



SUSTAINABILITY BOND FRAMEWORK



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CONTENTS

Part A: Introduction ›

- 1 About NBN Co
- 3 Sustainability at NBN Co
- 3 NBN Co's technology

Part B: NBN Co Sustainability Bond Framework ›

- 4 Use of Proceeds
- 6 The process for project evaluation and selection
- 8 Management of Proceeds
- 9 Reporting
- 10 External review

Appendices ›

- 11 1. References
 - 11 a. NBN Co
 - 11 b. International Capital Market Association (ICMA)
 - 11 c. United Nations Sustainable Development Goals
- 11 2. Key contacts



PART A: INTRODUCTION

About NBN Co

NBN Co Limited (the Company or NBN Co) was established in 2009 as a Government Business Enterprise (GBE) and is a wholly-owned Commonwealth company. 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 being, the Minister for Communications and Minister for Finance in accordance with the Government's Statement of Expectations (SoE).

Purpose and objectives

The Company's purpose is to lift the digital capability of Australia. NBN Co aims to achieve its purpose by providing fast, reliable and affordable connectivity via wholesale broadband services which meet the current and future needs of Australian households, communities and businesses. Providing equitable access to affordable and reliable wholesale broadband services is essential in enabling access to key health services, maximising employment and educational opportunities, supporting economic growth and promoting digital inclusion.

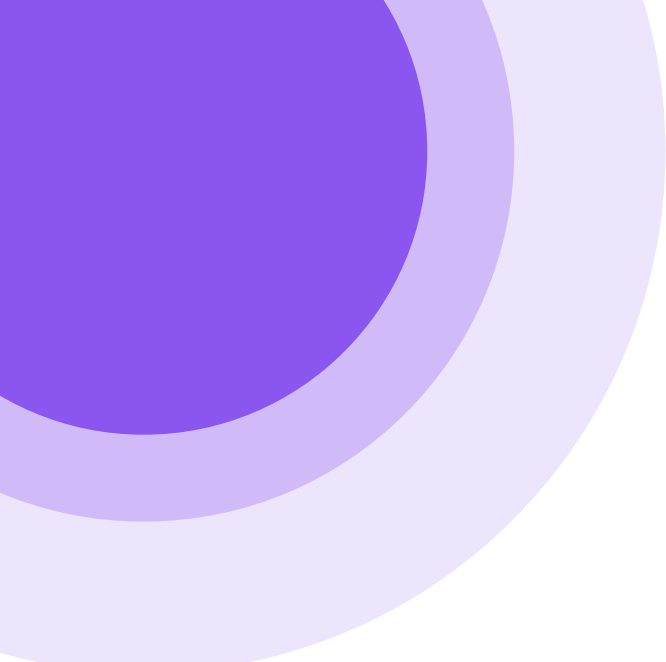
As a Commonwealth company, NBN Co operates on a commercial basis and drives a culture of efficiency and innovation whilst ensuring the highest standards of transparency, governance, and accountability are maintained.

Wholesale-only network and working with Retail Service Providers

NBN Co will continue to operate a wholesale-only access network that is available to all access seekers and promotes competition in retail broadband markets. Lifting the digital capability of the nation requires collaboration with Retail Service Providers (RSPs). The Company seeks to offer products and pricing that promote the take up and utilisation of the nbn[®] network, meeting the needs of RSPs and other stakeholders. The Company will look to support the smooth connection of consumers to the network, work with RSPs to improve processes that manage and reduce faults and outages in order to minimise disruption for consumers.

Upgrading the network

The Company will continue to upgrade and improve the network with the aim of enhancing service quality and consumer experience, improving network reliability and meeting both current and future consumer demand. This includes the delivery of full-fibre upgrade programs as well as Fixed Wireless upgrades and improving Satellite services. In order to meet future demand, promote innovation, improve services and generate efficiencies in service delivery, NBN Co will continue to undertake proactive network planning to utilise emerging and future technologies.



NBN Co will continue to improve its services and assist in addressing access and connectivity challenges in regional and remote areas by proactively engaging with governments and stakeholders to deliver enhanced services and digital inclusion.

This will be achieved through initiatives such as the Fixed Wireless upgrade program and enhanced offerings on Sky Muster Satellite services.

Operating commercially

NBN Co will continue to operate on a commercial basis and must be commercially sustainable to support the efficient ongoing investment in the network and to service and repay its debt obligations. Both NBN Co and the Commonwealth Government recognise that there will need to be trade-offs between NBN Co's commercial objectives and the Company's obligations and policy expectations. NBN Co may not be able to generate a commercial return in delivering all policy objectives under the SoE, particularly in regional and remote Australia. NBN Co will continue to support Government initiatives and take a flexible approach to supporting these initiatives, which may include utilising contributions from the Regional Broadband Scheme (RBS).

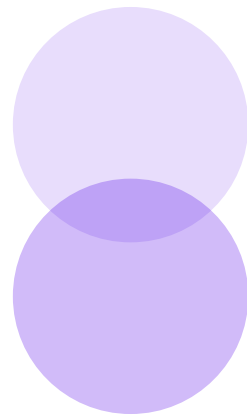
Network security and resilience

Network security and resilience are an integral part of NBN Co's decision making, and the Company continues to demonstrate best practice in managing these issues. In addition, NBN Co continues to develop and maintain its disaster and crisis management plans in collaboration with governments and RSPs to restore services to disaster affected communities as soon as possible.

As a critical infrastructure owner and operator, NBN Co acknowledges the inherent risks climate change poses to its operations, network continuity and service obligations. The Company strives to operate a climate-resilient and resource-efficient network, that supports Australia's current and future social wellbeing and economic prosperity and aims to achieve Net Zero emissions by 2050, or sooner.

Promoting equitable access

A continued focus for the Company is to improve digital inclusion, particularly for low-income households, other vulnerable groups and First Nations communities who face barriers to accessing high speed broadband. As part of its Reconciliation Action Plan, NBN Co will work collaboratively with First Nations peoples to improve access and affordability as well as partner with First Nations communities and organisations to deliver services such as Community Wi-Fi.



Sustainability at NBN Co

High-speed, secure and reliable digital connectivity enabled by the nbn® network supports economic, social and environmental value creation for the nation and for customers, now and in the future.

To lift the digital capability of Australia and deliver economic, social and environmental value for its stakeholders, NBN Co adopts a principles-based approach to guide Business Unit-led action on sustainability.

The four principles to guide action are:

- Manage sustainability risks and opportunities through governance arrangements informed by an evidence-based approach underpinned by reliable data.
- Integrate sustainability into business strategies, processes, systems and communications.
- Empower NBN Co's people with sustainability knowledge to build their capability.
- Partner with internal and external stakeholders to support business objectives and delivery of economic, social and environmental value.

NBN Co's principles-based approach to sustainability is supported by the Company's Sustainability Governance Framework and NBN Co's Enterprise Risk and Control Frameworks. The Sustainability Governance

Framework outlines processes and controls for sustainability governance (including governing authorities, strategy, risk management and metrics, targets and reporting), sustainable finance, culture and capability and collaborative partnerships.

UN SDG alignment

NBN Co supports the United Nations Sustainable Development Goals (SDGs)¹, which were developed and adopted by all United Nations Member States in 2015 to achieve a more sustainable future for all by 2030. NBN Co has identified SDGs 7, 8, 9 and 12 as most relevant to this Sustainability Bond Framework.



NBN Co's technology

The nbn® network is a wholesale-only bitstream multi-technology network, incorporating a mix of Fibre to the Premises (FTTP), Fibre to the Node (FTTN), Fibre to the Building (FTTB), Fibre to the Curb (FTTC) and Hybrid Fibre Coaxial (HFC) fixed-line access technologies as well as Fixed Wireless and Satellite services. The network connects premises across Australia to 121 'points of interconnection' where end-user traffic is handed over between the nbn® network and RSP networks. The following table describes the technology mix of the nbn® network.

Technology	Description
FTTP	Connection through fibre optic cable all the way to premises
FTTN	Fibre connection into neighbourhoods and then makes use of the existing copper into the premises
FTTB	Fibre connection to a node within a multi-dwelling building, and then makes use of existing or new copper to individual units
FTTC	Fibre connection to the curb and then makes use of the existing copper into the premises
HFC	Leverages new and existing networks of fibre and coaxial cable to deliver broadband services into premises
Fixed Wireless	Utilising wireless tower connections predominantly to rural communities and outer metropolitan areas outside the reach of the nbn® fixed-line network
Sky Muster Satellite	Employs satellite technology to provide services, largely to remote areas

1. <https://www.un.org/sustainabledevelopment/development-agenda/>

PART B: NBN CO SUSTAINABILITY BOND FRAMEWORK

NBN Co has developed this Sustainability Bond Framework (Framework) to demonstrate how the Company intends to raise financing that supports NBN Co’s purpose to lift the digital capability of Australia and support the Government’s commitment to Net Zero emissions.

NBN Co will deliver positive environmental and social outcomes through Green, Social and Sustainability Bonds (the GSS Bonds) by earmarking the proceeds to finance or refinance eligible green and/or social projects. This Framework describes the eligible green projects and eligible social projects which include assets, investments and other related and supporting expenditures (the Eligible Projects).

This Framework has been developed to demonstrate how NBN Co:

- May issue Green Bonds, where an amount equivalent to the net proceeds is allocated exclusively to Eligible Green Projects, and which are aligned with the Green Bond Principles (GBP)¹ (each a Green Bond)
- May issue Social Bonds, where an amount equivalent to the net proceeds is allocated exclusively to Eligible Social Projects, and which are aligned with the Social Bond Principles (SBP)² (each a Social Bond)
- May issue Sustainability Bonds, where an amount equivalent to the net proceeds is allocated to a mix of Eligible Green Projects and Eligible Social Projects, and which are aligned with the GBP, SBP and Sustainability Bond Guidelines (SBG)³ (each a Sustainability Bond).

The Eligible Green Projects and Eligible Social Projects will each contribute towards meeting the United Nations SDGs.

This Framework is structured in line with the four pillars of the latest set of ICMA GBP, SBP and SBG in addition to the External Review recommendations:

1. Use of Proceeds
2. Process for project evaluation and selection
3. Management of Proceeds
4. Reporting
5. External review.

The Framework may subsequently be updated as the sustainable finance market evolves and to continuously reflect best market practices.

Use of Proceeds



An amount equivalent to the net proceeds of each GSS Bond issued under this Framework will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green or social projects that meet one or more of the following categories of eligibility as recognised in the GBP and SBP.

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



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

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

The list below includes a sample of Eligible Green Projects (the Eligible Green Projects) which may be considered by NBN Co:

Eligible GBP categories	Green project description	Eligibility criteria	SDG mapping
Energy efficiency	Deployment of Australia's broadband network, using a more energy-efficient technology such as a fixed line fibre optic connection instead of legacy technology (i.e. copper), to lift the digital capability of Australia.	<p>Expenditure and investments related to improvements in energy efficiency of the nbn[®] network technologies and infrastructure. To be eligible, nbn[®] network technologies deployed must be significantly more energy-efficient as measured by a kilowatt-hour per gigabyte of data (kWh/GB) unit when compared to legacy technology (i.e. copper).</p> <p>Example projects:</p> <ul style="list-style-type: none"> • FTTP • HFC • Transit Network Infrastructure upgrades 	 <p>SDG 7.3: Expenditure and investments target improved energy efficiency of the nbn[®] network</p>  <p>SDG 9.4: Expenditure and investments target improved energy efficiency of the nbn[®] network</p>

The list below includes a sample of Eligible Social Projects (the Eligible Social Projects) which may be considered by NBN Co:

Eligible SBP categories	Target populations	Social project description	Eligibility criteria	SDG mapping
Access to essential services and Socio-economic advancement and empowerment	Underserved Regional and Remote Communities ¹	Deployment of Australia's broadband network for underserved regional and remote communities, using Fixed Wireless to lift the digital capability of Australia.	<p>Expenditure and investments related to nbn[®] network infrastructure, facilities, technologies and affordable solutions to i) enable digital inclusion and/or ii) advance digital skills and abilities, for regional and remote communities.</p> <p>Example projects:</p> <ul style="list-style-type: none"> • Fixed Wireless 	 <p>SDG 8.2: Expenditure and investments related to nbn[®] network infrastructure, facilities, technologies and solutions, support sustained, inclusive and sustainable economic growth, and productive employment</p>  <p>SDG 9.1: Expenditure and investments related to nbn[®] network infrastructure, facilities, technologies and solutions, support the development of reliable, sustainable and resilient infrastructure</p>

1. Underserved Regional and Remote Communities include people living in communities that are located outside the Metropolitan Area² and who have access to lower quality broadband services³.

2. As defined under NBN Co's [Wholesale Broadband Agreement](#), Metropolitan Area means an area within an Urban Area which is within a capital city metropolitan boundary, or specified as a "Metropolitan Area" by NBN Co from time to time. Urban Area means an urban centre with a population equal to or greater than 10,000 people. Refer to the [Wholesale Broadband Agreement Dictionary](#) for further details.

3. Lower quality broadband services include broadband services being upgraded to meet or exceed the expectations of the Commonwealth Government.

The eligible categories under the GBP and SBP may be expanded over time. It is expected that where required the list of selected Eligible Green Projects and Eligible Social Projects will be dynamic and reflect NBN Co's priorities.

Given the long-term nature of NBN Co assets and precedents established from comparable issuers, the Company has selected a 36-month look-back period prior to the relevant GSS Bond issuance date when assessing existing eligible projects for refinancing.

Exclusions

NBN Co is committed to making a positive difference in the communities it serves and caring for the environment and therefore commits to not knowingly being involved in financing any of the following projects or activities using the proceeds from any GSS Bond issued under this Framework: weapons, gambling, tobacco, or fossil fuel production.

The process for project evaluation and selection

The process for project evaluation and selection will ensure that the net proceeds of each GSS Bond issued under this Framework will meet the criteria set out above. This process and NBN Co's broader approach to sustainability and sustainable finance is described below.

Sustainability and Sustainable Finance Governance structure at NBN Co

NBN Co's sustainability and sustainable finance governance authorities are summarised below.

Board

In regard to Sustainability, the role of the NBN Co Board includes oversight and monitoring of the effectiveness of NBN Co's sustainability governance, strategy and risk management and associated non-financial (sustainability) reporting and disclosure requirements.

Executive Committee (ExCo)

In regard to Sustainability, the role of NBN Co ExCo is to provide management oversight and monitoring of the implementation of NBN Co's sustainability approach.

Financing Committee

The Financing Committee is a Sub-Committee of the Board. Its role is to consider and approve matters related to NBN Co's debt raising programs, funding proposals and capital management strategy. This includes programs, proposals and strategies relating to sustainable finance transactions.

The Financing Committee is not bound by advice or recommendations received from the Sustainability Bond Advisory Group (defined below) but will consider it appropriately in the context of the overall strategy and direction of NBN Co. The Financing Committee should inform the Sustainability Bond Advisory Group on the position or decisions taken in respect of the advice and/or recommendations received from the Sustainability Bond Advisory Group.

Sustainability Bond Advisory Group

NBN Co has formed a Sustainability Bond Advisory Group (the Advisory Group) to carry out the evaluation and selection process. It considers and makes recommendations in respect of matters relating to GSS Bonds in funding arrangements and Debt Capital Markets. The role of the Advisory Group is to consider and make recommendations to the Financing Committee in respect of the following matters:

- Establishment of the Framework and where required, any updates, for the issuance of, and investment of proceeds from GSS Bonds.
- Identification of appropriate projects to be funded from proceeds of GSS Bonds.
- Provision of annual reporting in respect of GSS Bonds and the Eligible Projects to investors.

Members of the Advisory Group serve in an advisory capacity only. Members do not have any executive powers, supervisory functions or decision-making authority in relation to the operations of NBN Co by virtue solely of their membership in the Advisory Group.

The Advisory Group will work closely with the Sustainability team within NBN Co to identify and manage potentially material environmental and social risks associated with Eligible Projects. Specifically, the Advisory Group will review any reports NBN Co issues that relate to the Advisory Group's responsibilities, or other relevant information identified by the Treasury, Sustainability and Corporate Finance teams.

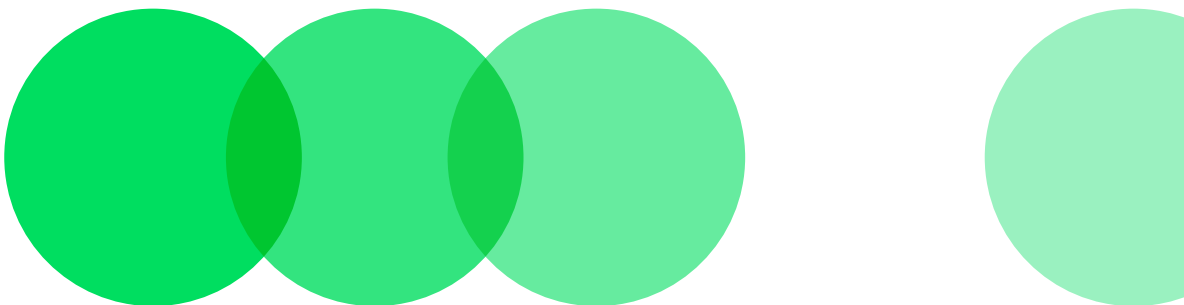
The stages of the process by which NBN Co determines how its projects fit within the eligible categories identified within this Framework are outlined below.

Step	Details
1. Asset and project identification	<ul style="list-style-type: none"> Advisory Group meets regularly Advisory Group assesses Eligible Projects for each GSS Bond
2. Eligibility review	<ul style="list-style-type: none"> Eligible Projects are reviewed for compliance with criteria outlined in NBN Co's Sustainability Bond Framework
3. Approval	<ul style="list-style-type: none"> Advisory Group approves projects against criteria outlined in NBN Co's Sustainability Bond Framework Advisory Group makes recommendations to the Financing Committee for final approval
4. Reporting established	<ul style="list-style-type: none"> Reporting on Eligible Projects and management of proceeds
5. Pre-Issuance Assurance*	<ul style="list-style-type: none"> Second Party Opinion (SPO) provider or appropriate external reviewers completes pre-issuance assurance Advisory Group oversees engagement with external reviewer to ensure the GSS Bond complies with NBN Co's Sustainability Bond Framework
6. Bond Issuance	<ul style="list-style-type: none"> Green, Social or Sustainability Bonds
7. Annual Assurance and Reporting	<ul style="list-style-type: none"> Annual NBN Co Sustainability Bond Report completed Annual assurance procedures for selected impact metrics and certain compliance-related assertions made in the Sustainability Bond Report

* For NBN Co's Sustainability Bond Framework, not each GSS Bond.

Enterprise Risk and Compliance Management

NBN Co's broader approach to risk management supports the management of any environmental and social risks associated with Eligible Projects. NBN Co's Risk Management Standard underpins and supports the implementation of NBN Co's Risk Management Policy by defining the approach, methodology and processes enabling NBN Co to manage the risk (or uncertainty) to achieve its business objectives. NBN Co's Risk Management Policy and Risk Management Standard have been developed in accordance with ISO 31000:2018 Risk Management Guidelines.



Management of Proceeds

Sustainable Bonds Register

To manage the net proceeds of each GSS Bond issued under this Framework, NBN Co has established a Sustainable Bonds Register. The proceeds of each GSS Bond will be allocated to a pool of Eligible Projects aligned with the eligibility criteria as outlined in this Framework.

The Sustainable Bonds Register contains relevant information including:

- Details of each GSS Bond: key information including issue date, principal amount of proceeds, maturity date, interest margin or coupon etc
- Allocation of net proceeds to refinance existing Eligible Projects and to finance new Eligible Projects, including the allocation of net proceeds by Eligible Category detailed in the Use of Proceeds section of this Framework
- Other necessary information.

NBN Co will regularly monitor and update the Sustainable Bonds Register as and when GSS Bonds are issued.

Internal governance process – tracking allocation of funds towards Eligible Projects

The proceeds of each GSS Bond will be allocated to finance or refinance Eligible Projects. This includes refinancing of existing debt which has been allocated to Eligible Projects, subject however to compliance with the eligibility criteria and exclusion criteria set out in this Framework. The aggregate pool of Eligible Projects will be recorded in NBN Co's Sustainable Bonds Register.

NBN Co will monitor the allocation of proceeds from GSS Bonds on an aggregated basis. This means monitoring to ensure that proceeds have been allocated to a single common pool of Eligible Projects, to ensure the aggregate value of the common pool is larger than the aggregate value of the proceeds on issue across all GSS Bonds.

Use of proceeds monitoring will be undertaken by NBN Co's Treasury and Corporate Finance teams who will also provide reports to the Advisory Group to validate that proceeds have been fully allocated to Eligible Projects.

It is not NBN Co's intention to have any unallocated proceeds as the pool of eligible projects is considerably larger than the aggregate intended issuance volume. However, in the unlikely instance where there are unallocated proceeds, these will be temporarily placed into cash or cash equivalents. NBN Co intends to allocate an amount equivalent to the net proceeds of each GSS Bond to Eligible Projects within 24 months following receipt.

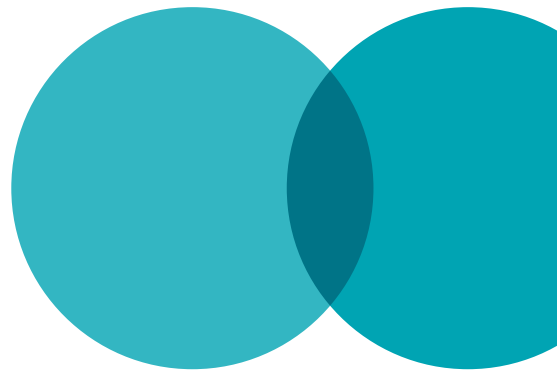
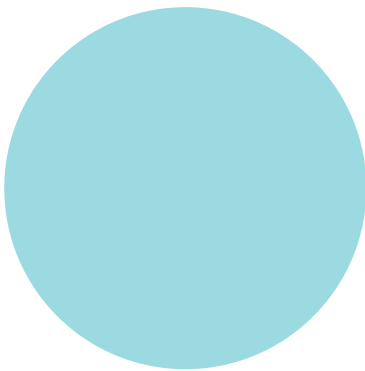
Reporting

NBN Co understands the importance of transparency and disclosure to preserve the credibility of the sustainable bond market. In this context, it commits to prepare all its post issuance reporting to be in line with the applicable market standards for GSS Bonds, such as the GBP, SBP and SBG, in particular the ICMA Harmonised Framework for Impact Reporting. Information will be available as follows:

Item	Frequency	Location
Sustainability Bond Framework	Prior to or at issuance of the first GSS Bond issued under the Framework, then for any subsequent Framework updates	NBN Co Debt Investor Information portal ¹
Sustainability Bond Report	Annually for all outstanding GSS Bonds	NBN Co Debt Investor Information portal

The Sustainability Bond Report will be updated annually and made publicly available on NBN Co's Debt Investor Information portal. The Sustainability Bond Report will contain at least the following details:

- a) A list of all GSS Bonds issued in the reporting period and outstanding at the reporting date and summary terms of each transaction
- b) Use of proceeds for all GSS Bonds
- c) Impact Reporting: where possible, NBN Co will provide qualitative and/or quantitative reporting of the environmental and social impacts (where relevant) resulting from Eligible Projects. Subject to the nature of Eligible Projects and availability of information, NBN Co will look to utilise the impact reporting guidelines issued by ICMA GBP guidelines set out in *the Harmonized Framework for Impact Reporting²* and *ICMA SBP guidelines set out in the Harmonized Framework for Impact Reporting for Social Bonds³*
- d) Confirmation that the use of proceeds of GSS Bonds are in compliance with the NBN Co's Sustainability Bond Framework and any other requirements as applicable.



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

2. <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

3. <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Harmonised-framework-for-impact-reporting-for-social-bonds-June-2023-220623.pdf>

NBN Co will look to utilise potential environmental and social impact reporting indicators summarised below subject to the availability of information and confidentiality requirements.

GBP Category	Impact Metrics (sample)
Energy efficiency	<ul style="list-style-type: none"> • Energy intensity – Measure of energy per unit of activity, using data traffic volumes (i.e. energy consumed per unit of activity) • Emissions intensity – Measure of emissions per unit of activity, using data traffic volumes (i.e. emissions per unit of activity).
SBP Category	Impact Metrics (sample)
Access to essential services / socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Total number of homes and businesses connected – cumulative • Number of homes and businesses connected – annual increase • Reduction in ‘unconnected’ people by target group (i.e. annual increase in connections)

External review

Pre-issuance

NBN Co has engaged an appropriate external review provider to issue a Second Party Opinion to confirm the alignment of this Framework with the applicable GBP, SBP, and SBG, and contribution towards the SDGs.

The SPO will be updated in future if any updates are made to the Framework.

Post-issuance

An appropriate external review provider will be engaged to provide limited assurance that the Framework continues to align with the applicable GBP, SBP, and SBG, and that each GSS Bond remains in compliance with this Framework. The external reviewer will also provide limited assurance over allocation of net proceeds from the GSS Bonds and selected impact indicators included in the Sustainability Bond Report.



Appendices

1. References

a. NBN Co

- <https://www.nbnco.com.au/>
- *Debt Investor Information portal*: www.nbnco.com.au/debt-investor
- *Sustainability Reports*: <https://www.nbnco.com.au/corporate-information/about-nbn-co/corporate-plan/sustainability-reports>

b. International Capital Market Association (ICMA)

- *Green Bond Principles*: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>
- *Social Bond Principles*: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>
- *Sustainability Bond Guidelines*: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>
- *Impact Reporting Metrics and Databases*: <https://www.icmagroup.org/sustainable-finance/impact-reporting/green-projects/>

c. United Nations Sustainable Development Goals

- *United Nations Sustainable Development Goals (SDGs)*: <https://www.un.org/sustainabledevelopment/>

2. Key contacts

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