



About this report

ANNUAL REPORT

This Annual Report is for the year ended 30 June 2023 and provides information about NBN Co Limited (NBN Co or the Company). The Financial Report was authorised for issue by the Directors on 7 August 2023. 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* (Cth) and the *Public Governance, Performance and Accountability Act* (Cth), are covered on pages 12 to 91. Commentary on NBN Co's financial performance specifically is contained on pages 66 to 73, and reference information reported in the Financial Report (pages 134 to 192).

The Annual Report also includes a detailed Remuneration Report prepared in accordance with RMG 139 *Commonwealth companies, Executive Remuneration Reporting Guide for Annual Reports* on pages 92 to 111, a Corporate Governance Statement on pages 112 to 132 and a Regulatory Report on pages 202 to 216.

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.

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 Annual 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 2022 to 30 June 2023. 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 Annual 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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In the spirit of reconciliation NBN Co acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all First Nations peoples today.

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2023 NBN CO ANNUAL REPORTING SUITE



Annual Report



Corporate Plan



Tax Transparency Report



Modern Slavery Statement Report

[View reporting suite online](#)

at nbn.tm/CorporateReports



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 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 Expectations¹ (SoE). On 19 December 2022, the Government issued a revised SoE, which sets out that the Company is expected to continue to deliver improvements to the network while keeping prices affordable.

The revised SoE confirms the Government will retain NBN Co in public ownership for the foreseeable future, and that it expects NBN Co to expand full-fibre access to more homes and businesses, and ensure the **nbn**[®] network delivers for customers and facilitates productivity.

In line with the revised SoE, NBN Co will focus on upgrading and improving the network to help enable the use of emerging and future technologies which meet future demand and promote innovation. The Company will also focus on developing new services to meet and anticipate the needs of Retail Service Providers (RSPs) and customers.

Operating environment

NBN Co was established to deliver wholesale broadband services across the country, while also enabling the provision of reasonably priced services to consumers and businesses via RSPs.

As the network wholesaler, NBN Co provides wholesale broadband services and related activities to access seekers, including RSPs, on a non-discriminatory basis.

This approach seeks to help level the playing field in the Australian telecommunications industry, enhancing competition and innovation and providing greater choice for customers across the country.

It is through RSPs that customers connect to the **nbn**[®] network for access to high-speed internet.

NBN Co operates in a competitive market, so the Company must think about how it can best enable customers to make the most of the **nbn**[®] network and appreciate the difference in service provision between the **nbn**[®] network and other options for connectivity such as mobile, low earth orbit satellites, and private fibre and fixed wireless networks.

The Company's network investment plan is taking fibre deeper into communities, extending Fixed Wireless coverage and improving Fixed Wireless and Satellite capabilities, which are designed to deliver faster speeds and greater capacity, while continuing to deliver excellent customer experience.

The Company endeavours to support both RSPs and customers, so that customers connected to the network, and those who connect in the future, can do so at a reasonable price and be assured of receiving high-quality broadband over a fast, secure and reliable network.

1. nbn.com.au/StatementofExpectations22.

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

12.29m

Premises Ready to Connect (RTC)

FY22: 12.13m

6.90m

Premises able to access nbn® Home Ultrafast speed tier plans as at 30 June 2023

FY22: 5.24m

12,790

New wireless cells added to the Fixed Wireless network



Customers, communities and partners

8.56m

Homes and businesses connected

FY22: 8.52m

66.13 Mbps

Average end user speed¹

FY22: 59.39 Mbps

92%

Faults resolved within agreed timeframes

FY22: 88%



People

78%

Employee engagement score

FY22: 81%

34.3%

Female representation in management

FY22: 32.4%

2.36

Total Recordable Injury Frequency Rate (TRIFR)

FY22: 2.34

1. For further details on average end user speeds, refer to page 35.



Environment

16%

Reduction in scope 1 and 2 emissions from a FY21 base year

Target: 95% reduction by FY30 - SBTi¹ validated

Signed new PPAs

Executed two new Power Purchase Agreements in Victoria and Queensland

Target: 100% renewable purchases by December 2025

Net-Zero

Committed to long-term emissions reductions and net-zero via SBTi¹

Target: Net-zero by 2050 (or sooner)



Financial resources

\$5.3bn

Revenue

FY22: \$5.1bn

\$3.6bn

EBITDA²

\$479m improvement

\$2.1bn

European Green Bond Issued

Inaugural European Green Bond issued in March 2023

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>.
2. EBITDA is defined as Earnings before Interest, Tax, Other non-operating income, Depreciation and Amortisation.

Chair and Chief Executive Officer's message



NBN Co CEO
Stephen Rue and
Chair Kate McKenzie

Throughout FY23, the Company made ongoing investments in the **nbn**[®] network to grow capacity and keep ahead of data demands.

During FY23, the **nbn**[®] network performed well with average monthly availability¹ of 99.97 per cent, ensuring the Company delivered reliable, resilient and secure broadband for households, businesses and communities across the nation. The network effectively managed peak traffic, which reached 24.2 terabits per second.

Network investments are designed to help unlock social and economic benefits for households, businesses and communities across Australia. The Company continued to increase the availability of higher speeds for all premises across the nation and offer direct fibre infrastructure for Australian businesses.

FY23 performance

Around 43,000 incremental residential and business premises were activated on the **nbn**[®] network in the 12 months to 30 June 2023, with 8.56 million homes and businesses connected to the network as at 30 June 2023.

An additional 162,000 residential and business premises were made Ready to Connect, taking the total number of Ready to Connect premises to 12.29 million at 30 June 2023.

Around 4.36 million premises could access the **nbn**[®] network via Fibre to the Premise (FTTP) connections and are able to order **nbn**[®] Home Ultrafast with close to gigabit wholesale download speeds as at 30 June 2023.

1. Percentage of time the **nbn**[®] access 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 doesn't include periods where the network is unavailable due to operational outages for network upgrades and improvements or events beyond NBN Co's control.

In December 2022, NBN Co announced a step towards readying Australia's digital backbone for multi-gigabit speeds, after selecting Nokia's next generation broadband technology to deploy on the **nbn**[®] network.

Once deployed this technology will allow NBN Co to move from the wholesale residential near-gigabit speeds offered today, to multi-gigabit residential speeds across the **nbn**[®] FTTP network and help address Australia's broadband needs into the future.

The 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 1.47 million premises on Fibre to the Curb (FTTC) are able to access **nbn**[®] Home Fast, with wholesale download speeds of up to 100 Mbps. It is anticipated that by the end of 2023, 1.44 million of FTTC premises will be able to access **nbn**[®] Home Ultrafast on demand.

Construction of the Local Fibre Network for the Fibre to the Node (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 1.9 million premises.

By the end of 2025, 3.5 million premises currently served by FTTN will be able to access FTTP on demand.

The steady growth in NBN Co's customer base, and continued take-up of higher speed services on the network, helped increase total revenue by 3 per cent to \$5.3 billion by 30 June 2023.

The Company posted a \$479 million improvement in Earnings before Interest, Tax, Other non-operating income, Depreciation and Amortisation (EBITDA) compared to FY22, to bring its total EBITDA result to \$3.6 billion for FY23.

The growth in active premises, revenue and EBITDA meant that NBN Co met the FY23 operational and financial targets as set out in the Company's Corporate Plan 2023.



Network investment - Fibre

In October 2022, the Australian Government announced an investment of \$2.4 billion to enable NBN Co to roll out additional fibre to 1.5 million premises currently served by FTTN technology.

In February 2023, NBN Co announced the suburbs and towns where the first one million households and businesses were able to choose to upgrade to full fibre, by ordering an eligible wholesale higher speed tier, enabling faster and more reliable broadband. Up to 58 per cent of those households and businesses are located in regional areas.

The Company will announce the final 500,000 premises within the Government's investment to upgrade the **nbn**[®] network in coming months.

The roll-out of national fibre upgrades will enable NBN Co's delivery partners to provide more than 1,000 new job opportunities in metropolitan and regional areas across Australia over the next two-and-a-half years.

Working directly for the Company's current delivery partners, individual workers and construction businesses will be involved in new civil works to help roll out more than 65,000km of optical fibre across Australia. Specialisations include drill operators, civil construction workers, fibre haulers and splicers, general labourers and vacuum truck operators.

NBN Co is on target to enable 10 million premises, or up to 90 per cent of the Fixed Line network, to access the **nbn**[®] Home Ultrafast wholesale speed tier, which is capable of delivering peak wholesale download speeds of 500 Mbps to close to 1 Gbps¹, by the end of 2025.²

Network investment - Regional

Faster broadband for thousands of premises across regional Australia is being enabled by a \$750 million investment to upgrade the Fixed Wireless and Satellite footprint, which includes a \$480 million grant from the Australian Government and a \$270 million contribution from NBN Co.

The Company will use 4G technology and software enhancements, as well as introducing 5G mmWave technology to help extend coverage, minimise congestion and offer access to higher speed tiers on the **nbn**[®] Fixed Wireless network.

As part of this, in March 2023, NBN Co announced a world first that will see the nationwide deployment of Ericsson's extended-range software on its dedicated Fixed Wireless network, expanding its reach, enabling enhanced busy period speeds and offering two new higher speed Fixed Wireless plans.³

The Fixed Wireless upgrade will allow approximately 120,000 former Satellite-only customers to access the Fixed Wireless network, as well as freeing up capacity and increasing performance on the remaining Satellite network.

In March 2023, the Company announced the first 24,000 homes and businesses across regional Australia eligible to access the **nbn[®] Fixed Wireless network for the first time.**

1. Regardless of the retail service you purchase, the actual speeds delivered by NBN Co's highest wholesale speed tiers of 500 Mbps to close to 1000 Mbps will be less than 1 Gbps due to equipment and network limitations and the peak information rate may fall anywhere in this range. In addition, the HFC Home Ultrafast bandwidth profile downstream service provided to retail providers is a ranged profile with a maximum sustained information rate of 750 Mbps. Reference to speeds are not end user speeds; they are wholesale layer 2 peak information rate bandwidth provided to retail providers. An end customer's experience, including the speeds actually achieved over the **nbn**[®] network, depends on some factors outside our control (like equipment quality, software, and how your retail service provider designs its network) and the NBN Co technology used for your connection.
2. NBN Co provides wholesale services to phone and internet providers. **nbn**[®] wholesale speed tiers available to providers vary depending on the access technology in an end user's area.
3. NBN Co is a wholesaler and end customers should contact their preferred RSP to ask about availability. The planned wholesale download speeds for Fixed Wireless **nbn**[®] Home Fast and Fixed Wireless **nbn**[®] Superfast are Peak Information Rates with peak wholesale download speeds of 100-130 Mbps for Fixed Wireless **nbn**[®] Home Fast and 200-325 Mbps for Fixed Wireless **nbn**[®] Superfast.



The Company remains committed to evolving its network and products to deliver the social and economic benefits enabled by access to fast and reliable broadband for more people across Australia, no matter where they live.

Co-investment with Government

In March 2023, NBN Co and the NSW Government announced a landmark co-investment deal that will deliver enhanced **nbn**[®] broadband services to over 11,000 homes and businesses across 46 locations in regional NSW.

The partnership will see the construction or co-location of 56 new Fixed Wireless towers that will utilise 5G mmWave technology to help deliver faster speeds across the network, including during peak periods.

In October 2022, NBN Co and the Victorian Government announced the third stage of their landmark co-investment agreement to enhance digital infrastructure within the **nbn**[®] Fixed Line, Fixed Wireless and Satellite footprint across approximately 180 Victorian suburbs and towns, including 150 in regional areas.

The Connecting Victoria Program has also established 31 Business Fibre Zones (BFZs) allowing RSPs to supply Enterprise Ethernet services with zero upfront build costs from NBN Co to around 15,000 businesses across the state, when an eligible plan is ordered.

Funding the Company's future

During FY23, debt raising through bank facilities and debt capital markets enabled NBN Co to pay down the Commonwealth loan by a further \$875 million, reducing the outstanding balance to \$5.5 billion as at 30 June 2023. This means the Company is on track to repay the original \$19.5 billion Commonwealth loan by June 2024, when it is due to mature.

The Company's debt raisings, along with forecast long-term revenue, EBITDA and free cash flow, provide NBN Co with the financial flexibility to reinvest in the network, so it can extend the capability and utility value of the **nbn**[®] network, for the benefit of customers across Australia.

NBN Co needs to be able to maintain its ability to earn a reasonable return so it can continue to invest in the network to support Australia's rapidly growing digital economy.

Pricing evolution

The Special Access Undertaking (SAU) is a voluntary agreement between NBN Co and the Australian Competition and Consumer Commission (ACCC), which forms a key part of the Regulatory Framework that governs the prices, service standards and terms under which NBN Co can offer wholesale broadband services to RSPs.

The original SAU was drafted and accepted by the ACCC in 2013 and was intended to operate until 2040, however, it only covered FTTP, Fixed Wireless and Satellite services.

NBN Co's proposed SAU Variation is designed to deliver greater cost certainty, simplicity and value for the industry.

Sustainable long-term pricing will support the industry and underpin continued investment in the network and long-term enhancements to service standards to help meet the future digital needs of people across Australia.

At each stage of this process, NBN Co has listened to industry and ACCC feedback and offered significant concessions on headline price reductions, and the introduction of AVC-only on higher speed tiers and price controls.

NBN Co formally withdrew its previous proposed Variation and expects to lodge a revised SAU Variation with the ACCC in the coming months.

Once accepted by the ACCC, the SAU Variation will be codified into the fifth iteration of the Wholesale Broadband Agreement (WBA5), which is the commercial contract between NBN Co and RSP access seekers. This will enable a contractual offer to be presented to RSPs for negotiation and agreement in time for SAU Variation implementation within three months of SAU acceptance.

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

Climate change mitigation is a key priority for the Company as it strives to operate a climate-resilient and resource-efficient network that supports the nation's social and economic needs.

In February 2023, NBN Co committed to long-term greenhouse gas emissions (GHG) reduction targets and achieving net-zero emissions by 2050, or earlier, via the Science Based Targets initiative (SBTi).¹

NBN Co's long-term GHG reduction targets will be consistent with meeting and exceeding the Government's commitment to net-zero emissions by 2050.

This follows the setting of NBN Co's near-term science-based emissions reduction targets, which were validated by the SBTi in May 2023, and are as follows:

- Reducing absolute Scope 1 & 2 GHG emissions by 95 per cent by FY30 compared to FY21 as the base year
- Reducing Scope 3 GHG emissions from the use of sold products by 60 per cent per device by FY30 compared to FY21 as the base year
- Committing 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.



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>.

The Company expects to submit its long-term emissions reduction targets to the SBTi¹ for validation in the near future.

NBN Co's network investment plan is taking fibre deeper into communities making it more energy efficient and future-ready to meet the growing digital demands of Australia's homes and businesses.

Fibre is inherently more capable than other **nbn**[®] Fixed Line technologies of delivering faster upload and download speeds and is generally more reliable than **nbn**[®] fixed line connections containing copper.

Connecting more customers to fibre not only reduces the Company's energy demand, it also makes the network more resilient and reliable, with improved customer experience.

This delivery of fibre upgrades contributes towards NBN Co's commitment to reduce annual energy use by 25 GWh by December 2025. The Company's target of 100 per cent renewable electricity purchases from December 2025 is underpinned by membership of the RE100, a global renewable electricity initiative comprising approximately 400 of the world's largest businesses committed to 100 per cent renewable energy.

In support of NBN Co's commitment to a target of 100 per cent renewable electricity purchases from December 2025, NBN Co entered into its first renewable Power Purchase Agreement (PPA) at a new solar farm in the Riverina area of New South Wales.

In FY23, the Company also signed a PPA with AGL for renewable electricity generated by a wind farm at MacArthur, in Victoria, and a further PPA with Metka, for a solar farm that will be constructed at Munna Creek in Queensland.

The Company is also committed to using electric or hybrid vehicles, where suitably available, by 2030.

NBN Co has continued its strong focus on safety and wellbeing to sustain a safe, inclusive and highly engaged workforce.



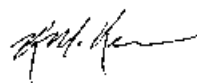
The Company aims to enhance the physical and mental wellbeing of employees, investing in mature safety management processes and capabilities. NBN Co's Diversity, Equity and Inclusion plans delivered tangible outcomes in FY23, with increases in both gender representation and the number of employees who identify as First Nations.

Beyond 2023

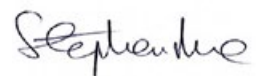
As the digital economy drives data usage, the **nbn**[®] network must continue its evolution to maintain high resiliency, security and performance.

NBN Co remains committed to increasing the availability of higher speeds for all premises across the nation and offering direct fibre infrastructure for Australian businesses.

The Company's goal is to support the nation by making ongoing investments in the network to ensure it is future-ready, continues to meet the nation's growing digital needs and is an essential foundation for the smarter cities and regions needed to meet the opportunities and challenges ahead.



Kate McKenzie
Chair



Stephen Rue
Chief Executive Officer



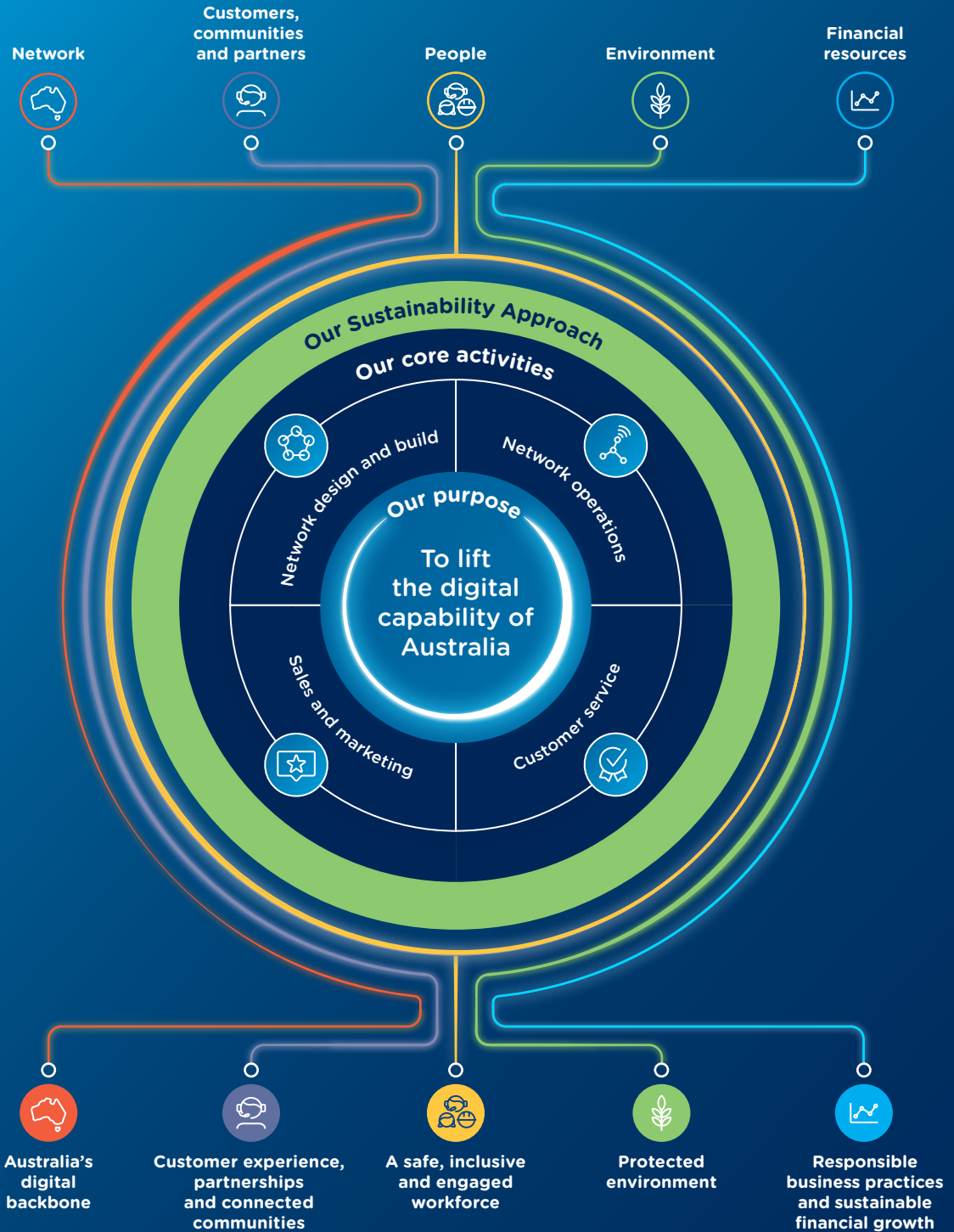
Directors' Report

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 2023 and the Independent auditor's report therein.



How we create value

Our resources



Value creation outcomes

Our purpose **To lift the digital capability of Australia**

Our values **We are one team** **We deliver** **We are fearless** **We care**

Our resources

<p>Network</p> <p>A reliable, resilient and secure wholesale broadband network available to people across Australia.</p>	<p>Customers, communities and partners</p> <p>Relationships with RSPs, customers, local communities, suppliers, government, regulators and industry groups.</p>	<p>People</p> <p>Highly capable teams who contribute their knowledge and experience to deliver NBN Co's purpose and strategy.</p>	<p>Environment</p> <p>Efficient use of natural resources to build and operate the network, helping to mitigate the causes and impacts of climate change.</p>	<p>Financial resources</p> <p>Capital from our shareholders and lenders.</p>
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Our core activities

 <p>Network design and build</p>	 <p>Network operations</p>	 <p>Sales and marketing</p>	 <p>Customer service</p>
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Our Sustainability Approach

<p>Environmental</p> <p>Climate adaptation Climate change mitigation Circularity and waste Environmental protection</p>	<p>Social</p> <p>First Peoples reconciliation Digital inclusion Decent, healthy and safe work Diversity, equity and inclusion</p>	<p>Governance</p> <p>Sustainability governance Sustainable finance Culture and capability Collaborative partnerships</p>
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Value creation outcomes

 <p>Australia's digital backbone</p> <p>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.</p>	 <p>Customer experience, partnerships and connected communities</p> <p>Working collaboratively with our industry, suppliers and partners to deliver excellent customer experience and make meaningful contributions to the communities we serve.</p>	 <p>A safe, inclusive and engaged workforce</p> <p>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.</p>	 <p>Protected environment</p> <p>A climate-resilient, resource-efficient network and business aligned with the latest climate science, which protects the natural environment and areas of cultural significance.</p>	 <p>Responsible business practices and sustainable financial growth</p> <p>Long-term responsible and sustainable financial growth to enable reinvestment in the network to benefit people across Australia.</p>
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Company strategy

NBN Co’s principal responsibility is to operate and continue to build and upgrade the **nbn**® network in accordance with the Government’s Statement of Expectations (SoE) published in December 2022. The SoE explicitly informs the Company’s strategy.

The Government has stated that it will direct NBN Co to expand full-fibre access to more homes and businesses, and ensure the **nbn**® network delivers for consumers and facilitates productivity. The Company aims to achieve this by progressing the following strategic pillars:

Our strategy is underpinned by six strategic pillars:



Products & Pricing:
Develop a product and pricing portfolio that addresses our customers’ diverse needs



Network:
Ensure everyone across Australia has access to high-speed, resilient and secure broadband



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



Partnerships:
Strengthen relationships with government, industry and community to optimise customer benefits



Capabilities:
Build capabilities for the future and grow profitability to enable re-investment to benefit our customers



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

Responding to changing demand

NBN Co was established to improve wholesale broadband services across the country, while also enabling the provision of reasonably priced services to consumers and businesses via RSPs on a non-discriminatory basis.

The Company exists to help level the playing field in the Australian telecommunications industry, enhance competition and innovation and provide greater choice for customers across the nation. This will create access to new economic opportunities and different ways of working, accessing information and obtaining essential services which will ultimately improve social value for all people across Australia.

It is the Company’s responsibility to continuously prepare for, and respond to these changes to the way humans interact, the way we live and work, the way healthcare and education are delivered, the way we entertain, and the way society and the economy works.

The future is digital – and the **nbn**® network will need to deliver faster upload and download speeds and far greater capacity than ever before, which will require continuous innovation and investment in new architecture and new technologies.

The development of Artificial Intelligence and large language models will accelerate change. These fundamental changes are both reliant on and being driven by Australia and the world’s accelerating digital economy.

This includes increasing consumer and business demand for data analytics, virtual reality, home security, new entertainment and streaming applications, innovations in education, video conferencing, new social media platforms, big data and cloud applications, machine learning, online healthcare, medical imaging and record-keeping and food production.



Over the last six years, data volumes have tripled across Australia. The growing need for broadband will reach even higher levels over the next decade as the internet continues to transform how we live and work, and even how the infrastructure within our cities communicates.

Australia's business community, from small and medium sized businesses to large enterprise and government organisations and institutions, is embracing digitisation like never before.

NBN Co is key to enabling these societal changes. The Company evaluates the current and future broadband connectivity needs of the nation and selectively invests in the network and develops products to support customers and the economy.

The Company's fundamental strategy is to provide reliable, resilient and secure high-speed network infrastructure that meets the current and future needs of residential and business customers.

Building and maintaining strong, stable, resilient network infrastructure

It is in the Australian telecommunications industry's best interests that NBN Co is well funded and resourced to ensure the Company can continue to scale capacity and deliver fast, resilient and reliable network services for all customers now and into the future.

This will be best achieved by the agreement of a stable, predictable and consistent regulatory environment.

NBN Co's network investment strategy is designed to keep ahead of national data demand and help unlock social and economic benefits for the nation. In order to successfully execute ongoing investment into the network, NBN Co needs to be able to maintain its ability to earn a reasonable and sustainable commercial rate of return. This will enable the Company to maintain the quantum and pace of investment in the network that will be necessary in the years and decades ahead to support Australia's rapidly growing digital economy, and underpin the acceleration of technology advancement.

The Company is progressing well with its plan to push fibre deeper into communities and extend its fixed wireless and satellite coverage and capabilities. Further detail is provided in the Network Chapter of this Integrated Annual Report.

The Company's compelling business case and sustainability credentials have enabled it to attract both domestic and international debt investors and the Company remains on track to repay the remaining \$5.5 billion of the \$19.5 billion Commonwealth loan by June 2024.

It is also imperative for the future stability and success of NBN Co and the more than 20 million Australians that rely on the network every day that the Company is able to attain and retain a standalone investment grade credit rating in the future, which will assure the Company's ability to access international debt and capital markets on capital-efficient terms.

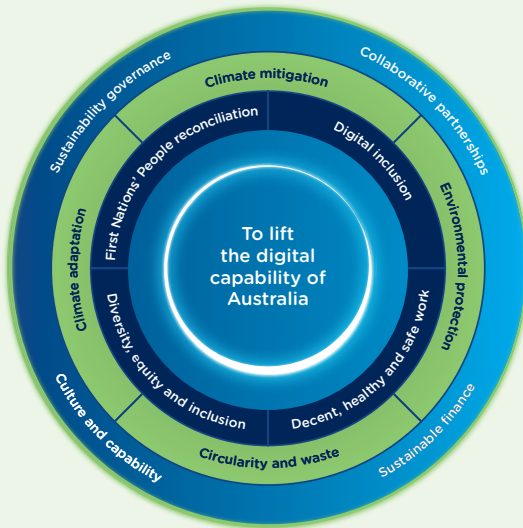
Our Sustainability Approach

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 its people, customers, communities, partners, country, and the planet.

NBN Co Sustainability Approach

NBN Co’s Sustainability Approach recognises that 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.

NBN Co Sustainability Approach



Informing the Sustainability Approach

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

The Company’s materiality assessments identify 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.

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. For further details on NBN Co’s materiality assessment approach see the NBN Co 2022 Annual Report.¹

Governing the Sustainability Approach

NBN Co’s Sustainability Sub-Committee of its Executive Committee, consisting of six members, oversees 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 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.²

The four governance levers within NBN Co’s Sustainability Approach are sustainability governance, sustainable finance, culture and capability and collaborative partnerships. These enable and control action on the Company’s social and environmental focus areas. In FY23, the Company developed a new Sustainability Governance Framework to underpin the implementation of its 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.

1. <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/reports/financial-reports/nbn-co-annual-report-2022.pdf>
 2. <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/board-charter-20221216.pdf>

FY23 Sustainability Program of Work review

NBN Co's Sustainability Approach is supported by the FY23/24 Sustainability Program of Work.

The NBN Co Sustainability Approach has an objective for each ESG theme to address the current and emerging expectations of stakeholders.

The FY23/24 Sustainability Program of Work supports NBN Co in meeting its ESG objectives through key initiatives. Progress on these key initiatives is outlined in the table below.

For a summary of FY23 non-financial performance results and supporting methodology see the FY23 Sustainability Data Book.¹

FY23 PROGRESS AGAINST NBN CO'S FY23/24 SUSTAINABILITY PROGRAM OF WORK

Objective	FY23 outcomes	Relevant report section
Environment Operate a climate-resilient, resource-efficient network and business, aligned with the latest climate science, which protects the natural environment	<ul style="list-style-type: none"> Near-term science-based emissions reductions targets validated by the SBTi² Committed to setting long-term greenhouse gas emissions (GHG) reduction targets and achieving net-zero emissions by 2050, or sooner, via the SBTi Signed a 6-year renewable Power Purchase Agreement for a wind farm in Victoria for 90 GWh per annum, commencing from 2025 Signed a 10-year renewable Power Purchase Agreement for a solar farm in Queensland for 56 GWh per annum, which is currently expected to be completed by 2025 Construction was completed for the solar farm in NSW, where NBN Co has signed a 10-year renewable Power Purchase Agreement for 93 GWh per annum Ongoing development of NBN Co's Climate Transition Plan Further strengthened the network to increase resilience through deployment of Temporary Network Infrastructure (TNI) Raising EUR 1.35 billion Green Bond 	<ul style="list-style-type: none"> Protected environment Australia's digital backbone Customer experience, partnerships and connected communities Responsible business practices and sustainable financial growth
Social Enhance and protect social value by lifting the digital capability of Australia and enabling equity across our value chain	<ul style="list-style-type: none"> Released second Accessibility and Inclusion Plan in May 2023 Released the Company's fifth Reconciliation Action Plan (RAP) in May 2023 Student School Broadband Initiative launched in February 2023 Expanded supply chain due diligence activities, specialised internal training and engagement with strategic suppliers on modern slavery Commenced development of a Social Value Framework for NBN Co 	<ul style="list-style-type: none"> A safe, inclusive and engaged workforce Customer experience, partnerships and connected communities Customer experience, partnerships and connected communities A safe, inclusive and engaged workforce Customer experience, partnerships and connected communities Customer experience, partnerships and connected communities Sustainability Approach

1. <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/reports/sustainability-reports/2023-nbn-sustainability-data-book.pdf>

2. 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>.

Objective	FY23 outcomes	Relevant report section
Governance Manage our environmental and social risks, opportunities and issues through sustainability governance, sustainable finance, maturing our culture and capability and collaborative partnerships	<ul style="list-style-type: none"> Board Charter updated in December 2022 to reflect sustainability responsibilities Sustainability Governance Framework established 	<ul style="list-style-type: none"> Sustainability Approach Responsible business practices and sustainable financial growth
	<ul style="list-style-type: none"> Continued transition to Integrated Reporting, with additional ESG metrics subject to limited assurance First Carbon Disclosure Project (CDP) report submitted in September 2022 First Sustainability Bond Report (i.e., impact report supporting NBN Co's first Green Bond) issued in February 2023. 	<ul style="list-style-type: none"> Sustainability Approach Protected environment Responsible business practices and sustainable financial growth

Sustainability disclosures, metrics and assurance

NBN Co's reporting and disclosures are guided and informed 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 2021, and UN Sustainable Development Goals (SDGs).

NBN Co has identified the SDGs most relevant to its operations, by mapping the supporting targets of the 17 SDGs to the Company's material topics and Sustainability Approach. There are five 'primary' SDGs which represent where NBN Co can create direct impact and three 'secondary' SDGs representing business activities that support indirect impact creation.

An explanation of how NBN Co's actions map to relevant UN SDG targets is also included within the FY23 NBN Co Reporting Index.¹

Primary SDGs NBN Co can directly impact through action:



Secondary SDGs which the nbn® network and business support:



The NBN Co FY23 Reporting Index on the Company's website, provides a guide on where to find information within this report as related to applicable standards and frameworks. For further details see the FY23 NBN Co Reporting Index.




Key sustainability (or ESG) metrics and commentary are included within this Annual Report, across the Company's five Value Creation Outcomes.

For a full list of FY23 sustainability metrics demonstrating performance across the Value Creation Outcomes, see the FY23 Sustainability Data Book on the Company's website.²

1. <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/reports/sustainability-reports/2023-nbn-sustainability-reporting-index.pdf>
2. <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/reports/sustainability-reports/2023-nbn-sustainability-data-book.pdf>

In FY22, NBN Co improved the maturity of its non-financial reporting and disclosures, and for the first time obtained limited assurance over a select number of non-financial (sustainability) metrics. This has continued in FY23, with the number of non-financial (sustainability) metrics subject to limited assurance increasing. The following non-financial (sustainability) metrics were subject to limited and/or reasonable assurance in FY23 as indicated in the table below:

FY23 NON-FINANCIAL (SUSTAINABILITY) METRICS SUBJECT TO ASSURANCE

Value Creation Outcome	Non-financial (sustainability) metrics	Unit	Assurance
 Safe, inclusive and engaged workforce	• Total Recordable Injury Frequency Rate (TRIFR)	Total rate	Limited
	• Gender Pay Gap	As a percentage	Limited
	• Females in management	As a percentage	Limited
	• Employee engagement	As a percentage	Limited
 Australia's digital backbone	• Homes and businesses connected	Number of homes and businesses connected	Limited
 Protected environment	• Total scope 1 and 2 emissions (operational control: location-based) ¹	ktCO ₂ -e	Reasonable
	• Total energy consumed (operational control) ¹	GJ	Reasonable
	• Total scope 2 emissions (financial control: market-based)	ktCO ₂ -e	Limited
	• Energy Intensity (financial control)	kWh/TB	Limited
	• Emissions Intensity (financial control: market-based)	kgCO ₂ -e/TB	Limited
	• Total selected scope 3 emissions (FY23 and FY22) (financial control)	ktCO ₂ -e	Limited

See pages 197 to 201 for the for the Independent Assurance Report.

1. 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 total scope 1 and 2 emissions and total energy consumed. Energy and greenhouse gas emissions data for FY23 will be submitted to the Clean Energy Regulator by October 2023.



Our network

Australia's digital backbone



The nbn® network plays a key role in ensuring that Australia remains a productive, socially connected and prosperous nation.

Delivering connectivity for the nation

The Company knows that the nation's need for broadband will reach ever increasing levels over the next decade as the internet continues to transform how people across Australia live and work. This will support new opportunities in sectors like health, tourism, agriculture, manufacturing and education.

With broadband now being more important to daily life than ever before, NBN Co is committed to making its network available to more premises, increasing the availability of higher speeds and providing greater network capacity and reliability.

As at 30 June 2023, the Company had made almost 12.29 million premises Ready to Connect to the nbn® network, which has increased from 12.13 million premises as at 30 June 2022. The scale of the network continues to grow, primarily due to network construction activities to build infrastructure for new developments, with over 118,000 new development premises added to the network during the year.

Throughout FY23, the nation's digital demands have continued to accelerate. Peak network traffic during FY23 was 24.2 terabits per second, compared to 21.9 terabits per second during FY22, which represents an increase of 10.5 per cent. In just six years, data volumes have tripled across Australia. NBN Co will continue to invest in the network to not only meet today's needs, but also to meet the predicted needs of the future.

NBN Co's network investment plan is designed to support the nation's growing digital needs and ensure the nbn® network is future-ready during what has been a time of significant societal change and technological advancement.

NBN Co continues to execute its network investment plan by pushing fibre deeper into communities and extending Fixed Wireless and Satellite coverage and capabilities. Going forward, NBN Co will seek to use operating cashflows to plan and deliver further network upgrades to ensure the nbn® network continues to meet the evolving needs of the nation and support the Company in delivering on its purpose to lift the digital capability of Australia.

FY23 highlights

12.29m

Premises Ready to Connect (RTC)

FY22: 12.13m

6.90m

Premises able to access nbn® Home Ultrafast speed tier plans as at 30 June 2023

FY22: 5.24m

12,790

New wireless cells added to the Fixed Wireless network

Following the strong progress made towards delivering the Company’s network investment plans during the year, more than 6.90 million premises across Australia were able to access the **nbn**[®] Home Ultrafast speed tier as at 30 June 2023. This equates to approximately 62 per cent of the Fixed Line **nbn**[®] network being capable of providing speeds of 500 Mbps to close to 1 Gbps.¹ This is up from 5.24 million premises as at 30 June 2022 and equates to 47 per cent of the Fixed Line **nbn**[®] network.

Due to network investments in prior years, the entire HFC network, covering approximately 2.5 million premises, is already capable of 500 Mbps to close to 1 Gbps.

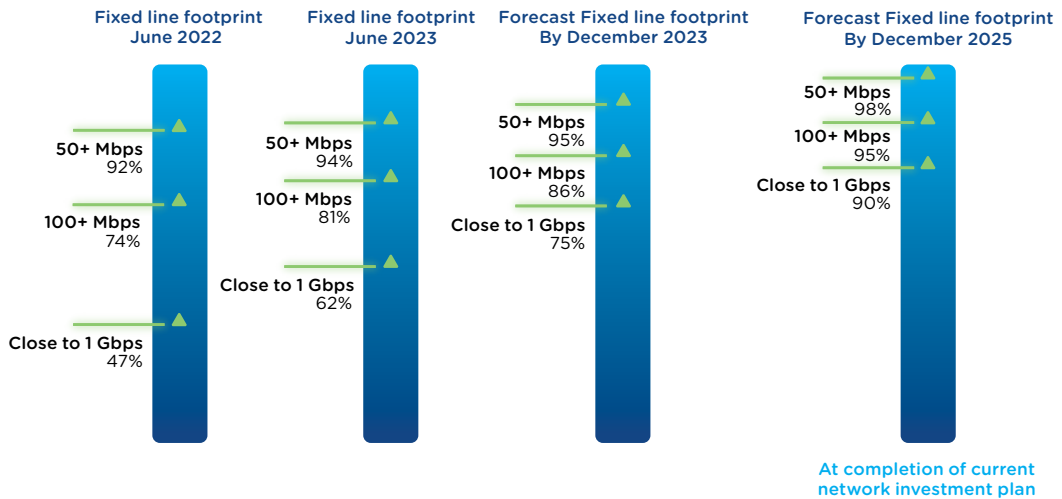
NBN Co is on target to enable 10 million premises, or up to 90 per cent of the Fixed Line network, to access plans based on the **nbn**[®] Home Ultrafast wholesale speed tier, offering peak download speeds from 500 Mbps to close to 1 Gbps by the end of 2025.

Upgrading to fibre

A key component of the Company’s network investment plan is its commitment to increasing the availability of higher speeds by making fibre upgrades available to more premises across the nation.

The largest fibre upgrade program is the roll-out of additional fibre to make 3.5 million premises that were originally served by FTTN technology eligible to upgrade to an FTTP service.²

nbn[®] Fixed Line network: wholesale download speed capabilities



1. Regardless of the retail service you purchase, the actual speeds delivered by NBN Co’s highest wholesale speed tiers of 500 Mbps to close to 1000 Mbps will be less than 1 Gbps due to equipment and network limitations and the peak information rate may fall anywhere in this range. In addition, the HFC Home Ultrafast bandwidth profile downstream service provided to retail providers is a ranged profile with a maximum sustained information rate of 750 Mbps. Reference to speeds are not end user speeds; they are wholesale layer 2 peak information rate bandwidth provided to retail service providers. An end customer’s experience, including the speeds actually achieved over the **nbn**[®] network, depends on some factors outside our control (like equipment quality, software, and how your retail service provider designs its network) and the NBN Co technology used for your connection.
2. Conditions, eligibility criteria and costs will apply. Eligibility criteria is expected to include, among other things, being designated by NBN Co as a simple premises (e.g. standalone premises or Single Dwelling Unit (SDU)) and once the program is available for an eligible premises, placing an order for an **nbn**[®] powered plan based on an eligible wholesale speed tier. Additional costs may apply to retail service providers, who may choose to pass this charge onto their customers.



This includes the Government's announcement to contribute \$2.4 billion towards the roll-out of fibre to an additional 1.5 million FTTN premises.

As at 30 June 2023, NBN Co has identified over 3 million of the total 3.5 million FTTN premises that will be covered by the fibre upgrade program and has performed the initial designs and scoping for these premises. The Company measures the progress of the fibre upgrade program by the number of premises declared Ready for Migration (RFM). Premises are considered to be RFM when the construction of the distribution and transit fibre infrastructure required to serve an area has been completed and the premises are ready to be made available for fibre upgrades via RSPs.

Over 1.3 million premises have reached RFM as at 30 June 2023 and the Company remains on track to deliver the fibre upgrades to 2.0 million FTTN premises by the end of 2023 and to reach 3.5 million premises RFM by the end of December 2025.

For a full fibre upgrade to occur, customers at eligible premises need to place a qualifying higher speed tier order with a participating RSP. For customers currently served by FTTN, the qualifying speed tier is **nbn**[®] Home Fast (100/20 Mbps)^{1,2,3} or higher. For qualifying orders, NBN Co will construct a fibre connection to the premises and activate the higher speed service on the FTTP network.

By 30 June 2023, more than 1.0 million FTTN premises were eligible to order an upgrade via an RSP, and over 58,000 FTTN premises had been upgraded to FTTP services. The scale of the footprint that is eligible to migrate to fibre is growing rapidly and NBN Co is working in partnership with RSPs to encourage and deliver these migrations and further enable near-gigabit speeds for households and businesses across the nation.

NBN Co also offers a fibre upgrade program for premises currently served by FTTC technology to upgrade to FTTP. It is anticipated that 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.

To trigger a full fibre upgrade from an existing FTTC served premises, eligible customers can place an order for **nbn**[®] Home Superfast (250/25 Mbps) or higher.^{1,2,3} At the end of June 2023, over 30,000 FTTC premises had been upgraded to FTTP services.

As a result of these fibre 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.

Over time, this means the Company will be able to significantly reduce the number of copper connections in the **nbn**[®] network. In comparison to copper, fibre is not only inherently more capable of delivering faster² upload and download speeds but is also more energy-efficient and resilient to the physical effects of climate change. The rollout of fibre deeper into the network will therefore help improve customer experience and comparatively reduce maintenance and operating costs.

By replacing copper connections in the network with more energy-efficient fibre, NBN Co aims to enable long-term reductions in network power demand, ultimately leading to reduced emissions.

1. NBN Co reserves the right to amend the list of targeted suburbs and towns for the local fibre network build at its discretion.
2. Conditions, eligibility criteria and costs will apply. Eligibility criteria is expected to include, among other things, being designated by **nbn**[®] as a simple premises (e.g. standalone premises or Single Dwelling Unit (SDU)) and once the program is available for an eligible premises, placing an order for an **nbn**[®] powered plan based on an eligible wholesale speed tier. Additional costs may apply to RSPs, who may choose to pass this charge onto their customers.
3. An end customer's experience, including the speeds actually achieved over the **nbn**[®] network, depends on the **nbn**[®] network technology and configuration over which services are delivered to their premises, whether they are using the internet during the busy period, and some factors outside of NBN Co's control (like their equipment quality, software, chosen broadband plan, signal reception, or how their provider designs its network).

Investing in regional Australia

NBN Co is committed to investing across its regional and rural network to deliver on the Company's purpose of lifting the digital capability of Australia. The growing demand for broadband and data affects all areas of the nation, whether metro, regional or remote, and the **nbn**[®] network must evolve to meet current and future speed and capacity demands.

While many customers in regional towns will benefit from the planned fibre upgrades, NBN Co is also investing in the next evolution of its Fixed Wireless network, extending both the reach and capability of the network by enabling 5G infrastructure across its wireless sites. The \$750 million Fixed Wireless Upgrade Program is being enabled through co-investment with the Commonwealth Government and forms part of the response to the 2021 Regional Telecommunications Review, which recommended enhancements to **nbn**[®] Fixed Wireless and Satellite services after it found there had been a step-change in demand for data and broadband in rural and regional areas.

The Fixed Wireless Upgrade Program will deliver faster speeds for fixed wireless customers, with a commitment for the fixed wireless network to deliver typical wholesale busy period download speeds of at least 50 Mbps and to introduce new high-speed tiers that will deliver wholesale download speeds between 100 and 325 Mbps by December 2024.¹

It is expected that wholesale peak download speeds of 100-130 Mbps¹ will be available to 100 per cent of the **nbn**[®] Fixed Wireless coverage area by the end of 2024. Approximately 85 per cent of the expanded Fixed Wireless footprint

will be able to order services with wholesale peak download speeds of 200-325 Mbps¹ which are up to four times faster than currently available on **nbn**[®] Fixed Wireless services.

During the first 12 months of the Fixed Wireless Upgrade Program NBN Co added more than 12,000 new wireless cells to the existing Fixed Wireless network increasing the total number of cells on the network by 55%. The new wireless cells added during the Upgrade Program are helping to improve the speed and reliability for customers on the network and are a critical component in NBN Co's ambition to uplift the typical wholesale busy period speed to 50 Mbps by the end of next year.

Technological and software advancements will enable the coverage of the fixed wireless network to be expanded by up to 50 per cent. As a result, approximately 120,000 former Satellite-only premises will be able to access the Fixed Wireless network.

In March 2023, the Company announced the first 24,000 homes and businesses across regional Australia that are now eligible to access the **nbn**[®] Fixed Wireless network for the first time. This migration of satellite customers onto the Fixed Wireless network will free up capacity on the Satellite network.

This has enabled NBN Co to offer improved Sky Muster[®] services, such as the launch of the new Sky Muster[®] Plus Premium product in June 2023. The new plan offers uncapped data usage² and for the first time, the 25/5 Mbps wholesale plan can offer burst download speeds of up to 100 Mbps.^{3,4}

1. NBN Co is a wholesaler and end customers should contact their preferred RSP to ask about availability. The planned wholesale download speeds for Fixed Wireless **nbn**[®] Home Fast and Fixed Wireless **nbn**[®] Superfast are Peak Information Rates with peak wholesale download speeds of 100-130 Mbps for Fixed Wireless **nbn**[®] Home Fast and 200-325 Mbps for Fixed Wireless **nbn**[®] Superfast.
2. Fair Use Policy and shaping apply.
3. Supplementary Burst allows for wholesale data transfer speeds to exceed the Access Rates of 25Mbps/5Mbps if network capacity is available. For Sky Muster Plus Premium the Supplementary Burst may be able to achieve from time to time, bursts of up to 100Mbps download and 10Mbps upload. **nbn**[®] does not guarantee that plans on Sky Muster Plus Premium will achieve burst wholesale download speeds of 100Mbps. Achievable burst speeds are subject to network capacity at the time of transfer (which varies over time based on aggregate usage of the network by all users and may also be dependent on the specifications of end user equipment.)
4. Customer experience, including the speeds achieved over the **nbn**[®] network, depends on the **nbn**[®] technology and configuration over which services are delivered to your premises, whether you are using the internet during the busy period, and some factors outside of **nbn**[®]'s control (like your equipment quality, software or signal reception). For **nbn** Satellite, end customers may also experience latency.

This enables rural and regional customers to enjoy higher speed services without the constraints of managing a monthly data usage allowance.¹ The launch follows the trial of the plan earlier in 2023, which involved over 10,000 Sky Muster® Plus users and demonstrated that the network remained robust despite a marked increase in data usage, especially during busy periods.

Network co-investment

In addition to the joint investment in the Fixed Wireless Upgrade Program, NBN Co has partnered with local, state and federal governments to co-invest in **nbn**® network upgrades and improve services.

Examples of co-investments include:

- In October 2022, NBN Co and the Victorian Government announced the third stage of their co-investment agreement, which was first announced in August 2021. The agreement delivers enhanced fibre based digital infrastructure across more than 180 Victorian suburbs and towns, many in regional areas.
- In December 2022, collaboration with the Northern Territory Government saw the installation of fibre infrastructure to approximately 540 premises in Jabiru, the tourism gateway to the Kakadu National Park.
- In March 2023, NBN Co and the NSW Government announced the construction or co-location of 56 new fixed wireless towers to help deliver enhanced **nbn**® broadband services to over 11,000 homes and businesses across 46 locations in regional NSW.

Co-investment opportunities such as the agreements described above are one of the many ways the Company delivers on its commitment to strengthen Australia's digital backbone and enhance connectivity in regional Australia.

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).

This helps to deliver enhanced connectivity under co-funded projects via location specific telecommunications infrastructure projects to help solve local connectivity issues.

The second round of the RCP has allocated funding for **nbn**® Fixed Wireless and fibre upgrades across a further 10 projects, enhancing connectivity for around 4,000 homes and businesses in some of the most remote areas of Australia.

In addition to the \$37.9 million in committed Commonwealth RCP funding and \$4.7 million in funding support from State and Local governments, NBN Co will contribute more than \$12.2 million to deliver these projects.

During FY23, NBN Co also received \$23.0 million funding under the Regional Broadband Scheme (RBS). This scheme 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 estimates that it will pay around 95 per cent of the total levy raised by the RBS, which funds the cost of building and operating the Fixed Wireless and Satellite networks.

1. Fair Use Policy and shaping apply.

New developments

The Company aims to be the Australian property development industry's first-choice provider of broadband networks. NBN Co has continued to work in partnership with property developers nationally, to provide people and businesses settling in new communities with access to fast, reliable and secure broadband.

Constructing network infrastructure to new developments has expanded the Company's fibre footprint, providing residents and businesses in new developments with the ability to embrace the digital connectivity that powers smart buildings, communities and cities, as well as the possibilities created by the Internet of Things (IoT).

Since the Company was established, NBN Co's New Developments team have delivered **nbn**[®] network access to more than 1.2 million households and businesses in newly built communities across Australia. In FY23, over 135,000 new development premises were made Ready to Connect to the network.

The Company's Smart Places¹ product proposes to take the power of **nbn**[®] fibre connectivity beyond premises, to locations across communities that require fast, reliable, secure and future-proof broadband connectivity. The Company aims to enable customers to connect to eligible smart infrastructure in outdoor locations that are not generally serviceable using standard equipment. Miniaturised, durable and reverse-powered network connection devices allow the **nbn**[®] network to be connected to digital billboards, public Wi-Fi in parks, traffic lights and CCTV.



1. NBN Co's Smart Places is under consultation and subject to change. While not yet available, NBN Co is accepting applications for builds to non-premises locations in new developments. Service connectivity availability will depend on phone and internet providers offering NBN Co Smart Places, and timing of product availability will be at provider discretion.



CASE STUDY



Connecting new developments

NBN Co is proud of its partnerships with the construction and property development industry. These partnerships allow the Company to adapt to new trends and technologies and continue to deliver the connectivity that new home owners require.

NBN Co is one of many broadband fibre network operators competing to win work with property developers to provide full fibre connectivity for Australia's newest homes and businesses.

The Company's New Developments team partners with the property development industry to help bring full fibre, future-fit network **nbn**[®] infrastructure to places and items, rather than just homes and buildings, providing fast, reliable, secure connectivity throughout new communities.

Home buyers expect internet connectivity from the moment they're handed the keys to their new home. NBN Co's commitment to delivering on-time connection and reliable, secure, affordable broadband to Australia's newest communities has received positive testimonials from a leading developer, its construction partner and a happy customer.

Allam Homes:

"We've had a great experience working with the NBN Co New Developments team across all our developments. Their team is familiar

with the complexities of projects, such as timelines and the need for flexibility. Working with NBN Co is something I recommend to other property developers due to how easy and beneficial our experience has been. We can rely on NBN Co and Comex to continue working with us to make the installation as seamless as possible and help us deliver on our promise to our customers - a truly ready-built home."

Comex:

"We work closely with NBN Co and can offer fast design approval and early practical completion. We can access the **nbn**[®] enAble™ accreditation portal as an **nbn**[®] enAble partner to address common issues. Having our team **nbn**[®] enAble trained helps us build it right the first time and to the correct standards. As a result, our designs can be fast-tracked, and we often receive approvals within one business day!"

Allam resident:

"We need reliable internet connectivity to get us through the motions of the day, be it the kids' homework or our own remote work. Allam Homes ensured that by planning early for a fibre connection powered by the **nbn**[®] network, we were able to choose an internet provider and start using the internet from day one".

1. While **nbn**[®] endeavours to review developer designs as fast as possible, it will review all submitted designs in accordance with the Master Developer Agreement (i.e. within 20 business days).

Lifting the digital capability of Australian businesses

The demand for high-performance, business-grade broadband connectivity continues to grow across the nation. Australian businesses are prioritising investing in high-performance business services to enable them to leverage connectivity with customers and partners so they can compete in a rapidly advancing domestic and global digital marketplace.

NBN Co's standard wholesale products offer reliable, high-speed services that meet the needs of the majority of businesses at affordable prices. However, some businesses have unique needs beyond high-speed services. These businesses require symmetrical upload and download speeds, traffic prioritisation and enhanced fault assurance timeframes.

NBN Co's Enterprise Ethernet product is designed for these premium business customers. It is built using dedicated fibre between the fibre access node and the premises. It enables business customers to order broadband based on wholesale speed tiers of between 2 Gbps to close to 10 Gbps^{1,2} - which is up to 10 times faster than previously available on the **nbn**[®] network.

This service is available at an estimated 1.5 million Australian business locations. As at 30 June 2023, there are more than 25,000 active Enterprise Ethernet services, with approximately 10,000 additional services activated during FY23.

To support business take-up of these services, NBN Co has created 321 Business Fibre Zones (BFZ) across Australia. Importantly, of the 321 BFZ, 142 are located in regional centres.

The business broadband network represents an important ongoing infrastructure investment for NBN Co, which in turn enables Australian businesses to meet the shifts in digital trends for their business operations and the needs of their own customers.

In March 2023, NBN Co and Western Sydney International (Nancy-Bird Walton) Airport signed a Master Developer Agreement, which will be a critical component of the site's transformation into a high-tech transport and business hub.

The Company will install 25km of fibre to service the airport terminal and future business park, supporting the needs of passengers, airlines, air cargo and business park customers.

As part of the deal, NBN Co will create a BFZ for the International Airport - allowing approximately 1,000 businesses to access its premium business product, Enterprise Ethernet, with no upfront building costs,³ from NBN Co when an eligible plan is ordered.

1. Regardless of the bandwidth profile for the service you acquire from your retail service provider, it will operate at less than 10,000 Mbps (or, in some circumstances, 1,000 Mbps, if that bandwidth profile is acquired) because of normal equipment and network limitations. In addition, your experience, including the speeds actually achieved over the **nbn**[®] network, depends on some factors outside our control (like your equipment quality, software, and how your service provider designs its network). If your service provider has not selected Class of Service High, speeds you experience may be affected by contention on the **nbn**[®] network, particularly in busy periods.
2. Business **nbn**[®] Enterprise Ethernet is only available in the **nbn**[®] Fixed Line network footprint and at limited premises served by the **nbn**[®] Fixed Wireless and Satellite networks.
3. NBN Co is a wholesaler and does not control costs charged by retail service providers. Customers should contact their preferred retail service provider to ask about availability and any fees and charges from their provider 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.

Making the network more resilient

The Australian continent is susceptible to natural disasters, from bushfires to cyclones and flooding. During these times of crisis, it is even more important that digital connectivity is maintained. These natural disasters pose potential danger to the **nbn**[®] network, which is why the Company continues to work hard to mitigate these potential risks.

A key component of the Company's strategy is to improve network resilience by rolling out more fibre across the country. Fibre optic cables used within the **nbn**[®] network are more resilient, energy efficient and require less maintenance. This means fibre not only delivers faster and more reliable broadband, it also withstands extreme weather much better than copper-based infrastructure.

NBN Co's determination and actions to safeguard the digital backbone of the country are being documented in its Climate Transition Plan, which will guide the Company through the many challenges created by Australia's changing climate. This strategic planning instrument is designed to make the network more resilient by managing and mitigating the risks, adapting to the new normal, and harnessing potential opportunities.

Maintaining and restoring the services that communities rely on to stay safe and connected with each other and with emergency services will always remain NBN Co's highest priority in the event of an emergency or disaster.

During FY23, as part of a multi-faceted approach, NBN Co completed the roll-out of disaster satellite services under the Australian Government's Strengthening Telecommunications Against Natural Disasters (STAND) program.

STAND assets have been installed at 1,060 designated rural and country emergency management sites and evacuation centres around Australia. These assets provide back-up communications connection using **nbn**[®] Sky Muster[®] satellite services and can be switched on to 'disaster mode' during an emergency event to provide free full broadband functionality for use by emergency services and the community.

They also complement a suite of existing transportable connectivity solutions that can be deployed to provide temporary connectivity to support impacted communities in the event of an emergency.

Another way the Company aims to ensure the resilience of the **nbn**[®] network is through continuous improvement of its Temporary Network Infrastructure (TNI) equipment, which is rapidly deployed when needed. The Company will continue to trial innovative solutions for its TNI to ensure it can continue to provide connectivity when the electricity grid goes down, which is when communities and emergency services need connectivity the most.

These innovative pieces of equipment have been developed in-house and are pre-positioned across Australia in preparation for a natural disaster event, each playing an important role in helping to keep customers connected.

In FY23, NBN Co conducted trials aimed at making the network more resilient as follows:

- Road testing the ability of Point of Interconnect (POI) on Wheels to restore and maintain services should damage occur to critical infrastructure, such as telecommunications exchange buildings. For the first time in Australia, live field trials of the POI on Wheels were conducted, with more than 70,000 **nbn**[®] services successfully transferred from the exchange, suggesting the vehicle could support up to 500,000 customer services for as long as required during an emergency.
- Tested the potential use of wind power as an alternative renewable energy solution to extend the battery life of a Hybrid Power Cube in an environmentally sustainable way, while also helping **nbn**[®] Fixed Wireless sites operate for lengthy periods of time without a connection to mains power. Research will continue on the use of renewable energy sources to strengthen the resiliency of the network and help keep communities and emergency services connected to the **nbn**[®] network for longer.



Security and privacy

The **nbn**[®] network is Australia's largest critical infrastructure network and NBN Co has a pivotal role to keep it secure. Ensuring its security and availability underpins everything the Company does as an organisation.

The Company is committed to ensuring robust security obligations relating to risk management, business resilience, cyber, personnel, physical security and supply chain are embedded across the organisation. This is reflected in the Company's ongoing security program under the leadership of the NBN Co Chief Security Officer via a converged all-hazards model.

This brings a unified view and approach to managing security and privacy risks faced by the organisation and combines all of the skills and expertise of various security disciplines into a coordinated effort providing single accountability.

NBN Co works closely with Australia's national security agencies including the Australian Cyber Security Centre (ACSC), the Cyber and Infrastructure Security Centre (CISC), and the Australian Signals Directorate (ASD) to prepare against any potential security threats.



Supporting innovation

NBN Co is continuously investing in innovation to support the development of new services to meet and anticipate the needs of RSPs, households, businesses and communities. The Company is committed to looking at new ways of doing things so that customers continue to get a great experience when using the **nbn**[®] network. These include more efficient, automated operations to support anomaly detection, machine learning and real-time network information.

NBN Co is also running trials on sensory equipment to detect accidental damage before it happens, saving time for the Company and field delivery partners while also reducing the impact of unplanned outages for the end user.

Partnerships and industry relationships continue to offer the diversity of skills and research capabilities crucial to extending innovation. NBN Co works with its customers as a critical infrastructure partner to support the ever-changing needs of homes and businesses as they embrace new technology.

During FY23, NBN Co selected Ericsson to supply next generation 5G technology that will deliver enhanced coverage and speed across the **nbn**[®] Fixed Wireless network. Ericsson's innovative technology solutions will help extend the range of the Company's Fixed Wireless towers from 14 kilometres to at least 29 kilometres for selected **nbn**[®] Fixed Wireless towers (subject to network capacity and topography), resulting in an expansion of the **nbn**[®] Fixed Wireless footprint by up to 50 per cent. This is a key enabler of the Company's delivery of the Fixed Wireless Upgrade Program.

NBN Co also works with leading scientists and universities to maximise the power of the internet, inventing new technologies, and enabling others to do so as well. The Company is working with the University of Technology Sydney to further develop the viability of using sensor and camera-equipped robots to perform tasks such as clearing blocked conduits, hauling cable, and collecting 3D network data. If successful, this will help deliver remotely piloted machines into spaces that no human can access safely and improve the Company's ability to install fibre.

FUTURE FOCUS

- Deliver fibre upgrade program to enable 90% of the Fixed-Line network to access **nbn**[®] Home Ultrafast speed tier plans by December 2025
- Upgrade the Fixed Wireless network to be capable of delivering 50 Mbps speeds by December 2024
- Continue to evaluate network technology developments to identify efficient future upgrade pathways



Our customers, communities and partners

Customer experience, partnerships and connected communities





NBN Co was established to improve wholesale broadband services across the country, while also enabling the provision of reasonably priced services to consumers and businesses via RSPs on a non-discriminatory basis.

This has helped level the playing field in the Australian telecommunications industry, enhanced competition and innovation, and provided greater choice for consumers across the country.

The Company works closely with its RSP partners to help them succeed in serving Australia's homes and businesses with great broadband services delivered across the **nbn**[®] network.

As such, NBN Co is committed to working together with RSPs to resolve issues quickly and deliver improved customer experience.

As at 30 June 2023, the number of active premises was 8.56 million, up from 8.52 million in FY22. This equates to more than 20 million people relying on the network every day.

In addition to the larger volume of customers, the demand for data is increasing the number of customers on higher wholesale broadband speed tiers. Data use has tripled in just six years, and NBN Co expects the nation's data demands to accelerate over the next decade.

As well as this growth in data consumption, customers are ordering and receiving higher speeds over the **nbn**[®] network.

This is evidenced by an 11 per cent growth in average end user download speeds across the **nbn**[®] network from 59.39 Mbps as at 30 June 2022 to 66.13 Mbps as at 30 June 2023.

Customer experience

Throughout FY23, NBN Co continued to focus on customer experience, improving access to and availability of the **nbn**[®] network. This aims to support our customers to make better use of broadband in their everyday lives. The Company strove to improve connectivity, reliability and customer service, including reducing **nbn**[®] network outages, notifying customers when outages would occur, making connections convenient and on-time, and resolving issues quickly.

During FY23, the Company met agreed installation times 98 per cent of the time, an improvement from 97 per cent during FY22. This means customers are being connected quicker and with less inconvenience due to delayed connections.

FY23 highlights

8.56m

Homes and businesses connected

FY22: 8.52m

66.13Mbps

Average end user speed¹

FY22: 59.39 Mbps

92%

Faults resolved within agreed timeframes

FY22: 88%

1. Your experience, including the speeds actually achieved over the **nbn**[®] network, depends on the **nbn**[®] network technology and configuration over which services are delivered to your premises, whether you are using the internet during the busy period, and some factors outside our control (like your equipment quality, software, broadband plans, signal reception and how your service provider designs its network). Speeds may be impacted by the number of concurrent users on **nbn**[®]'s Fixed Wireless network, including during busy periods. Satellite users may experience latency.

Likewise for customers experiencing service difficulties, NBN Co was able to resolve these faults within agreed timeframes¹ 92 per cent of the time during FY23, up from 88 per cent in FY22. This provided an improved customer experience, with less internet and phone downtime.

Both results were made possible due to fewer rescheduled and missed appointments in FY23, reducing inconvenience to the customer.

SERVING REGIONAL BUSINESSES

To support business and government customers outside the Company's Fixed-Line and Fixed Wireless networks, 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 provides 100 per cent beam coverage to Australia and its territories, enabling its RSPs to support remote and regional businesses across the nation, including remote areas such as the Gibson Desert, Cocos Islands, Bass Strait and Far North Queensland.²

The agility of BSS to be deployed rapidly and with speeds of up to 150/15 Mbps³ further enhance the product offering. As at June 2023, NBN Co has 492 active BSS services.



1. This measure tracks individual service faults, not network related faults which are tracked separately. The fault restoration measure does not include restoration for faults reported to us relating to Priority Assistance Faults or Enhanced Faults, network upgrades and improvements, and events beyond NBN Co's control. NBN Co's target timeframes apply to faults raised by phone and internet providers and accepted by NBN Co and vary depending on the location of the premises, and are different for the Sky Muster[®] satellite network.
2. 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 customer, 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.
3. An end customer's experience using the business **nbn**[®] Satellite Service, including speeds and other performance characteristics, depend on a range of factors, such as the latency limitations inherent in satellite communications, the particular product and product features that have been selected by the service provider, the configuration of the products and product features being delivered, the time of usage in relation to certain internet-based access products, and other factors outside of **nbn**[®] control (like their equipment quality, software, chosen broadband plan, signal reception, or how their service provider designs its network).



Making it easier to do business with NBN Co

A core component of the Company's transformation programs is Enterprise Simplicity, which seeks to reduce the Company's IT complexity, costs and streamline the ability to implement change.

In response to market competition, the Company is committed to delivering great customer experience for retailers and customers.

Enterprise Simplicity will redesign, replace and uplift systems now approaching end of life and importantly enable a radical end-to-end simplification that will ensure solution flexibility going forward.

Enterprise Simplicity will create the system and process foundation that will allow the Company to become a leaner, faster and more efficient wholesaler.

It is structured into six themes that will drive benefits for the Company, service delivery partners, RSPs and customers.

The six themes are:

1. **Partner simplicity** - Uplifting the systems that both RSPs and service delivery partners interact with, to deliver a better experience. Consolidating portals and enhancing Application Program Interfaces (APIs) will enable greater levels of efficiency across systems.
2. **Data simplicity** - Consolidating multiple data lakes, data warehouses and analytics platforms. Timely, accurate data and analytics will provide a single source of truth that enables automated business processes and real time decision making.
3. **Network assurance simplicity** - Consolidating systems. The Company will automate processes and simplify the product construct.
4. **Operational simplicity** - The Company is bringing ticketing together on a common Software as a Service (SaaS) platform that will enable end-to-end standards-based process simplification and automation.
5. **Technology simplicity** - Consolidating multiple data centres and multiple cloud environments into a highly resilient and highly secure environment, making multi-factor authentication quicker, easier and more secure for everyone.
6. **Finance simplicity** - Uplifting billing, planning and enterprise reporting systems to a next-gen SaaS solution which simplifies analytics and drives end-to-end efficiency.

NBN Co is almost three years into a five-year program and has so far delivered 40 per cent of planned cost savings and over 60 per cent of planned systems decommissioning.

Working with industry

NBN Co believes it is in the industry's best interests that the Company is suitably funded and resourced in order to scale capacity and deliver a fast, resilient and reliable network for all customers, now and into the future.

The Special Access Undertaking (SAU) is a voluntary agreement between NBN Co and the Australian Competition and Consumer Commission (ACCC), which forms a key part of the regulatory framework that governs the prices, service standards and terms under which NBN Co can offer wholesale broadband services to RSPs.

The original SAU was drafted and accepted by the ACCC in 2013 and was intended to operate until 2040, however it only covered Fibre to the Premises (FTTP), Fixed Wireless and Satellite services.

The proposed new SAU will cover all regulated services, irrespective of technology, and include a series of discrete terms with the flexibility for periodic updates via a replacement module process to ensure it remains fit for purpose to deliver an appropriate regulatory framework over the next two decades.

NBN Co's proposed SAU Variation is intended to deliver greater cost certainty, simplicity and value to the industry and customers. Sustainable long-term pricing will support the industry and underpin continued investment in the network and long-term enhancements to service standards to help meet the future digital needs of Australia.

The proposed revisions to the SAU have been subject to detailed consultation and iterative development over the last two years involving NBN Co, the ACCC, the Government, RSPs and consumer advocacy groups.

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.

NBN Co formally withdrew its previous proposal and expects to lodge a revised SAU Variation proposal with the ACCC in August 2023.





Once accepted by the ACCC, the SAU Variation will be codified into the fifth iteration of the Wholesale Broadband Agreement (WBA5), which is the commercial contract between NBN Co and RSP access seekers. This will enable a contractual offer to be presented to RSPs for negotiation and agreement in time for SAU Variation implementation within 3 months of SAU acceptance.

ANNUAL SERVICE IMPROVEMENT PLAN AND SERVICE PERFORMANCE REVIEW

NBN Co recognises that benchmark service standards and ongoing improvements to customer experience are key areas of focus for RSPs and an important consideration in the ACCC's assessment of the SAU Variation.

NBN Co will incorporate a new commitment for the first regulatory cycle (FY24 - FY26) to publish an annual Service Improvement Plan and conduct an annual Service Performance Review against set WBA service levels and performance objectives.

The Service Improvement Plan will be published after the commencement of the relevant financial year and provide transparency of those initiatives focused on uplifting the RSP and customer experience that will commence or continue in the next 12 months, which are forecast to incur material capital or operating expenditure.

The Service Performance Review will provide a structured review of WBA service standards and NBN Co's performance against these standards over the prior 12-month period, as well as incorporating related RSP feedback.

NBN Co will publish a Service Performance Review by the end of FY24 and FY25, including any service standards changes that the Company is considering in response to the review.

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.

Digital technology is a great enabler for all members of the community and offers specific benefits for community wellbeing.

The Company has a strong commitment to digital inclusion, particularly for remote and regional areas, low-income households, 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 are part of the LIDIF collaboration, representing not-for-profit organisations, customer advocacy groups, government agencies, RSPs, and independent research firms.

The first LIDIF meeting was held in March 2023 and focused on identifying possible targeted initiatives to improve access, affordability, and digital ability for low-income, vulnerable, and unconnected end users of the **nbn**[®] network. These forums will shape the Company's actions and will occur at least once each financial year.

Additionally, NBN Co is proud to support the 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 has also provided a contribution towards the IT establishment and other related operating costs for participating internet providers to support the initiative. The Government is supporting the Company's implementation and delivery of the initiative with a \$4.5 million grant.

The first families were connected in Term 1 of the 2023 school year.



Accessibility and inclusion

NBN Co is committed to delivering accessible and inclusive products and services to its customers and the wider community.

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. It also incorporates recommendations from its inaugural Accessibility and Inclusion Index submission with the Australia Network on Disability (AND).

NBN Co’s first AIP focused on foundational areas, and the updated AIP (2023 – 2026) published in May 2023, aims to accelerate the Company’s ambitions for the inclusion of people living with a disability even further. It sets out how the Company will support access to healthcare, education, and online government services during times of technological advancements and digitisation.

Connecting First Nations’ communities

NBN Co aims to engage and connect with First Nations cultures and their aspirations for digital inclusion.

The Company recognises that digital inclusion is much lower for First Nations people than the general population, as evidenced by the Australian Digital Inclusion Index (ADII) and validated through NBN Co’s own engagement. The Company commends the addition of Target 17 in the National Agreement on Closing the Gap and remains committed to playing its role in addressing these priority reforms.

The Company’s actions and plans form a concerted effort towards providing equitable access and improving digital inclusion for First Nations people.

NBN Co also acknowledges that its role extends beyond connectivity. It must additionally support the culturally safe and appropriate use of technology, expand employment and business pathways with First Nations people, as well as continue to amplify the success of community-led programs and solutions.



NBN CO'S RECONCILIATION ACTION PLAN

The Company's fourth Reconciliation Action Plan (RAP) focused on connecting communities, delivering customised product offerings, and providing educational programs to enhance First Nations people's digital literacy.

NBN Co has delivered on its commitments outlined in the Company's fourth RAP. This included building NBN Co's cultural capability and competency as an organisation through ongoing training and internal engagement, driving an uplift of digital capability through its Indigenous Digital Ability Program and the deployment of Community Wi-Fi points across First Nations communities, which provide free and unlimited access to support services, education, health, and communication.

In May 2023, NBN Co launched its fifth RAP, covering up to 2026, which continues the strong emphasis on connecting more communities, delivering customised product offerings and educational programs to lift First Nations people's digital literacy.

NBN Co's fifth RAP seeks to advance reconciliation, with the plan's foundation focused on four crucial areas that were collaboratively designed with industry experts.

These areas align with Reconciliation Australia's relationships, respect, opportunities and governance pillars. The four areas include: First Nations digital outcomes, career pathways, First Nations procurement, and cultural learning.

The Company must increase digital inclusion, drive increased employment opportunities for First Nations job seekers, and create meaningful and sustainable engagement across its supply chain for First Nations owned businesses.

The Company's engagement strategy for First Nations individuals intersects with the RAP commitments and aims to increase representation in the workforce and support career advancement. An example of this in action is the NBN Co Customer Field Technician Traineeship program, which attracted 96 'new to industry' individuals, 14 per cent of whom identify as First Nations.



REMOTE FIRST NATIONS COMMUNITIES

The Company understand there to be 1,097 First Nations communities, as identified through the Australian Bureau of Statistics Indigenous Location (ILOc) data, excluding some homelands and inclusive of regional and metro centres. NBN Co's focus is on remote First Nations communities where digital inclusion is at its lowest and the Company can have an immediate and positive impact with lasting benefits.

Of the 1,097 First Nations communities, there are 444 discrete remote First Nations communities. This is defined by communities with greater than 75 per cent of the population identifying as Aboriginal or Torres Strait Islander and where generally digital inclusion is at its lowest.

Currently 301 First Nations communities are served by the National Indigenous Australians Agency's Remote Indigenous Communities Telecommunications Wi-Fi program.

130 of these communities are enabled by **nbn**[®] Sky Muster[®] satellite services and have recently been migrated to **nbn**[®] Sky Muster[®] Plus, providing more data and higher speeds. The remaining communities that are enabled by IPstar satellites, and will soon migrate to **nbn**[®] Sky Muster[®] satellite services, providing up to 50 times more speed as well as uncapped data (currently constrained to 20 GB per community per month).¹

ENHANCING FIRST NATIONS DIGITAL ABILITY

NBN Co is supporting enhanced digital ability through culturally led cyber safety awareness and education programs, enabling opportunities for learning and skills development to grow the digital capability of First Nations people and communities.

NBN Co supports cyber safety awareness programs and fosters opportunities for digital skills development within First Nations communities through direct engagement via the Company's **nbn**[®] Local teams.

This reached over 900 community members in FY23 and collaborations with organisations such as the JT Academy's JTLeadLikeAGirl program, and had participation of approximately 160 young women from 14 communities across QLD, NSW and WA.

A key focus for NBN Co is also understanding digital skill levels, given that knowledge and skills can vary from person to person and community to community. The Online Skills Check and Resources, also known as OSCAR, is a tool to help people uplift their digital capability.

The skill check is split into four key themes: getting connected; using your device; keeping yourself and your mob safe; and having a yarn online. The tool provides a personalised digital skill score and offers resources aimed at helping to improve a user's online skills.

A specialised version of the tool was launched for First Nations audiences, known as iOSCAR, with particular attention to cater to differences in language used and resources available, including the likes of Indigimob and Be Deadly Online.

As part of a pilot program, NBN Co employs four First Nations people (**nbn** Digital Ambassadors) within community locations - Koonibba (SA), Indulkana (SA), Warakurna (WA) and Aurukun (QLD) - who provide onsite basic digital literacy and IT support to ensure members of the community can interact with online services safely and prosperously.

1. Fair Use Policy and shaping apply.



Free community Wi-Fi for remote First Nations communities

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 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.

These services are free to use for community members, and have no download limits, enabling access to support services, education, health services, entertainment and keeping in touch with family and friends.

Network design for these solutions is developed in collaboration with community leaders to ensure cultural adherence.



Looking ahead

NBN Co continues to take steps towards developing strong cultural awareness among the Company's workforce, which contributes towards growing an inclusive and culturally safe environment.

NBN Co staff are encouraged to come together to discuss and learn about a broad range of First Nations related topics via the Company's quarterly Liakukana series - a storytelling and learning event series aimed at increasing employees' awareness and understanding of First Nations peoples' culture, as well as promoting stories of excellence.

The Company's three-year partnership with Jawun has provided over 15 secondees to First Nations organisations, delivering additional skilled resourcing to organisations in North-East Arnhem Land, East Kimberly, and Central Australia.

Secondees have helped build capacity in these organisations, enabled them to achieve their goals and made a meaningful difference in First Nations communities. These secondees have also shared powerful stories, driving awareness across NBN Co.

NBN Co will continue its partnership with Jawun, which facilitates rich cultural immersion through its Jawun Secondment Program.

NBN Co also maintains its proud partnership with employment partner CareerTrackers. CareerTrackers is a national non-profit organisation with the goal of creating pathways and support systems for First Nations young adults to attend and graduate from university, with high marks, industry experience and bright professional futures.



The Company remains committed to playing a key role in the digital evolution of First Nations' communities, which includes assisting to:

- Address digital access, affordability and ability barriers
- Support First Nations business and enterprise development
- Enable opportunities for learning and skills development to grow digital capability of First Nations peoples and communities
- Facilitate more efficient delivery and uptake of critical services, including healthcare and other social services
- Support new ways to strengthen cultural identity, traditions and activities, and enhance connections to community and Country.

NBN Co's actions are part of the Company's continued contribution towards Target 17 of the Closing the Gap Report (2022), which is centred on providing equitable access and improving digital inclusion for First Nations' people.

Managing Environmental, Social and Governance (ESG) risks in NBN Co's supply chain

NBN Co acknowledges the complexity of 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 relate to human rights, including labour rights, modern slavery, and health and safety of workers, corruption and environmental impacts.

The **nbn**[®] Supplier Code of Conduct (the Code) sets out NBN Co's expectations of its suppliers in terms of responsible procurement. 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, where required. The Code outlines minimum standards for human rights and workplace relations, health, safety and environment, ethical behaviour and good business practices, and management systems.





Modern slavery

NBN Co’s approach to the management of modern slavery risks is outlined in the Company’s Modern Slavery Statement.

In FY23, NBN Co’s Modern Slavery Working Group, a cross-functional team, led by the Sustainability and Procurement teams, continued to implement the Company’s 2022 Modern Slavery Workplan.

Key actions implemented included supply chain due diligence activities (supplier self-assessment questionnaires and desktop audits), specialised training for Procurement team members, and engagement with strategic suppliers on modern slavery.

In January 2023, a new 2023-24 Human Rights and Modern Slavery Workplan was endorsed by the Sustainability Sub-Committee of the Executive Committee. Implementation of this workplan began in February 2023 and will continue into FY24.

Actions are focused on continuing supply chain due diligence activities, developing a broader human rights approach and due diligence framework, and strengthening supporting processes, including those related to grievance mechanisms and remediation of any adverse impacts the Company identifies it has caused or to which it has contributed.

Refer to NBN Co’s Modern Slavery Statement 2022 for more details on the Company’s approach.¹

FUTURE FOCUS

- Agree and implement the Special Access Undertaking to deliver pricing certainty across the industry
- Deliver our transformation initiatives to drive efficiency and improved customer experience
- Continue NBN Co’s commitment to enhance digital inclusion

1. <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/reports/sustainability-reports/nbn-modern-slavery-statement-2022.pdf.coredownload.pdf>



Our people

A safe, inclusive and engaged workforce





NBN Co’s people are purpose-led and committed to enabling communities and businesses to reach their full potential through equal and equitable opportunities and connections enabled by the nbn® network.

It is through the passion, commitment and most importantly the diverse ideas, knowledge and skills of its people that NBN Co will be able to bring to life its purpose and lift the digital capability of Australia.

The Company fosters a workplace environment that is safe, respectful and inclusive for everyone. It seeks to truly uphold its values and unlock the benefits of the diverse backgrounds, perspectives, and experiences of its people, as well as the communities that access the nbn® network.

NBN Co prioritises the engagement, development, and wellbeing of its people. The Company offers meaningful work and professional growth opportunities to attract, develop and retain exceptional talent.

The Company expanded its careers and learning program to include cadetships in digital skills and field-based traineeships across metropolitan and regional locations nationwide. The Graduate Program was recognised as a top graduate employer by GradConnection,¹ The Australian Association of Graduate Employers² and GradAustralia.³

Employee engagement

The Company performs an annual employee engagement survey. The most recent survey was conducted in July 2023, and had a participation rate of 92 per cent and an overall engagement score of 78 per cent.

This engagement result was pleasing and reflects the drive of NBN Co’s employees to fulfil the Company’s purpose and their dedication to maintaining a strong, safe and inclusive culture.

This score has been achieved as the Company manages the challenges of delivering transformation and workforce change and continues to adjust to hybrid ways of working between offices and home.

FY23 highlights

78%

Employee engagement score

FY22: 81%

34.3%

Female representation in management

FY22: 32.4%

2.36

Total Recordable Injury Frequency Rate (TRIFR)

FY22: 2.34

1. <https://www.topgraduateemployers.com/>
2. <https://gradaustralia.com.au/top-employers>
3. <https://au.gradconnection.com/top100/>



Diversity, equity and inclusion

NBN Co is dedicated to promoting diversity, equity, and inclusion within its workforce and the wider community. The Company continued to execute its Diversity, Equity & Inclusion (DEI) strategy, which was established in 2022, to deliver several intersectional initiatives and events.

The DEI strategy is driven by the Company’s DEI Community of Practice and five DEI Employee Network Groups (Accessibility, First Nations, Cultural Diversity, LGBTIQ+ Pride and Gender Equity).

In February 2023, the NBN Co Inclusive Leadership Program was launched, with over 70 leaders participating in the first cohort. Designed as a tech-enabled, social learning program, its objective is to develop the knowledge, skills and behaviours necessary to lead diverse teams effectively and sustain a strong inclusive culture.



ACCESSIBILITY

NBN Co published its 2023-2026 Accessibility and Inclusion Plan (AIP), which outlines its continued efforts to improve accessibility and inclusion. The Company is dedicated to being an inclusive employer, with nine out of twelve goals focused on people, culture and capability.

NBN Co participated in the Australian Network on Disability’s Accessibility & Inclusion Index and used recommendations from this to develop its AIP.

NBN connected with talented university students with disability through its Stepping Into Internship Program and job seekers with disability through the Company’s PACE Mentoring Program. It also built workforce capability through the delivery of disability confidence training to over 200 contact centre and field-based employees.

LGBTIQ+ PRIDE

NBN Co continues to be a leading employer of choice for LGBTIQ+ employees as a two-time Gold Employer as measured by the Australian Workplace Equality Index. The Company celebrates LGBTIQ+ days of significance, including Wear It Purple Day, IDAHOBIT and Pride Month. In FY23, the Company also participated in Mackay Pride, Melbourne Midsumma and Sydney World Pride expanding LGBTIQ+ advocacy across the country.

FIRST NATIONS

NBN Co’s 2023-2026 Innovate Reconciliation Action Plan (RAP) focuses on four key areas to enhance reconciliation: relationships, respect, opportunities and governance. Initiatives include First Nations digital outcomes, career pathways, First Nations recruitment, and cultural learning.



The Company’s engagement strategy for First Nations individuals intersects with the RAP commitments and aims to increase representation in the workforce and support career advancement. The NBN Co Customer Field Technician Traineeship Program attracted 96 “new to industry” individuals, 14 per cent of whom identify as First Nations.

CULTURAL DIVERSITY

NBN Co participated in the Dr John Yu fellowship program for the second year. The program provides training to high-achieving, multi-cultural leaders from various sectors, such as businesses, government, and non-profit organisations. The program is the first of its kind in Australia and helps organisations enhance their diversity and inclusion efforts. NBN Co’s Cultural Diversity Employee Network hosted Harmony Week and the Company’s Cultural Diversity Day to further advance cultural awareness across the Company, with each panel event attended by over 800 NBN Co employees.

GENDER EQUITY

The Company continued the implementation of its Gender Equity Strategic Plan, which was established in 2022, to achieve a target of 40 per cent of females in management positions by 2025.¹ As at 30 June 2023, 34.3 per cent of females were in management positions compared to 32.4 per cent as at 30 June 2022. NBN Co is committed to promoting gender pay equity and has closed the gap between male and female employees. As at 30 June 2023, total fixed remuneration for females is now 0.85^{2,3} per cent higher than males. By comparison, total fixed remuneration for females was 1.1 per cent below males as at 30 June 2022.

Leaders play a crucial role in the systematic shift towards increasing female representation in the organisation. To support this goal, NBN Co released a gender dashboard in November 2022, which provides senior leaders with a transparent view of progress towards meeting the Company’s gender target. This dashboard also aids recruitment and business decision-making.



- 1. Including Executive, Senior and Middle Management, excluding Board.
- 2. Refer to the FY23 Sustainability Data Book (refer to footnote 1 on page 19) for details on the calculation methodology.
- 3. The calculation methodology used by NBN Co for the gender pay gap metric is currently calculated using an internal calculation methodology as per footnote 2 above. This differs to the Workplace Gender Equality Agency (WGEA) methodology, which NBN is participating in for the first time and will report against in the first half of FY24.

CASE STUDY



Building a pipeline of female talent in STEM

The Company is committed to creating and maintaining dedicated initiatives to build a female pipeline of talent to lead the industry.

NBN Co has continued to build external relationships and partnerships that support the Company's purpose and encourage girls and women into STEM (Science, Technology, Engineering and Maths) careers.

In FY23, the Australian Academy of Science recognised NBN Co as a Women in STEM Decadal Plan Champion.

This recognition reflects the Company's strong commitment to empower, develop and retain more women in the field of STEM.

NBN Co also participated in the inaugural year of Public Sector reporting to the Workplace Gender Equality Agency (WGEA).

During FY23, 20 female employees participated in NBN Co's annual Navigate sponsorship program, which boosts career mobility, talent retention, and the leadership pipeline by promoting senior leaders to support female employees.

In March 2023, the Australian Academy of Science recognised NBN Co as a Women in Science, Technology, Engineering and Maths (STEM) Decadal Plan Champion. The Company is the first Government Business Enterprise listed as a Decadal Plan Champion.

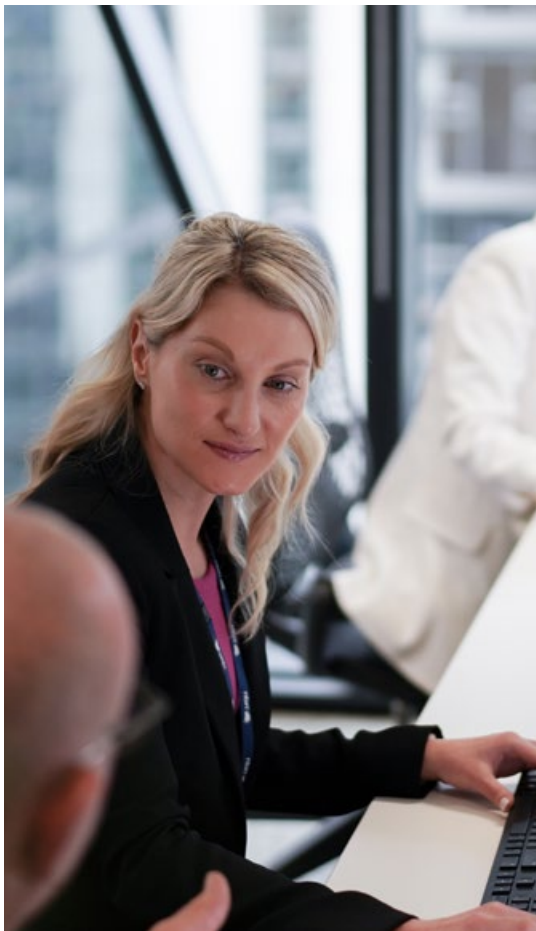


Safety and wellbeing

NBN Co is focused on improving the health and wellbeing of all its employees by promoting a culture of safety and respect led by its leaders. This extends across all states and territories and encapsulates varying working locations from office based to in the field.

The Company revised its Safety and Wellbeing Plan to prioritise the safety and wellbeing of its workers and extended workforce, as well as those their work may impact.

The Plan aims to enhance the Company’s safety and wellbeing management systems into a robust state, showcasing leadership across the industry. The Plan focuses on five main areas which appear on the following pages.



LEADERSHIP AND CULTURE

NBN Co’s Connecting Safely program promotes safety leadership with practical tools like safety interactions and safe and respectful behaviours. Senior leaders are supported by safety and wellbeing business partners to embed safe practices.

The Company’s communications reinforce safety and wellbeing, and seeks to foster a culture which encourages people to speak up and create a safe work environment for everyone. This program sets the industry standard for safety engagement and leadership.

CRITICAL RISK PREVENTION AND CONTROLS

Managing risks for NBN Co’s team, delivery partners, and customers is key to network growth. NBN Co is developing better control definitions, standards, and tools for risk management.

The Company is simplifying compliance requirements for delivery partners through a refreshed Safety Management System Contract Management Framework.

LEARNING AND ENGAGEMENT

NBN Co provides relevant and useful learning materials to its employees as part of leadership programs. These programs promote safe, respectful and inclusive behaviours, zero tolerance for harassment, psychological safety and employee wellbeing.

HEALTH AND WELLBEING

NBN Co prioritises the wellbeing of its employees by providing support for self-care to achieve optimal physical and mental health. The Company's COVID-19 Safe Management Plan supports employees and is aligned to Government guidelines. The Company strongly recommends employee vaccination against COVID-19.

To support employees, NBN Co offers discounted fitness benefits, an employee assistance program, influenza vaccinations, and health and skin checks. It has also implemented early intervention for physical discomfort and employee-led Mindful pillar that runs activities to promote mental wellbeing. During FY23, the Company held multiple health and wellbeing employee events, including RU OK? Day, World Mental Health Day and World Day for Safety and Health at Work.

SAFETY AND WELLBEING ASSURANCE AND BEST PRACTICE

NBN Co maintains a strong assurance framework that follows industry best practices. It conducts regular audits and performance metric reviews, both internally and with NBN Co's delivery partners to continuously improve controls and monitor emerging risks. The Company established a safety and wellbeing safety collaboration forum with industry experts to develop industry-wide solutions such as training, risk-based work tools, and technology enhancements.

NBN Co's robust safety culture aligns with its risk appetite and sustainability indicators. Management reports feature a combination of lead and lag safety performance indicators. The Company commenced an independent review to identify opportunities for enhancing the safety performance framework and data strategy.





Safety and Wellbeing Performance

NBN Co has lead and lag metrics to measure Safety and Wellbeing performance, which are reported to the NBN Co Board monthly.

In FY23, the total recordable injuries for employees and contractors (combined) and Work Health and Safety incidents with the potential to cause serious harm, remained relatively stable in the year.

Injury trends were like 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 Critical Risk Controls remained consistently high across the Delivery Partners and internal workforce. No serious harm incidents occurred and Safety and Wellbeing performance targets were met for FY23.

Year	NBN Co overall TRIFR ¹	NBN Co overall frequency of incidents with the potential to cause serious harm ²
FY23	2.36	0.7
FY22	2.34	0.6
FY21	2.17	0.7

- For further details of the Total Recordable Injury Frequency Rate (TRIFR), refer to footnote 1 on page 206.
- Total number of potential serious harm incidents per million hours worked includes incidents with a potential consequence of 'severe' but excludes incidents with an actual consequence of 'severe'. Serious harm incidents are those resulting in a severe consequence such as a fatality or permanent disabling injury.

In FY23, the key themes across safety and wellbeing included:

- Health and wellbeing of our people, delivery partners and customers including physical and psychosocial hazards
- The scale and geographic dispersion of the work
- The focus on safe and respectful behaviour across all workplaces and in the community.



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





NBN Co is 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.

As the nation’s digital backbone, the **nbn**® network touches everyday life in communities right across Australia. The construction, operation and maintenance of the **nbn**® network is dependent on the use of natural resources and has the potential to adversely impact natural environments and areas of cultural heritage significance.

NBN Co believes that being environmentally responsible and acting on climate change is an integral part of being a sustainable business.

Through the digital connectivity of the **nbn**® network, NBN Co is also committed to helping its customers, partners and communities address their own environmental challenges and bring about positive environmental value for our country and planet.

Climate change impacts

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).

In FY22, NBN Co completed its first Company-wide climate change risk assessment. For further details of the Company-wide climate change risk assessment refer to NBN Co’s Annual Report 2022.

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.

FY23 highlights

16%

Reduction in scope 1 and 2 emissions from a FY21 base year

Target: 95% reduction by FY30 - SBTi validated¹

Signed new PPAs

Executed two new Power Purchase Agreements in Victoria and Queensland

Target: 100% renewable purchases by December 2025

Net-Zero

Committed to long-term emissions reductions and net-zero via SBTi¹

Target: Net-zero by 2050 (or sooner)

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>.

Following the climate change risk assessment, in FY22 climate change risks and opportunities were integrated into the Company's risk management approach, with climate change transition now recognised as a material business risk, which are outlined in the Risk Management section on pages 76 to 79.

Further detail on NBN Co's TCFD disclosure for FY23 is provided in the FY23 NBN Co Reporting Index.¹

CLIMATE TRANSITION PLAN

In response to NBN Co's first company-wide climate change risk assessment, which was completed in FY22, (refer to Annual Report 2022), the Company is developing a Climate Transition Plan (CTP) to enable strategic planning, implementation and engagement on climate mitigation and adaptation.

NBN Co's CTP is being developed to address key areas including:

Network

- 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.

Customers

- Improving the energy efficiency of devices used by customers to access the **nbn**[®] network.

Communities and Partners

- Engaging and partnering with suppliers to set science-based emission reductions targets
- Enabling emission reductions through the **nbn**[®] network.

Supporting Australia's transition to a Net-Zero emissions economy

NBN Co has committed to long-term greenhouse gas emissions (GHG) reduction targets and achieving net-zero emissions by 2050, or sooner, via the Science Based Targets initiative (SBTi).²

The Company'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. The Company expects to submit its long-term emissions reduction targets to the SBTi for approval and validation in the near future.

As mitigating the effects of climate change requires action now, NBN Co has already set near-term science-based emissions reduction targets, which have now been validated by the SBTi.

See the table below for NBN Co's validated SBTi near-term emissions reduction targets.

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 from the use of sold NBN Co products by 60 per cent per device by FY30, from a FY21 base year

1. <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/reports/sustainability-reports/2023-nbn-sustainability-reporting-index.pdf>.

2. <https://sciencebasedtargets.org/companies-taking-action>.



FY23 CLIMATE MITIGATION PERFORMANCE

The achievement of NBN Co's science-based targets is supported by key initiatives across Scopes 1, 2 and 3 greenhouse gas emissions. In FY23, progress was made across all climate mitigation targets. Key initiatives including actions are outlined below.

Commitment	FY23 performance	Key initiatives	FY23 progress
Reduce absolute scope 1 and 2 GHG emissions by 95 per cent by FY30, from a FY21 base year	<ul style="list-style-type: none"> 16 per cent reduction in scope 1 and 2 emissions from FY21 base year 	<ul style="list-style-type: none"> Reduce annual energy use by 25GWh by December 2025 Purchase 100 per cent renewable electricity from December 2025 Use electric or hybrid vehicles, where suitably available by 2030 	<ul style="list-style-type: none"> Turned off 1,900 line cards in Optical Line Terminals across the network and upgraded 20 Points of Interconnect as part of the Aggregation Evolution Program to move to higher capacity, lower footprint equipment Executed two Power Purchase Agreement (PPAs) in Victoria and Queensland. Additionally, Wyalong, NSW, solar farm exported renewable electricity commencing June 2023 As at 30 June 2023, there were 58 hybrid vehicles in use.
80 per cent of suppliers by spend will have science-based targets by FY27	<ul style="list-style-type: none"> 57 per cent of suppliers by spend have science-based targets 	<ul style="list-style-type: none"> Engage with Executive Strategic Supplier Forums 	<ul style="list-style-type: none"> Engagement with 16 suppliers covering 70 per cent of spend
Reduce scope 3 GHG emissions from use of sold products by 60 per cent per device by FY30, from a FY21 base year	<ul style="list-style-type: none"> 15 per cent reduction in emissions intensity from sold products in FY21 base year 	<ul style="list-style-type: none"> Select new Fixed Wireless Network Termination Device (NTD) Select new FTTP Network termination device 	<ul style="list-style-type: none"> Selected next generation Fixed Wireless NTD's to support speeds of between 100-325 Mbps Initiated market engagement on next generation FTTP NTDs

NBN Co’s emissions reporting covers Scopes 1, 2 and 3 using The Greenhouse Gas Protocol.

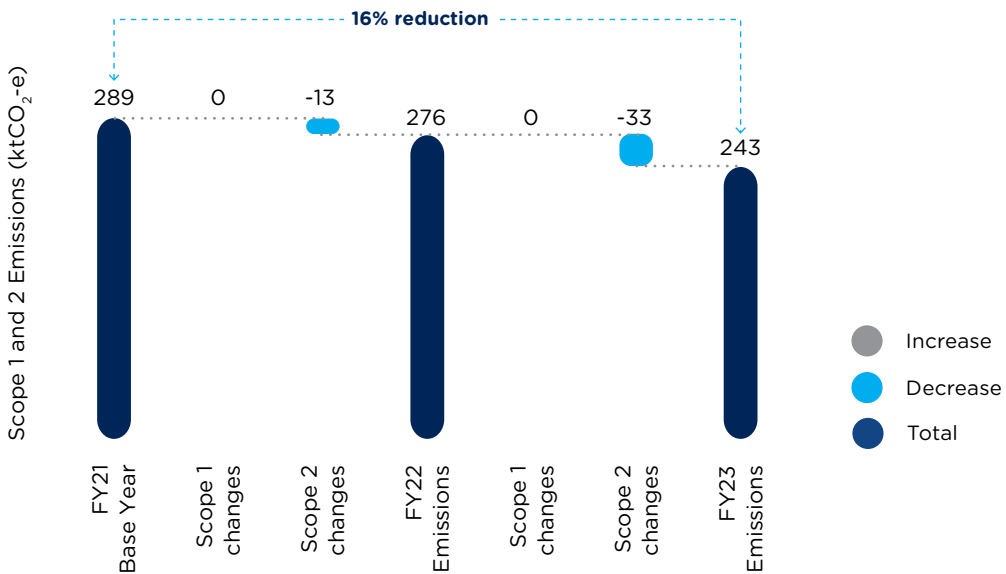
For the purpose of annual disclosures, including science-based emission reductions and RE100 commitments, NBN Co has adopted a Financial Control boundary for determining emission reporting scopes and a market-based method for Scope 2 emissions. This aligns NBN Co’s Greenhouse Gas Emissions Inventory with International reporting requirements.

For the purposes of NBN Co’s *National Greenhouse and Energy Reporting (NGER) Act 2007* obligations, NBN Co discloses Scope 1 and 2 emissions under Operational Control boundaries.

The Company expects to submit its final, externally assured report for FY23 energy and GHG emissions data to the Clean Energy Regulator (NGER Act Reporting) by October 2023.

In FY23, the Company’s energy use declined from FY22. Scope 1 emissions are in line with FY22, and Scope 2 emissions have decreased from FY22. This reflects energy-efficiency initiatives, updated greenhouse gas accounting factors and improved measurement methods for electricity use, which have been agreed with electricity network service providers and are in line with the Greenhouse Gas Accounting Protocols.

FY23 Scope 1 and 2 emissions and reductions against FY21 baseline

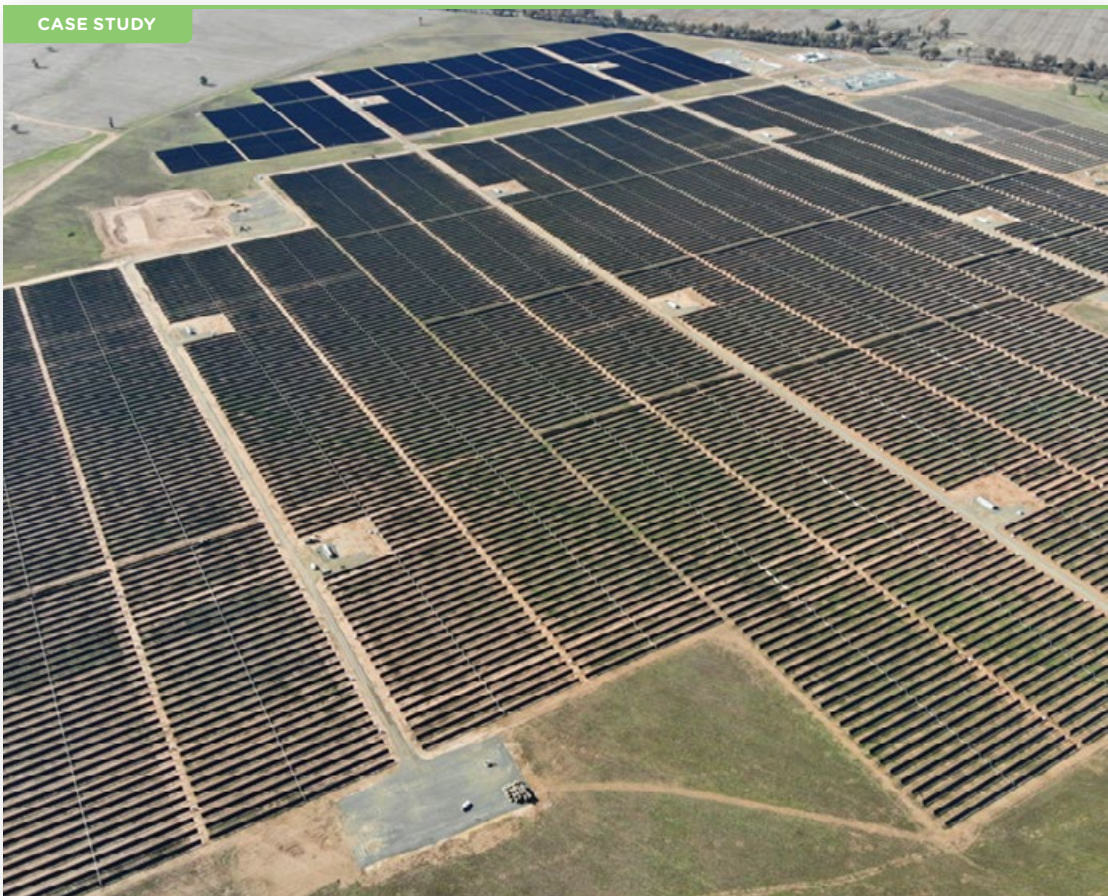


**CLIMATE CHANGE MITIGATION KEY INDICATORS**

Indicator	Unit of measure	FY20	FY21	FY22	FY23
Total energy consumed (operational control) ¹	GJ	1,376,200	1,515,814	1,507,698	1,487,169
Scope 1 GHG emissions (operational control) ¹	ktCO ₂ -e	5	4	4	4
Scope 2 GHG emissions (operational control: location-based) ¹	ktCO ₂ -e	294	325	315	278
Total scope 1 and 2 emissions (operational control: location-based) ¹	ktCO ₂ -e	299	329	319	282
Scope 2 GHG emissions (financial control: market-based) ¹	ktCO ₂ -e	-	285	272	239
Total of selected scope 3 emissions (financial control) ^{1,2}	ktCO ₂ -e	-	1,332	1,305	1,177
Energy intensity (financial control) ^{1,3}	kWh/TB	15.05	11.42	9.07	8.25
Emissions intensity (financial control: market-based) ^{1,3}	kgCO ₂ -e/TB	12.12	8.87	6.88	5.59
Contracted renewable energy	GWh	-	80	80	239
Renewable energy purchases ⁴	% of total purchases	19.0%	18.9%	18.5%	18.8%

1. For more information about NBN Co's calculation methodology see FY23 Sustainability Data Book available at NBN Co's website.
2. Scope 3 FY22 GHG emissions are adjusted in accordance with NBN Co's calculation methodology (refer to footnote 1). FY21 result has not been subject to limited assurance.
3. FY20, FY21 and FY22 figures have been adjusted to align with NBN Co's calculation methodology (refer to footnote 1).
4. Renewable energy purchases are estimates and include the Clean Energy Regulator's renewable energy target.





100 per cent renewable electricity

In support of its commitment to a target of 100 per cent renewable electricity purchases from December 2025, NBN Co entered into its first renewable Power Purchase Agreement (PPA) - a 10-year PPA at a new solar farm in the Riverina area of New South Wales.

The new solar farm at West Wyalong has now gone live 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 and NBN Co is contracted to take approximately 93 Gigawatt hours per annum which is around 63 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 aim of generating 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.



Circularity and waste management

During the evolution, operation and maintenance of the **nbn**[®] network and supporting activities, NBN Co is committed to applying circular economy and environmental design principles to minimise its use of natural resources, promote reuse and recycling, and reduce the generation of waste and pollution.

Waste management is integrated into NBN Co's HSE Management System through a Waste Management Standard, which is supported by a Waste Minimisation Program.

In FY23, NBN Co diverted 65 per cent of waste away from landfill to accredited recycling facilities (against a target of 60 per cent). The metric captures waste generated at NBN Co's operational sites, depots and select offices, and includes items such as paper and cardboard, scrap metal, batteries and e-waste.

To improve waste diversion in FY23, the Company updated the configuration, placement and collection frequency of waste bins and commenced a textile recycling trial of used workwear and select personal protective equipment.

NBN Co also continued its partnership with Work Ventures, a not-for profit social enterprise, which aims to bridge the digital divide in Australia by providing technology solutions to disadvantaged communities.

In FY23, NBN Co provided 2,293 laptops, monitors, mobile phones and other IT devices to Work Ventures. Of those processed, 18 per cent of were refurbished for reuse and 82 per cent were recycled.

As the network evolves, NBN Co continues to recover and reuse or recycle network devices to help deliver circular economy solutions, reduce e-waste going to landfill and reduce consumption of new natural resources. In FY23, this included 109,400 network termination devices (NTDs) and network connection devices (NCDs) and 2,793 network line cards.

In addition, NBN Co continued its partnership with eWaste Connections, a not-for-profit social enterprise that provides work opportunities for people of abilities in an inclusive environment. In FY23, eWaste Connection processed 27.5 tonnes of fixed wireless NTD's into component parts ready for recycling.

As technology advances, new equipment is required to continue operating the network. To help protect and restore the environment during this transition, NBN Co will further explore how circular economy principles can be leveraged through the development of a circularity framework and strategy.

This will focus on how the Company can enhance the design and procurement of new assets to reduce resource dependency and improve the recovery of decommissioned assets for reuse or recycling, so they can be recycled into the network or the wider economy.

FY23 WASTE SUMMARY - WASTE RECYCLED AND WASTE TO LANDFILL¹

Operational waste

FY23 Waste diversion target rate - waste recycled vs landfill - for select NBN Co facilities	60%
FY23 Waste diversion actual rate - waste recycled vs landfill - for select NBN Co facilities	65%
Waste recycled	
Recycled - ULAB - used lead acid batteries (tonnes)	24.9
Recycled - technical waste - e-waste, scrap metal, cable (tonnes)	9.9
Recycled - cardboard/paper, secure paper (tonnes)	58.0
Recycled - mixed containers - plastics, aluminium, metal, glass (tonnes)	56.6
Waste recycled - total (tonnes)	149.4
General waste to landfill - total (tonnes)	79.7
Total waste generated (tonnes)	229.1

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

Environmental protection

NBN Co is committed to protecting and restoring the environment in which it operates and reducing its environmental impacts and dependencies.

At the design and planning stage, due diligence is conducted to identify areas of environmental significance, including places of First Nations' cultural heritage, to ensure the network is deployed in an environmentally responsible manner.

To monitor compliance with risk management controls, NBN Co undertakes assurance activities including in-field inspections. In FY23, NBN Co personnel completed approximately 1,800 in-field inspections on both internal and delivery partner workers that included an assessment of environmental risk controls. The Company achieved a compliance rate of 99 per cent, with findings focused on pollution prevention controls and field documentation.

NBN Co recorded 16 minor environmental incidents during the year ended 30 June 2023, which is a decrease on the previous year, and did not receive any official cautions or prosecutions under any environmental or cultural regulations. The most common type of incident is related to minor pollution events and waste mishandling during network construction and maintenance activity.

To ensure continued protection of the environment, NBN Co updated the Company's Indigenous Cultural Heritage documentation to align with changes in legislation and to provide additional guidance to its delivery partners when working in sensitive areas. NBN Co also introduced quarterly First Nations Cultural Heritage awareness training with its delivery partners to improve information sharing, enablement, and collaboration.





To improve environmental performance in its facilities, NBN Co commenced a trial of a new cleaning system that significantly reduces the use of chemicals and water. If successful, the system will be rolled out to further facilities in FY24.

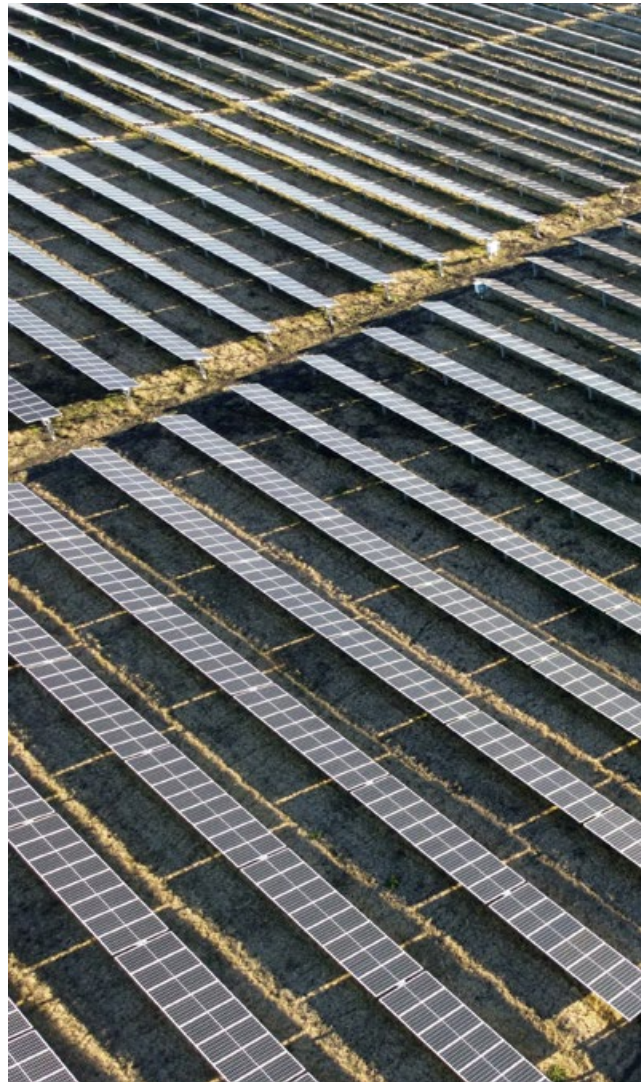
NBN Co's approach to the environment is supported by its Health, Safety and Environment Policy, which is reviewed annually and approved by the Board, and the integrated Health, Safety and Environment (HSE) Management System, which is certified to *ISO 14001:2015 Environmental Management Systems*.

NBN Co will develop and publish a stand-alone Environmental Policy in FY24, separate from health and safety. This represents an increased focus within the Company to protect and restore the environment, reduce its carbon emissions and adapt the network to the risks of climate change.

NBN Co will continue to monitor and evaluate emerging nature and biodiversity related frameworks and market mechanisms across the domestic and international landscape, such as the Taskforce on Nature-related Financial Disclosures (TNFD).

FUTURE FOCUS

- Reduce absolute Scope 1 and 2 Greenhouse Gas emissions by 95% by FY30 from an FY21 baseline
- Purchase 100% renewable energy from December 2025
- Improve waste management and recycling





Our financial resources

Responsible business practices and sustainable financial growth





NBN Co's capital received from its 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 NBN Co's commitment to deliver positive environmental and social outcomes and to support the Company's purpose to lift the digital capability of Australia.

The Company will continue to seek stable revenue growth and a positive cash flow position, as these are essential to enable investment in the network to meet future customer demand, deliver great customer service, satisfy the Company's contractual obligations, and enable the raising and servicing of debt.

NBN Co continues to measure its financial performance based on growth or improvement of revenue and Earnings Before Interest, Tax, Other non-operating income, Depreciation and Amortisation (EBITDA¹).

The Company's results for FY23 demonstrate continued financial growth with NBN Co meeting or exceeding its FY23 financial targets as outlined in its Corporate Plan 2023.

For the year ended 30 June	2023 \$m	2022 \$m	2021 \$m	2020 \$m	2019 \$m
Total revenue	5,269	5,103	4,629	3,837	2,825
Operating expenses ²	(1,809)	(2,032)	(3,274)	(4,485)	(4,120)
Operating income	133	43	-	-	-
EBITDA¹	3,593	3,114	1,355	(648)	(1,295)
Depreciation and amortisation expense	(3,082)	(3,541)	(3,596)	(3,154)	(2,614)
Net finance costs	(1,658)	(1,470)	(1,621)	(1,460)	(993)
Other income	35	30	24	24	23
Gain on derivatives measured at fair value	3	-	-	-	-
Tax benefit/(expense)	(10)	399	1	(1)	1
Loss for the year	(1,119)	(1,468)	(3,837)	(5,239)	(4,878)
Capital expenditure ³	3,044	2,495	2,764	5,038	5,905
Total assets	37,943	36,777	35,738	36,850	32,757
Debt	25,816	24,579	23,818	20,458	13,053
Lease liabilities	11,512	10,951	10,819	10,860	8,553
Contributed equity	29,805	29,500	29,500	29,500	29,500
Operating cash flows ⁴	3,303	2,822	1,230	(852)	(1,115)

1. EBITDA is defined as Earnings before Interest, Tax, Other non-operating income, Depreciation, and Amortisation.

2. Includes Subscriber costs.

3. Capital expenditure excludes additions of leased assets, gifted assets and items of property, plant and equipment classified as inventories.

4. Net cash flows provided by/(used in) operating activities (excluding receipts from government grants).

FY23 financial performance

NBN Co recorded revenue growth of 3 per cent to \$5.3 billion for FY23, and a decrease in total operating expenses of 11 per cent during the year to \$1.8 billion.

This combination of revenue growth and a decline in total operating expenses resulted in the Company achieving EBITDA¹ of \$3.6 billion for FY23, which was an increase of more than \$479 million from the FY22 result.

Statutory loss after tax for FY23 was \$1.1 billion, which is a 24 per cent improvement on the prior year loss of \$1.5 billion.

The strong financial performance for the year and improvement in core metrics such as revenue, EBITDA¹ and statutory loss are in line with management expectations, as the Company continues to evolve into a mature customer-led operating business.

Revenue and operating income

Total revenue for FY23 consists of telecommunications revenue of \$5,137 million and other revenue of \$132 million.

Telecommunications revenue increased by \$133 million during FY23. This growth was driven by a combination of higher activations and a steady improvement in residential Average Revenue Per User (ARPU). During the year, an incremental 42,500 residential and business premises connected to the **nbn**[®] network, bringing the total number of active premises to 8.56 million. The improvement in residential ARPU by 2 per cent to \$47 as at 30 June 2023 was driven by customer demand for higher wholesale broadband tiers.

Other revenue relating to construction for developers, commercial works activities and the Technology Choice Program, as well as licensing income to provide access to **nbn**[®]'s network assets increased by 33 per cent to \$132 million as at 30 June 2023.

Other operating income represents income recognised from government grants and the Regional Broadband Scheme Levy. The 209 per cent increase to \$133 million as at 30 June 2023, is primarily due to the commencement of income recognition for the Fixed Wireless and Satellite upgrade program grant, which was received in June 2022.

FY23 highlights

\$5.3bn

Revenue

FY22: \$5.1bn

\$3.6bn

EBITDA¹

\$479m improvement

\$2.1bn

Inaugural European Green Bond issued in March 2023

1. EBITDA is defined as Earnings before Interest, Tax, Other non-operating income, Depreciation, and Amortisation.



Operating expenditure

Total operating costs declined by 11 per cent to \$1.8 billion as at 30 June 2023.

Direct network costs decreased by 15 per cent to \$618 million for FY23. This was predominately driven by lower assurance costs related to service faults due to both a reduced volume of incidents and lower average rates, despite the increase in the number of customers connected to the nbn® network.

Total employee expenses of \$698 million increased by 8 per cent in FY23. The increase is due to higher termination costs incurred in relation to restructuring as NBN Co continues to focus on achieving cost efficiencies through simplification and digitisation of its internal operations.

Other operating expenses of \$493 million decreased by 25 per cent in the year to 30 June 2023.

This is due to the virtual cessation of subscriber costs in FY23. The remaining categories of other operating expenses were stable against the prior comparative period despite inflationary pressures.

Non-operating income/costs

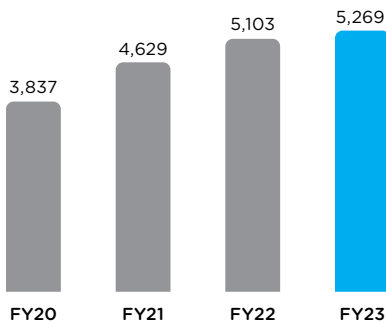
Depreciation and amortisation expense has decreased by 13 per cent to \$3.1 billion following the adjustments to extend the estimated useful lives of certain network asset categories.

Net finance costs increased by 13 per cent to \$1.7 billion when compared to the prior year due to rising market interest rates. This has increased the cost of NBN Co's floating debt portfolio as well as executed fixed debt since FY22. The Company has hedged a significant portion of its floating debt, which has helped shield it from the full effect of the increase in market interest rates. Additionally, NBN Co's interest costs on borrowings has increased by 18 per cent due to higher average debt levels and higher weighted average interest rates.

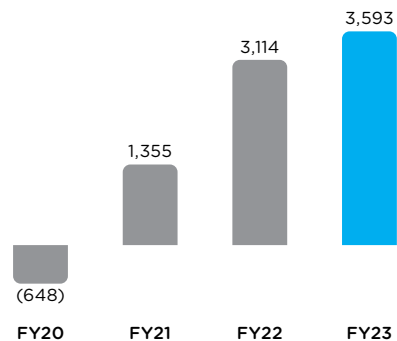
Other income of \$35 million relates to assets received for no consideration from developers and has increased by 17 per cent from FY22.

The \$3 million gain on derivatives measured at fair value relates to NBN Co's Power Purchase Agreements.

Revenue (\$m)



EBITDA¹ (\$m)



1. EBITDA is defined as Earnings before Interest, Tax, Other non-operating income, Depreciation and Amortisation.

Capital expenditure

During FY23, the Company continued to invest in its customer base and the ongoing evolution of the **nbn**[®] network, with capital expenditure totalling \$3.0 billion. Capital expenditure incurred during FY23 focused on the following key areas:

- Delivering fibre upgrades from FTTN and FTTC to provide more customers with access to NBN Co's fastest speed tiers
- Expanding the network to newly developed premises and deploying new fibre infrastructure in support of Enterprise Ethernet dedicated fibre services
- Upgrading capacity across HFC and Transit architecture to cater for growing customer data demands
- Connecting and re-connecting customers onto the **nbn**[®] network and providing capital maintenance to assure the network
- Continuing investing in software development and simplification, network resilience and security capabilities to ensure delivery of efficient and secure operations
- Delivering Fixed Wireless and Satellite upgrade investments to provide greater speed and capacity to customers.

Operating and free cash flow

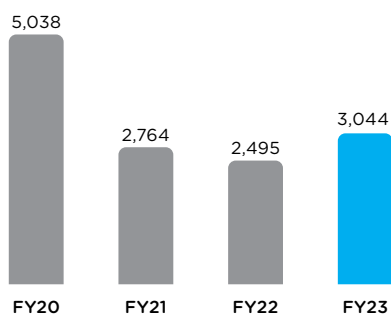
For the 12 months ended (\$m)	30 June 23	30 June 22
Operating cash flows ¹	3,303	2,822
Receipts of Government grants	38	547
Capital expenditure	(3,000)	(2,618)
Lease payments	(1,088)	(1,024)
Interest paid on borrowings and other financial liabilities	(693)	(540)
Free cash flow	(1,440)	(813)

Operating cash flows¹ (excluding receipts from government grants and infrastructure lease payments) increased by 17 per cent to \$3.3 billion as at 30 June 2023, due to the growth in revenue, declining operating expenditure, and strong cash conversion.

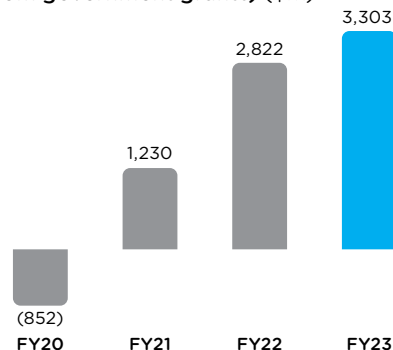
Receipts of Government grants decreased by 93 per cent to \$38 million as at 30 June 2023, due to the \$480 million Fixed Wireless Grant that was received in June 2022.

Capital expenditure payments increased by 15 per cent during the year to \$3.0 billion reflecting the increased investment in network upgrades.

Capital expenditure (\$m)



Operating cash flows (excluding receipts from government grants) (\$m)



1. For further details on operating cash flows, refer to footnote 4 on page 67.



Lease payments predominantly relate to costs associated with right-of-use arrangements over network infrastructure supplied by Telstra. Lease payments increased by 6 per cent to \$1.1 billion at FY23 as a result of inflation-linked contractual price increases.

Interest payments on borrowings increased by 28 per cent to \$693 million as at 30 June 2023, primarily due to an increase in the weighted average cost of debt as a result of recent market interest rate movements and higher average levels of borrowings during the year.

The Company's free cash flow declined by 77 per cent to a net cash outflow of \$1.4 billion. The growth in operating cash flows has been offset by the reduction in the receipts of Government grants and increased capital expenditure, lease and interest payments.

Capital management

As at 30 June	2023	2022
Contributed equity (\$ million)	29,805	29,500
Group debt ¹ (\$ million)	25,823	24,734
Weighted average cost of drawn debt (%)	3.18	2.55
Fixed interest ratio ² (%)	92	86
Weighted average duration of drawn debt ³ (years)	4.4	5.1
Committed liquidity ⁴ (\$ million)	4,510	2,795

1. Drawn debt, including overdraft facility and excluding accounting adjustments, accrued interest and fees.
2. Percentage comprises fixed and floating rate debt that has been hedged and have remaining interest periods of greater than 12 months, as a proportion of total debt. Excludes forward starting interest rate swaps.
3. Excluding the Commonwealth loan.
4. Excluding uncommitted debt with less than 12 months to maturity. Comprised of undrawn bank facilities less promissory note issuances and overdraft facility.

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

As at 30 June 2023, the Company had raised in excess of \$25.8 billion from debt capital markets and bank facilities, with just under \$5.7 billion of this raised during FY23. The Company's debt issuances during the period comprised of:

- NBN Co's inaugural European Green Bond issuances of EUR 1.35 billion (swapped into AUD \$2.13 billion), under its Global Medium Term Note (GMTN) Programme
- \$2.0 billion of promissory notes issued under the Company's inaugural Australian Promissory Note Programme
- Private placements of GBP 50 million (swapped into AUD \$93 million) and HKD 900 million (swapped into AUD \$172 million)
- \$800 million via an Australian Medium Term Note (AMTN) issuance
- Net \$500 million via additional bank facilities.

These debt raisings are in line with NBN Co's refinancing strategy and have enabled the Company to increase its liquidity to over \$4.5 billion as at 30 June 2023 as well as repay \$875 million of the Commonwealth loan during the period, reducing the outstanding balance to \$5.5 billion.

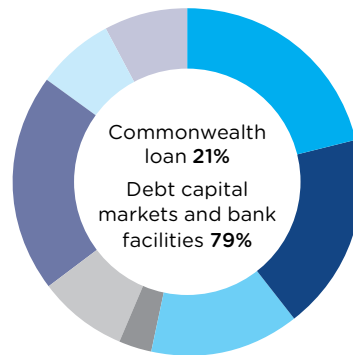
The Company's average cost of drawn debt has increased to 3.18 per cent as at 30 June 2023 compared to 2.55 per cent at 30 June 2022. This is due to higher market interest rates which impacts NBN Co's unhedged floating debt portfolio and new interest bearing debt and associated derivatives.

In line with its Treasury policy, the Company manages its exposure to market risks, such as foreign currency and interest rate movements, by entering derivatives to hedge against these risks. This has helped shield the Company from the full effect of the aforementioned increase in market interest rates.

To complete the remaining refinancing of the Commonwealth loan by 30 June 2024, NBN Co will seek to raise further debt from domestic and international debt capital markets. NBN Co expects this funding task to be achievable based on its strong investment grade credit rating and the outcomes of recent financing transactions.

In addition to its debt raisings, during June 2023, NBN Co received \$305 million in equity funding from the Commonwealth Government. These funds represent the first installment of the Government's commitment to provide an additional \$2.4 billion in equity to the Company by 30 June 2026 to enable an additional 1.5 million homes and businesses previously served by FTTN to be eligible for an upgrade to FTTP technology.

Summary of borrowings as at 30 June 2023



● Commonwealth loan	\$5.5bn
● Bank facilities	\$4.7bn
● AMTN	\$3.6bn
● Green AMTN	\$0.8bn
● Green EMTN	\$2.1bn
● US144A notes	\$5.3bn
● Private placements	\$1.8bn
● Promissory notes	\$2.0bn

FUTURE FOCUS

- Deliver FY24 revenue and EBITDA growth in line with Corporate Plan guidance
- Repay the Commonwealth loan by 30 June 2024
- Maintain a strong liquidity position and continue to diversify the Company's investor base.



CASE STUDY



Sustainable finance

NBN Co's Sustainability Bond Framework was established in February 2022 to outline 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).

Following its initial AUD Green Bond transaction in April 2022, which raised \$800 million, in March 2023 NBN Co issued its first 'use of proceeds' European Green Bonds of EUR 1.35 billion (AUD \$2.13 billion equivalent) across a dual-tranche offering.

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 demonstrate the Company's commitment to reduce emissions by delivering fibre deeper into communities and improving the energy intensity of the network.

Risk management

NBN Co's robust Risk Management Framework is a key enabler to the achievement of the Company's plan, strategic objectives and purpose. It ensures the Company can protect and create value as an organisation and operate as a responsible and sustainable business.

NBN Co's Enterprise Risk Management (ERM) Framework has been developed in accordance with *ISO 31000:2018 Risk Management Guidelines*, including:

- Board approved Risk Management Policy
- Board approved Risk Appetite Statement which provides guidance to management on risk-based decision making in pursuit of the Company's objectives
- NBN Co's Risk Management Standard which defines the approach, methodology and process for managing risk at all layers of the organisation.

The ERM Framework is integrated into the business activities through the risk management governance structure and risk operating model.

NBN Co takes a holistic and principles led enterprise approach to managing risk and fostering a positive risk culture. NBN Co has adopted an approach that aligns with the Institute of Internal Auditors (IIA) Three Lines model. Roles, responsibilities and accountabilities for managing risk are documented in NBN Co's Risk Management Standard and are executed through the Company's risk operating model.

NBN Co's risk management governance structure

Risk Reporting and insight
Risk information provides insights for decision making

Risk Strategy and Appetite

The organisation has appropriate guardrails in place to make decisions

Board

Ultimate accountability for setting the risk appetite and overseeing management's risk management system and satisfying itself that the system operates effectively as designed

Risk Governance and Oversight

We are focussed on managing the significant risks that could impact our strategy

Audit and Risk Committee

Supervises the delivery and effective implementation of the Risk Management System which identifies, assesses, monitors and implements appropriate strategies to manage and mitigate risks throughout NBN Co

Risk Process

We have the right tools and processes to identify risks proactively and manage them proportionately

Executive Management

Has overall responsibility for managing NBN Co's risk, making risk based decisions and driving a risk aware culture

A line one risk network across the Company supports the coordination of risk management activities and embeds the required practices into the business units with oversight by the Enterprise Risk team. Across the organisation, risks are identified, measured, monitored, and regularly reviewed and reported on.

NBN Co has identified a set of Material Business Risks outlined in the table on pages 76 to 79. These are the Company's most 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.

Key controls for each material risk are documented and the effectiveness of the controls are monitored by the business, the enterprise risk function, line two functions, and the Audit and Risk Committee. Their status is reviewed regularly and reported on each quarter to the Executive and the Audit and Risk Committee. Risk profiles are reported to Shareholder Departments on a regular basis.

There is line of sight between business risks, controls and the Material Business Risks.

Ongoing evolution of the Risk Management Framework and risk profile is designed to ensure the Company continues to adapt to its operating environment and meets the expectations of a broad range of internal and external stakeholders.

FY23 risk overview

The global risk context remains uncertain, complex and volatile, as the Ukraine/Russia conflict continues, extreme weather events persist and the security threat environment remains heightened in a challenging macroeconomic environment.

External pressures, including those highlighted above, may impact NBN Co's Material Business Risks. This is actively monitored through regular insights and reporting on the Material Business Risks and integrated into business planning considerations. Emerging risks and longer-range issues are included in regular risk reporting.

NBN Co Material Business Risks

The challenges of the current global risk landscape, as well as what lies ahead, are evident in the Material Business Risks outlined below:

Material Business Risk

Risk description and mitigation

Security and availability of the active network, corporate systems, data, and information



As a national telecommunications carrier, critical infrastructure provider and Government Business Enterprise (GBE), NBN Co faces a complex and dynamic threat landscape. The Company must manage exposure to both physical and cyber related security threats to the availability, reliability, integrity and confidentiality of our infrastructure, systems, data and key dependencies.

NBN Co has adopted a converged security model where physical, personnel, cyber and privacy capabilities interconnect and work together. This approach treats all security and privacy risks under a common Security Governance Framework of risk assessment, control and mitigation in alignment with the Enterprise Risk Management Policy and is actively managed by the NBN Co Security Group.

Due to the evolving nature of the threat landscape, ransomware practices and cyber extortion techniques, regular threat assessments and scenario planning are conducted to inform the Company's response and enable it to develop and implement appropriate safeguards, ensuring threat capabilities evolve with industry practice.

Resilience of critical infrastructure



The **nbn**[®] network plays a critical role in keeping communities connected, businesses operational, and the nation productive. It is essential that NBN Co embeds resilience into its infrastructure, IT systems and business operations. The Company must safeguard the network against increasingly extreme physical climate risks, natural hazards, power loss, hardware/software failure and other adverse events to support the continued wellbeing of the community and economy.

NBN Co continues to experience the impact of significant weather events across the country and has put extensive measures in place to ensure the network can withstand these weather events and that customers are connected as soon as possible afterwards. These measures include investment in Temporary Network Infrastructure and battery back-up systems. Additionally, fibre upgrades will contribute towards improved network resiliency. Fibre is more energy-efficient and resilient to physical climate risks, and generally more reliable than **nbn**[®] network connections containing copper.

In addition to strengthening NBN Co's assets, the Company has adopted a Business Resilience Framework that includes business continuity, emergency management response and crisis management processes. This advanced response capability and recovery operations are central to managing disruptions and supporting the community. NBN Co works closely with the Bureau of Meteorology to understand and prepare for seasonal climate related risks and deploys disaster response solutions to ensure rapid restoration of communications services. The provisioning of community evacuation centres with satellite Wi-Fi connectivity through the Strengthening Telecommunications Against Natural Disasters (STAND) program is one example.

Network Planning, Evolution & Performance



To support Australia's transition to a smarter, digitally enabled economy and meet the growing broadband demands of people across Australia, NBN Co must continue to augment and scale network investment in a timely and commercial manner.

NBN Co continues to invest in the ongoing evolution of the **nbn**[®] network. This includes upgrading the network and taking fibre deeper into communities, delivering on the Fixed Wireless and Satellite upgrade investments and upgrading capacity to cater for increasing customer demands.

Material Business Risk

Risk description and mitigation

Supply chain and strategic partner disruption


NBN Co relies on many third-party suppliers and strategic partners to provide goods and services. Adverse actions, or disruption to goods and services provided by these suppliers and partners, can have significant impacts on NBN Co's business operations.

With ongoing vulnerabilities in the supply chain due to geopolitical uncertainty, extreme weather events, and global macroeconomic factors, there is a risk of disruption to these third parties, resulting in supplier market contraction and lack of availability of supplies, price increases and service delivery delays.

NBN Co is proactively managing this risk through vendor governance forums and regular performance reporting. Regarding the supply of goods, the Company is monitoring supply demands and usage to forecast requirements as well as building strong relationships with key suppliers and actively managing 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. NBN Co must continue to meet customer and RSP expectations in the way it operates the network while keeping the cost to the taxpayer and customers as low as possible. A number of external drivers impact this risk including the increasing frequency and severity of weather events coupled with the impacts of inflation.

As a result, costs are closely monitored and a number of initiatives are in place to ensure the Company continues to operate the network in a commercially sustainable manner and deliver on its plan. Initiatives focus on process improvements and the implementation of IT system upgrades for the field.

Stakeholder trust and social licence


As a GBE and an ethical and sustainable critical infrastructure owner and operator, NBN Co must operate in accordance with the highest standards of governance to meet public and stakeholder expectations and maintain its social licence to operate. NBN Co manages stakeholder trust through its governance and compliance policies, standards, frameworks and training, as well as through transparent disclosure and reporting.

NBN Co recognises the need to work collaboratively with Government, RSPs, and regulators to drive industry growth and sustainability, and meet the digital needs of all Australians. In particular, NBN Co is focused on regional and remote communities. As part of a robust upgrade path, NBN Co continues to deliver on the Fixed Wireless and Satellite upgrade. Through recruitment of local staff in regional areas, NBN Co has a greater presence in local communities and is better resourced to promote the network's capability and address customer experience concerns.

Regulatory strategy, governance and compliance


NBN Co operates in a highly regulated environment and appreciates the continued need for regulators to focus on its activities, pricing, service levels and customer experience. To ensure NBN Co continues to operate within expected parameters and understand the implications of expanding regulations on NBN Co's revenue, costs and operations, proactive engagement with the industry and strong relationships with key regulatory and government stakeholders are maintained.

This risk is currently in focus as NBN Co seeks to submit a revised SAU variation following the ACCC's decision to reject the proposed SAU variation in May 2023. NBN Co is managing this risk by consulting with stakeholders and engaging closely with the ACCC to reach a positive outcome for the industry. The SAU is important in order to ensure regulatory and pricing certainty to achieve NBN Co's long-term objectives. Provided this revised SAU variation is accepted, the Company will seek to implement these important changes through a new Wholesale Broadband Agreement (WBA5) which is being developed in parallel.

NBN Co proactively manages its current compliance with legislative obligations through its Enterprise Compliance Management Program.

Material Business Risk	Risk description and mitigation
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Competition and customer	<p>NBN Co must actively manage and respond to increased competition in relation to other fixed and wireless providers, including the expansion of competitive offers and campaigns for alternative products. A key dependency in managing this risk is the ability to work collaboratively and positively with RSPs and channel partners to enhance the customer experience and ensure customers are on an appropriate nbn® product to meet their needs.</p>
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	<p>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, NBN Co continues to progress its network upgrades providing customers seeking higher speeds with more options.</p>
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Strategy execution and change	<p>To further NBN Co's evolution, the organisation has a number of enterprise-wide initiatives planned to achieve enterprise simplicity and organisational efficiency. This involves executing and delivering on several complex and concurrent company-wide initiatives and change programs, while continuing to meet operational commitments. There is inherent program risk in delivering and implementing these enterprise-wide initiatives as well as the associated change, particularly given the current digital and IT resource constraints driven by significant global demand for talent.</p>
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	<p>Enterprise governance is in place with forums developed to provide enterprise oversight and regular reporting to the Executive Committee on individual program health, metrics, dependencies, and risks.</p>
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Finance and debt management	<p>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. NBN Co has embarked on significant refinancing activities including Bond issuances in the United States and Europe. In March 2023, NBN Co successfully raised AUD \$2.1 billion from a European Green Bond Issuance. This enables further diversification of the investor base, access to an additional green and social bond market and could lower the cost of funds.</p>
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	<p>Given the current significant debt levels, NBN Co is exposed to both global and domestic interest rate increases. In addition, higher than expected inflationary pressures and rising operational costs may impact the Company's forecasts and ability to achieve budget and Corporate Plan objectives.</p>
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	<p>NBN Co has a Board approved Treasury Policy in place which has enabled NBN Co to expand its access to diverse sources of capital and includes robust controls and thresholds to ensure compliance. The Company continues to manage its portfolio to minimise interest costs via interest rate hedging. Benchmarking and reporting on current funding against the Company's refinancing plan ensures that current and planned funding matches NBN Co's requirements.</p>
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Material Business Risk

Risk description and mitigation

Safety and wellbeing, culture and engagement


NBN Co is committed to ensuring the health and wellbeing of its employees and extended workforce by fostering a workplace environment that is safe and inclusive.

Protecting the health, public safety and welfare of customers is a priority.

The Company has revised its Safety and Wellbeing Strategy plan to prioritise the health and safety of its workers, extended workforce, customers and community. The plan aims to enhance safety and wellbeing management systems to a robust state, showcasing leadership across the industry. The plan focuses on safety leadership and culture; critical risk prevention and controls; learning and engagement; health and wellbeing, and assurance best practice.

Additionally, established process, controls and industry agreements are in place to manage migration activities and ensure the reliability of the network, particularly for vulnerable customers for whom it is critical to have reliable, continuous connectivity.

The wellbeing, development and engagement of staff remains a priority and a key strategic outcome. In a tight labour market, the Company aims to ensure that it offers meaningful work and growth opportunities to attract and retain exceptional talent. A number of initiatives are in place to manage the risks in relation to engagement and culture, including an expanded career and learning program, a DEI strategy, inclusive leadership program and flexible working policies. NBN Co is certified as a Family Inclusive Workplace.

Climate change transition


NBN Co acknowledges the inherent risks that 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. NBN Co undertook a company-wide Climate Change Risk Assessment to identify physical and transition risks and opportunities under different climate scenarios. This is a key input to 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 investor and community expectations as well as disclosure requirements. The Climate Change Risk Assessment has informed the development of the Company's Climate Transition Plan and this outlines the Company's strategic long-term GHG emissions reduction goals and approach to adaptation.

A Sustainability Program of Work is in place with Executive governance to oversee and support the Sustainability Program and the associated risks. This year, NBN Co raised further capital through its European Green Bond issuance. The funds will be allocated to eligible green projects NBN Co undertakes as part of its commitment to energy efficiency in line with the Company's Sustainability Bond Framework which will also support the management of this risk.

The significant physical risks identified in the Climate Change Risk Assessment are included under the Critical Infrastructure Resilience Material Business Risk.

Board of Directors

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 McKenzie

Chair/Non-Executive Director

Kate was appointed as a Director effective 1 December 2019 and as Chair of NBN Co effective 1 January 2022. Her current term will expire on 31 December 2024.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Kate has significant corporate governance experience. Before joining the Board of NBN Co, she was on the Board of Allianz for eight years, Foxtel for four years, Sydney Water, Reach, CSL and WorkCover.

Prior to embarking on her corporate governance career Kate was Chief Executive Officer of Chorus, a publicly listed New Zealand telecommunications company and prior to that, spent 12 years as a Senior Executive of Telstra where her final role was as Chief Operating Officer with a team of 30,000 staff and an operating budget of \$7 billion. Kate also had an extensive career in the public sector where she was Chief Executive Officer of the New South Wales Department of Commerce, Chief Executive Officer of WorkCover and was involved in a range of micro economic reform initiatives.

Kate has a passion for innovation and technology and for building great cultures and teams as well as delivering growth, productivity and change management.

Kate has a Bachelor of Arts and Bachelor of Laws with a strong track record in understanding government and regulatory environments. She is also a member of Chief Executive Women, has served on the Telstra Foundation, Telstra's philanthropic arm and has had a long history of involvement in promoting the interests of First Nations communities.

CURRENT COMPANY DIRECTORSHIPS

Kate is a Non-Executive Director of AMP Limited, Healius Limited and Stockland Corporation Limited.

BOARD COMMITTEE MEMBERSHIPS

Kate is Chair of NBN Co's Financing Committee and Nominations Committee. She is a member of NBN Co's 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 (CEO) and an Executive Director of NBN Co effective 1 September 2018.



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 the 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.

Pam 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 from the University of Huddersfield in the UK, 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, a Director of Coal Network Capacity Co Pty Ltd and is an Advisory Board Member for the Young Sikh Professionals Network (YSPN).

BOARD COMMITTEE MEMBERSHIPS

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

Nerida Caesar

Non-Executive Director

Nerida was appointed as a Director effective 01 January 2022. Her current term will expire on 31 December 2024.



SKILLS, EXPERIENCE AND QUALIFICATIONS

Nerida has over 35 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 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 Institute of Company Directors.

CURRENT COMPANY DIRECTORSHIPS

Nerida is a Non-Executive Director of Westpac Banking Corporation, Chairman of Workplace Giving Australia Limited, a Non-Executive Director of O'Connell Street & Associates and a Non-Executive Director of CreditorWatch.

OTHER CURRENT APPOINTMENTS

Nerida is an Advisor to startups in the technology sector.

BOARD COMMITTEE MEMBERSHIPS

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

Drew Clarke AO PSM FTSE

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) and a Director of AEMO Services Ltd.

OTHER CURRENT APPOINTMENTS

Nil.

BOARD COMMITTEE MEMBERSHIPS

Drew is a member of NBN Co's Nominations Committee and the 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 Member of the Institute of Company Directors.

CURRENT COMPANY DIRECTORSHIPS

Andrew is a Non-Executive Director of Western Leisure Services Pty Ltd and Public Transport Ombudsman, Victoria.

OTHER CURRENT APPOINTMENTS

Andrew serves on the Audit and Risk Committees of City of Melbourne, 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 is a member of NBN Co's Financing Committee and Nominations Committee.

Nicole Lockwood

Non-Executive Director

Nicole 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 over 20 years working in law, government and consulting including 15 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) from Notre Dame University and is a Graduate (GAICD) 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 and Deputy Chair of the Green Building Council of Australia.

BOARD COMMITTEE MEMBERSHIPS

Nicole is a member of NBN Co's Nominations Committee and is Chair of NBN Co's 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, Michael led a relentless focus on customer service in an industry that is often perceived as primarily concerned with technology. iiNet's values reflected Michael's 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), Superloop Ltd (as Chairman) and Axicom Group. Michael 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 Non-Executive Director of Seven West Media Ltd, WiseTech Global, Health Engine Limited and Health Insurance Fund of WA.

OTHER CURRENT APPOINTMENTS

Nil

BOARD COMMITTEE MEMBERSHIPS

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

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

CURRENT COMPANY DIRECTORSHIPS

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

BOARD COMMITTEE MEMBERSHIPS

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

Board and Committee meetings

The number of Board and Committee meetings held during FY23 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	15	12	5	5	-	-	2	2	-	-
Nerida Caesar	15	15	5	5	6	6	2	1	-	-
Drew Clarke AO PSM	15	13	-	-	-	-	2	2	6	6
Andrew Dix	15	15	5	5	6	6	2	2	-	-
Nicole Lockwood ²	15	15	-	-	-	-	2	2	6	6
Kate McKenzie ³	15	15	5	5	6	6	2	2	6	6
Michael Malone	15	15	5	5	-	-	2	2	6	6
Elisha Parker	15	14	-	-	-	-	2	2	6	6
Stephen Rue ¹	15	11	5	5	6	6	2	2	6	4

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

(B) Number of meetings attended

1. During FY23, Stephen attended all Board meetings which did not relate to his employment contract. Stephen attends Board Committee meetings as a guest and is not a member of any of the four Committees.
2. Nicole was appointed Chair of the People and Remuneration Committee effective 01 November 2022.
3. Kate attends the Audit and Risk Committee as a guest.

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 81.

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 Group Limited and previously at the Garvan Institute of Medical Research and Austar United Communications.

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

Kathrine Dyer
Chief Operating 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 30 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 network strategy, planning, design, construction and operations. She has a Bachelor of Business from RMIT University.

Sally Kincaid
Chief People and
Culture Officer



Sally has responsibility for leading and enabling strategies for NBN Co's people to deliver the Company's vision, ensuring safety, culture and sustainability initiatives enable a high-performing workforce focused on NBN Co's outcomes.

Prior to joining NBN Co, Sally led HR functions and change transformations in Australian based and global enterprises in financial services and commodities, which saw her based in Australia, the UK and NZ.

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 and the University of Cambridge, Institute for Sustainability Leadership.

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 the 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.

Rob Sewell
Chief Information Officer



Rob joined NBN Co in February 2023 as Chief Information Officer, bringing significant experience in the international telecommunications sector, notably in technology strategy and transformation.

Prior to joining NBN Co, Rob was with Maxis in Malaysia, leading technology strategy and digital transformation, including developing the arrangements between the industry access seekers and Malaysia's 5G Single Wholesale Network provider.

Prior to that, Rob spent seven years as the Chief Information Officer and Head of Network Planning with Indian mobile network operator Aircel and, in Australia, over 17 years at Telstra in a range of roles, including Director of Architecture.

Rob holds a Bachelor of Engineering (Hons.) and a Bachelor of Science from the University of Western Australia, and has also lectured at Masters level in Computer Science at RMIT University.

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 Telstra and Optus, and was principal of an independent consultancy. He was a Board Director of Southern Cross Cable and is currently a Director of Regional Arts Australia.

Gavin holds a Bachelor of Engineering (Hons) from the University of Melbourne and a Master of Business Administration from Macquarie University. He is a Graduate of the Australian Institute of Company Directors.

John Parkin
Chief Engineering Officer



Since joining NBN Co in August 2018, John was formally appointed as Chief Engineering Officer on 8 July 2020.

John leads the network, security and engineering teams at NBN Co, which are responsible for the overall performance of the **nbn*** network. This includes cyber security capabilities, ensuring the network is resilient and able to withstand times of fire and flood and deploying next generation technology to ensure the network can meet the needs of Australia now and into the future. John and the team are focussed on delivering the next evolution of the **nbn*** network, which will see 90 percent of homes and businesses in the Fixed Line footprint able to access up to gigabit speeds by the end of 2025.

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.

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 and strategic transactions, its operating model, new developments (greenfields) business, data and analytics services, key strategic relationships and risk management, business continuity and compliance.

Prior to joining NBN Co, Will was interim CEO of Telstra InfraCo and the Group Executive of Telstra Wholesale from 2016 to 2018. Between 2011 and 2016, he headed Telstra Business, responsible for more than one million Small and Medium Business Telstra customers - from sole traders to smaller ASX listed companies and local Government. Previously, Will was Telstra's Group General Counsel between 2005 and 2011, through the T3 privatisation, the 3G mobile build and Telstra's major deal with NBN Co in 2011. Will also held a variety of legal management roles at Telstra between 1997 and 2005 and was a lawyer at King & Wood Mallesons from 1994 to 1997.

In addition to his role at NBN Co, in October 2022 Will became a Director of Chorus Ltd - New Zealand's leading Fixed Line telecommunications infrastructure company. He holds a Bachelor of Law (Honours) and Bachelor of Commerce from Melbourne University.

Jane van Beelen

**Chief Legal
and Regulatory
Officer**



Jane joined NBN Co on 1 October 2020 and joined NBN Co's Executive Committee from 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, regulatory, compliance and corporate affairs functions at Telstra, where she led the Company's regulatory strategy and engagement for 10 years and played a leading role in numerous reforms and regulatory outcomes across the telecommunications industry in Australia. In her last two years at Telstra, her role grew to incorporate 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.

Anna Perrin

Chief Customer Officer



Anna joined NBN Co in February 2023 as Chief Customer Officer. She leads a multidisciplinary 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.

Anna brings a wealth of international experience to NBN Co from across the telecommunications and digital industries, including Senior Executive roles at Nokia, Accenture and Axicom, as well as Board positions on leading industry associations, across Australia and New Zealand, the UK and Asia Pacific.

Anna is driven by a passion for building both strong, engaged teams and communications solutions that deliver benefits for NBN Co's digital society.

With a strong strategic vision, marketing and technical expertise and industry insight, Anna is focused on delivering the best experience for people across Australia.

Anna holds a Bachelor of Arts Degree from the University of Sheffield and is an Australian Institute of Company Directors Graduate (AICD).

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 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.

Kylie has a Bachelor of Laws and Bachelor of Arts from Macquarie University, and a Certificate in Governance Practice from the Governance Institute of Australia. Kylie is also a Member of the Australian Institute of Company Directors. She is currently an Executive General Manager - Legal 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 to 91 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 FY23.

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 2023, no material claims have been made.

During FY23, 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

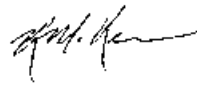
No matters or circumstances have arisen since 30 June 2023 to the date of signing of this report, that has significantly affected, or may affect:

- 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

7 August 2023



Remuneration Report

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



Letter from the Chair of the People and Remuneration Committee

The NBN Co Board is pleased to present the 2023 Remuneration Report. This Report summarises NBN Co's achievements of the past year and the associated remuneration outcomes for its key management personnel (KMP), including the Chief Executive Officer, and the fee arrangements for the Company's Board members.

It is my pleasure to present the 2023 Remuneration Report on behalf of the NBN Co Board, in my capacity as Chair of the People and Remuneration Committee (P&RC). The Board and the P&RC continue to diligently fulfil our responsibility to provide oversight relating to people management and remuneration at NBN Co. Our primary goal has been to ensure our people are effectively engaged, motivated and rewarded, aligning their goals with NBN Co's strategic objectives and obligation to our shareholders and Australia.

As such, the Board and the P&RC regularly consider NBN Co's approach to remuneration to ensure that it appropriately recognises and rewards performance in the context of the Corporate Plan and annual strategic objectives, reflects accountabilities and priorities to deliver the Corporate Plan, reinforces alignment with the Company values and considers perspectives of different stakeholders.

Review of reward strategy and executive remuneration framework

In FY23, the P&RC conducted a review of NBN Co's reward strategy and its alignment to NBN Co's strategic pillars and purpose. The Committee's external remuneration advisors, Ernst and Young, assisted with the review, the outcome of which was that NBN Co's reward strategy continues to be fit-for-purpose and is consistent with the NBN Co values, purpose and Statement of Expectations.

The P&RC also regularly reviews NBN Co's executive remuneration framework. This review included an independent assurance process to understand market practices and appropriateness of the Short-Term Incentive (STI) measures, weightings and the target setting process. We recognise the importance of maintaining a competitive and equitable remuneration structure to attract and retain talent.

Through our evaluation we consider industry benchmarks, market conditions and the Company's financial performance, while also incorporating feedback from shareholders and stakeholders. In reviewing NBN Co's executive remuneration framework this year, the Board considered a range of factors, including:

- Whether the remuneration framework remains appropriate and relevant 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 Co Statement of Expectations, including attracting and retaining high-calibre people
- Long-term enterprise outcomes to provide a broader, more holistic assessment of performance
- Current and emerging market practice
- The impact of changes in remuneration regulation and governance practices in Australia.

Further details regarding the Executive Remuneration Framework are set out in this report.

FY23 Performance

We are continually evolving Australia's digital backbone to meet the ever-changing needs of people across the country. The Company continues to make significant investments into the **nbn**[®] network to connect customers and deliver the service levels and speeds required to realise the wide-ranging benefits of high-speed broadband. This supports the evolution in the ways Australians work, learn, access services and connect with family and friends.

NBN Co achieved Earnings, Before Interest, Tax, Other non-operating income, Depreciation and Amortisation (EBITDA) of \$3.6 billion for the year ended 30 June 2023, which is an improvement of more than \$479 million from the FY22 result. This was achieved through revenue growth of 3 per cent to \$5.3 billion for the year, coupled with an 11 per cent decline in operating expenses to \$1.8 billion. This revenue growth, driven by higher activations and a steady increase in residential Average Revenue Per User (ARPU), together with the growth in EBITDA, meant that NBN Co met the financial targets as set out in the Company's Corporate Plan 2023.

The roll-out of national fibre upgrades will benefit our customers as this increases the availability of higher speeds. There are clear build targets as to the number of premises ready for migration in the Fibre to the Premise (FTTP) upgrade program, and pleasingly, the interim targets of over 1.3 million premises in the FTTN footprint being ready for migration as at 30 June 2023 have been met.

Regional and rural Australia remain key focus areas for NBN Co, with a variety of innovations launched in 2023 to support these areas. These include a significant investment in upgrading the Fixed Wireless technology and trialling our new satellite plan, including uncapped data usage, burst download speeds and lower wholesale pricing as well as exploring new extended-range software technologies.

The upgrade programs enable our delivery partners to provide more than 1,000 new job opportunities in metropolitan and regional areas across Australia over the next two-and-a-half years. Across all aspects of the operations, safety and well being continue to be a focus.

During FY23, the network performed well with average monthly availability¹ of 99.97 per cent, meeting the ever-increasing data demands of Australians. This has resulted in strong customer outcomes as the network delivered reliable, resilient and secure broadband for households, businesses and communities across the country.

This financial year was an exceptionally strong year for customer service delivery, with improved comparative performance levels across the range of customer service delivery metrics.

A reflection on the Company's performance is its ability to continue as a major infrastructure builder in Australia whilst operating a service delivery company. The operational performance continues to strengthen, with metrics such as right first time, mean time to restore, network availability, fault rates, distressed tickets and missed appointments tracking better than target for the year. The performance is reflected in an increase in the Company's reputation scores year on year and residential customer dissatisfaction falling below 10% for the first time ever during this performance year.

In February 2022, NBN Co established its Sustainability Bond Framework, which enables the company to issue Green, Social and Sustainability Bonds and is underpinned by a substantial asset pool consisting of eligible green assets and social assets. The Company was proud to be the first Australian Government Business Enterprise to issue Green Bonds in Europe, with the successful raising of EUR 1.35 billion (A\$2.1 billion) from our debut European Green Bonds issuance in debt capital markets.

During FY23, NBN Co's debt raising activities enabled the Company to repay a further \$875m of the Commonwealth loan. The Company remains on track to repay the remaining balance of the Commonwealth loan by June 2024.

This has been a year of network investment and strong delivery against a network and operational plan to increase the availability of higher speeds for all premises, unlocking economic and social benefits across the country.

1. Percentage of time the **nbn*** access 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 doesn't include periods where the network is unavailable due to operational outages for network upgrades and improvements or events beyond NBN Co's control.

Executive remuneration outcomes for FY23

In determining remuneration outcomes for FY23, the Board has concluded that the Corporate Objectives gateways for the STI program, including the Company's health and safety record, have been satisfied. The Board also considers other aspects of operations are duly considered, even if outside the strategic corporate measures outlined in the Balanced Performance Scorecard.

The five corporate measures represented on the Balanced Performance Scorecard are made up of a number of headline metrics and the Board characterised NBN Co's performance across these key metrics as exceeding or meeting expectations.

As a result, the Board approved STI award pool funding at 80 per cent of the maximum STI. This equated to a total STI cost to NBN Co of \$5.2 million.

Conclusion

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

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



Nicole Lockwood

Chair, People and Remuneration Committee

7 August 2023

Key management personnel (KMP)

This Remuneration 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 2023. The job titles for KMP reflect their roles during FY23.

In July 2023, Ms K Dyer tendered her resignation but will remain in her position as Chief Operating Officer during the first half of FY24.

There were no changes to Non-Executive Directors during the year.

Name	Title	FY23 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	Part year	-
Anna Perrin	Chief Customer Officer	Part year	Current
Current Non-Executive Directors			
Pam Bains	Non-Executive Director	Full year	Current
Nerida Caesar	Non-Executive Director	Full year	Current
Drew Clarke	Non-Executive Director	Full year	Current
Andrew Dix	Non-Executive Director	Full year	Current
Nicole Lockwood	Non-Executive Director	Full year	Current
Michael Malone	Non-Executive Director	Full year	Current
Kate McKenzie	Non-Executive Chair	Full year	Current
Elisha Parker	Non-Executive Director	Full year	Current

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

- B Whitcomb ceased to be Chief Customer Officer on 30 November 2022
- A Perrin was appointed Chief Customer Officer on 30 January 2023

Remuneration and talent governance at NBN Co

The Remuneration Report demonstrates the alignment of the Remuneration Policy with NBN Co's goals and strategic imperatives.

NBN Co is committed to its Remuneration Framework which is designed to support the attraction and retention of talent, in order to deliver the Company's commitments. The Remuneration Framework is appropriately governed, aligned to performance and remains consistent with industry benchmarks.

The Company endeavours to establish and maintain people management and remuneration policies that:

- Enable NBN Co to attract and retain capable talent who can help deliver its vision as part of the Company's Executive leadership team
- Motivate and develop 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 market remuneration conditions and practices.

Outcomes of NBN Co's people management and remuneration policies



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

The role of the P&RC is to assist the Board in fulfilling its governance responsibilities in relation to establishing effective people management and remuneration policies for NBN Co.

Each year, the P&RC determines the performance measures and objectives of the STI program, participant eligibility, performance outcomes, 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.

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 FY23, NBN Co obtained external advice in relation to remuneration from Ernst & Young (EY). This consisted of continued advice in relation to market practice, current and emerging trends in executive remuneration, relevant legislative and regulatory developments, and also included a review of the Company's reward strategy, principles and framework.

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 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 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.

Alignment with NBN Co's strategic imperatives

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 its shareholders and the Australian public.

Senior Executive remuneration is designed to attract, motivate, and retain the calibre of Executives required to achieve NBN Co's 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 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.

Review of NBN Co's Remuneration Framework

NBN Co's people strategy is a critical contributor to delivering its purpose and strategic objectives and ensuring NBN Co remains a great place to work. A key component of the people strategy is the Company's Employee Value Proposition (EVP) of which NBN Co's reward strategy, principles and framework play an integral role.

In November 2022, an opportunity was identified for NBN Co to refresh its reward strategy, principles and framework to provide additional clarity regarding NBN Co's current remuneration approach and to act as key inputs for NBN Co's people strategy and future decision making.

The strategy, principles and framework are aligned to NBN Co's current and future remuneration philosophies, policy and approach and have ensured the following criteria is demonstrated:

- Alignment with NBN Co's corporate strategy and outcomes
- Reflect market developments which relate to remuneration
- Alignment with Statement of Expectations and sentiment on remuneration
- Flexibility to adapt to organisational change
- Support for NBN Co's EVP and the attraction and retention of talent required to deliver on our commitments
- Support of effective risk management and governance
- Effectiveness of the alignment of performance and reward outcomes.

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

Financial Performance (25%)

Achievement against corporate plan targets for revenue and operation costs¹

Network upgrades (20%)

Performance against ready for migration and incremental wireless cell targets

Customer Satisfaction and Reputation (15%)

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

Customer Service Delivery (20%)

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

Enterprise Outcomes (20%)

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

...and NBN Co's actual performance against STI Corporate Measures

The revenue target was achieved and operation costs¹ performed favourably due to service assurance volumes and efficiency measures

The target was exceeded under difficult challenges, including construction capacity shortages and adverse weather events

These targets were met, and the Company's reputation and DSAT continued to show improvement year on year

All targets were exceeded across the customer service delivery performance metrics

The majority of these metrics concluded the year positive to plan, setting foundations for future transformation initiatives in the future IOP

...and directly impacts Senior Executive remuneration

Total Fixed Remuneration

Fixed Remuneration increases of up to 3.5%² for FY23

CEO STI Outcome

Awarded at 80 per cent of maximum

Average Senior Executive STI Outcomes

Awarded at 80 per cent of maximum

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

2. Inclusive of superannuation guarantee contribution rate change for STI ineligible employees, and inclusive of the superannuation guarantee contribution cap gap for STI eligible employees.

Senior Executive remuneration

NBN Co's remuneration structure is designed to responsibly, fairly and competitively reward Senior Executives while complying with all of its regulatory obligations. The overall structure and approach to remuneration at NBN Co remained unchanged from FY22 and reflects the Australian Government's Performance Bonus Guidance - Principles as they apply to Government Business Enterprises such as NBN Co.

In accordance with these objectives, each Senior Executive's remuneration package consists of Total Fixed Remuneration (TFR) and 'at risk' remuneration delivered through an STI program. NBN Co does not grant long-term incentive awards to its Senior Executives.

Remuneration components

Remuneration Component	Overview	Application
Total Fixed Remuneration	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.
Short-Term Incentive	'At risk' remuneration, rewarding both NBN Co and individual performance.	Remuneration outcomes aligned to NBN Co's strategy and is determined based on corporate performance and metrics, performance and contribution against annual objectives.

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. 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 performance in alignment with the evolution of NBN Co's business strategy.

Employment agreements

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 on a fixed term basis. A contract extension of three years was agreed and executed between the Company and Mr Rue, ending in September 2026.

During FY23, the Remuneration Tribunal determined that the office of NBN Co's CEO should be added to the published list of Principal Executive Offices and designated as a Band E role. The terms and conditions of the CEO's employment contract during FY23 have been unaffected by this designation.

The Remuneration Tribunal is an independent statutory body established under the *Remuneration Tribunal Act 1973*. The Tribunal has the power to declare an office as a Principal Executive Office (PEO), assign each PEO a specified classification band and set benchmark reference rates for remuneration of a PEO.

Termination arrangements

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 mix

The remuneration mix has changed in recent years, reflective of market trends and Government policy, reducing the variable component and overall total target opportunity. 'At risk' remuneration is tied to the achievement of NBN Co's corporate measures and targets, as well as individual performance objectives, and therefore, actual remuneration received will vary from the target remuneration. The 'at risk' remuneration is only awarded for delivering performance aligned to NBN Co's strategy, as determined by performance targets defined and set by the NBN Co Board.

Further detail on actual performance outcomes for FY23 has been provided on pages 106 and 107 of the Remuneration Report. The composition of the remuneration packages for the CEO and Executive Committee is shown in the table below. The remuneration mix for the CEO was 23% of TFR and for Senior Executives the mix was 17% of TFR.

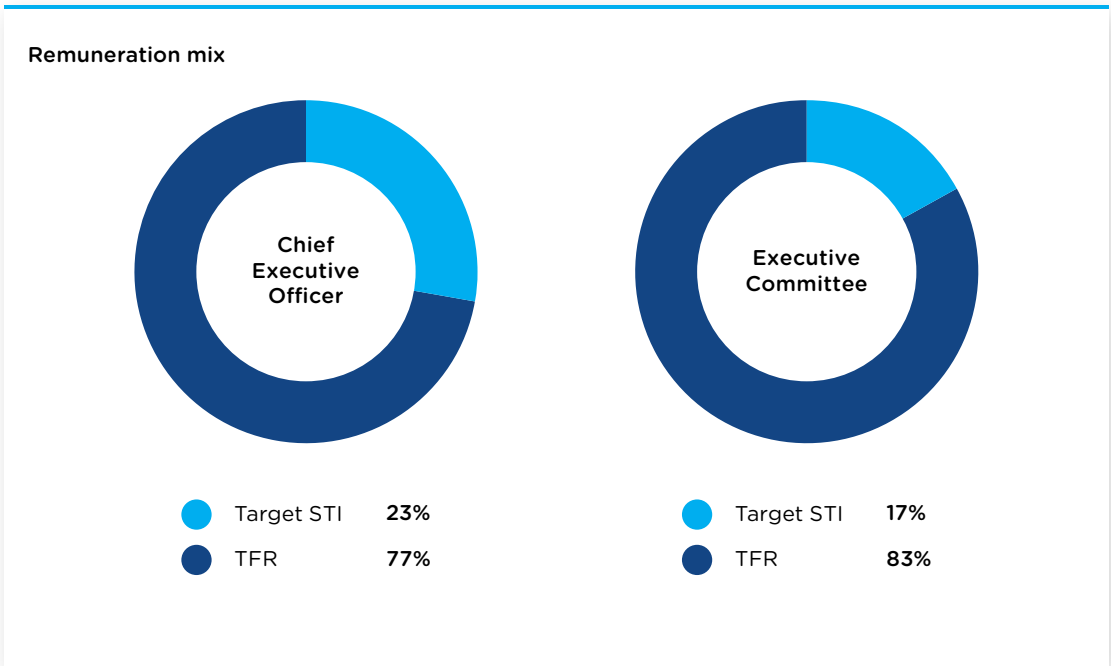
Remuneration benchmarking

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.



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 FY23, NBN Co's Corporate Objectives and safety record 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 of the Annual Report provides details on NBN Co's financial performance and non-financial performance for FY23.

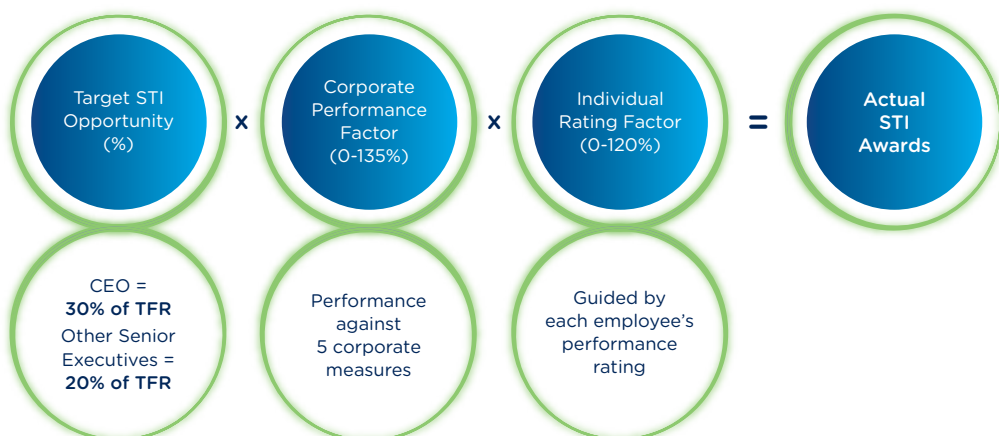
If the gateway measures are satisfied during the performance period, the P&RC then determines whether to adjust the target STI pool up or down (within a range of between zero and 135 per cent of the target STI pool) based on achievement of corporate objectives, resulting in an actual STI award pool. 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 below.

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



Performance outcomes and STI award pool funding for FY23

For FY23, the Board was satisfied the overall gateway measures for the Company were met. NBN Co's safety metrics are within the risk tolerance for FY23 and are consistent with prior periods.

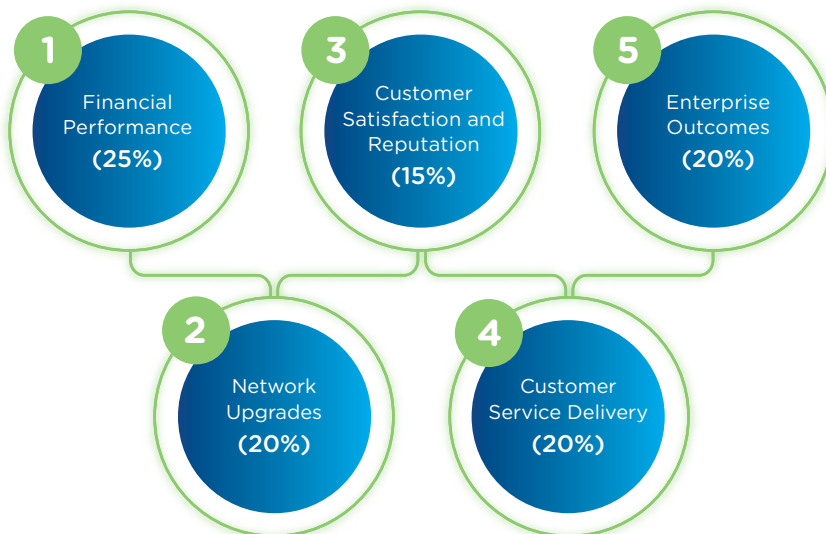
As explained within the Directors' Report, FY23 was a successful year for NBN Co. The Company achieved its financial guidance targets for revenue and EBITDA as outlined within its Corporate Plan 2023. The Company continues to grow both the scale of the network, with 12.29 million premises declared Ready to Connect, and the use of the network, with 8.56 million activated premises connected to the network as at 30 June 2023. NBN Co continues to significantly improve its capability and service levels to meet growing demands across Australia.

Financial performance

The Company achieved its revenue targets with total revenue increasing by 3 per cent compared to FY22. This revenue growth is supported by higher activated premises and Residential ARPU growth.

Operating expenses were also favourable to budget as the Company continued its focus on delivering efficient operations and cost management initiatives. NBN Co also measure its financial performance against its capital expenditure and capital efficiency metrics to deliver its significant network investment programs. These capital programs (FTTN to FTTP upgrades and Fixed Wireless capacity upgrades) are on track for expected cost as well as delivery timelines.

For FY23, NBN Co's performance was assessed against five corporate measures that included:



Network upgrades

NBN Co remains on track to deliver against its stated aims to make 3.5 million FTTN premises eligible for fibre upgrades by December 2025 and to deliver 50 Mbps speeds across 100% of the Fixed Wireless network by December 2024.

As at 30 June 2023, more than 6.9 million premises are able to access the **nbn**[®] Home Ultrafast speed tier to receive up to 1 Gbps¹ speeds. Over 2 million premises are eligible to order a fibre upgrade as at 30 June 2023.

NBN Co added over 12,000 new wireless cells to the existing Fixed Wireless network to help improve the speed and reliability for customers on the network, and are a critical component in NBN Co's ambition to uplift the typical wholesale busy period speed to 50 Mbps by the end of next year.

Customer satisfaction and reputation

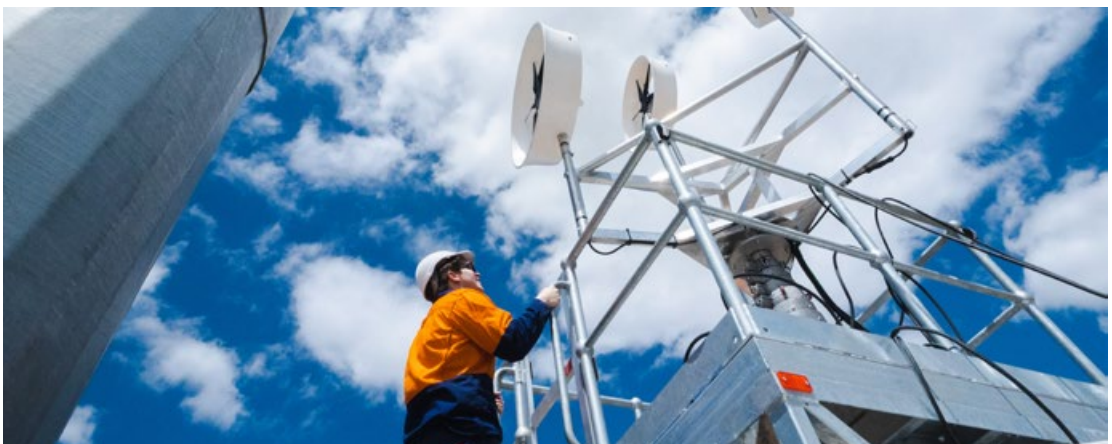
NBN Co has supported Australia through the provision of secure and resilient broadband access in conjunction with the telecommunications industry. During FY23, the **nbn**[®] network has performed very strongly, supporting the social and economic needs of Australia. This has been reflected in the customer satisfaction and sentiment metrics during FY23 and for the second consecutive year, NBN Co has recorded an annual increase in Reputation score².

Customer service delivery

The Company achieved improved customer service delivery across all key metrics, including network availability, right first time for connection and assure, mean customer restore metrics and reduced appointments not occurring within agreed window.

Enterprise objectives

These cover the Company's progress against key program outcomes across the business. These are tracked against a variety of outcomes and reported to management on a regular basis. They are designed to align with targeted outcomes that facilitate NBN Co's short-term and long-term objectives.



1. Regardless of the retail service you purchase, the actual speeds delivered by NBN Co's highest wholesale speed tiers of 500 Mbps to close to 1000 Mbps will be less than 1 Gbps due to equipment and network limitations and the peak information rate may fall anywhere in this range. In addition, the HFC Home Ultrafast bandwidth profile downstream service provided to retail providers is a ranged profile with a maximum sustained information rate of 750 Mbps. Reference to speeds are not end user speeds; they are wholesale layer 2 peak information rate bandwidth provided to retail providers. An end customer's experience, including the speeds actually achieved over the **nbn**[®] network, depends on some factors outside our control (like equipment quality, software, and how your retail service provider designs its network) and the NBN Co technology used for your connection.
2. Measured using Reprtrak's Reputation Score.

As illustrated by the preceding summary, NBN Co has met or exceeded the STI Performance Objectives set for FY23.

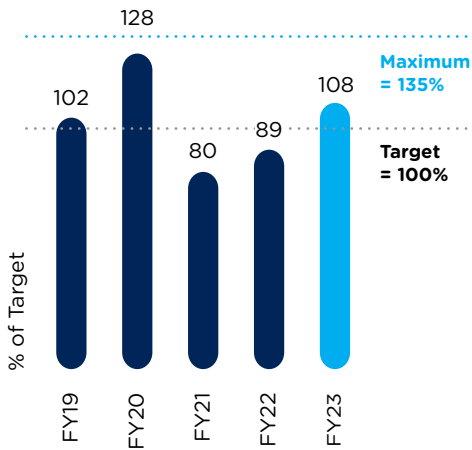
The Board accordingly arrived at a figure of 80 per cent of maximum for the STI for KMPs. This was equivalent to a STI award pool of \$5.2 million for all eligible participating employees. The list of KMP during FY23 disclosed in this report is shown on page 97 and a summary of remuneration received during the financial year is shown on pages 109 to 111.

Historical STI Awards

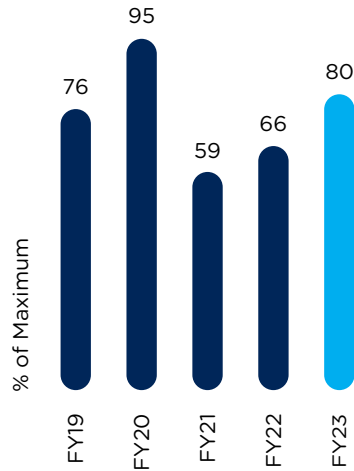
The graphs below show the historical STI Awards for NBN Co over the past five years against the Corporate Performance Factor.

Historical STI Awards

Historical Short-Term Incentive as % of Target



Historical Short-Term Incentive as % of Maximum



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 2023, 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	Termination Benefits	
		\$	\$	\$	\$	\$	\$	\$	
Senior Executives deemed to be KMP as at 30 June 2023									
S Rue	2022	2,112,862	697,808	23,568	-	-	96,890	-	2,931,128
	2023	2,203,295	704,376	25,292	-	-	104,053	-	3,037,016
K Dyer	2022	1,113,265	203,593	23,568	-	476,575	44,589	-	1,861,590
	2023	1,157,878	254,232	25,292	-	95,315	(13,146)	-	1,519,571
W Irving	2022	1,080,745	187,306	23,568	-	-	9,485	-	1,301,104
	2023	1,006,244	228,160	25,292	-	-	15,398	-	1,275,094
P Knox	2022	995,577	175,090	23,568	-	-	12,861	-	1,207,096
	2023	958,022	218,592	25,292	-	-	17,086	-	1,218,992
J Parkin	2022	695,785	131,459	23,568	-	-	12,723	-	863,535
	2023	836,951	176,040	25,292	-	-	14,705	-	1,052,988
A Perrin	2022	-	-	-	-	-	-	-	-
	2023	425,973	89,951	12,646	-	-	487	-	529,057
Former Executives deemed to be KMP									
B Whitcomb ⁴	2022	1,055,932	191,378	23,568	-	-	57,571	-	1,328,449
	2023	449,741	-	12,646	-	-	(206,685)	-	255,702
Total	2022	7,054,166	1,586,634	141,408	-	476,575	234,119	-	9,492,902
	2023	7,038,104	1,671,351	151,752	-	95,315	(68,102)	-	8,888,420

NOTES

- 2023 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 for FY23 is to be paid in August 2023. STI award deferral is no longer applicable to STI awards from FY22 onwards. During FY23, Ms K Dyer received a retention of employment payment of \$571,890. This was recognised in FY22 and FY23 across the period to which the performance conditions to receive the payment related.
- 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.
- B Whitcomb's FY23 base salary and superannuation include amounts paid until the effective date of his resignation on 30 November 2022.

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 FY24. 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 FY23 and FY22.

Board position	2022-23 annual entitlement from 1 July 2022	2021-22 annual entitlement from 1 July 2021
Chair	233,180	226,930
Non-Executive Directors	116,650	113,520

Remuneration of Non-Executive Directors

Remuneration for Non-Executive Directors for FY23 and FY22 is shown in the table below:

		Short-term benefits	Post- employment	Total remuneration
		Director fees \$	Superannuation contributions \$	\$
Non-Executive Directors				
P Bains ¹	2022	32,082	3,208	35,290
	2023	116,650	12,248	128,898
N Caesar ²	2022	56,760	5,676	62,436
	2023	116,650	12,248	128,898
D Clarke	2022	113,520	11,352	124,872
	2023	116,650	12,248	128,898
A Dix	2022	113,520	11,352	124,872
	2023	116,650	12,248	128,898
S In't Veld ³	2022	47,711	4,771	52,482
	2023	-	-	-
N Lockwood ⁴	2022	32,082	3,208	35,290
	2023	116,650	12,248	128,898
M Malone	2022	113,520	11,352	124,872
	2023	116,650	12,248	128,898
K McKenzie	2022	170,225	17,022	187,247
	2023	233,180	24,484	257,664
Z McKenzie ⁵	2022	48,945	4,895	53,840
	2023	-	-	-
E Parker ⁶	2022	64,163	6,416	70,579
	2023	116,650	12,248	128,898
K Schott ⁷	2022	58,111	5,811	63,922
	2023	-	-	-
Z Switkowski ⁸	2022	113,465	11,346	124,811
	2023	-	-	-
Total	2022	964,104	96,409	1,060,513
	2023	1,049,730	110,220	1,159,950

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. S In't Veld ceased to be a Non-Executive Director effective 1 December 2021.
4. N Lockwood was appointed as a Non-Executive Director effective 19 March 2022.
5. Z McKenzie ceased to be a Non-Executive Director effective 6 December 2021.
6. E Parker was appointed as a Non-Executive Director effective 8 December 2021.
7. K Schott ceased to be a Non-Executive Director effective 5 January 2022.
8. 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 7 August 2023, 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 (PGPA Act) and Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)*
- *Corporations Act 2001*
- *Telecommunications Act 1997*
- *Competition and Consumer Act 2010*
- *Public Interest Disclosure Act 2013*
- *Freedom of Information Act 1982*
- *National Anti-Corruption Commission Act 2022*
- *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://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/board-charter-20221216.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 compliance and financial reporting requirements and the supervision of the development of risk management and internal control systems
- overseeing and monitoring 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
- 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 2023 strategic planning meeting is expected to be held in the second half of the 2023 calendar year.

NBN Co's Executive Committee (ExCo)

ExCo comprises the CEO and Executives. Further details about ExCo are outlined on pages 86 to 89.

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, 2021 and 2022.

The next annual Board performance review will be undertaken in the second half of calendar year 2023.

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 FY23 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 102 to 109.

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 90.

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, equity and inclusion

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

A diverse, equitable 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.

Further information about the diversity, equity and inclusion initiatives undertaken by NBN Co are set out in the Directors' Report on pages 50 to 52.

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 2023):

Role	Percentage
Non-Executive Directors	62.5%
Executive Committee	45.5%
Senior management	38.4%
Middle management	32.6%
Total females in management	34.3%

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.

All Directors were in office for the full period from 1 July 2022 to 30 June 2023.

Full details of current Directors including names, appointment dates, term expiration dates, qualifications, experience and remuneration are included in the Directors' Report on pages 80 to 84 and Remuneration Report on pages 110 to 111.

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

Board diversity

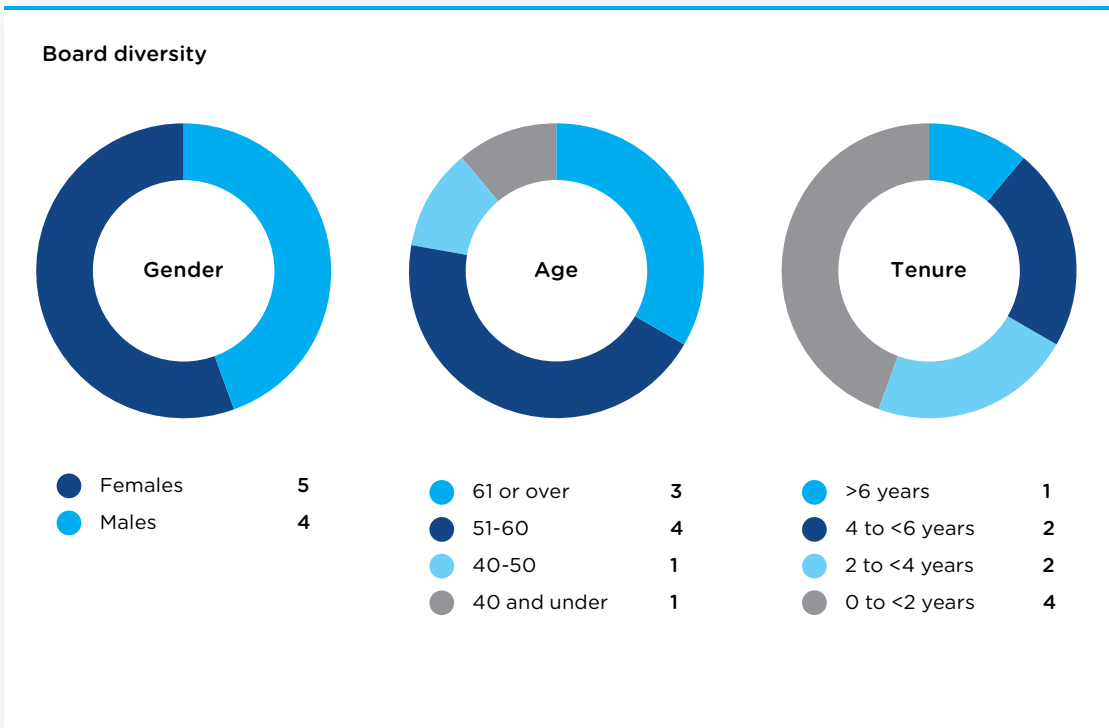
The NBN Co Board seeks to ensure it has an appropriate mix of skills, experience and diversity to enable it to effectively discharge its responsibilities.

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.

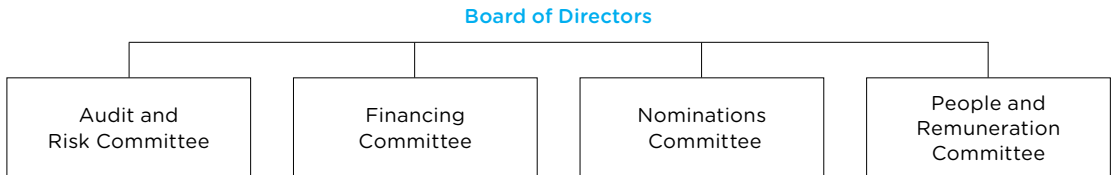
The Board met 15 times during the period from 1 July 2022 to 30 June 2023. Directors’ attendances are set out on page 85.



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 ²	People and Remuneration Committee
Ms Pam Bains	●	●	-	●	-
Ms Nerida Caesar	●	●	●	●	-
Mr Drew Clarke AO PSM	●	-	-	●	●
Mr Andrew Dix	●	●	●	●	-
Ms Kate McKenzie	●	●	●	●	●
Mr Michael Malone	●	●	-	●	●
Ms Nicole Lockwood ¹	●	-	-	●	●
Ms Elisha Parker	●	-	-	●	●
Mr Stephen Rue	●	●	●	●	●

- Board or Committee chair
- Board or Committee member
- Attends Board or Committee as a guest

1. N Lockwood was appointed as Chair of the People and Remuneration Committee effective 1 November 2022.
 2. 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, internal controls, reporting obligations, 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 2023, 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 80 to 84 of the Directors' Report for the relevant qualifications and experience of the Committee members.

The Committee will normally schedule five 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 2022 to 30 June 2023 are set out in the Directors' Report on page 85.

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 2022 to 30 June 2023.

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 2023 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 2023 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 2022 to 30 June 2023 are set out in the Directors' Report on page 85.

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 2023 the Committee comprised:

- Nicole Lockwood (appointed as a Committee member effective 28 March 2022 and as Committee Chair effective 1 November 2022)
- Kate McKenzie (appointed as a Committee member effective 1 December 2019, as Committee Chair effective 7 February 2022 and ceased as Committee Chair effective 31 October 2022)
- Drew Clarke (appointed effective 20 November 2017)
- 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 2022 to 30 June 2023 are set out in the Directors' Report on page 85.

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 2023. 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 2023, collectively the Board's high level of skills and expertise are in the following areas:

Skill	Average rating out of 5*
Corporate Governance	4
Customer Focus	4
Executive Leadership	4
Financial Acumen and Capital Management	4
Government Stakeholder Relations and Public Policy	4
IT	4
Legal and Regulatory	4
Marketing Products and Services	4
Regional and Rural	4
Reputation	4
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	4
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, was incorporated within 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
6. We educate our people on the appropriate handling of personal or sensitive data.

Security Group

The Company's enterprise security and privacy approach adopts a converged (all-hazards) model, where physical, personnel, cyber, supply chain and privacy capabilities interconnect and work collaboratively together.

This brings a unified view and approach to managing all security and privacy risks faced by the organization and combines all the skills and expertise of various security disciplines into a coordinated effort providing single accountability under NBN Co's Chief Security Officer. The NBN Co Security Group works closely with Australia's national security agencies including the Australian Cyber Security Centre (ACSC), the Cyber and Infrastructure Security Centre (CISC), and the Australian Signals Directorate (ASD) to prepare against any potential security threats.

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 Whistleblower Policy also deals with the application of the *National Anti-Corruption Commission Act 2022* to NBN Co and NBN Co staff members.

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 unethical, unlawful or other improper 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, internal controls, reporting obligations 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 122 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 material risks to the achievement of NBN Co's objectives.

These internal controls cover financial, strategic, 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 Half-Year Report, the Annual Report (including the Directors' Report, Remuneration Report, Financial Report and Regulatory Report), annual Corporate Plan and Tax Transparency Report.

The full year financial statements and Remuneration Report are audited by NBN Co's 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 and fraud model with dedicated professional in-house Internal Audit and Fraud staff working with Ernst & Young, KPMG, Protiviti, PKF Integrity 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. 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 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 statements 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 (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 8001-2021: 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 and corruption risk, and detail the requirements and responsibilities for the prevention, detection and response to fraud and corruption, including referral to the National Anti-Corruption Commissioner under the *National Anti-Corruption Commission Act 2022*, when required. 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 and Fraud and Corruption Control Plan are approved by the Audit and Risk Committee on an annual basis under delegation by the Board. 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 2023, 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 material risks to NBN Co. In addition, NBN Co provides regular reporting to the Shareholder Ministers of risks, mitigations, and trends.

Further information on NBN Co's risk management can be found on pages 74 to 79 of the Directors' Report.

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 its people, customers, communities, partners, country, and planet.

For further information on NBN Co's Sustainability Approach 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
- Safe, inclusive and engaged workforce on page 53 & Customer experience partnerships and connected communities on page 46 for details on the management of social risks
- Independent assurance report on selected non-financial (sustainability) metrics on pages 197 to 201.

A summary of NBN Co's material business risks is set out on pages 76 to 79.

Treasury

NBN Co's Treasury Policy establishes a prudential framework providing guidelines, controls and reporting systems for the management of NBN Co's treasury operations by providing clear guidelines for managing treasury risks and making investment and hedging decisions.

The policy is reviewed and approved annually by the Audit and Risk Committee.

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 124 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 110 to 111.

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 102 to 109.

Auditor's independence declaration



Auditor-General for Australia



7 August 2023

Ms Kate McKenzie
Chair of the Board
NBN Co Limited
100 Mount Street
North Sydney NSW 2060
Australia

**NBN CO LIMITED FINANCIAL REPORT 2022–23
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of NBN Co Limited for the year ended 30 June 2023, 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



Grant Hehir
Auditor-General

Canberra
7 August 2023





Financial Report

The Financial Report, comprising the financial statements, Notes to the financial statements and a Directors' declaration, for the year ended 30 June 2023.

Statement of profit or loss and other comprehensive income

		NBN Co	
For the year ended	Notes	30 June 2023 \$m	30 June 2022 \$m
Revenue	B1	5,269	5,103
Other income	B2	168	73
Direct network costs		(618)	(730)
Employee benefits expenses	D1	(698)	(647)
Other operating expenses	B3	(493)	(655)
Depreciation and amortisation expense	C3 & C4	(3,082)	(3,541)
Net finance costs	C9	(1,658)	(1,470)
Gain on derivatives measured at fair value	G	3	-
Loss before income tax		(1,109)	(1,867)
Income tax (expense)/benefit	H1	(10)	399
Loss for the year		(1,119)	(1,468)
Loss attributable to the shareholder		(1,119)	(1,468)
Other comprehensive (loss)/gain			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges, net of tax	E2	(23)	905
Changes in the value of costs of hedging, net of tax	E2	2	24
Total other comprehensive (loss)/gain for the year, net of tax		(21)	929
Total comprehensive loss for the year		(1,140)	(539)
Total comprehensive loss attributable to the shareholder		(1,140)	(539)

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position

As at	Notes	NBN Co	
		30 June 2023 \$m	30 June 2022 \$m
Current assets			
Cash and cash equivalents	C1	41	113
Trade and other receivables	C2	533	503
Derivative financial assets	G	62	28
Other current assets		127	119
Total current assets		763	763
Non-current assets			
Property, plant and equipment	C3	33,989	32,868
Intangible assets	C4	1,598	1,755
Derivative financial assets	G	1,573	1,377
Other non-current assets		20	14
Total non-current assets		37,180	36,014
Total assets		37,943	36,777
Current liabilities			
Trade and other payables	C6	1,512	1,577
Other liabilities	C7	132	128
Derivative financial liabilities	G	31	14
Lease liabilities	C8	479	440
Borrowings	C9	2,109	72
Provisions	C10	215	162
Related party borrowings	C9 & H3	5,500	-
Total current liabilities		9,978	2,393
Non-current liabilities			
Trade and other payables	C6	35	19
Other liabilities	C7	1,468	1,407
Derivative financial liabilities	G	288	155
Lease liabilities	C8	11,033	10,511
Borrowings	C9	18,207	18,132
Provisions	C10	48	64
Related party borrowings	C9 & H3	-	6,375
Total non-current liabilities		31,079	36,663
Total liabilities		41,057	39,056
Net liabilities		(3,114)	(2,279)
Equity			
Contributed equity	E1	29,805	29,500
Other reserves	E2	914	935
Accumulated losses		(33,833)	(32,714)
Total equity		(3,114)	(2,279)

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

	NBN Co			
Notes	Accumulated losses \$m	Contributed equity \$m	Other reserves \$m	Total equity \$m
Balance at 30 June 2021	(31,246)	29,500	6	(1,740)
Loss for the year	(1,468)	-	-	(1,468)
Other comprehensive gain	E2 -	-	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)
Loss for the year	(1,119)	-	-	(1,119)
Other comprehensive loss	E2 -	-	(21)	(21)
Total comprehensive loss for the year	(1,119)	-	(21)	(1,140)
Contributions of equity	E1 -	305	-	305
Balance at 30 June 2023	(33,833)	29,805	914	(3,114)

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 2023 \$m	30 June 2022 \$m
Cash flows from operating activities			
Receipts from customers		5,856	5,650
Payments to suppliers and employees		(2,555)	(2,829)
Government grants received		38	547
Interest received		2	1
Net cash provided by operating activities	C1	3,341	3,369
Cash flows from investing activities			
Payments for property, plant and equipment		(2,685)	(2,308)
Payments for intangible assets		(315)	(310)
Net cash used in investing activities		(3,000)	(2,618)
Cash flows from financing activities			
Principal repayment of lease liabilities		(211)	(186)
Interest paid on lease liabilities		(877)	(838)
Proceeds from borrowings (net of costs)	C9	15,110	9,981
Repayment of borrowings and other financial liabilities	C9	(13,172)	(2,231)
Repayment of related party borrowings	C9 & H3	(875)	(6,825)
Interest paid on borrowings and other financial liabilities	C9	(469)	(204)
Interest paid on related party borrowings	C9 & H3	(224)	(336)
Equity injection for ordinary shares by the Commonwealth of Australia	E1	305	-
Net cash used in by financing activities		(413)	(639)
Net increase/(decrease) in cash and cash equivalents¹		(72)	112
Cash and cash equivalents at the beginning of the year¹		113	1
Cash and cash equivalents at the end of the year¹	C1	41	113

1. Cash and cash equivalents are net of bank overdrafts.

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 2023. 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 *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).

The Financial Report was authorised for issue by the Directors on 7 August 2023. The Directors have the power to amend and reissue the Financial Report.

Going concern

The Financial Report has been prepared on a going concern basis. 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 revised Statement of Expectations as issued by the Shareholder Ministers to NBN Co on 19 December 2022.

As at 30 June 2023, the Company's current liabilities exceeded its current assets by \$9,215 million and the Company had net liabilities of \$3,114 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 2023 resulted in NBN Co achieving the stated financial targets as outlined in its Corporate Plan 2023.

NBN Co funds its business through a combination of \$29.8 billion equity from the Commonwealth Government and debt funding from the Commonwealth Government and domestic and international markets.

In June 2023, \$305 million of equity funding was received from the Commonwealth Government. These funds represent the first installment of the Government's agreement to provide an additional \$2.4 billion in equity to the Company by 30 June 2026, to enable an additional 1.5 million homes and businesses previously served by Fibre to the Node (FTTN) to be eligible for an upgrade to Fibre to the Premises (FTTP) technology.

As at 30 June 2023, NBN Co has raised in excess of \$26.8 billion in domestic and international debt. The details of the transactions are disclosed in Note C9.

During the year, the Company used its issued debt to repay \$875 million of the Commonwealth loan. As at 30 June 2023, the remaining balance of the Commonwealth loan is \$5.5 billion, which is due to mature in June 2024.

To finance the repayment of the Commonwealth loan within the next twelve months, and execute the strategic initiatives outlined in its Corporate Plan 2023, NBN Co is planning to continue raising additional domestic and international debt. NBN Co expects its financing strategy to be achievable based on its strong investment grade credit rating and the outcomes of recent financing transactions.

A. About this report continued

Going concern continued

As at the date of signing the Financial Report, the Directors expect that NBN Co will be able to meet all of its obligations as and when they fall due for at least twelve months from the date of this report. This will be achieved through a combination of the Company's operational activities, the expected outcomes from the Company's future financing activities (including future equity injections), and utilisation of undrawn components of available bank facilities which is \$6.5 billion as at 30 June 2023.

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. The CODM assesses the performance of the Company using revenue, earnings before interest, tax, other non-operating income, depreciation and amortisation (EBITDA), and net cash flows as presented in the primary statements. NBN Co's EBITDA result was \$3.6 billion as at 30 June 2023 (30 June 2022: \$3.1 billion).

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. These estimates have been consistently applied to all periods presented, unless otherwise stated.

Accounting estimates and judgements

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Determination of whether a contract contains a lease	C8
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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 2023 \$m	30 June 2022 \$m
Telecommunications revenue	5,137	5,004
Other revenue	132	99
Total revenue	5,269	5,103

Telecommunications revenue

Telecommunications services are facilitated through contracting with Retail Service Providers (RSPs) under the Wholesale Broadband Agreement (WBA). 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.

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. 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. Applicable credits and rebates are recognised as a reduction to the transaction price during the period to which they relate. The Company invoices the RSPs on a monthly basis, with standard short-term payment terms and therefore no financing component exists.

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 activities 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 based on the nature of the services, 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 network infrastructure 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 licences 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 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):

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Timing of revenue recognition		
- At a point in time	180	152
- Over time	5,089	4,951
Total revenue	5,269	5,103

Significant customers

The Company offers equivalent terms to all its RSP's. NBN Co's top five customers as at 30 June 2023 were Telstra, TPG Group, Optus, Vocus, and Aussie Broadband. These five RSPs contributed approximately 91 per cent of NBN Co's total telecommunications revenue (30 June 2022: 94 per cent).

Assets and liabilities related to contracts with customers

NBN Co has recognised the following assets and liabilities related to contracts with customers:

NBN Co			
	Notes	30 June 2023 \$m	30 June 2022 \$m
Trade receivables	C2	487	467
Accrued revenue		22	12
Contract liabilities	C6	265	199

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 balance during the year are as follows:

NBN Co			
		30 June 2023 \$m	30 June 2022 \$m
Balance at 1 July		199	128
Revenue recognised that was included in the contract liability balance at the beginning of the year		(141)	(81)
Increases due to cash received, excluding amounts recognised as revenue during the year		207	152
Balance at 30 June		265	199

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*.

B. Our revenue and other operating expenses continued

B2. Other income

For the year ended	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Other operating income	133	43
Other non-operating income	35	30
Total other income	168	73

Recognition and measurement

Other operating income

NBN Co recognises other operating income in relation to various government grants. 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 assets are expected to provide services, which is the estimated useful life of the assets.

B3. Other operating expenses

For the year ended	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
IT and software expenses	(191)	(196)
Communication and public information expenses	(56)	(47)
Other operating expenditure	(246)	(412)
Total	(493)	(655)

Other operating expenditure includes subscriber costs which have virtually ceased as at 30 June 2023 due to reduced Telstra disconnection and Optus migration activity.

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 2023 \$m	30 June 2022 \$m
Cash at bank	41	113
Total	41	113

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 \$38 million (30 June 2022: \$94 million) 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

For the year ended	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Loss for the year	(1,119)	(1,468)
Add/(less) non-cash/non-operating items		
Depreciation and amortisation	3,082	3,541
Finance charges	1,660	1,476
Other items	(37)	(51)
Income tax expense/(benefit)	10	(399)
(Increase)/decrease in operating assets		
(Increase)/decrease in trade and other receivables	(30)	20
Increase in other assets	(14)	(55)
Increase/(decrease) in operating liabilities		
Decrease in trade and other payables	(156)	(118)
(Decrease)/increase in other liabilities	(96)	480
Increase/(decrease) in provisions	41	(57)
Net cash provided by operating activities	3,341	3,369

C. Our assets and liabilities continued

C2. Trade and other receivables

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Current		
Trade receivables	487	467
Other receivables	46	36
Total	533	503

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 cash flows are received or 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 2023 (30 June 2022: nil).

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
Cost						
Balance at 30 June 2021	36	426	47	243	44,969	45,721
Additions	-	14	6	-	2,525	2,545
Reclassification	-	(8)	-	-	8	-
Remeasurement	-	2	-	-	251	253
Disposals	-	(6)	(3)	(1)	(2)	(12)
Balance at 30 June 2022	36	428	50	242	47,751	48,507
Additions	-	7	9	21	2,982	3,019
Remeasurement	-	(7)	2	-	713	708
Disposals	-	(77)	(2)	(28)	(694)	(801)
Balance at 30 June 2023	36	351	59	235	50,752	51,433
Accumulated depreciation						
Balance at 30 June 2021	(3)	(235)	(33)	(172)	(12,148)	(12,591)
Depreciation	(2)	(61)	(9)	(19)	(2,966)	(3,057)
Disposals	-	6	3	-	-	9
Balance at 30 June 2022	(5)	(290)	(39)	(191)	(15,114)	(15,639)
Depreciation	(1)	(29)	(7)	(22)	(2,547)	(2,606)
Disposals	-	77	2	28	694	801
Balance at 30 June 2023	(6)	(242)	(44)	(185)	(16,967)	(17,444)
Net book value at 30 June 2022	31	138	11	51	32,637	32,868
Net book value at 30 June 2023	30	109	15	50	33,785	33,989

C. Our assets and liabilities continued

C3. Property, plant and equipment continued

Property, plant and equipment at net book value is analysed as follows:

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Constructed and purchased assets	23,164	22,708
Assets in the course of construction	1,295	1,169
Right-of-use assets	8,314	7,937
Assets acquired for no consideration and under government grant	1,216	1,054
Property, plant and equipment - net book value	33,989	32,868

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					
	Land \$m	Buildings and leasehold improve- ments \$m	Furniture and equipment \$m	Network assets \$m	Licences \$m	Total \$m
Cost						
Balance at 30 June 2021	19	250	23	9,799	62	10,153
Additions	-	1	4	44	-	49
Remeasurement	-	2	-	251	-	253
Disposals	-	(6)	(3)	(2)	-	(11)
Balance at 30 June 2022	19	247	24	10,092	62	10,444
Additions	-	-	9	35	-	44
Remeasurement	-	(7)	2	713	-	708
Disposals	-	(24)	(1)	(5)	-	(30)
Balance at 30 June 2023	19	216	34	10,835	62	11,166
Accumulated depreciation						
Balance at 30 June 2021	(3)	(100)	(13)	(1,933)	(1)	(2,050)
Depreciation	(2)	(54)	(7)	(342)	(8)	(413)
Disposals	-	6	3	-	-	9
Balance at 30 June 2022	(5)	(148)	(17)	(2,275)	(9)	(2,454)
Depreciation	(1)	(15)	(7)	(351)	(9)	(383)
Disposals	-	24	1	4	-	29
Balance at 30 June 2023	(6)	(139)	(23)	(2,622)	(18)	(2,808)
Net book value at 30 June 2022	14	99	7	7,817	53	7,990
Net book value at 30 June 2023	13	77	11	8,213	44	8,358

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, Communications and the Arts to use certain Regional Backbone Blackspots Program assets for no consideration (refer to Note C7 for more detail).

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 assets are recognised and measured at historical cost less any 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.

Assets under construction are recorded at cost based on the estimated percentage of completion. Directly attributable costs are included in the capitalised cost of an asset, 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. Costs that are not directly attributable are recorded as an expense in profit or loss.

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 of the following:

- The amount of the initial measurement of corresponding lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Initial estimate of any restoration costs.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life or 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 of the assets, 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 year ended 30 June 2023, NBN Co revised the estimated useful lives of certain network assets, within the existing range of 5 - 40 years, to align their expected period of use with the Company's latest business plans and upgrade strategies. The financial impact of the revised estimated useful lives is a decrease in depreciation expense of \$681 million for the year to 30 June 2023. The impact in future years varies depending on the remaining useful life of each asset.

In line with its accounting policy, NBN Co reviews the useful lives of its network assets prior to each balance sheet date based on the most recent available information. This review identified additional revisions to useful lives which the Company intends to apply prospectively from 1 July 2023. The expected financial impact in FY24 due to these changes is estimated to be an increase in depreciation expense between \$165 million - \$175 million.

C. Our assets and liabilities continued

C3. Property, plant and equipment continued

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 5-30 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 2023 \$m	30 June 2022 \$m
Acquisition of assets by means of right-of-use arrangements	44	49
Acquisition of network infrastructure by means of developer contributions and government grants	195	179
Acquisition of assets by non-cash transactions	239	228

C4. Intangible assets

	NBN Co			
	Software \$m	Licenses \$m	Other \$m	Total \$m
Cost				
Balance at 30 June 2021	4,144	238	188	4,570
Additions	284	4	8	296
Balance at 30 June 2022	4,428	242	196	4,866
Additions	316	-	2	318
Disposals	(325)	-	-	(325)
Balance at 30 June 2023	4,419	242	198	4,859
Accumulated amortisation				
Balance at 30 June 2021	(2,366)	(148)	(113)	(2,627)
Amortisation	(435)	(16)	(33)	(484)
Balance at 30 June 2022	(2,801)	(164)	(146)	(3,111)
Amortisation	(426)	(12)	(37)	(475)
Disposals	325	-	-	325
Balance at 30 June 2023	(2,902)	(176)	(183)	(3,261)
Net book value at 30 June 2022	1,627	78	50	1,755
Net book value at 30 June 2023	1,517	66	15	1,598

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
- 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 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.

C. Our assets and liabilities continued

C4. Intangible assets continued

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
- 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 \$121 million (30 June 2022: \$88 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.

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 when 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 2023.

C. Our assets and liabilities continued

C6. Trade and other payables

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Current		
Trade and other payables	260	272
Contract liabilities	230	180
Accruals	1,020	1,064
GST payable	2	61
Total	1,512	1,577

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Non-current		
Contract liabilities	35	19
Total	35	19

The accruals balance includes \$576 million (30 June 2022: \$500 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 2023 \$m	30 June 2022 \$m
Current		
Deferred gain on government grants	99	100
Deferred gain on developer contributions	33	28
Total	132	128

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Non-current		
Deferred gain on government grants	325	434
Deferred gain on developer contributions	1,143	973
Total	1,468	1,407

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 Company 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 gain. 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 gain. 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.

C. Our assets and liabilities continued

C8. Lease liabilities

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Current		
Lease liabilities	479	440
Total	479	440

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Non-current		
Lease liabilities	11,033	10,511
Total	11,033	10,511

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 2023, \$23 million (30 June 2022: \$22 million) has been recognised as operating expenditure in the profit or loss 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
- 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 2023 \$m	30 June 2022 \$m
Current		
Borrowings	2,109	72
Related party borrowings - Commonwealth loan	5,500	-
Total	7,609	72
	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Non-current		
Borrowings	18,207	18,132
Related party borrowings - Commonwealth loan	-	6,375
Total	18,207	24,507

NBN Co's borrowings consist of unsecured bank facilities, short-term promissory notes, Australian Medium-Term Note (AMTN) issuances, US144A/Reg S bond issuances, Euro Medium-Term Note (EMTN) issuances, private placements and related party borrowings issued under the loan with the Commonwealth Government. All of NBN Co's borrowings are fully drawn unless otherwise stated.

The loan agreement with the Commonwealth Government has a fixed interest rate of 3.96 per cent per annum and was fully drawn as at 30 June 2023. 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.

During the year ended 30 June 2023, the Company executed the following transactions in relation to its borrowings:

- Issued \$800 million Australian Medium-Term Notes with a 4-year tenor
- Issued Hong Kong Dollar (HKD) 500 million and HKD 400 million private placements, both with a 10-year tenor and a Great British Pound (GBP) 50 million private placement with a 10-year tenor
- Issued Euro (EUR) 1,350 million Green Euro Medium-Term Notes under the Global Medium-Term Note (GMTN) Programme and NBN Co's Sustainability Bond Framework
- Issued short-term promissory notes in Australian Dollars (AUD) under NBN Co's Promissory Note Programme. As at 30 June 2023, a total of \$1,998 million had been issued by the Company
- Entered into new committed bank facilities for \$900 million and partially terminated \$400 million of existing committed facilities, increasing the Company's available committed bank facilities to \$11,150 million. \$3,229 million of existing drawn facilities were repaid during the year, reducing the total drawn balance to \$4,646 million as at 30 June 2023.

The Company utilised the proceeds from the drawdown of debt issuances and bank facilities to repay a further \$875 million of the Commonwealth loan during the year to 30 June 2023. 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.

C. Our assets and liabilities continued

C9. Borrowings and other financial liabilities continued

Borrowings and related party borrowings consist of the following unsecured financial arrangements at 30 June 2023:

	NBN Co			
	30 June 2023		30 June 2022	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
Commonwealth loan	5,500	-	-	6,375
AMTN ¹	-	4,375	-	3,575
US144A/Reg S ²	-	5,347	-	5,347
EMTN ³	-	2,132	-	-
Private placements ⁴	-	1,825	-	1,562
Promissory notes	1,998	-	-	-
Bank facilities ⁵	-	4,646	-	7,875
Total principal amount of borrowings	7,498	18,325	-	24,734
Accrued interest	111	-	72	-
Fair value hedge adjustments	-	(747)	-	(567)
Foreign exchange movements	-	720	-	431
Fees and other adjustments	-	(91)	-	(91)
Total borrowings	7,609	18,207	72	24,507

1. Includes \$800 million in Green Bond issued under the Company's AMTN Program and Sustainability Bond Framework (30 June 2022: \$800 million).
2. Represents United States Dollars (USD) denominated 144A notes of USD \$4,050 million measured at the hedged foreign exchange rate on the issuance date (30 June 2022: USD \$4,050 million).
3. Represents EUR denominated Green Euro Medium-Term Notes of EUR 1,350 million issued under the Company's GMTN Programme and Sustainability Bond Framework measured at the hedged foreign exchange rate on the issuance date (30 June 2022: nil).
4. Represents private placement issuances in Norwegian Krone (NOK) 3,750 million, USD \$50 million, Hong Kong Dollar (HKD) 900 million, Great British Pounds (GBP) 50 million and Japanese Yen (JPY) 5,500 million measured at the hedged foreign exchange rate on the issuance date, and AUD \$850 million (30 June 2022: NOK 3,750 million, USD \$50 million, JPY 5,500 million and AUD \$850 million).
5. The terms of certain bank facilities were modified during the year to 30 June 2023, increasing the tenor and reducing the overall facility limit by \$400 million.

The Company's nominal weighted average cost of issued and drawn debt, taking into account hedging activities, as at 30 June 2023 is 3.18 per cent (30 June 2022: 2.55 per cent). All borrowings are repayable in full at the end of the contracted period.

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.

A reconciliation of movements in NBN Co's borrowings arising from financing activities has been shown in the table below.

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Borrowings		
Opening balance	24,579	23,818
Net cash flows received	1,089	965
Accrued interest	39	54
Fair value hedge adjustments	(180)	(600)
Foreign exchange movements	289	357
Fees and other adjustments	-	(15)
Total	25,816	24,579

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 2023 \$m	30 June 2022 \$m
For the year ended			
Finance charges on lease arrangements		(900)	(869)
Interest on related party borrowings	H3	(224)	(336)
Interest on borrowings		(507)	(282)
Other finance income/(charges) ¹		(27)	17
Total		(1,658)	(1,470)

1. Other finance income/(charges) include hedge ineffectiveness.

Fair value of borrowings

At 30 June 2023, the carrying value and fair value of the Company's current and non-current borrowings (excluding the Commonwealth loan) are as follows:

	NBN Co			
	30 June 2023		30 June 2022	
	Carrying value \$m	Fair value \$m	Carrying value \$m	Fair value \$m
Borrowings	20,316	19,758	18,204	17,480
Total	20,316	19,758	18,204	17,480

The difference between the carrying value and fair value reflects the movements in underlying market interest rates between settlement date and reporting date for the Company's borrowings. The fair value of the Company's borrowings are measured using Level 2 inputs (see page 182).

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.

C10. Provisions

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Current		
Employee benefits	195	132
Other provisions	20	30
Total	215	162

	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Non-current		
Employee benefits	27	44
Other provisions	21	20
Total	48	64

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
- 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

For the year ended	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
Defined contribution superannuation expense	(76)	(71)
Other employee expenses, net of capitalisation	(622)	(576)
Total	(698)	(647)

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 intangible assets 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.

D. Our people continued

D1. Employee benefits expenses continued

D2. Key management personnel

Disclosures relating to key management personnel are set out below:

	NBN Co	
	30 June 2023 \$	30 June 2022 \$
Short-term employee benefits	9,759,185	9,604,904
Post-employment benefits	261,972	237,817
Long-term employee benefits	27,213	710,694
Total	10,048,370	10,553,415

E. Our equity

On 22 June 2011, the Commonwealth Government and NBN Co entered into an Equity Funding Agreement (EFA), whereby the Commonwealth Government provided assurances to the Company in relation to the provision of equity funding of \$29.5 billion until 30 June 2021. NBN Co entered into a subsequent EFA with the Commonwealth of Australia on 27 June 2023. Under the terms of the EFA, the Commonwealth of Australia will provide \$2.4 billion in equity funding to NBN Co by 30 June 2026. The equity funding is to be used to enable an additional 1.5 million homes and businesses previously served by FTTN to be eligible for an upgrade to FTTP technology, and will be provided to NBN Co as the program progresses, up to a maximum annual drawdown amount.

As at 30 June 2023, \$29.8 billion of the total available equity funding of \$31.9 billion from the Commonwealth of Australia had been provided to NBN Co under the terms of the EFAs (30 June 2022: \$29.5 billion).

E1. Contributed equity

As at 30 June 2023, the following equity funding had been provided to the Company:

	NBN Co	
	Number of shares	Ordinary shares fully paid \$m
Balance at 30 June 2021	29,500,000,000	29,500
Equity injection	-	-
Balance at 30 June 2022	29,500,000,000	29,500
Equity injection - 29 June 2023 ¹	304,692,179	305
Balance at 30 June 2023	29,804,692,179	29,805

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 other 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 (30 June 2022: nil).

1. The equity injection was received on 29 June 2023 under the terms of the new EFA. NBN Co requires a shareholder resolution from the Commonwealth to enable the issuance of new shares to the shareholders. At the date of signing the Annual Report, NBN Co has not received this resolution and therefore formal issuance of new shares has not yet occurred.

E. Our equity continued

E2. Other reserves

	NBN Co		
	Cash flow hedging reserve \$m	Cost of hedging reserve \$m	Total reserves \$m
Balance at 30 June 2021	4	2	6
Change in fair value of hedging instrument recognised in OCI	1,594	34	1,628
Reclassified from OCI to profit or loss ¹	(285)	-	(285)
Reclassified to the cost of inventory/property, plant and equipment	(16)	-	(16)
Deferred tax	(388)	(10)	(398)
Balance at 30 June 2022	909	26	935
Change in fair value of hedging instrument recognised in OCI	449	5	454
Reclassified from OCI to profit or loss ¹	(474)	-	(474)
Reclassified to the cost of inventory/property, plant and equipment	(9)	(2)	(11)
Deferred tax	11	(1)	10
Balance at 30 June 2023²	886	28	914

1. During the period, gains of \$34 million were released from the cash flow hedge reserve for discontinued hedges (30 June 2022: \$1 million).
2. During the period, certain interest rate swaps were renegotiated. This resulted in the de-designation of the related cash flow hedge relationship and the designation of the renegotiated interest rate swaps into cash flow hedge relationships. This de-designation resulted in a crystallised gain of \$150 million in the cash flow hedge reserve (30 June 2022: \$55 million). As at 30 June 2023, gains of \$168 million relating to discontinued hedges remains in the cash flow hedge reserve (30 June 2022: \$54 million).

The cash flow hedging reserve represents the effective portion of gains or losses on remeasuring the fair value of qualifying derivative instruments, which have been designated into cash flow hedging relationships. 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 underlying expected future cash flows to which the hedge relates 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 and operation 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 out.¹ 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.

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.

F. Our significant contractual arrangements and commitments continued

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
- 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.

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 2023 \$m	30 June 2022 \$m
Within one year	529	705
Later than one year but not later than five years	64	54
Later than five years	2	11
Total	595	770

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 ongoing business operations, 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 main risks arising from the Company's financial activities are market risks (interest rate risk and foreign currency risk), liquidity risk and credit risk.

Financial assets and liabilities

All of 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 2023 \$m	30 June 2022 \$m
Financial assets		
Cash and cash equivalents	41	113
Trade and other receivables	533	503
Derivative financial assets	1,635	1,405
Carrying amount of financial assets	2,209	2,021
Financial liabilities		
Trade and other payables	1,545	1,535
Other liabilities	384	481
Lease liabilities	11,512	10,951
Derivative financial liabilities	319	169
Borrowings	20,316	18,204
Related party borrowings	5,500	6,375
Carrying amount of financial liabilities	39,576	37,715

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 2023 was a net expense of \$1,656 million (30 June 2022: net expense of \$1,469 million).

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 managing risk and not for speculative trading.

The fair value, including accrued interest, of the Company's derivative instruments at 30 June 2023 are as follows:

	NBN Co			
	30 June 2023		30 June 2022	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
Assets				
Forward exchange contracts	2	-	6	-
Interest rate options	-	3	-	2
Interest rate swaps	32	1,388	2	1,326
Cross-currency interest rate swaps	28	179	20	49
Power purchase agreements	-	3	-	-
Total derivative assets	62	1,573	28	1,377
Liabilities				
Interest rate swaps	13	81	14	14
Cross-currency interest rate swaps	18	207	-	141
Total derivative liabilities	31	288	14	155

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. Any derivative instruments that are not designated in a hedging relationship will have the subsequent fair value movement within each reporting period recognised in profit or loss.

Derivatives that are designated in a hedging relationship 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.

G. Our financial risk management continued

Derivatives and hedging activities continued

Cash flow hedge

Cash flow hedges are used by the Company to manage exposure to variability in expected future cash flows, which could affect profit or loss. Variability in expected future cash flows could arise from fluctuations in foreign exchange rates and interest rates on financial liabilities or highly probable forecast transactions, predominantly associated with NBN Co's foreign and domestic borrowings.

The Company uses interest rate swaps, interest rate and foreign exchange options, cross-currency interest rate swaps and forward exchange contracts to hedge against such fluctuations.

The effective portion of changes in the fair value of derivatives that are designated in a cash flow hedge relationship are recognised in other comprehensive income and accumulated in the cash flow hedge reserve within 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, the hedge relationship is discontinued. Any cumulative gain or loss related to the hedging instrument existing in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss 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 the cash flow hedge reserve is immediately reclassified to profit or loss, where applicable.

Fair value hedges

Fair value hedges are used by the Company to manage the variability in the fair value of foreign and domestic borrowings due to fluctuations in interest rates. The Company uses interest rate swaps and cross-currency interest rate swaps to hedge against such fluctuations.

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 liability that are attributable to the hedged risk. Any gain or loss relating to the ineffective portion of a fair value hedge is recognised directly in the profit or loss within net finance costs.

If the hedge no longer meets the criteria for hedge accounting, it is discontinued. The adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss within net finance costs over the period to maturity using a recalculated effective interest rate.

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 not being matched by a similar adjustment on the hedged item
- Differences in critical terms between the hedging instrument and hedged item, including hedging instruments with a non-zero fair value at inception of the hedge relationship.

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 Agreements

As at 30 June 2023, the Company had entered into the following renewable energy Power Purchase Agreements (PPAs):

- A solar power purchase agreement for a solar farm situated in West Wyalong, New South Wales. The solar farm is now operational and is contracted for 10-year period which is expected to commence in August 2023
- A wind power purchase agreement for AGL wind farm situated in Victoria. The wind farm is already operational and NBN Co has contracted to obtain offtake for a 6-year period from January 2025
- A solar power purchase agreement in June 2023 for Metka solar farm situated in Queensland. The solar farm is not yet operational and is contracted for a ten-year period from the commencement of commercial production, expected in Q4 2025.

The PPAs are not physical electricity supply contracts. They operate as a 'contract for difference' (CfD), whereby the parties have agreed to a 'strike price'. If the electricity spot price is higher than the strike price, then the solar farm will pay the difference to NBN Co and vice versa if the spot price is lower than the strike price. The CfD is a derivative financial instrument and is required to be fair valued at each reporting date.

As at 30 June 2023, the derivative asset relating to the Company's PPAs was \$3.4 million. Comparative information has not been disclosed as the fair value of the PPA for West Wyalong was immaterial as at 30 June 2022.

The fair value movements on the Company's PPAs are recognised in profit or loss as a gain/(loss) on derivatives measured at fair value through profit or loss.

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					
	30 June 2023			30 June 2022		
	Interest rate \$m	Total \$m	Interest rate \$m	Total \$m	Interest rate \$m	Total \$m
Fair Value Hedges						
Carrying amount of hedging instruments^{1,2}						
Derivative assets	-	-	-	-	-	-
Derivative liabilities	(758)	(758)	(568)	(568)	(568)	(568)
Fair value hedge adjustment						
Carrying amount of hedged item recognised in the Statement of financial position	(8,780)	(8,780)	(5,798)	(5,798)	(5,798)	(5,798)
Cumulative fair value adjustment on hedged item	747	747	567	567	567	567
Hedge effectiveness						
Change in value of hedging instrument used for calculating hedge effectiveness	191	191	(606)	(606)	(606)	(606)
Change in value of hedged item used for calculating hedge effectiveness	(180)	(180)	600	600	600	600
Hedge ineffectiveness recorded in profit or loss	11	11	(6)	(6)	(6)	(6)
	30 June 2023			30 June 2022		
	Foreign exchange \$m	Interest rate \$m	Total \$m	Foreign exchange \$m	Interest rate \$m	Total \$m
Cash Flow Hedges						
Carrying amount of hedging instruments^{1,2}						
Derivative asset	847	1,391	2,238	608	1,328	1,936
Derivative liabilities	(207)	-	(207)	(141)	-	(141)
Hedge effectiveness						
Change in value of hedging instrument used for calculating hedge effectiveness	(292)	52	(240)	404	1,290	1,694
Change in value of hedged item used for calculating hedge effectiveness	290	(51)	239	(371)	(1,289)	(1,660)
Hedge ineffectiveness recorded in profit or loss	(2)	1	(1)	33	1	34
Change in hedge reserves						
Change in value of hedging instrument recognised in cash flow hedge reserves	(266)	(183)	(449)	379	1,216	1,595
Change in value of the hedging instrument recognised in cost of hedge reserves	(6)	1	(5)	34	-	34
Amount reclassified from cost of hedge reserve to inventory/property, plant and equipment	2	-	2	-	-	-
Amount reclassified from cash flow hedge reserve to inventory/property, plant and equipment	9	-	9	(16)	-	(16)
Amount reclassified from cash flow hedge reserve to net finance costs for continued and discontinued hedges	290	184	474	(353)	68	(285)
Change in reserves for continued or discontinued hedges	29	2	31	44	1,284	1,328

1. Excluding accrued interest.

2. The carrying amount of the hedging instruments are grossed up to allow for the hedge designation methodology the Company applies when designating cross-currency interest rate swaps in fair value and cash flow hedges.

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 derivatives that hedge foreign exchange risk, as expressed in Australian dollars, is as follows:

NBN Co												
	30 June 2023						30 June 2022					
	\$m						\$m					
	USD	EUR	NOK	JPY	HKD	GBP	USD	EUR	NOK	JPY	HKD	GBP
Foreign exchange risk												
Trade payables	20	-	-	-	-	-	43	-	-	-	-	-
Borrowings	5,355	2,253	525	57	169	95	5,326	-	557	58	-	-
Current foreign exchange risk	5,375	2,253	525	57	169	95	5,369	-	557	58	-	-
Derivatives												
Foreign exchange options	31	-	-	-	-	-	-	-	-	-	-	-
Forward exchange contracts	89	-	-	-	-	-	118	-	-	-	-	-
Cross-currency interest rate swaps	5,416	2,132	583	61	171	93	5,416	-	583	61	-	-
Total derivatives hedging foreign exchange risk	5,536	2,132	583	61	171	93	5,534	-	583	61	-	-

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. 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 derivatives that hedge foreign exchange risk are as follows:

	NBN Co					
	30 June 2023			30 June 2022		
	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	120	2,757	5,699	118	2,757	3,303

As at 30 June 2023, the major currency pairs of cross-currency interest rate swaps designated in hedge relationships are receive USD/pay AUD, receive EUR/pay AUD and receive NOK/pay AUD with weighted average foreign currency rates of USD/AUD 0.75, EUR/AUD 0.63 and NOK/AUD 6.44 (30 June 2022: USD/AUD 0.75; NOK/AUD 6.44).

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 2023 \$m	Impact on post-tax profit and equity 30 June 2022 \$m
Exchange rates (AUD/USD)		
+ 10 cents	(35)	(20)
- 10 cents	39	24
Exchange rates (AUD/EUR)		
+ 10 cents	1	-
- 10 cents	-	-
Exchange rates (AUD/NOK)		
+ 10 cents	(1)	-
- 10 cents	1	-

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 cross-currency interest rate swaps, interest rate swaps, and interest rate options to manage the interest rate exposure in accordance with the Treasury Policy.

	NBN Co			
	Notional Amount \$m	Notional swapped from fixed to floating \$m	Notional swapped from floating to fixed \$m	Net exposure to floating interest rate risk \$m
At 30 June 2023				
Floating rate debt portfolio	7,069	8,756	(13,734)	2,091
At 30 June 2022				
Floating rate debt portfolio	8,300	5,961	(10,860)	3,401

The proportion of debt exposed to floating rates prior to any hedging is 27.37 per cent (30 June 2022: 33.56 per cent). Following consideration of the effect of hedging the proportion of debt exposed to floating rates is 8.10 per cent (30 June 2022: 13.75 per cent).

The notional maturity profile of the Company's derivatives that hedge interest rate risk are as follows:

	NBN Co					
	30 June 2023			30 June 2022		
	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	-	12,884	4,350	-	7,910	4,950
Fair value hedges	400	2,757	5,600	-	3,157	2,804

As at 30 June 2023, the weighted average fixed interest rate swaps, interest rate options and fixed cross-currency interest rate swaps designated in hedge relationships is 1.66 per cent (30 June 2022: 1.14 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 2023 \$m	Impact on post-tax profit and equity 30 June 2022 \$m
Interest rates +100 basis points	391	329
Interest rates -100 basis points	(412)	(352)

Sensitivity analysis to interest rates moving +/- 100 basis points on variable rate borrowings that are not hedged is -/+\$15 million on post-tax profit (30 June 2022: -/+\$24 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 2023 \$m	30 June 2022 \$m
Trade receivables		
<i>Counterparties with an external credit rating</i>		
AAA	5	7
A-	261	259
BB-	-	3
<i>Counterparties without an external credit rating¹</i>		
Group 1	5	3
Group 2	208	189
Group 3	8	6
Total	487	467
Cash at bank and short-term bank deposits		
AA-	41	113
Total	41	113
Derivative financial assets		
AA-	623	485
A+	698	594
A	277	278
A-	34	48
BBB	3	-
Total	1,635	1,405

- 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 2023 (30 June 2022: nil).

Liquidity risk management

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 management continued

Contractual maturities of financial assets and liabilities

Amounts shown in the table below illustrate the undiscounted cash flows for the remaining contractual maturities of financial assets and liabilities and the carrying value recorded in the Statement of financial position for NBN Co's financial assets and liabilities.

	NBN Co				
	Within 1 year \$m	1 to 5 years \$m	Greater than 5 years \$m	Total contractual cash in/ (out) flows \$m	Carrying amount assets/ (liabilities) \$m
At 30 June 2023					
Non-derivatives					
Trade and other receivables	533	-	-	533	533
Other assets	127	20	-	147	147
Trade and other payables	(1,510)	(35)	-	(1,545)	(1,545)
Other liabilities	(96)	(288)	-	(384)	(384)
Borrowings	(2,583)	(14,948)	(5,651)	(23,182)	(20,316)
Related party borrowings	(5,718)	-	-	(5,718)	(5,500)
Lease liabilities	(1,395)	(4,415)	(19,782)	(25,592)	(11,512)
Total	(10,642)	(19,666)	(25,433)	(55,741)	(38,577)
Derivatives					
Derivative financial assets	297	1,089	178	1,564	1,635
Derivative financial liabilities	(147)	(358)	(38)	(543)	(319)
Total	150	731	140	1,021	1,316
At 30 June 2022					
Non-derivatives					
Trade and other receivables	503	-	-	503	503
Other assets	119	14	-	133	133
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	(3,102)	(26,827)	(24,516)	(54,445)	(36,910)
Derivatives					
Derivative financial assets	153	920	280	1,353	1,405
Derivative financial liabilities	(66)	(473)	(17)	(556)	(169)
Total	87	447	263	797	1,236

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 the CfD derivatives within PPAs which are categorised as Level 3, as one of the key inputs, being the electricity forward prices, cannot be forecast (using observable market data) for the duration of the contract.

The changes in Level 3 derivative financial instruments for the year ended 30 June 2023 are shown in the table below. Comparative information has not been disclosed as Level 3 derivative financial instruments were not material in the prior period.

	NBN Co
	30 June 2023 \$m
For the year ended	
Derivative financial assets	
Balance at 1 July	-
Change in fair value of PPA	3
Total	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 and the valuation of CfD derivatives within NBN Co's PPAs.

The Company's cross-currency interest rate swaps 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.

The fair value of CfD derivatives with PPAs is determined using an electricity price forecasting model and inputs used include forecast electricity volumes, the electricity forward spot price, the contract period, the discount rate and the net position of the long-term generation certificates.

Fair value of other financial instruments (excluding lease liabilities)

The carrying amounts of NBN Co's other financial instruments, which are not measured at fair value, are materially consistent with their fair value as at the reporting date.

The fair value of the Company's borrowings have been disclosed in Note C9.

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

For the year ended	NBN Co	
	30 June 2023 \$m	30 June 2022 \$m
(a) Income tax (expense)/benefit		
Deferred tax	(10)	399
Total	(10)	399
(b) Numerical reconciliation of income tax (expense)/benefit to prima facie tax payable		
Loss before income tax	(1,109)	(1,867)
Tax at the Australian tax rate of 30% (2022: 30%)	333	560
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Current year tax losses not recognised	(242)	(492)
Temporary differences not recognised	(91)	(68)
Temporary differences recognised	(10)	399
Income tax (expense)/benefit	(10)	399
(c) Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	29,568	29,226
Potential tax benefit at 30%	8,870	8,768
Net temporary differences for which deferred tax assets have not been recognised	1,146	749

Total temporary differences for which no deferred tax asset is recognised is primarily comprised of lease arrangements, provisions and accruals and deferred income.

The cumulative amount of unrecognised tax losses of \$29,568 million (30 June 2022: \$29,226 million) may be available to offset against future income tax assessments when the Company generates taxable income.

The Company has recognised a deferred tax expense of \$10 million for the year ended 30 June 2023 (30 June 2022: deferred tax benefit of \$399 million). 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 (refer to 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 (30 June 2022: 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 2023, NBN Co had no outstanding legal action that would materially impact the 30 June 2023 financial statements. However, from time to time, the Company may be subject to lawsuits 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 Company's ultimate parent entity and ultimate controlling entity is the Commonwealth of Australia.

Acquisitions

There were no acquisitions in the year.

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	
For the year ended	Note	30 June 2023 \$	30 June 2022 \$
Equity injections from NBN Co's Shareholder Departments			
Balance at 1 July		29,500,000,000	29,500,000,00
Equity injections during the year	E1	304,692,179	-
Balance at 30 June		29,804,692,179	29,500,000,000

		NBN Co	
For the year ended	Note	30 June 2023 \$	30 June 2022 \$
Loans from NBN Co's Shareholder Departments			
Balance at 1 July		6,375,000,000	13,200,000,000
Loans paid during the period	C9	(875,000,000)	(6,825,000,000)
Interest charged on government borrowings		224,079,041	336,032,038
Interest paid on government borrowings		(224,079,041)	(336,032,038)
Balance at 30 June	C9	5,500,000,000	6,375,000,000

For the year ended	NBN Co	
	30 June 2023 \$	30 June 2022 \$
Significant transactions with NBN Co's Shareholder Departments		
<i>Recognised in the Statement of profit or loss</i>		
Other revenue	472,744	-
Other operating income	122,722,185	42,050,349
<i>Recognised in the Statement of financial position</i>		
Other receivables	23,428,455	21,983,070
Contract liabilities	32,576,786	10,618,074
Other liabilities	384,000,000	480,000,000
<i>Recognised in the Statement of cash flows</i>		
Receipts from customers	22,431,456	10,618,074
Government grants received	25,276,800	496,492,645

During the prior period, 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 basis aligned to the expenditure incurred by the Company for which the grant is intended to compensate. As at 30 June 2023, NBN Co has recognised \$96 million as other income and \$384 million as a deferred gain (30 June 2022: nil and \$480 million, respectively).

NBN Co has recognised income of \$24 million grant income (30 June 2022: \$33 million) from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts on behalf of the Commonwealth Government 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 2023, NBN Co had accrued income for the RBS Levy of \$23 million and \$23 million cash payments were received during the period (30 June 2022: \$22 million and \$11 million, respectively).

NBN Co also received funding from the Commonwealth Government's Regional Connectivity Program (RCP) which has been recognised as a deferred gain. This will be released to other revenue as NBN Co meets its obligations as set out under the contract. Cash payments received under the RCP, along with a number of small other individual grants received from its Shareholder Departments have been 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 the Company'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 the Company's Conflict of Interest (Directors) (including External Securities Declaration of Interests) Policy, and as required by the *Corporations Act 2007* (Cth), the Director concerned will not vote upon the decision nor take part in the consideration of the relevant transaction.

Mr Malone was a Non-Executive Director of Speedcast International Limited. During the year ended 30 June 2021, the Company entered into an agreement to purchase certain assets from Speedcast Managed Services Pty Ltd. In November 2021, a final payment was made in accordance with the settlement terms in the agreement. Mr Malone was not present when matters involving Speedcast were discussed by the Board.

H. Other financial information continued

H3. Related party transactions continued

The following aggregate payments for goods and services (excluding GST) occurred with the above related parties:

	NBN Co	
	30 June 2023 \$	30 June 2022 \$
For the year ended		
Payments for various goods and services (excluding GST) from entities with common key management personnel	-	2,540,000

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. All non-audit engagements are subject to prior approval by the CFO and the Chair of the Audit and Risk Committee. These are also 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 ANAO and PwC:

	NBN Co	
	30 June 2023 \$	30 June 2022 \$
For the year ended		
Australian National Audit Office		
Audit of annual financial statements	2,708,790	2,497,591
Review of half-year financial statements	997,049	975,552
Audit of NBN Co reporting for Whole of Government financial statements	387,115	362,401
Total remuneration for audit and other assurance services	4,092,954	3,835,544
PwC Australia		
Other assurance related services		
- <i>Environmental, Social, and Governance (ESG) assurance</i>	753,810	180,000
- <i>Regulatory audit and reviews</i>	732,000	470,000
- <i>Non-statutory audit and review in connection with the US debt raising</i>	192,000	192,000
- <i>Comfort letters issued in connection with the US debt raising</i>	1,088,351	1,000,000
- <i>Other services</i>	50,000	100,000
Total remuneration for other assurance related services	2,816,161	1,942,000
Other services		
- <i>Tax compliance</i>	-	18,000
- <i>Risk advisory services</i>	-	-
Total remuneration for other services	-	18,000
Total auditor's remuneration	6,909,115	5,795,544

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.

Changes in accounting policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

New standards and interpretations available for early adoption

A number of standards, amendments and interpretations were applicable for the first time from 1 July 2022. These have not had a significant or immediate impact on the Company's financial statements.

New standards and interpretations are also available for early adoption from 1 July 2023. The amendments to these standards are not expected to have a material impact on the Company's financial statements.

H. Other financial information continued

H5. Other significant accounting policies continued

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 2023, 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.

The Company's JPY debt issuances, including associated hedging instruments, were transacted with reference to the applicable RFR and are in compliance with the reform. However, as at 30 June 2023, 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 post 30 June 2023. The impact on transition is not expected to have a material impact on NBN Co's financial statements. The Company will apply the transition relief permitted under the standard and re-designate its existing cross-currency interest rate swaps with reference to the applicable RFR.

The Company has performed an assessment of exposures linked to USD LIBOR as at 30 June 2023 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. At 30 June 2023, no hedging instruments or related hedged items linked to USD LIBOR have transitioned to alternative benchmark rates.
			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.	
			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.	

I. Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2023 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.

Directors' declaration

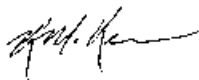
In the Directors' opinion:

- (1) The financial statements and Notes set out on pages 136 to 191 are in accordance with the *Corporations Act 2001* (Cth) and the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act), including:
- (i) Complying with Australian Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date.
- (2) There are reasonable grounds to believe that NBN Co will be able to pay its debts as and when they become due and payable.

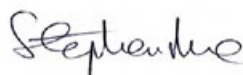
Note A confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

Signed in accordance with a resolution of the Directors.



Kate McKenzie
Chair
7 August 2023



Stephen Rue
Chief Executive Officer
7 August 2023

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 2023 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 2023 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 2023 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

Accuracy and occurrence of telecommunications revenue

Refer to Note B1 Revenue and other income

NBN Co Limited reported telecommunications revenue of \$5,137 million for the year ended 30 June 2023.

I consider that the recognition of telecommunication revenue is a key audit matter due to:

How the audit addressed the matter

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 interface between the key revenue systems and the pricing controls and pricing changes; and

Independent auditor's report continued

- 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.
- 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 2023, NBN Co Limited had derivative financial instruments of \$1,635 million assets and \$319 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, amongst others:

- obtained confirmations from third parties or performed suitable alternative procedures to obtain evidence for the key terms of a sample of 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 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 and intangible assets combined were the largest balances on the Statement of financial position at year-end of \$35,587 million with depreciation and

How the audit addressed the matter

In relation to the accuracy and completeness of depreciation and amortisation, I performed the following procedures, amongst others:

- evaluated the appropriateness of NBN Co Limited's method for developing the estimate in regards to useful lives applied. This was through considering both the technological and economic use of the

amortisation expense for the year ended 30 June 2023 of \$3,082 million. Each year NBN Co Limited reviews the useful lives of its assets. In the current year the estimated useful life of certain network assets has been revised, resulting in a reduction in depreciation expense of \$681 million per annum.

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. These models are used to calculate depreciation for assets in use that are not yet transferred to the fixed asset register.

related asset categories. External benchmarking procedures were performed in conjunction with consideration of NBN Co's internal business plans for a sample of the revised useful lives as disclosed in Note C3 to the financial statements;

- re-performed the mathematical calculation of the change in depreciation as a result of the application of the revised useful lives. This included testing a sample of the models used by management to enact the revised useful lives in 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 2023, 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.

Independent auditor's report continued

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
7 August 2023

Independent assurance report on selected non-financial (sustainability) metrics



To: The Board of Directors of NBN Co Limited

Independent assurance report on selected non-financial (sustainability) metrics in NBN Co Limited's Annual Report for the year ended 30 June 2023

The Board of Directors of NBN Co Limited (**NBN Co**) engaged us to perform a combination of assurance in respect of selected non-financial (sustainability) metrics (**Subject Matter Information**) contained within its Annual Report for the year ended 30 June 2023 (the **Annual 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 through 4 below:

Limited assurance Subject Matter Information – Table 1

Protected environment Performance Metrics for the year ended 30 June 2023*	
Energy intensity (financial control)	8.25 kWh/TB
Emissions intensity (financial control: market-based)	5.59 kgCO ₂ -e/TB
Scope 2 GHG emissions (financial control: market-based)	239 ktCO ₂ -e
Total of selected Scope 3 emissions (financial control)*	1,305 ktCO ₂ -e in FY22 1,177 ktCO ₂ -e in FY23

* Limited assurance has been provided over Total of selected Scope 3 emissions (financial control) for both the year ended 30 June 2022 (FY22) and the year ended 30 June 2023 (FY23)

Limited assurance Subject Matter Information – Table 2

A safe, inclusive and engaged workforce Performance Metrics as at 30 June 2023	
Females in management	34.3 %
Gender pay gap	-0.85 %
Employee engagement	78 %
Total Recordable Injury Frequency Rate (TRIFR)	2.36

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Independent assurance report on selected non-financial (sustainability) metrics *continued*



Limited assurance Subject Matter Information – Table 3

Customer experience, partnerships and connected communities Performance Metrics as at 30 June 2023	
Homes and businesses connected	8.56 million

Reasonable assurance Subject Matter Information – Table 4

Protected environment Performance Metrics for the year ended 30 June 2023	
Total Scope 1 and 2 emissions (operational control: location-based)	282 ktCO ₂ -e
Total energy consumed (operational control)	1,487,169 GJ

The Criteria against which we assessed the Subject Matter Information was prepared by NBN Co and its Calculation Methodology is attached in Appendix A of NBN Co's FY23 Sustainability Data Book, which is published on NBN Co's website (Sustainability Reports section), as at the date of this report.

The maintenance and integrity of NBN Co 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 and opinion were with respect to the year ended or periods as at 30 June 2023 and do not extend to information in respect of earlier periods (except, as stated in the Subject Matter Information Table 1 above for the Total of selected Scope 3 emissions (financial control) for the year ended 30 June 2022) or to any other information included in, or linked from, the Annual Report.

Management's responsibilities

NBN Co's Management is responsible for the preparation of the Subject Matter Information in accordance with the Criteria. This responsibility includes:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the underlying Subject Matter Information;
- ensuring that those criteria are relevant and appropriate to NBN Co and the intended users; and
- designing, implementing and maintaining systems, processes and internal controls over information 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.

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 and reasonable assurance opinion 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 a limited assurance, about whether anything has come to our attention to indicate that the Subject Matter Information described in Tables 1, 2 and 3 above has not been prepared, in all material respects, in accordance with the Criteria, and a reasonable assurance about whether the Subject Matter Information described in Table 4 has been prepared, in all material respects, in accordance with the Criteria, for the periods specified in the above tables.

The procedures we performed in carrying out our limited assurance Subject Matter Information were based on our professional judgement and included:

- Reviewing NBN Co's Criteria to ensure that it is appropriate for assurance and assessing the preparation and collation of the Subject Matter Information against the Criteria;
- Enquiries of relevant staff responsible for preparing the Subject Matter Information;
- Enquiries about the design of internal controls and systems used to collect and process the Subject Matter Information;
- Where applicable, enquiries of third parties' responsibility for the preparation of data included in the Subject Matter Information;
- Enquiries about the systems used by third parties to collect and process the Subject Matter Information;
- Comparing the Subject Matter Information to relevant underlying sources on a sample basis;
- Reconciling the Subject Matter Information with underlying records;
- Undertaking analytical review procedures over data and obtaining explanations from management regarding unusual or unexpected amounts;
- Assessing the key assumptions of any material estimates made in preparing the Subject Matter Information;
- Evaluating the appropriateness of the work performed by management's expert in relation to certain Scope 3 emissions, including their competence, capabilities and objectivity; and
- Evaluating the appropriateness of the key assumptions applied by management's expert in calculating the emissions factors applied to certain Scope 3 emissions sources derived from Exiobase v3.3.16b using SimaPro software v9.5.0.0.

Our procedures did not include evaluating the suitability of design and operating effectiveness of control activities relating to SimaPro software v9.5.0.0 from which certain Scope 3 emission factors were sourced. Similarly, our procedures have not extended to testing the calculations contained within SimaPro software v9.5.0.0.

For the reasonable assurance Subject Matter Information, in addition to those detailed above, assurance procedures undertaken included:

Independent assurance report on selected non-financial (sustainability) metrics continued



- Evaluating the design and implementation of controls relevant to the Subject Matter Information;
- Testing of operating effectiveness of controls relied upon for assurance purposes; and
- Use of larger sample sizes for substantive tests undertaken on a sample basis.

Limited assurance

Aspects of this engagement were designed to provide a limited assurance conclusion, as set out above.

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.

Reasonable assurance

Aspects of this engagement were designed to obtain a reasonable assurance opinion, as set out above.

A reasonable assurance engagement involves performing procedures to obtain evidence about the Subject Matter Information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessment of risks of material misstatement, whether due to fraud or error, in the Subject Matter Information. In making those risk assessments, we considered internal control relevant to NBN Co's preparation of NBN Co's Subject Matter Information.

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

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.

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.

In particular, in alignment with the Greenhouse Gas Protocol and as detailed by NBN Co's Management in the Criteria, the emission factors used in the calculation of certain Scope 3 greenhouse gas emissions were based on emission factors provided by a third-party provider using proprietary input output modelling methodology.

The assurance conclusions expressed in this report have been formed on the above basis.



Limited assurance conclusion

Based on the procedures we have performed, as described under 'Our responsibilities' and the evidence we have 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 Tables 1, 2 and 3 included in section 'Subject Matter Information and Criteria' above.

Reasonable assurance opinion

In our opinion, in all material respects, NBN Co has prepared the Subject Matter Information in accordance with the Criteria for the period defined in Table 4 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 a combination of limited and reasonable assurance in respect of the Subject Matter Information contained within its Annual Report for the year ended 30 June 2023.

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.

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers

A handwritten signature in black ink that reads "Rosalie Wilkie". The signature is written in a cursive, flowing style.

Rosalie Wilkie
Partner

Sydney
7 August 2023



Regulatory Report

The Regulatory Report provides information on NBN Co's compliance with the applicable laws and regulations.



Reporting Requirements

NBN Co is subject to various reporting requirements including (but not limited to) the following:

- *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 212 to 216 outlines where the relevant information is contained within 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 treated as 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 2023, which covers the reporting periods 2023 to 2026 inclusively, in December 2022. NBN Co has also prepared a draft Corporate Plan for the reporting periods 2024 to 2027.

Objective

The enduring purpose of NBN Co is to provide fast, reliable and affordable connectivity to enable Australia to seize the economic opportunities before it and service the best interests of consumers.

NBN Co will help lift the digital capability of Australia by delivering services to meet the current and future needs of households, communities and businesses, and promote digital inclusion and equitable access to affordable and reliable broadband services.

To help achieve this objective, the **nbn**[®] network has been structured as a wholesale-only access network available on equivalent terms to all access seekers.

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 strategic direction is aligned with the Commonwealth Government's objectives for the **nbn**[®] network via the 19 December 2022 SoE, which also outlines the Government's commitments to increase access to faster, more reliable broadband.

The Government expects that NBN Co will upgrade and improve the **nbn**[®] network by increasing the proportion of premises with full fibre access, efficiently implementing upgrades to the Fixed Wireless network and improving satellite services and data allowances.

The Government also expects the Company to operate in an appropriately transparent manner and to take proportionate responsibility for the quality and continuity of service experienced by Retail Service Providers (RSPs) and end customers.

The Government's vision for NBN Co is that it operates on a commercial basis. NBN Co has been established as a wholly-owned Government Business Entity (GBE) and the Government will keep NBN Co in public hands for the foreseeable future.

NBN Co is also expected under the Government's SoE to ensure security and resilience issues are an integral part of its decision making and to take an active role in supporting the telecommunications sector security, as well as maintaining a relationship with security and law enforcement agencies.

Parliamentary oversight

Responsible Ministers

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 the Minister for Finance, 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 reporting of key network deployment metrics, monthly reports to Shareholder Ministers and half-yearly financial and operational updates.

Parliamentary and other Committees

During FY23, NBN Co appeared before the Environment and Communications Legislation Committee for Budget Estimates in November 2022 and May 2023 and Supplementary Budget Estimates in February 2023. NBN Co lodged responses to 62 Indexed Questions on Notice for FY23, in addition to the questions answered during hearings.

During FY23, 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 FY23 (FY22: nil).

Superannuation benefits

During FY23, 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 FY23, NBN Co's TRIFR¹ for employees and contractors increased from 2.34 to 2.36.

Indicator	FY23	FY22
TRIFR ¹ - employees and contractors	2.36	2.34
TRIFR ¹ - employees	3.0	3.2
TRIFR ¹ - contractors	2.0	1.8

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, 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.

A total of 15 regulatory notifiable incidents were reported to Comcare (NBN Co's safety regulator) in FY23. (3 NBN Co incidents, 12 Delivery Partner incidents). Where required, NBN Co provided Comcare with requested information and monitored actions to conclusion for all closed incidents. No regulatory improvement notices were issued by Comcare in FY23.

Where appropriate, the Company conducted investigations in line with the NBN Co Health, Safety and Environment (HSE) Incident Management Procedure. NBN Co's Delivery Partners also conduct investigations in line with our HSE Incident Management Procedure for Contractors.

Refer to pages 48 to 55 for further information on NBN Co's health and safety performance.

Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)

As a Commonwealth GBE, NBN Co reports each year in compliance with Section 516A of the EPBC Act 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

NBN Co's Sustainability Approach 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.

There is an objective for each ESG theme within the Sustainability Approach. The Company's environmental objective is to operate a climate-resilient, resource-efficient network and business, aligned with the latest climate science, which protects the natural 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 its HSE Policy and is embedded into business activities via the Company’s HSE Management System, standards and approach to Sustainability Program of Work.

In FY23, the HSE management system retained certification to *ISO 14001:2015 Environmental Management System*. Commitment to the ESD principles 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 digital needs, playing an important role supporting the nation’s social wellbeing, economic productivity and prosperity. The network can support innovation and benefit the health, education and wealth of Australians. It also acts as a digital enabler for improved environmental value including a lower carbon future (Integration and Intergenerational Principle)
- Implementing a company-wide Sustainability Approach and FY23/24 Sustainability Program of Work, which includes key initiatives to support the achievement of ESG objectives. The Sustainability Approach recognises how both social and environmental themes are interdependent, act as a system, and are enabled and controlled by governance. Taking action on ESG themes creates and protects value for NBN Co and its stakeholders (Integration Principle)
- Implementing energy efficiency projects to reduce energy consumption and greenhouse gas emissions (Precautionary Principle)
- Setting near-term emissions reduction targets via the Science Based Targets Initiative (SBTi) (Precautionary Principle and Intergenerational Principle)
- Monitoring waste streams at NBN Co technical and operational facilities to identify improvement opportunities (Precautionary Principle)
- Developing a Climate Transition Plan to support management of physical and transitional climate risks (Precautionary and Valuation Principle)
- Updating the Company’s environment and heritage documentation to align with changes in legislation and to provide additional guidance to its Delivery Partners when working in sensitive areas (Biodiversity Principle).

NBN Co’s environmental performance

The table below provides NBN Co’s scope 1 and 2 greenhouse gas emissions and energy consumption for FY23, as well as providing comparatives for prior years.

Indicator	FY23	FY22	FY21	FY20
Scope 1 GHG emissions (operational control) (tCO ₂ -e)	4k	4k	4k	5k
Scope 2 GHG emissions (operational control: location based) (tCO ₂ -e)	278k	315k	325k	294k
Total Scope 1 and 2 GHG emissions (operational control: location-based) ¹ (tCO ₂ -e)	282k	319k	329k	299k
Total Energy consumed (operational control) ¹ (GJ)	1.5m	1.5m	1.5m	1.4m

1. Reasonable external assurance is obtained over energy and scope 1 and 2 (combined) greenhouse gas emissions data, which is submitted annually to the Clean Energy Regulator in compliance with Section 19 of the *National Greenhouse and Energy Reporting Act 2007*.

NBN Co is subject to the reporting requirements under Section 19 of the *National Greenhouse and Energy Reporting Act 2007*. The Act requires Australian businesses to annually report on its greenhouse gas emissions, energy consumption and energy production.

NBN Co will submit its final, externally assured report, for FY23 energy and greenhouse gas emissions data to the Clean Energy Regulator by October 2023.

During FY23, NBN Co did not receive any official cautions or prosecutions under any environmental or cultural regulations.

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 FY23, NBN Co received 64 new FOI requests, carried forward 5 from FY22, finalised 66 requests under the FOI Act and will carry over 3 FOI requests into the next financial year.

Those applications were processed as follows:

Granted in full	2
Granted in part	1
Access refused	13
No documents held	2
Application withdrawn	48

The Office of the Australian Information Commissioner (OAIC) initiated three reviews concerning NBN Co's FOI determinations or FOI processes in FY23.

Seven OAIC reviews were still pending at the end of FY23, while one Information Commissioner Review was closed in FY23. 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 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 FOlofficer@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 FY23, no reports on NBN Co were notified to NBN Co 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 2023	Ongoing	Non-Ongoing	Total
Man/Male	3,193	15	3,208
Woman/Female	1,479	17	1,496
Prefers not to answer	15	37	52
Uses a different term	3	-	3
Total	4,690	69	4,759

Employment by classification and gender as at 30 June 2022	Ongoing	Non-Ongoing	Total
Man/Male	3,198	27	3,225
Woman/Female	1,452	12	1,464
Prefers not to answer	6	33	39
Total	4,656	72	4,728

Employment type by full-time, part-time status as at 30 June 2023	Ongoing	Non-Ongoing	Total
Full-time	4,613	69	4,682
Part-time	77	-	77
Total	4,690	69	4,759

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 location as at 30 June 2023	Ongoing	Non-Ongoing	Total
ACT	26	-	26
NSW	1,619	32	1,651
NT	11	-	11
QLD	479	5	484
SA	114	-	114
TAS	32	-	32
VIC	2,276	32	2,308
WA	133	-	133
Total	4,690	69	4,759

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

Regulatory reporting requirements index

For the year ended 30 June 2023

Section	Subject	Location	Pages
Public Governance, Performance and Accountability Act 2013 (PGPA Act)			
s. 97	Financial Report	Financial Report	134-192
	Directors' Report	Directors' Report	12-91
	Auditor's report	Independent auditor's report	193-196
Corporations Act 2001			
s. 295	Financial statements	Financial Report	136-139
	Notes to financial statements	Financial Report	140-191
	Directors' declaration	Directors' declaration	192
s. 298 - s. 300	Directors' Report	Directors' Report	12-91
s. 301 and s. 308	Audit of annual report and auditor's report	Independent auditor's report	193-196
Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)			
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	204
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	12-73
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	205
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	205
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	205
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	80-84
28E (g)	An outline of the organisational structure of the company (including any subsidiaries of the company).	Financial Report	186

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	210-211
28E (h)	An outline of the location (whether or not in Australia) of major activities or facilities of the company.	Directors' Report	12-91
28E (i)	Information in relation to the main corporate governance practices used by the company during the reporting period.	Corporate Governance Statement	112-132
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	90
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: 193-196 ii-v: 209
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	92-111

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	122
	(b) the name of each member of the audit committee	Corporate Governance Statement	122
	(c) the qualifications, knowledge, skills or experience of each member of the audit committee;	Directors' Report	80-84
	(d) information about each member's attendance at meetings of the audit committee;	Directors' Report	85
	(e) the remuneration of each member of the audit committee.	Corporate Governance Statement	122
28E (p)	An index identifying where the requirements of this section and section 28F (if applicable) are to be found.	Regulatory index	212-216
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	66-73
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	74-79
28F (1)(b)	Information on dividends paid or recommended.	Directors' Report	90
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	48-55
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	48-55
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	48-55
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 <i>Work Health and Safety Act 2011</i> .	Directors' Report	48-55
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	48-55
<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	206
<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	206
<i>The Freedom of Information Act 1982</i>			
s. 93	Provide information to the Information Commissioner (IC).	Regulatory Report	208

Section	Subject	Location	Pages
<i>National Greenhouse and Energy Reporting Act 2007</i>			
s. 19	<p>Report to be given to the Regulator:</p> <p>(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:</p> <ul style="list-style-type: none"> (a) greenhouse gas emissions; (b) energy production; (c) energy consumption. <p>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.</p> <p>(2) A report under subsection (1) is required for:</p> <ul style="list-style-type: none"> (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. 	<p>The Regulatory Report contains FY23 greenhouse gas emissions and energy consumption data which was subject to reasonable external assurance and will be submitted to the Clean Energy Regulator by October 2023.</p>	207

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