

Remuneration Report

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



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

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

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

- Activated premises continued to grow, reaching over 8.5 million households and businesses
- Supported the ongoing recovery from the floods and extreme weather experienced across much of South-Eastern Queensland and broad areas of North and Eastern New South Wales in 2022
- Australian families and businesses continued to experience considerable challenges and impacts due to COVID-19. NBN Co has supported Australia through this difficult time through the provision of secure and resilient broadband access in conjunction with the telecommunications industry. During this time, the **nbn**[®] network has performed very strongly, supporting the social and economic needs of Australia
- NBN Co has continued to deliver strong financial performance with revenue ahead of target in FY22
- NBN Co continued to secure long-term debt from a range of institutional banks, and domestic and international bond holders. These funds were obtained at competitive interest rates with varying lengths of tenor; were secured without government guarantee; and enabled over \$6.8 billion of government borrowings to be repaid to the Commonwealth
- Significant progress was made in the build out of fibre in areas served by the Fibre to the Node technology and the Hybrid Fibre Coaxial (HFC) Network was upgraded to support the highest speed tiers for customers who choose to order them
- The Company secured a grant of \$480m from the Commonwealth Government to upgrade the Fixed Wireless network, which on completion by December 2024, will drive significant benefits, in particular, to regional and rural Australia.



2022 Letter from the Chair of the People and Remuneration Committee

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

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

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

Our support for Australia in times of uncertainty

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

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

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

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

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

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

Performance and growth

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

Remuneration oversight

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

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

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

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

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

In summary:

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

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

Remuneration outcomes

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

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

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

Conclusion

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

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



Kate McKenzie

Chair, People and Remuneration Committee

4 August 2022

Key management personnel (KMP)

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

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

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

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

Remuneration and talent governance at NBN Co

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

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

Support from management and external advisors

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

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

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

How Senior Executive remuneration decisions are determined at NBN Co



Management

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



People and Remuneration Committee

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

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



NBN Co Board

Reviews and approves recommendations referred by the P&RC.

Strategic imperatives and remuneration strategy

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

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

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

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

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

1. Applicable to STI awards prior to FY22.

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

NBN Co's purpose

To lift the digital capability of Australia

Achieved by focusing on NBN Co's strategic imperatives

1	2	3	4	5	6
Ensure all Australians have access to high-speed, resilient and secure broadband	Keep NBN Co a great place to work, underpinned by a customer-led culture	Deliver a customer experience that drives satisfaction, use and network preference	Develop a product and pricing portfolio that addresses our customers' diverse needs	Strengthen relationships with Government, Industry and Community to optimise customer benefits	Build capabilities for the future and grow profitability to enable reinvestment to benefit our end customers

...which are reflected in STI Corporate Measures

Connected Premises (10%)	Customer Service Delivery (20%)	Trust and Reputation (20%)	Transformation (25%)	Financial Sustainability (25%)
Performance against target number of connected premises for the financial year	Achievement against a series of key service delivery indicators including right first time, distressed tickets, mean time to restore, fault rate and network availability	Performance against target for both residential and business customers with regard to DSAT (dissatisfaction) and Reputation	Delivery against a range of initiatives linked to IT simplification and capital expenditure efficiency	Achievement against corporate plan targets for revenue and operation costs ¹

...and NBN Co's actual performance

Connected Premises	Customer Service Delivery	Trust and Reputation	Transformation	Financial Sustainability
The target was exceeded	The majority of the metrics were met taking into account the impact of unprecedented weather conditions	DSAT was steady through the year, and the Company's reputation showed improvement	The majority of the metrics were met or exceeded	The revenue target was exceeded. Operation costs ¹ were 10% below last year, but greater than a stretched target, in part due to weather impacts

...and directly impacts Senior Executive remuneration

Total Fixed Remuneration	CEO STI Outcome	Average Senior Executive STI Outcomes
Fixed Remuneration increases of 3% (inclusive of superannuation guarantee contribution rate change) for FY23 arising from the annual review of Senior Executive Remuneration	Awarded at 66% of maximum	Awarded at 66% of maximum

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

Senior Executive remuneration

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

Review of NBN Co's Senior Executive remuneration framework

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

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

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

An overview of the changes is set out below:

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

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

Changes in the senior executive remuneration framework

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

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

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

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

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

New STI Target

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

Remuneration mix

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

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

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

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

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

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

Total fixed remuneration

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

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

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

STI program

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

The STI program is designed to:

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

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

Remuneration mix



● Target STI	28%
● TFR	72%



● Target STI	17%
● TFR	83%

Remuneration benchmarking

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

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

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

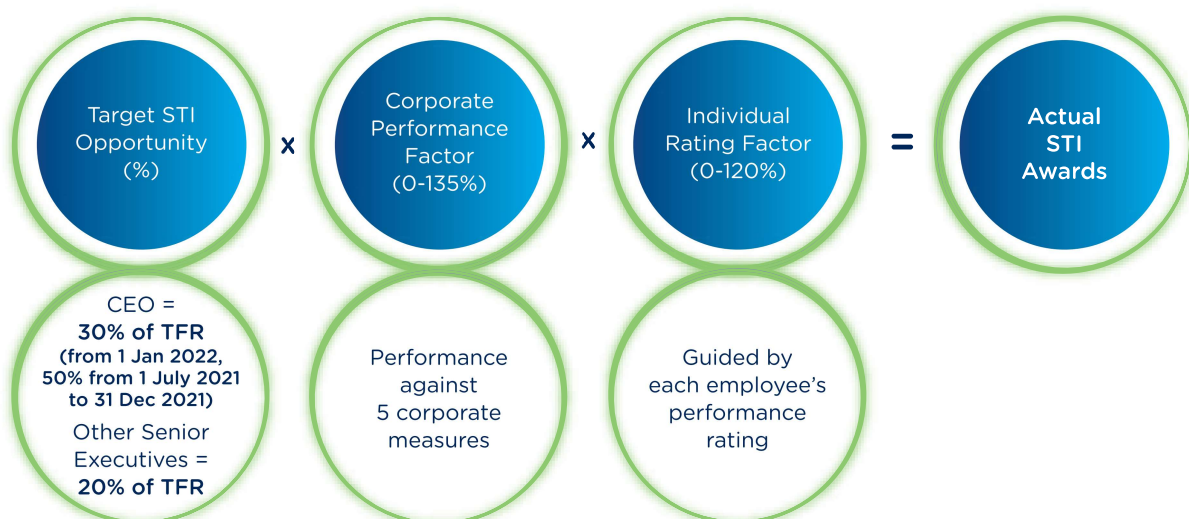
The P&RC annually reviews the remuneration arrangements of each Senior Executive to ensure that they appropriately reflect, individual and company performance and market conditions.

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

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

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

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



Funding approach

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

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

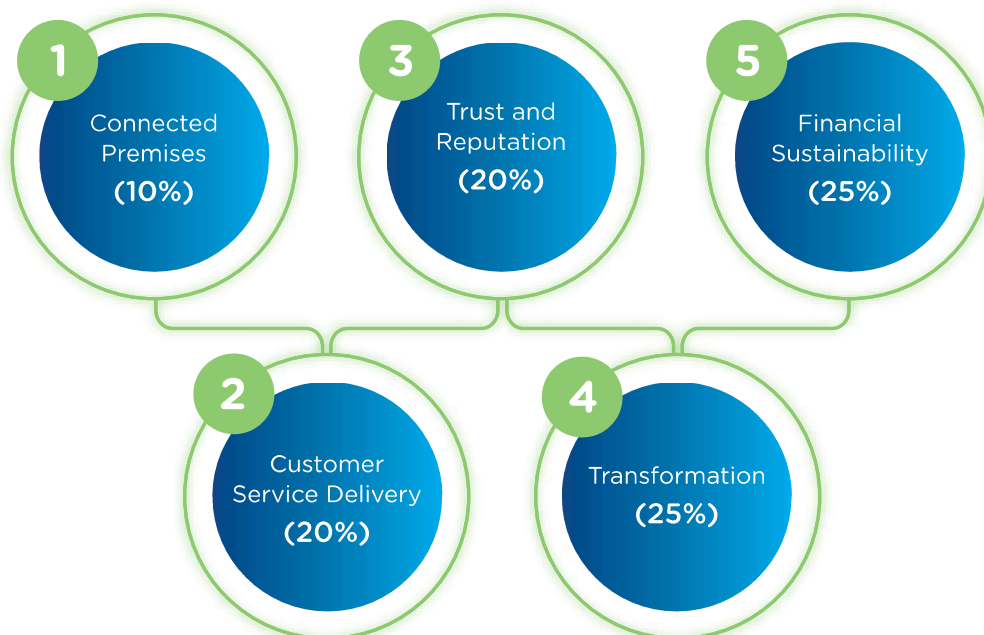
If the gateway measures are satisfied during the performance period, the P&RC then determines whether to adjust the target STI pool up or down (by a range between zero percent and 135 percent of the target STI pool) based on achievement of corporate objectives, resulting in an actual STI award pool.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

STI performance measures

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

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

For FY22, NBN Co’s performance was assessed against five corporate measures that included:



Performance outcomes and STI award pool funding for FY22

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

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

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

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

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

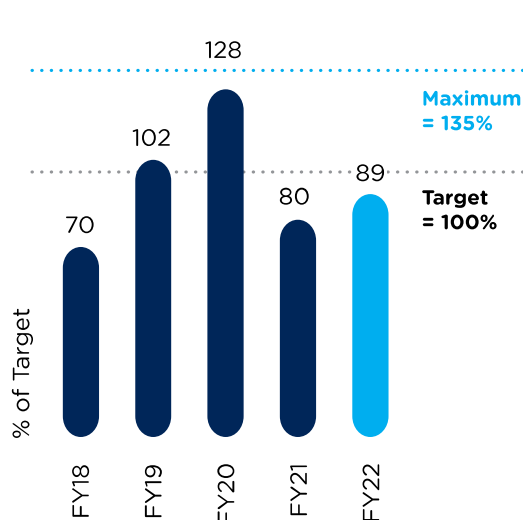
The list of KMP during FY22 disclosed in this report is shown on page 88 and a summary of remuneration received during the financial year is shown on pages 99 to 101.

Historical STI Awards

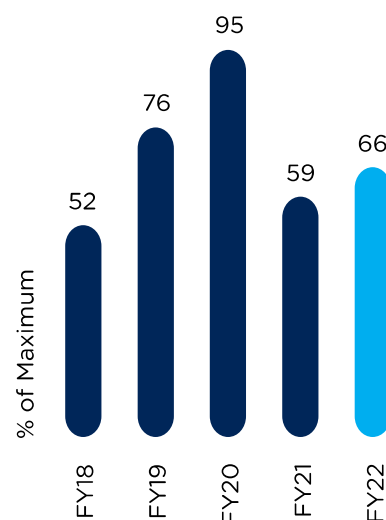
The tables below show the historical STI Awards for NBN Co over the past five years against the Corporate Performance Factor.

Historical STI Awards

Historical Short-Term Incentive as % of Target



Historical Short-Term Incentive as % of Maximum



Employment agreements and termination arrangement

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

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

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

Non cash benefits

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

Other long-term benefits

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

Post-employment benefits

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

Remuneration of key management personnel

Remuneration of Senior Executives

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

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

NOTES

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

Non-Executive Directors

Non-Executive Director fees

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

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

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

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

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

Remuneration of Non-Executive Directors

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

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

NOTES

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