



**NBN Co Limited**  
**Indicative Term Sheet dated 19 August 2024**

**A\$[●] million Floating Rate Medium Term Notes due [●] August 2027**  
**A\$[●] million [●]% Fixed Rate Medium Term Notes due [●] August 2027**  
**A\$[●] million [●]% Fixed Rate Green Medium Term Notes due [●] August 2031**  
**(the “Notes”)**

*This Term Sheet is not intended to be a complete description of all the terms and conditions of, or attaching to, the Notes. This term sheet should be read in conjunction with the Information Memorandum dated 10 May 2024 (the “Information Memorandum”) and the documents incorporated by reference therein, the Note Deed Poll dated 16 November 2020, the Conditions as set out in the Information Memorandum, the applicable Pricing Supplement and other programme documents (in each case as may be amended from time to time) before making any investment decision.*

*Neither this Term Sheet nor any of its terms should be disclosed by you without the Issuer’s consent to any other person (other than as strictly necessary within your own organisation to consider participation in the issuance). This is not intended to be a publicly available document.*

*Capitalised terms referred to in this Term Sheet are defined in the Information Memorandum or the Conditions (as set out in the Information Memorandum). In the event of any inconsistency between this Term Sheet and the Information Memorandum or the Conditions, the Information Memorandum or the Conditions shall prevail.*

<b>Issuer:</b>	NBN Co Limited (ACN 136 533 741)		
<b>Joint Lead Managers:</b>	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) Commonwealth Bank of Australia (ABN 48 123 123 124) Royal Bank of Canada (ABN 86 076 940 880) National Australia Bank Limited (ABN 12 004 044 937) Westpac Banking Corporation (ABN 33 007 457 141)		
<b>Issuer Rating*:</b>	Moody’s Investors Service Pty Limited (Moody’s): Aa3 (Stable Outlook) Fitch Australia Pty Limited (Fitch): AA+ (Stable Outlook)		
<b>Expected Issue Rating*:</b>	Moody’s: Aa3 Fitch: AA+		
<b>Programme:</b>	NBN Co Limited’s A\$10,000,000,000 Medium Term Note Programme		
<b>Status and Ranking:</b>	The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (Negative Pledge)) unsecured obligations of the Issuer and rank <i>pari passu</i> and without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations if any) of the Issuer, from time to time outstanding. The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.		
<b>Currency:</b>	AUD		
<b>Pricing Date:</b>	[●] August 2024		
<b>Settlement Date:</b>	[●] August 2024 (T+[7])		
<b>Maturity Date:</b>	[●] August 2027 (3 Years)	[●] August 2027 (3 Years)	[●] August 2031 (7 Years)
<b>Instrument Type:</b>	Floating Rate Medium Term Notes	Fixed Rate Medium Term Notes	Fixed Rate Medium Term Notes

<b>Series Number:</b>	[9]	[10]	[11]
<b>Tranche Number:</b>	[1]	[1]	[1]
<b>Series Amount:</b>	AUD [●] million	AUD [●] million	AUD [●] million
<b>Coupon:</b>	3M BBSW + [●] bps paid quarterly in arrear, subject to adjustment in accordance with Schedule 2 ( <i>Step-Up Rating Change Event</i> )	[●]% p.a. paid semi-annually in arrear, subject to adjustment in accordance with Schedule 2 ( <i>Step-Up Rating Change Event</i> )	[●]% p.a. paid semi-annually in arrear, subject to adjustment in accordance with Schedule 2 ( <i>Step-Up Rating Change Event</i> )
<b>Benchmark:</b>	3M BBSW	Semi-quarterly coupon matched asset swap	Semi-quarterly coupon matched asset swap
<b>Issue Margin to Benchmark:</b>	+ [●] bps	+ [●] bps	+ [●] bps
<b>Re-offer Yield:</b>	N/A	[●]%	[●]%
<b>Re-offer Price:</b>	[100.000]%	[●]%	[●]%
<b>Business Day Convention:</b>	Modified Following Business Day Convention	Following Business Day Convention	Following Business Day Convention
<b>Day Count Fraction:</b>	Actual/365 (Fixed)	RBA Bond Basis	RBA Bond Basis
<b>ISIN:</b>	[●]	[●]	[●]
<b>Common Code:</b>	[●]	[●]	[●]
<b>Sustainability Bond Framework &amp; Use of Proceeds:</b>	N/A	N/A	As set out in Schedule 3 ( <i>Additional Green Bond Disclosure</i> ) of the Term Sheet, NBN Co Sustainability Bond Framework dated June 2024 (" <b>Framework</b> ") outlines the Issuer's processes relating to: <ol style="list-style-type: none"> <li>1. use of proceeds;</li> <li>2. process for project evaluation and selection;</li> <li>3. management or proceeds;</li> <li>4. reporting; and</li> <li>5. external review.</li> </ol>
<b>Other Disclosure:</b>	N/A	N/A	As set out in Schedule 3 ( <i>Additional Green Bond Disclosure</i> ) of the Term Sheet, in particular section 4 ( <i>Reporting</i> ) of that schedule.
<b>Early Redemption at the Option of the Issuer (Issuer Call):</b>	Applicable, refer Condition 7.3 ( <i>Redemption at the Option of the Issuer (Issuer Call)</i> )  For the purposes of Condition 7.3, the Optional Redemption Dates and Optional Redemption Amount will be	Applicable, refer Condition 7.3 ( <i>Redemption at the Option of the Issuer (Issuer Call)</i> )  For the purposes of Condition 7.3, the Optional Redemption Dates and Optional Redemption Amount will be	Applicable, refer Condition 7.3 ( <i>Redemption at the Option of the Issuer (Issuer Call)</i> )  For the purposes of Condition 7.3, the Optional Redemption Dates and Optional Redemption Amount will be as

	as specified Schedule 1, Part A of this Term Sheet.	as specified Schedule 1, Part B of this Term Sheet.	specified Schedule 1, Part C of this Term Sheet.
<b>Aggregate Minimum Consideration:</b>	<p>In the case of Notes to be transferred in or into Australia, the offer or invitation giving rise to the transfer is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the transferor or its associates) or does not otherwise require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act, and the transfer is not to a “retail client” as defined for the purposes of section 761G of the Corporations Act.</p> <p>The Notes may only be offered in other jurisdictions in circumstances where such offer complies with all applicable laws, regulations or directives.</p>		
<b>Denominations:</b>	A\$10,000 (provided that any Notes issued or transferred in or into Australia must be issued or transferred to each relevant investor in minimum parcels of A\$ 500,000 (disregarding moneys lent by the transferor or its associates to the transferee) or do not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act (or its equivalent in another currency))		
<b>Form of Notes:</b>	Each Series of Notes will be issued in registered uncertificated form and will be debt obligations of the Issuer which are constituted by and owing under the Note Deed Poll, as amended or supplemented from time to time.		
<b>Governing Law:</b>	New South Wales, Australia		
<b>Business Days:</b>	Sydney		
<b>Calculation Agent, Registrar, Issuing and Paying Agent:</b>	BTA Institutional Services Australia Limited (ABN 48 002 916 396)		
<b>Clearing System:</b>	<p>Austraclear</p> <p>Austraclear interests may in turn be cleared through Euroclear and Clearstream, via the bridge between Austraclear and these clearing systems</p>		
<b>Listing:</b>	Unlisted		
<b>Taxation:</b>	<p>It is the intention that the Notes will be issued in a manner which will seek to satisfy the “public offer” test under section 128F(3) of the Income Tax Assessment Act 1936 of Australia</p> <p>Please refer to the Information Memorandum for further information.</p>		
<b>Negative Pledge:</b>	Yes, refer Condition 4 ( <i>Negative Pledge</i> )		
<b>Cross Acceleration:</b>	Yes, refer Condition 10.1(c) ( <i>Cross acceleration</i> )		
<b>Redemption for Change of Control Put Event:</b>	<p>Applicable, refer Condition 7.5 (<i>Redemption for Change of Control Put Event</i>)</p> <p>For the purposes of Condition 7.5, the Change of Control Redemption Amount in respect of a Note will be 100% of the principal amount outstanding of the Note.</p>		
<b>Redemption for Tax Reasons:</b>	Applicable, refer to Condition 7.2 ( <i>Redemption for tax reasons</i> )		
<b>Repo Eligibility:</b>	It is intended that the Notes will be listed as eligible securities for Reserve Bank of Australia repurchase agreements.		
<b>Selling Restrictions:</b>	See ‘Subscription and Sale’ in the Information Memorandum as amended by the applicable Pricing Supplement.		
<b>U.S. Selling Restrictions:</b>	Regulation S Category 2; TEFRA Not Applicable		
<b>Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore Notification:</b>	The Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).		
<b>No PRIIPs KID/UK PRIIPs KID:</b>	No PRIIPs/UK PRIIPs key information document (KID) has been prepared as not available to retail in EEA or in the UK. 3		



*\* A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Credit ratings are for distribution only to a person: (a) who is not a Retail Client and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act; and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Term Sheet and anyone who receives this Term Sheet or any Information must not distribute it to any person who is not entitled to receive it.*

**Schedule 1 – Redemption at the Option of the Issuer (Issuer Call)**

**PART A**

- (a) For the purposes of Condition 7.3 (*Redemption at the Option of the Issuer (Issuer call)*), Optional Redemption Date means each Business Day after the Issue Date until (but excluding) the Maturity Date.
- (b) The Issuer may redeem any Notes:

- (i) on or after the date falling 1 month prior to the Maturity Date at a redemption amount equal to 100 per cent. of the nominal amount of the Note; or
- (ii) any time before the date falling 1 month prior to the Maturity Date at a redemption amount equal to the Make-Whole Amount (as defined below) in respect of the Note,

together in each case with any accrued and unpaid interest in respect of the Note to (but excluding) the Optional Redemption Date.

**Make-Whole Amount** means, in respect of a **Floating Rate Note**, an amount (as determined by the Financial Representative) equal to the greater of:

- (a) the outstanding principal amount of the Note; and
- (b) the amount determined by a reputable bank or financial adviser selected by the Issuer (the “Financial Representative”) to be the value of the Note being redeemed, using the Australian Financial Markets Association (AFMA) Pricing Formulae for floating rate notes assuming:
  - (i) the trading margin (TM) of the Notes over 3 month BBSW is [●]%; and
  - (ii) the interest margin (IM) over 3 month BBSW payable on the Notes is the Issue Margin to Benchmark. The Issuer will also pay accrued interest in accordance with Condition 7.3 (Redemption at the Option of the Issuer (Issuer Call))

**PART B**

- (a) For the purposes of Condition 7.3 (*Redemption at the Option of the Issuer (Issuer call)*), Optional Redemption Date means each Business Day after the Issue Date until (but excluding) the Maturity Date.
- (b) The Issuer may redeem any Notes:

- (i) on or after the date falling 1 month prior to the Maturity Date at a redemption amount equal to 100 per cent. of the nominal amount of the Note; or
- (ii) any time before the date falling 1 month prior to the Maturity Date at a redemption amount equal to the Make-Whole Amount (as defined below) in respect of the Note,

together in each case with any accrued and unpaid interest in respect of the Note to (but excluding) the Optional Redemption Date.

**Make-Whole Amount** means, in respect of a **Fixed Rate Note**, an amount (as determined by the Financial Representative) equal to the greater of:

- (a) 100 per cent. of the nominal amount of that Note; and
- (b) an amount determined by the Financial Representative to be the value of the Note being redeemed,

calculated in accordance with the Reserve Bank of Australia Bond formula for the settlement price for fixed income securities, where the annual coupon is equal to the Base Interest Rate as defined in Condition 5.1A and the yield which applies is the sum of [●]% per annum (being [20]% of the Issue Margin to Benchmark, rounded to the nearest 5 basis point) and:

- (i) the rate (expressed as a semi-quarterly rate) which is the average of the “bid” rate and the “ask” rate, in each case, calculated by ICAP Australia Pty Ltd (determined using linear interpolation as necessary, calculated by referencing the semi-annual rate adjusted for the 6 month 3 month basis (as applicable)) to the Maturity Date of the Notes as displayed on Bloomberg page ICAP<GO>, IAUS<GO>, 31<GO> or other electronic media at or around 10:00 am (Sydney time) three Business Days prior to the Optional Redemption Date; or
- (ii) if ICAP Australia Pty Ltd no longer calculates those rates (or if those rates are not displayed by Bloomberg), the rate determined by the Financial Representative to be appropriate having regard to market rates and sources then available.

For the purposes of the definition of Make-Whole Amount, **Financial Representative** means a financial institution authorised as an authorised deposit-taking institution in Australia under the Banking Act 1959 of Australia which has been appointed, from time to time, by the Issuer for the purposes of calculating the Make-Whole Amount and notified to the Issuing and Paying Agent.

## PART C

- (a) For the purposes of Condition 7.3 (*Redemption at the Option of the Issuer (Issuer call)*), Optional Redemption Date means each Business Day after the Issue Date until (but excluding) the Maturity Date.
- (b) The Issuer may redeem any Notes:

- (i) on or after the date falling 3 months prior to the Maturity Date at a redemption amount equal to 100 per cent. of the nominal amount of the Note; or
- (ii) any time before the date falling 3 months prior to the Maturity Date at a redemption amount equal to the Make-Whole Amount (as defined below) in respect of the Note,

together in each case with any accrued and unpaid interest in respect of the Note to (but excluding) the Optional Redemption Date.

**Make-Whole Amount** means, in respect of a **Fixed Rate Note**, an amount (as determined by the Financial Representative) equal to the greater of:

- (a) 100 per cent. of the nominal amount of that Note; and
- (b) an amount determined by the Financial Representative to be the value of the Note being redeemed, calculated in accordance with the Reserve Bank of Australia Bond formula for the settlement price for fixed income securities, where the annual coupon is equal to the Base Interest Rate as defined in Condition 5.1A and the yield which applies is the sum of [●]% per annum (being [20]% of the Issue Margin to Benchmark, rounded to the nearest 5 basis point) and:
  - (i) the rate (expressed as a semi-quarterly rate) which is the average of the “bid” rate and the “ask” rate, in each case, calculated by ICAP Australia Pty Ltd (determined using linear interpolation as necessary, calculated by referencing the semi-annual rate adjusted for the 6 month 3 month basis (as applicable)) to the Maturity Date of the Notes as displayed on Bloomberg page ICAP<GO>, IAUS<GO>, 31<GO> or other electronic media at or around 10:00 am (Sydney time) three Business Days prior to the Optional Redemption Date; or

- (ii) if ICAP Australia Pty Ltd no longer calculates those rates (or if those rates are not displayed by Bloomberg), the rate determined by the Financial Representative to be appropriate having regard to market rates and sources then available.

For the purposes of the definition of Make-Whole Amount, **Financial Representative** means a financial institution authorised as an authorised deposit-taking institution in Australia under the Banking Act 1959 of Australia which has been appointed, from time to time, by the Issuer for the purposes of calculating the Make-Whole Amount and notified to the Issuing and Paying Agent.

**Schedule 2 – Step-Up Rating Change Event**

For the purposes of the Notes only, a new Condition 5.1A shall apply as follows:

**Step-Up Rating Change Event**

- (a) The Rate of Interest payable on the Notes will be subject to adjustment if a Step-Up Rating Change Event (as defined below) occurs as follows.
  - (i) If in the Fixed Interest Period ending on the date immediately prior to an Interest Payment Date (the **Rating Determination Date**) a Step-Up Rating Change Event occurs, then the Rate of Interest shall be adjusted for the Fixed Interest Period commencing on the Interest Payment Date immediately following the Rating Determination Date and for each subsequent Fixed Interest Period thereafter, so that the Rate of Interest equals the Base Interest Rate (as defined below) plus an additional amount equal to the percentage per annum rate determined in accordance with the following table by reference to the credit rating assigned to the Notes by each Rating Agency as at the Rating Determination Date:

Rating (or equivalent)	BBB+or higher*	BBB*	BBB-*	BB+ or lower*
<b>Baa1 or higher**</b>	Not applicable	0.20% per annum	0.40% per annum	0.80% per annum
<b>Baa2**</b>	0.20% per annum	0.40% per annum	0.60% per annum	1.00% per annum
<b>Baa3**</b>	0.40% per annum	0.60% per annum	0.80% per annum	1.20% per annum
<b>Ba1 or lower**</b>	0.80% per annum	1.00% per annum	1.20% per annum	1.20% per annum

\* Fitch  
 \*\* Moody's

- (ii) If on the Rating Determination Date a credit rating is:
  - (A) assigned to the Notes by only one Rating Agency, any adjustment to the Rate of Interest necessitated by a Step-Up Rating Change Event shall be calculated as if the Rating Agency that has ceased to assign a credit rating to the Notes had assigned a credit rating to the Notes equal to the lower of (x) the credit rating actually assigned to the Notes by that Rating Agency most recently and (y) the credit rating that corresponds to the credit rating issued by the Rating Agency that has assigned a credit rating to the Notes;
  - (B) not assigned to the Notes by either Rating Agency, the Rate of Interest applicable to the Notes in respect of the Interest Period commencing on such Interest Payment Date shall be the Base Interest Rate plus 1.20 per cent. per annum;
  - (C) assigned to the Notes by more than 2 Rating Agencies, any adjustment to the Rate of Interest necessitated by a Step-Up Rating Change Event shall be calculated by reference to the two lowest credit ratings actually assigned to the Notes by those Rating Agencies at that time; or
  - (D) assigned to the Notes by any Rating Agency in addition to, or instead of, Moody's and/or Fitch, the ratings referred to in the table in paragraph (a)(i) above will be to the equivalent ratings from such other Rating Agency.



- (b) Notwithstanding any other provision of this Condition 5.1A, there shall be no adjustment in the Rate of Interest applicable to the Notes on the basis of any rating assigned to the Notes by any Rating Agency other than on a basis solicited by or on behalf of the Issuer even if at the relevant time such rating is the only rating then assigned to the Notes.
- (c) At no time during the term of the Notes will the Rate of Interest payable on the Notes be more than the Base Interest Rate plus 1.20 per cent. per annum.
- (d) The Issuer will cause the occurrence of a Step-Up Rating Change Event giving rise to an adjustment in the Rate of Interest payable on the Notes pursuant to this Condition 5.1A to be notified to the Agent and the Calculation Agent and notice thereof to be given to Noteholders in accordance with Condition 12 as soon as possible after the occurrence of the relevant event but in no event later than the fourth Business Day thereafter.
- (e) In this Condition 5.1A:

The terms **Change of Control**, **Fitch**, **Moody's**, **S&P** and **Rating Agency** will have the meaning given to them in Condition 7.5. Any other capitalised term used but not defined in this Condition 5.1A will have the meaning given to that term in the Conditions.

**Base Interest Rate** means the Rate of Interest payable on the Notes in respect of a Fixed Interest Period commencing on an Interest Payment Date as determined in accordance with Condition 5 without reference to this Condition 5.1A.

**Step-Up Investment Grade Rating** means in relation to the Notes:

- (i) BBB by Fitch (or its equivalent under any successor rating category of Fitch);
  - (ii) BBB by S&P (or its equivalent under any successor rating category of S&P);
  - (iii) Baa2 by Moody's (or its equivalent under any successor rating category of Moody's); or
  - (iv) an equivalent rating to either BBB or Baa2 by any other Rating Agency.
- (f) A **Step-Up Rating Change Event** occurs if, on the first date of the period (the **Step-Up Trigger Period**) commencing upon, the earlier of:
- (i) the occurrence of a Change of Control; and
  - (ii) the date of the first public announcement of any Change of Control (or pending Change of Control),

and ending 90 days following the occurrence of that Change of Control (as such Step-Up Trigger Period may be extended, as provided for below):

- (A) the Notes carry a rating from any Rating Agency and any such rating is, within the Step-Up Trigger Period, either downgraded to a Step-Up Investment Grade Rating or below or withdrawn and is not, within the Step-Up Trigger Period, subsequently (in the case of a downgrade) upgraded to a rating which is higher than a Step-Up Investment Grade Rating by such Rating Agency or replaced by a rating which is higher than the Step-Up Investment Grade Rating of another Rating Agency; and
- (B) in making any decision to withdraw or downgrade such rating pursuant to paragraph (A) above, the relevant Rating Agency has expressly stated that such decision was as a result of the occurrence of that Change of Control (or pending Change of Control).

Where any Rating Agency has publicly announced that it is considering a possible ratings change in respect of the Notes within the period ending 90 days following the occurrence of a Change of Control, the Step-Up Trigger Period will be extended for a period of not more than 60 days after the date of such public announcement.

Notwithstanding the foregoing, no Step-Up Rating Change Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually occurred.

### Schedule 3 - Additional Green Bond Disclosure

For the purposes of the Notes only, use of proceeds from the issuance of the Notes will be in accordance with the Sustainability Bond Framework dated June 2024 (the **Framework**). This schedule summarises the Framework to the extent it relates to the Notes, being green bonds. The Notes are subject to any additional terms set out in the applicable pricing supplement and this document. Terms defined in the Framework and not otherwise defined in the applicable pricing supplement shall have the same meaning when used in the applicable pricing supplement, except where the context otherwise requires.

#### The Sustainability Bond Framework

The following is a summary of the Framework.


The Notes will be issued in accordance with the Framework, which has been prepared in accordance and is aligned with the International Capital Markets Association (**ICMA**) Green Bond Principles (**GBP**), which are voluntary process guidelines accepted as one of the main guidelines for the issuance of green bonds in the capital markets globally.


The Framework outlines the Issuer’s processes relating to use of proceeds, process for project evaluation and selection, management of proceeds, reporting and external review. The Framework also describes the eligible green projects and eligible social projects which include assets, investments and other related and supporting expenditures (**Eligible Projects**).

#### (1) Use of proceeds

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

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

Eligible GBP Categories	Green Project Descriptions	Eligibility Criteria	UN Sustainable Development Goals Mapping
Energy efficiency	Deployment of Australia’s broadband network, using a more energy-efficient technology such as a fixed line fibre optic connection instead of legacy technology (i.e. copper), to lift the digital capability of Australia.	<p>Expenditure and investments related to improvements in energy efficiency of the NBN Co network technologies and infrastructure. To be eligible, NBN Co network technologies deployed must be significantly more energy efficient as measured by a kilowatt-hour per gigabyte of data (kWh/GB) unit when compared to legacy technology (i.e. copper).</p> <p>Example projects:</p> <ul style="list-style-type: none"> <li>• FTTP</li> <li>• HFC</li> <li>• Transit Network Infrastructure upgrades</li> </ul>	 <p>SDG 7.3: Expenditure and investments target improved energy efficiency of the NBN Co network</p>

Eligible GBP Categories	Green Project Descriptions	Eligibility Criteria	UN Sustainable Development Goals Mapping
			 <p>SDG 9.4: Expenditure and investments target improved energy efficiency of the NBN Co network</p>

The eligible categories under the GBP may be expanded over time. It is expected that, where required, the list of selected Eligible Green Projects will be dynamic and reflect the Issuer’s priorities. Given the long-term nature of the Issuer’s assets and given precedents established from comparable issuers, the Issuer has selected a 36-month look-back period prior to the Issue Date of the Notes when assessing existing eligible projects for refinancing.

**(2) Process for project evaluation and selection**

The process of project evaluation and selection will ensure that the net proceeds of the Notes issued under the Framework will meet the criteria set out in the Framework. This process and the Issuer’s broader approach to sustainability and sustainable finance is described below.

The Issuer’s sustainability and sustainable finance governance structure

The Issuer’s sustainability and sustainable finance governance authorities are summarised below.

The Board

In regards to sustainability, the role of the Issuer’s Board includes oversight and monitoring of the effectiveness of the Issuer’s sustainability governance, strategy and risk management and associated nonfinancial (sustainability) reporting and disclosure requirements.

Executive Committee (ExCo)

In regards to sustainability, the role of the Issuer’s ExCo is to provide management oversight and monitoring of the implementation of NBN Co’s sustainability approach.

Financing Committee

The Financing Committee is a Sub-Committee of the Board. Its role is to consider and approve all matters related to the Issuer’s debt raising programs, funding proposals and capital management strategy. This includes programs, proposals and strategies relating to sustainable finance transactions. The Financing Committee is not bound by advice or recommendations received from the Advisory Group (defined below) but will consider it appropriately in the context of the overall strategy and direction of the Issuer. The Financing Committee should inform the Advisory Group on the position or decisions taken in respect of the advice and/or recommendations received from the Advisory Group.

Sustainability Bond Advisory Group

The Issuer has formed a Sustainability Bond Advisory Group (**Advisory Group**) to carry out the evaluation and selection process. It considers and makes recommendations in respect of matters relating to green bonds, social bonds and sustainability bonds (**GSS Bonds**) in funding arrangements and debt capital markets.

The role of the Advisory Group is to consider and make recommendations to the Issuer’s Financing Committee in

respect of the following matters:

- the establishment of the Framework and where required, any updates, for the issuance of, and investment of proceeds from the Notes and each other GSS Bond;
- the identification of appropriate projects to be funded from proceeds of the Notes and each other GSS Bond; and
- the provision of annual reporting in respect of the Notes and each other GSS Bond and the Eligible Projects to investors.

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

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

The stages of the process by which the Issuer determines how its projects fit within the eligible categories identified above are outlined below.

- 1) Asset and project identification – The Advisory Group meets regularly and assesses Eligible Projects for each GSS Bond;
- 2) Eligibility review – Eligible Projects are reviewed for compliance with the criteria outlined in the Framework;
- 3) Approval – The Advisory Group approves projects against criteria outlined in the Framework and makes recommendations to the Financing Committee for final approval;
- 4) Reporting established – Reporting established on Eligible Projects and management of proceeds;
- 5) Pre-issuance assurance – The provider of the Second Party Opinion (defined below) or an external reviewer completes pre-issuance assurance, and the Advisory Group oversees engagement with the external reviewer to ensure the Note complies with the Framework;
- 6) Bond issuance; and
- 7) Annual assurance and reporting – The Issuer's sustainability bond report (the **Sustainability Bond Report**) is completed. Annual assurance procedures for selected impact metrics and certain compliance-related assertions are made in the Sustainability Bond Report.

### **(3) Management of proceeds**

#### *Sustainable Bonds Register*

The Issuer has established a sustainable bonds register (the **Sustainable Bonds Register**) to manage the net proceeds of the Notes and each other GSS Bond issued under the Framework. The proceeds of the Notes and each other GSS Bond will be allocated to one or more Eligible Projects and aligned with the eligibility criteria described in the Framework.

The Sustainable Bonds Register contains relevant information including:

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

The Issuer will regularly monitor and update the Sustainable Bonds Register as and when GSS Bonds are issued.

#### Internal governance process – tracking allocation of funds towards Eligible Green Projects

The proceeds of the Notes will be allocated to finance or re-finance Eligible Green Projects. This includes refinancing of existing debt which has been allocated to Eligible Green Projects subject to compliance with the eligibility criteria and exclusion criteria set out in the Framework. The aggregate pool of Eligible Projects will be recorded in the Sustainable Bonds Register.

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

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

#### Use of unallocated proceeds

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

### **(4) Reporting**

#### Sustainability Bond Report

For so long as the Notes remain outstanding, the Issuer will annually update and make the Sustainability Bond Report available on its website. The Sustainability Bond Report should not be deemed to be incorporated by reference into or form part of the Information Memorandum, the applicable pricing supplement or this document.

The Sustainability Bond Report will contain at least the following details:

- A list of all GSS Bonds, including the Notes, issued in the reporting period and outstanding at the reporting date and summary terms of each transaction;
- Use of proceeds for all GSS Bonds, including the Notes;
- Impact Reporting: where possible, qualitative and/or quantitative reporting of the environmental and social impacts (where relevant) resulting from the Eligible Projects, including any Eligible Green Projects. Subject to the nature of the Eligible Projects and availability of information, the Issuer will look to utilise the impact reporting guidelines issued by ICMA GBP guidelines as set out in the *Harmonized Framework for Impact Reporting*; and
- Confirmation that the use of proceeds of GSS Bonds, including the Notes, are in compliance with the Framework and any other requirements as applicable.

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

Eligible GBP Categories	Impact Metrics (sample)
Energy efficiency	<ul style="list-style-type: none"> <li>• Energy intensity – Measure of energy per unit of activity, using traffic data volumes (i.e. energy used per unit of activity)</li> <li>• Emissions intensity – Measure of emissions per unit of activity, using data traffic volumes (i.e. emissions per unit of activity)</li> </ul>

Documents Available

All reporting will be in line with the applicable market standards for GSS Bonds, such as the GBP.

The Framework is published on the website of the Issuer (<https://www.nbnco.com.au/corporate-information/about-nbn-co/debt-investor-information/debt-investor-overview#accordion-f2edadb9e2-item-9975104ddc>), as may be amended, supplemented, restated or otherwise updated on such website from time to time. The Framework is not incorporated into, and does not form part of, the Information Memorandum, the applicable pricing supplement or this document.

**(5) External review**

(a) Second Party Opinion

The Issuer engaged Sustainalytics to issue an opinion dated 26 June 2024 (the **Second Party Opinion**) to confirm the alignment of the Framework with the applicable GBP, social bond principles and the sustainability bond guidelines published by ICMA, and contribution towards the UN Sustainable Development Goals. The Second Party Opinion is intended to inform investors in general and is not intended for a specific investor.

The Second Party Opinion is published on the Issuer’s website (at <http://www.nbnco.com.au/debt-investor>) but is not incorporated into, and does not form part of, the Information Memorandum, the applicable pricing supplement or this document.

The Second Party Opinion will be updated in the future if any updates are made to the Framework and/or ICMA principles and any such updated opinion will be published on the Issuer’s website.

(b) Assurance Report

The Issuer will engage an appropriate external reviewer to provide an annual review and limited assurance (the **Assurance Report**) stating that the Framework continues to align with the applicable GBP and that the Notes remain in compliance with the Framework. The external reviewer will also provide limited assurance over the allocation of net proceeds from the Notes and selected impact indicators included in the Sustainability Bond Report.

Subject to any applicable consent and confidentiality requirements, the Assurance Report will be made available on the website of the Issuer.

Any Assurance Report published on the website of the Issuer should not be deemed to be incorporated by reference into or form part of the Information Memorandum, the applicable pricing supplement or this document.

**(6) No representation, guarantee or assurance**

The establishment of the Framework is not a recommendation to purchase, hold or sell any Notes. The Framework, the Second Party Opinion, Assurance Report and Sustainability Bond Report are not a substitute for financial and social due diligence and the obligation to conduct this due diligence remains with the investor as it does for other investments.

The use of net proceeds from the Notes to the Eligible Green Projects does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Notes or the Eligible Green Projects. The Issuer cannot and does not give any assurance in relation to the actual environmental or social impact of the Notes, the Eligible Projects as a whole or any of the Eligible Green Projects therein.

Payments of principal and interest in respect of the Notes are not linked to the credit or the performance of any Eligible Green Project in any way and investors in the Notes do not obtain any right or interest in any Eligible Green Project or the Eligible Projects as a whole.

The Framework, Second Party Opinion, Assurance Report and Sustainability Bond Report are, or will be, published on the website of the Issuer for information purposes only and are not and should not be deemed to be incorporated by reference into and do not form part of the Information Memorandum, the applicable pricing supplement or this document.

Any sustainability bond report, second party opinion or assurance report published on the website of the Issuer as at the date of the applicable pricing supplement in connection with any previous issuance by the Issuer of GSS Bonds are for information purposes only and should not be deemed to be incorporated by reference into and do not form part of the Information Memorandum, the applicable pricing supplement or this document.

No information contained in or accessible through any website referred to in this Schedule, is incorporated by reference into or forms part of the Information Memorandum, the applicable pricing supplement or this document.

The Joint Lead Managers have not undertaken, nor are they responsible for, any assessment or verification of any project, asset or other expenditure in the Eligible Green Projects and/or their impact, or any monitoring of the use of the net proceeds (or an amount equal thereto) of the Notes. Prospective investors in any Notes issued by Issuer as "green bonds" should make their own assessment of the Issuer's Framework. Prospective investors should note that the Framework may be amended by the Issuer from time to time.

Prospective investors in the Notes should have regard to the information in the "Use of Proceeds" section of this Schedule 2 regarding the use of the net proceeds of the Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer, the Joint Lead Managers or any other person that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change.

A basis for the determination of such "green" project definition has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the **Sustainable Finance Taxonomy Regulation** or Regulation (EU) 2020/852 as it forms part of domestic law in the UK by virtue of the EUWA) on the establishment of a framework to facilitate sustainable investment (the **EU Sustainable Finance Taxonomy**). The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the Sustainable Finance Taxonomy Regulation (including, for example, through Commission Delegated Regulation (EU) 2021/2139). Until the full technical screening criteria for the objectives of the EU Sustainable Finance Taxonomy have been finalised, it is not known whether the Issuer's



Framework will satisfy those criteria. Accordingly, alignment with the EU Sustainable Finance Taxonomy or any other sustainability framework is not certain.

No assurance or representation is or can be given whether the Notes will be compliant with, and the intended use of an amount equivalent to the net proceeds of the Notes, and any related reporting, assessments, opinions and/or certifications are not intended to align with, the Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the **European Green Bond Regulation**), Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27th November 2019 on sustainability-related disclosure in the financial services sector (the **SFDR**), and any delegated or other implementing regulations and guidelines, or any similar legislation in the UK. While most provisions of the European Green Bond Regulation will apply from 21 December 2024, certain provisions will apply earlier. The Notes are not issued with a view to complying with and are not expected to comply with the European Green Bond Regulation. The Notes are only intended to comply with the Issuer's Framework in relation to the proposed use of proceeds of the Notes and to the extent the Framework and the intended use of proceeds of, and any related reporting, assessments, opinions and/or certifications in respect of, the Notes are not aligned with the EU Sustainable Finance Taxonomy, the European Green Bond Regulation and/or the SFDR, this could have an impact on investor demand for, and the liquidity and market price of, the Notes.

No assurance or representation is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such "green" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects. In addition, the criteria for what constitutes an Eligible Green Project may be changed from time to time.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of the Notes and in particular with any Eligible Green Projects to fulfil any environmental, sustainability and/or other criteria. Any such report, assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of the Information Memorandum, the applicable pricing supplement or this document. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Joint Lead Managers or any other person to buy, sell or hold any of the Notes. Any such report, assessment, opinion or certification is only current as of the date it was issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in the Notes. Currently, the providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime.

While it is the intention of the Issuer to apply an amount equal to the net proceeds of the Notes and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in the applicable pricing supplement, there can be no assurance that the Issuer will be able to do this. Nor can there be any assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Project will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Investors should note that, without limitation, failure to comply with the Framework, allocate sufficient proceeds to Eligible Green Projects, track and manage the proceeds of issue, provide expected reporting, engage expected external reviewers, provide access to expected external reports or notify investors of changes may impact the value of an investment in the Notes, but will not constitute an Event of Default or other default or breach (however described) or otherwise permit redemption before the maturity date at the option of holders of Notes. The withdrawal of any report, assessment, opinion or certification as described above, or any such document attesting that the Issuer is not complying in whole or in part with any matters described in those documents, may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

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This Term Sheet was prepared using the information directly extracted from the information memorandum, offering circular or other disclosure document for the Notes and is not intended to be a complete statement or summary of the Notes, particularly with respect to the risk and special considerations associated with an investment in the Notes. This Term Sheet is subject to and must be read in conjunction with the terms and conditions of the Notes and the offering documents (including any pricing supplement, final terms or similar document relating to the Notes). ANZ does not undertake to update this Term Sheet.

This Term Sheet has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, and ANZ in no way provides any financial, legal, taxation, accounting or investment advice to you in connection with the Notes. Prior to making any decision in connection with the Notes recipients should consult with their own legal, regulatory, tax, business, investment, financial, accounting and other relevant advisers having regard to their particular circumstances, and make their own investment, hedging and trading decisions based upon their own judgement and upon advice from such advisers. ANZ, its related bodies corporate, subsidiaries and their respective directors, officers and employees are not acting as advisers to recipients and do not assume any duty of care in this respect.

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This Term Sheet is not intended to be a complete summary or statement of the Notes or the relevant transaction in connection with the Notes, particularly with respect to the risk and other considerations associated with an investment in the Notes. This Term Sheet is subject to and must be read in conjunction with the terms and conditions of the Notes and the offering documents (including any pricing supplement, final terms or similar document relating to the Notes). NAB does not make any representation or warranty, express or implied as to, nor assumes any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, or for any damages, claims, costs or losses (whether direct, indirect, consequential or otherwise) resulting from the use of or purported reliance on, any information contained in this Term Sheet or in any accompanying previous or subsequent material. The Note programme documentation prevails where there is any inconsistency. The information in this Term Sheet is indicative and is subject to change without notice.

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