



Corporate Governance Statement

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



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

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

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

Corporate structure and governing legislation

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

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

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

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

Our governance framework is underpinned by:

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

PRINCIPLE

Lay solid foundations for management and oversight

(based on ASX Principle 1)

The role and responsibilities of the NBN Co Board

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

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

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

The Board's key responsibilities are:

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

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

Delegation of powers

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

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

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

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

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

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

NBN Co's Executive Committee (ExCo)

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

Appointments

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

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

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

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

Performance of the Board

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

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

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

Performance of the Senior Executives

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

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

Company Secretaries

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

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

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

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

Diversity and inclusion

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

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

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

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

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

Strength in diversity opportunity through inclusion



Objectives and targets for female representation

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

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

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

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

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

PRINCIPLE

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

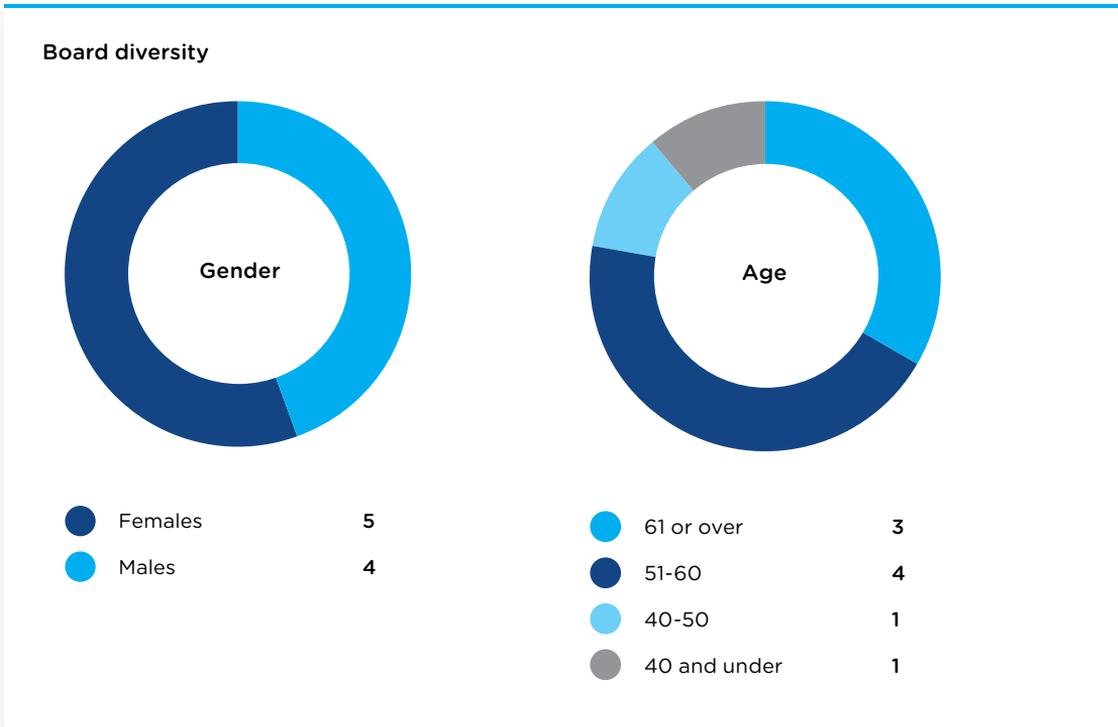
Board Composition

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

Membership of the Board as at the signing date comprises:

- Kate McKenzie, Chair, appointed as a Non-Executive Director effective 1 December 2019 and as Chair of NBN Co effective 1 January 2022
- Pam Bains, appointed as a Non-Executive Director effective 19 March 2022
- Nerida Caesar, appointed as a Non-Executive Director effective 1 January 2022
- Drew Clarke AO PSM FTSE, appointed as a Non-Executive Director effective 22 August 2017
- Andrew Dix, appointed as a Non-Executive Director effective 7 April 2021
- Nicole Lockwood, appointed as a Non-Executive Director effective 19 March 2022
- Michael Malone, appointed as a Non-Executive Director effective 20 April 2016
- Elisha Parker, appointed as a Non-Executive Director effective 8 December 2021
- Stephen Rue, appointed as Managing Director and CEO effective 1 September 2018

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



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

Shirley In't Veld and Dr Kerry Schott AO ceased to be Directors as at the end of their terms of appointment effective 1 December 2021 and 5 January 2022 respectively.

Full details of current Directors including names, appointment dates, term expiration dates, qualifications, experience and remuneration are included in the Directors' Report on pages 68 to 72 and Remuneration Report on pages 100 to 101.

Board diversity

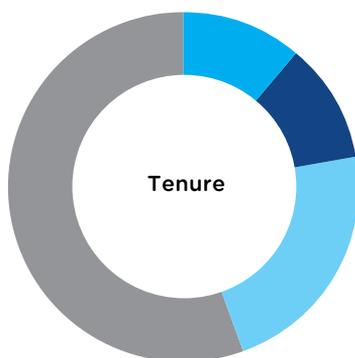
The NBN Co Board seeks to ensure it has an appropriate mix of skills, experience and diversity to enable it to effectively discharge its responsibilities.

Meetings

Agendas for all Board meetings are prepared and finalised by the nominated Company Secretary in consultation with the Board Chair and the CEO. Directors receive Board reports in advance of each meeting via NBN Co's Board portal.

Key NBN Co Executives are invited to participate in Board meetings.

The Board met 10 times during the period from 1 July 2021 to 30 June 2022. Directors' attendances are set out on page 75.



	>6 years	1
	4 to <6 years	1
	2 to <4 years	2
	0 to <2 years	5

Standing Committees – an overview

To assist in the performance of its responsibilities, the Board currently has four Committees, each of which is governed by a formal charter setting out its purpose, role, responsibilities, composition, structure and membership.

NBN Co's governance framework:



NBN Co Board and Committee membership:

	Board	Audit and Risk Committee	Financing Committee	Nominations Committee ¹²	People and Remuneration Committee
Pam Bains ¹	●	●	-	●	-
Nerida Caesar ²	●	●	●	●	-
Drew Clarke	●	-	-	●	●
Andrew Dix ³	●	●	●	●	-
Shirley In't Veld ⁴	●	●	-	●	-
Nicole Lockwood ⁵	●	-	-	●	●
Kate McKenzie ⁶	●	●	●	●	●
Zoe McKenzie ⁷	●	●	-	●	-
Michael Malone ⁸	●	●	-	●	●
Elisha Parker ⁹	●	-	-	●	●
Stephen Rue	●	●	●	●	●
Kerry Schott ¹⁰	●	●	●	●	-
Ziggy Switkowski ¹¹	●	●	●	●	●

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

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

Audit and Risk Committee

The Audit and Risk Committee was established on 13 August 2009 and assists the Board in:

- satisfying itself that NBN Co complies with its financial management, performance reporting, risk oversight and management, reporting obligations, and internal control and compliance with relevant laws and policies
- providing a forum for communication between the Board, Senior Management of NBN Co, and the internal and external auditors of NBN Co. In particular, the Committee supervises or reviews and makes the necessary recommendations to the Board in relation to: the preparation of periodic financial statements of NBN Co to comply with its financial reporting requirements; the delivery and effective implementation of an annual strategic internal audit plan; an annual external audit plan; NBN Co's risk management system; a plan setting out procedures and strategies for the effective prevention, detection and management of fraud or corruption and other inappropriate practices; a system for the integration and alignment of assurance processes; the delivery of the Internal Audit and Fraud Plan and Enterprise Risk, Resilience and Compliance Strategies; significant changes in accounting policies; the maintenance of effective and efficient internal and external audit processes; the approach followed in establishing NBN Co's resilience planning arrangements; the steps Management takes to embed a culture that promotes the proper use of Commonwealth resources, a commitment to ethical and lawful behaviour and a proactive approach to dealing with compliance; auditor independence and performance; and compliance with laws and regulations by NBN Co.

Subject to the PGPA Act and PGPA Rule, the Committee is appointed by the Board, and is to consist of at least three members. All Committee members are independent Non-Executive Directors.

At least one member is to have financial expertise and the necessary technical knowledge and understanding of the industry in which NBN Co operates so as to be able to assist the Committee to effectively discharge its risk related mandate. For independence purposes, the Chair of the Committee is an independent Non-Executive Director appointed by the Board who is not the Chair of the Board.

As at 30 June 2022, the Committee comprised:

- Andrew Dix
(appointed as a Committee member effective 18 May 2021 and as Committee Chair effective 1 September 2021)
- Pam Bains
(appointed effective 28 March 2022)
- Nerida Caesar
(appointed effective 14 December 2021)
- Michael Malone
(appointed effective 14 December 2021).

Kate McKenzie, Board Chair attends the Committee meetings as a guest effective from 1 January 2022.

As Managing Director and CEO, Stephen Rue attends the Committee meetings as a guest.

Refer to pages 68 to 72 of the Directors' Report for the relevant qualifications and experience of the Committee members.

The Committee will normally schedule four meetings each year. Details of the number of Committee meetings each Director was eligible to attend and the number of Committee meetings attended during the period from 1 July 2021 to 30 June 2022 are set out in the Directors' Report on page 75.

Directors appointed as a member of the Audit and Risk Committee are not remunerated for such an appointment.

In accordance with Section 4.6 (d) of its Charter, the Committee met separately with NBN Co's external auditors during the period from 1 July 2021 to 30 June 2022.

A copy of the Audit and Risk Committee Charter can be found on the NBN Co website:
<https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/audit-and-risk-committee-charter-20211115.pdf>

Financing Committee

The Financing Committee was established on 5 November 2020 and assists the Board by considering and approving matters relating to funding arrangements and debt capital markets.

The Committee is to consist of at least three members, at least one of whom is to have financial expertise in large scale corporate financing. All Committee members are independent Non-Executive Directors. The Chair of the Committee is an independent Non-Executive Director appointed by the Board and may be the Chair of the Board.

As at 30 June 2022 the Committee comprised:

- Kate McKenzie (appointed as a Committee member effective 5 November 2020 and as Committee Chair effective 7 February 2022)
- Andrew Dix (appointed effective 24 August 2021)
- Nerida Caesar (appointed effective 7 February 2022).

Nominations Committee

The Nominations Committee was established on 24 March 2015 and assists the Board in fulfilling its governance responsibilities in relation to:

- the appointment, induction, independence and ongoing assessment of the skills and experience of Directors
- Board composition
- CEO recruitment
- succession planning for Directors, the CEO and members of NBN Co's Executive Committee
- evaluating the performance of the Board, its Committees and Directors.

The Committee is to consist of at least three members including the Chair of the Board, and Chairs of the Board's sub committees. All Committee members are independent Non-Executive Directors. The Chair of the Committee is an independent Non-Executive Director appointed by the Board and may be the Chair of the Board.

As at 30 June 2022 the Committee comprised:

- Kate McKenzie (appointed as a Committee member effective 1 December 2019 and as Committee Chair effective 28 June 2022)
- Pam Bains (appointed effective 19 March 2022)
- Nerida Caesar (appointed effective 1 January 2022)
- Drew Clarke AO PSM (appointed effective 22 August 2017)
- Andrew Dix (appointed effective 7 April 2021)
- Nicole Lockwood (appointed effective 19 March 2022)
- Michael Malone (appointed effective 20 April 2016)
- Elisha Parker (appointed effective 8 December 2021).

As Managing Director and CEO, Stephen Rue attends Committee meetings as a guest.

The Committee will schedule a minimum of one meeting each year. Details of the number of Committee meetings each Director was eligible to attend and the number of Committee meetings attended during the period from 1 July 2021 to 30 June 2022 are set out in the Directors' Report on page 75.

A copy of the Nominations Committee Charter can be found on the NBN Co website: <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/nominations-committee-charter-20210622.pdf>

People and Remuneration Committee

The People and Remuneration Committee (formerly Remuneration and Nominations Committee) was established on 7 February 2014. Following a Board resolution at the Board meeting held on 24 March 2015, the Committee changed its name from Remuneration and Nominations Committee to People and Remuneration Committee, effective 24 March 2015. The remit for the Committee was also updated at this time.

The Committee assists the Board in fulfilling its governance responsibilities in relation to:

- establishing people management and remuneration policies for NBN Co that enable NBN Co through its executive leadership to attract and retain capable employees who can help deliver its vision
- fostering exceptional talent and performance while motivating and supporting employees to pursue the growth and success of the **nbn**[®] network consistent with NBN Co's Corporate Plan
- fairly and responsibly rewarding employees, having regard to the performance of NBN Co, individual performance, statutory and regulatory requirements, contractual employment obligations and current business norms.

The Committee is to consist of at least three members, the majority of whom are independent Non-Executive Directors.

As at 30 June 2022 the Committee comprised:

- Kate McKenzie (appointed as a Committee member effective 1 December 2019 and as Committee Chair effective 7 February 2022)
- Drew Clarke (appointed effective 20 November 2017)
- Nicole Lockwood (appointed effective 28 March 2022)
- Michael Malone (appointed effective 19 November 2019)
- Elisha Parker (appointed effective 7 February 2022).

As Managing Director and CEO, Stephen Rue attends Committee meetings as a guest.

The Committee will schedule a minimum of three meetings each year. Details of the number of Committee meetings each Director was eligible to attend and the number of Committee meetings attended during the period from 1 July 2021 to 30 June 2022 are set out in the Directors' Report on page 75.

Standing Committees - in general

Committee members are appointed by the Board for a term that coincides with the earliest of the expiration of the Director's term of appointment, his or her death or resignation or removal as a Committee member or as a Director or, the termination of the Committee. Existing members may be reappointed. The Chair of each Committee is appointed by the Board.

All Directors who are not Committee members are entitled to attend any Committee meeting, subject to conflicts of interest. All Directors have access to all Board and Committee reports via NBN Co's Board portal.

Key NBN Co Executives are invited to participate in Committee meetings.

Each Committee operates pursuant to a Board approved Charter which is reviewed periodically by the Committee and any proposed changes to a Charter must be approved by the Board. Each Committee Charter is available on NBN Co's website.

Agendas for all Committee meetings are prepared and finalised by the nominated Company Secretary in consultation with the Committee Chair and appropriate key NBN Co Executives. Committee members receive Committee reports in advance of each meeting via NBN Co's Board portal.

At the Board meeting immediately following a Committee meeting, the Board is provided with a report by the Chair of the Committee on the Committee's deliberations, conclusions, resolutions and recommendations.

The nominated Company Secretary, in consultation with the Board and Committee members, sets Board and Committee meeting dates, to the extent possible, at least 12 months in advance.

Board skills

The Board seeks to ensure it has an appropriate mix of skills, experience and diversity to enable it to effectively discharge its responsibilities. This is supported through one of the Board's standing committees, the Nominations Committee, which reviews the Directors' skills and experience in the form of a skills matrix, and the composition of the Board. This is generally reported upon to the Shareholder Ministers in the form of a Board Plan.

A review of the Directors' skills matrix was undertaken by the Nominations Committee and the Board in 2022. Each Director's skills, experience and performance as a member of the Board is considered as part of NBN Co's Board performance review.

Based on the most recent review of the Director skill matrix in June 2022, collectively the Board's high level of skills and expertise are in the following areas:

Skill	Average rating out of 5*
Corporate Governance	3
Customer Focus	4
Executive Leadership	4
Financial Acumen and Capital Management	3
Government Stakeholder Relations and Public Policy	4
Health, Safety and Environment	3
Human Relations/Workplace Relations	3
IT	4
Legal and Regulatory	4
Marketing Products and Services	4
Regional and Rural	4
Reputation	4
Remuneration	3
Risk Management and Compliance	4
Strategy	4
Technology	4
Telecommunications	4

* Rounded to the nearest whole number.

Personal skills considered as part of the skills matrix review were:

Skill	Average rating out of 5*
Board Dynamics and Communication	4
Board Experience	4
Business Judgement	4
Commitment and Engagement	5
Ethics and Integrity	5
Issues Management	4
Leadership	4
Negotiations	4

LEGEND FOR LEVEL OF SKILLS & EXPERIENCE:

- 0 No skills/experience
- 1 Basic skills/experience
- 2 Somewhat skilled/experienced
- 3 Sufficient skills/experience
- 4 Extensive skills, experience and knowledge
- 5 Expert skills and experience
- * Rounded to the nearest whole number.

Independence of Directors

As at the date of this statement, the Board considers all Directors are independent and have remained so throughout the term of their appointment.

At least annually, each Director is requested to complete a declaration of personal interests which is subject to review by NBN Co's Nominations Committee and subsequently by the Board.

In addition, an assessment of independence is made at any time a Director discloses any new interest or relationship. The Board, through the Chair, evaluates the materiality of any declared interest or relationship that could be perceived to compromise the independence of a Director on a case-by-case basis having regard to the Director's circumstances.

Further, Directors are cognisant of their ongoing obligations to keep the Board and any Committee informed of an interest which could potentially conflict with the interests of the Company.

Where a Director has a declared material personal interest and/or may be presented with a potential material conflict of interest in a matter being presented to the Board or a Committee, the Director does not receive copies of Board/ Committee reports relating to the matter and generally recuses himself/herself from the Board or Committee meeting at the time the matter is being considered.

Consequently, the Director also does not vote on the matter. Any disclosures made by a Director at a meeting are minuted.

NBN Co has a Director's Conflicts of Interest Policy which, as of August 2018, incorporated NBN Co's former External Securities (Declaration of Interests) Policy.

The Director's Conflicts of Interest Policy is reviewed and approved by the Board on a biennial basis or, more frequently if it is considered necessary or appropriate to do so, as determined by the Board or Management.

Independent advisors

In so far as it relates to enabling Directors to fulfil their responsibilities and to exercise independent judgement when making decisions, the Board collectively and each Director individually:

- has access to:
 - any information in the possession of NBN Co
 - Management to seek explanations and information in relation to NBN Co, and to NBN Co's auditors (both internal and external) to seek explanations and information from them in relation to the management of NBN Co.
- with the prior written consent of the Board Chair, may seek any independent professional advice in accordance with NBN Co's Funding Director Access to Independent Advice Policy which is reviewed and approved by the Board on a biennial basis or, more frequently if it is considered necessary or appropriate to do so, as determined by the Board or Management
- may seek any advice or services to be provided to NBN Co by third party advisers in accordance with applicable NBN Co policies and procedures, as amended from time to time.

Induction

NBN Co has an induction program for new Directors. Upon appointment, each Director receives a letter from NBN Co confirming his/her appointment which includes Directors' and Officers' liability insurance details; references to extensive reading material via NBN Co's Board portal and a list of formal induction sessions with key NBN Co Executives.

The induction program is generally reviewed annually by the nominated Company Secretary in consultation with Shareholder Ministers' Departments, by NBN Co's Nominations Committee, and subsequently by the Board.

Ongoing education for Directors is delivered through individual briefings, presentations made by key NBN Co Executives, and Directors visiting some of NBN Co's operational locations.

Directors have ongoing access to professional development opportunities which directly relate to their role as a Director of NBN Co and that will benefit their performance as a member of the Board.

PRINCIPLE

Instill a culture of acting lawfully, ethically and responsibly
(based on ASX Principle 3)

Statement of values

NBN Co's purpose is to lift the digital capability of Australia. We are guided by our values:

- We are one team
- We deliver
- We are fearless
- We care

Directors' shareholding interests

The Directors have no interests in NBN Co shares which are held solely by the Commonwealth of Australia.

Codes of Conduct

NBN Co aims to carry out its business in an open and honest manner, while complying with all applicable laws.

The Directors are committed to the promotion of ethical, honest and responsible decision-making and the observance of their fiduciary duties.

Directors will:

- at all times bring independent judgment to bear on matters before the Board
- consider the reasonable expectations of NBN Co's stakeholders (including the Shareholder Ministers, and through them the Commonwealth and the Parliament, NBN Co employees, its customers and its suppliers, and, where applicable, given the scale of the project, the broader community)
- investigate reports of breaches by any Director of the Directors' Code of Conduct and will monitor the investigation by Management of breaches by employees of the NBN Co Code of Conduct to ensure any systemic issues are adequately addressed.

NBN Co's Directors' Code of Conduct is contained within the Board Charter.

NBN Co also has in place numerous policies including a Code of Conduct, which governs its employees, contractors and consultants who are expected to be aware of and comply with this code as well as obligations set out in relevant legislation. The purpose of the code is to promote a safe, healthy and productive workplace. The code is underpinned by NBN Co's values and the principle of respect. Failure to comply with the Code of Conduct is a serious breach of NBN Co policy. A substantiated breach of the Code of Conduct may result in action, from disciplinary steps through to a person's termination of employment or engagement with NBN Co. A copy of the Code of Conduct, in addition to other key NBN Co policies, including NBN Co's Whistleblower Policy, can be found on NBN Co's website.

Privacy

Taking a respectful and transparent approach to the way personal information is collected, used, disclosed and protected by NBN Co is essential to building trust and supports the important work that we do in delivering Australia's National Broadband Network.

NBN Co's Privacy Officer is supported by a team of privacy professionals who work in partnership with the business to deliver on our privacy related objectives:

1. We are driven by a purpose to connect Australia and to put access to information into the hands of all Australians. In this context, we recognise the value of all information and we strive to protect it as an important asset of individuals, communities and enterprises
2. We strive for best practice in complying with the Australian Privacy Principles, which are contained in Schedule 1 of the Privacy Act, in our handling of personal information
3. We embed privacy into the development, innovation and improvement of specifications, standards, systems and services
4. We are transparent about the ways we collect, use and disclose personal information
5. When we handle personal information, we do so in a way that aligns with NBN Co's values.

Security Group

NBN Co has adopted a holistic security framework, aligning its cyber, physical, investigatory, analytics, privacy and assurance security practices in a converged model aligned with Australian Government requirements and international best practice. This is to ensure that all Australians have access to broadband that is trusted, resilient and secure. The multifaceted NBN Co Security Group proactively supports investment in cyber and physical security, undertakes ongoing security awareness activities, and is committed to protecting NBN Co's reputation, people, assets and information now and into the future.

Competition law

NBN Co operates in competitive markets and supplies into competitive markets.

A key focus for NBN Co is to comply with its obligations under general competition law. In addition, there are specific competition law obligations imposed on the telecommunications industry including some that apply only to NBN Co, including:

- supplying carriage services on a fully transparent, wholesale-only basis
- not discriminating between access seekers in supplying carriage services and engaging in related activities
- complying with NBN Co's Special Access Undertaking (SAU) accepted by the Australian Competition and Consumer Commission.

Whistleblower Protection

NBN Co has an established formal Whistleblower Policy (available on NBN Co's website), which, amongst other things, meets the requirements of the three whistleblower regimes that apply to the Company as a GBE, namely the *Public Interest Disclosure Act*, the *Corporations Act* and the *Taxation Administration Act*.

The policy was created to promote and maintain an open working environment in which eligible individuals including Directors, employees and other stakeholders are able to raise genuine concerns regarding actual, unethical, unlawful or undesirable conduct, without fear of reprisal and with the support and protection of NBN Co.

The Whistleblower Policy is reviewed and approved by the Board on a biennial basis or, more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

Value for money

As a GBE, key principles regarding value for money, efficiency, transparency and competition are central to NBN Co's buying decisions.

NBN Co has developed and maintained Purchasing Rules to facilitate a fair, competitive process that achieves value for money on a whole-of-life basis. The rules ensure NBN Co achieves efficient and competitive outcomes, reduces the risk of anti-competitive conduct, makes value based decisions and effectively manages contracts.

The Purchasing Rules are supported by policies and processes for demand planning, sourcing and engaging suppliers, and implementing and managing supplier contracts. The rules are also the means by which NBN Co satisfies conditions set out in NBN Co's Special Access Undertaking (SAU), as accepted by the ACCC on 13 December 2013.

All expenditure at NBN Co should comply with the Procurement Rules and be executed in accordance with NBN Co's Delegation of Authority Policy, agreed principles and audit requirements. The Delegation of Authority Policy is reviewed and endorsed by the Audit and Risk Committee and approved by the Board annually. This review and approval cycle may occur more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

PRINCIPLE**Safeguard the integrity of corporate reports**

(based on ASX Principle 4)

The Audit and Risk Committee assists the Board in:

- satisfying itself that NBN Co is complying with its financial management, performance reporting, risk oversight and management, reporting obligations, and internal control and compliance with relevant laws and policies
- providing a forum for communication between the Board, Senior Management of NBN Co, and the internal and external auditors of NBN Co. Refer to page 112 for more information on NBN Co's Audit and Risk Committee.

Internal Control Framework

The Board is responsible for the overall Internal Control Framework and for reviewing its effectiveness but recognises that even best practice internal control systems are unlikely to preclude all errors and irregularities. The framework is intended to provide appropriate assurance on:

- accuracy and completeness of financial reporting against the key performance indicators in the GBE Guidelines
- safeguarding of assets
- maintenance of proper accounting records
- segregation of roles and responsibilities
- compliance with applicable legislation, regulation and best practice
- effectiveness and efficiency of operations and information technology systems
- key strategic and operational risks.

Internal controls have been implemented to identify, evaluate and manage significant risks to the achievement of NBN Co's objectives.

These internal controls cover financial, operational and compliance risk, and take the form of appropriate financial delegations, financial planning and reporting, compliance with appropriate procurement standards, strategic and operational planning, and internal audit practices.

Periodic corporate reports

NBN Co produces a number of periodic corporate reports, including the annual Directors' Report, Half-Year and Annual Report (including financial statements), annual Corporate Plan and Tax Transparency Report.

The full year financial statements and Remuneration Report are audited by our external auditors. While the external auditors do not provide an audit opinion on the annual Directors' Report, including the operating and financial review section, contained in the Annual Report, it is reviewed by them and the Audit and Risk Committee, prior to approval by the Board.

The half-year financial statements are subject to an audit review report by our external auditors.

Periodic corporate reports that are not audited or reviewed by external auditors are verified internally by Management prior to public release. In addition, certain reports are reviewed by the Shareholder Departments prior to being released.

NBN Co's process for verifying unaudited periodic corporate reports is as follows:

- Reports are prepared by, or under the supervision of, subject-matter experts
- Material statements in the reports are reviewed for accuracy with reference to company source documents or, if no source documents are available, by persons with the knowledge and expertise to confirm the accuracy and completeness of the disclosures
- Relevant executives further review and approve the disclosures.

These processes are intended to ensure that all applicable laws, regulations and company policies have been complied with, and that appropriate internal approvals are obtained before a report is publicly released.

Internal Audit

Internal Audit is a key component of NBN Co's governance framework. It provides independent and objective assurance and consulting activities designed to protect and enhance value and improve NBN Co's operations.

The Internal Audit function is independent, with NBN Co's Chief Audit Executive (CAE), who is the General Manager Group Internal Audit and Fraud, reporting administratively to the CFO and functionally to the Audit and Risk Committee. The CAE has free and unrestricted access to the Audit and Risk Committee and the Board. The Audit and Risk Committee, in turn, has been constituted by the Board under Section 92 of the PGPA Act to review and endorse an annual internal audit plan. The Internal Audit function operates in accordance with a Board approved charter which is reviewed annually by the Audit and Risk Committee and the Board.

NBN Co operates a co-sourced internal audit model with dedicated professional in-house Internal Audit and Fraud staff working with Ernst & Young and KordaMentha resources as co-sourced internal audit and fraud service providers. Other providers are used on an as-needed basis.

Outcomes of internal audit reviews are provided to the Audit and Risk Committee for its review in compliance with Section 28 of the PGPA Rule 2014. The internal audit activity also seeks to meet or exceed the mandatory guidance provided in the International Professional Practices Framework, published by the Global Institute of Internal Auditors.

External audit

Under Section 98 of the PGPA Act, the Auditor-General is responsible for auditing the financial statements of Commonwealth companies. In addition, NBN Co's Annual Report is tabled in Parliament and its financial accounts lodged with the Australian Securities and Investments Commission. The Australian National Audit Office has contracted with PwC to audit the Company on behalf of the Auditor-General.

NBN Co applies audit independence principles in relation to the external auditors.

The Audit and Risk Committee meets with the external auditor during the year to:

- discuss the external audit plans, identify any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements
- review the results and findings of the external auditor, the appropriateness of accounting and financial reporting, performance reporting, risk oversight and management, the internal control system and the implementation of any recommendations made
- finalise annual reporting, review the preliminary Financial Report prior to sign-off and any significant adjustments required as a result of the external auditor's findings
- review fees paid by NBN Co to the external auditors which are provided in Note H4 to the financial statements.

Fraud risk and reporting

The Commonwealth Fraud Control Framework, which includes Section 10 of the PGPA Rule 2014 (the 'Fraud Rule'), Fraud Policy and Fraud Guidance, outlines the Government's requirements for fraud control, including that Government entities put in place a comprehensive fraud control program that covers prevention, detection, investigation, risk management and reporting strategies.

NBN Co has voluntarily adopted these requirements where appropriate. In addition, NBN Co has adopted a methodology consistent with the relevant recognised Australian Standards AS 8001-2008: Fraud and Corruption Control and the AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines.

As a GBE, NBN Co is committed to applying and adhering to these standards and as such, has a zero tolerance approach to fraudulent and/or corrupt behaviour.

NBN Co's Fraud and Corruption Control Policy and the Fraud and Corruption Control Plan also contribute to the sound management of fraud risk, and detail the requirements and responsibilities for the prevention, detection and response to fraud and corruption. In addition, the Fraud and Corruption Control Policy seeks to promote behaviour that is consistent with the Code of Conduct and other associated policies, which allow NBN Co to act appropriately and consistently in the investigation and reporting of suspected fraudulent or corrupt activity.

The Fraud and Corruption Control Policy is approved by the Audit and Risk Committee on an annual basis under delegation by the Board. The policy is also noted by the Board on an annual basis. This review and approval cycle may occur more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

Prior to the approval of the Financial Report by the Board, the CEO and the CFO provide confirmation in writing that the financial statements represent a true and fair view of NBN Co's operations and its financial position. The letter also includes representation to the Board in respect of the adequacy and effectiveness of NBN Co's risk management, internal compliance and control systems.

Based on the evaluation performed as at 30 June 2022, the CEO and the CFO concluded that, as of the evaluation date, such risk management, internal compliance and control systems were reasonably designed so that the Company's financial statements and notes are in accordance with the PGPA Act and the *Corporations Act 2001* and there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due.

PRINCIPLE**Make timely and balanced disclosure***(based on ASX Principle 5)***Continuous disclosure**

NBN Co recognises that information is a vital and invaluable resource, both for the Company and for the broader Australian community which is why it fosters and promotes a pro-disclosure culture, with the goal of creating an organisation that is open, transparent and accountable.

As a GBE, NBN Co has continuous disclosure obligations to its Shareholder Ministers similar to the continuous disclosure obligations of a publicly listed company.

These continuous disclosure obligations to its Shareholder Ministers are set out in the GBE guidelines as amended from time to time, and the PGPA Act and are reinforced by NBN Co's other reporting commitments to the Commonwealth.

NBN Co's transparency and reporting obligations are derived from its financial reporting obligations under the *Corporations Act 2001* and requirements imposed by its Shareholder Ministers. The Company also publicly releases financial and operating results on a quarterly basis.

NBN Co is also subject to the *Freedom of Information (FOI) Act 1982*, and information about NBN Co's approach to FOI is separately available on its website at <https://www.nbnco.com.au/corporate-information/about-nbn-co/freedom-of-information.html>

NBN Co has a Continuous Disclosure Policy which came into effect following approval by the Board on 13 October 2015.

The Continuous Disclosure Policy is reviewed and approved by the Board on a biennial basis or, more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

PRINCIPLE**Respect the rights of security holders***(based on ASX Principle 6)***Shareholder communication**

NBN Co keeps its Shareholder Ministers and their departments informed of any significant developments on an ongoing basis.

NBN Co regularly reports to its Shareholder Ministers based on the best practice reporting timetable detailed in the GBE guidelines and other requests from the Shareholder Ministers.

The Shareholder Ministers are publicly accountable, and NBN Co is also subject to Parliamentary scrutiny through Parliamentary Committees.

NBN Co has a dedicated governance section on its website. The governance section provides information about, or links relating to the following:

- the names, photographs and biographical information for each of its Directors and Senior Executives
- its Constitution, Board Charter and the charters of each of its Board Committees
- its corporate governance policies
- its Corporate Plan
- its Annual Reports which include its financial statements
- quarterly updates on financial and operating results.

PRINCIPLE**Recognise and manage risk**

(based on ASX Principle 7)

Risk management

NBN Co is required to address risk management in the context of its status as a GBE. The PGPA Act and the GBE guidelines prescribe the requirements NBN Co must meet to fulfil its obligations to its Shareholder Ministers to enable them to exercise their accountability to Parliament and to the general public.

As a GBE, NBN Co is responsible for providing a Corporate Plan to its Shareholder Ministers, which outlines the key risks to NBN Co. In addition, NBN Co provides regular reporting to the Shareholder Ministers of risks, mitigations, and trends.

NBN Co's Risk Management Policy, Risk Appetite Statement and Risk Management Standard communicate objectives, approach and responsibilities with regard to risk management throughout NBN Co. The policy also communicates NBN Co's commitment to support the development of a sound risk management culture.

NBN Co's Board and Management are committed to proactive identification, assessment, management and monitoring of material risks. The Risk Management Policy and Risk Appetite Statement are reviewed and endorsed by the Audit and Risk Committee and approved by the Board annually. This review and approval cycle may occur more frequently if it is considered necessary or appropriate to do so as determined by the Board or Management.

NBN Co has an enterprise risk operating model that involves active management of business risks by line management and staff, with regular reporting of material strategic, operational and emerging risks to the Executive Committee, the Audit and Risk Committee, and the Board.

Sustainability approach

NBN Co's first materiality assessment conducted in FY20 informed NBN Co's first company-wide Sustainability Program. The Program focused on six material topics (social equity, economic contribution, resilient network, climate action, diversity and inclusion, and transparent and accountable business) and their related risks, issues and opportunities. Actions aimed to enhance positive impacts and mitigate potential negative impacts.

These topics capture what is important to the Company's stakeholders, internally and externally, and include environmental issues such as climate change, social issues such as digital inclusion and capability, and governance issues such as ethical and transparent business practices.

Informed by the Company's second materiality assessment conducted in FY22, over the next two years NBN Co's Sustainability Approach and Program will act on Environmental, Social and Governance themes and eight specific focus areas to create and protect value for NBN Co and its stakeholders. The Sustainability Approach has the Company's purpose at its core and recognises how both social and environmental themes are interdependent, act as a system, and are both enabled and controlled by governance.

Key initiatives to support the management of ESG risks will include but not be limited to the development of a Climate Transition Plan, delivery of a Modern Slavery Workplan and development of a Sustainability Governance Framework.

For further information see:

- How we create value on page 14
- Sustainability Approach on page 18 for details on material environmental and social risks, issues and opportunities and role of the Sustainability Sub-Committee of the Executive Committee
- Protected environment on page 48 for details on the management of climate risks
- Reporting Index for alignment with the TCFD recommendations on page 20
- Limited assurance opinion for non-financial metrics on pages 190 to 193.

A summary of NBN Co's material business risks is set out on pages 64 to 67.

Treasury

NBN Co has recently upgraded its Treasury Policy, which is approved annually by the Audit and Risk Committee and establishes a prudential framework providing guidelines, controls and reporting systems for the management of NBN Co's treasury operations.

The Treasury Policy provides clear guidelines for managing treasury risks and making investment and hedging decisions.

PRINCIPLE

Remunerate fairly and responsibly

(based on ASX Principle 8)

NBN Co's People and Remuneration Committee assists the Board in fulfilling its governance responsibilities in relation to:

- establishing people management and remuneration policies for NBN Co that enable NBN Co through its executive leadership to attract and retain capable employees who can help deliver its vision
- fostering exceptional talent and performance while motivating and supporting employees to pursue the growth and success of the **nbn**[®] network consistent with NBN Co's Corporate Plan
- fairly and responsibly rewarding employees, having regard to the performance of NBN Co, individual performance, statutory and regulatory requirements, contractual employment obligations and current business norms.

Refer to page 115 for more information on NBN Co's People and Remuneration Committee.

Directors' remuneration

The Remuneration Tribunal determines the remuneration and travel allowances payable to Non-Executive Directors. Full details of Directors' remuneration are included in the Remuneration Report on pages 100 to 101.

Senior Executives' remuneration

The remuneration of Senior Executives is set by NBN Co's People and Remuneration Committee on behalf of the Board. Full details of Senior Executives' remuneration are included in the Remuneration Report on pages 92 to 99.

Auditor's independence declaration



Auditor-General for Australia



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

**NBN CO LIMITED FINANCIAL REPORT 2021–22
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of NBN Co Limited for the year ended 30 June 2022, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office



Grant Hehir
Auditor-General

Canberra
4 August 2022