment.	 

The net proceeds of each Social Bond issued under the Framework will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible social projects that meet one or more of the following categories of eligibility as recognised in the Social Bond Principles (SBP).

The table below includes a sample of Eligible Social Projects which may be considered by NBN Co:

Eligible SBP categories	Target populations	Social project description	SDG Mapping
Access to essential services and socio-economic advancement and empowerment	Under-served regional and remote communities ¹	Deployment of Australia's broadband network for under-served regional and remote communities, using Fixed Wireless or Satellite technology, to lift the digital capability of Australia.	 

The net proceeds of each GSS Bond issued under the Framework will be exclusively applied to finance or refinance, in part or in full, a combination of new and/or existing Eligible Green Projects and Eligible Social Projects.

1. Underserved regional and remote communities includes those people living in regional and remote communities with low take up of broadband services. Communities are considered to be low take-up on the basis of low NBN Co network service penetration (i.e. the number of premises ready to connect compared to number of premises connected to a NBN Co network service) and where it is reported that mobile and legacy broadband services (ADSL/ADSL2) are sub-standard.

Project evaluation and selection process

NBN Co has a strong governance structure in place for sustainability and sustainable finance, supported by the Sustainability Governance Framework and Sustainability Bond Advisory Group.

NBN Co’s sustainability and sustainable finance governance structure is visually represented below. Further details on key roles and responsibilities are described in the Framework.



Sustainability Bond Advisory Group

NBN Co has formed a Sustainability Bond Advisory Group to carry out the evaluation and selection process by following the procedures outlined in the Framework. The advisory group meets regularly to implement the Framework for the issuance of GSS Bonds, identify appropriate assets or projects to be funded from proceeds of GSS Bonds and manage the annual reporting process to bond investors. It considers and makes recommendations to the Financing Committee of the Board in respect of matters relating to Green, Social and Sustainability Bonds.

Management of proceeds

The proceeds of each GSS Bond will be allocated to finance or refinance Eligible Projects. This includes refinancing of existing debt which has been allocated to eligible projects as described in the Framework. NBN Co will track the receipt and use of proceeds via its internal reporting systems and leverage these systems to ensure the proceeds are fully allocated to Eligible Projects. NBN Co will monitor the allocation of proceeds from GSS Bonds on an aggregated basis. This means monitoring to ensure that proceeds have been allocated to a single common pool of Eligible Projects and ensure the aggregate value of the common pool is larger than the aggregate value of the proceeds on issue across all GSS Bonds. NBN Co intends to allocate the net proceeds of each GSS Bond to Eligible Projects within 24 months following receipt.

Reporting

NBN Co understands the importance of transparency and disclosure. All reporting will be in line with the applicable market standards for GSS Bonds, such as the GBP, SBP and SBG. Information will be available as follows:

Item	Frequency	Location
Sustainability Bond Framework	Prior to or at issuance of the first GSS Bond issued under the Framework, then for any subsequent Framework updates	NBN Co Debt Investor Information portal ¹
Second Party Opinion	Prior to or at issuance of first GSS Bond issued under the Framework and as at the time of any subsequent Framework updates	NBN Co Debt Investor Information portal
Annual Review and Assurance by an appropriate External Reviewer	Annually for all outstanding GSS Bonds	NBN Co Debt Investor Information portal
Sustainability Bond Report	Annually for all outstanding GSS Bonds	NBN Co Debt Investor Information portal

External Review

Sustainalytics provided a second-party opinion (SPO) dated 16 February 2022 (the Evaluation Date) confirming that the Framework is credible, impactful and aligns with the Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP) and Sustainability Bond Guidelines 2021 (SBG) administered by the International Capital Market Association (ICMA). The SPO is valid for issuances aligned with the Framework for a period of twenty-four (24) months from the Evaluation Date.

An appropriate external review provider has been engaged to provide independent limited assurance over NBN Co's compliance with the obligations contained within its Framework and selected impact metrics disclosed within this Report for the financial year ended 30 June 2023 (FY23).

1. www.nbnco.com.au/debt-investor

European Green Bonds issuance

In April 2022, NBN Co issued its inaugural AUD 800 million “use of proceeds” Green Bond maturing on 14 April 2027 referencing the Sustainability Bond Framework. This transaction represented the largest AUD Green Bond offering by an Australian corporate on record at that time and was also the largest single tranche Green, Social, Sustainable or Sustainability-linked bond offering in the corporate Australian Medium-Term Note market as at the time of issuance. Details of the transaction, including allocation of net proceeds and impact metrics, are available in NBN Co’s [Sustainability Bond Report](#) released in February 2023.

Following the AUD Green Bond transaction, in March 2023 NBN Co issued its first “use of proceeds” European Green Bonds of EUR 1.35 billion (AUD 2.1 billion equivalent) across a dual-tranche offering, comprised of a 6-year EUR 750 million (AUD 1.2 billion equivalent) tranche and a 10-year EUR 600 million (AUD 947 million equivalent) tranche.

Key terms of the EUR Green Bonds are outlined below.

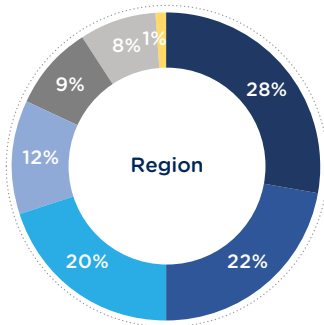
Issuer	NBN Co Limited	
Issue Rating	Moody’s Aa3 ¹ Fitch AA	
Ranking	Senior unsecured	
Format	RegS registered, use of proceeds fixed rate Green Bonds	
Use of proceeds	100 per cent of the net proceeds raised from the bonds have been earmarked to support the refinancing and financing of eligible energy efficiency projects that are aligned with the ICMA Green Bond Principles	
Pricing date	6 March 2023	
Settlement	15 March 2023	
Tenor	6-year	10-year
Volume	EUR 750 million (swapped into AUD 1,184 million)	EUR 600 million (swapped into AUD 947 million)
Maturity	15 March 2029	15 March 2033
Coupon	4.125% p.a.	4.375% p.a.
ISIN	XS2590621103	XS2590621368

Full details of the bonds can be found on NBN Co’s website in the [15 March 2029 Green Bond Pricing Supplement](#) and the [15 March 2033 Green Bond Pricing Supplement](#).

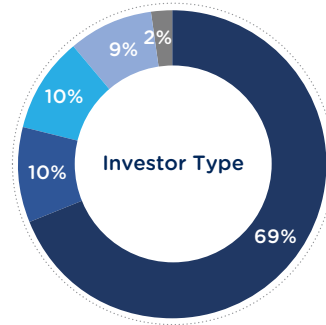
1. Following the EUR Green Bonds issuance in March 2023, on 16 May 2023 Moody’s Investors Service (“Moody’s”) has upgraded the long-term issuer ratings and senior unsecured ratings of NBN Co Limited to Aa3 from A1, this upgrade applies to all bonds issued by NBN Co. The credit rating for NBN Co’s bonds (including the Green Bonds) can be found on Moody’s website: <https://www.moody.com/credit-ratings/NBN-Co-Limited-credit-rating-825119329/ratings/view-by-debt>

Distribution statistics at issuance

15 March 2029 EUR Green Bond:

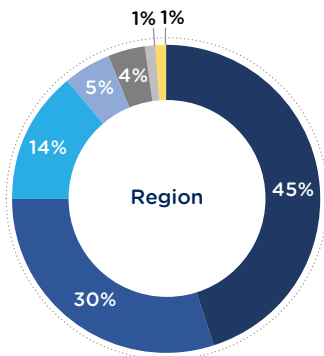


- UK & Ireland
- Germany & Austria
- France
- Other Europe
- Benelux
- Switzerland
- APAC

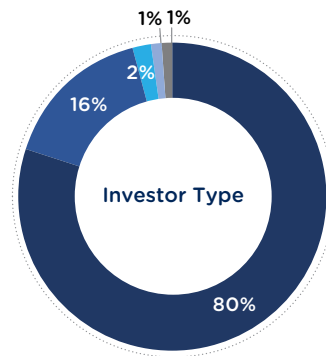


- Asset Manager
- Insurer/Pension Fund
- Central Bank/Official Institution
- Bank & Financial Institution
- Other

15 March 2033 EUR Green Bond:



- UK & Ireland
- Germany & Austria
- Benelux
- France
- Other Europe
- APAC
- Switzerland



- Asset Manager
- Insurer/Pension Fund
- Central Bank/Official Institution
- Other
- Bank & Financial Institution

Fund allocation

NBN Co has made significant progress to roll out more fibre infrastructure and deliver faster broadband services to Australians, deploying fixed line fibre optic connection on-demand, which is a more energy-efficient technology compared to legacy ADSL-based network.

The net proceeds of the EUR Green Bonds, issued under NBN Co's Global Medium-Term Note Programme and in line with the Sustainability Bond Framework, have been allocated to refinance and finance energy efficiency projects related to the build out of fibre in the **nbn**[®] network. The Green Bonds further support the Company's commitment to reduce emissions by delivering fibre deeper into communities and improving the energy intensity of the network.

Allocation of net proceeds by ICMA category

Eligible ICMA categories	Allocation of net proceeds as at 30 June 2023	
	15 March 2029 EUR Green Bond	15 March 2033 EUR Green Bond
Eligible Green Bond categories		
Energy efficiency	EUR 750 million (AUD 1,184 million) ¹	EUR 600 million (AUD 947 million) ¹
Renewable energy	-	-
Eligible Social Bond categories		
Access to essential services /socio-economic advancement and empowerment	-	-
Total allocation of net proceeds	EUR 750 million (AUD 1,184 million)¹	EUR 600 million (AUD 947 million)¹

Allocation of net proceeds from the 15 March 2029 EUR Green Bond

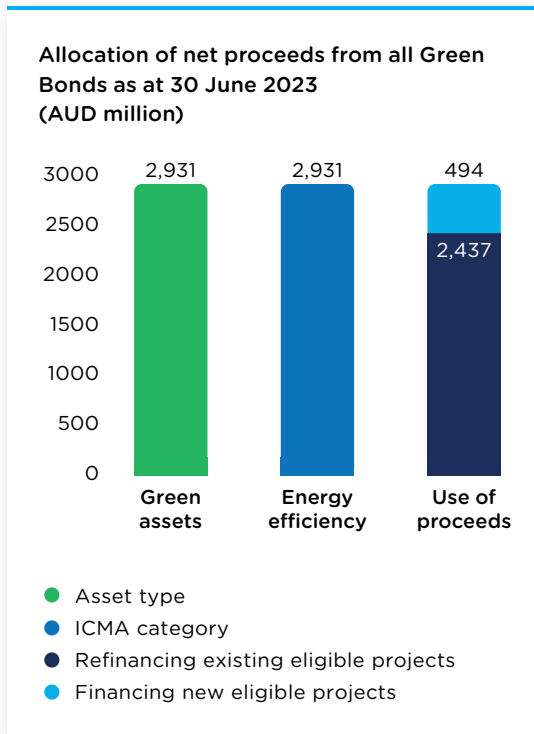
15 March 2029 EUR Green Bond Allocation as at 30 June 2023	Percentage (%)	Amount (EUR million)	Amount (AUD million)
Net proceeds allocated	100%	750	1,184
Unallocated proceeds	-	-	-
Allocation to capital expenditures	100%	750	1,184
Proceeds used for refinancing existing eligible projects	81.5%	611	965
Proceeds used for financing new eligible projects	18.5%	139	219

Allocation of net proceeds from the 15 March 2033 EUR Green Bond

15 March 2033 EUR Green Bond Allocation as at 30 June 2023	Percentage (%)	Amount (EUR million)	Amount (AUD million)
Net proceeds allocated	100%	600	947
Unallocated proceeds	-	-	-
Allocation to capital expenditures	100%	600	947
Proceeds used for refinancing existing eligible projects	81.5%	489	772
Proceeds used for financing new eligible projects	18.5%	111	175

1. Translated at the hedged rate at inception of the EUR Green Bond

The aggregate net proceeds from all Green Bond issuances was AUD 2.9 billion as at 30 June 2023, which includes the April 2027 AUD 800 million Green Bond. The following chart shows the allocation of net proceeds from all Green Bond issuances by asset type, ICMA category and the split between refinancing and financing of eligible projects.



Impact metrics and calculation methods

NBN Co has two key metrics to demonstrate the energy and emissions impacts of investments made to enhance the **nbn**[®] network. The tables below outline the impact metrics, definitions, methods and results.

Impact metrics – definitions

Impact metric definitions¹

Metric	Definition
Energy intensity	Measure of energy per unit of activity, using data traffic volumes (i.e. energy consumed per unit of activity). Only Scope 2 emissions have been included (i.e. electricity use) under a financial control boundary as per The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Terabyte of data downloaded used as unit of activity.
Emissions intensity	Measure of emissions per unit of activity, using data traffic volumes (i.e. emissions per unit of activity). Only Scope 2 emissions have been included. Emissions calculated using market-based methodology under a financial control boundary as per The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard ¹ . Terabyte of data downloaded used as unit of activity.

Impact metrics – Calculation methodology

Impact metric calculation methods¹

Metric	Methods
Energy intensity	The methodology uses the total electricity consumed by the nbn [®] network in a given reporting year under a financial control boundary in kilowatt hours divided by the total data downloaded by the nbn [®] network in terabytes.
Emissions intensity	The methodology uses the total Scope 2 emissions generated by the nbn [®] network in a given reporting year under a financial control boundary and market-based calculation method in kilograms of carbon dioxide equivalents divided by the total data downloaded by the nbn [®] network in terabytes.

Impact metrics – results

Impact metric results¹

Indicator	Assurance	Units	FY20	FY21	FY22	FY23
Energy intensity	Limited	kWh/TB	15.05	11.42	9.07	8.25
Emissions intensity	Limited	kgCO ₂ -e/TB	12.12	8.87	6.88	5.59

Progress against NBN Co's science-based emissions reduction targets is made available within the Company's Annual Reports and Sustainability Data Book.

1. A - The energy and emissions intensity metrics for the **nbn**[®] network are calculated under a financial control boundary as per the Greenhouse Gas Accounting Protocol: A Corporate Accounting and Reporting Standard.

B - The financial control boundary has been selected to align with NBN Co's RE100 Commitment and science-based emissions reduction targets.

C - As per the Greenhouse Gas Accounting Protocol: A Corporate Accounting and Reporting Standard, the financial control boundary includes energy use and Scope 2 emissions from the **nbn**[®] network, which includes: FTTP, FTTN, FTTC, HFC, Fixed Wireless, Satellite, Transit Network Infrastructure and other supporting network and non-network infrastructure

D - The energy and emissions intensity metrics exclude NBN Co's Scope 1 emissions.

Case Studies



CASE STUDY

Purchasing 100 per cent renewable electricity

NBN Co has committed to a target of 100 per cent renewable electricity purchases from December 2025.¹

This commitment is underpinned by membership of the RE100, a global renewable electricity initiative comprising approximately 400 of the world's largest businesses. NBN Co was the first Australian telecommunications company and first Australian Government Business Enterprise to join RE100.

Supporting this commitment, and as a significant consumer of electricity in Australia, in July 2020, NBN Co entered into its first renewable Power Purchase Agreement (PPA), for a 10-year period, at a new solar farm in the Riverina area of New South Wales.

The new solar farm at West Wyalong is now operational and runs over 260-hectares and includes approximately 127,000 solar panels. The new solar farm will generate enough electricity to power the equivalent of 27,000 Australian homes.

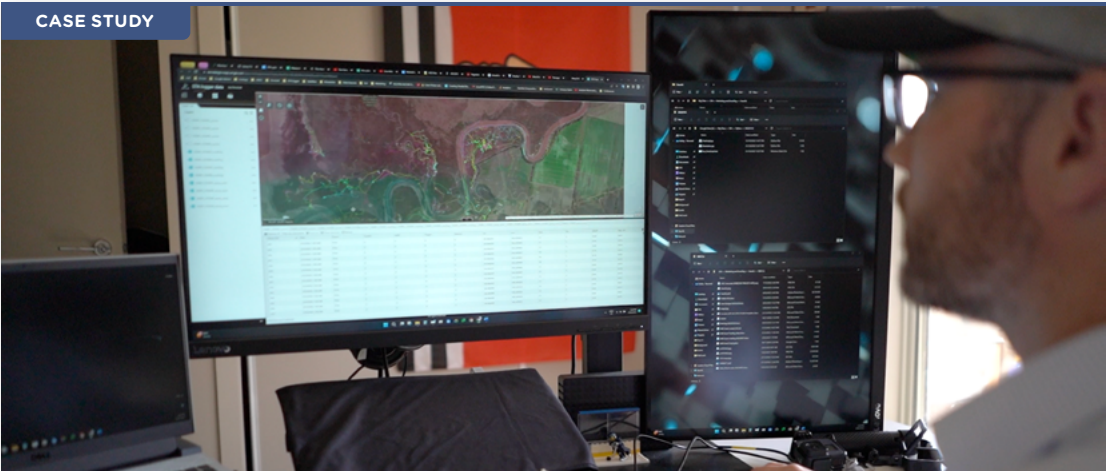
NBN Co is contracted to take approximately 90 Gigawatt hours per annum, which is around 62 per cent of the expected power generated by the solar farm.

Another key outcome is that the solar farm will support additional renewables penetration into the grid.

This is important as it supports Australia in achieving its goal of 82 per cent of electricity from renewables by 2030, as the nation transitions to net-zero by 2050.

Two further renewable PPAs have been executed in Victoria and Queensland.

1. RE100 Members - <https://www.there100.org/re100-members>



Broadband connectivity supporting land management innovation

NBN Co is committed to providing fast and reliable broadband to regional and remote areas of Australia. NBN Co's Innovate with **nbn**[®] Grants Program aims to encourage businesses from regional or remote areas with their technology-led ideas, facilitating and supporting further economic growth.

An example of this in action TerraLab, an environmental consultancy firm based in San Remo, Victoria. TerraLab won both the Agriculture category and overall champion award as part of the Innovate with **nbn**[®] Grants Program awards in February 2023, for its efforts in using internet connectivity to enable land management practices. TerraLab help deliver efficiencies in weed control and elimination.

TerraLab's hardware and software solution, STA logger, uses broadband connectivity to accurately log data, produce public maps and help landowners with weed and pest management, as well as manage planting, saplings and crops.

STA logger provides data in a streamlined and automated way. But controlling weeds is only part of the equation. Many land managers, whether involved in forestry, conservation, or carbon offsetting, are also planting trees.

By being connected to the **nbn**[®] network, TerraLab was able to establish their business using a work-from-home model, ensuring their home-office could remain in a regional area while avoiding limitations on talent to a small geographic area.

Since winning the Innovate with **nbn**[®] Grants Program award, the Company has been able to progress plans to further support existing users and reach new customers throughout Australia, by using the same hardware and software solution that operates using the **nbn**[®] network.

CASE STUDY

Digital inclusion

NBN Co's purpose is to lift the digital capability of Australia and in doing so, drive social and economic benefits for households, businesses, and communities across the nation.

As such, the Company has a strong commitment to digital inclusion, particularly for remote and regional areas, low-income individuals, and isolated customers.

Vulnerable groups experience more barriers to digital participation, and are more likely to experience financial constraints, lack of knowledge, and lack of confidence, as barriers to their digital participation. For this reason, NBN Co has dedicated resources and capital, and identified commitments, to address digital inclusion and help remote and regional areas of Australia stay connected, including low-income, vulnerable, or isolated customers.

The Company initiated and chairs the Low-Income and Digital Inclusion Forum (LIDIF) with the aim of identifying possible targeted initiatives to improve access, affordability, and digital ability for low-income, vulnerable, and unconnected users of the **nbn**[®] network.

More than 20 member organisations, representing not-for-profit organisations, customer advocacy groups, government agencies, Retail Service Providers, and independent research firms are part of the LIDIF.

Additionally, NBN Co is proud to support delivery of the Australian Government's School Student Broadband Initiative (SSBI).

The Company is providing internet providers participating in SSBI with a wholesale rebate for **nbn**[®] network broadband services provided to up to 30,000 families for up to 12 months under the initiative.

NBN Co is supporting digital inclusion and helping unlock economic and social benefits

for First Nations people by providing free public Wi-Fi over the **nbn**[®] network.

The Company now has 109 Community Wi-Fi points of presence across First Nations communities around Australia, enabling access to essential services such as telehealth, MyGov, online education and mentoring services.

Whilst the majority of these connections are a single-point Wi-Fi systems, the Company has also deployed several mesh Wi-Fi systems, enabling public Wi-Fi coverage to extend throughout the community.

In May 2023, NBN Co launched its fifth Reconciliation Action Plan (RAP), which has a strong emphasis on connecting more communities, delivering customised product offerings and educational programs to lift First Nations people's digital literacy.

The Company's Accessibility Inclusion Plan (AIP) reflects and aligns with the Australian National Disability Strategy, focusing on diversity, equity, and inclusion, workplace accessibility, and mental health support.

The updated AIP (2023 - 2026) published in May 2023, aims to accelerate the Company's ambitions for the inclusion of people living with disability even further. It sets out how it will support access to healthcare, education, and online government services during times of technological advancements and digitisation.

NBN Co will continue working with all levels of government, internet providers and advocacy groups to help create a more digitally equal society.

Independent limited assurance report



IMPORTANT NOTICE TO ANY READER OF THE ATTACHED REPORT.

IN ACCESSING THE REPORT, YOU HAVE EXPLICITLY AGREED TO THE FOLLOWING TERMS AND CONDITIONS WITHOUT RESERVATION.

The Australian firm of PricewaterhouseCoopers ("PwC") has been engaged by NBN Co Limited ("NBN Co") to prepare a report (the "Report") in relation to the NBN Co Limited Sustainability Bond Report dated 7 August 2023. PwC's work has been performed in accordance with and for the purpose described in PwC's engagement letter with NBN Co, to whom the Report is addressed. The results of PwC's work, including PwC's assumptions and qualifications, are set out in the Report. A reference in this notice to the Report includes any part of the Report.

NBN Co has requested PwC's consent to a copy of the Report being provided to you and PwC has consented to that disclosure on the basis set out below. In accessing the Report you are taken to have accepted and agreed to the following terms:

1. PwC prepared the Report solely and exclusively for NBN Co and accepts no duty, responsibility or liability (including liability for negligence) to you or any other third party in connection with the Report or PwC's work. The Report is provided to you by NBN Co for information purposes only and if you choose to rely on the Report, you do so entirely at your own risk. PwC is not liable to you for the consequences of any use of or reliance on the Report for any purpose.
2. By consenting to the Report being made available to you PwC has not assumed any duty to advise you or to consider your circumstances or position, and has not done so.
3. In preparing the Report PwC relied on the accuracy and completeness of the information supplied by NBN Co and did not verify that information in any way.
4. You will not bring a claim, or assist in bringing a claim, directly or indirectly, against PwC which relates to the Report or PwC's services for NBN Co
5. You may not disclose the Report to anyone else without PwC's prior written consent, except where required by law or regulation
6. The Report was prepared for and solely addressed to NBN Co. It was not prepared with your interests in mind or for your use and the Report is not a substitute for any enquiries that you should make. The Report is an assurance report based on historical information provided by NBN Co. PwC is not obliged to provide you with any information nor to update anything in the Report.
7. PwC will be entitled to the benefit of and to enforce these terms.
8. These terms and any dispute arising from them shall be governed by and interpreted in accordance with the laws of the State of New South Wales.

If you have received the Report and you do not agree to the terms of access above, you are an unauthorised recipient and should return or destroy the Report.



To: The Board of Directors of NBN Co Limited

Independent limited assurance report on identified subject matter information in NBN Co Limited's Sustainability Bond Report

The Board of Directors of NBN Co Limited (**NBN Co**) engaged us to perform a limited assurance engagement in respect of **Subject Matter Information** contained within its Sustainability Bond Report for the year ended 30 June 2023 (the **Sustainability Bond Report**) in accordance with the Assurance Criteria (the **Criteria**).

Subject Matter Information and Criteria

We assessed the Subject Matter Information against the Criteria. The Subject Matter Information needs to be read and understood together with the Criteria. The Subject Matter Information is as set out in Tables 1 and 2 below:

Net proceeds allocated to Green Bond Projects eligible per the Sustainability Bond Framework (SBF) as at 30 June 2023 - Table 1

Eligible Green Bond Categories	Allocation of net proceeds as at 30 June 2023 (AUD million)
Energy Efficiency	2,931
<i>Comprised of:</i>	
Refinancing existing eligible Energy Efficiency projects	2,437
Financing new eligible Energy Efficiency projects	494
Total allocation of proceeds	2,931

Impact metrics for the financial year ended 30 June 2023 - Table 2

Impact metric	Units	FY23
Energy Intensity	kWh/TB	8.25
Emissions Intensity	kgCO ₂ -e/TB	5.59

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Compliance-related assertions made in the Sustainability Bond Report

The following assertions were made by management of NBN Co in the Sustainability Bond Report:

1. The Company's Sustainability Bond Framework is in compliance with the applicable Green Bond Principles (GBP) (June 2021 – with June 2022 Appendix 1), Social Bond Principles (SBP) (June 2023) and Sustainability Bond Guidelines (SBG) (June 2021) as issued by the International Capital Markets Association (ICMA) (collectively, the **ICMA Principles**) as at 7 August 2023
2. The Company's outstanding Green, Social and Sustainability Bonds (the **GSS Bonds**) are in compliance with the SBF as at 7 August 2023.

The Criteria against which we assessed the Subject Matter Information was prepared by NBN Co and is set out in Table 3:

Table 3:

Subject Matter Information	Criteria
Net proceeds allocated as at 30 June 2023	<p>Per the SBF, the net proceeds of each Green Bond issued under the SBF will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green projects that meet one or more of the following categories of eligibility as recognised in the GBP:</p> <ul style="list-style-type: none"> • Energy efficiency • Renewable energy
Energy Intensity	<p>Measure of energy per unit of activity, using data traffic volumes (i.e. energy consumed per unit of activity). Only Scope 2 emissions have been included (i.e. electricity use) under a financial control boundary as per <i>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i>. Terabyte of data downloaded used as unit of activity.</p> <p>The methodology uses the total electricity consumed by the nbn® network in a given reporting year under a financial control boundary in kilowatt hours divided by the total data downloaded on the nbn® network in terabytes.</p>
Emissions Intensity	<p>Measure of emissions per unit of activity, using data traffic volumes (i.e. emissions per unit of activity). Only Scope 2 emissions have been included. Emissions calculated using market-based methodology under a financial control boundary as per <i>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i>. Terabyte of data downloaded used as unit of activity.</p> <p>The methodology uses the total Scope 2 emissions generated by the nbn® network in a given reporting year under a financial control boundary and market-based calculation method in kilograms of carbon dioxide equivalents divided by the total data downloaded by the nbn® network in terabytes.</p>



Management's assertion that the Company's SBF is in compliance with the ICMA principles as at 7 August 2023	<p>The core components within the ICMA Principles:</p> <ul style="list-style-type: none"> • Use of proceeds • Process for project evaluation and selection • Management of proceeds • Reporting
Management's assertion that outstanding GSS Bonds are in compliance with the SBF as at 7 August 2023.	<p>The five core components as documented in NBN Co's Sustainable Bond Framework:</p> <ul style="list-style-type: none"> • Use of proceeds • Process for project evaluation and selection • Management of proceeds • Reporting • External review

The maintenance and integrity of NBN Co's website is the responsibility of Management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Criteria when presented on NBN Co's website.

Our assurance conclusion is with respect to the year ended or periods as at 30 June 2023 per Tables 1 and 2, and as at 7 August 2023 in relation to compliance-related assertions made in the Sustainability Bond Report, and does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Sustainability Bond Report.

Management's responsibilities

NBN Co's Management is responsible for:

1. The allocation of net proceeds in accordance with the Criteria, as outlined in Table 3, as at 30 June 2023.
2. The preparation of the impact metrics in accordance with the Criteria, as outlined in Table 3, for the financial year ended 30 June 2023, ensuring that those criteria are relevant and appropriate to NBN Co and the intended users. This responsibility includes the design, implementation, and maintenance of systems, processes and internal controls relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Criteria.
3. Providing an assertion with respect to the outcome of the evaluation of the compliance activity as at 7 August 2023 against the Criteria in Table 3.
4. The compliance activities undertaken to meet the following obligations:
 - (i) Identification of the obligations within the ICMA Principles and SBF.
 - (ii) SBF's compliance with the ICMA Principles as at 7 August 2023.
 - (iii) Issuance of the Green, Social and Sustainability Bonds (the GSS Bonds) in compliance with the SBF as at 7 August 2023.
5. Identification of risks that threaten the compliance requirements identified above being met and implementation of controls which will mitigate those risks and monitoring ongoing compliance.



Our Independence and Quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Australian Standard on Quality Management ASQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or 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*. Those 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 Information described in Tables 1 and 2 above has not been prepared, in all material respects, in accordance with the Criteria, for the periods as defined in the above tables.

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.

In carrying out our limited assurance engagement we:

- through discussion, enquiries and observation and walk-throughs, obtained an understanding of the process for collecting and reporting the Subject Matter information, as evaluated against the Criteria;
- through discussion, enquiries and observation, obtained an understanding of the SBF and the ICMA Principles and internal control environment to meet compliance requirements, as evaluated against the SBF and the ICMA Principles;
- through discussion, enquiries, observation and walk-throughs, obtained an understanding of relevant activities that are undertaken to meet the compliance requirements, as evaluated against the SBF and the ICMA Principles;
- performed enquiries of relevant staff responsible for preparing the Subject Matter Information;
- performed limited substantive testing on a selective basis of the Subject Matter Information to check that data had been appropriately measured, recorded, collated and reported;
- sought management representation on key assertions; and
- considered the disclosure and presentation of the Subject Matter Information.



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore 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 Information with the Criteria, as it is limited primarily to making enquiries of the Management of NBN Co and applying analytical procedures.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time. In addition, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The limited assurance conclusion expressed in this report has been formed on the above basis.

Our limited assurance conclusion

Based on the procedures performed, as described under 'Our responsibilities' and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria for or as at the periods as defined in Table 3 included in section 'Subject Matter Information and Criteria' above.

Use and distribution of our report

We were engaged by the board of directors of NBN Co on behalf of NBN Co to prepare this independent assurance report having regard to the criteria specified by NBN Co and set out in this report. This report was prepared solely for NBN Co for the purpose of providing limited assurance over compliance with the obligations contained within their Sustainability Bond Framework.

We accept no duty, responsibility or liability to anyone other than NBN Co in connection with this report or to NBN Co for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than NBN Co and if anyone other than NBN Co chooses to use or rely on it they do so at their own risk.



This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than NBN Co receiving or using this report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Rosalie Wilkie

Rosalie Wilkie
Partner

Sydney
7 August 2023

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