



Bigger Picture
2018 Sustainability Report



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Sustainability at Telstra



Responsible business



Digital futures



Environmental solutions

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For more information about our sustainability approach and performance, as well as access to our FY18 data pack and additional downloads, please visit our reporting website at www.telstra.com/sustainability/report.

Message from our Chairman and CEO

There is no doubt Telstra, and the telecommunications industry globally, is operating in times of enormous challenge and change.

On one hand demand for our core products and services continues to grow and telecommunications networks have become some of the most important pieces of infrastructure in the world today. On the other hand, competition has never been more intense, our market dynamics are shifting rapidly, and customer expectations are changing.

These factors have influenced our performance this year and underpinned our decision to take bolder steps to transform the business through our new Telstra2022 (T22) strategy. We are determined to meet the challenges we face, and to continue to lead in the market, just as we have always done.

Telstra2022

Through T22 we aim to deliver simpler, more flexible products, eliminate customer pain points and create a great digital experience. We will maximise the value of our infrastructure assets, simplify our business and streamline our cost base for the future.

In making these changes we are acutely aware of the role we play in connecting all Australians. While we are leaving many aspects of our legacy behind, we remain committed to supporting our communities, regional Australians and to serving the needs of our vulnerable customers.

Our Sustainability Strategy is key to this and is focused on the issues that are most material for our business, the areas in which we have the expertise to make a meaningful impact, and where we see opportunities to use innovative, tech-based solutions to help address major societal challenges. We want everybody to thrive in a digital world and are focused on helping our customers - and society more broadly - to adapt to technological change and the opportunities it brings.

Responsible business

In an age where stakeholder trust in business is challenged, it is more important than ever that we manage our business responsibly. We remain committed to being transparent, ethical and accountable, wherever we operate. We are also committed to creating a strong, values-based culture.

The roll-out of T22 will create significant structural changes to our business. Regrettably, these changes will mean a net reduction of 8,000 employees and contractors over the next three years.

Recognising the impact these changes will have on employees, we announced two new programs this year. A Transitions Program for those leaving Telstra will provide enhanced outplacement support. For those remaining, Telstra will provide support to upskill and transition to new ways of working in a leaner and more agile organisation. To support these programs initial funding of up to \$50 million will be made available.

Digital futures

As digital technologies play an increasingly central role in our lives, there remains a significant gap between those who are connected and those who are not.

This year we helped around one million vulnerable customers to stay connected. We also reached more than 48,000 people through our digital literacy programs and enabled over 4,000 community focused organisations to provide digital learning opportunities.

We also continued to strengthen our network coverage across regional Australia, extending our mobile networks coverage to 99.5 per cent of the Australian population by switching on over 300 new base stations as part of the Federal Government's Mobile Black Spot Program.

Our two-year networks resiliency program has helped us to minimise the likelihood and impact of network disruptions. Since 2016 we have achieved a 60 per cent reduction in the number of lost service hours on our mobile network.

While every effort is made to avoid disruptions disappointingly this year we experienced a number of network issues during May 2018 that impacted our customers and the broader community. The most significant of these was a fibre cut caused by a fire, which triggered a disruption to Triple Zero emergency services. We take our responsibility to connect people very seriously, particularly to Triple Zero services, and sincerely apologise for the impact this caused.

Environmental solutions

We are committed to managing our environmental impacts and helping our customers and communities to do the same.

This year we launched a new environment strategy focused on embracing innovation

and technology to help address environmental challenges. This strategy goes beyond simply managing our own environmental footprint by encouraging innovation in digital products and services, such as smart farming and cloud technologies, to create environmental solutions.

In terms of operational efficiency, this year we achieved a 24 per cent reduction in our carbon emissions intensity and collected 23.7 tonnes of customer mobile phones and accessories for recycling.

Transforming Telstra

While T22 represents a bold new strategy for Telstra, we remain committed to the core values that drive our business. To underscore that we remain a proud supporter of the United Nations Sustainable Development Goals (SDG's) and have continued to make progress against our SDG commitments this year. We are also a signatory to the United Nations Global Compact and remain committed to supporting its principles – on human rights, labour rights, environment and anti-corruption – wherever we operate.

We hope you enjoy reading our Bigger Picture 2018 Sustainability Report and welcome your feedback.



Andrew R Penn
CEO and
Managing Director

John P Mullen
Chairman

FY18 highlights

\$29,042m¹

Total income

\$3,529m

Net profit after tax

Episode Net Promoter Score up

5 points

from last year

31%

female representation across
Telstra Corporation Limited

74%

sustainable engagement
score achieved



24%

reduction in our emissions intensity
from a baseline year of FY17



\$130m

of value provided through our social
and community investment programs



Around 1m

vulnerable customers
helped to stay connected



48,000+

people reached through
our digital literacy programs



3,871

tonnes of e-waste collected
with a recycling rate of 99.9%



6,952

volunteering days undertaken
in the community

¹On a reported and guidance basis. Excludes finance income.

About Telstra

Telstra is Australia's leading tele-communications and technology company.

Our world-leading networks cover 99.5 per cent of the Australian population, and we facilitate over 2,000 network points of presence in more than 200 countries and territories around the world.

We have a diverse range of customers including consumers, small business, large enterprises and government organisations.

We bring innovative and intuitive products and services to market, and offer a broad suite of media, content and connectivity options in Australia, as well as connectivity and enterprise services globally.

For more information about our business structure and strategy, please refer to our [2018 Annual Report](#).



One of Australia's largest shareholder bases, with around
1.3 million shareholders



Around
350
Telstra Retail Stores



and
70
Business Centres



4.9 million
retail fixed voice services



3.6 million
retail fixed data services



17.7 million
domestic retail mobile services



50 million
voice calls, and



2 petabytes
of data are carried over our mobile network each day



More than
400,000km
of subsea cable



facilitating over
2,000
network points of presence across the globe



Mobile networks covering
99.5%
of Australia's population

Our changing world

Technological disruption is fundamentally changing the way the world works. Today's businesses, governments and consumers are creating and responding to shifts that would have seemed unimaginable even a few years ago. Telstra's products and services play a central role in the daily lives of millions of people, and technologies such as ultrafast 4GX mobile, fibre-optic networks, cloud computing, and the Internet of Things (IoT) are transforming markets and redefining the future of work.

Most people today have access to more content and information at the touch of a button than previous generations did in a lifetime. The pace of change and innovation is having a transformative effect. While technology is revolutionising access to education, healthcare and financial services for millions of people, it is also raising important questions about consumer privacy, the ethical implications of emerging technologies and the future of work. These questions make it more important than ever that we deliver our products and services responsibly, and champion their responsible use. As a leading telecommunications and technology company, we have a particular responsibility to help bridge the digital divide.

Increasing stakeholder expectations, coupled with a declining trust in business means the relationship between business and society is changing.

Our operations and workforce are also fundamentally changing as a result of new technologies and business processes. Customer expectations continue to grow and diversify in line with technological advances, and rapid changes in IT systems, data access and privacy regulation are all creating a more challenging market.

Competitive dynamics are also shifting among Australia's mobile network operators, and with international competitors entering the market to provide services including data, IP and network-attached storage. The rollout of the **nbn™**¹ is further altering our place in Australia's fixed service market, where we are moving from being a network operator to one of many retailers competing in a lower-margin environment.

While these multifaceted challenges undoubtedly provide a more complex operating environment, they also underscore our unique advantage as Australia's leading telecommunications provider. We are committed to leading the market in this period of transition, and creating a sustainable platform for growth with the roll-out of



our T22 strategy. We are well positioned to leverage our strong brand and reputation, a growing domestic and international customer base, world-leading networks, and cutting-edge technologies to help us to achieve our purpose to create a brilliant connected future for everyone@².

For more information on our T22 strategy, please refer to our [2018 Annual Report](#).

¹ nbn™, nbn co and other nbn™ logos and brands are trade marks of nbn co limited and used under licence.

² Registered Trade mark of Telstra Corporation Limited

Our customers

We are in an environment of constant technological change, innovation, disruption and competition. Delivering a brilliant customer experience that adapts with this change is our number one priority.

Our customers want to be able to access the best products and services wherever, whenever and however they like. To achieve this, we are investing in our world leading networks, digitising our systems and processes, and bringing innovative and intuitive products and services to market.

We have made progress, but we have more work to do. That is why in June we announced we will radically simplify our product offerings, eliminate customer pain points and create seamless, all-digital experiences as part of our T22 strategy.

T22 will see a fundamental change to the way we bring products and services to market and provide customers with support. Leveraging our investment in digitisation, we will simplify our products by retiring more than 1,800 consumer and small business plans and replacing them with 20 core plans. These plans will provide customers with cost certainty and be supported by an effortless digital service experience. Rollout will begin in FY19, and all customers will be moved to our new product range by 30 June 2021.



Giving our customers more

This year, we introduced our first smartphone plan with no excess data charges, giving customers the freedom to use their smartphones without having to worry about paying for exceeding their data limits. This plan provides 40GB of data at uncapped speeds, followed by peace of mind data capped at 1.5Mbps for the remainder of the month. To mark the launch of our T22 strategy, we also introduced peace of mind data across a range of new post-paid plans in July this year.

Over the past year, customers on our fixed network increased their data use by around 40 per cent. To help meet this increased demand for data, we at least doubled existing plan allowances, and introduced unlimited data for new and existing customers on our \$99 and above monthly plans. Small business broadband customers on \$99 and above plans were also upgraded to unlimited data.

Making it easier to connect to the nbn

As the nbn continues to roll-out around Australia our customers are making the switch, and we understand the process is not always easy. To help address our customers' concerns regarding their nbn service, and to make the transition as easy as possible, we have introduced a number of new initiatives this year, including:

- The launch of the nbn Satisfaction Guarantee, where customers can cancel their service within 30 days of connection if they are not completely satisfied, free of fees and charges
- Issuing a Telstra Smart Modem™ to all new customers, most customers migrating to the nbn and all customers moving home. The modem includes a mobile back-up so customers can get connected via the mobile network while they wait for their fixed service to be activated. It also switches to the mobile network if there's an interruption to their fixed service. We also launched a Telstra Smart Modem for small business
- Providing faster internet at no extra cost to almost one million Telstra home and small business customers
- Supporting nbn co's launch of Fibre to the Curb (FTTC) and helping our customers to connect to the network simply and quickly, we developed an intuitive FTTC self-install kit.

The improvements we have made to our nbn customer experience have had a positive impact for our customers. While the number of nbn related complaints to the TIO increased by more than forty per cent this year, our ratio of nbn complaints to nbn services in operation improved significantly, from 8.8 complaints per 10,000 services in operation in June 2017 to 3.5 in June 2018.

For a more detailed overview of TIO complaints, please see the [Product responsibility](#) section of this report.



Our customers

Australia's best mobile network

In this digital age, our customers are more reliant than ever before on the breadth, speed and reliability of our network. We are investing billions of dollars each year to deliver the best networks in Australia with the largest coverage footprint and faster speeds in more places.

For more information on our network investments and performance, including our recent network outages and impact on Triple Zero emergency calls, see the [Networks](#) section of this report.

Providing help whenever it is needed

We are committed to making it easier and more efficient for our customers to get the help they need, when they need it, through whichever platform suits them best.

This year we continued to improve the connection and service experience for our customers – focusing on getting things right first time, eliminating customer pain points, and creating a customer-centric culture. These initiatives have made an impact. Along with achieving a seven point increase in Episode NPS this year for our Consumer and Small Business customers, we saw a 15 per cent decrease in inbound calls to our Global Contact Centre, the largest single year reduction we have seen in the past four years.

We have also launched Concierge Tech Support for our small business customers, a service initiative that provides them with a dedicated agent, committed to resolving their enquiries. Since its launch, Concierge Tech Support has delivered a 20 point improvement on our Episode NPS results for Small Business nbn and Telstra Business Broadband customers.

Creating brilliant digital experiences

We are working to improve the digital experience for our customers. We are investing approximately one billion dollars in accelerating the digitisation of our business, creating a suite of intuitive digital platforms, products and services that are making it quicker and easier to engage with us. As part of this investment, we made several improvements to our customers' digital experience this year:

- We launched a Virtual Assistant, Codi, to respond to customer queries within our live chat channel. Codi resolved 24 per cent of all customer queries it is trained to respond to this year, helping to reduce contact centre call volumes and free up our online service team to focus on more complex enquiries
- We improved the look and feel of our Telstra 24X7^{®1} App. Four million Telstra customers use the App to manage their accounts and services, and 91 per cent of queries raised through the App are resolved without further escalation

- We launched Promise, a cloud based management system that provides our scheduling teams and field staff with improved planning systems, appointment bookings, work optimisation, and scheduling and dispatch capabilities. Promise is improving lead times for our services, and giving our field team greater flexibility to respond to customer requests on the go
- We introduced a two-way SMS service to manage appointment times and help customers keep in contact when having a complaint resolved
- We made changes to our Next Available Connection process, which provides customers with the earliest possible connection date for a service, or the option to request a date that better suits them. This has reduced the average amount of time it takes to connect a service by two days.

This year we also built a new technology stack for mid-sized business and Enterprise customers. The stack will enable us to simplify our product offering, and migrate customers to a new product suite over the next three years. As part of this project we launched the first iteration of the Telstra Connect App. The app is now being used by more than 20 Enterprise customers to log and track the progress of incidents. We are also redesigning our Enterprise service model to ensure our customers receive a consistent, high-quality experience.

Customer advocacy

We measure customer experience using the Net Promoter Score (NPS) system. NPS enables us to measure our customers' experiences and respond to their feedback. We measure NPS in two ways: Strategic NPS and Episode NPS. Strategic NPS is a measure that obtains customer feedback on their overall perceptions of and experiences with Telstra, and is relative to experiences they have with other organisations including competitors. Episode NPS directly measures feedback from customers in relation to a specific service experience our customers have with Telstra, such as moving home or connecting a service.

In a year of transformation and considerable change, our Strategic NPS remained steady, yet fell short of our FY18 improvement target. Our Episode NPS delivered a positive result, up five points this year, exceeding our FY18 target.

Product responsibility

It is important that we provide our customers with services they can trust, and products that are safe and easy to understand. For information about our approach to product responsibility, including agreements reached this year with the Australian Competition and Consumer Commission regarding product marketing, see the [Product responsibility](#) section of this report.

¹ ® Registered Trade mark of Telstra Corporation Limited

Contributing to the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) comprise 17 goals and 169 targets aimed at addressing the world's most significant development challenges. Working with government and civil society, businesses have an important role to play in achieving these goals.

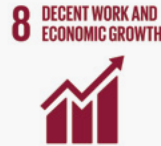
At Telstra, our purpose is to create a brilliant connected future for everyone®, and we see technology as an enabler of action on the SDGs. This is reflected in the focus of our Sustainability Strategy.

Our strategy is aimed at helping people to thrive in a digital world. It includes initiatives and targets to address our impacts and opportunities in relation to the four priority SDGs listed below. Our SDG priorities reflect the areas we believe Telstra is best placed to contribute to, given our role as a major Australian employer and a leading telecommunications and technology company.

For more information on how our SDG priorities are reflected in our Sustainability Strategy, our FY18 performance highlights, and the stages across our value chain where we can make the greatest impact, please see our reporting website at www.telstra.com/sustainability/report.



We are committed to achieving gender equality at Telstra and have implemented a range of policies, programs and engagement initiatives to help us achieve this goal. Telstra is also a signatory to the UN Women's Empowerment Principles.



We are committed to creating a workplace where all our people can thrive. Our approach focuses on living our values, sustainable engagement and building capability. We strive to build a diverse and inclusive workforce that reflects our customers and the countries in which we operate. We also help build STEAM (Science, Technology, Engineering, the Arts and Mathematics) capability in future generations of digital innovators and problem solvers.



We believe that the more connected people are, the more opportunities they have. We are making significant investments in our network infrastructure to extend our coverage across rural and regional Australia, improve network resilience, and ensure we are able to meet the rising demand for data and content, while also minimising our environmental impacts. We also help around one million vulnerable customers each year to stay connected, and help our communities to build digital skills and capabilities, through our Everyone Connected programs.



We believe businesses, and technology companies in particular, have a critical role to play in assisting our customers, and society more generally, to move towards a low carbon future and become more resilient to a changing climate. We continue to reduce our emissions intensity across our business and work with our customers to develop communications and technology solutions that help them reduce their own environmental impacts.

2016

We undertook an assessment to determine which SDGs best reflect our business context and strategy, our ICT capabilities, as well as our key risks and impacts across our value chain. We identified four priority SDGs for Telstra to contribute towards.

2017

We developed and launched our Sustainability Strategy, incorporating initiatives and targets linked to our four priority SDGs.

2018

First year of reporting on our progress against our Strategy targets. For more information on how these targets align to our four priority SDGs, see our FY18 performance table on page 10.

Our sustainability approach

Thriving in a digital world

In an increasingly inter-connected world, digital technology is disrupting traditional operating models and helping society to respond to major issues in a more agile and scalable way – from managing the impacts of climate change to making healthcare and education more universally accessible. As a large telecommunications and technology company, Telstra has a role to play in helping our customers and society adapt to technological change and the opportunities it brings. We want everyone to thrive in a digital world.

Our Sustainability Strategy (Strategy) reflects our most material topics, our SDG priorities, the areas in which we have the expertise to make a meaningful impact, and where we see opportunities to use innovative, tech-based solutions to help address major societal challenges and opportunities.

The Strategy was developed in consultation with key stakeholders, both internal and external, and represents a more holistic approach to sustainability that is informed by, and integrated with our core business activities. Launched in FY17, the Strategy includes three pillars:

Responsible business:

We will be a sustainable, globally trusted company that people want to work for and with.

Digital futures:

We will foster strong, inclusive communities that are empowered to thrive in a digital world.

Environmental solutions:

We will use technology to address environmental challenges and help our suppliers, customers and communities do the same.

For a comprehensive overview of our approach and progress in relation to each of these three strategic pillars, please refer to their corresponding chapters throughout this report. A high level overview of the key elements of each pillar, as well as how we are progressing against our targets can be found overleaf.

Sustainability governance

The Telstra Board is responsible for overseeing, and monitoring the effectiveness of, our Sustainability Strategy and policies. The Board receives updates on Telstra's sustainability progress twice a year, with further updates provided as appropriate or required during the year. The Board also approves our annual Modern Slavery Act Statement, and plays a role in identifying our list of material sustainability topics, which in turn informs our program development and annual reporting.

The Chief Sustainability Office (CSO) is responsible for championing and embedding sustainability principles across Telstra, managing the risks and opportunities related

to current and emerging sustainability issues, and working with the business to deliver social and environmental programs and outcomes for our customers and communities.

The CSO also oversees the implementation of the Sustainability Strategy, working closely with the business to ensure key targets and performance indicators are met.

Our sustainability approach is supported by a number of Telstra Group policies, including

the Telstra Group Code of Conduct, and our Diversity and Inclusion, Health and Safety, Privacy, Human Rights, Environment and Disability Services policies. The [Supplier Code of Conduct](#) sets out our expectations of business partners and suppliers.

For more information regarding our governance of climate-related risks and opportunities, see the [Climate change and energy](#) section of this report.



FY18 performance

Strategic focus area	2020 target	SDG priority	Progress	More info
Responsible business				
Ethics and governance Being ethical, responsible and transparent in how we do business	100 per cent completion of our new enterprise-wide values-based conduct training	Goal 8	Rolled out updated business-wide ethics and compliance training, which was completed by 88% of Telstra Group employees and contractors.	See page 17
Culture and capabilities Creating a world-class workplace where our people can thrive	Achieve a sustainable engagement score that is in line with the global high performing norm by 2022 ¹	Goal 5 ² Goal 8	Achieved a sustainable engagement score of 74 per cent, up three per cent from FY17	See page 29
Digital futures				
Networks Delivering leading telecommunications networks	Achieve commercial deployment of 5G in all major cities and high demand regional centres ³	Goal 9	Conducted a number of Australian and world-first 5G trials	See page 40
Everyone Connected⁴ Ensuring everyone can enjoy the benefits of being connected	Provide tailored support, products and services to enable 1.5 million people to connect or thrive online	Goal 9	Helped around one million vulnerable customers to stay connected	See page 43
Tech for good Using the power of technology to enable all young people to thrive	Invest \$18 million over three years in Telstra Foundation funded initiatives designed to support young people to thrive in a digital world	Goal 8 Goal 9	Invested \$6 million in Telstra Foundation funded initiatives to help young people to thrive in a digital world	See page 52
Environmental solutions				
Climate change and energy Mitigating climate change impacts and helping our customers and communities to do the same	Reduce carbon emissions intensity (tCO ₂ e per petabyte) by 50 per cent by 2020, from a baseline year of FY17	Goal 13	Reduced carbon emissions intensity (tCO ₂ e per petabyte) by 24 per cent, from a baseline year of FY17	See page 59
Environment and resource efficiency Using resources efficiently and minimising environmental impacts across our value chain	Reuse or recycle 60 tonnes of mobile phones and accessories over the next three years	Goal 9	Collected 23.7 tonnes of mobile phones and accessories for reuse or recycling	See page 64

¹ The timeline for achieving this target has been restated in FY18. Our original aim was to achieve a sustainable engagement score that is in line with the global high performing norm by 2020. This timeline has been extended due to the introduction of our T22 strategy, which will involve significant amounts of change for the organisation. As the global high performing norm changes year-on-year, we cannot provide an absolute target for 2022. The global high performing norm for FY18 was 84 per cent.

² For further targets relating to Goal 5 please see [Telstra's 2018 Corporate Governance Statement](#)

³ This target has been restated in FY18. Our previous target was 'to extend 4G coverage towards 99.4 per cent of the Australian population by 2020'. While we continued our progress towards this target in FY18, we have increased our level of ambition in relation to network performance and innovation. Our new 5G target reflects our aim to extend our network leadership as a core enabler of our T22 strategy, and is subject to acquisition of required spectrum (and 5G compatible devices being available).

⁴ This target comprises our efforts to support vulnerable customers (including programs such as our Access for Everyone program, the Disability Equipment program, etc); our digital literacy capability programs (including programs such as our Tech Savvy Seniors, Digital Ambassador, Cyber safety training, downloads, etc) and our Telstra Foundation programs (including programs such as Code Club, IDX, e-smart libraries, etc).

Material topics

Each year we conduct a materiality assessment to ensure we are responding to the issues, risks and opportunities that have the greatest impact on our business, stakeholders and society.

We undertake our assessment in accordance with the Global Reporting Initiative (GRI) Reporting Standards (GRI Standards). We identify topics by reviewing a broad range of primary and secondary sources, including direct stakeholder engagement and feedback. This year we increased the scope of our direct engagement by reaching out to 80 of our key community stakeholders, as well as over 40 ESG and institutional investment analysts to get their view of our most material sustainability topics. We also surveyed 2,500 Telstra employees, along with the Telstra Executive Leadership Group and Telstra Board to get an internal view of the key topics on the horizon for Telstra and our industry more broadly.

Each year we consider materiality in the context of emerging global trends, the UN Sustainable Development Goals and our overall corporate context. We prioritise topics according to their impact on our stakeholders, the communities in which we operate, and our ability to influence or address related impacts. They inform our sustainability agenda and programs, as well as our reporting.

This year, our most material topics remain largely unchanged. Key shifts include an increase in media and investor interest regarding corporate taxation; increasing stakeholder concerns regarding the social

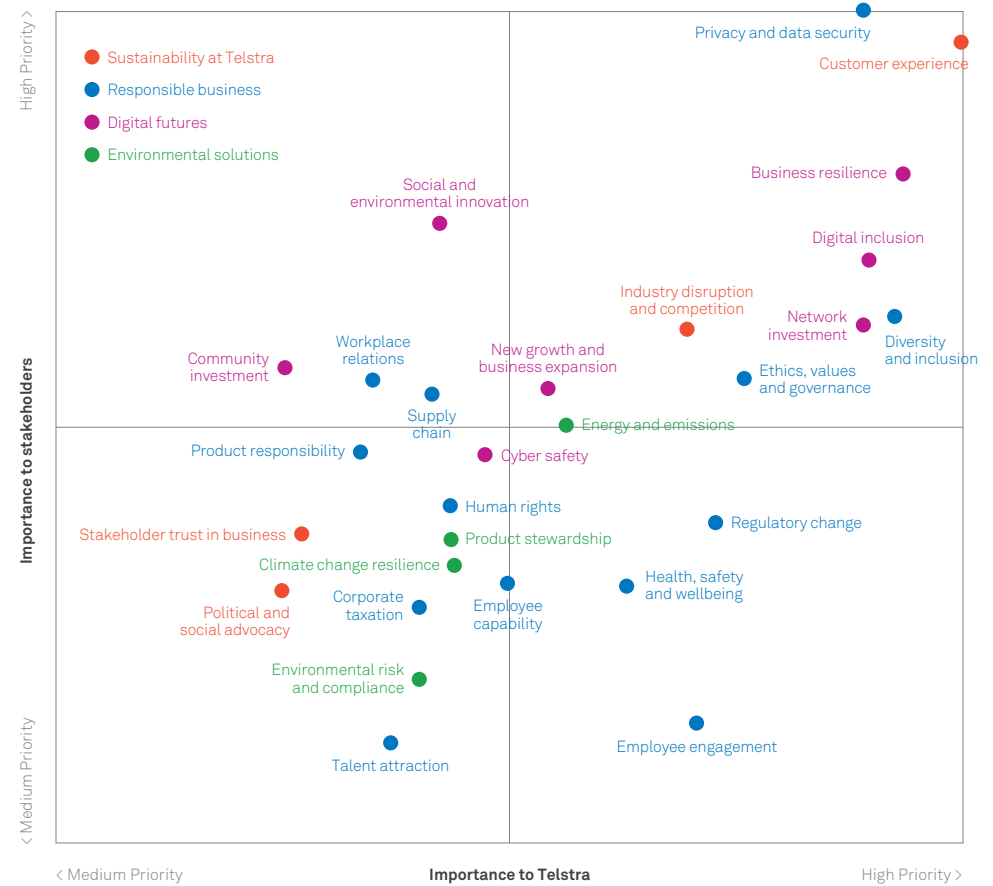
and environmental impacts of technology, including on the future of work; and increasing stakeholder interest in corporate responsibility, including product responsibility – driven by a global decline in trust in business, and heightened expectations of companies to profit responsibly.

Our annual assessment represents the materiality of topics at a point in time. The impact of subsequent events, such as the announcement of our T22 strategy, is not reflected in the placement of topics in the matrix, but is detailed throughout this report.

All high and medium priority topics identified are included in our reporting and are listed in the following matrix. Detailed information on these topics, as well as how we are managing them, can be found throughout this Bigger Picture 2018 Sustainability Report. Where applicable, more information may also be found within our [2018 Annual Report](#).

For definitions of our material topics, please see our Report Glossary, available in the data and downloads section of our reporting website. For more information on how we have measured Telstra's impact in relation to each of these topics, please also see our reporting website at www.telstra.com/sustainability/report.

Our materiality assessment has also highlighted a number of emerging topics with the potential to become more significant over time. We continue to monitor the trajectory of these topics and ensure we are managing any related impacts and opportunities.



Only our medium and high priority topics are reflected in the matrix above, and in our reporting. We continue to monitor the trajectory of emerging and low priority topics and ensure we are managing any related impacts and opportunities.

Managing material impacts across our value chain

Telstra's influence extends beyond our own operations and as a result, so do our economic, social and environmental impacts. We therefore hold a broad view of how we create value for our business and stakeholders. In accordance with the GRI Standards, the infographic below identifies the key stages of Telstra's value chain, including our supply chain, our direct operations, our customers and communities, and product end of life.

As part of our annual materiality process, we determine where along our value chain each of our material topics are of greatest impact. An overview of our impacts across our value chain can be found in the GRI and UNGC Index of this report, which is available on the data and downloads page of our reporting website at www.telstra.com/sustainability/report.

For an interactive view of the key stages and structure of our value chain, including our key stakeholders, SDG priority targets and material topics, please refer to the Value Chain page of our reporting website at www.telstra.com/sustainability/report.



Stakeholder engagement

Stakeholder engagement is the foundation of our approach to sustainability. We consider our stakeholders to be any group or individual who influences or is impacted by our business. We regularly engage with our key stakeholder groups to ensure we understand their expectations of us, and respond to their varied interests and concerns.

We want our stakeholders to be advocates for Telstra, and are focused on developing meaningful relationships through regular engagement and dialogue. This helps us to keep abreast of evolving social and environmental expectations, and to use stakeholder insights to develop targeted products, services and programs, and ultimately improve our customers' experience.

Our approach to stakeholder engagement is guided by the Telstra values. Our engagement takes many forms, including face-to-face interactions, surveys and market research. We are active in industry groups, participate in industry networks and forums, and have teams across the company that manage relationships with specific stakeholder groups.

We aim to build stakeholder trust by being transparent, responsive and accountable. The following table includes a list of our key stakeholder groups. For information on how we engage with our stakeholders, and their key areas of interest, please see the GRI Index to this report, available at www.telstra.com/sustainability/report.

Telstra is a signatory to, or participant in the following voluntary sustainability initiatives

- Australian Packaging Covenant
- CDP (formerly Carbon Disclosure Project)
- FTSE4Good
- Global e-Sustainability Initiative
- Global Reporting Initiative
- Joint Audit Cooperation
- MobileMuster
- Supply Nation
- Sustainable Development Goals
- Telco Together Foundation
- Transparency International Australia
- United Nations Global Compact (UNGC)

Our stakeholders

Customers

Our customers are residential consumers, small to medium enterprises, large companies and organisations, as well as government.

Communities

We engage with our communities wherever we operate, including non-profit organisations and program partners, as well as community groups and individuals local to our operations.

Employees

Our workforce is large and diverse – we have more than 32,000 employees located in over 20 countries.

Government

We engage with government ministers and staff at local, state and federal levels in Australia, and internationally.

Industry

We regularly engage with our sector peers and competitors, as well as ICT and telecommunications specific associations.

Our stakeholders

Shareholders and investment community

Our investment community comprises institutional investors, buy and sell-side analysts, as well as around 1.3 million shareholders, some of whom invest with social and environmental preferences.

Media

We regularly engage with representatives from print, radio, TV, social and online media at a local, national and international level.

Unions

We work closely with the relevant employee trade unions including Community and Public Sector Union, Communications Electrical and Plumbing Union and Professionals Australia.

Suppliers

We engage with more than 6,000 suppliers, located across 45 countries around the world.

Regulators

We work closely with industry regulators in all our markets.

About this report

Our reporting

Our 2018 Annual Reporting Suite comprises this Bigger Picture Sustainability Report, the Telstra Annual Report, and our [2018 Corporate Governance Statement](#). All of these documents are available to download via our sustainability reporting website, at www.telstra.com/sustainability/report. Our reporting website features infographics, videos and performance highlights tables that detail our FY18 performance, more information regarding our impacts across our value chain, and a number of documents to download – such as detailed data tables, our FY18 Assurance Statement, report Glossary and GRI & United Nations Global Compact (UNGC) Index.

The structure of our Bigger Picture 2018 Sustainability Report is aligned to the three pillars and corresponding focus areas of our Sustainability Strategy. Material topics identified through our materiality assessment have been aligned to these areas where relevant. Some topics represent global challenges, such as responding to the threat of climate change and respecting human rights. Others are key challenges for our industry, such as protecting our customers' privacy and data security, and ensuring all vulnerable customers can access the benefits enabled by modern communications technologies.

For each topic we have provided an overview of our approach and progress across the reporting period, including our performance

against set targets, with the aim of providing readers with a clear view of how we are addressing our most material impacts.

Reporting standards

Our sustainability reporting is prepared in accordance with the Core Global Reporting Initiative (GRI) Reporting Standards (GRI Standards); the UNGC Communication on Progress and AccountAbility's AA1000 Principles Standard 2008.

The GRI topics and disclosures we have reported on throughout this report and on our website have been determined through our materiality process. The GRI Content Index accompanying this report contains a full list of disclosures, including their internal and external boundaries and scope, and their alignment with the UNGC and the UN Sustainable Development Goals.

In instances where aspect boundaries extend beyond the scope of our reporting, we are working to increase our disclosures.

Reporting scope

Our sustainability reporting covers the financial year 1 July 2017 to 30 June 2018 (FY18) for Telstra Corporation Limited, unless otherwise stated.

We are working to extend our data collection to include our international operations, with a view to broadening the overall scope of our reporting over time. Wherever possible and relevant under the GRI Standards we have extended the scope of this report to include



our operations across the Telstra Group, as well as a discussion of any broader impacts across our value chain.

Information regarding the controlled entities in the Telstra Group can be found on our [website](#).

Assurance

Ernst & Young (EY) provides limited assurance in accordance with ISAE 3000 over a selection of performance disclosures in our Bigger Picture 2018 Sustainability Report. From FY18-FY20 these performance disclosures will align with the targets set in our Sustainability Strategy.

Additionally, we obtained limited assurance over our application of the principle of materiality, as outlined in the GRI Reporting Standards.

This provides readers with comfort that we have identified our material topics and reported on them.

We also obtain reasonable assurance in accordance with ASAE 3000 and 3410 assurance standards over greenhouse and energy performance information as disclosed each year over the greenhouse and energy metrics that form part of our regulatory National Greenhouse and Energy Reporting (NGER).

For an overview of the metrics that underwent assurance this year, please see EY's Assurance Statement, available via our reporting website, at www.telstra.com/sustainability/report.

Responsible business



Ethics and governance

The way we do business is important to us. We are committed to acting responsibly and being transparent and accountable, wherever we operate. The social, economic and environmental expectations placed on us continue to evolve as the world in which we operate changes. While technological innovation and digital disruption have opened up new opportunities, they have also highlighted our need to be transparent and accountable with emerging concerns such as how customer information is generated, stored, used and shared via our products and services.

We recognise that the long-term success of our company depends on how we respond to changing expectations; not just within our own operations but into our supply chain and relationships with our business partners.

Highlights



New global

ethics and compliance training rolled out, in line with 2020 Target



\$1.5 billion

paid in Australian income tax



400 websites

pro-actively scanned by cyber security every month for new vulnerabilities



800 specialists

in procurement and purchasing trained in supplier risk assessment



\$2 million

in goods and services purchased from Indigenous suppliers

Ethics, values and governance

Approach

Telstra is committed to excellence in corporate governance, accountability and ethical behaviour in all countries in which we operate. We believe in creating and promoting a strong, values-based culture and maintaining transparency in our activities. Above all, we recognise that long-term success depends largely on how we do business.

Across our operations, we promote a fair and equitable culture through our Code of Conduct, mandatory compliance training, and support and incentives for employees who demonstrate our values. We have strict guidelines to help employees pursue high ethical standards, avoid corruption and bribes, and speak out if they have any concerns about improper behaviour.

Progress

In pursuit of our vision and purpose

Our purpose is to create a brilliant connected future for everyone. Our Telstra Values, together with our Telstra Group Code of Conduct and policy framework, define the standards of behaviour we expect of each other as we deliver on our purpose and achieve our strategy.

Living our values¹

Show you care

Better together

Trust each other to deliver

Make the complex simple

Find your courage

Our values describe who we are and what we stand for; they should shape our decisions and actions and guide how we work together. In FY18 we continued to focus on bringing our values to life in everything we do and continued to encourage our people to recognise others who were doing this.

Governance at Telstra

We are committed to excellence in corporate governance, transparency and accountability. This is essential for the long term performance and sustainability of our company, and to protect and enhance the interests of our shareholders and other stakeholders.

We comply with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). We regularly review our governance



arrangements, to reflect developments in market practice, expectations and regulation as appropriate.

Our governance framework plays an integral role in supporting our business and helping us deliver on our strategy. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed.

It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behaviour we expect of each other.

For more information about governance at Telstra, please refer to our [2018 Corporate Governance Statement](#).

Working ethically

Telstra's Code of Conduct and our Values set the behavioural standards for everyone who works for, or on behalf of, Telstra. The Code of Conduct helps us take a consistent, global approach to important ethical and compliance issues.

All Telstra employees are responsible for knowing and following the ethical, legal, and policy requirements that apply to their jobs and for reporting any suspected violations of law or our Code of Conduct.

Our Executives and managers are accountable for creating and promoting a culture in which compliance and ethical business conduct are expected and encouraged.

¹ The Telstra Values are registered trademarks of Telstra Corporation Limited

Understanding and reporting risk

It is vital that our people understand how to identify, assess and manage risk in our business, and that our Board is fully aware of the risks we are facing and what we are doing to monitor and mitigate them. For more information, please refer to our [FY18 Corporate Governance Statement](#).

Compliance training

Training is an essential component of our risk management, governance and compliance framework.

Our compliance training approach ensures all employees are aware of their obligations under our compliance policies and have access to further information about these when required.

In FY18 we implemented updated enterprise-wide induction and refresher ethics and compliance training across the Telstra Group. This mandatory, induction and refresher training, aligned to the Code of Conduct, covers our values and group policies on issues such as fraud and ethical behaviour, health, safety and environment, discrimination and bullying, accessibility and inclusion, anti-bribery and anti-corruption, privacy and the Structural Separation Undertaking (SSU). As part of our training governance framework we monitor, report and manage mandatory training completion rates. We may take disciplinary action against

employees who fail to complete mandatory compliance training without a valid reason.

As at 30 June 2018, 88 per cent of Telstra Group employees and contractors have completed this year's mandatory refresher course¹.

We are following up with employees who did not complete the training by the required date to determine whether disciplinary action is required.

Commitment to anti-bribery and anti-corruption

We prohibit corruption and payment of bribes or kickbacks of any kind. Our mandatory compliance training is designed to educate our employees and contractors on recognising the many forms bribes can take and how to avoid them, even at the risk of losing business opportunities.

We expect that our suppliers and business partners acting on our behalf comply with our minimum standards in relation to ethical dealings which are described in our [Supplier Code of Conduct](#).

We seek to ensure gifts and hospitality are not given or accepted in inappropriate circumstances, including where the offering or acceptance may compromise (or be perceived to compromise) independence, or be construed as a bribe.

Whistleblowing

We encourage our people across the Telstra Group to take action if they have concerns about unethical, illegal or improper behaviour. Our Whistleblowing Policy is supported by a confidential, anonymous process that provides appropriate protections for our people and members of the public (including those in our supply chain) to report their concerns. This process is supported by an independent service provider specialising in handling sensitive reports and disclosures.

Telstra's Group Whistleblowing Committee consists of senior executives and is chaired by the Company Secretary. It monitors disclosures, investigations, recommendations and, where appropriate, the implementation of actions. Our Audit and Risk Committee oversees the whistleblowing process.

As at 1 July 2017, there were 18 whistleblowing alerts in progress within the Telstra Group. During FY18, 101 whistleblowing alerts were opened and 77 were closed. As at June 30 2018, 42 alerts remain in progress.

For whistleblowing contact details, visit our [website](#).

Political donations

Telstra does not make political donations. However, like many other publicly-listed companies, we do pay fees to attend events organised by political parties where those events allow for discussion on major policy issues with opinion leaders and policy makers.



¹ Completion rate lower than in previous years as some business units had an extension on their deadline for completion.

Managing our tax affairs

Our approach to tax strategy and governance

We are committed to the highest standards of tax governance and compliance with the tax laws and obligations in the jurisdictions in which we operate. We pay tax consistent with our business presence and operations.

Our Tax Risk Management and Assurance Policy is reviewed and approved on a three-year cycle by the Audit and Risk Committee of the Board. It is also reviewed annually by the Policy Governance Committee as part of Telstra's group-level suite of policies. In accordance with this policy, we maintain a conservative tax risk profile. All transactions we enter into are based on commercial considerations.

We do not take positions that are tax-driven, artificial or contrived, or that interpret a tax law beyond its spirit and intent. In keeping with this approach, we may contest tax rulings or interpretations of tax law where we believe we are correct (even if a revenue authority expresses a different view). Where appropriate, we minimise tax risk and uncertainty by obtaining sign-offs from revenue authorities. Material tax matters are regularly reported to the Audit and Risk Committee.

We seek to undertake real-time reviews of tax risks on all material transactions and are committed to continuous improvement of our tax compliance systems, processes and practices.

We regularly provide tax training and seminars to relevant personnel and keep up to date with the latest tax developments and tax law changes.

We are committed to full transparency and disclosure in our dealings with revenue authorities. This open and cooperative approach includes regular interactions with the Australian Tax Office (ATO) pursuant to its annual Pre-lodgement Compliance Review process. The ATO categorises Telstra Corporation Limited as a key taxpayer for both income tax and GST within the ATO's risk-differentiation framework.

We were one of the first companies to receive a Tax Assurance Report (TAR) from the ATO (for FY16) as part of its "Justified Trust" initiative. Our TAR resulted in no adjustments and reflects our positive approach towards tax compliance and our willingness to engage and provide sufficient evidence to enable the ATO to undertake its assurance work.

We have adopted the Board of Taxation's Voluntary Tax Transparency Code, providing the recommended disclosures in this report and in Note 2.4 of the Financial Statements in the 2018 Annual Report.

Our Australian tax contribution

Telstra makes a significant contribution to Australian federal, state and local government tax revenues.

During FY18, we:

- paid \$1.5 billion in Australian income tax¹, \$0.2 billion in state payroll taxes and \$0.1 billion in other Australian federal, state and local government taxes
- remitted \$1.1 billion in net GST (after claiming input tax credits)
- remitted \$1.0 billion in Pay As You Go withholding tax deducted from salaries paid to employees.

On average our annual payment of corporate income tax accounts for approximately 2.6 per cent of total corporate income tax collected by the ATO². We ranked fifth in corporate income tax paid in the ATO's latest Report of Entity Tax Information (for FY16).

The Telstra Group's effective income tax rate was 30.8 per cent, which is in line with the Australian corporate tax rate of 30 per cent³.

Our international related party dealings

Australia's domestic and international tax laws are among the strongest in the developed world, resulting in high levels of tax compliance.

We utilise our international telecommunications network (including submarine cables) to deliver telecommunications connectivity services and solutions to customers in over 20 countries. Our substantial overseas operations are located in Hong Kong, Singapore, the Philippines, the UK and the US.

During FY18, our material transactions with our offshore subsidiaries included:

- paying and receiving fees for international connectivity
- paying for customer and network support services
- paying and charging interest on cash balances used to fund our subsidiaries' day to day operations.

Our international related party transactions are based on commercial considerations and are undertaken in accordance with the Organisation for Economic Co-operation and Development's (OECD's) arm's length principles, supported by regular benchmarking.

We seek to comply with Australian and foreign transfer pricing tax laws and have met our filing obligations to the ATO, including Australia's revised standards for transfer pricing and country-by-country reporting.

¹ Income tax paid by Telstra Corporation Limited on behalf of the Australian tax consolidated group (Telstra Corporation Limited and its wholly owned Australian subsidiaries).

² Average percentage calculated using our net Australian tax consolidated group cash tax paid divided by ATO net corporate income tax collections for the past three years (i.e. FY15 to FY17) based on the Commissioner of Taxation's Annual Report 2016/17.

³ See Note 2.4 of the Financial Statements in the 2018 Annual Report.

Protecting our customers' data and privacy

Approach

As digital technologies become increasingly integrated in people's lives, generating greater quantities of data, protecting the privacy and security of our customers' data is more important than ever. Our customers and community are concerned about who has access to their data and how it is used. We understand these concerns and are committed to being transparent about how we handle customer information.

We manage privacy and data access through codes of practice, policies and security controls, which protect data from intrusions and unauthorised access, and commit our employees to strict standards of privacy and confidentiality. Compliance is closely monitored. Telstra also has processes and operational guidelines in place for managing privacy-related issues such as metadata retention, copyright infringements, and information requests from government and law enforcement agencies.

Progress

Protecting our customers' privacy

As part of our approach to protecting customers' personal information and our networks from unauthorised access, we use a combination of technical solutions, security controls and internal processes.

Our employees and contractors are subject to the Telstra Code of Conduct, which requires



them to treat the personal and confidential information of others with respect at all times. In addition, we take steps to reduce any risk of unauthorised access to our facilities, information, data or other assets.

We continue to adapt our framework by expanding existing practices to reflect new ways of working and by continuing to implement 'privacy by design' principles when assessing new products and services. Our Privacy Statement remains our most prominent instrument for providing our customers with transparency about what happens with the personal information entrusted to us. The Statement is reviewed twice per year.

For more information about our privacy policy, visit www.telstra.com/privacystatement.

Our customers' personal information

We are firmly committed to protecting and securing our customers' personal information and we comply with relevant privacy legislation. We do not share with third parties any information that identifies, or could reasonably identify, a customer unless we have their appropriate informed consent or are required or permitted by law to share the information.

Some of the data we collect can provide insight and intelligence to assist in planning and forecasting. For example, we provide aggregated and anonymised location-based insights to governments and organisations to help solve planning challenges and deliver other benefits for local communities.

This may include assessing how infrastructure and public spaces are used and what future development may be required, as well as movement across road and rail routes to understand what investment is needed to meet future demand.

The Australian Notifiable Data Breach Scheme commenced on 22 February 2018. We have implemented a formal Notifiable Data Breach reporting plan across Telstra to reflect the requirements of the legislation. This includes formal guidelines to manage a suspected privacy breach. In FY18 we had five privacy incidents requiring notification to the Office of the Australian Information Commissioner (OAIC) two of which involved significant numbers of people. One related to customers who requested silent line facilities and had their data published in White Pages directories due to a processing error. All customers impacted were contacted directly and their listing preferences were updated. Our default position is now that all new numbers are unlisted unless customers specifically request listing. Another incident related to unauthorised access to the third-party PageUp recruitment tool used by Telstra for internal and external job applicants. Again all impacted individuals were contacted. A further three incidents impacted very small numbers of customers.

The European Union's General Data Protection Regime (GDPR) commenced operation on 25 May 2018. We have implemented a suite of new processes to meet the requirements of the GDPR.

Being transparent with our customers

Telstra's annual [Transparency Report](#) aims to give our customers more information about our legal obligations as a carrier and carriage service provider.

Like all telecommunications companies operating in Australia, we are required by law to assist a range of Government agencies who request customer information for purposes such as enforcing criminal law and laws imposing financial penalties, protecting public revenue and safeguarding national security.

Telstra only discloses customer information if the request is in accordance with the law. We also provide assistance to emergency services organisations in life-threatening and time-critical situations.

Types of law enforcement requests	FY18
Telstra customer information, carrier service records and pre-warrant checks	66,671
Life threatening situations and Triple Zero emergency calls	4,214
Court orders	505
Copyright - DNS Blocking	370
Warrants for interception or access to stored communications	2,329
Total	74,089

Managing cyber security

The threat represented by cybercrime is not new. What is new is society's increased cyber-dependency, which allows crime, protest, espionage and errors to happen at an unprecedented pace, scale and reach. This makes it critical for Telstra to identify and manage threats.

We take protecting the security of our customers' data and networks very seriously. We have over 500 security specialists globally, devoted to providing network security solutions to our customers.

We design, build and manage the security for our global network in three main ways:

Technology

We use a range of technologies and security controls to minimise the threat, likelihood and impact of unauthorised access to our networks and systems. Such technologies and controls include logging and monitoring capabilities to pre-empt and proactively prepare for internal and external threats and industry-standard infrastructure configuration.

We continuously invest in our security capabilities, including maintaining and enhancing our existing technologies to continue to stay ahead of new security threats. We also deploy new technologies to ensure we can adapt to the range of changing security threats.

Process

We employ an information asset-focused approach to cyber security risk management, ensuring appropriate ownership and oversight of systems, data and risks. Our security governance framework ensures that information and asset owners undertake ongoing risk management. Cyber security subject matter experts provide oversight, and our risk and internal audit functions independently assure the process.

We also have security processes that include technical reviews of projects and solutions, and due diligence of third parties to ensure the presence and assess the effectiveness of security controls at critical points.

People

Cyber security is as much about people as it is about technology. We deliver programs designed to foster a strong cyber security culture.

We invest in our people to prepare them against a range of different cyber threats. We have mandatory annual training for all employees and contractors, and run drills on our employees to test its effectiveness.



Managing our supply chain

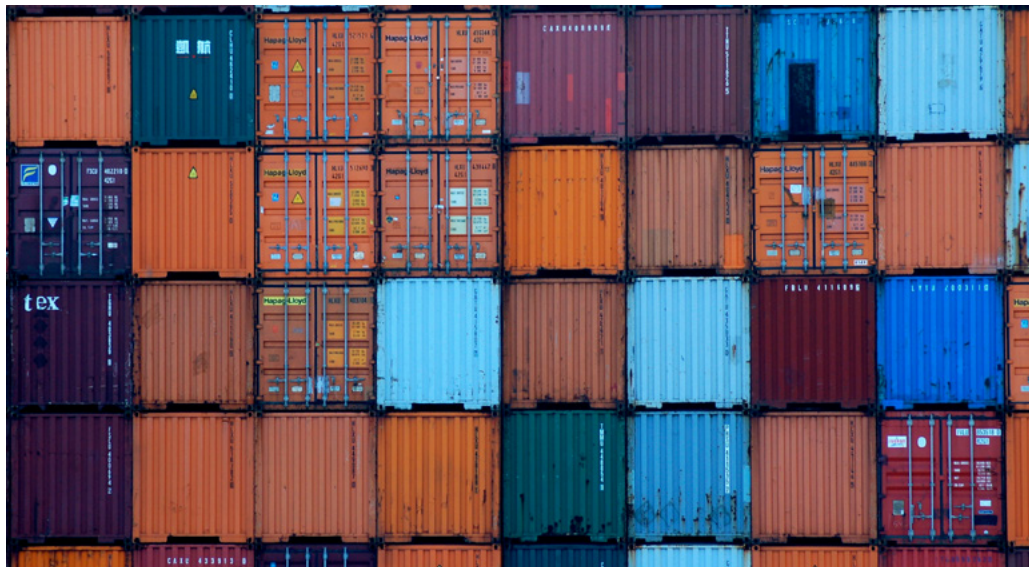
Approach

Our scale gives us the opportunity to work with our suppliers to positively influence their environmental, social and ethical performance. Our [Supplier Code of Conduct](#) sets out the minimum standards we expect from our suppliers and forms part of our standard purchasing terms.

We work continuously with our suppliers to assess whether they are meeting these standards. Where we identify concerns about supplier performance, we engage constructively with the supplier, driving improvement to deliver the best outcomes

for the workers we are seeking to protect, the community and the environment. This year, we joined the Joint Audit Cooperation (JAC), an association of 16 global telecommunications operators that pools results of site audits of common suppliers to further support this work.

Many of our suppliers have processes in place for managing their own risks and are open to working with us to meet our minimum standards. In instances where suppliers are not willing to improve their performance despite our attempts at engagement, we may withdraw from contracts or switch to alternate suppliers.



Our supply chain

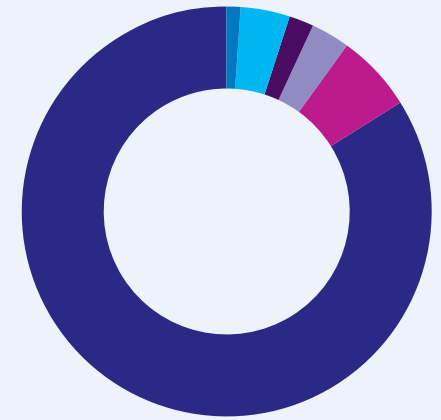
As a major telecommunications and technology company, we have a large and complex supply chain. In FY18, we engaged with more than 6,000 suppliers across over 45 countries and 80 per cent of our total spend was with 110 suppliers.

Our largest category of spend is on information and communications technology (ICT) (66 per cent). These items are provided directly to customers, used to provide and manage our network and data services, or used by Telstra employees. It also includes services that relate to developing and programming software, and providing technology support to our customers and people.

Construction and physical network infrastructure maintenance represents 11 per cent of our total spend.

The remaining 23 per cent of procurement spend is on non-core activities, such as professional services, travel and uniforms.

Telstra direct supplier spend by country



- 84% Australia and NZ
- 1% Europe excl UK and Ireland
- 4% Hong Kong
- 2% UK and Ireland
- 3% USA and Canada
- 6% Asia excl Hong Kong

Ninety per cent of what we spend directly is with suppliers based in low-risk countries, as defined by the OECD. Many of our suppliers have Australian-based subsidiaries with whom we deal directly. As a result, a high percentage of our direct spend is within Australia. However, geography is only one factor we use in assessing the overall risk of a supplier and we do look beyond our first tier of suppliers in making these assessments.

Progress

Supplier Governance Framework

This year to help us make more informed purchasing decisions, we implemented a Supplier Governance Framework which assesses suppliers against twelve categories of risk (see diagram). Of these risks, we include labour practices, environmental, health and safety, and bribery and corruption risks in our definition of sustainability risks.

This year, training on the Framework was provided to over 800 procurement employees and business specialists with ongoing responsibility for managing suppliers. As part of our ongoing commitment to training, we have developed an online training tool, which will be rolled out across the business in FY19.



Supplier risk types



Operational



Commercial



Business Continuity



Privacy



Fraud



Information Security



Health & Safety



Anti-Bribery
Anti-Corruption



Trade Sanctions



Export Controls



Labour Practice



Environmental Practices

Industry cooperation on supply chain

Supply chain sustainability, particularly in the ICT sector where there are complex supply chains, is an area that requires cross-sector collaboration. We work with ICT industry bodies such as the Joint Audit Committee (JAC) and Global e-Sustainability Initiative (GeSI) to drive improvements in sustainability practice throughout the global supply chain.

This year, we joined the Joint Audit Cooperation (JAC), an association of 16 global telecommunications operators that pools results of site audits of common suppliers. JAC's audits aim to verify that suppliers comply with internationally-recognised sustainability standards within global supply chains. The audit scope is based on 10 sustainability criteria that align with our areas of risk.

Since 2010, JAC has conducted 366 audits in 27 countries, covering more than 817,000 workers. Since 2016, 42 Telstra suppliers have participated in JAC-appointed audits. Twenty-five of these audits were carried out in FY18. We expect more than 20 of our suppliers to be subject to JAC audits in FY19.

Supplier risk management

We have adopted a category-based approach to supplier risk management. Sustainability risks are more likely in the ICT products and services, and construction and physical network infrastructure maintenance categories, which are also our two largest categories of spend. Within the remaining categories of spend, we have identified contract cleaning, apparel manufacturing, promotional merchandise production and waste management as categories warranting specific attention.

ICT products and services

In the ICT sector, we assess suppliers' sustainability risks as part of the selection and contract renewal process using questionnaires, documentary review and, where warranted, onsite audits.

In FY18 we selected 24 ICT suppliers to complete sustainability questionnaires and 25 onsite audits were completed on ICT suppliers. We are working with these suppliers to evaluate the results of questionnaires and audits. Where suppliers are unable to satisfy us that they have appropriate risk management controls in place, or are unwilling to share this information, we may take further action, such as engaging senior management, implementing a remediation plan, or suspending the contract.

Construction and physical network infrastructure maintenance

Within construction and physical network infrastructure maintenance, health and safety is a significant risk area. Our Contractor Management Centre of Excellence (CMCoE) in the Telstra Operations team works closely with suppliers to identify best practice and improve their management practices.

Regular audits are carried out with results recorded in a centralised database, where incidents are also reported. In FY18, over 3,000 health, safety and environment audits were undertaken.

Other categories in focus for FY18

In FY18, we assessed selected suppliers in the apparel, cleaning, promotional merchandise, Telstra-branded consumer equipment, and waste management categories against our sustainability risks. Our assessment identified six suppliers of potential higher risk. These six suppliers were asked to complete sustainability questionnaires, and four site audits were undertaken. For some suppliers we audit only their site (i.e. tier one), and in other cases we audit as far as two tiers down the supply chain.

Remediation

While we are still working through the detail of the questionnaire responses and audits, initial findings in both ICT and apparel manufacturing suggest working hours are an issue of concern. Addressing this issue will form part of the corrective actions identified in the remediation plans drawn up for suppliers where problems are identified.

Labour and human rights represent a particular area of supply chain risk for our business. To better manage this risk, we have undertaken assessment and prioritisation of suppliers in relation to human rights risks. Please refer to the [Human rights](#) section of this chapter for more detail.

Supplier social impact

Our supported and Indigenous workforce

We are proud to continue our partnership with 13 non-profit groups around Australia to create employment opportunities for people living with disability or from disadvantaged backgrounds. At 30 June this year, 522 people with disability and people from disadvantaged backgrounds were accessing employment through the program.

Through the Indigenous Workforce Program (IWP) we partner with local Indigenous groups to undertake grounds maintenance at regional and remote sites across Queensland, the Northern Territory and Western Australia. In FY18 we began developing an industry-certified pest control training program for IWP participants, building on their existing maintenance skills. The IWP supports the employment of more than 67 people at over 550 sites.

Choosing Indigenous suppliers

As part of our Reconciliation Action Plan (RAP), we committed to increase our annual spend with Indigenous suppliers, creating a more inclusive and sustainable supply chain. In FY18, through a range of programs focused on increasing engagement, we spent over \$2 million with Indigenous businesses.

Our Indigenous Labour Program was launched in September 2017, with the aim of maximising our opportunities to increase contracting opportunities for Indigenous workers through the introduction of a three per cent target for workforce placement included in Temporary and Contract Labour hire agreements.

Initial results from the program are encouraging. In seven months, Telstra has made a total of 20 Indigenous permanent placements, of which nine were sourced through Indigenous recruitment suppliers.

Human rights

Approach

Across our value chain, we aim to ensure that we and our business partners operate with respect for human rights. Since 2011, we have been a signatory to the United Nations Global Compact, which commits companies to 10 guiding principles on human rights,

labour rights, environmental protection, and measures to fight corruption. Our commitment to respect and support human rights is aligned to the UN Guiding Principles on Business and Human Rights, and is outlined in our Code of Conduct and Human Rights Policy.



Labour rights (human rights) including:

- forced or compulsory labour
- wages and benefits
- work hours
- child labour

Reported in this section of the report



Freedom of association

Refer to [Employment and workplace relations](#)



Health and safety

Refer to [Promoting health, safety and wellbeing](#)



Privacy and data protection

Refer to [Protecting our customers' data and privacy](#)



Anti-discrimination

Refer to [Employment and workplace relations](#)



Anti-bribery and corruption

Refer to [Ethics, values and governance](#)



Access to grievance mechanisms

Refer to [Ethics, values and governance](#)

Understanding our human rights risks

We are a diversified, international business with a large workforce and contractor base. We have examined the human rights risks to identify our seven most salient human rights risks, which are detailed in the box below left.

We prioritise our assessments of our suppliers' human rights performance based on risk. In FY17, we identified suppliers with higher potential human rights risks. In FY18, we refined our understanding of this risk by engaging an external third party to further review these suppliers.

Progress

Managing human rights

In FY18 we made our second annual statement under the UK Modern Slavery Act 2015 (MSA), which requires companies operating in the UK with annual global turnover exceeding £36 million to publish an annual 'slavery and human trafficking statement'. Our Modern Slavery Statement 2017 is available on our [website](#) and we will continue to publish our Statement annually as well as provide updates on our progress in this report.

Based on this additional review, we prioritised suppliers with higher human rights risks, and engaged directly with them to understand how they are managing them. This work commenced in April 2018, and we are reviewing the information provided to determine which suppliers require further engagement.

As outlined in the [Managing our supply chain](#) section of this chapter, our audit activities in FY18 identified concerns about working hours with some suppliers. We are still working through the detail and remediation plans will be developed in FY19.

We have continued to embed our human rights compliance plan to manage and mitigate our seven salient human rights risks.

As part of broader supplier governance training in FY18, we completed human rights risk training for 800 employees who interact with suppliers. In FY19 we will extend this training to all employees who purchase products and services, develop labour contracts or manage third parties.

Human rights in our supply chain

As our supply chain is one of our areas of greatest potential human rights risk, we devoted significant effort this year to deepening our understanding of the specific types of human rights risks associated with different types of products, source countries and sectors.

Product responsibility

Approach

It is important that we provide our customers with services they can trust, and products that are safe and easy to understand. We are working to improve our communication with customers, by providing clear, simple product information with transparent terms and conditions. Feedback from customers and regulators indicates that sometimes we do not meet expectations in this area. We take seriously our responsibilities to keep our customers and the community informed about our products and to maintain an open and honest dialogue on issues of concern. We have implemented several changes in FY18 to improve our customers' experience of our products and services.

While the following list of product responsibility disclosures is not exhaustive, it includes the most significant legal and regulatory findings from FY18.

Progress

Transparency in communications

Premium Direct Billing services

Premium Direct Billing (PDB) enabled mobile customers to buy content such as games, apps or videos from third parties by subscribing or purchasing online and have it charged to their mobile phone bill or Pre-Paid credit balance. These services had been introduced by a number of mobile providers to give customers a convenient way of paying for certain types of online services.

The number of complaints received about PDB over time shows there were issues with the service that needed to be addressed.

Telstra took a number of steps to improve our processes, but we acknowledge we could have done more and done it faster. We exited this service entirely on 3 March 2018.

In March 2018, we agreed with the Australian Competition and Consumer Commission (ACCC) to jointly submit to the Federal Court that Telstra pay a penalty relating to the management of our PDB service.

We have apologised to customers who were charged unexpectedly under our PDB service for these subscription content services and to those who may have experienced difficulty when trying to opt out from them. We acknowledge that customers may have raised concerns and understand that the steps we took in response were not effective enough or put in place fast enough. We have identified impacted customers and proactively contacted them and offered to refund any charges that should not have been applied.

Internet speeds

Internet speeds are a key issue for our customers as they migrate to the **nbn**TM network. Not all homes can receive the maximum speed of a customer's chosen speed tier, especially on the higher speed tiers sold by nbn co to Retail Service Providers (RSPs), due to the underlying technology being rolled out by nbn co and other factors.



We took the industry lead in proactively providing refunds to a small sub-set of customers who were sold certain nbn services where their nbn fixed-line service was not capable of delivering their chosen speed tier. The remedial action applied to fewer than 5 per cent of our nbn customers. The steps we took positioned us as one of the first nbn RSPs to adopt the ACCC's Industry Guidance issued in August 2017, following an industry-wide investigation. In November 2017, the ACCC accepted an undertaking from Telstra following that investigation.

The majority of our customers had a service that could deliver the speeds of the plan they had chosen, but there were a small group

whose nbn connection was not capable of delivering the top speeds and we have contacted affected customers, providing them with options.

We have changed our advertising, marketing and sales processes. We now use the standard ACCC Speed Tier Label naming convention to describe our speed plans and quote the typical minimum speeds a customer can expect, for the peak period in which most people tend to use the internet. Since October 2017, new nbn customers are contacted post-connection if their maximum speed is lower the advertised minimum speed and offered remediation options in accordance with ACCC guidelines.

Mobile plan advertising

In May 2018 we launched a mobile plan with an unlimited amount of data, but with speed restrictions which applied after a certain amount of data was consumed. Our advertising of this plan was a mix of detailed advertisements which included detail about the speed restrictions, and also short form advertising making the claim *“One word you’ve been waiting for from Australia’s best mobile network – Unlimited”*. We were challenged in Court about this short form advertising, with the Court finding that the advertisements were misleading. As a result, we have ceased using the claim and have committed to not using the claim in the future.

Importantly, any customer who responded to our advertising will have been informed about the existence of the speed restriction prior to purchase. There is detail about the speed restriction in our pre-sale materials, including the Critical Information Summary we provide to each customer.

Responding to customer needs

We understand that for some of our customers, keeping their telephone contact details confidential is important. To respond to this, we made changes in FY18 to our Silent Line product for home phone services.

Since February 2018 customers are no longer charged a monthly fee to keep their details out of the White Pages and online directories. All Telstra customers can now manage their Directory Listing and Caller ID (whether their number is displayed to other callers) preferences through the Telstra 24x7 App® or My Account. Telstra contacted existing Silent Line customers to reassure them their details remain private and detail what to expect on their bill.



Disappointingly, we experienced a number of network disruptions during May 2018, which impacted our customers and the broader community. The most significant of these was a fibre cut caused by a fire, which triggered a disruption to Triple Zero emergency services. For more information, please see the [Networks](#) section of this report.

Managing and minimising TIO complaints

In FY18 year our first stage (Level 1) complaints to the Telecommunications Industry Ombudsman (TIO) increased by eight per cent compared to last year.

We want our customers to be completely satisfied with the level of service we provide. Our aim is to ensure our customers feel valued and understood every time they interact with us and any increase in complaints to the TIO indicates we still have some work to do to resolve customer issues quickly.

We continue to work on ways to improve our customers' experience, including employee training, simplifying or removing fees and improving the Telstra 24x7® App to give customers greater visibility and control of their services with us. We have also made it easier for customers to understand their bill, and the information provided at point of sale.

For more information, please see the [Customer experience](#) section of this report.

Mobile phones, base stations and health (EME)

We acknowledge that some people are concerned about possible health effects from electromagnetic energy (EME).

We are proactive, transparent and fact-based in our communications regarding EME and comply with the standards set by regulators.

We rely on the expert advice of national and international health authorities including the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) and the World Health Organisation (WHO), and we actively contribute to scientific research on EME and health.

We continue to provide information about EME on our website as well as our EME help desk. We also invite customers to go directly to the WHO, ARPANSA, Australian Communications Authority (ACMA) and 'EMF Explained' websites for further information.

The Radio Frequency National Site Archive (RFNSA) is the consultation web portal we use to provide the community with access to up-to-date information about new base

station proposals across the country. The RFNSA received more than 369,000 visits in FY18 to access information about network deployment activities, including EME and site safety, for all mobile base stations nationally.

All our base stations are assessed for EME compliance, and the ARPANSA Environmental EME reports and compliance certificates for all sites are published on the RFNSA. Every mobile handset we sold in FY18 was certified by the manufacturer as compliant with the mandatory ACMA Radio Communications (Electromagnetic Radiation – Human Exposure) Standard 2014.

Communicating with our customers

This year, we continued our mobile safety information SMS campaign, sending out over 17 million messages referring customers to www.telstra.com.au/mobiletips, where we have information on mobile use, EME and tips to reduce exposure. We also updated our website with new information videos on EME and health.

In FY18, we completed 1,828 mobile base station consultation projects. 660 of these projects were for new sites (including small cells). 204 required development applications (of which 200 were approved) and 1,168 were for proposals to upgrade existing sites, where we consulted in accordance with the Communications Alliance Mobile Phone Base Station Deployment Industry Code.

ACMA confirmed that it received six objections regarding three Telstra proposals in FY18, compared to one in FY17 and four in FY16. ACMA also undertook six preliminary investigations in relation to Telstra proposals. Two investigations have been concluded and found that Telstra complied with the Code requirements and the remaining four are ongoing.

We published 253 community consultation pages on the RFNSA. A small number of communities, including West Hobart (Tas), Moffat Beach (Qld), and Lillian Rock, Nymboida, Newbridge, Burringbar and Northbridge (New South Wales), expressed concern about EME through the consultation process. We responded to these concerns through extended community consultation, individual meetings and proactive community engagement.

New 5G mobile technology

We commenced our EME assessment of the new mobile technology and published customer information regarding 5G on Telstra.com. We have also contributed in the production of [5G Explained](#).

Working safely around antennas

We continue to focus on our processes and education around working safely near radio frequency emitting equipment including promotion of the [RadioWorkSafe application](#).

National and international standards

Telstra continues to contribute to the ongoing development of international EME standards through chairing the International Electrotechnical Commission TC106 committee, which is charged with developing standards for the assessment of EME compliance of mobile devices, base stations and wireless communications systems.

Within Australia, The Mobile Phone Base Station Deployment Code (C564:2018) was revised this year and is currently out for public comment.



Responsible business



Culture and capabilities

The culture and capability of our workforce is an essential part of delivering on our T22 corporate strategy. We are focused on ensuring we have the right culture to deliver on our objectives in line with our values, and the right capabilities to ensure we can provide our customers with brilliant experiences.

We know that the nature of work is changing and we need to help our people adapt. Rather than a single role or career, most workers will have several different careers, involving a range of skills they will learn continuously throughout their working life. Advancing technologies including automation, robotics, and machine and cognitive learning are changing the way services are delivered. The global telecommunications industry is facing major challenges and Telstra must transform radically as a result. As we announced in June 2018, this will mean a transition to a smaller organisation.

Some of the skills our employees will need to have in the future do not yet exist in our organisation. To meet this challenge, we are helping equip our existing workforce to learn new skills and positioning ourselves as an employer of choice to attract and retain the talent we will need to deliver on our strategic objectives. A Transitions Program for those leaving Telstra will provide enhanced outplacement support. For those remaining, Telstra will provide support to upskill and transition to new ways of working in a leaner and more agile organisation.

Highlights



74%

sustainable engagement score achieved, towards our target of matching the global high-performing norm by 2022



\$23.5 million

invested in employee learning and development



6,952 days

of volunteering by our people in their communities



52.5%

of graduate recruits selected in FY18 were female



3.6%

reduction in Lost Time Injury Frequency Rate (LTIFR)

Building culture and engagement

Approach

We are committed to creating a workplace where our people can thrive personally and professionally. Our approach focuses on a values-led approach to how we behave and work and building a culture that is highly engaged, customer-focused, collaborative and innovative.

We empower and enable employees to own their career, learn and develop, encourage open conversations between employees and leaders, and recognise and reward employees who create positive outcomes and impact for the business and customers.

The execution of T22 will involve significant amounts of change for the organisation, which will impact our people.

We expect this is likely to impact sustainable engagement in the short term. We are confident the employee engagement and development initiatives we are introducing as part of T22, including initial funding up of up to \$50 million to support our employees through the transition to the new organisational model, will help to rebuild sustainable engagement.

Progress

Living our values

Our values describe who we are and what we stand for; they shape our decisions and actions and guide how we work together.

Our five core values¹ are:

Show you care

Better together

Trust each other to deliver

Make the complex simple

Find your courage

Sustainable engagement

The Employee Engagement Survey (EES) provides an opportunity for our people to share their experiences of working at Telstra and to highlight what we are doing well and where we need to improve to enhance their experience and that of our customers. The survey measures our employees' sustainable engagement, which tells us how engaged, enabled and energised our people are to perform. Employees who rate highly on all three elements are more likely to create value and be a positive impact for the business and our customers.

In FY18, our sustainable engagement score increased significantly to 74 per cent, up from 71 per cent in FY17.

This positive change is largely attributable to employees feeling better enabled to meet work challenges, as well as to our investments in systems, digitisation and simplicity. Although we are moving in the right direction, we have more work to do to shift how we think and what we do to achieve the global high performing norm, which is currently 84 per cent. To address areas for improvement, our EES action plan continues to focus on making the complex simple, enabling our people, leadership impact and removing the impediments to getting things done quickly and effectively for our customers. The results also reflect that local leadership is instrumental in improving our people's experience and a key influencer of sustainable engagement.



Team members from Melbourne supporting Habitat for Humanity in Yea, Victoria. Pictured from left Mark, Majid, Darnesh, Nate, Mehmud and Nick. Centre: Zlatko and front: Cindy and Elise.

¹ The Telstra Values are a registered trade mark of Telstra Corporation Limited

Managing performance

Throughout the year our employees set performance objectives with their leader that, along with our customer advocacy and financial results, form our short term incentive plan.

Our approach to performance encourages our people to have ongoing conversations with their leaders throughout the year about their development priorities, progress and how they can contribute to achieving our key priorities.

This year we developed a consistent approach for all employees to provide feedback on leaders' performance relative to our Telstra Leadership capabilities and values. The results have been used to inform conversations about development and performance.

Volunteering and giving

Telstra employees are encouraged to get involved with the issues and causes they are passionate about by using their annual day of paid volunteering leave or payroll giving.

Volunteering

This year, our Australian employees contributed 6,952 volunteer days to a variety of causes, representing a total value of \$1.7 million of employee time donated to the community.

Telstra employees supported families on low incomes gain home ownership with Habitat for Humanity, helped provide nutritious meals to domestic violence refuges and people sleeping rough with Two Good, and assisted with restoration, conservation and improvement of local environments with Landcare Australia.

Additionally, 958 Telstra employees gave blood with the Red Cross, helping nearly 11,000 patients in need. We also support emergency services in their response to critical incidents, enabling our employees who volunteer with these agencies to take emergency response leave.

Our international employees contributed over 900 additional volunteering days through events held in the UK, US and throughout Asia this year.

Payroll giving

With the support of the Telstra Foundation, we provide dollar-for-dollar matched payroll giving (up to \$1,000 per employee per year and \$750,000 overall), enabling employees to give to any registered charity in Australia. This provides an incentive for our people to donate and the freedom to choose causes they care about. Throughout FY18, 5.4 per cent of our employees made donations via payroll giving, up from 4.9 per cent the previous year. Nearly \$1.5 million was donated to 320 charities this year through matched giving and matched fundraising.



The Telstra Alumni program is a professional social network for former and current Telstra employees, so they can stay connected to one another and Telstra. Here, Alumni members enjoy a presentation at our 5G Innovation Centre on the Gold Coast.

Changing the way we work

Creating a positive work environment is as much about where and how we work as what we do. We continued to roll out Future Ways of Working (FWOW) spaces at our major offices. This is an important part of our commitment to creating a flexible workplace, giving our people the tools and technologies to collaborate wherever they are located, including away from the traditional office environment.

All Roles Flex is the starting point for all jobs and means flexibility is something we are open to discussing for all roles. We have deliberately adopted a very broad definition of 'flexibility', recognising that it will mean different things for different people and different work types.

Our All Roles Flex policy applies to new and existing employees and all our markets and locations. Any employee has the right to request flexibility for any reason, and managers must provide written reasons relating to significant business impact if they decide to refuse such a request.

Jules Scarlett, Acting Group Executive Telstra Wholesale, is one employee benefitting from our flexible working arrangements: "I have felt a real sense of privilege to work in an organisation that so strongly supports flexible working. It has enabled me to use location flexibility to work from the Hobart office and our shack in Tasmania, to be where I was needed when my mum needed my support most."

Developing our people

To deliver our T22 strategy, we need to be a more nimble, responsive organisation with a flatter management structure that better empowers our people to make decisions in the best interests of customers. To do this, we need a diverse mix of people with a wide range of skills, capabilities and experiences.

Some of the skills we require do not exist in our business today and some of the skills we currently have in our business will no longer be needed as our organisation becomes smaller. At the same time, we will continue to invest in the capabilities we need for the future with approximately 1,500 new roles in areas such as software engineering, and information and cybersecurity. For more information about how we will manage forecast workforce reductions under T22, please refer to the [Approach](#) section of this chapter of the report.

In FY18 we rolled out MyCareer, a digital platform empowering our people to map their current skills, identify future career paths and develop tailored learning programs to help them reach their goals. As part of this, we made available new learning pathways: each one is a curated curriculum matching skill development to particular capabilities we need our people to have.

Leadership is another essential development area to help us navigate the uncertain times ahead and create an environment where our people thrive.

Our future organisation will have fewer managers and we will need them to have a common core of skills, which we have defined under our Leadership Capability Framework. The Framework sets the standard we expect of leaders across our business. This consistent set of expectations applies to leaders of every level and across every business unit globally. More than 1,000 of our people leaders completed training on the Framework in FY18.



Preparing our employees for the future of work

Technology is leading to major changes in the workforce. In particular, there are changes to the types of skills we will need in the future, and the new roles that will emerge as a result. We conducted strategic workforce planning and deep capability mapping, to forecast where the changes will be most significant, and what transitions we need to make. This is providing opportunities for our people to develop skills in emerging technologies (see picture).

Telstra employee Richard Ord (right) has retrained as a drone pilot technician. Previously technicians had to climb towers or bring in cherry pickers to assess our network infrastructure. Drone technology means Richard now has a faster, safer option to assess the suitability of new sites and carry out repairs, as well as a whole new set of skills.

Creating a diverse and inclusive workplace

Approach

At Telstra, diversity means difference, in all its forms, both visible and not visible, and includes differences that relate to gender, age, cultural background, disability, religion and sexual orientation, as well as differences in background and life experience, and interpersonal and problem solving skills.

The diversity of our people should reflect our diverse, global customers and the countries where we operate. Diversity of thought drives innovation which is essential to achieve our business strategy, and also supports our values around fairness and corporate social responsibility.

Everyone has a part to play in actively and intentionally behaving with inclusion in mind. We are committed to flexible ways of working and the use of technology to enable flexibility.

Diversity and Inclusion is a key driver of employee engagement at Telstra. All Telstra leaders are accountable for leading inclusively, this is built into our leadership framework and measured annually.

Our diversity policy provides the framework for the Board to set our measurable objectives for achieving diversity.

For details of our measurable objectives for achieving diversity and our progress against them as at 30 June 2018, as well as our objectives in respect of FY19, please refer to our [2018 Corporate Governance Statement](#).

Progress

Gender equality

This year we saw a 0.9 percentage point increase in female representation across Telstra Corporation Limited and its wholly owned subsidiaries. While the target of 32 per cent was not achieved it was positive to see an upward trajectory after noting a decline in the prior year.

We are committed to achieving gender equality at Telstra and have a broad range of policies, programs and engagement initiatives in place to help us achieve this goal. For details of these initiatives, please refer to the [2018 Corporate Governance Statement](#).

During the year, we were named as a 2018 Employer of Choice for Gender Equality by the Australian Government's Workplace Gender Equality Agency (WGEA) for the fourth time. We are required by the Workplace Gender Equality Act 2012 to report our workforce gender profile each year. Our 2018 report is available on our website at telstra.com/governance.

For information about Board diversity, please refer to our [2018 Corporate Governance Statement](#).

Representation of women in Telstra as at 30 June 2018

Role	Number	Percentage
Board(i)	4	40%
Executive management*(ii)	64	30.8%
CEO	0	0%
CEO-1	5	50%
CEO-2	14	25%
CEO-3	45	32%
Middle management*(iii)	3,028	29%
Operational*(iv)	6,386	32%
Telstra Total*	9,488	31%
Telstra Group Total**	10,026	29.8%

* Includes full time, part time and casual staff in Telstra Corporation Limited and its wholly owned subsidiaries, excluding contractors and agency staff. It does not include staff in any other controlled entities within the Telstra Group.

** Includes full time, part time and casual staff in controlled entities within the Telstra Group, excluding contractors and agency staff.

Information regarding the controlled entities in the Telstra Group can be found on our website at telstra.com.au/aboutus/investors/financial-information/financial-results

Notes:

- (i) Number and percentage relates to non-executive Directors.
- (ii) Executive management comprises persons holding roles within Telstra designated as Bands A, B and C. CEO is also included in the executive management total
- (iii) Middle management comprises persons holding roles within Telstra designated as Bands 1 or 2, or equivalent.
- (iv) Operational comprises persons holding roles within Telstra designated as Bands 3 or 4, or equivalent.

Employee diversity and inclusion

During the year, our initiatives to enhance diversity and inclusion at Telstra included:

Indigenous employment

In FY18 we made significant progress toward our 2015-2018 Reconciliation Action Plan employment target of doubling the number of employees who identify as Indigenous at Telstra.

To attract and retain more Indigenous employees to Telstra, this year we created 25 Indigenous traineeships and internships. This year, we also recruited five new Indigenous graduates representing 3.2 per cent of our total graduate intake.

As a provider of the Career Trackers Indigenous internship program, we were proud to be recognised at the 2017 Career Trackers Gala Event, with our Indigenous Employment Coordinator awarded the Business Co-ordinator of the Year, and one of our interns named the winner of the Intern Community Spirit Award.

Employment for people with a disability

During FY18, we have hired 13 new employees who identify as living with a disability, and this year we continued to be the largest corporate provider of the Australian Network on Disability Stepping Into internship program, for university students with a disability. We hosted 24 students in FY18, and five have secured ongoing work at Telstra. In our most recent graduate intake 11.7 per cent of those selected identified as living with disability.

LGBT+ inclusion

Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion is important to us. We want our people to bring their whole selves to work and to feel comfortable doing so. We have long shown our support for LGBTI inclusion by supporting events like Wear it Purple Day, International day Against Homophobia, Biphobia and Transphobia and the Midsumma queer arts and entertainment festival. Within our business, this year we grew our LGBT+ employees and allies network to over 2,000 members.



Members of the 2018 Telstra graduate intake listen to CEO Andrew Penn



"It's heartening to know that Telstra actively shows support for the LGBT+ community by partnering with Midsumma. Many can say they value and strive for diversity and inclusion, but actions speak louder than words" says Elana from Telstra's Knowledge Team, who was a Citizen Report at Midsumma 2018.

Gender pay equity

Gender pay equity remains a key priority and we are continuously looking to identify, target and reduce any sizeable gender pay gaps that exist within the organisation.

The adjacent table compares the average salaries across three levels of our Australian based employees, reflecting over 90 per cent of our employee population. The overall pay gap is seven per cent which is marginally lower than the prior year, and on a like for like basis the gap is around two per cent.

Similar to last year, the larger pay gap exists at the operational level and is predominantly driven by a significant portion of operational employees being managed against fixed pay rates under our Enterprise Agreement.

These fixed pay rates, which are typically in male-dominated professions, are notably higher when compared to the pay of peers at the same level not aligned to these pay rates. When removing this population on fixed pay rates from the analysis and comparing like for like roles there is no pay gap. This is encouraging as it shows that where discretion can be applied to salaries our operational level, males and females are paid equitably.

Percentage of fixed remuneration (FR) – female to male*

Level	Comparison
Executive management(i)	100%
Middle management(ii)	97%
Operational(iii)	88%
Overall % comparison	93%

* Includes full time and part time staff in Telstra Corporation Limited and its wholly owned subsidiaries, excluding casuals, contractors and agency staff. It does not include staff in any other controlled entities within the Telstra Group. Ratio calculated as base salary plus superannuation (female FR as % of male FR).

Notes:

- (i) Executive management comprises persons holding roles within Telstra designated as Bands A, B and C. CEO is included in the executive management total.
- (ii) Middle management comprises persons holding roles within Telstra designated as Bands 1 or 2, or equivalent
- (iii) Operational comprise persons holding roles within Telstra designated as Bands 3 or 4, or equivalent.



Career Connect

We know that the transition back to work after an extended break can come with its challenges, so this year we established the Telstra Career Connect pilot as a way of ensuring women returning to work are set up for success.

Thirteen professional women have joined the pilot program, which commenced in March 2018. The successful candidates have been offered permanent, senior roles and are receiving dedicated support for the first 24 weeks to help them make a smooth transition back into the workforce. This includes coaching, access to a range of training options and introduction to a support network.

After an extended maternity leave break, Donna Papworth (pictured) took up a role as Program Manager of Procurement and Supply Chain Transformation through the Career Connect program. Donna says “the support since I started has been nothing short of incredible, providing me with a safe space to be curious about the organisation and what teams and individuals do, which has helped me navigate this return journey”.

Promoting health, safety and wellbeing

Approach

Managing safety and supporting the health and wellbeing of our people helps create an environment in which our people can be resilient in times of change. Through our global health, safety, wellbeing and environment (HSWE) management system, we strive to embed the latest HSWE strategies and processes to eliminate or minimise risks.

Our initiatives aim to build a high-performing HSWE culture. We encourage all employees and contractors to report issues, incidents and hazards, and use data and analytics to support managers to make sound decisions on corrective actions and controls.

Established HSWE governance forums embedded in the business help manage progress.

Progress

Licences, accreditations and compliance

Telstra holds a self-insurance licence under Commonwealth jurisdiction, with direct oversight by both the Safety, Rehabilitation and Compensation Commission (SRCC) and Comcare.

We are also accredited by the Office of the Federal Safety Commissioner for all Federal Government building contracts, including the nbn. Our HSWE management system is certified to AS/NZS4801 and ISO 14001: 2015.

Preventive programs

Supporting our employees to improve their physical and emotional wellbeing is a key pillar of our approach to preventative health and safety. We provide access to evidence-based best practice health information that allows our employees to manage and prioritise their own health and wellbeing.

Throughout FY18 we implemented important preventive health, safety and wellbeing initiatives including modifying our field workforce uniform to provide improved protection against UV exposure, and developing a big data model to identify and address causes of driver distraction and other indicators of increased risk such as harsh braking or cornering. We also continued to promote our Good Drivers Program, which proactively rewards safe driving.

Key health and safety performance indicators

Early incident reporting and rehabilitation

We encourage our people to report injuries and illnesses as soon as they occur. As well as ensuring our people receive the support they need, when they need it, this also enables us to address hazards in a timely manner and provides an important source of data to highlight the main causes and impacts of incidents. Our reporting culture continues to improve with our same day reporting rate increasing to 86 per cent from 82 per cent in FY17.

Timely reporting allows us to implement our early intervention model which includes in-house specialists and a 24/7 Nurse Triage call service. Our team of injury management specialists provides tailored support to employees and their leaders, helping them manage injury and illness and remain at or return to employment.

TRIFR

In FY17 we introduced Total Recordable Injury Frequency Rate (TRIFR) as a key reporting metric, in line with global best practice. The increase for FY18 is reflective of a change in the methodology for calculating total recordable injuries (which is now inclusive of lost time injuries) rather than an actual increase in incident numbers.

TRIFR¹

FY16 7.5

FY17 8.1

FY18 9.6

¹ TRIFR is the reported number per million hours worked of all work-related injuries or diseases that require medical treatment beyond simple first aid¹. Currently the metric does not include contractor incidents or incidents internationally, but we continue to review how this may be measured for inclusion in future reporting.

LTIFR

Our Lost Time Injury Frequency Rate (LTIFR) has steadily decreased since 2014. The primary driver is our proactive Injury Assist program which provides employees with immediate access to free medical care and rehabilitation treatment. This program ensures our employees receive the care they need to return to work as soon as they are fit to do so.

LTIFR²

2015 CALENDAR YEAR 0.89

2016 CALENDAR YEAR 0.84

2017 CALENDAR YEAR 0.81

² LTIFR measures the reported number of accepted workers' compensation claims per million hours worked for work-related injury or disease that result in one or more days' lost time².

Employment and workplace relations

Approach

We have a large and diverse mix of employees at Telstra, who vary in the work they perform, the hours they work and their employment contracts or instruments. We carefully manage our workforce requirements, in line with our values, paying particular attention to the mix of skills required as the strategic direction of our business evolves.

Progress

Key changes within our workforce

Changes in our workforce in 2018 were predominantly related to the evolving mix of skills we need to deliver our strategy of transforming Telstra into a company capable of consistently delivering brilliant experiences to our customers. These structural changes will be accelerated with the bold transformation of our organisation we announced in June 2018, which will see 1,500 new roles created and a net loss of 8,000 positions over three years. In FY19, these changes will flatten layers and consolidate and streamline back office functions. Over the course of the coming year, we also expect to see a decline in work volumes associated with the nbn roll-out, which will lead to job reductions.

When structural changes are required, our aim is to mitigate the adverse effects of these changes on our employees by making all reasonable efforts to appoint affected employees to other suitable roles within Telstra. When this is not possible we provide a comprehensive redeployment and career transition program for employees whose roles are affected by redundancy.

Given the scale of the reductions forecast in the next three years and the impact this will have on our people, we have created an initial fund of up to \$50 million to assist our people. We will provide a transition program with enhanced outplacement support for those leaving us. We will also provide support to those remaining to upskill and transition to new ways of working in a leaner and more agile organisation. In addition, all employees and their families are provided access to professional support services, funded by Telstra, through our Work Life Coaching (formerly the Employee Assistance Program).

As at June 30 2018, Telstra Corporation's total workforce was 26,001 employees, a decrease of three per cent, or 805 roles, compared to last year. Telstra Group's total global workforce was 32,293 (full-time equivalent), stable compared to last year. We employ 4,489 people outside of Australia across 13 countries, equating to 14 per cent of our total workforce.

Engaging with our workforce

We consult with our workforce before we implement any significant changes to the way we work. Telstra regularly engages with the Community and Public Sector Union (CPSU), the Communications, Electrical and Plumbing Union of Australia (CEPU) and Professionals Australia (APESMA). Our aim is to maintain an open and constructive relationship with the representatives of these unions. This year, we conducted more than 20 formal consultation meetings with unions and Telstra employees.

This included consultation on changes to our Long Service Leave (LSL) Policy, to introduce the ability for Telstra to require employees with excessive LSL balances to take a period of leave to reduce their balance. After four weeks of consultation, including hundreds of employee submissions, we made a final decision on the changes. In making the decision, we took on board the feedback received, and sought to balance the needs of the business to reduce its overall financial liability, with the needs of our people and their individual circumstances.

Employment instruments

In Australia, Telstra has a single Enterprise Agreement in place covering our workforce – the Telstra Enterprise Agreement 2015-2018 (EA) – which will expire on 30 September 2018.

In 2018, we commenced negotiations for a replacement Enterprise Agreement with nominated bargaining representatives and the three unions which represent our workers. Telstra is committed to negotiating for a simple, fair enterprise agreement which delivers on the needs of our customers, shareholders and employees. Approximately 25,000 employees are in scope for enterprise bargaining and had the opportunity to vote on the proposed new Enterprise Agreement in August 2018. Employees voted to reject Telstra's initial proposal. Telstra remains committed to bargaining in good faith with employees and their representatives.

All other employees in Telstra Corporation are covered by individual contracts.



Digital futures



Networks

The digital world is transforming the way we live. The benefits of being online are immense – we are empowered to learn in new ways, to communicate differently, and take greater control of our health, finances and learning. Having access to a reliable network delivers these benefits across demographic boundaries, underpins economic growth, and provides tremendous opportunities in developing innovative solutions to social and environmental challenges.

Over the five years from 2016 and 2020 inclusive, we anticipate that our network traffic will grow fivefold, driven by increasing consumption of video, and emerging technologies including virtual reality, artificial intelligence, connected machines, and even drone technologies, which when combined, will place unprecedented demands on our network.

Since November 2016, we have been implementing a major capital expenditure program to reinforce our network leadership position by investing in the next generation of mobile and fixed network services, expanding coverage and resilience, digitising our systems and processes, and making major improvements to our customers' experience with us.

Highlights



**99.5% of
the Australian
population**

covered by our mobile
network



Launched Australia's first
**5G Innovation
Centre**



Switched on
over 300

base stations and
200 4G small cells



Activated
**Australia's
largest IoT
network**



Maintained over
400,000
kilometres of subsea cable

Networks

Approach

Every day, our networks connect millions of people. Our customers rely on our networks around the clock and around the world. Having access to a reliable network underpins economic growth and social interaction, and provides opportunities to address societal and environmental challenges. As technology becomes more integrated into daily life, our customers are more dependent than ever before on the breadth, speed and reliability of our networks.

With growth underway in the number and variety of smart devices, online services and digital applications, our network traffic continues to increase. We offer our customers an unrivalled 2.5 million square kilometres of mobile network coverage. Our 4G coverage spans over 99 per cent of the Australian population and more than 1.6 million square kilometres.

Internationally, we are helping businesses with the connectivity and technology solutions they need to compete on the world stage. We own and operate the largest subsea cable network in the Asia Pacific region and continue to invest to meet the increasing demand for capacity.

Progress

Investing in our networks

We are committed to making significant investments to build capability for the future and strengthen our network leadership. In addition to routine network investments, we are also building networks that underpin the way our customers will work, learn and play for years to come.

Our Networks for the Future program involves investments of around \$1.6 billion over three years (FY17 – FY19) over and above our business as usual network spend to transform our networks to support the connected world of the future. Our investment will build improved network resilience, usher in 5G, make the Internet of Things (IoT) a reality and move to a world where our network is software-defined and virtualised. We have also invested significantly in accelerating the digitisation of our business, and making other improvements to our customers' experience with us.

Telstra has a long history of investing in regional Australia. In FY18 we expanded our mobile network in regional areas across Australia through upgrades to existing base stations, new small cells for 4G coverage, as well as Telstra's contribution to the Federal Government's Mobile Black Spot Program. This investment further strengthens Telstra's regional mobile network, which has been a core focus for the company for decades. Over the previous three financial years alone, Telstra has invested \$2.2 billion in its regional mobile network so more Australians can experience a connected world.



Building network resilience

No large network is immune to the potential for service disruptions and in FY18 Telstra did experience some network related issues that impacted our customers. These included an issue in May where a fire in regional New South Wales damaged a main interstate fibre route and this, combined with software and hardware issues, caused a disruption to some Triple Zero emergency services. We take our responsibility to connect people very seriously, particularly to Triple Zero services, and deeply regret the impact this caused. We are committed to operating our network to the highest global standards and will be taking steps to learn from these incidents to make sure they do not happen again.

We have made significant investment in a two-year network resiliency program focused on minimising the likelihood and the impact of network disruptions. This investment included implementing more than 40 targeted initiatives that have built additional capacity and redundancy into our network, provided us with more data and real time analytics about how our network is performing, and improved our ability to respond quickly if things do go wrong. This has helped us achieve a 60 per cent reduction in the number of lost service hours on our mobile network since 2016, although we know we still have some way to go to deliver on our aim of providing an 'always on' service for our customers.



Jimmy Lee, Manager Hong Kong Stanley Earth Station

International investment

In FY18 we invested in two new international subsea cable systems that will connect Hong Kong and the west coast of the United States, which will provide lower latency and a more direct route from the US to Asia. The first investment will see us partner to build the new Hong Kong Americas (HKA) cable. Additionally we will invest in capacity on the Pacific Light Cable Network (PLCN).

Work continues on the INDIGO subsea cable system which will strengthen links between Australia and the fast-growing South East Asian markets, providing faster speeds and 40 times more capacity than the existing cable. It is expected to be operational by mid-2019.

We have also invested in new Points of Presence (PoPs) in the US (Atlanta, Dallas, Denver and Seattle), Europe (Copenhagen, Düsseldorf, Frankfurt and Paris) and Dubai. These PoPs help businesses connect to more places globally by providing physical access points to the internet at overseas sites, increasing the reliability of data to and from these locations.

We also expanded our world-first 'Always On' service to provide more bandwidth options along the Hong Kong, Singapore and Japan triangle. This service utilises the scale and diversity of our subsea cable network to reroute traffic to another path with minimal downtime even in the event of a cut or damaged cable.

Creation of a standalone infrastructure business unit

On 1 July 2018, we created Telstra InfraCo, a standalone infrastructure business unit within Telstra, to provide greater visibility to the market of the value of this business and create more optionality for the period after the nbn™ rollout is complete. Telstra InfraCo will be responsible for key fixed network infrastructure assets including data centres and exchange buildings, non-mobile related fibre network, the copper and hybrid fibre coaxial (HFC) networks, international subsea cables, exchanges, poles, ducts and pipes. It will not include mobile network assets such as spectrum and base stations, which support our mobile services.

Telstra InfraCo's key customers will be wholesale customers in Australia, nbn co and Telstra internally.

New technology

We are preparing for the launch of 5G in 2019 which will see even faster speeds, ultra-low latency, and connection of IoT devices on a mass scale. Throughout FY18 we conducted a number of Australian and world-first 5G trials to ensure the country remains at the forefront of wireless technology.

We activated our Category M1 (Cat M1) capability across our 4G coverage footprint in August 2017, becoming the first telecommunications provider in Australia to offer this technology, and accelerated the growth of Australia's IoT ecosystem. The activation of Cat M1 enabled a coverage footprint of around three million square kilometres for compatible Cat M1 devices. This is the largest coverage footprint of its type in Australia, the first on APT700 spectrum, and one of the largest in the world.

In January 2018 we announced the successful deployment of Narrow Band IoT (NB IoT) technology on our mobile network. NB IoT technology is expected to further accelerate IoT deployment in Australia by opening up the opportunity to connect millions of new IoT devices sending small volumes of data at very low power levels over Telstra's mobile network. NB IoT can be used to connect a range of devices to the internet, from irrigation systems for commercial farming all the way to home pool filters.

Telstra is one of the first carriers in the world to offer both NB IoT and Cat M1 IoT capabilities.



5G Innovation Centre launch on Gold Coast

In February 2018, we opened our new 5G Innovation Centre on the Gold Coast. The centre is home to testing of the next generation of mobile technologies in Australian conditions to support the early commercial deployment of 5G.

The Centre will ensure Australia remains at the forefront of mobile technology and has been the location of a number of Australian firsts, including a 5G Connected Car using the 5G Automotive Trial Platform and an eGaming demonstration over 5G. We also introduced the world first 5G backhauled Wi-Fi hotspot precinct on the Gold Coast.

This work will help ensure Australia is among the first countries in the world to gain access to 5G, and is a tangible example of our commitment to build networks for the future for our customers.

Digital futures



Everyone connected

As digital technologies play an increasingly important and empowering role in our lives, there remains a significant gap between those who are connected and those who are not.

Digital inclusion is based on the premise that everyone should be able to make full use of digital technologies and the benefits they bring – whether it be managing health and wellbeing, accessing education and services, organising finances, or simply connecting with family, friends and the world beyond.

We are focused on supporting those in our community most at risk of digital exclusion. This includes people with disability, older Australians, remote Indigenous communities, those on low incomes, regional communities, and people who are unemployed or homeless. Our approach is to integrate digital inclusion into our core business and to partner with government and community organisations to achieve genuine results.

In June 2018 we announced a fundamental change to the way we take products and services to market and provide customers with support. In implementing T22 we are acutely aware of the role we play in connecting all Australians and remain committed to serving the needs of the broader community, regional Australians and our vulnerable and low-income customers.

Highlights



**Around
1 million**

vulnerable customers
helped to stay connected



Launched

the 'Talking 2030' discussion
paper, in partnership with the
National Farmers Federation,
exploring agricultural growth
and innovation opportunities



\$130 million

of value provided through
our social and community
investment programs



Launched

a co-investment program
to provide between \$100
million and \$200 million
over four years for regional
infrastructure projects



Produced

the 2018 Australian Digital
Inclusion Index

Digital inclusion

Approach

Our digital inclusion priorities are focussed on affordability, accessibility and ability. This means keeping people connected, especially when they're doing it tough; ensuring our products, services and information are accessible and easy to use; and, building the digital skills and confidence of our vulnerable and diverse customers and communities. We are also investing in the future of regional Australia through our mobile base station network, co-investment arrangements and partnerships.

Together with leading Australian universities and research agencies we produce the Australian Digital Inclusion Index - an annual information tool to help policy-makers, businesses and community organisations take action on digital exclusion.

We also meet regularly with key consumer organisations in Australia to help ensure our digital inclusion programs meet our diverse communities' needs. This includes regular meetings with the Australian Communications Consumer Action Network, quarterly meetings with the Low Income Measures Assessment Committee, and a bi-annual CEO Consumer Roundtable, which provides a regular forum for peak consumer organisations to meet with our CEO and senior leaders.

Our digital inclusion programs support our target to provide tailored support, products and services to enable 1.5 million people to connect or thrive online by 2020. We regularly review our approach to identify groups most in need, changing technologies and consumer preferences.



Australian Digital Inclusion Index

We are partnering with RMIT University, the Centre for Social Impact at Swinburne University, and Roy Morgan to produce the Australian Digital Inclusion Index. We have published three reports to date, in 2016, 2017 and 2018.

The Index provides important insights on the barriers to digital inclusion across three areas - accessibility, affordability and digital ability - and is designed as an information tool to help policy-makers, businesses and community organisations take action on digital exclusion.

Using five years' of data (2014-2018), the Index shows that overall digital inclusion in Australia is improving, and that Australians are spending more time, and doing more online. However it also shows that the gaps between digitally included and excluded Australians are substantial and in some cases widening. Those with low levels of income, education and employment are significantly less digitally included.

In 2018, the Australian Digital Inclusion Index found that:

- Nationally, access has steadily improved
- Evidence is emerging that the nbn™ rollout is starting to improve access. This can be seen in Tasmania, where the nbn rollout is largely complete
- Affordability remains a challenge for some excluded groups, though value has improved
- Although improving, digital ability remains an important area for attention. Australians are finding it hard to keep up with new technologies and less than half the population consider digital technologies to be empowering
- Indigenous Australians, people with disabilities, and Australians aged over 65 continue to score below the digital inclusion national average
- Mobile-only users, linked closely to socio-economic factors, are less digitally included
- Geographical disparities exist across Australia, with substantial differences between rural and urban areas.

For more information, refer to the [Digital Inclusion Index website](#).

Progress

We are committed to providing tailored support, products and services to enable 1.5 million people to connect or thrive online by 2020. We are on track to meet our target through a range of digital inclusion activities to enhance customer affordability, accessibility and ability.

Vulnerable customers

We partner with the government and community sector to develop and deliver a wide range of digital inclusion programs to assist our most vulnerable customers and communities.

Our Access for Everyone program helps people on low incomes or facing financial hardship to stay connected. Since its inception in 2002, we have provided benefits to the value of more than \$2 billion. We work with more than 2,000 local community organisations across Australia that assist people in crisis to deliver these programs.

In FY18, Access for Everyone provided benefits totalling \$72 million, a reduction of 18 per cent compared to FY17 (\$87 million), largely reflecting a lower take-up of our pensioner discount on fixed-line home phone services as more customers move to bundles. Around 765,000 pensioners received a discount in FY18 to the value of \$57 million, on par with the FY17 customer take-up.

We provided home phone line rental relief for about 42,000 households and distributed around 48,000 pre-paid calling cards (including Phonecards) and mobile phone recharge cards. We provided rebates on Telstra bills for around 1,180 customers each month seeking emergency relief.

We also developed a video for financial counsellors about our financial hardship and low income programs.

In partnership with The Smith Family and The Salvation Army, a new Telstra Internet for Kids' Education (TIKE) program was piloted in Tasmania this year. TIKE aims to support families' access to online education resources, providing affordable home internet services for low-income households with school age children who are supported by our community partners.

We are a Founding Member of the Thriving Communities Partnership, a cross-sector collaboration that aims to ensure that every Australian has fair access to the essential services they need to thrive in contemporary Australia, such as utilities, financial services, internet services and transport. This year we supported research to understand the impact of impaired decision-making by vulnerable consumers with cognitive or psychosocial (mental health-related) disabilities. The project will assist key service providers to meet their obligations, and increase access to services for this consumer group.

Crisis support

Telstra continues to provide access to national crisis lines so that the cost of calling is not a barrier to seeking help. We provide free calls from Telstra mobile phones to essential community support services including Lifeline, SES, Family Drug Support, Mensline Australia, beyondblue and Suicide Call Back Service. Over 600,000 Telstra-originated calls were made to these crisis lines from fixed, mobile and payphones in FY18.

We continued to support the [Ask Izzy](#) mobile website this year, providing unmetered access to the support service for those on the Telstra mobile network. More than one million searches have been made on Ask Izzy since its launch in early 2016, connecting Australians in need with nation-wide support services for housing, meals, support and counselling.



Access for Everyone

Salvation Army Major Brendan Nottle and Telstra Foundation General Manager Jackie Coates at one of over 16,000 Telstra payphones allowing vulnerable people to connect with loved ones around Australia at no cost through our free calls for Christmas program

Telstra Safe Connections®

Telstra Safe Connections assists women impacted by domestic violence by providing access to safe and secure communications – a smart phone, \$30 pre-paid starter kit and information to help them stay safely connected. Delivered in partnership with Women's Services Network (WESNET), Safe Connections has supported more than 11,500 women since its inception in 2016.

This year we trialed a dedicated customer service entry point with trained agents and a 'high care' approach to customers impacted by domestic violence. The service was rolled out to our Safe Connections agencies during the reporting period and we envisage opening this service to all customers impacted by domestic violence in FY19.

An independent evaluation of Safe Connections by Curtin University this year described the program as empowering and 'an outstanding example of multi-sectoral collaboration that is highly effective and much needed', effectively reaching women who are marginalised and vulnerable

We also partnered for a second year with WESNET to deliver the Technology Safety Summit, bringing together 150 front line family violence workers, law enforcement agencies, technology companies, legal professionals and policy makers to build awareness of the safe use of technology in family violence situations.

Supporting people living with disability

This year our Disability Enquiry Hotline took more than 15,000 calls and processed more than 5,000 successful applications for products as part of our Disability Equipment Program. We continue to see a decline in the provision of TTYs (Tele-Typewriters for deaf and speech impaired customers), supplying 103 in FY18, down from 476 in FY16, with digital communications options now increasingly preferred by customers. Around 89,000 calls were made to our Directory Assistance Helpline by around 10,000 customers who are not able to use printed or online telephone directories.

We received six complaints of disability discrimination from the Australian Human Rights Commission or state anti-discrimination bodies this year. One of the six complaints was substantiated, as it was found that Telstra staff failed to follow established processes to provide information in an alternative format. In previous years we have also reported disability related complaints to the Telecommunications Industry Ombudsman (TIO) in this report, however the TIO no longer collects this data.



Telstra product developers participate in an immersive workshop to help them understand digital accessibility challenges



Rory, a member of our supported workforce, cleaning our Bendigo offices in Victoria.

Now in the second year of our Accessibility and Inclusion Plan, we continue to make progress against our three strategic pillars:

- *Improve customer experience* – we have enhanced the online accessibility of our customer platforms and refreshed our inclusion training for frontline customer service employees. Our new All In - Accessibility & Inclusion @ Telstra newsletter provides customers with information on affordability options for accessible products and services
- *Create a fully inclusive workforce* – 11.7 per cent of graduates recruited in FY18 identified as living with a disability, our Executive Leadership and more than 900 employees participated in diversity and inclusion training, we employed more than 500 people across 13 Disability Enterprises and updated our product testing systems to consider accessibility
- *Innovate for the future* - our Smart Home platforms were tested with customers living with disability, we launched www.appsforall.com.au in partnership with Transpire and we continued to support disability and accessibility organisations and programs through the Telstra Foundation.

Regional and remote communities

Telstra's longstanding commitment to regional Australians is unwavering. We are planning and investing in a digital future that champions the needs of regional and remote communities.

Through the Federal Government's Mobile Black Spot Program, Telstra is investing more than \$260 million to build more than 650 new mobile base stations across Australia. This year, we launched our co-investment program which will provide between \$100 million and \$200 million over four years to fund regional infrastructure in areas that have high community value, but would otherwise be uneconomical to build. This is in addition to the \$2.2 billion we have spent over the last three financial years to improve the network in regional areas.

Telstra is listening to regional and remote communities. In addition to the many forums we hold we have established Regional Advisory Councils in New South Wales, Western Australia and Queensland, composed of key regional leaders helping us to identify and address local challenges and opportunities. In the last year, we have formed partnerships with the National Farmers Federation (NFF) and five state farming organisations. Recently, 16 roundtable discussions were held with the NFF across Australia to helping grow the agri-industry into \$100 billion farm



A new mobile base station connected Sheringa on the Eyre Peninsula in South Australia as part of Telstra's Mobile Black Spot co-investment program

gate output by 2030. We are investigating opportunities with state and federal governments to co-invest in key agricultural growth regions, to help the industry meet this 2030 target.

We are investing in our mobile network and working with our farming partners to deliver a digital future that helps regional communities thrive.

Older Australians

This year we continued to support Australian seniors through our digital literacy programs, giving older people, particularly those in regional areas, the opportunity to develop the skills and confidence to embrace digital technology.

We partner with state governments to deliver our Tech Savvy Seniors program and provided face-to-face digital literacy training for

more than 27,000 older Australians in local libraries and community colleges this year. We launched the program in South Australia in FY18, engaging around 900 seniors in local library workshops across the Riverland region. Our Tech Savvy Seniors Regional Roadshow also visited Sutherland, Nowra, Bega, Broken Hill, Orange, Mudgee and Tamworth in NSW. This year we completed social return on investment (SROI) studies on the NSW and Victorian Tech Savvy Seniors programs delivered predominantly for culturally and linguistically diverse older Australians. Both achieved SROIs of more than \$3.60 for every \$1 invested and found that complete beginners felt their confidence in using technology increased by over 40 per cent after taking part in the program.

Partnering with the NSW Government and CommBank, we introduced an Online Banking module this year. We also launched an 'Introduction to NSW Transport Apps' module with the NSW Government to help make getting around on the State's public transport easier.

This year we reached more than 1,000 older Australians through Telstra Digital Ambassadors, an employee volunteering program that delivers simple coaching for seniors with minimal or no digital literacy skills. Designed to help people access the internet to explore topics of interest, sessions were held at local community groups, retirement homes and Telstra stores across Australia.

Indigenous communities

Our Reconciliation Action Plan (RAP) sets out our commitment to support reconciliation and create social, economic and cultural change.

One of our key RAP commitments is a \$30 million infrastructure co-investment with the Northern Territory Government to expand telecommunications infrastructure to remote communities. In FY18 we delivered mobile and/or fixed broadband services to Kaltukatjara, Manyallaluk, Minyerri, Santa Teresa, Umbakumba, Burunga, Titjikala, Timber Creek and Ali Curung. This is in addition to our broader investment program in regional and remote areas of Australia.

In FY18 our RAP commitment to build digital capability in remote Indigenous communities included taking inDigiMOB, a community digital capability program, from pilot to being fully operational in 13 remote locations in the Northern Territory. To date around 900 people have benefited from this program, which facilitates exposure to technology and skills development through on-the-ground partner organisations. inDigiMOB has also established a pathway to transition digital learners to paid digital mentors. The program will continue to operate in FY19.

This year we published the final Cyber Safety in Remote Aboriginal Communities research report, highlighting the unique cyber safety issues facing many remote Indigenous communities. Researchers from RMIT University found that social obligations can influence how people use devices and that

people were not necessarily using device and platform settings in ways that might help them avoid online harm. The report also identified the need for more straightforward and accessible education material. In response, we worked with our community partners and stakeholders to produce and distribute relevant and straightforward consumer information to address key Indigenous consumer issues, such as privacy, billing and data usage.

As part of our Reconciliation Action Plan (RAP), we committed to increase our annual spend with Indigenous suppliers, creating a more inclusive and sustainable supply chain. For more information about our approach to Indigenous supplier engagement, see the [Managing our supply chain](#) section of this report.

Deadly Digital Communities

Deadly Digital Communities is providing community-based digital literacy and technology training over two years in 26 remote and regional Aboriginal and Torres Strait Islander communities in Queensland. Participants are learning a range of digital skills, including sending an email, using social media, paying bills online and promoting new business ideas. Deadly Digital Communities is an initiative of the State Library of Queensland and Telstra in partnership with Indigenous Knowledge Centres and local councils. In FY18, more than 300 people participated in the program.



inDigiMOB Digital Mentor, Pamela, steps some interested participants through a digital activity at Larapinta Valley Community Centre.

Extending mobile coverage

In FY18 we extended mobile coverage to several Indigenous communities in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in South Australia. Six locations across the nearly 103,000 square km's have received mobile coverage this year thanks to our involvement in the Federal Government's Mobile Black Spot Program. Mobile coverage is invaluable to these areas, bringing everything from internet banking and social media, to peace of mind when travelling long distances. Working closely with local leaders and schools, we have run a series of educational sessions across local radio covering cyber security, social media and bullying, understanding data limits and usage costs.



Amata in the APY Lands is now connected

Disaster relief and recovery

We know how important our network is for the community, especially in times of crisis. We work extensively to prepare for severe weather seasons, our priorities being to protect and maintain our infrastructure to keep our customers connected. Where possible we assist emergency and essential services organisations with their telecommunications requirements and work to restore services for our customers by providing equipment such as temporary mobile base stations and repeaters to boost coverage. Satellite Cells on Wheels, or SatCOWs, provide satellite-assisted mobile coverage in remote areas. We also use drones (unmanned aerial vehicles, or UAVs) to provide rapid assessments of our infrastructure.

In times of declared disaster, we provide telecommunications services such as temporary internet and loan handsets to evacuation centres and set up phone recharging stations. All residents in a disaster relief area are provided with free access to our public pay phones and free Wi-Fi data at Telstra Air@ hotspots, regardless of whether they are a Telstra customer or not.

Our Community Recovery Vehicles are deployed to arrange customer disaster relief packages, including diverting home and business phones to mobiles and, in some cases, the distribution of free devices with prepaid credit. Depending on our access to affected areas, we also set up temporary Telstra shops to support customers.

We also provide emergency response leave for our people who volunteer with emergency services. For more information about our employee volunteering programs, please refer to the [Culture and capabilities](#) section of this report.



Community investment

Approach

Our community investment programs support people to thrive in a connected world. From promoting digital inclusion to keeping people connected in times of disaster, our community investments help ensure that everyone has access to the benefits digital technology can bring. We also encourage our people to get involved in their communities and the issues that matter to them.

Progress

Telstra Kids Digital Futures

We encourage our people to support their local communities through our Telstra Kids Digital Futures program. In FY18 we introduced a curated digital employee offer designed to encourage kids to be digital citizens, explorers and change agents. 579 Telstra employees received a Telstra Kids Digital Futures grant for a project in their local community, school or library this year. Employees were able to design their own project or apply for a digital experience we curated for local schools and kindergartens.

Community investment data

The total value of our social and community investment programs, including contributions from Telstra, employees and the Telstra Foundation® equalled \$130.7 million in FY18. Our focus for these programs has been on digital inclusion initiatives. For more information about these initiatives refer to the [Digital inclusion](#) and [Tech for good](#) sections of this report. For details of our social and community investments, please see our data tables available [online](#).



Girls at Carlton North Primary School engaged in coding their robot, thanks to a grant from Telstra

Notes:

Management costs associated with each program are included in the amounts invested. Total differs due to rounding. There were no major natural disasters in Australia in FY18, significantly reducing the number of customer requests received for disaster relief packages.

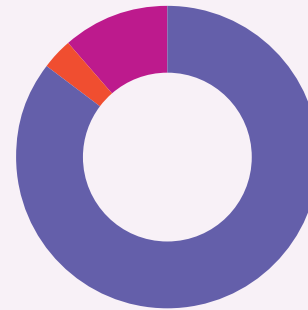
Social and community investment

Millions of dollars



Social and community investment by focus

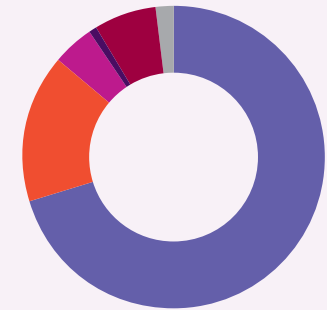
Millions of dollars



- 111.5 Everyone Connected
- 4.5 Employee volunteering and giving
- 14.6 Sponsorship
- 0.0 Disaster relief
- 130.7 Total**

Social and community investment by form of contribution

Millions of dollars



- 91.9 Revenue foregone
- 20.8 Cash
- 5.7 In-kind
- 1.2 Time
- 8.7 Management costs
- 2.3 Leverage
- 130.7 Total**

Digital futures



Tech for good

In an increasingly dynamic and inter-connected world, technology has an enormous capacity to create social and environmental change. Digital technology is disrupting traditional operating models and helping society to respond to major issues in a more agile and scalable way – from managing the threat of climate change to making healthcare and education more universally accessible.

But while the pace of digital change brings great opportunity, it also brings challenges in terms of online privacy and safety, as well as the impacts of digital exclusion.

We want to empower people to connect and thrive in a digital world – enhancing access, overcoming barriers and enabling a future generation with the skills and support to navigate the online world confidently and safely.

Along with our specific Tech for good programs, Telstra's investments in cloud storage, the Internet of Things (IoT), and applications give us new tools to support accessibility and inclusion for vulnerable customers and communities. They are also helping us to create a more sustainable environment, promising major dividends in energy efficiency and greenhouse gas reductions.

The agriculture sector is a great example of where digital technologies have the potential to provide significant social, economic and environmental benefit. Our ['Talking 2030'](#) discussion paper, released this year in partnership with the National Farmers Federation (NFF), is triggering a national dialogue on agricultural growth and innovation opportunities whilst allowing the sector to grow sustainably.

Highlights



\$6 million

committed to Telstra Foundation funded initiatives, in line with our 2020 target to invest \$18 million over three years



80%

of public libraries across Australia supplied with eSmart Libraries program



4,147

community focussed organisations equipped to connect with learning opportunities in digital citizenship, STEAM and digital making



40+

startups accelerated by Telstra muru-D®



17

smart devices offered under Telstra Smart Home®

Social and environmental innovation

Approach

We believe in the power of technology to deliver innovative solutions to social and environmental challenges. We have created an innovation eco-system at Telstra that is helping us to address the issues that matter – from reducing carbon emissions, to improving healthcare outcomes, to developing more sustainable farming techniques.

Through the Telstra Foundation, we support non-profits that enable young people to thrive in their connected world. This year we invested in digital learning experiences in schools, public libraries and remote Indigenous communities, as well as inclusive technologies to support people living with disability.



Progress

Nurturing innovation

Telstra Labs continues to provide an important platform for innovation, collaboration and exploration. Our unique environment allows for rapid experimentation, validation and the implementation of new ideas.

In Melbourne at Australia's first publicly-accessible GSMA Open Internet of Things (IoT) Lab, we continued to open up our networks and infrastructure expertise and resources to startups, customers, partners and the broader IoT community.

Our muru-D startup accelerator continued to empower ambitious entrepreneurs to solve challenging global problems using technology. Over 40 start-ups participated in our programs in Sydney, Melbourne, Brisbane, Perth and Singapore this year.

Telstra's annual Innovation Challenge brings together university students and the general public to develop technology-based solutions for real-life problems. This year our finalists showcased how IoT technologies could be used to improve the lives of patients and assist those who work in the healthcare industry in providing the best care.

This year also marked the launch of SheEO™ in Australia. Supported locally by Telstra and CommBank's Women in Focus program, the initiative supports female entrepreneurs with financial assistance and mentoring.



High-tech agriculture

Smart farming technology is revolutionising the Australian agricultural sector.

Technology advancements are offering new ways to collect rich data about every aspect of farm operations to help farmers make informed, data-driven decisions - reducing food and energy waste, increasing productivity and profits, and improving safety.

Using smart farming technology, livestock can be accurately tracked and their health can be monitored. Drones can be used to gather data about livestock movements, crop health and water availability. Ground sensors can measure hundreds of variables such as soil moisture, local weather, soil pH and even how plants are transpiring. All of this data can be analysed using techniques such as machine learning to advise farmers how to optimise planting strategies,

irrigation strategies, harvesting strategies and to more accurately predict what their yield will be. Smart agricultural solutions can considerably reduce agriculture-generated carbon emissions and help reduce resource consumption.

Telstra is the first operator in Australia to deploy both Narrow Band IoT (NB IoT) and Category M1 (Cat M1) networks, which enable a digitised, data-driven agriculture sector. This innovation, coupled with our increasing network footprint and extension devices, such as the Telstra Go Repeater, enables Telstra to offer a more diversified product and solution offering for our rural and regional customers. We have made significant investment in areas such as IoT, drones, virtual and augmented reality solutions, and platforms that will digitise the agriculture supply chain domestically and globally.

IoT supports export markets for Australian produce

The Internet of Things (IoT) is helping Australian producers connect to rapidly expanding markets for imported premium foods in Asia. In partnership with Peloris Global Sourcing and M2M Connectivity, we have created tailored IoT solutions to ensure the integrity and traceability of Australian fresh milk supplied to China. Temperature information can be monitored in real-time all the way from Australian farms to arrival in China. Food producers, exporters, quarantine officials and consumers can all access the same information, enhancing consumer confidence in and demand for Australian produce.

The future is in the skies

Drone technology has broad applications for remote access, autonomous flight and crisis support.

Across Australia, drones assist life-guards in ocean rescue situations, using video analytics to recognise people and objects in the water. Soon, enhanced network connectivity will allow drones and rescue helicopters to safely share the same air space – a key advancement in rescue situations.

This year Telstra Ventures invested in Cape, a company that enables their users to control drones remotely over the internet and capture live high-resolution video.

Businesses are already using the technology for asset inspection, public safety and agricultural purposes.

AMSL Aero, a member of our latest muru-D cohort in Sydney, is developing world-leading autonomous aircraft technology. The Verti-plane autonomous two-seat aircraft will take off and land vertically and fly horizontally at 300km/h, an innovation potentially paving the way for the future of human mobility. The Verti-plane is designed to be safer, faster, quieter and less expensive than helicopters.

Cloud technology for a low carbon economy

Many organisations are migrating to cloud-based infrastructure as they look to digitise their businesses and set themselves up for future growth. Our cloud-based customers are reducing their carbon emissions and electricity costs while realising the productivity gains that come from moving their data and workloads off their own premises.

Our Connecting with the cloud discussion paper helps businesses quantify the benefits of moving to Telstra's cloud. Launched at the Australian Green Cities conference this year, our research estimates that Australian businesses could collectively save \$1 billion per year in energy costs and reduce carbon emissions by 4.5 million tonnes if all organisations moved to the cloud. Australian small and medium sized

businesses could save between \$4,100 and \$10,300 per year per server in energy costs by shifting to Telstra's cloud services.

We continue to scale up our cloud capabilities, expanding our international capability to make it easier and more efficient for our customers to manage their multiple cloud environments.

For more information, please see our [website](#).

Australian businesses could save \$1 billion per year in energy costs and reduce carbon emissions by 4.5 million tonnes if all organisations moved to the cloud.



The Verti-plane prototype developed by AMSL Aero, a member of the muru-D SYD5 cohort.



IoT technology makes it possible to export fresh Australian milk to China.

Creating smarter homes

Voice-control technology is opening up new opportunities for older customers and Australians with mobility issues, enabling them to control appliances, lights, heating and cooling without needing to move around their house or wait for help.

This year we worked with Google on a first in market carrier integration to allow Telstra Smart Home® customers to seamlessly control lighting and smart plugs by talking to their Google Home. We also launched a Telstra Smart Home integration with Amazon when Alexa arrived in Australia at the beginning of 2018.

We now offer 17 smart devices to help customers monitor their homes, and control lighting and appliances. Telstra Smart Home devices also help customers to optimise their energy efficiency by enabling them to set a timer for their lights and manage their thermostat remotely through a central app. These devices have great potential to be life changing for people in aged, disability and community care and we are continuing to explore more smart home applications for these sectors.

For more information on Telstra Smart Home technology, please refer to our [website](#).

Connecting at home for a healthy future

Telstra Health's MyCareManager Client App is helping to improve the lives of people living with chronic conditions. Nearly half of all Australians develop one or more chronic conditions in their lifetime. Research suggests that for many health conditions, supporting patients in their own home can be as effective as being admitted to hospital, but with less expense and greater satisfaction with care.

MyCareManager helps individuals track and monitor their progress against a personalised care plan and communicate with their virtual care team from home. The App can deliver targeted reminders to a person's mobile device to prompt them to take their medication, exercise and conduct self-assessments.

The App can also collect a variety of clinical data, such as blood pressure, temperature, blood oxygen saturation, body weight and blood glucose levels through manual data entry or Bluetooth device integration. The App is able to notify the individual's care team when tasks are missed or where clinical data indicates further action is required, allowing them to easily identify and intervene if patients are at 'high risk' of deterioration and hospitalisation.

Telstra Foundation®

The Telstra Foundation's purpose is to enable young people to thrive in a connected world. We proudly support non-profits that help young people understand, create and safely engage with technology; and also those that use technology to positively change the lives of young people.

This year we partnered with 22 charity and social enterprise partners, committing \$6 million through the Telstra Foundation to support community programs and partnerships, in addition to facilitating over \$1.3 million in charitable donations from Telstra employees and Telstra shareholders. We also have foundations in the Philippines and Hong Kong, focussed on employee volunteering and empowering young people through education and technology.

Through these efforts we are on track to meet our 2020 target to invest \$18 million over three years in Telstra Foundation funded initiatives designed to support young people to thrive in a digital world.



Kash demonstrates Telstra Smart Home technology instore



Young coders get excited about their space coding projects at Moonhack 2018 (Code Club Australia / Telstra Foundation)

Digital Futures Program

Our Digital Futures program supports young people to create with technology. We partner to deliver digital learning experiences including coding, flying drones, 3D printing, robotics, cyber safety and encouraging creativity in digital content production and problem solving. Telstra's Digital Futures partners work in schools, libraries and community groups across Australia, with a particular focus on regional, remote and other locations with low levels of digital inclusion.

This year our investments supported:

- 154,615 young people to experience creating with technology safely
- 4,147 community organisations (non-profits, libraries, schools and community groups) to provide learning opportunities in digital citizenship and digital making
- The upskilling of 4,748 digital guides – a mix of Telstra employees, librarians, teachers, Indigenous Elders and other community leaders – to support young people to explore the positive benefits of being connected.

We worked with the following partners in 2018:

- Code Club Australia – we funded 2,000 Code Clubs and train-the-trainer programs for 500 teachers as Code Club Australia's founding philanthropic investor. Over 28,000 children from around Australia participated in Code Club's Moonhack computer coding event.
- The National Centre of Indigenous Excellence (NCIE) - Nine Indigenous community groups in remote and regional locations participated in IDX Flint train-the-trainer programs this year. We were also pleased to support the inaugural National IDX Awards.
- PROJECT ROCKIT - more than 5,000 secondary school students engaged in workshops across Australia, sharing and learning about positive online behaviour. Telstra and PROJECT ROCKIT also created Play Smart™, a program for 12-16 year olds that links cyber safety and playing team sports.
- eSmart Libraries – we partner with the Alannah & Madeline Foundation to equip libraries, staff and library users with the skills they need for smart, safe and responsible use of digital technology. eSmart is in 80 per cent of public libraries around Australia.
- Young Change Agents - After a successful pilot program in FY16, we funded the Young Change Agents program to engage students to solve social challenges using design thinking and enterprise skills.



Participants at a Project ROCKIT and Telstra Foundation Play Smart™ workshop in Darwin



IDX Flint WA workshops teach students from Wickham and Roebourne how to use drones, robotics and virtual reality (VR) technologies

Digital workshops for remote communities

Among the ancient landscapes of the Pilbara, the Roebourne community in Western Australia is embracing cutting edge technology to engage their young people and preserve culture.

Over five days this year, the Telstra Foundation supported the Indigenous Digital Excellence (IDX) Flint team to teach students from Wickham and Roebourne Schools how to use 3D printers, fly a drone, as well as how to program and make their own robots.

The IDX Flint team partners with organisations and individuals working in communities across Australia to train students and local facilitators and provide a tech kit so communities can continue to build on the skills they have learnt during their workshops.

Flint Manager Grant Cameron said the Indigenous-led program offers Aboriginal and Torres Strait Islander communities across Australia new ways to spark the interest, talents and ideas of young Indigenous people in digital technology.

“The mob here can really see the potential of these technologies to engage their young people, explore and preserve culture and country, and connect these new technologies to storytelling,” Grant said.

Supporting at-risk youth with Tech for good

The Telstra Foundation's Tech for good investment program supports non-profits using digital technology to change the lives of young people at risk of social exclusion. We focus on partners and projects that improve the health and wellbeing of young people – particularly diverse and vulnerable young people such as those living with disability, at risk of mental illness, living in regional or remote communities, and with Aboriginal and Torres Strait Islander heritage.

We are investing in new ways to leverage technology to treat youth mental health issues, from awareness and prevention through to e-health tools for clinicians. In the area of disability, we are looking at new ways to connect people living with complex communication needs to life changing technology solutions.

In FY18, we continued our multi-year partnerships and launched our Tech for good Challenge incubator program to encourage new participants and fresh thinking. Seventeen challenge participants are being supported to scope, research and test new ideas, with promising projects funded for piloting and potential development to scale.

Progress with our Tech for good investments in FY18 includes:

- ReachOut – we are supporting ReachOut's School Engagement and Orb programs, including online resources and an App



The Equal Reality VR App, part of the 2017 Remarkable cohort, can recreate the experience of living with disability to promote better understanding of accessibility requirements

for students, teachers and parents designed to support young people and improve their understanding of skills that promote wellbeing

- Orygen (National Centre of Excellence for Youth Mental Health) - we are supporting the design and development of the world's first virtual clinic designed for young people suffering from severe and complex mental health conditions
- Assistive Technology Australia - we partnered to deliver workshops for carers, medical staff and people living with complex disability to understand technology options that can improve wellbeing



MJDF clients test paper prototypes of the YolDu Matha keyboard

- Cerebral Palsy Australia – we are supporting Remarkable, the world's first accessible and inclusive maker space and accelerator where digital technology is used to develop life changing solutions for people with a disability
- MJD Foundation – we are supporting programs for people living with Machado-Joseph disease (MJD), a motor neurone disease impacting many Indigenous people living in remote regions.

Telstra shareholders also donated over \$448,000 through the Telstra Shareholder Dividend Reinvestment Plan to our partner ReachOut this year. The donations and unclaimed monies helped to develop a new digital platform to improve access to mental health services for young people.

Supporting people living with Machado-Joseph disease

MJD is a neuro-degenerative disease that is particularly prevalent in the Aboriginal population of North East Arnhem Land. The disease causes progressive loss of speech, movement and eventually, body control. It occurs in families, with each child of an affected person at a 50 per cent risk of developing the disease themselves, almost always at an earlier age than their parent.

One of the many challenges for people with MJD is communication. Telstra partner, the MJD Foundation, is supporting their clients to trial using digital tablets for improved access to medical and therapeutic treatment as well as for social inclusion.

This year, the Telstra Foundation funded the development of a keyboard prototype that enables clients to communicate in both English and their primary YolDu languages, allowing them to touch type words to communicate with family, friends, medical and disability support staff and carers.

The project was co-designed and developed with MJD Foundation clients from Elcho Island. Lessons from the prototype will be used to develop and scale the communication tool for broader application.

Keeping safe in a digital world

Approach

Digital technology provides access to a world of information and communication but it can also leave us exposed to new risks such as cyberbullying, privacy breaches and fraud. Through our programs, we work to build the skills and confidence needed to help understand these risks and promote safe and positive digital experiences.

Online safety is more than protecting people from online danger and personal risk. It is also about creating a sense of belonging and standards of behaviour that enable us all to have a positive experience online. At Telstra we want to empower people to participate safely in the online world and provide the infrastructure and support that make this possible.

Progress

Helping customers stay safe online

Telstra offers its customers a range of ways to stay safe online. Our Telstra Broadband Protect™ and Telstra Mobile Protect™ solutions help parents to better protect their families from cyber risks, tailoring connectivity to the needs and maturity of family members and helping bring balance to screen time.

Telstra Broadband Protect helps more than two million customers and their family members to stay safe online via any device connected to their home broadband service.

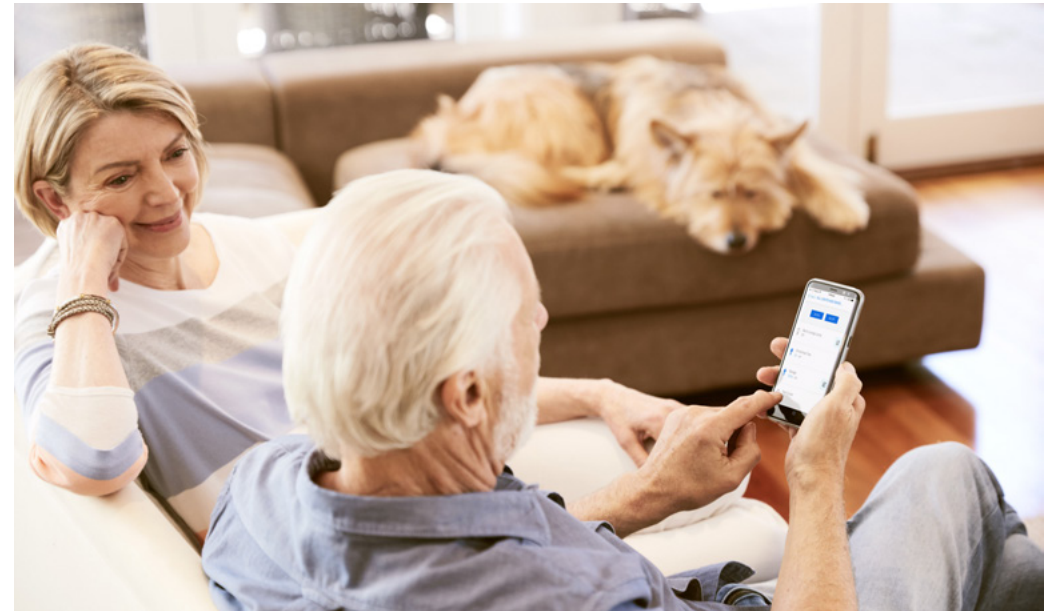
The product blocks around one billion queries to malicious sites and content that may infect devices or steal customers' information every month. This year more than 80 per cent of our home Internet users are protected by Telstra Broadband Protect, a 50 per cent increase from FY17.

Thousands of families have also added parental controls to their Telstra Broadband Protect service, so that parents can block inappropriate content or restrict internet access on every device in the home. Parental Controls block around 100,000 requests from each protected service every month for websites, applications, and other content.

Telstra Mobile Protect helps protect families when they're using their mobile devices on the Telstra mobile network, and lets parents restrict mobiles and tablets usage. The service offers parents family-friendly web-blocking features, allows parents to keep an eye on their children's social networking and protect them from un-wanted calls and SMS messages. The service is available to post-paid Telstra customers at no extra cost.

Safer internet for our people and customers

Celebrating 'Safer Internet Day' this year, we ran competitions, launched a training video and shared information to engage our Sales and Assurance teams about online safety. We also produced 'How to' videos to help our customers to manage time spent online and to manage the sites their families can visit.



Cyber safety in our communities

At Telstra, we are committed to championing cyber safety in our communities. We fund digital citizenship programs through the Telstra Foundation, such as PROJECT ROCKIT and eSmart Libraries, which promote positive online behaviours for people of all ages and experiences, including taking action on cyberbullying and online safety.

We also provide parents and carers with practical tips and advice on staying safe in the digital world. For example, our SmartPhone Safety Hub provides support for parents who are bringing a smartphone into their child's life, and we support internal and external awareness campaigns including the National Day of Action Against Bullying and Safer Internet Day.

We collaborate on cyber safety through our active participation in key industry programs. Telstra is a member of the Family Online Safety Institute (FOSI) Board, the Office of the eSafety Commissioner's Online Safety Consultative Working Group and Co-founder of the Technology for Wellbeing Round Table - a thought leadership forum of experts and practitioners that meets quarterly to discuss issues relating to young

people and technology, including cyber-safety, mental health and digital skills. We also support the Office's Women Influencing Technology Spaces program which uses women's voices to raise awareness of the impacts of cyber abuse.

We also champion cyber safety through our digital inclusion programs. This year marked the completion of a two-year research project into cyber safety in remote Indigenous communities. Funded by Telstra in partnership with RMIT, the study explores cyber safety challenges faced by Indigenous adults and school students in central Australia and Cape York (far-north Queensland).

Australian libraries are eSmart libraries

The Telstra Foundation and the Alannah & Madeline Foundation launched eSmart Libraries in 2012 - one of most ambitious cyber safety initiatives undertaken in Australia - to equip libraries, staff and library users with the skills they need for smart, safe and responsible use of digital technology. Backed by an \$8 million Telstra Foundation grant, 80 per cent of libraries are now participating in the free program.

Public libraries are the most heavily used community centres in Australia, connecting with many disadvantaged members of society. More than half of the population are public library members, who make over 110 million visits a year to 1,500 public libraries across Australia.

Developed from a holistic and evidence-based approach, eSmart Libraries focuses on ways

libraries and communities can develop smart, safe and responsible digital behaviours.

A recent independent evaluation of the program shows it to be one of the most highly-rated programs ever undertaken in libraries, with 100 per cent of surveyed library managers recommending the program and 93 per cent of library staff reporting improved knowledge on how to assist community members to stay safe online.



Nuriootpa young people after a PROJECT ROCKIT workshop

Environmental solutions



Climate change and energy

Technology is an essential enabler of low-carbon economic growth, and our investment in technological innovation is helping us to prepare for a more energy-focused, climate-conscious future.

Our efforts to innovate and leverage technology are helping our business, our customers and our communities to respond to climate change.

While advances in digital technologies have the potential to mitigate our contribution to climate change, we must also ensure our infrastructure is also resilient to climate impacts. As Australia's leading telecommunications and technology provider, we facilitate many millions of calls and data connections across our network each day. Given the breadth and complexity of our underlying infrastructure, we expect our exposure to climate change-related risk will increase in line with the frequency and intensity of extreme weather events.

Highlights



24% reduction

in carbon emissions intensity in FY18, on track to meet our 50 per cent reduction target by 2020



3.9% reduction

in total carbon emissions, compared to FY17



Launched

our refreshed Environment Strategy, including 2020 goals



\$4.5 million

invested in energy reduction projects, saving 22,762 tCO₂e and more than 23,000 MWh of electricity per annum



226 MW

of renewable wind energy committed through a consortium power purchasing agreement



A- leadership rating

achieved for CDP (formerly Carbon Disclosure Project) 2017

Energy and emissions

Approach

We are committed to mitigating our climate change impacts and helping our customers and communities to do the same. With the launch of our updated Environment Strategy this year, we are working to enhance energy and emissions performance across our operations and broader value chain.

Energy efficiency and climate resilience are also factored in to our Networks for the Future investment program. We are considering future climate forecasts, as well as energy efficiency requirements when making decisions on asset location, design and network equipment. While we anticipate a short term increase in our greenhouse gas (GHG) emissions as we maintain our existing network during the Networks for the Future roll out, we aim to continue reducing our emissions intensity over the longer term.

This year we continued to expand our support for the Australian renewable energy market by investing in a major windfarm development in western Victoria. Our investment allows us to lock in our energy costs for the long term at well below current prices, as well as partner with some of our enterprise customers on a high quality regional energy project.

For more information on how we support people, businesses and the community to improve their environmental performance, please refer to the [Social and environmental innovation](#) section of this report.

Our commitment to transparency

We calculate our GHG emissions according to the Greenhouse Gas Protocol of the World Business Council for Sustainable Development and World Resources Institute as well as the Australian National Greenhouse and Energy Reporting (Measurement) Determination 2008 (as amended). Our GHG emissions data includes relevant Australian subsidiaries, joint ventures and partnerships as set out in the National Greenhouse and Energy Reporting Act 2007. We report Scope 1 and 2 GHG emissions from Telstra's operations and selected Scope 3 GHG emissions.

For a detailed breakdown of our environmental performance data, please refer to our reporting website at www.telstra.com/sustainability/report.

Since 2003 we have also disclosed our GHG emissions and climate change risks annually through our questionnaire response to the CDP. Our submissions are available online at www.cdp.net

To ensure stakeholder confidence in our environmental management and performance, we engaged Ernst & Young (EY) to provide limited assurance over our FY18 environmental performance data. For an overview of the metrics included in assurance for this year, please refer to EY's assurance statement at www.telstra.com/sustainability/report.

Our Environment Strategy

Our refreshed Environment Strategy, launched in June this year, is focused on embracing innovation and technology to help address environmental challenges.

The revised Strategy goes beyond simply managing our own environmental footprint. It also encourages innovation in digital products and services that create environmental solutions to monitor, protect and improve the environment.

The Strategy has five pillars, supported by goals, commitments and targets to 2020:

- Managing Carbon Emissions - continue to invest in energy efficiency and increase our support of Australia's renewable energy sector
- Climate Change Resilience - embed climate change resilience actions into infrastructure planning, investment and operation
- Low-carbon Economic Growth - use our technology to help address environmental challenges and help our customers reduce their GHG emissions
- Resource Efficiency - reduce waste to landfill by embedding sustainable design practices, increasing re-use and recycling and making our packaging more sustainable
- Environmental Management - extend best practice environmental management practices across our global company.

For more information on how we are bringing this strategy to life, and our specific performance targets, please visit our website, at www.telstra.com.au/environment.

Climate change governance

Maintaining clear oversight of our climate change-related risks and opportunities is one of our sustainability governance priorities. The Chief Sustainability Office is responsible for implementing Telstra's Environment Strategy, and provides bi-annual updates to the Telstra Board on progress against targets and objectives. Our Health, Safety and Environment (HSE) team is responsible for providing updates on HSE performance and risk-management, including in relation to climate risks, to the Management Risk Committee and CEO Leadership Team on a quarterly basis. The Audit and Risk Committee also receives quarterly reporting on our GHG emissions performance, trends and progress.

Progress

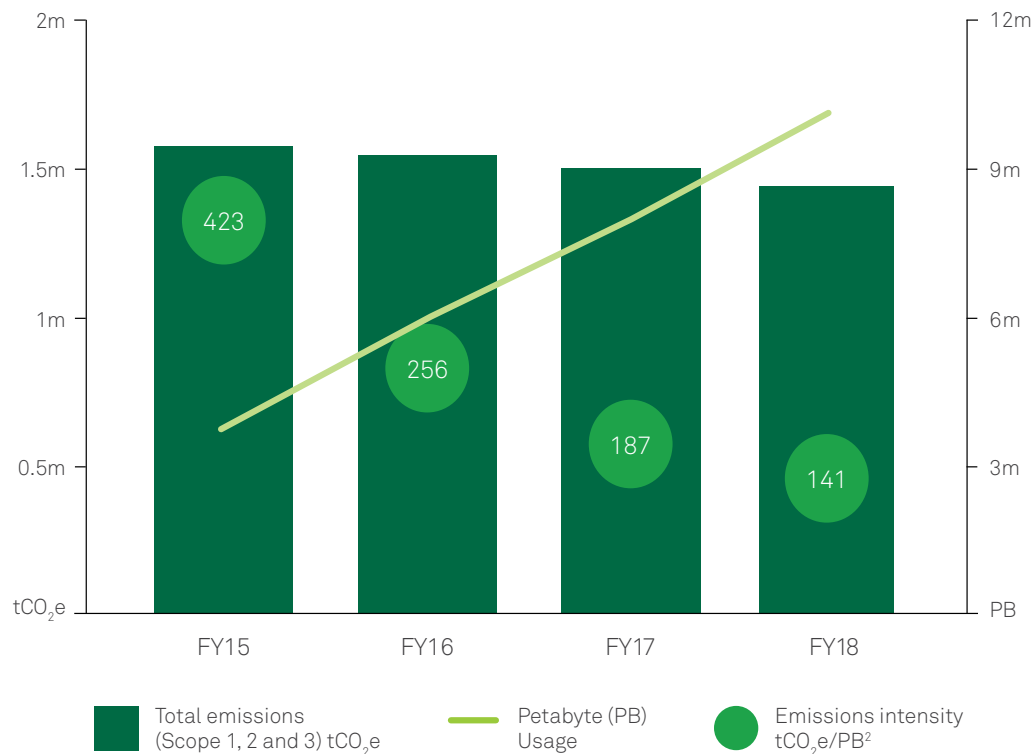
Managing our energy and emissions

Last year we committed to reducing our GHG emissions intensity (tCO₂e per petabyte) by 50 per cent by 2020, from a baseline year of FY17. This year we reduced our emissions intensity by 24 per cent, meaning we are on track to achieve our 2020 target.

Drivers of our improved intensity performance include the continued growth in customer data use, changes to state-based emission factors for electricity published by the Australian Government and emissions reductions enabled through our energy efficiency activities.

Overall emissions have decreased by 3.9 per cent from last year. The decrease is largely due to a reduction in our electricity consumption from energy savings derived from project initiatives (energy efficiency and decommissioning) as well as the increased transition of operational control of infrastructure to nbn co throughout the year. Other factors contributing to the decrease were a reduction in state-based electricity emission factors, a reduction in transport fuel consumption and changes to Scope 3 emission factors for electricity transmission losses.

Greenhouse gas emissions, petabyte usage and emissions intensity¹



¹ Greenhouse gas emissions are calculated using the latest emission factors at the time of reporting. Scope 3 emission include waste, air travel, electricity transmission losses and fuel extraction and refining.

² Emissions intensity information has previously been reported on a terabyte (TB) basis. From FY18 it is presented on a per petabyte (PB) basis to reflect our new 2020 target.

Energy efficiency

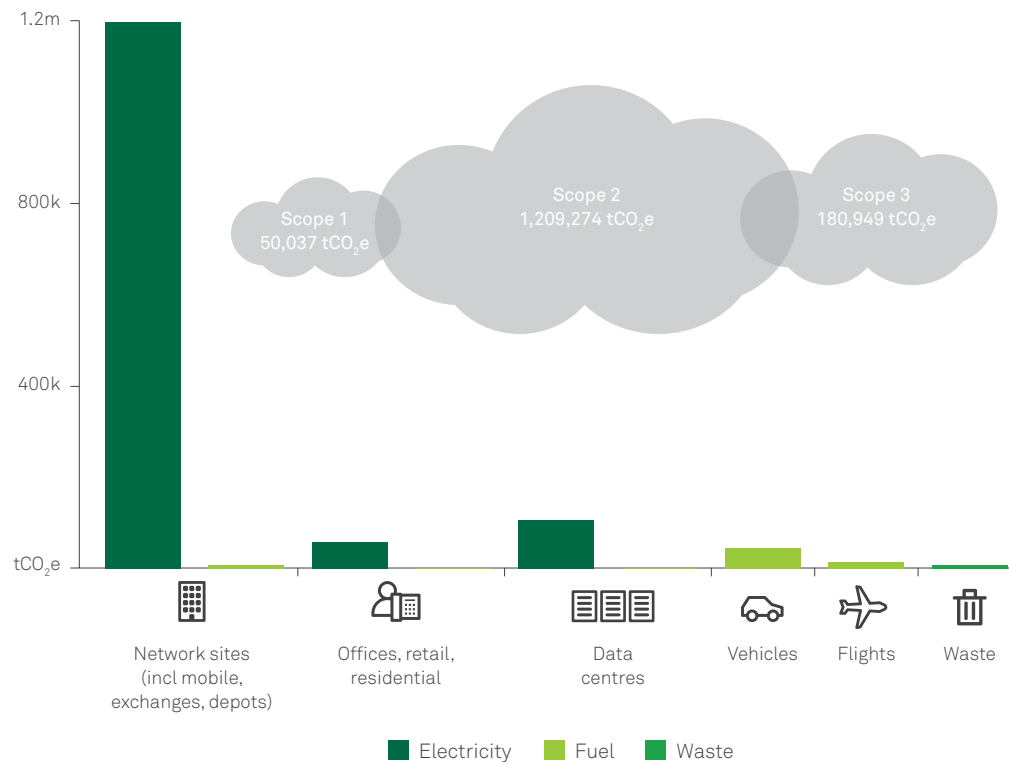
Electricity consumption accounts for around 95 per cent of our total GHG emissions (Scope 1, 2 and 3). We strive to reduce energy consumption across every aspect of our business through a careful program of planning, equipment monitoring and energy productivity optimisation.

Our network sites, including exchanges and data centres, are our largest consumers of electricity. This year, we continued to enhance the efficiency of these sites, installing new lighting and air-conditioning controls, retiring inefficient cooling systems, improving our approach to fault detection and repair, and optimising facility design.

Since 2011 we have invested \$56.5 million in improving the energy efficiency of our facilities. This year we invested \$4.5 million in energy reduction projects that delivered a collective saving 22,762 tCO₂e and more than 23,000 MWh of electricity per annum.

For a detailed breakdown of our GHG emissions and energy consumption, please refer to our reporting website at www.telstra.com/sustainability/report.

FY18 greenhouse gas emissions (Scope 1, 2 and 3) by category



We use smart electricity meters to improve our measurement capabilities and help us identify consumption patterns. We are also using IoT power monitoring systems to better understand where energy is used in our facilities, rapidly identify issues that adversely impact energy efficiency or are not compliant with Telstra’s operational standards, and validate energy reduction initiatives. This year we upgraded electricity meters at 368 facilities, increasing the total number of facilities with smart meters to over 1,800.

A key energy reduction initiative this year has been the upgrade of air conditioning controllers at 20 network sites, enabling air conditioning operation to be optimised to meet current energy efficiency standards. We have validated that this reduces energy consumption from air conditioning systems by up to 26 per cent. The control system upgrade at Woodville Exchange in South Australia alone saves approximately 64,000 kWh per annum.

We de-power and decommission our redundant network infrastructure to save energy and re-use, or recycle components where practicable. Network decommissioning projects implemented in FY18 will save 28,614 MWh per annum.

As our customers migrate to the **nbn**TM, we are progressively reconfiguring and decommissioning our network infrastructure to optimise its utilisation. Even when these network elements have no customer services connected they still consume power and must be actively depowered and disconnected.

This financial year we surpassed our target to depower and decommission 830 network elements, completing 1,148 elements during the year. The decommissioning and depowering activities saved more than 6,636 MWh of electricity.

For more information on how we recycle our infrastructure components, see the [Re-using customer equipment](#) section of this report.

FY18 energy reduction initiatives

Initiative	Description	Annual savings (MWh)
HVAC optimisation	We conduct physical inspections of our network sites to identify faults affecting power consumption and review equipment performance to identify optimisation opportunities.	8,884
Building services energy efficiency upgrades	Our capital works program includes the installation of fresh air cooling systems, high efficiency chillers, electronically commutated fans and lighting controls.	7,896
Upgrading rectifiers	Rectifiers convert electricity from AC mains power to DC power, which is required to run our telecommunications equipment. We continue to upgrade older inefficient units to more modern, high efficiency rectifiers. These are now achieving efficiency levels of 96 – 98 per cent.	4,069
Grid connected solar photovoltaics	We are installing rooftop solar panels at some of our exchange buildings to power our telecommunications equipment and reduce the amount the energy we consume from the electricity grid.	2,302
TOTAL		23,151

Managing our transport emissions

Our use of transport fuels is the second largest contributor to our emissions profile. GHG emissions from our operational fleet reduced by seven per cent this year as we continue to transition to more fuel-efficient vehicles. We are progressively removing large six-cylinder wagons from our fleet and replacing them with four-cylinder models, increasing our average fuel efficiencies this year.

We participate in the GreenFleet carbon offset program for all our salary packaged vehicles and novated lease arrangements. Since 2003, Telstra employees have funded the planting of over 1.45 million trees around Australia. On World Environment Day this year we partnered with GreenFleet to plant over 1,000 trees in the Kowanyama Indigenous community in Far North Queensland. Kowanyama was impacted by Cyclone Nora in March 2018 and the planting of biodiverse native plants as well as fruit trees revitalised the access to fresh produce which can otherwise be hard to come by. The initiative was in addition to our established reforestation agreement with Greenfleet and supports our commitment to working with Indigenous Australia, outlined in our Reconciliation Action Plan.

Renewable energy

This year we led a consortium including ANZ, Coca-Cola Amatil and the University of Melbourne which entered into a power purchasing agreement (PPA) covering the 226 MW first stage of the Murra Warra Wind Farm near Horsham in western Victoria. We recently announced the addition of Monash University to this consortium, and we continue to look for ways to use our expertise in this area to help more of Australia's businesses and organisations meet their energy and sustainability challenges.

The consortium arrangement is one of the first of its kind in Australia.

Murra Warra will generate up to 429MW when fully constructed; more energy than any other wind farm currently operating in the southern hemisphere. Stage 1 of the project will generate enough electricity to power almost 220,000 Victorian homes and reduce Australia's CO₂e emissions by around 900,000 tonnes each year. Construction of Stage 1 started this year and the project is expected to create around 150 jobs and other opportunities for businesses in the local area.

We continue to advocate for and share our experience in PPAs for renewables, leading discussions as Gold Sponsor of the 2018 Australasian Emissions Reduction Summit in Melbourne this year.

Telstra's participation in the Murra Warra consortium builds on our investment support for RES Australia's 70MW Emerald solar farm in Queensland in FY17, currently under construction and due to start generation next year.

We continue to implement grid-connected solar PV at our exchange buildings. This year our total grid-connected solar capacity increased to 2.1MW, up from 424kW in FY17. Installations were completed at 24 of our large network exchanges with an average system size of around 70kW. In addition, we also have over 3.8MW of off-grid solar capacity, which has grown slightly this year in line with our participation in the Mobile Black Spot Program.



Climate change resilience

Approach

With over 25,000 physical assets around the world, we understand our exposure to climate change and have identified business resilience as one of our key climate-change risks. We are working to anticipate and reduce the impact of future climate-related disruptions as part of our current program of work to upgrade and expand our networks.

Beyond managing our own operations, we are also aware of the critical role that ICT can play in helping our customers and communities to move towards a low-carbon future. Our response to climate change is therefore focused on addressing both the risks and opportunities it presents.

Our response to climate change is focused on:

- *Minimising our emissions* – identifying opportunities to improve the energy efficiency of our networks and the use of renewable energy sources
- *Enabling low-carbon economic growth* – making energy efficient technology more accessible across our networks
- *Building resilience* – assessing climate risk and developing management approaches for our own operations, and to support customers in extreme weather events.

Progress

Building resilience

Our adaptation framework guides how we manage our climate and extreme-weather risks. This year we completed a scoping assessment to identify our priority areas for embedding resilience planning in our business, operations and future decision making processes. Our focus areas are:

- *Employee capacity* – building the capacity of our people through training, collaboration and integrating the consideration of climate risks into existing processes and frameworks
- *Portfolio wide strategy* – developing our approach across a group of Telstra assets or works so that actions can be made replicable and scalable
- *Site acquisition and due diligence* – influencing decision making frameworks to plan for and reduce exposure to climate risk prior to site acquisition, and demonstrate that due consideration of climate risks has been undertaken
- *Asset design* – enhancing asset design and construction guidelines to address climate risk and enhancing resilience at an asset level, across the asset lifecycle
- *Operations and management* – planning and preparing for risks that affect operations and maintenance, reducing the costs and implications of post event recovery.



Our assessment findings form the basis for our Climate Resilience Action Plan, providing a framework against which we will measure our performance.

During the year we continued to engage our business teams on available climate change risk assessment tools, with a view to embedding them into their existing asset tools.

We were recognised as a finalist at this year's Banksia Awards for our work with Fujitsu Australia to promote ICT's role in supporting a transition to a zero emissions economy. For more information, please see our [Australian SMARTERer2030 Report](#): The role of Information and Communications Technology (ICT) in reducing Australia's GHG emissions.

Telstra achieves CDP Leadership rating

The CDP (formerly Carbon Disclosure Project) is a global disclosure framework for investors, companies, cities, states and regions to manage and assess their environmental impacts. CDP's network of investors and purchasers represent over \$US100 trillion in assets.

This year Telstra achieved a Leadership A- rating for our disclosure in the Global Climate Change Index. The rating reflects our efforts to mitigate the risks and capitalise on the opportunities associated with climate change.

Environmental solutions



Environment and resource efficiency

E-waste is one of the fastest growing types of waste in Australia. There are now around 23.5 million unused mobile phones sitting on shelves or in drawers across the country. As one of Australia's leading technology companies, we have a responsibility to improve our resource efficiency and help our customers and suppliers minimise their environmental impacts.

We are identifying new circular opportunities to support the reuse or recycling of electronic products. Resource efficiency creates opportunity, including new revenue streams from reused materials, innovative products with enhanced sustainability credentials, and cost savings from reducing packaging materials. Telstra will continue to pursue these opportunities as we adopt more ambitious re-use, recycling and efficiency initiatives.

We advocate for environmental stewardship across our industry and offer options that help our customers improve their environmental performance. We also work to ensure we comply with our environmental obligations, monitoring and managing the increasing complexity of our environmental risks.

Highlights



23.7 tonnes

of mobile phones and accessories collected for recycling, on track to meet our 2020 target to re-use or recycle 60 tonnes



2,406 devices

repurposed across 297 enterprise customers



20,000

employees reached through the introduction of E-waste Recycling Hubs in our major offices



3,871 tonnes

of e-waste collected, with a recycling rate of 99.9 per cent



9% reduction

in paper use



16 tonnes

of plastic and eight tonnes of cardboard saved each year through the optimisation of packaging

Resource efficiency

Approach

We rely on large volumes of electronic equipment to operate our network. The rapid evolution of technology requires us to continuously upgrade our network and has also increased customer demand for the latest devices, resulting in increasing quantities of equipment becoming e-waste. Responsible e-waste management has become one of our most significant product stewardship issues.

In line with our refreshed Environment Strategy, we are committed to expanding the circular economy for electronic equipment. We contribute to sector-wide initiatives, and seek to improve our own practices through effective product design, productivity, reuse and repurposing. Our employees share this journey with us. They contribute directly to our recycling campaigns and are advocates for effective stewardship in our workplaces, businesses and communities.

We aim to protect the environment by cultivating a strong risk management culture and maintaining effective systems and processes. We monitor and assess our compliance to ensure we meet the requirements of industry regulation and expectations of our stakeholders.

For more information on our refreshed Environment Strategy, please see the [Climate change and energy](#) section of this report.

Progress

E-waste

Working together – MobileMuster

As a founding member of MobileMuster – Australia’s only voluntary, government-accredited mobile phone recycling scheme – we have supported responsible electronics recycling programs for 20 years.

In FY18 we collected 23.7 tonnes of mobile phones and accessories, which puts us on track to meet our three-year target to reuse or recycle 60 tonnes of mobile phones and accessories by the end of FY20. In total, we collected 3,871 tonnes of e-waste, with a recycling rate of 99.9 per cent. The total volume of e-waste collected has decreased by 11 per cent compared to FY17 due to a reduction in battery lifecycle replacements.

For a detailed breakdown of our resource consumption, please refer to our reporting website, at www.telstra.com/sustainability/report.

We want to accelerate change, treating e-waste as a circular economy opportunity.

Total e-waste recycled (tonnes)

FY16 5,549

FY17 4,353

FY18 3,871

Raising awareness and advocating for change

We are working to raise awareness about how to securely and responsibly manage retired electronics. According to MobileMuster, 77 per cent of Australian consumers are aware of mobile phone recycling. This year we continued to contribute to policy forums and policy development on electronics stewardship. We contributed a submission to the Victorian government on their proposed approach to managing e-waste and presented at the Australasian ‘Powering the Change to a Circular Economy’ conference, as well as the Global Product Stewardship Council’s International Stewardship Forum.

Working with our value chain

Our Electronics Reuse and Recycling Strategy, Unlocking Hidden Value, is gaining traction in its second year to systematically manage and reduce our e-waste impact across our value chain. Our efforts to offer employees and customers convenient collection options for mobile handsets and accessories has directly contributed to increased recovery rates for recycling and reuse.

We continue to work with our panel of pre-qualified e-waste recycling vendors that meet Australian Standards for the responsible management, storage, handling and disposal of e-waste. Pre-qualification streamlines our procurement process and bolsters our ability to responsibly and securely reuse and recycle this resource.

Telstra eCycle™ is our collection and recycling program for eligible, unwanted electronic goods. In our retail stores, this service leverages the MobileMuster collection network to provide customers with the option to responsibly and safely recycle their mobile phones and accessories.

Engaging our people

E-waste recycling hubs have been introduced in our major offices, offering a central collection point for common types of e-waste including household batteries, redundant Remote Network Access tokens, old mobile handsets and accessories as well as general e-waste. The service now reaches more than 20,000 of our employees throughout Australia.

Extending the life of smartphones

Customers have shown strong interest in our Go Mobile Swap lease plans, designed for smartphone users to obtain the latest generation technology each year, manage their monthly spend and upgrade damaged phones. We have seen an increase in customers leasing handsets compared to last year, with phones returned at end of the lease period being refurbished for re-use or recycled.

Re-using customer equipment

When we upgrade our business and enterprise customers' equipment we collect redundant equipment for reuse, repurposing, recycling or sale. This year we worked with 297 Enterprise customers to collect and reuse 2,406 devices. We worked with National Australia Bank to keep 486 kilograms of old video conferencing equipment out of landfill, reusing 86 per cent of the collected equipment (by weight). The value of the reused material was donated to Australia's largest fresh food charity, SecondBite, contributing over 4,000 meals for vulnerable Australians.

Employee involvement

This year our people were invited to participate in initiatives to transform their redundant mobile phones and tablets, and provide social benefits:

- The *Able Australia* workplace campaign was a one-month initiative to collect unwanted working smartphones for reuse by deafblind Australians. The reuse campaign helps to educate deafblind people on how to use mobile technology to communicate and stay connected.
- In partnership with *Mobile Muster* and *OzHarvest*, Telstra customers and employees were invited to recycle their old mobile phones, with each phone collected contributing a meal for someone in need. Of the 70,000 meals donated through the campaign, 20,590 were attributed to Telstra's recycling efforts.
- Celebrating World Environment Day, Telstra employees in Melbourne were invited to bring their unwanted electronics to work for collection and recycling. Telstra partnered with *SecondBite* to donate a meal for every kilogram of e-waste recycled throughout June 2018.

Other materials efficiency initiatives

This year we reduced the thickness of the plastic used in our satchels used for retail products, saving an estimated 15 tonnes of plastic each year while halving our packaging cost. We also reduced the size of our Starter Kit and SIM card satchels saving an additional 1.22 tonnes of plastic annually. Our SIM dispatch wallets are now made from lighter, 99 per cent recycled cardboard, saving an estimated 8.5 tonnes of virgin cardboard each year.

We have significantly reduced our paper use for office, printing and billing activities over the last five years. This year we further reduced paper use by nine per cent due to the use of thinner paper stock for billing and efforts to reduce office printing.

As Australia makes the switch from copper cable network to the nbn, we are seeking ways to responsibly and cost-effectively recycle our recovered cable materials. In a multi-state trial this year we recovered 93 tonnes of copper mains cable for local recycling.



Environmental risk and compliance

Approach

The nature, scale and geographical spread of our activities bring inherent environmental challenges. Protecting the environment is our priority, and we seek to achieve this by cultivating a strong risk management culture and maintaining our environmental management system which is accredited to ISO 14001:2015.

Our most important environmental issues are defined by our global Health, Safety and Environment (HSE) management system. Telstra has outlined a number of minimum performance requirements to manage compliance for these issues, including:

- Resource use
- Pollution
- Waste
- Biodiversity
- Land management, heritage and access.

Telstra's Executive Leadership team maintains strong governance over our environmental compliance activities, ensuring that our key environmental compliance risks and controls are understood and promoted across the organisation.

For more information on our approach to sustainability governance, please refer the [Climate change governance](#) section of this report.

Progress

Telstra, as a minimum, seeks to be compliant with all applicable environmental laws and regulatory permissions relevant to our operations. We also comply with notices issued by government authorities. We have not been prosecuted for, or convicted of, any significant breaches of environmental regulation during the financial year.

Each year we conduct an enterprise-wide review of our environment program and plan compliance activities for the coming period. This year, we digitised and strengthened our existing environment compliance program to better drive business unit accountability for best practice environmental compliance. Awareness training and procedural updates continue to be rolled out across the company in response to current and emerging environmental requirements.





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