BIGGER PICTURE
2015 SUSTAINABILITY
REPORT

IT'S HOW
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THINK SUSTAINABLY
BEFORE PRINTING

ABOUT OUR REPORTING

Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ over 36,000 people directly, facilitate access to more than 2,000 network points of presence across the globe and have one of Australia's largest shareholder bases, with around 1.4 million shareholders.

We have a diverse range of customers, including consumer, small business, large enterprise and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 371 Telstra-branded retail stores, 84 Telstra Business Centres, 137 Telstra business and enterprise partners and are distributed by over 18,700 retail points of presence managed by our partners.

In Australia we provide approximately 16.7 million retail mobile services, 6.0 million retail fixed voice services and 3.1 million retail fixed data services. Telstra's international businesses operate in 20 countries around the world and include Telstra's global networks and managed services business, as well as Telstra's China-based search and advertising business, Autohome Inc.

We understand our customers want technology and content solutions that are simple and easy to use – that's why we have built networks like Australia's largest fully integrated internet protocol (IP) network and Australia's largest mobile network.

United Nations Global Compact

You will find the icon below throughout the Bigger Picture 2015 Sustainability Report. It indicates where we are providing information on our progress in implementing the ten principles of the United Nations Global Compact.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2015 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2015 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders, as defined through our annual materiality process. The material topics addressed within each chapter of this report are outlined on page 12, and on the context page of each corresponding chapter.

We develop our sustainability reporting in accordance with industry and sustainability standards including the United Nations Global Compact (UNGC) Communication on Progress and the Global Reporting Initiative (GRI) G4 Core Sustainability Reporting Guidelines, and with reference to AccountAbility's AA1000 Principles Standard 2008.

For more information visit
www.telstra.com/sustainability/report

Scope

Our sustainability reporting covers the financial year 1 July 2014 to 30 June 2015 (FY15) for Telstra Corporation Limited. All controlled entities are excluded unless otherwise stated.

As our international operations expand we are committed to developing a global framework for sustainability data collection and reporting. Starting with our most material operations overseas we will continue to expand on the scope of our reporting over time.

Wherever possible and relevant under the G4 guidelines 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 in Note 25 to the Financial Statements in the 2015 Annual Report.

Assurance

Independent assurance supports our commitment to transparency and accountability. To provide confidence for our stakeholders in our reporting Ernst & Young provides limited assurance, in accordance with the ISAE 3000 standard, over specified data and related performance disclosures in our 2015 Annual Report and Bigger Picture 2015 Sustainability Report, as well as an assessment of Telstra's application of the principle of materiality, as outlined in the Global Reporting Initiative (GRI) G4 guidelines.

You can access Ernst & Young's assurance statement at
www.telstra.com/sustainability/report/about

Feedback

We welcome your feedback on our sustainability reporting, approach and performance. Please email Tim O'Leary, Chief Sustainability Officer at
sustainability@team.telstra.com

Stay in touch

twitter.com/telstra
facebook.com/telstra
Sustainability Matters
www.telstra.com/sustainability/subscribe

MESSAGE FROM THE CHAIRMAN AND CEO

It has been a year of progress and change for Telstra and the telecommunications industry. More people and businesses are embracing the exciting benefits and possibilities that connectivity brings. High speed networks, smart devices, mobile applications and the rapidly growing Internet of Things are transforming the way we work, play and interact.

Against this backdrop, Telstra has continued to perform strongly - investing in our core business, building pathways to future growth and improving customer advocacy. However, our purpose – *to create a brilliant connected future for everyone* – demands more than a brilliant customer experience.

In many parts of the world, digital connectivity is now seen as an essential service with internet access underpinning economic development, social connections, education, the arts, employment and social services. In this context, Telstra continues to focus on bridging the digital divide to ensure everyone, irrespective of age, income, ability or location can enjoy the social, economic and cultural benefits of being connected.

This year we provided $185 million worth of benefits to our customers and communities through our Everyone Connected programs. We continue to work with community, government and non-profit partners to foster digital access and inclusion and to help people build the confidence and skills needed to participate safely in the digital world. We reached almost 117,000 people through our digital literacy programs, including providing face-to-face training for 32,000 people.

An independent study of our Tech Savvy Seniors training program, undertaken by the University of Melbourne this year found a clear social return on our investment through strengthened connections with family and friends, greater community involvement and better utilisation of online information and services.

This year we also launched Telstra Safe Connections in partnership with Women's Services Network. The program helps women

affected by domestic violence stay safely connected to friends, family, essential services and other vital sources of support and information.

Through the Telstra Foundation we also use our technical expertise to assist community organisations with an appetite for social innovation. This year the Foundation provided five new social innovation grants to organisations including Code Club Australia, which is working to ensure primary school children have the chance to learn to write computer code, supporting the development of foundational technology and digital literacy skills in Australian schools. Our support saw the acceleration of a 'train the trainer' program targeting 500 teachers and prioritising schools in low socio-economic areas.

Along with contributing to our communities, Telstra is committed to minimising our environmental impacts and working with our customers to achieve better environmental outcomes.

> This year we achieved a 27 per cent decrease in carbon emissions intensity, placing us in a good position to meet our three year emissions intensity reduction target.

Projects undertaken to improve the energy efficiency of our networks and operations also reduced our overall carbon footprint by 35,000 tonnes this year.

Our people are key to our ability to achieve our purpose, and with over 36,000 of us, we have the opportunity to make a big difference.

This year our people contributed over 7,200 volunteering days in the community, getting behind a variety of causes from bushfire recovery with Habitat for Humanity, to preparing and serving food to people in need with the Red Cross. Our matched payroll giving program

contributed $1.5 million to over 300 charities and we provided 700 Telstra Kids Fund grants, worth almost $1 million, for local community organisations close to our employees' hearts.

As a major Australian company with increasingly global operations, we remain committed to upholding the principles of the United Nations Global Compact wherever we operate. The UNGC encourages businesses worldwide to adopt sustainable and socially responsible policies and practices, and to report on their implementation. This year we officially launched the Telstra Foundation Philippines, our first international Foundation, which aims to assist Filipino youth and promote education in the Philippines.

We recognise and are sensitive to the fact that our ability to succeed depends on how we respond to the changing social and environmental expectations of our employees, customers, investors, regulators and the wider public.

We hope our Bigger Picture 2015 Sustainability Report gives you a deeper understanding of the way we are responding to a broad range of important environmental, social and economic issues.

We welcome your comments, feedback and ideas.

Andrew Penn
Chief Executive Officer

Catherine Livingstone AO
Chairman

FINANCIAL HIGHLIGHTS

$26.6b
TOTAL INCOME[1]

$4.3b
NET PROFIT AFTER TAX[2]

$1b
INVESTED IN WIRELESS NETWORK

30.5
CENT TOTAL DIVIDEND PER SHARE

+

$1b
SHARE BUY-BACK

=

$4.7b
DISTRIBUTION TO SHAREHOLDERS

SUSTAINABILITY HIGHLIGHTS

NAMED AUSTRALIA'S MOST RESPECTED COMPANY[3]

214M TOTAL VALUE OF SOCIAL AND COMMUNITY CONTRIBUTIONS

OVER 35,000 TONNES OF CARBON EMISSIONS SAVINGS THROUGH PROJECT INITIATIVES

LAUNCHED TELSTRA SAFE CONNECTIONS to help women impacted by domestic violence stay connected

REACHED ALMOST **117K** people through our digital literacy programs

REDUCED OUR CARBON EMISSIONS INTENSITY BY **27%**

EMPLOYED **476** PEOPLE with disability or from a disadvantaged background through our Supported Workforce program

MORE THAN **15M** SMS sent to customers highlighting responsible mobile phone use

SURVEYED ON AVERAGE **30,000** customers per day and used their feedback to improve customer experience

NAMED AS AN EMPLOYER OF CHOICE GENDER EQUALITY BY THE WGEA[4]

LAUNCHED **TELSTRA AIR®** AUSTRALIA'S LARGEST WI-FI NETWORK

DOWN **12.5%** Lost Time Injury Frequency Rate of 0.98

OUR
PERFORMANCE

Performance overview

We achieved or made significant progress against 81 per cent of our stated targets in FY15.

Progress against our sustainability scorecard can be found in the table below, and information on our full range of FY15 targets can be found in each corresponding chapter.

51% Achieved

30% In progress

19% Not achieved

Sustainability scorecard

Key performance indicator	FY15 Target	FY15 Performance	FY14	FY13	FY16 Target	For more information
Employee engagement Score (%)	84	–[1]	82	80[2]	84	Our people Page 08
Health and safety Lost Time Injury Frequency Rate (LTIFR)	Introduce new measure	LTIFR: 0.98 New measure introduced[3]	1.12	1.36	<1	Our people Page 15
Gender equality Women in executive management (%)	30	25.6	25.9	25.4	30	Our people Page 09
Volunteering during Telstra time Total (days)	10,000	7,225	5,122	4,248	10,000	Connecting communities Page 12
Payroll giving Participation rate (%)	6.0	5.8	5.3	3.6	6.0	Connecting communities Page 12
Social and community investment Value (millions)	Targeted investment	213.5	216.6	231.0	Targeted investment	Connecting communities Page 14
Targeted digital literacy community programs People reached (000s)	165	117	143	146	40[4]	Connecting communities Page 08
Carbon emissions intensity tCO_2e per terabyte of data	55% reduction by end of FY17[5]	0.42	0.58	0.83	55% reduction by end of FY17[5]	Environmental stewardship Page 07
E-waste Mobile phones (tonnes collected)	14.0	15.6	15.3	14.0	14.0	Environmental stewardship Page 13

Notes: 1 – As a whole of company employee engagement survey was not undertaken during the reporting period, we are unable to report on this metric for FY15. 2 – 2013 results adjusted to exclude CSL and Sensis (79 per cent was previously reported). 3 – In FY15 we established baseline figures for a number of new HSE performance measures, which are currently used internal reporting purposes. For FY16, LTIFR remains our externally reported health and safety metric. 4 – Our target for FY16 is lower than in previous years, due to our increased focus on delivering face-to-face training. This training is more resource-intensive to deliver, but results in better learning outcomes for participants. 5 – FY15-FY17 target, calculated from a baseline year of FY14.

OUR APPROACH

Our strategic ambition is to embed social and environmental considerations into the heart of the business in ways that create value.
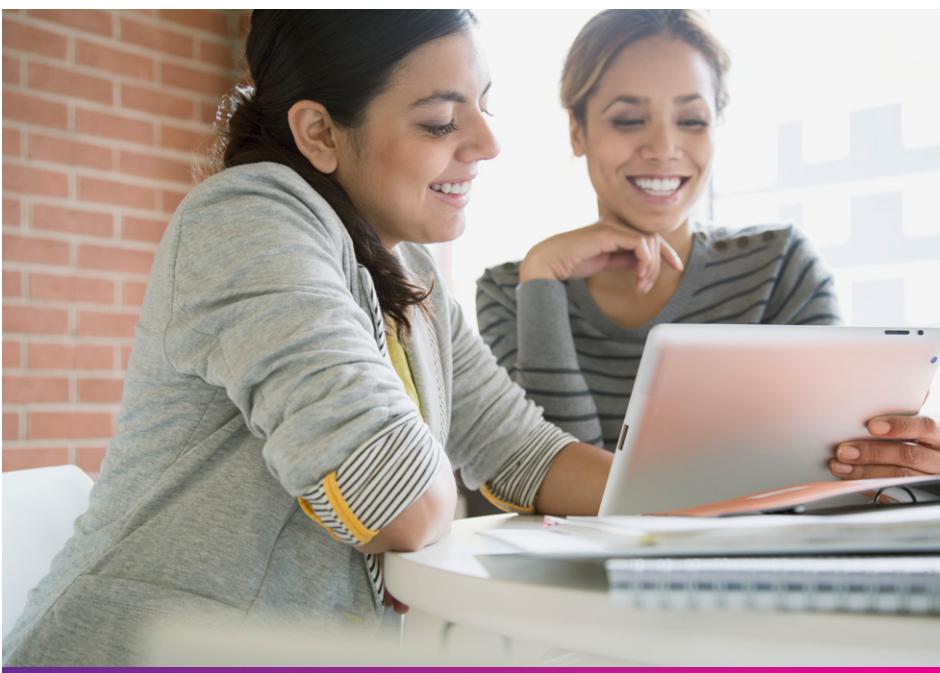
APPROACH

At Telstra, our purpose is *to create a brilliant connected future for everyone.* The success of our business relies on it, and our sustainability agenda is key to achieving it.

As a large telecommunications company, we are committed to finding innovative, tech-based solutions to our biggest social and environmental challenges. We work with our customers and suppliers, engage our employees and develop partnerships with government and not for profit organisations to deliver programs that create targeted value in our communities, particularly for those most vulnerable, and for the environment.

Governance of Telstra's sustainability strategy and performance is provided by the Telstra Sustainability Council, which is chaired by the CEO and comprises

Telstra's Executive Committee. Regular reports on sustainability progress and key developments are provided to the CEO and the Telstra Board. Telstra's Chief Sustainability Officer provides strategic leadership for sustainability and is responsible for the implementation of our approach and programs.

Sustainability priorities

Our strategic ambition is to embed social and environmental considerations into the heart of the business in ways that create value. As a large company in an increasingly dynamic industry, we are well positioned to make a difference.

Our three strategic sustainability priorities reflect the areas in which we can have the most cultural, reputational, commercial and social impact.

Everyone Connected
We believe that the more connected people are, the more opportunities they have. We want everyone – regardless of age, income, ability or location - to enjoy the benefits that new communications technologies can bring. Our Everyone Connected programs focus on making our products and services more accessible, enhancing digital literacy and cyber safety, and supporting technological innovation for social good.

Environmental leadership
We are working to be more proactive and strategic in our approach to the environment. We're doing this by identifying and minimising the material impacts of our operations, working with our suppliers to improve their environmental performance and using our products and services to assist our customers to manage their environmental impacts.

Employee involvement
We aim to make Telstra a great place to work, enhance our reputation and strengthen the communities in which we operate by providing opportunities for our people to get involved with their local communities and the issues that matter.

TELSTRA'S PURPOSE IS TO CREATE A BRILLIANT CONNECTED FUTURE FOR EVERYONE

We're Australia's leading telecommunications and information services company, offering a full range of communications services within multiple markets. We operate in an industry that's transforming the way people live and connect.

To achieve our purpose and ensure everyone enjoys the benefits of being connected, we must embed social and environmental considerations into the heart of our business in ways that create value. Our sustainability strategy is key to this.

EMPLOYEE INVOLVEMENT

We believe that with over 36,000 of us, Telstra employees can make a big difference by getting involved in the community and the issues that matter.

EVERYONE CONNECTED

We believe that everyone - regardless of age, income, ability or location - should enjoy the benefits of being connected to modern communications technology. We want everyone to have the confidence and skills to participate safely in the digital world.

ENVIRONMENTAL LEADERSHIP

We're determined to reduce our environmental impacts, and to help our customers reduce theirs. We believe communications technology will give us new and better ways to create environmental solutions that are truly inspired.

600,000 REGISTERED CHARITIES IN AUSTRALIA RELY ON VOLUNTEER SUPPORT AND DONATIONS

INCREASED USE OF ICT IN AUSTRALIA CAN SAVE UP TO $8.1BN A YEAR IN ELECTRICITY, FUEL & AVIATION TRAVEL COSTS

52% OF TEENS REGRET POSTS THEY'VE MADE ONLINE

ELECTRICITY COSTS HAVE MORE THAN DOUBLED IN THE PAST 10 YEARS

TELSTRA EMPLOYEES WHO VOLUNTEER TAKE 1/2 AS MANY SICK DAYS PER YEAR AND ARE MORE ENGAGED

BY 2030 **20%** OF AUSTRALIANS WILL BE OVER 65

42 MILLION TONNES OF E-WASTE ARE GENERATED GLOBALLY EACH YEAR

ICT IS RESPONSIBLE FOR 2% OF ANNUAL GLOBAL GHG EMISSIONS

4 MILLION AUSTRALIANS EXPERIENCE DIGITAL EXCLUSION

ONLY **46%** OF SENIOR AUSTRALIANS ARE INTERNET USERS

IN FY15

- Our employees completed 7,225 days of community volunteering
- We donated $1.5 million to over 300 charities via matched payroll giving
- We got involved in the issues that matter, such as human rights, the environment and anti-corruption, in line with our UN Global Compact commitments

- Our Everyone Connected programs delivered $185 million worth of benefits to our customers and communities
- We reached almost 117,000 people through our digital literacy programs
- We launched Telstra Safe Connections, helping women impacted by domestic violence to stay safely connected

- Our carbon emissions intensity decreased by 27%
- We doubled the amount of e-waste we recycled, diverting 3,936 tonnes from landfill
- We avoided over 35,000 tonnes of carbon emissions through energy efficiency initiatives
- We diverted 15.6 tonnes of mobile phones and accessories from landfill, exceeding our target of 14 tonnes

STAKEHOLDER ENGAGEMENT

We know that we build greater trust with our stakeholders when we are transparent and accountable.

As a company that connects with nearly every Australian in some way, we have many stakeholders. Our stakeholders are any group or individual that influences, or is impacted by Telstra's activities, as identified through ongoing engagement, feedback and analysis.

We want our stakeholders to be advocates for Telstra, so we work to develop quality relationships through meaningful engagement. This helps us to keep abreast of evolving social and environmental expectations, and use stakeholder insights to develop targeted products, services and programs, as well as to drive advocacy.

Our approach to stakeholder engagement is guided by the Telstra values, in particular 'show you care' and 'better together'. Our engagement takes many forms, including face-to-face interactions, surveys, social media and market research. We are active in industry groups, participate in relevant networks and forums, and we have teams across the company that manage relationships with specific stakeholder groups.

We know that we build greater trust with our stakeholders when we are transparent and accountable. Monitoring, measuring and reporting on our approach and performance – good and bad – helps us to achieve this. The high-level topics and concerns raised by our stakeholders this year are outlined in the table to the right, and are a key component of our materiality assessment.

Detailed information on how we have engaged on and responded to each of these issues can be found throughout the Bigger Picture 2015 Sustainability Report. The key issues addressed within each chapter of the report are outlined in the diagram on page 14, and on the Context page of each chapter.

| Stakeholder group	Key sustainability issues
Communities We engage with our communities wherever we operate. This includes not for profit organisations and program partners, as well as community groups and individuals local to our operations.	- Customer experience - Privacy and data protection - Digital access and inclusion - Resource use, waste and e-waste - Energy efficiency and carbon emissions
Customers Our customers are residential consumers, small to medium enterprises, large companies and organisations and government, and are represented by peak bodies such as consumer groups.	- Customer experience - Privacy and data protection - Digital access and inclusion - Resource use, waste and e-waste - Energy efficiency and carbon emissions
Employees Our workforce is large and diverse, with over 36,000 employees in 20 countries around the world.	- Customer experience - Attracting talent and employee development - Culture and engagement - Volunteering and giving - Diversity and inclusion
Government We engage with government at local, state and federal level in Australia, as well as at regional and international levels, from ministers and party leaders to department staff.	- Digital access and inclusion - Customer experience - Privacy and data protection - Indigenous Australians - Ethics, values and governance
Industry We engage with our sector peers and competitors, as well as information and communication technology (ICT) and telecommunications specific associations.	- Ethics, values and governance - Sustainable procurement - Digital access and inclusion - Energy efficiency and carbon emissions - Culture and engagement

Voluntary sustainability initiatives

To ensure continuous improvement and to guide, benchmark and assess our sustainability performance, we participate in the following voluntary initiatives:

- Australian Packaging Covenant
- Carbon Disclosure Project
- FTSE4Good
- Global eSustainability Initiative
- Global Reporting Initiative
- MobileMuster
- Supply Nation
- Telco Together Foundation
- Transparency International Australia
- United Nations Global Compact.

Stakeholder group	Key sustainability issues
Shareholders and investment community Our investment community comprises institutional investors, buy and sell-side analysts, and around 1.4 million retail shareholders, some of whom invest with social and environmental preferences.	- Energy efficiency and carbon emissions - Privacy and data protection - Community investment - Tax management - Sustainable procurement
Media We regularly engage with representatives from print, radio, TV, social and online media at a local, national and international level.	- Network and Wi-Fi investment - Structural changes to the business - Customer experience - Privacy and data protection - Telstra and the NBN
Unions We work closely with the relevant employee trade unions in all jurisdictions – including CPSU, CEPU, AMWU and Professionals Australia.	- Workplace relations - Structural changes to the business - Global growth and job creation (employment security in Australia) - Health, safety and wellbeing - Diversity and inclusion
Suppliers We engage around 4,800 suppliers each year with total spend of around $6.8 billion.	- Sustainable procurement - Resource use, waste and e-waste - Energy efficiency and carbon emissions - Human rights - Conflict minerals
Regulators We work closely with industry regulators in all our markets.	- Customer experience - Digital access and inclusion - Ethics, values and governance - Privacy and data protection - Resource use, waste and e-waste

MATERIAL TOPICS

STAKEHOLDER SIGNIFICANCE (vertical axis)

BUSINESS SIGNIFICANCE (horizontal axis)

Matrix labels:
- Resource use, waste and e-waste
- Energy efficiency and carbon emissions
- Digital access and inclusion
- Customer experience
- Privacy and data protection
- Ethics, values and governance
- ICT innovation enabling sustainability
- Diversity and inclusion
- Digital literacy
- Human rights
- Mobile phones, towers and health (EME)
- Sustainable procurement
- Attracting talent and employee development
- Social impacts of increased ICT use
- Community investment
- Cyber safety
- Renewable energy
- Health, safety and wellbeing
- Depleting natural resources
- eHealth
- Cloud computing
- Indigenous Australians
- Culture and engagement
- Ageing population
- Sust. development in emerging markets
- Sustainable products
- Volunteering and giving
- Workplace relations
- Rapid urbanisation
- Internet of Things
- Tax management
- (Indirect) economic impacts of ICT
- Telstra and the NBN
- Circular economy
- Global growth/ job creation
- Structural changes in the business
- Disaster relief and recovery
- Conflict minerals
- Intensifying market competition
- Network/Wi-Fi investment

We undertake a formal, consultative and rigorous materiality process each year to ensure we identify and respond to the sustainability issues and opportunities that are most important to our business and stakeholders.

In accordance with AccountAbility's AA1000 Principles Standard (2008) and the GRI G4 guidelines, we review the current and emerging sustainability issues impacting Telstra and the ICT industry, and draw on the feedback we receive from our stakeholders to identify our key sustainability issues, risks and opportunities.

We prioritise issues according to their relative impact on our business and our stakeholders, as determined through analysis of a wide variety of sources. Inputs include internal documents, such as the Telstra Group risk register and business strategy, as well as insights gained from participation in industry and cross sector initiatives, peer benchmarking and future trends analysis.

We assess and validate our findings internally each year, based on our ability to address or influence each issue. We also test them externally through ongoing engagement and feedback from key stakeholder groups. In FY15 we engaged over 100 of our key community and industry stakeholders, institutional investors and Telstra executives to get their view of our most material sustainability issues.

The results of our materiality assessment help inform Telstra's sustainability strategy and programs. We also use our findings to identify emerging sustainability trends and issues that have the potential to become more significant in the medium term. We do not publicly report in detail on these issues, highlighted in grey above.

Rather, these issues are monitored and, where required, managed within Telstra to enable us to respond proactively to risks and opportunities as they arise.

As outlined in the matrix above, this year our assessment identified our most significant sustainability risks and opportunities as being:

- Customer experience
- Energy efficiency and carbon emissions
- Digital access and inclusion
- Ethics, values and governance
- Privacy and data protection
- Resource use, waste and e-waste
- Digital literacy
- Human rights
- Diversity and inclusion
- Sustainable procurement
- Cyber safety
- Culture and engagement
- ICT innovation enabling sustainability.

The way we respond to our most material topics has flow-on effects throughout Telstra's value chain. The infographic below identifies where these issues are most material within and outside of our organisation, and how our stakeholders are impacted.

The GRI aspects and indicators we've reported on throughout the Bigger Picture 2015 Sustainability Report, as well as their internal and external boundaries, have been determined through our materiality process and can be found in the GRI Index that accompanies this report. In instances where aspect boundaries extend beyond the scope of our reporting, we are working to increase our disclosures.

Detailed information on our performance in FY15 and our commitments for FY16 can be found throughout the Bigger Picture 2015 Sustainability Report. Information on our approach to managing our material topics can be found throughout each report chapter, as outlined in the diagram to the right. For information regarding Telstra and the NBN, please see our 2015 Annual Report.

PUTTING OUR CUSTOMERS AT THE CENTRE
CUSTOMER EXPERIENCE
- Customer experience
- Privacy & data protection
- Cyber safety
- ICT innovation enabling sustainability
- eHealth
- Network & Wi-Fi investment

CONDUCTING OUR BUSINESS ETHICALLY
RESPONSIBLE BUSINESS
- Ethics, values & governance
- Sustainable procurement
- Human rights
- Mobile phones, towers & health
- Sustainable development in emerging markets
- Indigenous Australians

BETTER ENVIRONMENTAL OUTCOMES
ENVIRONMENTAL STEWARDSHIP
- Energy efficiency & carbon emissions
- Resource use, waste & e-waste
- Sustainable procurement
- ICT innovation enabling sustainability
- Renewable energy
- Cloud computing

CONNECTING COMMUNITIES
BRIDGING THE DIGITAL DIVIDE
- Digital access & inclusion
- Digital literacy
- Cyber safety
- Community investment
- Social impacts of increased ICT use
- Disaster relief & recovery

OUR PEOPLE
CREATING A GREAT PLACE TO WORK
- Diversity & inclusion
- Culture & engagement
- Attracting talent & employee development
- Health, safety & wellbeing
- Workplace relations
- Volunteering & giving

SUSTAINABILITY IMPACTS ACROSS OUR VALUE CHAIN

SUPPLY CHAIN

WE PURCHASED $6.8 BILLION IN GOODS AND SERVICES THIS YEAR FROM **4,800 SUPPLIERS** IN AUSTRALIA AND OVERSEAS

43% ELECTRONICS AND NETWORK COMPONENTS e.g. mobile phones and IT equipment

56% SERVICES e.g. network engineering support and property management

OUR OPERATIONS

TELSTRA IS AUSTRALIA'S LEADING TELECOMMUNICATIONS AND INFORMATION SERVICES COMPANY

36,000 EMPLOYEES IN 20 COUNTRIES

2,000+ NETWORK POINTS OF PRESENCE AROUND THE WORLD

1.4 MILLION SHAREHOLDERS

84 TELSTRA BUSINESS CENTRES

371 TELSTRA BRANDED RETAIL STORES

CUSTOMERS & COMMUNITIES

WE HAVE A DIVERSE RANGE OF CUSTOMERS including consumer, small business, large enterprises and government organisations, and we strive to put them at the centre of everything we do

WE ARE COMMITTED TO KEEPING OUR COMMUNITIES CONNECTED We believe that everyone should enjoy the benefits of being connected to modern communications technology, regardless of age, income, ability or location

KEY IMPACTS FOR OUR STAKEHOLDERS

OUR SUPPLIERS:
Resource use, waste and e-waste
Energy efficiency and carbon emissions
Ethics, values and governance
Human rights
Sustainable procurement
Conflict minerals

OUR PEOPLE:
Diversity and inclusion
Ethics, values and governance
Culture and engagement
Customer experience
Attracting talent and employee development
Volunteering and giving

OUR OPERATIONS:
Resource use, waste and e-waste
Energy efficiency and carbon emissions
Customer experience
Digital access and inclusion
Privacy and data protection
Ethics, values and governance

OUR CUSTOMERS:
Customer experience
Privacy and data protection
Cyber safety and security
Resource use, waste and e-waste
Energy efficiency and carbon emissions
Digital access and inclusion

OUR COMMUNITIES:
Digital literacy
Cyber safety
Customer experience
Privacy and data protection
Digital access and inclusion
Resource use, waste and e-waste
Energy efficiency and carbon emissions

FOR MORE INFORMATION, SEE THESE CHAPTERS OF OUR 2015 SUSTAINABILITY REPORT

Responsible business
Environmental stewardship

Our people
Responsible business
Customer experience
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CONDUCTING OUR BUSINESS ETHICALLY

RESPONSIBLE BUSINESS

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IT'S HOW
WE CONNECT

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CONTEXT

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Material topics

As a large telecommunications company with a presence across Australia and a global footprint, we recognise that our long-term ability to prosper is dependent on how we respond to the changing social and environmental expectations of our employees, customers, investors, regulators and the wider public.

These expectations increasingly extend beyond our own operations and into our supply chain and relationships with our business partners.

OUR PERFORMANCE

Signatory to the **United Nations Global Compact**

Human Rights Policy updated in line with global standards

More than **15M** SMS sent to customers highlighting responsible mobile phone use

476 people with disability or from a disadvantaged background employed through our Supported Workforce program

Removed *CAPTCHA* from all Telstra consumer websites to improve accessibility

Partnering with local Indigenous groups to conduct grounds maintenance at more than **500** regional and remote sites

Performance

Progress on FY15 commitments	Result	More info
Expand the Supported Workforce program to more network sites	●	Page 10
Launch and implement our third Reconciliation Action Plan	⌣	Page 08
Expand the Indigenous Workforce program across regional and remote Australia	●	Page 10
Complete the review of our Human Rights Policy	●	Page 07
Assess all critical suppliers to confirm they are in compliance or working towards compliance with Telstra's Supplier Code of Conduct	⌣	Pages 09-10
Update procurement staff training to cover supply chain sustainability risks and opportunities	⌣	Page 10
Plan and commence a rolling three year ethical behaviour risk assessment program	●	Page 05
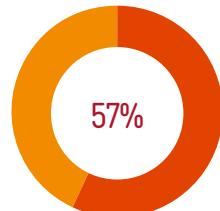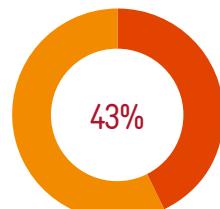
57% Achieved
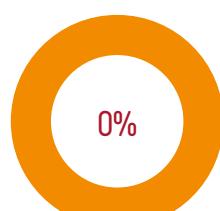
43% In progress

0% Not achieved

● Achieved   ⌣ In progress   ✕ Not achieved

ETHICS, VALUES AND GOVERNANCE

⌄

Our Ethical Behaviour Framework provides clear guidance on ethical and responsible decision-making and behaviours.

APPROACH

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 regularly review our governance arrangements, as well as developments in market practice, expectations and regulation. We comply with the third edition of the ASX Corporate Governance Principles and Recommendations.

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.

Our values guide the way we work as well as our commitment to good corporate governance, responsible business practice, our customers, our workforce, the communities in which we operate and the environment. They also provide the structure through which we maintain compliance with our legal obligations.

At Telstra, we have five values:

❯ Show you care

❯ Better together

❯ Make the complex simple

❯ Trust each other to deliver

❯ Find your courage

To find out more, visit
www.telstra.com/governance

Policy framework

We regularly review our company policies to ensure they remain relevant, reflect who we are as an organisation and comply with the latest laws and regulations.

This year we published a significantly revised version of the Telstra Group Code of Conduct which reflects our new purpose and values and makes it easier for our employees and contractors to understand their obligations.

We also continued to review Telstra's policy governance framework to make our company policies easier to access, understand and comply with, as well as applicable to all entities of the Telstra Group, both in Australia and overseas

To view the new Telstra Group Code of Conduct, visit
www.telstra.com/governance

Ethical behaviour

Telstra requires all employees to observe high standards of business and personal ethics in the conduct of their duties.

Our Ethical Behaviour Framework provides clear guidance on ethical and responsible decision-making and behaviours. It is based on our key integrity policies:

❯ Anti-Bribery and Anti-Corruption

❯ Conflicts of Interest and Outside Activities

❯ Fraud and Criminal Conduct

❯ Gifts, Prizes and Hospitality

Our ethical behaviour risk assessment program is on schedule, with two additional business units undergoing

risk assessments this year. The goal of this three year program is to develop an ethical behaviour risk profile for Telstra. We use the results of these assessments to develop risk mitigation strategies, enhance compliance plans and design and deliver relevant training.

Around 90 per cent of Telstra executives, as well as employees in Corporate Affairs and our Executive Support Group, completed face-to-face training on recognising and addressing ethical behaviour issues this year. We also developed a toolkit to enable risk leaders in each business unit to conduct ethical behaviour training.

Our approach to ethical behaviour issues is guided by insights we gain from our membership of external organisations, such as Transparency International Australia, which we joined this year.

Telstra does not make political donations. However, like other major 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 key opinion leaders and policy makers.

We encourage our people to take action
if they have any concerns about
unethical, illegal or improper behaviour.
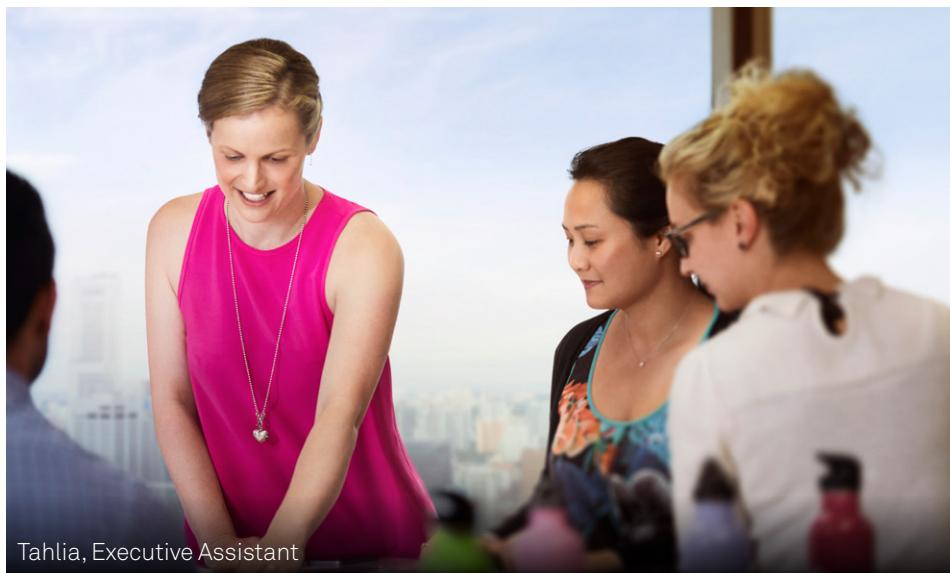
Tahlia, Executive Assistant

Whistleblowing

We encourage our people across the
Telstra Group to take action if they
have any concerns about unethical,
illegal or improper behaviour. We have a
whistleblowing policy and a confidential,
anonymous whistleblowing service that
provides appropriate protections for our
people and members of the public to report
their concerns. Our 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. This group
oversees the whistleblowing process and
monitors all reports and disclosures. The
committee also monitors investigations,
recommendations and the implementation
of actions. The Audit & Risk Committee of
the Board receives reports from the Group
Whistleblowing Committee and provides
an escalation channel for the Group
Whistleblowing Committee where required.

As at 1 July 2014, there were eight
whistleblowing alerts in progress within
the Telstra Group. During FY15, 75
whistleblowing alerts were opened and 63
were closed. As at 30 June 2015, 20 remain
in progress.

For whistleblowing contact details, visit
'Acting ethically and responsibly' at
www.telstra.com/governance

Compliance training

Training is an integral element of our
compliance framework. It ensures our
employees and contractors are aware of
their legal, regulatory and compliance
responsibilities.

When people start working at Telstra they
are required to complete a suite of online
compliance training courses, including on
our Telstra Group Code of Conduct.

Mandatory refresher training is also
completed annually, with each compliance
topic covered every two years. The two
exceptions are Structural Separation
Undertaking, which responds to our
regulatory commitments as part of our
NBN agreement, and Working at Telstra,
which covers key company policies and
standards of behaviour for employees.
These topics are included in our refresher
training annually.

We monitor, report and manage training
completion rates, and employees who
fail to complete mandatory compliance
training without a valid reason may face
disciplinary action.

As at 30 June 2015, 96.3 per cent of Telstra
Group employees and contractors have
completed this year's mandatory refresher
course. We are currently following up with
those who did not complete the training to
determine any disciplinary consequences.

NEXT STEPS

CONTINUE
our three year ethical
behavior risk assessment
program

COMMITTED TO RESPONSIBLE BUSINESS PRACTICE
↓

We are committed to supporting the ten principles of the UN Global Compact wherever we operate.

APPROACH

We have been a signatory to the United Nations Global Compact (UN Global Compact) since 2011 and are committed to supporting its principles – on human rights, labour rights, environment and anti-corruption – wherever we operate.

We implement our commitment through a range of policies, management systems, strategies and initiatives that reflect the diverse range of conditions our business operates in.

Throughout this report, this icon indicates information on our progress in implementing the UN Global Compact principles.

PROGRESS

Managing sustainability risks

This year we made further progress on integrating sustainability issues within Telstra's risk management processes.

We included a new 'social, ethical and sustainability' section in our risk identification tool and adapted other sections, including strategy and governance, products and services, and supply chain to reflect sustainability principles. We also engaged more broadly with the Telstra risk community, presenting to 'risk champions' in various business units on sustainability issues and collaborating to identify their key sustainability risks.

As part of Telstra's risk management process this year we created a risk profile for our international operations. As a key input we identified sustainability-related risks for Telstra in the Philippines, India,

Indonesia, China and Singapore. These include corruption and unethical behaviour as well as third party management, i.e. third parties we are associated with exhibiting behaviour that is inconsistent with Telstra's values or policies. We will continue to work with relevant stakeholders to identify and manage sustainability risks in our international operations.

Metadata and transparency

As digital technology becomes increasingly central to our lives, we are generating more data than ever before. Some of our customers and the broader community are also increasingly interested in who has access to this data.

Consequently, this year we introduced new transparency measures aimed at providing our customers with greater understanding of and access to the data we hold.

In a first for the Australian telecommunications industry we now offer customers the same access to their metadata as we are required to offer to law enforcement agencies without a warrant. This new approach is aimed at providing our customers with a clearer picture of the data we provide in response to lawful requests. It builds upon our Transparency Report, which outlines our legal obligation to assist national security and law enforcement agencies, as well as the types of law enforcement requests we receive each year.

To find out more, visit
www.telstra.com/transparency

To find out more about accessing your data, visit
www.telstra.com.au/privacy/customer-access

Human rights

We respect and support human rights as set out in the Universal Declaration of Human Rights and the ten principles of the UN Global Compact. Our commitment is defined in our Human Rights Policy.

This year we updated our Human Rights Policy to more closely align with external developments such as the publication of the United Nations Guiding Principles on Business and Human Rights – the global standard for preventing and addressing adverse human rights impacts linked to business activity – and internal policy changes including updates to our Code of Conduct. We also broadened the policy's scope from Telstra Corporation to Telstra Group and explicitly addressed issues that respond to the UN Global Compact principles, including child labour, forced or compulsory labour and freedom of association and collective bargaining.

Human Rights Policy updated in line with global standards

We will continue to strengthen our approach to human rights in the coming year by assessing any compliance and training requirements that arise from the revised policy.

To find out more, visit 'Responsible business' at
www.telstra.com/sustainability

Digital inclusion

We know that being connected through modern communications technologies can bring huge social benefits – but we also know that some people remain 'digitally excluded', including some of society's most vulnerable groups.

At Telstra, we believe that everyone – regardless of age, income, ability or location – should enjoy the benefits of being connected. We want everyone to have the confidence and skills to participate safely in the digital world.

Through our Everyone Connected programs, we support our most vulnerable customers. We regularly review our approach to identify groups most in need, changing technologies and consumer preferences.

For more on our Everyone Connected programs and progress this year, see the Connecting communities chapter of this sustainability report.

Accessibility and inclusion

Telstra's sixth Disability Action Plan (2013-2016) articulates our core disability commitments. Through the Plan, we recognise the benefits that modern communications technologies bring to people with disability and the important leadership role that Telstra can play.

The Plan reflects our commitments as a signatory to the UN Global Compact and forms a key part of our customer, people and sustainability strategies.

The key objectives of our sixth Disability Action Plan are to:

- Improve the accessibility and affordability of Telstra's products and services for customers with disability
- Improve attraction, recruitment, engagement and retention of people with disability and their carers at Telstra
- Enhance the social inclusion of people with disability through the contribution of time, funds and technology expertise to the community
- Utilise Telstra's supply chain to promote opportunities for people with disability.

As of 30 June 2015, we achieved 32 of 39 targets that were achievable in the second year of the Plan, with seven still in progress.

Key highlights included the launch of a new accessibility portal on telstra.com, which assists people with disability to identify the communications products and services that best suit their needs. The portal delivers many options to our customers that make it easier to connect, by letting them search for features that may assist specific disabilities such as speech, vision, cognitive and dexterity impairment.

We removed CAPTCHA – where users are asked to enter letters or numbers to prove they are a real user – from all online Telstra consumer platforms, improving the accessibility of our information for customers who are vision impaired. CAPTCHA can exclude blind or vision impaired users because they, or their screen readers, are unable to read the often skewed text, and because audio CAPTCHA is often hard to hear.

Removed

CAPTCHA

from all Telstra consumer websites to improve accessibility

We also started releasing selected BigPond™ movies with open captioning for people with hearing impairment.

This year more than 12,000 learners successfully completed our mandatory disability awareness training for new starters. Over 62,000 people, including industry partners that work closely with Telstra, completed the mandatory refresher training.

For more on our programs for customers with disability, see the Connecting communities chapter of this sustainability report.

To find out more, visit www.telstra.com/disability

Our commitment to reconciliation

Telstra's commitment to reconciliation takes many forms and reflects the breadth and depth of our interactions with Indigenous Australia. Our Indigenous programs include:

- Community investment through the Telstra Foundation
- Infrastructure projects in remote communities
- Sponsorship of awards, scholarships, sports and arts programs
- Employment programs at Telstra and with our suppliers.

We also support RECOGNISE, the movement to recognise Aboriginal and Torres Strait Islander peoples in Australia's Constitution.

We're in the process of finalising our third Reconciliation Action Plan which will set out an organisation-wide strategy to guide Telstra's engagement and commitment to Indigenous Australia for the next three years.

For more on how we promote Indigenous digital excellence, see the Connecting communities chapter of this sustainability report.

To find out more about our commitment to reconciliation, visit www.telstra.com/rap

NEXT STEPS

ASSESS
compliance and training requirements arising from our revised Human Rights Policy

LAUNCH
and implement our third Reconciliation Action Plan

SUSTAINABLE PROCUREMENT

↓

We developed a sustainability risk evaluation framework to assess suppliers' compliance with the Telstra Supplier Code of Conduct.

APPROACH

Our large supply base puts us in a position to work with our suppliers to positively influence their environmental, social and ethical standards. The Telstra Group Code of Conduct provides an overarching framework to ensure that we operate ethically and with integrity in purchasing goods and services, and in conducting business with suppliers.

The Telstra Supplier Code of Conduct sets out our minimum standards in the areas of labour and human rights, health and safety, environment, ethical dealings and supply chain diversity. The Code applies to all suppliers of goods and services to Telstra worldwide.

We have a three year sustainable procurement strategy in place (FY14-16) that focuses on embedding sustainability into processes and procedures, supplier engagement, building capability and partnerships, and monitoring compliance.

PROGRESS

In FY15 we continued to work with our suppliers to reduce sustainability risk and improve performance across our value chain. This work built on the supply chain risk assessment we conducted in FY14, covering 131 key suppliers, representing around 66 per cent of Telstra's total annual spend.

Around 40 suppliers were identified as 'high risk' based on an assessment of how they manage sustainability risks, according to publicly available information. Through more detailed analysis this year, we refined our list of high risk suppliers to 24.

Our supply chain ⓘ

This year, the Telstra Group purchased $6.8 billion in goods and services from about 4,800 suppliers in Australia and overseas. The Telstra Group's key areas of purchasing are electronics and network components (around 43 per cent of our third party expenditure) as well as services (around 56 per cent).

Our electronics and network procurement covers mobile devices (phones, tablets, wireless internet), IT equipment (computers, modems, servers) and network components (cables, wireless antenna, exchanges). These items are provided directly to customers, used to supply our network and data services, or used by Telstra staff.

Our services procurement covers activities that relate to installing and maintaining our network, connecting our customers to the network, developing software and providing customer support. Other services are used to run our own operations including property, catering and finance.

In FY15 we brought freight management in-house, a historically outsourced activity, valued at around $20 million spend per annum. There were no other major changes to our supply chain during the reporting period.

Our key supply chain risks, reflective of our industry, include:

❯ Use of rare metals in electronics production and a lack of recovery, recycling and reuse mechanisms for these metals

❯ Potential use of conflict minerals

❯ High energy use and carbon emissions associated with products and services

❯ Products or services being produced under poor labour conditions, including child labour, forced or compulsory labour and a lack of freedom of association and collective bargaining

❯ Toxic chemicals discharged to air or water where factories are located in areas with insufficient regulation or no enforcement of minimum standards.

Following the identification of our high risk suppliers, this year we focused on refining our processes for identifying, assessing and treating risk.

We developed a sustainability risk evaluation framework, underpinned by a sustainability risk questionnaire, to assess suppliers' compliance with the Telstra Supplier Code of Conduct.

We sent the questionnaire to all 24 high risk suppliers in two waves. From the first wave of nine suppliers we have received eight responses to date. We expect to receive the ninth response, as well as 15 second wave responses in early FY16.

Subsequent engagement processes are underway with four suppliers, and we will engage with all remaining suppliers in FY16. We are taking a thorough, time-intensive approach to engagement, with the aim of building strong supplier relationships that will enable us to manage sustainability risks and opportunities for mutual benefit.

We are also currently scoping a program of work for auditing suppliers on their compliance with the Code. Pending the full roll-out of the program, on-site audits are conducted on a case by case basis by an independent third party.

We continue to partner with 14 not for profit groups around Australia to create employment opportunities for people with disability or who are disadvantaged.

Richard Allen
Chief Procurement
Officer

"We continue to integrate sustainability into our procurement activities so that we are in the best possible position to manage social and environmental issues in our diverse and growing supply chain. Building on the relaunch of the Telstra Supplier Code of Conduct, we developed and implemented a supplier evaluation framework. The framework enables us to better understand and manage risk in our supply chain, including sustainability risks. Next year, we'll continue to work closely with our suppliers to further reduce risk, identify opportunities and share insights."

Social impact

In 2010, we committed to increasing the diversity of our supply chain through our membership of Supply Nation, which connects organisations like Telstra with Indigenous business suppliers.

This year we engaged with several Supply Nation businesses with a view to establishing long-term commercial arrangements. As a result, we expect to achieve Supply Nation expenditure of more than $500,000 next year, with continued improvement thereafter.

We significantly expanded our Indigenous Workforce Program to more than 500 sites across Queensland, the Northern Territory and Western Australia.

Through the program, we partner with local Indigenous groups to undertake grounds maintenance at our sites, employing more than 60 people. We have a large number of key facilities across regional and remote Australia including radio towers, mobiles base stations and exchanges. Grounds maintenance for these facilities is critical to maintaining our communications infrastructure but often challenging due to their remoteness.

Telstra continues to partner with 14 not for profit groups around Australia to create employment opportunities for people with disability or who are disadvantaged. These groups now perform grounds maintenance at around 4,500 of our network sites and regularly clean 800 sites.

At 30 June 2015, 620 people were employed through the program: 447 people with disability, 29 people from a disadvantaged background and 144 support workers.

To find out more about sustainable procurement, visit
www.telstra.com/suppliers

NEXT STEPS

ASSESS
all critical suppliers to confirm they are in compliance or working towards compliance with Telstra's Supplier Code of Conduct

HOLD
mandatory sustainability workshops for all procurement and supply chain staff

MOBILE PHONES, TOWERS AND HEALTH (EME)

↓

⌄

We acknowledge that some people are genuinely concerned about possible health effects from electromagnetic energy (EME), and we are committed to addressing these concerns responsibly.

APPROACH

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 Organization (WHO), and actively contribute to scientific research in EME and health.

We provide information on EME on our website at www.telstra.com/eme and also invite customers to go directly to the WHO, ARPANSA and 'EMF Explained' websites for further information.

We have a dedicated EME help desk and a team that proactively reviews new site proposals, develops community consultation plans and works with the community to determine acceptable sites for new base stations. This proactive community engagement continues to result in a very low number of complaints relative to our construction of base stations and enhancement of our network.

A consultation web portal, the Radio Frequency National Site Archive – www.rfnsa.com.au – provides all members of the community with access to information on proposals currently underway. It also allows the service provider to keep the community up-to-date with the latest information about base station sites, as well as a way to provide feedback and submissions. We created this website in 2012 on behalf of industry group Mobile Carriers Forum, and it is now run by the industry body, the Australian Mobile Telecommunications Association (AMTA).

All our base stations are assessed for EME compliance, and the EME reports and compliance certificates are published on the RFNSA web portal. As a member of the Mobile Carriers Forum, we participate in a joint annual survey program that measures radiofrequency levels in public areas around selected base stations and Wi-Fi locations to ensure they comply with Australian radiation protection standards. Surveys are conducted by independent assessors who use a methodology endorsed by ARPANSA.

PROGRESS

Keeping our customers informed

Helping our customers and the community keep abreast of the latest information is important to us.

This year, we continued our mobile safety SMS campaign, sending out more than 15 million messages referring customers to www.telstra.com/mobiletips, our information site for safe and responsible phone use.

> **SMS**
>
> **More than**
>
> # 15M
>
> **SMS sent to customers highlighting responsible mobile phone use**

Measuring EME at base stations and Wi-Fi hotspots

Telstra complies with the safety standards set by ARPANSA, which are based on the safety guidelines recommended by the WHO. Each base station is assessed for safety compliance and then certified.

We continued our base station audit program this year through which independent assessors measured EME levels in the public areas surrounding 20 sites. As part of the rollout of Telstra's Wi-Fi network, Telstra Air®, we also included a number of Wi-Fi locations in the survey program. For the Wi-Fi public access points we surveyed, EME levels were between 0.003 per cent and 0.21 per cent of the allowable limit. The survey results consistently confirm that actual EME levels from our wireless networks are lower than those modeled using the ARPANSA methodology.

This year we also established EME compliance with the ACMA's Radio Communications (Electromagnetic Radiation – Human Exposure) Standard 2003 for all installation types of Telstra Air. The network utilises hotspots on top of existing phone booths as well as home gateways in instances where our customers want to make their personal home Wi-Fi available to the public. The compliance reports are available on the www.telstra.com/eme website.

Responsible business

Community consultation for base station locations

This year we published 67 community consultation pages on the RFNSA portal, allowing the community to view Telstra's proposed base station locations throughout Australia.

A small number of communities, including Broken Hill (New South Wales), Longford (Tasmania) and Prospect (South Australia), expressed concern about EME through the consultation process. We responded to these concerns through extended community consultation, individual meetings and proactive community engagement.

In FY15, we completed 2,330 mobile infrastructure consultation projects. 77 were new development applications (of which 72 were approved) and 2,252 were proposals where we consulted in accordance with the Communications Alliance Mobile Phone Base Station Deployment Industry Code. The Australian Communications and Media Authority (ACMA) confirmed that they received no complaints regarding Telstra proposals in FY15, compared to two in FY14.

Mobile phone EME compliance

Every mobile handset we sold in FY15 was certified by the manufacturer as compliant with the mandatory ACMA Radio Communications (Electromagnetic Radiation – Human Exposure) Standard 2014.

The standard is designed to offer protection against identified health effects of EME and contains a large built-in safety margin.

We've been working with handset manufacturers to keep our customers informed of the Specific Absorption Rate (SAR) values for phones sold by Telstra. The SAR is the rate at which the mobile phone user absorbs energy from the handset, and the ACMA's safety standard operates by limiting this rate to a maximum two watts per kilogram averaged over 10 grams. Customers can now view SAR values as part of mobile phone specifications on our website.

Mobile app on electromagnetic fields

We developed a mobile application that provides consumers with a guide to electromagnetic fields.

Launched in December 2014 by the International Telecommunications Union (ITU), a United Nations specialised agency for information and communication technologies, it provides information and education resources on electromagnetic fields that are suitable for all audiences in an easily accessible smart phone application. Following positive feedback on the first version of the guide, we are now developing a multi-lingual version.

To find out more about EME, visit
www.telstra.com/eme

NEXT STEPS

DEVELOP
a multi-lingual version of the ITU consumer guide to electromagnetic fields

CONTINUE
our mobile safety SMS campaign to keep our customers informed of the latest information on EME

DEVELOP
videos and fact sheets on 'how to read an EME Guide' and 'working safely around antennas' as part of our EME awareness program

ABOUT OUR REPORTING

Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ over 36,000 people directly, facilitate access to more than 2,000 network points of presence across the globe and have one of Australia's largest shareholder bases, with around 1.4 million shareholders.

We have a diverse range of customers, including consumer, small business, large enterprise and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 371 Telstra-branded retail stores, 84 Telstra Business Centres, 137 Telstra business and enterprise partners and are distributed by over 18,700 retail points of presence managed by our partners.

In Australia we provide approximately 16.7 million retail mobile services, 6.0 million retail fixed voice services and 3.1 million retail fixed data services. Telstra's international businesses operate in 20 countries around the world and include Telstra's global networks and managed services business, as well as Telstra's China-based search and advertising business, Autohome Inc.

We understand our customers want technology and content solutions that are simple and easy to use – that's why we have built networks like Australia's largest fully integrated internet protocol (IP) network and Australia's largest mobile network.

United Nations Global Compact

You will find the icon below throughout the Bigger Picture 2015 Sustainability Report. It indicates where we are providing information on our progress in implementing the ten principles of the United Nations Global Compact.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2015 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2015 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders, as defined through our annual materiality process. The material topics addressed within each chapter of this report are outlined in Sustainability at Telstra, and on the context page of each corresponding chapter.

We develop our sustainability reporting in accordance with industry and sustainability standards including the United Nations Global Compact Communication on Progress and the Global Reporting Initiative (GRI) G4 Core Sustainability Reporting Guidelines, and with reference to AccountAbility's AA1000 Principles Standard 2008.

For more information visit
www.telstra.com/sustainability/report

Scope

Our sustainability reporting covers the financial year 1 July 2014 to 30 June 2015 (FY15) for Telstra Corporation Limited. All controlled entities are excluded unless otherwise stated.

As our international operations expand we are committed to developing a global framework for sustainability data collection and reporting. Starting with our most material operations overseas we will continue to expand on the scope of our reporting over time.

Wherever possible and relevant under the G4 guidelines 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 in Note 25 to the Financial Statements in the 2015 Annual Report.

Assurance

Independent assurance supports our commitment to transparency and accountability. To provide confidence for our stakeholders in our reporting Ernst & Young provides limited assurance, in accordance with the ISAE 3000 standard, over specified data and related performance disclosures in our 2015 Annual Report and Bigger Picture 2015 Sustainability Report, as well as an assessment of Telstra's application of the principle of materiality, as outlined in the Global Reporting Initiative G4 guidelines.

You can access Ernst & Young's assurance statement at
www.telstra.com/sustainability/report/about

Feedback

We welcome your feedback on our sustainability reporting, approach and performance. Please email Tim O'Leary, Chief Sustainability Officer at sustainability@team.telstra.com

Stay in touch

twitter.com/telstra
facebook.com/telstra
Sustainability Matters
www.telstra.com/sustainability/subscribe

Alisha
Contact Centre Capability Lead

IT'S HOW
WE CONNECT

CREATING A GREAT PLACE TO WORK

OUR PEOPLE

Bigger Picture
2015 Sustainability Report

CONTENTS

→

THINK SUSTAINABLY BEFORE PRINTING

CONTEXT →

Material topics ⌄

Technology is evolving rapidly, customer expectations are changing and we're facing a more competitive global market. Adapting our operational structures and ways of working to respond to this change is critical.

To ensure we thrive in these conditions, we're taking a values-led approach to driving employee engagement, collaboration, diversity and inclusion.

We're providing targeted learning and development opportunities and continuously improving our approach to health and safety. We're also investing in programs to attract and retain employees with the skills and passion to help transform Telstra into a world class technology company.

OUR PERFORMANCE

Lost Time Injury Frequency Rate of 0.98 DOWN 12.5%

Invested **$1,243** per employee on learning and development

$1.5M to over 300 charities via matched payroll giving

Undertook **7,225** volunteering days in the community

Named as an **EMPLOYER OF CHOICE** for Gender Equality by the WGEA

Performance

Progress on FY15 commitments	Result	More info
Increase employee engagement to 84%[1]	◡	Page 08
Increase number of women in executive management to 30%	✕	Page 09
Implement a suite of programs to enhance age and generational diversity across Telstra	◡	Page 12
Increase our payroll giving participation rate to 6%	✕	Page 08
Establish a baseline for introducing a more comprehensive standard for measuring our workplace injury rate	●	Page 15

● Achieved   ◡ In progress   ✕ Not achieved

20% Achieved

40% In progress

40% Not achieved
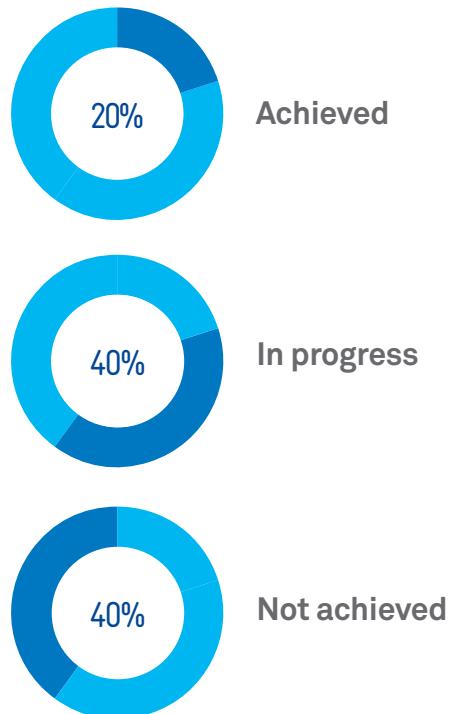
1 Result yet to be obtained. Our next employee engagement survey is expected to be conducted in the first half of FY16.

CULTURE AND ENGAGEMENT

↓

Our focus on advocacy is the largest cultural change program ever undertaken at Telstra.

APPROACH

We're working to create a culture that is more customer focused, collaborative and innovative than ever before. Getting this right is vital to our ability to deliver on our purpose and business strategy.

We know that when our people are engaged, and given opportunities to learn and grow in their roles, they enjoy greater job satisfaction and are more likely to deliver an outstanding customer experience.

PROGRESS

Our purpose and values

Having introduced a new purpose – *to create a brilliant connected future for everyone* – and new company values in FY14, this year we focused on embedding them across our global operations.

Our values are:
- Show you care
- Better together
- Trust each other to deliver
- Make the complex simple
- Find your courage

To help bring our purpose and values to life, we developed a company-wide Values to Standards program that all Telstra leaders will undertake over the next 12 months. The program will help leaders embed the values within their teams' culture and apply them to their day-to-day work.

We also launched an intensive Connected Leadership program which, over the next three years, will help 1,400 of our senior

leaders align their decision-making to our purpose and values. Through the six month program participants will focus on 'how' they do things in a business environment underpinned by accelerating change and complexity, as well as increasing global interdependence. The program will also encourage leaders to develop a more personal leadership approach, to help increase collaboration and build a high-performance culture. 139 leaders participated in this program in FY15.

Employees recognised their peers for demonstrating Telstra's values more than 59,000 times this year via our ZING reward and recognition program.

Creating a customer-centric culture

We're working to create a world class technology company that puts the customer at the centre of everything we do. To achieve this aim, we're equipping our people with the tools and training required to deliver increasingly responsive, personalised customer service.

This year, to help embed a customer-centric culture across the Group, we:

- Held regular 'T-time' meetings across our operations, providing teams with the opportunity to come together to reflect and act on customer feedback and Telstra's advocacy priorities

- Delivered training designed to strengthen advocacy skills and behaviours for almost 1,300 of our Global Contact Centre employees
- Provided training for around 500 Telstra Business sales team members to help them forge more proactive partnerships with our customers.

For more information on how we're working to improve customer advocacy, see the Customer experience chapter of this sustainability report.

Employee Value Proposition

As the market for talent intensifies it will become increasingly difficult to attract and retain the best employees to Telstra.

To ensure we have the workforce capability we require to deliver on our business strategy, this year we developed an employment brand and marketing strategy aimed at promoting our Employee Value Proposition (EVP).

We also undertook international research to better understand our employee experience, the external talent marketplace and the employment drivers within our target markets overseas. The results of this study will help us to ensure our EVP resonates with top talent around the world.

Building capabilities to sustain global growth

As we expand our operations globally, it's important that our company culture, values and behaviours are consistent and that we are able to manage change and growing complexity across the Telstra Group.

This year we embedded our key people practices, such as employee engagement and talent management, into our approach to mergers and acquisitions (M&A). We have also built integration and change management capability within our M&A team, to ensure each new business receives the support it needs to function well within the Telstra Group.

To help our team compete in a global business landscape, we worked with 1,000 of our Global Enterprise & Services (GES) employees to define their career paths, strengthen their core capabilities and gain internationally recognised qualifications this year.

We also created a Strategic Workforce Management capability to build, over time, an enterprise wide understanding of the workforce implications of our long term growth strategy.

This year we worked with NBN Delivery (Definitive Agreement and Commercial Work) and Telstra Health to develop a holistic view of the skills, capabilities and experience we require to deliver on our ambitions in these areas. Next year we will continue to focus on key growth or transformation segments, including GES, NBN Products and Technology.

Performance at Telstra

Each year our employees set performance objectives with their managers that, along with our customer advocacy and financial results, form a key component of our short term incentive plan.

Employees and their managers meet regularly throughout the year to discuss their progress and identify development opportunities that will help them excel in their roles.

In FY15 we introduced a new approach to performance, to support our people to meet their performance objectives and long-term career goals. Our new performance system, My Future, is transparent, simpler to use and helps our people access learning opportunities that align to their role and aspirations.

This year we acknowledged the performance of our top talent through our Extreme and Excelerate programs. 117 of our top performers attended Extreme in Tokyo, Japan and 300 attended Excelerate on the Gold Coast, Queensland, where they had a chance to celebrate their success and get to know other high achievers from across Telstra, while spending valuable time with our senior leaders.

Kieran O'Meara
General Manager, Customer and Channel Capability

"It was an enormous privilege to be selected to go to Extreme Tokyo with my colleagues from across the business. From the first moment, it was very apparent that this trip was something special. Each of us recognised the effort invested in saying 'thank you' for the contribution we had made throughout the year. Meeting colleagues from across the globe, relaxing and having fun with them and sharing stories of what we had worked on through the year really opened my eyes to the breadth of work we do here at Telstra. Most importantly, it was a great way to say a big thank you to our families and partners who support us in what we do. Extreme made them feel like part of the Telstra family too."

Our people

In FY15 we invested $1,243 per employee
in learning and development.

Learning and development

In addition to launching our Connected Leadership program, we continued to invest in targeted Core Capabilities training to enable our people to develop key business skills, such as driving change, strategic thinking and planning, commercial acumen, business partnering and coaching. More than 3,000 employees completed Core Capabilities training in FY15.

We also redesigned our mandatory Business Essentials training program, through which we ensure our people are aware of their legal, regulatory and compliance responsibilities. Approximately 62,000 people, including industry partners that work closely with Telstra, completed this training in FY15.

This year we refined our induction experience to deliver a more consistent program across the Telstra Group. All new employees are introduced to our culture and strategic priorities through this program, with a particular focus on driving customer advocacy. New starters are also encouraged to complete online courses including an introduction to environmental sustainability, as well as our cultural appreciation program, Connecting our Cultures, which explains our Reconciliation Action Plan, provides advice to aid intercultural understanding and shares the stories of some of our Indigenous employees.

In FY15 we invested over $44.9 million (not including labour costs) in learning and development across the Telstra Group, which equates to $1,243 per employee (full time equivalent, excluding contractors). This included a $6.7 million investment in leadership development.[1]

Top of the technical class

Thirty eight team members from Networks, IT Solutions and Telstra Service Operations have graduated with new nationally recognised qualifications this year, as part of our Technical Leader Program.

The group graduated with either a Graduate Diploma in Telecommunications and Strategic Management, a Graduate Diploma in Telecommunications, Technology Domain Leader, or a Graduate Certificate in Telecommunications.

The Technical Leader Program is an accredited career development program designed specifically for our people in Telstra Operations who perform technical job functions. Telstra is the first organisation in Australia to award these qualifications.

Throughout the year, graduates applied Telstra's leadership and professional capabilities as well as the latest industry competency standards in their day-to-day work.

Each participant identified, proposed then implemented a business initiative, demonstrating commercial acumen, strong change leadership and innovation. On completion of their projects participants quantified the tangible benefits realised for both Telstra and our customers.

Group Managing Director, Networks Mike Wright said the Technical Leader Program provides a unique opportunity for highly skilled technical staff in Telstra Operations to develop their careers.

"As Telstra positions itself as a world-leading technology company, we are becoming more reliant on people with world-class technical skills and expertise," Mike said.

"These programs are key to our ability to continually attract and retain the best technical talent and provide them with long-term career development opportunities."

1 Due to a calculation error our learning and development spend per employee was incorrectly stated in FY14 as $1,078, instead of $1,503.

Brett, Luke and Dave volunteering with Habitat for Humanity

Employee engagement

Having completed an employee engagement survey in May 2014, we did not undertake a whole of company survey in FY15, opting instead to focus on our known areas for development. Our next employee engagement survey is expected to be conducted in the first half of FY16.

In FY14, we set a target to increase our employee engagement score by two percentage points to 84 per cent in FY15. As we did not complete a whole of company survey, we are unable to report on our progress against this target. We are confident, however, that the initiatives put in place to address the results of our FY14 survey will ensure we are well placed to achieve this target in FY16.

Volunteering and giving

We encourage our people to get involved in our core sustainability programs by supporting them to give One Day. One Cause. One Dollar. For Everyone.

Our 'ONE' employee call to action encourages our people to take up their One Day of volunteering leave, get behind One Cause that matters to them, and have every One Dollar they donate through payroll giving matched by Telstra.

This year, our employees contributed 7,225 volunteer days, up more than 40 per cent from 5,122 days in FY14, but short of our target of 10,000 days. This includes around 500 days of Telstra-coordinated out-of-hours volunteering and represents a total value of $1.6 million.

Employees volunteered their time to a variety of causes including helping communities recover from bushfires with Habitat for Humanity, preparing and serving food to people in need with the Salvation Army and Sacred Heart Mission, and planting trees, mulching and weeding with Landcare Australia.

Our Telstra International employees contributed an additional 765 volunteering days through events held in Hong Kong, the UK, the US and our other Asian markets this year, more than doubling their FY14 contribution. The team's efforts were recognised for the third year in a row when Telstra International was awarded the accolade of Caring Company of the Year 2014/15 by The Hong Kong Council of Social Service.

Our payroll giving program is available to all Telstra employees, with the flexibility to donate to any registered charity in Australia. We provide dollar-for-dollar matching of employee donations (up to $1,000 per employee per year or $750,000 overall). 5.8 per cent of our employees made donations via payroll giving this year, up from 5.3 per cent the previous year. Including Telstra's matched contribution, $1.5 million was donated to over 300 charities this year.

Our reward and recognition program, Pay it Forward, continued this year with two groups taking part in unique volunteering experiences in Cambodia and Gallipoli (Turkey). Pay it Forward recognises our peoples' appetite for getting involved in the community and is designed to reward our advocacy champions.

Telstra Alumni program

Since its inception in 2013, the Telstra Alumni program has grown to 19,578 members. The Alumni program allows former employees to reconnect with each other and access special benefits. It is also a useful vehicle for Telstra to gain feedback from those familiar with the company. This year we focused on increasing member engagement by holding a range of activities including networking events, reunions, training sessions, industry updates and local events focused on building advocacy in regional areas. We also continued to provide a range of special offers and discounts, including our Telstra Thanks® Alumni program.

To find out more, visit
www.telstra.com/alumni

NEXT STEPS

INCREASE
employee engagement to 84 per cent

EXPAND
on our Core Capabilities and leadership development training programs

UNDERTAKE
10,000 volunteering days in the community

DIVERSITY AND INCLUSION

↓

⌄

This year we launched a Family and Domestic Violence Support Policy to support employees in Australia who are experiencing violence.

Promoting diversity and inclusion across Telstra helps us improve our business results, enhance our reputation and attract, engage and retain talented people. In addition, having a diverse range of employees better enables us to understand our customers' individual needs and provide them with excellent customer service.

At Telstra, our focus on diversity and inclusion relates to differences in gender, age, ethnicity, race, cultural background, ability, religion and sexual orientation. It also includes differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem-solving skills.

Our approach to diversity and inclusion is led by our Diversity Council, which is chaired by the CEO and comprises the entire CEO Leadership Team. Through this forum and our leadership framework we reinforce our expectations of all leaders to lead inclusively and to value difference.

Our diversity policies provide the framework for the Board to set our measurable objectives for diversity and to annually assess our progress in achieving them. The table below summarises the measurable diversity objectives set by the Board and our progress, as at 30 June 2015.

Gender equality

Female representation among non-executive Directors on our Board was 30 per cent at 30 June 2015.

Overall female representation across Telstra Corporation Limited and its wholly owned subsidiaries increased this year to 31 per cent. This increase was the result of an upwards shift across all segments other than executive management, which decreased slightly from 25.9 per cent at 30 June 2014 to 25.6 per cent at 30 June 2015.

Because of a continued upward trend in female representation among promotions and the number of women joining Telstra exceeding the number leaving, we are closer to our female representation target than ever before. We will continue our efforts to attract and retain more women in FY16 in order to meet our targets by focusing on gender-balanced recruitment, inclusive leadership and enabling more flexible ways of working.

Our achievements in FY15 include:

❯ Being named an Employer of Choice for Gender Equality by the Federal Government's Workplace Gender Equality Agency (WGEA) and were recognised by the agency for our leading practice in promoting pay equity

❯ Launching Brilliant Connected Women, a network designed to better connect women across Telstra and engage our leaders in more actively recruiting, retaining and developing female talent

❯ Becoming a signatory to the UN Women's Empowerment Principles, which encourage corporate leadership in gender equality and empowerment of women in the workplace, marketplace and community

❯ As a White Ribbon accredited workplace, taking active steps to support our employees who are impacted by family and domestic violence. This year we launched a Family and Domestic Violence Support Policy, which provides employees in Australia who are experiencing violence with up to 10 days paid leave each year, in addition to all other leave entitlements.

Representation of women as at 30 June 2015

Role	Number	Percentage
Board[i]	3	30.0%
Executive management *[ii]	72	25.6%
CEO	0	0%
CEO-1 (Band A)	3	21.4%
CEO-2 (Band B)	18	24.0%
CEO-3 (Band C)	51	26.6%
Middle management *[iii]	2,856	27.8%
Operational *[iv]	7,237	32.5%
Telstra Total*	10,165	31.0%
Telstra Group Total**	11,757	31.3%

* 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 in Note 25 to the Financial Statements in our 2015 Annual Report.
Notes: i – Number and percentage relates to non-executive Directors. ii – Executive management comprises persons holding roles within Telstra designated as Band A, B or C, or equivalent. iii – Middle management comprises persons holding roles within Telstra designated as Band 1 or 2, or equivalent. iv – Operational comprises persons holding roles within Telstra designated as Bands 3 or 4, or equivalent.

Telstra is required by the Workplace Gender Equality Act 2012 to report our workforce gender profile as at 31 March each year. Our 2015 report was lodged with the WGEA on 28 May, 2015 and is available on our website at www.telstra.com/diversity.

Our people

Jo, GM HR Shared Services Operations

Diversity targets and performance

Measure	Objective and progress/result in respect of FY15 (or as otherwise stated)	Objective in respect of FY16 (or as otherwise stated)
Women on the Board	**Objective** - There will be at least 3 women on the Board, representing a female gender representation among non-executive Directors of at least 30% **Progress** - As at 30 June 2015, there were 3 female Directors on the Board (including the Chairman of the Board and Chairman of the Audit & Risk Committee), representing a female gender representation among non-executive Directors of 30%	There will be at least 3 women on the Board, representing a female gender representation among non-executive Directors of at least 30%, with an aspiration to achieve 40% female representation among non-executive Directors by 2020
Female representation in graduate intake	**Objective** - 45% female representation in graduate intake selected in 2015, with an aspiration of 50% female representation by 2020 **Result** - 44% female representation in graduate intake selected in 2015	**FY20** - 45% female representation in graduate intake selected in 2016, with an aspiration to achieve 50% female representation by 2020
Promotion rates for women	**Objective** - To exceed their representation at Business Unit level **Result** – Achieved in Telstra overall and in 4 out of 10 business units	Promotion rates for women to exceed their representation at Business Unit level
Engagement of identified groups[i]	**Objective** - Equal to or greater than Telstra-wide engagement score, with any negative differences not statistically significant **Result** - As we did not complete a whole of company employee engagement survey this financial year, opting instead to address known areas for improvement, we are unable to report on our progress against this target. Our next whole of company employee engagement survey is expected to be conducted in the first half of FY16, with results reported in the Bigger Picture 2016 Sustainability Report and Telstra Annual Report	Engagement of identified groups equal to or greater than Telstra-wide engagement score, with any negative differences not statistically significant
Female representation[ii] at 30 June	**Objective** - FY15 - 32% (Telstra Total) and 30% (Executive Management) **Result** – 31% (Telstra Total) and 25.6% (Executive Management)	**FY16** - 32% (Telstra Total) and 30% (Executive Management) **FY20** - 35% (Telstra Total) and 40% (Executive Management)

i   Identified groups are female employees, Indigenous employees, culturally and linguistically diverse employees, employees with a disability and, gay, lesbian, bisexual, transgender and intersex (GLBTI) employees.

ii   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.

Flexible working

We know that our people have different priorities, passions and interests that must be balanced with work, so this year we continued to enable All Roles Flex, our Group wide approach where flexibility is now considered the starting point for all roles.

Equilibrium Man Challenge ⓘ

To promote flexibility at Telstra for everyone, in April this year two Telstra employees embarked on the *Equilibrium Man Challenge*. The Challenge follows a group of men who want to achieve greater equilibrium in their lives by changing how they work.

Their experience is being followed by an award-winning documentary director and released online as a series of short documentaries.

Telstra is a major sponsor of the project, which is endorsed by the Australian Government's Workplace Gender Equality Agency (WGEA) and Diversity Council Australia. A catalyst for the challenge were Diversity Council Australia statistics that showed men are less likely than women to request flexibility, and more likely to have their request declined.

Employment pathways

We are committed to providing employment pathways for candidates with diverse backgrounds and needs. This year we increased our intake of Indigenous trainees to 11, thanks to a greater level of business sponsorship of the program.

All of the 18 Indigenous employees who joined us during FY15 remain employed as at 30 June 2015. This year, to attract and retain Indigenous employees at Telstra, we:

❯ Began a new partnership with Career Trackers, offering internships to four Indigenous university students as a pathway to ongoing employment

❯ Offered part-time school-based traineeships to Indigenous high school students as a pathway to becoming full time trainees, cadets or employees once they finish school. At the end of their two-year traineeship the students will receive a Certificate 2 in Business Administration, Retail or IT.

We also offered full-time 12 month traineeships to Indigenous candidates to help them gain a Certificate 3 qualification. This year, 11 Indigenous school-based and fulltime trainees hosted through these programs completed their traineeships.

❯ Launched the Telstra Indigenous Experience, a 10 day work experience program in our retail stores to help Indigenous job candidates to build confidence and business understanding ahead of interviewing for in-store roles.

Over the past three years we've hired more than 100 new employees who identify as living with a disability. To attract, engage and retain people with disability to Telstra, this year we:

❯ Introduced a new Personalisation Guide for people leaders and a Personalisation Passport for team members with disability to encourage employees to discuss their workplace needs with their managers

❯ Became the largest corporate provider of the Australian Network on Disability Stepping Into internship program, which provides a paid internship program to university students with a disability. We hosted 40 students in FY15, and four have secured ongoing roles at Telstra.

For more information on our Indigenous programs and Disability Action Plan, see the Responsible business chapter of this sustainability report.

Nicola Glover
Senior Consultant (Business Improvement), Strategic Change

"With the demands of being an 'almost' single parent of two teenage boys and a commute of 1 hr 15 mins, flexible working has really helped me manage my life balance. My husband works in Vietnam four weeks out of six and my boys have busy lives with multiple extra-curricular activities. My flexible working model gets me to the office early and allows me to leave early to get a seat on the train (where I also manage to do some constructive work). This way I can get home in time to cook dinner, pick up the boys from sport and help with their homework. Flexible working has allowed me to have a great job and a great family life."

Ageing population

In Australia, people aged 45 and over make up the fastest-growing employee category. It's therefore important for us to consider how we can best promote age and generational diversity, and offer the flexibility required to attract and retain talent of all ages.

This year, as part of the Department of Employment Corporate Champion program we undertook an analysis of our workforce data to determine key focus areas. As a result, we ran a pilot of the SageCo Envisage program with 50 employees from our Networks team. Envisage is a program that supports mature-age workers to make positive plans for their future work, life and eventual transition to retirement. In FY16 we will continue to invest in programs to engage our people across all generations, ensuring age-balanced recruitment and enabling new pathways to employment for older workers.

LGBTI

Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion is important to us. We want our people to bring their whole selves to work and contribute fully to delivering for our customers and each other.

To show our support for LGBTI inclusion, this year we became the technology partner for the Sydney Gay and Lesbian Mardi Gras and the Midsumma Festival, Australia's premier LGBTI arts and culture festival. We also championed Wear it Purple Day across our retail stores and offices to raise awareness and funds for LGBTI inclusion in the community.

In October 2014 we sponsored the Bingham Cup Tournament, a global event which promotes rugby union as a non-discriminatory sport. We also celebrated the sixth anniversary of our Spectrum network for LGBTI employees with events around Australia and in Manila, Philippines.

In May 2015, we were recognised as a Top 20 employer for LGBTI inclusion in the Australian Workplace Equality Index, and a Bronze Tier employer in the inaugural Hong Kong Index for LGBT Inclusion.

NEXT STEPS

ROLL OUT
the next stage of our All Roles Flex program, focusing on global mobility and location flexibility

EXPAND
opportunities for Indigenous employment within our Retail division, growing traineeship and internship opportunities across all business units

DEVELOP
a return to work program for older people who have been out of the workforce, to help promote age and generational diversity at Telstra

HEALTH AND SAFETY

↑

The health and safety of our people is paramount to us and we are committed to developing a values based health and safety culture.

APPROACH

The health and safety of our people is paramount to us and we are committed to developing a values based health and safety culture. Through our health, safety and environment (HSE) strategy we continue to embed a strong risk management culture across our global operations.

In FY15 we strengthened our approach to HSE management by adopting a 'Three Lines of Defence' model to health and safety governance. It provides three tiers of HSE management and oversight:

› **First Line** – operational management and review

› **Second Line** – Corporate HSE team review of first line systems, processes and implementation

› **Third Line** – Group Internal Audit review of first and second line processes and governance.

Our HSE function provides first line advisory services to the business, as well as second line governance of the company's HSE activities. We expanded capability and capacity in the team this year following a functional review, which highlighted the need for greater resource allocation in the first line of defence and across a broader geographic spread, as well as increased expertise in HSE risk management.

Our approach to health and safety is governed by the Telstra Board, and our performance is regularly reported to the Board, Board Committees and Management Risk Committee.

Telstra is a Commonwealth Safety, Rehabilitation and Compensation Commission (SRCC) approved self-insurer licensee and we have maintained a Comcare Tier 3 status (the highest possible) for all three areas – prevention, claims management and rehabilitation. This year the SRCC granted Telstra a four year self-insurance licence until July 2018. Telstra is certified to AS/NZS 4801 Standard for Occupational Health and Safety Management Systems and was accredited for a further three years in December 2014. Telstra also holds Federal Safety Commission accreditation.

We continue to maintain open communication with Comcare and provide them with direct access to Telstra's senior management to ensure prompt management of any issues that may arise.

PROGRESS

Prevention

At the core of how we operate is a proactive, risk based approach to health and safety management, aimed at preventing incidents from occurring.

We continue to strengthen our safety culture by focusing on health and safety leadership, risk management and control effectiveness. We are working to build a strong reporting culture across the Group and as a result have seen a significant uplift in near miss reporting from both employees and contractors this year.

We enhanced our HSE risk control framework by undertaking several workshops to assess our risk controls and their effectiveness. We brought together a cross-section of our workforce and subject matter experts to consider ways to minimise or eliminate key risks, and prioritise resulting programs of work.

Early intervention and claims management

In July 2014 we implemented an in-house injury management model for delivering workplace rehabilitation, to support injured employees through their recovery and return to work.

We also implemented a Work Transition Program to help employees move back into their roles, and assist those who are unable to return to their pre-injury activities to find an alternative role within or outside Telstra.

The effectiveness of these programs and our commitment to early intervention and effective claims management are reflected in our performance. In FY15:

› 89 per cent of injured workers were able to return to pre-injury duties, up from 60 per cent in FY14

› The average time to close a return to work case reduced to 14 weeks, compared to 62 weeks for the same period in FY14.

We continuously monitor and review our workplace claims management system to ensure optimum performance and effective outcomes across the portfolio. The process is accessible to all employees through the Telstra intranet.

↓ **Lost Time Injury Frequency Rate of 0.98 DOWN 12.5%**
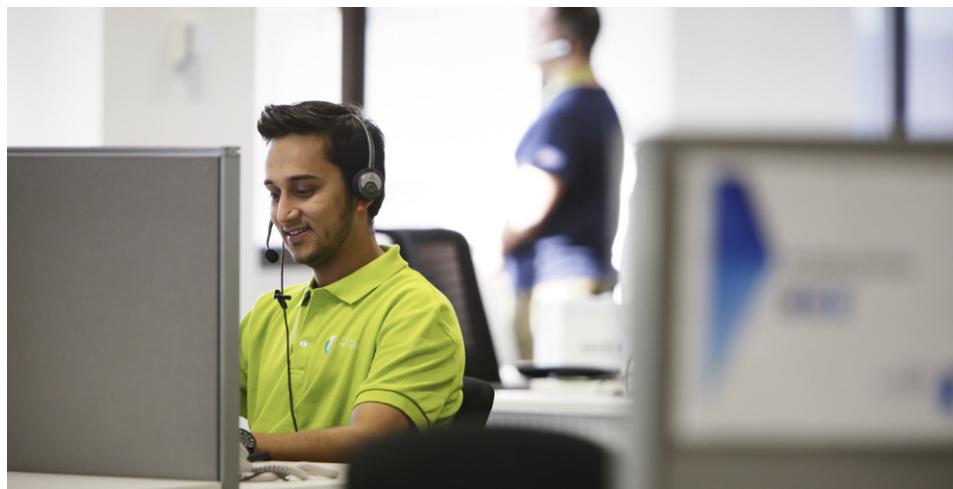
Health and wellness

Physical health and wellbeing is a key driver for minimising workplace safety risks. Manual handling, repetitive movement, static posture and work-related stress are major drivers of injuries and illnesses at Telstra.

To prevent incidents from occurring, this year we implemented several health and wellness programs, including:

❯ **Resilience and Work Pressure - 'Thrive'**
We are currently trialling the Thrive program across our Australian business units. Thrive is designed to assist people leaders in identifying work pressure and stress risks within their teams and provide support in building resilience and managing these pressures. More than 200 employees are part of the pilot program.

❯ **Preventing Musculoskeletal Disorders**
We are performing a comprehensive review of our key ergonomic risks and the effectiveness of current controls.

❯ **Managing Workplace Aggression**
We encourage our people to report all incidents of aggression and provide support to anyone affected. We are developing a targeted program to enhance our peoples' skills to anticipate, identify, manage and react to incidents, with the primary goal of keeping themselves and others safe.

❯ **Reducing Sedentary Risk**
We have implemented our first Future Ways of Working (FWOW) offices which employ ergonomic principles to generate a more collaborative, active work day. Results have shown a reduction in self-reported neck, shoulder and back pain when using the FWOW office environment.

Asbestos and safety

Our network was built over a hundred year period, and some of our concrete pits and pipes were built with asbestos containing material (ACM) at a time before the health issues associated with asbestos were known.

Telstra continues to take our duties regarding the safety of all workers and members of the public very seriously. We focus on achieving high standards across our operations, paying particular attention to the management of ACM.

> We require employees and contractors to follow strict procedures for the handling and removal of ACM in our network.

After a number of incidents in 2013 of non-compliant asbestos management and removal, we significantly improved our performance and systems for the management of ACM. We tested our response through an independent audit in July 2014 and, as a result, released updated ACM procedures and a revised management guide for our contractors in March 2015.

We take our response to asbestos related claims seriously. We have processes for managing compensation claims of any type to ensure that such claims are handled quickly and sensitively. Telstra considers asbestos claims on a case-by-case basis and any compensation payable is met from general operating costs.

Discrimination and bullying

In line with our values and the Telstra Group Discrimination and Bullying Policy, we do not tolerate unlawful discrimination, bullying, harassment or victimisation of any kind.

Our complaint procedure is aimed at providing our employees with a confidential, fair and supportive process for managing any issues that arise.

Throughout FY15, there were 203 reported cases of discrimination and bullying within Telstra Corporation. As at 30 June 2015, 17 cases were open with ongoing investigations, and 220 cases were closed, including two that were reported in FY13 and 32 that were reported in FY14. Outcomes for the closed cases were:

❯ 31 (14 per cent of closed cases) were substantiated and action was taken against the respondent (this included coaching, verbal warnings, written warnings, final written warnings or dismissals)

❯ 148 (67 per cent of closed cases) were found not to be substantiated. In some of these cases other appropriate action such as training or mediation was taken

❯ 41 (19 per cent of closed cases) were either withdrawn by the complainant or the investigation could not be completed (for example, where parties involved resigned and further investigation required their participation).

In FY15 we reduced our Lost Time Injury Frequency Rate by 12.5 per cent to 0.98.

HSE performance

In FY15 we matured our HSE performance measures, invested further in our systems and increased our investigation and analytical capability as part of our commitment to being a learning organisation.

We have reviewed the findings of our investigations, audits and risk analysis workshops to more effectively target systemic issues and refine our program for addressing our HSE risks.

In FY15 we established baseline figures for a number of more mature HSE performance measures, including:

〉 High potential HSE incidents: a more comprehensive measure of HSE risk

〉 New Claims Frequency Rate: a more comprehensive measure of workplace injuries than a lost time injury frequency rate, as it includes all injuries requiring more than first aid treatment

〉 Same day reporting: enabling us to respond quickly to incidents, conduct more detailed investigations and provide better care for our people.

There have been no work-related fatalities at Telstra this year.

Key workplace health and safety indicators[1]

Key performance indicator	FY15	FY14	FY13	% change FY14-FY15
LTI[2] Number of occurrences of lost time	48	55	66	-13
Serious injury rate[3] Rate of claims resulting in greater than one week lost time	1.9	2.6	3.4	-27
Lost days Total days lost	791	1,105	1,044	-28
Days lost per LTI Average days lost	16.5	20.1	15.6	-18
New workers' compensation claims Number	434	430	457	0
Open workers' compensation claims Number	1,533	1,438	1,612	+1
Fatalities Number	0	0	0	0

Notes: 1 – Includes Telstra Corporation Ltd employees only, not including subsidiaries or contractors. 2 – An LTI is the reported number of occurrences of lost time arising from injury or disease that have resulted in an accepted workers' compensation claim. 3 – For 12 month period 1 June 2014 to 31 May 2015 (latest available result from Comcare). Serious injury rate is defined as a claim that requires an absence from work of one working week or more per 1,000 full time equivalent employees.

Lost time injury frequency rate[1] (LTIFR)

Notes: 1 – LTIFR is the reported number of accepted workers' compensation claims for work-related injury or disease that incur lost time for each million hours worked. Includes Telstra Corporation Ltd employees only, not including subsidiaries or contractors.

NEXT STEPS

UPDATE
our Group HSE Standards, as a key input to our HSE Risk Control Framework

CONTINUE
to develop and implement health and wellbeing programs aimed at minimising workplace safety risks

EMPLOYMENT AND WORKPLACE RELATIONS

67 per cent of employees seeking redeployment after being impacted by redundancy secured new roles within the business this year.

APPROACH

We aim to build constructive relationships with our employees and their representatives, including trade unions, with a focus on dialogue and resolution.

We carefully manage our workforce requirements, particularly the mix of skills required as the structure of our business changes. We treat employees impacted by structural changes with compassion and respect.

We provide a comprehensive four to six week Redeployment and Career Transition Program for all employees whose positions have been made redundant and give those wishing to be redeployed within the business priority for job vacancies at Telstra, as per our Redeployment Policy. We also provide professional support services for employees and their families through our Employee Assistance Program. Our Internal Resolution Policy ensures that employees can seek a review of certain decisions that impact them.

PROGRESS

Workforce profile

As at June 30 2015, Telstra Group's total workforce was 39,017 people (full-time equivalent). This is an increase of 12.5 per cent compared to last year.

This growth is due to a number of acquisitions made throughout the period and the expansion of existing operations, in keeping with our international growth ambitions. Significant organisational changes in the past year include:

❯ A restructure within our Global Enterprise Services division, to establish a new global delivery model for our international customers. This restructure resulted in the removal of 633 Australian based roles between September 2014 and August 2015, including 412 permanent Telstra roles and 221 contractor roles.

The number of permanent Telstra roles impacted was less than initially proposed as a result of feedback received during the consultation process.

❯ The 100 per cent acquisition of Pacnet Limited, a provider of connectivity, managed services and data centre services to carriers, multinational corporations and governments in the Asia Pacific region in April this year. Headquartered in Singapore and Hong Kong, Pacnet has around 815 employees across 25 offices in 11 countries, including Australia, China, India, Japan, the United Kingdom and the United States.

Engaging with unions

In Australia, we regularly engage with the Community and Public Sector Union (CPSU), the Communications, Electrical and Plumbing Union of Australia (CEPU) and Professionals Australia (APESMA).

We also consult with unions when we make any significant change to our policies and processes. Our aim is to maintain an open, constructive relationship with union representatives.

Enterprise agreements

In May this year we commenced bargaining for a new Telstra Enterprise Agreement (EA) to replace the current agreement, which is set to expire on 30 September 2015, but which will remain in effect until a new agreement is in place. We are committed to negotiating for a simple, fair enterprise agreement that will deliver on the needs of our employees.

To support our approach, we have established a set of bargaining principles designed to support our growth, help our workforce evolve to deliver Telstra's strategy and maintain our pay for performance model. We are taking a values-driven approach to ensure our people are treated fairly, and we bargain

constructively with all parties. In this round of negotiations we're seeking terms and conditions of employment that will continue to build on existing best-practice, such as the provision of 16 weeks paid primary carer parental leave, an additional 'Telstra' day of leave, purchased leave and flexible working options.

The percentage of employees employed under an enterprise agreement has increased to around 65 per cent from 63 per cent last year. This percentage will continue to increase as the vast majority of new employees joining Telstra will be covered by the Telstra Enterprise Agreement (EA). The remaining 35 per cent of employees are employed on individual contracts or individual statutory agreements. Individuals on statutory agreements can elect to revert to the EA at any time.

Award modernisation

In November 2014 Telstra finalised discussions with the unions on replacing its 11 Telstra awards with one modern Telstra award.

The Telstra Award 2015 commenced operation in February 2015 and, along with the General Retail Industry Award 2010, sets out the minimum standards for the Fair Work Commission to use when assessing any of Telstra's future enterprise agreements prior to giving their approval.

NEXT STEPS

FINALISE
the negotiation of the new Telstra EA and implement it across the business

WORKFORCE DATA

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Workforce profile[1]
Number as at 30 June 2015

	FY15	FY14[2]	FY13	% change FY14-FY15
Telstra Group[3] Full time equivalent	**39,017**	34,683	37,721	12.50
Telstra Group excluding contractors[4] Full time equivalent	**36,165**	32,354	34,679	11.78
Telstra Corporation[5] Headcount	**29,006**	28,983	28,785	0.08

Notes: 1 – Workforce profile data excludes individuals on long term leave. 2 – Our FY14 Telstra Group and Telstra Group excluding contractors numbers have been restated this year from 34,261 and 31,931 respectively, as three controlled entities were found not to be included in FY14 FTE reporting. 3 – Includes Telstra Corporation and controlled entity full time employees and equivalents, contractors and staff employed through agency arrangements in Australia and internationally. 4 – Telstra Group excluding contractors and staff employed through agency arrangements in Australia and internationally. 5 – Includes full time and part time employees paid by Telstra Corporation (excluding casual staff, all controlled entity-paid staff, and agency staff in Australia and internationally). This definition is used in our workforce reporting of: age distribution; workforce by employment levels and employment type; workforce by contract type; total new hires; total new hires by gender and age; total turnover, turnover by gender and age group and absenteeism unless otherwise noted.

Telstra Group significant geographic locations
Percentage as at 30 June 2015

	FY15	FY14	FY13
Australia	**84.6**	91.5	90.8
China	**7.6**	4.6	2.2
Hong Kong	**2.5**	1.4	5.9
Philippines	**0.1**	1.0	<0.1
Other[1]	**5.2**	1.6	1.1

Note: 1 – Other countries are UK, Singapore, US, India, Japan, South Korea, Malaysia, Indonesia, Taiwan, Sweden and Thailand.

Age distribution
Percentage as at 30 June 2015

	FY15	FY14	FY13
16-24	**4.4**	5.3	5.6
25-34	**24.2**	24.3	26.1
35-44	**29.4**	29.3	29.6
45-54	**27.0**	27.0	25.3
55+	**14.9**	14.1	13.3

Workforce by employment level
Percentage as at 30 June 2015

	FY15	FY14	FY13
Executive management (Bands A, B and C)	**0.9**	0.9	0.8
Middle management (Bands 1 and 2)	**33.3**	30.9	27.7
Operational (Bands 3 and 4)	**65.8**	68.2	71.5

Workforce by employment type
Percentage as at 30 June 2015

	FY15	FY14	FY13
Permanent full time	**93.0**	92.9	92.9
Permanent part time	**5.6**	5.7	5.9
Fixed term full time	**1.3**	1.3	1.2
Fixed term part time	**0.0**	0.1	<0.1

Telstra workforce by contract type
Percentage as at 30 June 2015

	FY15	FY14	FY13
Individual contracts or statutory agreements	35	37	41
Collective agreements	65	63	59

Notes: Individual contracts or individual statutory agreements include Australian Workplace Agreements (AWAs), Individual Transitional Employment Agreements (ITEAs) and common law contracts. Collective agreements include Enterprise Agreements (EAs).

Total new hires

	FY15	FY14	FY13
Headcount	3,026	4,430	4,055
Rate (%)	10.4	14.1	12.3

New hires by gender and age group
Headcount

	FY15	FY14	FY13	% change FY14 –FY15
Male	1,910	2,759	2,431	-30.8
Female	1,116	1,671	1,624	-33.2
16-24	675	1,033	909	-34.7
25-34	1,115	1,692	1,586	-34.1
35-44	754	1,052	980	-28.3
45-54	378	506	450	-25.3
55 +	95	147	130	-35.4

Total turnover

	FY15	FY14	FY13
Headcount	2,856	3,991	4,389
Rate (%)	9.8	12.7	13.3

Note: Turnover is the number of employees who leave Telstra including all types of separation.

Turnover by gender and age group
Headcount

	FY15	FY14	FY13
Male	1,835	2,586	2,590
Female	1,021	1,405	1,799
16-24	346	462	545
25-34	768	1,155	1,528
35-44	659	963	1,115
45-54	532	593	650
55 +	551	818	551

Note: Turnover is the number of employees who leave Telstra including all types of separation.

Absenteeism rates
Percentage

	FY15	FY14
Australia	3.67%	3.90%

Notes: Number of actual absenteeism days lost (due to incapacity of any kind) as a percentage of total days scheduled to be worked by workforce.
Reported for the first time in FY14.

ABOUT OUR REPORTING

Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ over 36,000 people directly, facilitate access to more than 2,000 network points of presence across the globe and have one of Australia's largest shareholder bases, with around 1.4 million shareholders.

We have a diverse range of customers, including consumer, small business, large enterprise and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 371 Telstra-branded retail stores, 84 Telstra Business Centres, 137 Telstra business and enterprise partners and are distributed by over 18,700 retail points of presence managed by our partners.

In Australia we provide approximately 16.7 million retail mobile services, 6.0 million retail fixed voice services and 3.1 million retail fixed data services. Telstra's international businesses operate in 20 countries around the world and include Telstra's global networks and managed services business, as well as Telstra's China-based search and advertising business, Autohome Inc.

We understand our customers want technology and content solutions that are simple and easy to use – that's why we have built networks like Australia's largest fully integrated internet protocol (IP) network and Australia's largest mobile network.

United Nations Global Compact

You will find the icon below throughout the Bigger Picture 2015 Sustainability Report. It indicates where we are providing information on our progress in implementing the ten principles of the United Nations Global Compact.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2015 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2015 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders, as defined through our annual materiality process. The material topics addressed within each chapter of this report are outlined in Sustainability at Telstra, and on the context page of each corresponding chapter.

We develop our sustainability reporting in accordance with industry and sustainability standards including the United Nations Global Compact Communication on Progress and the Global Reporting Initiative (GRI) G4 Core Sustainability Reporting Guidelines, and with reference to AccountAbility's AA1000 Principles Standard 2008.

For more information visit www.telstra.com/sustainability/report

Scope

Our sustainability reporting covers the financial year 1 July 2014 to 30 June 2015 (FY15) for Telstra Corporation Limited. All controlled entities are excluded unless otherwise stated.

As our international operations expand we are committed to developing a global framework for sustainability data collection and reporting. Starting with our most material operations overseas we will continue to expand on the scope of our reporting over time.

Wherever possible and relevant under the G4 guidelines 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 in Note 25 to the Financial Statements in the 2015 Annual Report.

Assurance

Independent assurance supports our commitment to transparency and accountability. To provide confidence for our stakeholders in our reporting Ernst & Young provides limited assurance, in accordance with the ISAE 3000 standard, over specified data and related performance disclosures in our 2015 Annual Report and Bigger Picture 2015 Sustainability Report, as well as an assessment of Telstra's application of the principle of materiality, as outlined in the Global Reporting Initiative G4 guidelines.

You can access Ernst & Young's assurance statement at www.telstra.com/sustainability/report/about

Feedback

We welcome your feedback on our sustainability reporting, approach and performance. Please email Tim O'Leary, Chief Sustainability Officer at sustainability@team.telstra.com

Stay in touch

twitter.com/telstra
facebook.com/telstra
Sustainability Matters
www.telstra.com/sustainability/subscribe

PUTTING OUR CUSTOMERS AT THE CENTRE

CUSTOMER EXPERIENCE

Bigger Picture
2015 Sustainability Report
—

IT'S HOW
WE CONNECT

CONTENTS

→

CONTEXT

→

Material topics

Digital technologies and enhanced connectivity have transformed the way we live and connect. It is therefore more important than ever for us to deliver brilliant customer experiences.

To achieve this, we must put the customer at the centre of everything we do. We must protect customer privacy and security, take proactive steps to ensure our customers have a positive experience online and innovate to improve our processes, products and service capabilities to better meet customer needs.

OUR PERFORMANCE

Surveyed on average **30,000** customers per day and used their feedback to improve customer experience

Sent over **80,000** customers per day a message with the name and contact details of the consultant they spoke to

Introduced **REAL TIME** data usage alerts and automatic data top-ups for post-paid customers

Launched **TELSTRA AIR®** Australia's largest Wi-Fi network

52% customer interactions conducted online, up six percentage points

Extended 4G coverage to reach **94%** of the Australian population

Performance

Progress on FY15 commitments	Result	More info
Use customer feedback and service records to identify and remedy negative customer experiences	●	Page 05
Optimise our network investments to ensure our customers receive a quality network experience where they need it most	●	Page 09
Prevent bill shock by making it simpler for our mobile customers to monitor and control their data usage	●	Page 07
Ensure all new products and services are digitally enabled, so customers who choose to engage with us via digital channels can do so end-to-end	●	Page 08
Update our website to provide a fully responsive digital experience from desktop, laptop, tablet and mobile devices	●	Page 08
Deliver the first phase of our Digital First program	●	Page 08

100% Achieved

0% In progress

0% Not achieved

● Achieved ◓ In progress ✕ Not achieved

CUSTOMER ADVOCACY

↓

We care about our customers and we're putting them at the centre of everything we do.

APPROACH

Improving customer advocacy is our number one priority. Our aim is to delight our customers and show we care by delivering superior networks, products and services, as well as building a strong customer-driven culture.

Building customer advocacy is a commercial imperative, as advocates are more likely to use our products and services, and actively refer us to family, friends and colleagues.

When it comes to creating outstanding customer experiences we've come a long way, but we still have a long way to go. We remain committed to changing the way people talk about Telstra. We are addressing the issues that matter most by listening to our customers and acting on their feedback. We ask our customers to complete a short survey after interacting with us and receive on average more than 30,000 responses, including 11,000 verbatim comments every day. We use these insights to drive process, product and service improvements across Telstra.

What is NPS? ⓘ

We measure customer advocacy using the Net Promoter System (NPS). NPS enables us to measure our customers' experiences and respond to their feedback. It's a simple metric that shows how well we are serving our customers, based on their likelihood to recommend Telstra. NPS is more than a measurement tool. It's about fostering a way of doing business that drives customer loyalty. Our overall NPS score has improved by five points over the last twelve months.

PROGRESS

Personal service

This year we've continued to transform our processes, product and service offerings to better meet customer needs.

We've also worked to embed customer advocacy in our culture. Our NPS result is a key component of our employee short term incentive program and our people have been empowered with the tools and training required to deliver increasingly responsive, personalised customer service.

> Throughout FY15 we sent on average more than 80,000 emails and SMS to our customers every day with the name and contact details of the consultant they spoke to.

Our focus throughout FY15 has been on delivering the next phase of our personalised service agenda. In FY14 we introduced *You Have My Name*, which provides customers with the name and contact details of the person they spoke to, so they can get back in touch with them directly if required. This year we took things one step further and upgraded our systems to better enable customers to reach the right Telstra representative first time, to avoid unnecessary transfers and wait times.

While our aim is to get things right the first time, we know we don't always succeed. To help address this we've implemented a Service Recovery process.

We now proactively contact customers who we can see are spending too much time trying to resolve an issue. We also give our customer-facing employees access to specialised support teams, who aim to resolve even the most complex customer queries on the spot. While getting things right the first time will always be our priority, we will continue to invest in making sure that when we don't, we make the effort to resolve the issue, so our customers don't have to.

Customer feedback

"I saw Customer Advisor Zeena Jordan-Hill [pictured] from the Hobart store. She was knowledgeable, quick, and actually endeavoured to get to know me along the way. Her attitude and assistance made what is normally an arduous task for me an absolute pleasure. Her follow-up was also second to none - I really liked receiving the text message at the end of the day... and when I did need to ring her the following day with further questions she again handled this with genuine warmth and true expertise. Great service to back up a great product. Thank-you Zeena!"

This year we launched Check-In, a program to help us ensure our customers are receiving the best possible value from their Telstra service. We sent personalised account health checks to around 5.2 million customers and made them permanently available via our online self service tools. We also invited customers to visit our stores for a face-to-face account health check. 460,000 customers visited our stores to review their accounts and ensure they are making the most of all services available to them.

> **460,000 customers visited our stores for a face-to-face account health check as part of our Check-In program.**

Our people also got involved through Telstra employee Check-In. During FY15 our employees connected with more than 155,000 customers via a variety of channels, with examples including over the phone, in store and onboard the Check-In bus, which toured regional Australia. This enabled us to better understand how customers' services are going and ask them how we can do better. Any issues raised during Check-Ins were followed up by our customer service representatives within two working days.

Our Telstra Thanks® loyalty program is also delivering benefits to our customers by providing access to discounted and pre-release tickets for music, sports and movies, as well as money-can't-buy experiences. This financial year, Telstra customers purchased more than 3.1 million tickets and experiences through Telstra Thanks and feedback on the program has been overwhelmingly positive.

Feedback from our customers

Advocate feedback

"Telstra has finally picked up their act and have better offers and are doing a lot more for their customers. I spend a lot with them monthly and over all the years and I finally feel valued as a customer."

Passive feedback

"In store service with Rhys was excellent. He was able to suggest changes which made a lot of sense for our situation, with three mobiles, and his suggestion of updating our modem to take care of very slow internet speeds appears to have worked well. Generally very happy with this experience. The reason I have given a 7 as far as recommending Telstra goes is that I have had some very challenging, prolonged, and difficult interactions with Telstra (via phone and call centre) and so have some reticence in wholeheartedly recommending Telstra to others."

Detractor feedback

"We were having trouble with our modem for months and were not getting anywhere. After many calls and frustration you finally sent us a new modem in October 2014. But we were still no better off, the internet kept dropping out. Finally the local Telstra technician came out, replaced wires and a junction box to our house. [They] fixed the wiring from your pole on the street. At the moment all seems to be ok, thank goodness. It certainly took long enough."

Managing bill shock

We are committed to providing our customers with more value and the confidence that they won't encounter unexpected usage charges.

This year we became the first telco in Australia to make calls from mobiles to 1800 numbers free of charge. We were also the first to introduce real time mobile data usage alerts for post-paid mobile customers. This service provides alerts to customers when they reach 50 per cent, 85 per cent and 100 per cent of their included monthly data allowance, to help them manage their data use. This year we delivered more than five million messages per month advising customers of their voice and data usage.

Customer TIO complaints regarding mobile data charges have reduced by 33 per cent since real time data alerts were introduced.

To help our customers stay in control of their mobile bills we introduced a new alert for customers who incur excess data charges. Customers are now also being alerted each time they incur an additional $50 in charges.

We also give customers the choice of minimising excess data charges by opting for automatic data top ups when required. This feature, Extra Data, gives customers the option to receive additional data in 1GB, $10 blocks when they reach their monthly limit. We were the first telco in Australia to offer this to all customers without requiring them to take up a new plan.

We surprised our fixed broadband customers this year by providing data allowance top ups for approximately 1.8 million consumer fixed broadband customers, as a permanent, free addition to their existing plans. Additionally, we at least doubled data allowances for more than 96 per cent of our business customers, when compared to their current plan.

Customer feedback

"Just got a nice surprise from @Telstra. They just doubled my mthly internet data from 500GB to 1000GB, for no cost. Awesome! Thanks Telstra!"

In response to customer concerns about international roaming costs, this year we introduced the Telstra Travel Pass. The pass allows customers to make and receive unlimited calls to and from standard numbers, send unlimited text messages to standard numbers and use an included data allowance while abroad. Designed to make it simple for our customers to use their Australian mobile overseas, customers can use the affordable three-day Travel Passes in over 40 popular holiday destinations worldwide.

For information to help manage usage overseas, visit www.telstra.com/overseas and www.telstra.com/business/overseas

Better service online

The digital revolution is reshaping customer expectations – and the business models that answer their needs. Our goal is to be 100 per cent digitally enabled by FY17 so that our customers always have the choice to engage with us online, if and when it suits them.

This year we completed year one of our Digital First agenda, aimed at providing our customers with greater access to our products and services, and the flexibility to decide how, when and from where they interact with us.

Through Digital First our customers are gaining greater control of their accounts and services, product features and support options, all while saving valuable time.

> ## 52% of all customer interactions took place online.

Key Digital First initiatives launched in FY15 include:

❯ Policy changes for all new products and services to be digitally enabled from the outset, so customers can engage with us via digital channels end-to-end

❯ Simplified processes for events such as moving home, reducing the number of steps required to complete an order, cutting down on customer wait time

❯ A personalised self-service support tool where customers, starting with ADSL broadband users, can enter a unique code online to receive help matched to their combined product, service and usage information, saving time and the hassle of calling

❯ Smart-IVR, a service that anticipates why customers are calling, then sends an SMS with a link to a webpage that can help resolve their issue

❯ 'Leave it with us', enabling customers who are short of time to lodge an issue online and leave it with us to resolve. Rather than waiting on the phone or in store while we investigate, customers are contacted via their preferred channel within 24 hours with either a solution or a status update on their issue.
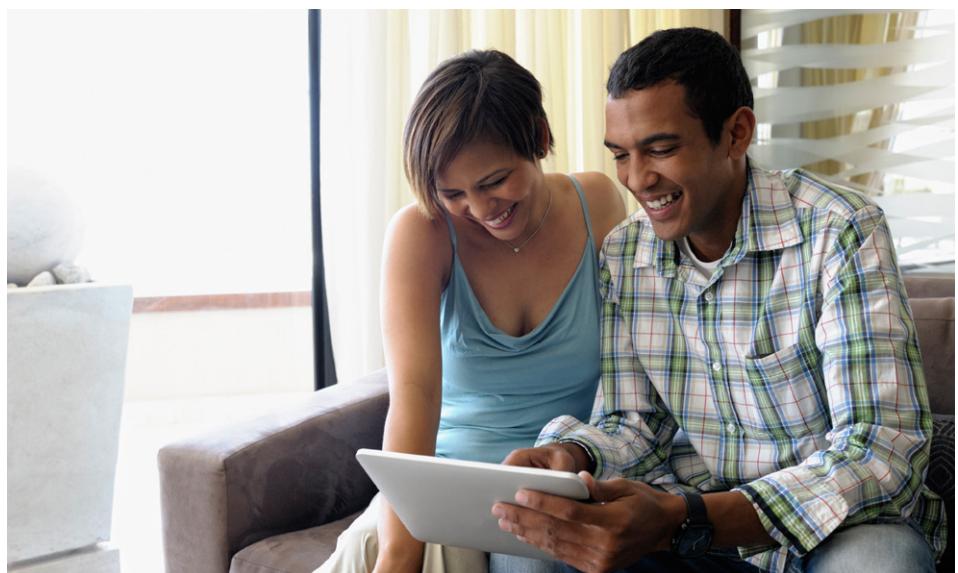
To support our broader digital agenda, we also:

❯ Relaunched telstra.com to provide a fully responsive digital experience from tablet and mobile devices for all website content, improving the quality of more than half our customer visits

❯ Significantly improved page response times from five seconds to less than one second and improved website stability

❯ Upgraded our payment extension service to provide assessments in real time, further encouraging interactions to take place via our digital channels

❯ Hosted the Australian Digital Summit, bringing together digital thought leaders from companies such as PayPal, Evernote and Twitter. Attended by over 500 people and streamed live around the world, the summit explored the emergence of digital into the physical world, examined how technology is disrupting traditional business models and showcased opportunities for collaboration between big business and start-ups.

Customer transactions conducted online

FY13	FY14	FY15
40%	46%	52%

This year:
2.5 MILLION
customers used My Account services each month

Our Telstra 24x7® App hit
7 MILLION
downloads and is used regularly by around 2.3 million customers

Over
350,000
live chat sessions each month via Telstra 24x7 Chat

Responded to over
9,000
digital Customer Care requests on Facebook and Twitter each week

Our customer community, CrowdSupport® had over
20 MILLION
views and now has a member base of over 230,000

3.6 MILLION
customers switched to Email Bill and more than 77 per cent of customer payments were made online.

Australia's leading mobile network

The rise of connected devices is driving an ongoing and insatiable demand for data and our customers are relying on mobile technology more than ever.

In order to keep up with this demand, we continue to innovate and invest in expanding our mobile network.

> The Telstra mobile network currently reaches 99.3 per cent of the population and is the largest network in the country, covering more than 2.4 million square kilometres.

In FY15, we invested $1.3bn in new 4G 700MHz and 2600MHz spectrum, enabling us to offer even faster network speeds through the introduction of 4GX services. These services, which are exclusive to Telstra, are now available in over 1,200 towns and suburbs across Australia, meaning we're now providing 4G (4G and 4GX) coverage to 94 per cent of the population. Introducing 4GX has also had broader benefits, freeing up space across our traditional 4G services to manage growing demands for data across our network.

What is spectrum? ⓘ

Mobile networks use radio transmission to carry signals through the air just like radio and television. The spectrum we use is defined by where on the dial we sit (the frequency) and how much of the dial we take up (the spectrum bandwidth). The more spectrum bandwidth we have access to, the greater the amount of information we can carry and the more users we can support on our network.

In June this year we announced that Telstra will build 429 new 3G and 4G towers over the next three years as part of the Government's Mobile Black Spot Programme, to better serve our customers in regional, rural and remote parts of Australia. In addition to the new mobile towers, we will be installing 250 Small Cells to deliver high speed 4G data services in country towns where suitable Telstra infrastructure is available. We will contribute $165 million to this program over the next three years.

As part of our strategy to drive network innovation, last year we committed $100 million to building Australia's largest Wi-Fi network. We commenced a trial of this technology in November 2014, switching on more than 2,600 Wi-Fi hotspots across the country. Since then we've connected more than 1.5 million unique devices to free Wi-Fi.

After a successful trial, we officially launched our network, Telstra Air, in June this year. Telstra home broadband customers are now able to get online using their home broadband allowance at thousands of hotspots within 250 towns and cities across Australia. Additionally, to make it easier and more affordable to connect when travelling, Telstra Air members are able to access their home broadband allowance at 15 million hotspots in 18 countries around the world – thanks to an exclusive partnership with world-leading Wi-Fi provider Fon.

At the 2015 Mobile World Congress in Barcelona, Telstra was recognised by the Groupe Speciale Mobile Association for our network innovation, winning the Broadband for all: Outstanding LTE Contribution award for our LANES concept.

Developed in FY14, our LANES technology enables us to separate a portion of spectrum that 4G network technology can operate on and offer this to Emergency Services for their exclusive use. This means no matter how many people are using the Telstra network, Emergency Services can have a dedicated 'lane' to carry their critical communications in 4G coverage areas.
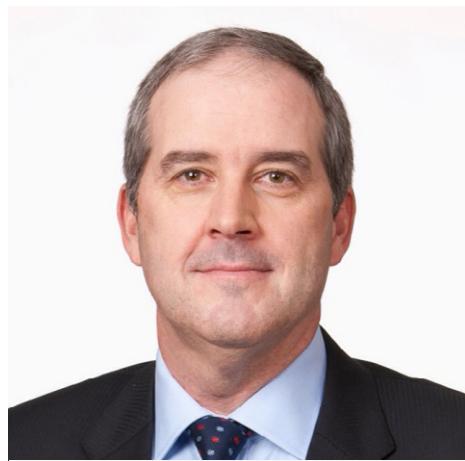
Brian Harcourt
Executive Director
Customer Service Delivery

"We work hard to ensure our network is delivering the best possible service, however with a network our size we're always going to experience some faults and outages. Network faults can be caused by something as small as someone accidently digging up cable in their backyard, to a network tower losing power during a severe storm. This can be extremely frustrating for our customers and this year, with a number of natural disasters impacting our networks, some customers' patience was put to the test. We have a dedicated faults team working to respond to network fault and outage complaints, and it is our priority to continue to improve this service in FY16 – delivering proactive communications whenever an outage or fault is impacting a customer's service, and faster fix rates to keep our customers connected."
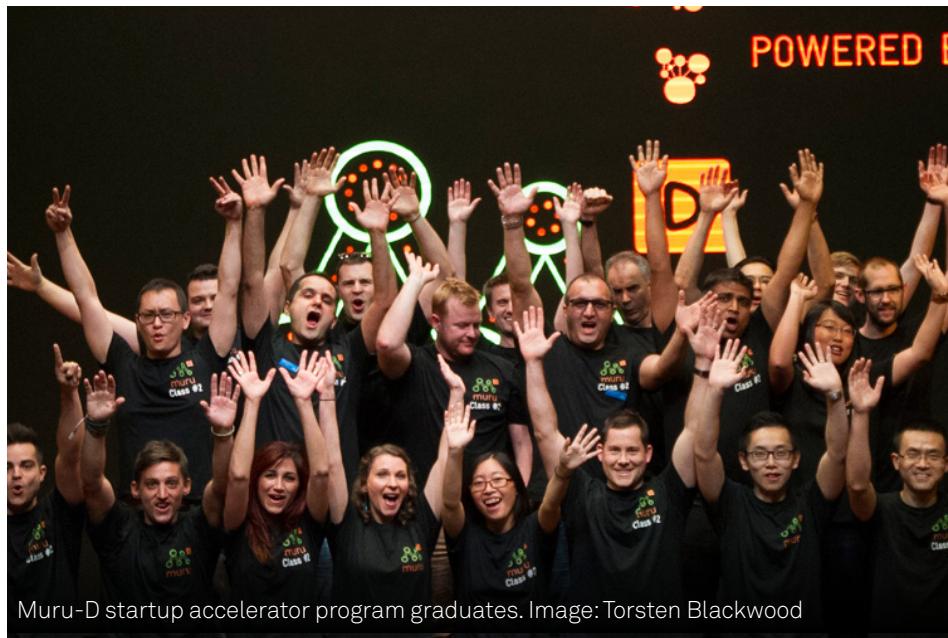
Muru-D startup accelerator program graduates. Image: Torsten Blackwood

Innovation

In a competitive market place we know innovation must be the rule, not the exception.

New ideas are key to achieving continued product and service differentiation and securing long term growth. We are focused on nurturing these ideas because we know companies that don't innovate will be left behind.

> Through our innovation strategy we are leveraging new and emerging technologies to delight and better serve our customers, as well as to drive productivity.

Innovation comes in all shapes and sizes, so we have a range of internal and external innovation channels in place to help generate opportunities. Our priority areas include:

Fix – our T-Solve platform is a tool for raising issues and ideas that relate to continuously improving our products, processes and systems to achieve a better experience for our customer and our staff. 1,018 employees lodged issues through this platform in FY15 and 490 helped to resolve them. Overall 2,207 cases were resolved throughout FY15.

Innovate – our Innovation Hub is our online innovation community. The Hub has almost 16,000 users, and over 1,350 ideas have been submitted since it was launched in 2013, including more than 600 in FY15. Approximately 50 of these ideas have been prototyped and turned into new approaches, products or services, with many more in the pipeline.

This year we also brought together 60 of our most talented developers, designers and marketers to participate in our second company 'Hackathon' – The Telstra Challenge Cup. With 48 hours on the clock and the mission to 'accelerate advocacy', 11 teams formed to rapidly prototype solutions to a variety of challenges crowd-sourced from across the company.

Working with the Telstra Foundation, one team built a digital solution that will help clients of the MJD Foundation, a not for profit organisation that assists Indigenous people living in the Northern Territory with MJD - a hereditary neuro-degenerative disease, to 'bank' their speech for use once they have lost the ability to speak.

Incubate – Telstra's startup accelerator program, muru-D® provides six months of tailored support to selected technology entrepreneurs. muru-D class two graduated in May 2015, with all teams securing paying customers, some internationally. In April, muru-D launched in Singapore, aspiring to attract the region's best digital talent and foster local technology innovation

and entrepreneurship across Southeast Asia. muru-D is also forging strategic global partnerships with other startup communities, like The Icehouse in New Zealand.

Co-Create – This year we started to collaborate with Deakin University's Centre for Intelligent Systems and Robotics (CISR). CISR wanted to deploy 'haptics' technology, however they were unable to communicate reliably and robustly over the long distance required. We partnered with CISR, combining our network capabilities, expertise, and commercial acumen with their 'haptics' technology to develop unique intellectual property that can be applied to a wide range of applications in health and robotics.

Venture – We further expanded our investment in innovation through Telstra Ventures, this year acquiring stakes in nine breakthrough Australian and international companies increasing the portfolio to a total of 20 companies. New investments include Zimperium, a leader in enterprise mobile phone security; Gorilla, a leader in video image recognition; and Panviva, a leader in business process guidance software. For details of further acquisitions undertaken this year, see the *Build new growth businesses* section of our 2015 Annual Report.

eHealth

The digital revolution has fundamentally changed many sectors and Australians have embraced the opportunities for improved and more convenient services in areas such as retail, banking and travel.

We believe that the power of connection can also transform healthcare for all Australians and make a safer, more cost effective, convenient and productive healthcare system.

To achieve this, we formally launched Telstra Health in October 2014, with the ambition of becoming Australia's leading provider of integrated eHealth solutions.

We've acquired, invested or partnered with 15 leading eHealth companies to build our presence across the healthcare system, including eight in FY15, and are integrating these capabilities to create entirely new solutions that address key healthcare challenges. Examples this year included the launch of 'hospital in the home' solution MyCareManager and the continued use of the National Telehealth Connection Service to close the gap by providing specialist care to remote Indigenous communities.

TIO complaints

When it comes to delivering brilliant customer service we don't always get it right first time, but pleasingly first stage (Level 1) complaints to the Telecommunications Industry Ombudsman (TIO) decreased this year.

By June 2015 the number of first stage (Level 1) complaints had reduced to 198 per day. This is a reduction of 19.2 per cent compared to the same time last year.

The number of complaints we received per 10,000 subscribers also decreased by 20.1 per cent in FY15. This result demonstrates the positive impact our focus on customer service is having for our customers. In June FY15 we received 1.77 first stage complaints per 10,000 subscribers, compared to 2.21 in June FY14.

We continue to closely monitor the root cause of customer referrals to the TIO. Common areas of complaint include connection and order delays; contract disputes; device, hardware and connection faults; and disputed usage charges.

We will maintain our strong focus on customer service in FY16 to continue to improve on this result.

Hackdivate for social good

In April 2015 Telstra, in partnership with Cisco, hosted Hackdivate, a hackathon that took place over 48 hours in Sydney and Melbourne. Hackdivate brought together volunteer members of the software developer community to create tech solutions for five not for profit organisations.

Three Telstra Foundation partners – The Alannah and Madeline Foundation, SYN Media and Cerebral Palsy Alliance – were involved in the hackathon, along with the Peter MacCallum Cancer Centre and the Salvation Army.

Each of the five organisations presented a business scenario they'd like help with, and the participating teams got to work using Telstra's Cisco Cloud Services web scale cloud platform.

According to Vish Nandlall, Telstra's Chief Technology Officer, the hackathon showed the human side of technology and its many uses.

"Today the pace of technology is such that it doesn't take months or years to get to a technology proof of concept that can drive benefit, today it can happen in a matter of hours, or days as the Hackdivate event has proven. Telstra is one of Australia's leading tech companies, and to be able to use our expertise to create social value has been brilliant."

Robyn Hudson from the Peter MacCallum Cancer Centre said the weekend offered the potential to leverage technology to improve patient care.

"Poor communication is the top complaint in healthcare, and Hackdivate enabled our teams to devise tech-based ways of connecting people — patients to patients, patients to staff, and staff to staff, both inside Peter Mac and potentially with colleagues across the sector."

Robyn Cummins from the Cerebral Palsy Alliance was also blown away by the experience.

"There's a magic that happens when you bring together people who have a disability, researchers and clinicians, and technical specialists. Put them in a room with a big challenge and it's incredible what they come up with."

NEXT STEPS

REDUCE
further the effort required for customers to do business with us

EXTEND
our 4G coverage to reach over 98 per cent of the population

EXPAND
the footprint of our Wi-Fi Network, Telstra Air

DEPLOY
the next generation of LTE technology, including voice over LTE, LTE broadcast and the next stage of LTE advanced, delivering peak network speeds of up to 600 mbps

DELIVER
the second phase of our Digital First program, which will lay the foundations for a digitally enabled sales and service ecosystem across our digital, field, retail and contact centre operations

PROVIDE
improved access to My Account and Telstra 24x7 App by issuing all customers with a Telstra ID, and enhance security and identification options for greater peace of mind

SIMPLIFY
logistics and fulfilment processes to enable more customers to receive next day delivery of their online purchases

Environmental Customer Value Proposition

We're helping our customers reduce their environmental impacts and improve their productivity through the use of information and communications technology (ICT).

In FY15, we introduced a Green ICT service for our enterprise customers, designed to help identify opportunities to reduce their carbon emissions and electricity costs. As part of this service we developed a carbon calculator to assist our customers with estimating emissions from Telstra-provided equipment on their premises.

We also undertook work to quantify the environmental impacts and benefits to our customers of Telstra's cloud computing offerings. To be released in FY16, this work will help our customers to estimate the benefits of moving their IT systems to the cloud and builds upon the findings of our *Connecting with a Low-Carbon Future* report. Released in 2014, this report found that the ICT sector is in an ideal position to help government, business and consumers minimise their energy consumption

There is a compelling business case for using ICT to reduce energy and carbon emissions, as well as operating costs.

and identified 'clean cloud' as a carbon reduction opportunity.

We are committed to working with our customers to build their understanding of the role ICT can play in enabling low carbon growth. During the year, we conducted market research into the specific environmental drivers and expectations across a number of industry sectors. In FY16, we will embed the findings of our research into our environmental offering for customers, and use it to drive our approach to sustainable product design and innovation.

For more information on our Environment Strategy and Environmental Customer Value Proposition, see the Environmental stewardship chapter of this sustainability report.

PROTECTING PRIVACY

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Our customers trust us to protect their privacy and keep their data secure, and we continue to work diligently to honour this trust.

APPROACH

Our customers trust us to protect their privacy and keep their data secure, and we continue to work diligently to honour this trust. Our priority is to ensure we keep customers' personal information safe and secure, and that we are transparent in the way we manage this information.

We've learnt a lot from past privacy incidents and remain committed to managing privacy risks as technology, and the ways we use it, continue to evolve.

We have implemented privacy controls throughout our business and supply chain to improve the protection of our customers' personal information. We have in place comprehensive security and network controls, business-wide policies and procedures, a network of privacy officers and mandatory training for all employees.

We also regularly engage with our customers, suppliers and regulators to understand changing trends and expectations around privacy, and maintain an ongoing dialogue with key industry and regulatory bodies, to ensure we work together to create a stronger privacy culture.

PROGRESS

Incidents and complaints

Throughout FY15 there were three notable incidents regarding our customers' privacy.

In November 2014 the Privacy Commissioner issued a determination that Telstra breached the privacy of an individual customer by not offering them a silent line.

The Privacy Commissioner found we were authorised to publish the customer's personal information in the White Pages, but had failed to take reasonable steps to provide notice that we would disclose this information.

We apologised to the customer in question and have updated our Privacy Statement to make it clear that fixed line customer information is published in the White Pages unless the customer requests a silent line. We have also updated our processes to ensure customers are aware of the option to have a silent line when they place an order.

> We've learnt a lot from past privacy incidents and remain committed to managing privacy risks as technology, and the ways we use it, continue to evolve.

In April 2015 Telstra finalised the acquisition of Pacnet Limited, a company that provides connectivity, managed services and data centre services in the Asia-Pacific region. Shortly after we completed the acquisition we were advised that Pacnet's corporate IT network, essentially its email and other business management systems, had been accessed by an unauthorised third party.

We have no evidence that information was stolen from the network. Nonetheless, we took immediate action to investigate and respond to the breach, including addressing the security vulnerability and putting in place additional monitoring and incident response capabilities. We also took active steps to notify our Pacnet employees, customers and relevant regulators around the world of the breach.

The Pacnet corporate IT network remains isolated from Telstra's IT systems and we found no evidence of any activity related to this incident on Telstra's networks.

In May 2015, the Privacy Commissioner issued a determination that Telstra had breached the privacy of an individual customer by failing to provide him with access to his personal information. With the exception of incoming call records, we were ordered to provide the individual with "all the metadata information" held in relation to his mobile phone service.

We already provide our customers access to their personal information, but this decision could extend this practice to every piece of data on our networks, whether the data reveals anything about them or not. We respect the role of the Privacy Commissioner and share their commitment to transparency, but given the broad implications of this decision we have sought a review of the determination with the Administrative Appeals Tribunal.

Privacy framework

As part of our ongoing commitment to being transparent with our customers, this year we updated the privacy section of the Telstra website to reflect the changing privacy landscape and provide more detail on how we collect, use and disclose our customers' personal information.

As we continue to provide our customers with more products and services that they are using in more ways and places, we will continue to adapt our privacy practices to accommodate these changes.

To view Telstra's Privacy Statement, visit www.telstra.com/privacy

Managing metadata

With digital technology now central to our lives, we are generating more data than ever before. Some of our customers and the broader community are concerned about who has access to this data.

In response to these concerns we introduced new transparency measures aimed at providing our customers with a clearer picture of the data we provide to law enforcement agencies.

In a first for the Australian telecommunications industry we now offer customers the same access to their metadata as we are required to offer to law enforcement agencies in response to a lawful request without a warrant.

We also made a submission to the Parliamentary Joint Committee on Intelligence and Security this year, regarding their inquiry into a Data Retention Scheme in Australia. We emphasised the need for an appropriate balance between delivering community safety and meeting consumers' expectations of privacy, while minimising the regulatory burden imposed on industry.

To read the conditions for requesting access to your personal metadata and to make a request, visit
www.telstra.com.au/privacy/customer-access

What is metadata? ⓘ

Metadata is the data generated when you use a telecommunications service – information such as the number you called, when you called and how long you spoke for. It does not include the content of a communication, such as the detail of what you said or wrote in an email or SMS. In certain circumstances the police and other enforcement agencies can lawfully access metadata.

Transparency report

Telstra's Transparency Report is the first of its kind in Australia. Its aim is to give our customers more information about our legal obligations as a telecommunications carrier.

Like all telecommunications companies that provide services in Australia, we are required by law to assist Australian Government agencies for defined purposes, such as investigating and solving crimes. We also provide assistance to emergency services agencies in response to life-threatening situations and Triple Zero emergency calls.

We take protecting customer data very seriously and scrutinise any requests we receive from law enforcement agencies to ensure we only comply with lawful requests.

Between 1 July 2014 and 30 June 2015, Telstra received and acted on around 90,000 requests for customer information.

Type of law enforcement request

Description	FY15
Telstra customer information, carriage service records and pre-warrant checks	79,188
Life-threatening situations and Triple Zero emergency calls	7,485
Court orders	587
Warrants for interception or access to stored communications	2,846
Total	90,106

To view our full Transparency Report, visit
www.telstra.com/transparency

Copyright infringement

Online copyright infringement has been a hotly debated topic this year. The telecommunications industry, copyright holders and the Australian Government have been actively engaged in a policy process to help improve awareness among consumers of the importance of copyright and sourcing legitimate content online.

We believe that copyright infringement is wrong and that our industry needs to take the lead in achieving a reasonable, practical solution to the problem that also respects customer privacy.

This year Telstra, along with the broader telecommunications industry, developed a draft Code of Practice for managing online piracy. Currently with the Australian Communications and Media Authority (ACMA) for review, the Code aims to establish an approach that balances the interests of internet consumers, content owners and internet service providers and enables us to protect the rights and privacy of our customers. ACMA is expected to deliver a ruling on the code in late 2015.

NEXT STEPS 👣

CONTINUE
to be vigilant in protecting our customers' personal information

CONTINUE
to be transparent about how we're managing customers' personal information, particularly in the development of new products and services

CYBER SAFETY

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APPROACH

Online safety is about more than protecting us from online danger and personal risk. It's 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 networks, products and services that make it easy to do so.

We work with industry, government, law enforcement and community organisations across Australia to help our customers stay safe online. We support a range of government initiatives to raise community cyber safety awareness, such as Safer Internet Day, and we provide cyber safety tools and guidance through a range of consumer products and programs.

PROGRESS

This year we introduced three new consumer products to help our customers stay safely connected: Telstra Broadband Protect, Telstra Call Guardian and Telstra Mobile Protect.

Telstra Broadband Protect is a home network security product that helps protect every device connected to a Telstra home broadband service. Features include the blocking of websites known to contain scams and malicious content; controls to help parents choose appropriate content for children, as well as the times of day they go online; social network protection; anti-virus plus security; and a safe browser to help protect personal and financial data.

Telstra Mobile Protect helps manage kids' screen time

To help parents more confidently support their kids as they explore the digital world, we recently launched Mobile Protect, a free service for our mobile contract customers.

The service enables parents to tailor a mobile phone or tablet service to the needs and maturity of their children. Mobile Protect allows parents to set time-of-day limits on calls and mobile web use, block unwanted calls and texts, choose the mobile web content that can be accessed on their kids' mobile devices and manage outgoing calls to specific contacts.

The introduction of Mobile Protect responds to research we undertook this year into children's smart-phone use and parents' primary concerns about their kids' behaviour online.

65 per cent of parents surveyed said they gave their kids a smart-phone for the peace-of-mind it provided, such as being able to contact them whenever necessary. However many also thought providing smart-phone access was a double-edged sword:

- 79 per cent of parents surveyed fear their child will receive unsolicited contact from a stranger and 74 per cent are concerned about the online content their kids access
- 39 per cent of parents say social media apps distract their kids from studying
- 66 per cent of parents say their children use smart-phones between 9pm and midnight on school nights, encroaching on bedtime.

As at 30 June 2015, Telstra Mobile Protect was helping 8,900 customers to foster positive experiences online.

To better protect our customers with a home telephone line from scams and nuisance calls, we launched Telstra Call Guardian. Since October 2014 Telstra has received almost 12,000 reports from customers about telephone scams and rogue telemarketers, attempting to illegally obtain our customers' personal information or falsely represent Telstra.

The Telstra Call Guardian 301 is Australia's first home phone with a virtual assistant that asks unknown callers to announce their name prior to being connected. The caller's name is announced when the user picks up the phone, and they can opt to block, accept or divert the call to their answering machine. The phone can store up to 1,000 numbers and friends and family can be added to the contact list so their calls will get straight through.

We also launched our largest-ever community awareness campaign dedicated to helping customers identify telemarketers who attempt to mislead them and telephone scammers who try and obtain their personal information. The 'Is it really Telstra calling?' information flyer was sent to six million customers, and is available online at www.telstra.com/verify.

For information about our approach to cyber safety in the community, see the Community impact chapter of this sustainability report.

To find out more about our cyber safety activities, visit www.telstra.com/cybersafety

NEXT STEPS

PROVIDE targeted cyber safety information to our vulnerable customers and communities with an emphasis on seniors, small-to-medium businesses and building Indigenous cyber safety capability

ENHANCE the quality and breadth of our cyber safety awareness materials for parents and general adult consumers

ABOUT OUR REPORTING

Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ over 36,000 people directly, facilitate access to more than 2,000 network points of presence across the globe and have one of Australia's largest shareholder bases, with around 1.4 million shareholders.

We have a diverse range of customers, including consumer, small business, large enterprise and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 371 Telstra-branded retail stores, 84 Telstra Business Centres, 137 Telstra business and enterprise partners and are distributed by over 18,700 retail points of presence managed by our partners.

In Australia we provide approximately 16.7 million retail mobile services, 6.0 million retail fixed voice services and 3.1 million retail fixed data services. Telstra's international businesses operate in 20 countries around the world and include Telstra's global networks and managed services business, as well as Telstra's China-based search and advertising business, Autohome Inc.

We understand our customers want technology and content solutions that are simple and easy to use – that's why we have built networks like Australia's largest fully integrated internet protocol (IP) network and Australia's largest mobile network.

United Nations Global Compact

You will find the icon below throughout the Bigger Picture 2015 Sustainability Report. It indicates where we are providing information on our progress in implementing the ten principles of the United Nations Global Compact.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2015 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2015 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders, as defined through our annual materiality process. The material topics addressed within each chapter of this report are outlined in Sustainability at Telstra, and on the context page of each corresponding chapter.

We develop our sustainability reporting in accordance with industry and sustainability standards including the United Nations Global Compact Communication on Progress and the Global Reporting Initiative (GRI) G4 Core Sustainability Reporting Guidelines, and with reference to AccountAbility's AA1000 Principles Standard 2008.

For more information visit www.telstra.com/sustainability/report

Scope

Our sustainability reporting covers the financial year 1 July 2014 to 30 June 2015 (FY15) for Telstra Corporation Limited. All controlled entities are excluded unless otherwise stated.

As our international operations expand we are committed to developing a global framework for sustainability data collection and reporting. Starting with our most material operations overseas we will continue to expand on the scope of our reporting over time.

Wherever possible and relevant under the G4 guidelines 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 in Note 25 to the Financial Statements in the 2015 Annual Report.

Assurance

Independent assurance supports our commitment to transparency and accountability. To provide confidence for our stakeholders in our reporting Ernst & Young provides limited assurance, in accordance with the ISAE 3000 standard, over specified data and related performance disclosures in our 2015 Annual Report and Bigger Picture 2015 Sustainability Report, as well as an assessment of Telstra's application of the principle of materiality, as outlined in the Global Reporting Initiative G4 guidelines.

You can access Ernst & Young's assurance statement at www.telstra.com/sustainability/report/about

Feedback

We welcome your feedback on our sustainability reporting, approach and performance. Please email Tim O'Leary, Chief Sustainability Officer at sustainability@team.telstra.com

Stay in touch

🐦 twitter.com/telstra
f facebook.com/telstra
✉ Sustainability Matters
www.telstra.com/sustainability/subscribe

BRIDGING THE DIGITAL DIVIDE

CONNECTING COMMUNITIES

Bigger Picture
2015 Sustainability Report

IT'S HOW
WE CONNECT

CONTENTS

→

THINK SUSTAINABLY BEFORE PRINTING

CONTEXT

→

Material topics ⌄

Digital connectivity is increasingly an essential service, with access to the internet in many parts of the world now underpinning economic development, social connections, education, the arts, employment and social services.

It is also evident that opportunity is intrinsically linked to access. Finding a job or accommodation, paying bills and staying in touch with family and friends are all made simpler and quicker thanks to the internet and technology – provided you can get online.

The telecommunications sector in Australia has been successful in connecting the vast majority of people, but those that are missing out are at greater risk of being permanently left behind. Barriers to digital access, be they physical, financial or literacy-based, are likely to reinforce disadvantage.

That's why our purpose – *to create a brilliant connected future for everyone* – is so important: it guides our social and community investment to focus on digital inclusion and ensuring everyone has access to the benefits digital technology can bring.

OUR PERFORMANCE

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Switched on Wi-Fi hotspots in **250** towns and cities across Australia

214M Total value of social and community contributions

$11 in social value returned for every $1 invested in Tech Savvy Seniors

$1.6M value of community volunteering

Reached almost **117k** people through our digital literacy programs

Provided assistance packages worth $2.8 million to around **28,000** customers affected by natural disasters

40% of all Australian public libraries have started their eSmart journey

Performance

Progress on FY15 commitments	Result	More info
Establish new partnerships to extend the reach of our Everyone Connected digital literacy programs	●	Page 08
Develop a new product offering for vulnerable and disadvantaged Australians	●	Page 05
Launch the first eSmart library and recruit an additional 260 libraries to the initiative, in partnership with The Alannah and Madeline Foundation	●	Page 09
Release national strategy for Indigenous Digital Excellence, in partnership with the NCIE	●	Page 07
Source three to five new Telstra Foundation investments	●	Page 10
Deliver 10,000 volunteer days to the community	✕	Page 12

83% Achieved

0% In progress
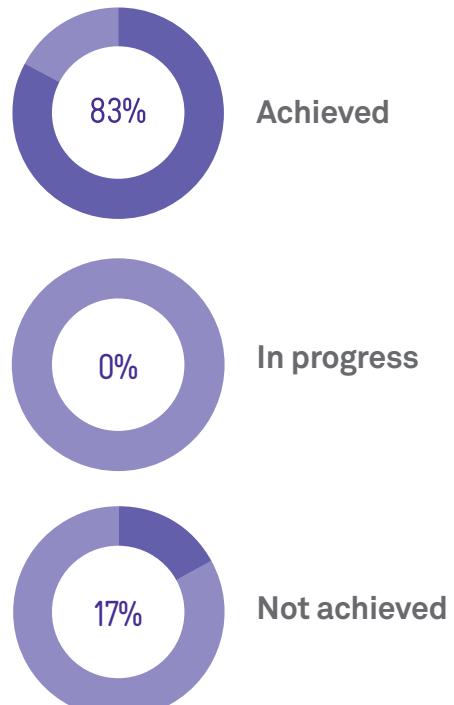
17% Not achieved

● Achieved   ◗ In progress   ✕ Not achieved

EVERYONE CONNECTED

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We provided $128.8 million in benefits through our programs for vulnerable customers.

APPROACH

We believe that everyone – regardless of age, income, ability or location – should enjoy the benefits of being connected. We want everyone to have the confidence and skills to participate safely in the digital world.

With our core telecommunications capabilities, assets, expertise and scale, it makes good business sense for us to focus our social and community investment on getting Everyone Connected.

Our Everyone Connected strategy has four key objectives:

01 Digital access – keeping people connected, especially when they're doing it tough

02 Digital literacy – helping people gain the confidence and skills to enjoy the digital world

03 Cyber safety – helping people stay safe and be responsible online

04 Digital innovation – connecting technology with great ideas for social good.

Through our Everyone Connected programs we support our most vulnerable customers. We invest beyond our regulatory obligations to provide these programs, and partner with non-profit and government organisations to deliver them. We regularly review our approach to identify groups most in need, changing technologies and consumer preferences.

PROGRESS

Vulnerable customers

Through our largest digital inclusion program, Access for Everyone, we help people on a low income or facing financial hardship to stay connected. Since its inception in 2002, we've provided benefits to the value of more than $2 billion.

We work with more than 2,000 community organisations across Australia that assist people in crisis to deliver these programs.

In FY15, the benefit provided by all our programs for vulnerable customers was $128.8 million, a reduction of 11 per cent compared to FY14, largely reflecting a lower take-up of our pensioner discount on fixed-line home phone services as more customers are moving to bundles. Around 885,000 pensioners received the discount this year to the value of $101 million, compared to 980,000 people in FY14.

We provided home phone line rental relief for about 74,500 households and distributed around 72,500 pre-paid calling cards, compared to 113,000 cards distributed in FY14. Community agencies have reported a decrease in the need for calling cards as clients are increasingly using mobile phones. Every month we also provided rebates on Telstra bills for around 2,000 customers seeking emergency relief.

In November 2014, we launched a new program in partnership with the Women's Services Network (WESNET). Telstra Safe Connections helps women impacted by domestic violence to stay safely connected to their friends, family, essential services and vital information.

Elizabeth Broderick
Sex Discrimination Commissioner, Australian Human Rights Commission

"For some women living with intimate partner violence, having a secure phone can be the difference between life and death. I applaud Telstra and WESNET for the wonderful Safe Connections Initiative. I have no doubt that this program will make a tangible difference to the lives of thousands of women."

With technology now a major part of everyday life, stalkers and perpetrators of domestic violence increasingly use a variety of telephone, surveillance and computer technologies to monitor and harass their victims. Women impacted by domestic violence need access to safe and secure communications.

Connecting communities

Through the program, we provide up to 5,000 smartphones a year, along with $30 pre-paid credit and educational materials on the safe use of technology. This is in addition to $1 million in mobile pre-paid recharge cards Telstra already makes available each year to help homeless youth and victims of domestic violence stay connected.

Telstra has a regular program of engagement with key consumer organisations in Australia to ensure our programs for vulnerable customers meet community needs. Since 2002, the Low Income Measures Assessment Committee (LIMAC) has generally met four times per year to oversee the effectiveness of Telstra's low income package and marketing plan. We meet regularly with the Australian Communications Consumer Action Network (ACCAN), in addition to day-to-day interactions on current issues. Our bi-annual CEO Consumer Roundtable provides a regular forum for peak consumer organisations to meet with our CEO and senior leaders to discuss current and emerging issues.

To find out more about our vulnerable customer programs, visit
www.telstra.com/hardship

Customers with disability

Our sixth Disability Action Plan (2013-2016) articulates Telstra's commitment to improving the accessibility and affordability of our products and services for customers with disability.

This year we launched a new accessibility portal on telstra.com that assists people with disability to identify the mobile communications products and services that best suit their needs. A world first, the portal assists customers by letting them search for features that may assist specific disabilities such as speech, vision, cognitive and dexterity impairment.

We also removed CAPTCHA – where users are asked to enter letters or numbers to prove they are a real person – from all online Telstra consumer platforms, improving the accessibility of our information for customers who are vision impaired. CAPTCHA can lock out blind or vision impaired users because they, or their screen readers, are unable to read the often skewed text, and because audio CAPTCHA can be hard to hear.

We also started releasing selected BigPond™ movies with open captioning for people with hearing impairment.

Removed

CAPTCHA

from all Telstra consumer websites to improve accessibility

This year, our Disability Enquiry Hotline took more than 24,000 calls and processed almost 5,000 successful applications for 5,800 products as part of our Disability Equipment Program. Around 126,000 calls were made to our Directory Assistance Helpline by customers who are not able to use our printed or online telephone directories.

In FY15, the Telecommunications Industry Ombudsman (TIO) received 115 customer complaints that included reference to disability access or equipment.

The majority of complaints related to fault resolution, service connection or eligibility for priority assistance; nine were about point of sale issues, eight were about equipment and one about the accessibility of information. We routinely analyse TIO complaint data in order to eliminate the root causes of complaints.

This year, there were six new complaints to the Australian Human Rights Commission, the Anti-Discrimination Commission Queensland, the Victorian Equal Opportunity and Human Rights Commission and the Anti-Discrimination Commission Tasmania alleging disability discrimination. All complaints were addressed during the year, with three formally closed and three pending final confirmation prior to formal closure.

To find out more, visit
www.telstra.com/disability

Providing bill assistance for cancer sufferers

Working with the Cancer Council of NSW, we offer Telstra Bill Assistance to help ease the significant financial burden experienced by many people after a cancer diagnosis. Helping families keep in touch, especially when they are geographically separated for treatment, is a practical way we can show we care.

This year we assisted the family of 32 year old Carol in Northern NSW. Carol's six year old daughter was diagnosed with a brain tumour, which required lengthy stays in hospital for both mother and daughter. With other children to care for, Carol's husband stopped working

to remain at home, leaving the family with only Centrelink benefits as income.

Along with other assistance, the Cancer Council NSW supplied Carol's family with Telstra bill assistance certificates. As a result, they could keep in touch during long separations with the peace of mind that their phone bill was taken care of.

All referrals are made to the Cancer Council NSW by social workers and health care professionals across NSW and via the Cancer Council NSW Helpline 13 11 20.

Customers experiencing financial difficulties should call Telstra on 13 22 00.

Indigenous Australians

We're committed to addressing barriers to digital inclusion by ensuring Indigenous customers and communities have access to ICT and the skills to benefit from being online.

This year we continued to implement our $5 million, multi-year Indigenous Digital Excellence (IDX) partnership with the National Centre of Indigenous Excellence (NCIE). IDX aims to inspire Aboriginal and Torres Strait Islander people to take the next step towards 'making digital objects' (e.g. apps and devices), build relevant skills and connect Indigenous 'digital makers' with each other and to meaningful opportunities in the digital space. The work particularly supports the next generation, namely young people aged 12–30 years old.

We established the IDX Hub workspace and team and set the foundations for what IDX is and how we talk about it this year. At the IDX Hub, the IDX team developed and prototyped workshops that included culturally-adapted materials to teach code, robotics and 3D printing to Indigenous children. More than 55 young people attended. Based on its early success, the 'MIT Scratch' coding program was expanded to roll out over a number of weeks as part of the NCIE After School Program.

We also released Making the Connection, a series of essays exploring Indigenous digital excellence. Commissioned by the Telstra Foundation, Making the Connection provides a range of views on the landscape of digital issues for Indigenous communities.

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To find out more about Indigenous Digital Excellence, visit
http://idx.org.au

Rural and regional communities

We're committed to delivering leading telecommunications products and services to our customers in regional, rural and remote Australia.

Faster, more reliable connections provide better access to education, health and business services, and can contribute to economic growth.

The Telstra mobile network currently reaches 99.3 per cent of the population and is the largest network in the country, covering 2.4 million square kilometres, thanks to our long term commitment to network investment.

This year we continued to enhance the Telstra mobile network by introducing 4GX, a service that creates extra 4G coverage in rural and regional areas and in metro areas offers extra 4G in-building coverage and faster 4G in-building speeds compared to our regular 4G. Almost one million Telstra customers in more than 1,200 towns and suburbs are covered by 4GX.

> **Our 4G network (4G and 4GX) now covers 94 per cent of the Australian population, up from 87 per cent in June 2014.**

In June this year we announced that Telstra will build 429 new 3G and 4G towers over the next three years as part of the Government's Mobile Black Spot Programme, to better serve our customers in regional, rural and remote parts of Australia. In addition to the new mobile towers, we will be installing 250 Small Cells to deliver high speed 4G data services in country towns where suitable Telstra infrastructure is available. We will contribute $165 million to this program over the next three years.

As part of our strategy to drive network innovation, last year we committed $100 million to building Australia's largest Wi-Fi network. We commenced a trial of this technology in November 2014, switching on more than 2,600 Wi-Fi hotspots across Sydney, Melbourne, Brisbane and many regional towns and cities. Since then people around Australia have connected more than 1.5 million unique devices to free Wi-Fi.

Switched on Wi-Fi hotspots in

250

towns and cities across Australia
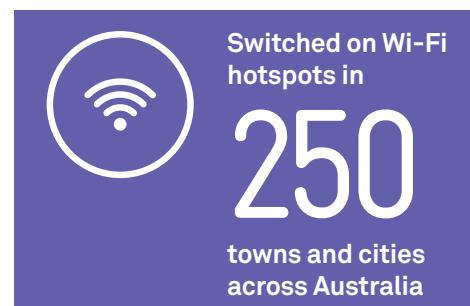
After a successful trial, we officially launched Telstra Air® in June this year. Telstra home broadband customers are now able to get online using their home broadband allowance at thousands of hotspots in 250 towns and cities across Australia. And, to make it easier and more affordable to connect when travelling, Telstra Air members are able to access their home broadband allowance at 15 million hotspots in 18 countries around the world – thanks to an exclusive partnership with world-leading Wi-Fi provider, Fon.

....

To find out more about Telstra Air, visit
www.telstra.com/air

Ming with students at a Digital Ambassador session

Supporting digital literacy

Being confident and literate with technology is an essential skill in the digital age. This year, our Everyone Connected digital literacy programs reached almost 117,000 people.

We reached 18 per cent fewer people through our digital literacy programs this year due to an increased focus on providing face-to-face training. While this training is more resource-intensive to deliver, it results in better learning outcomes for participants. We increased participation in face-to-face training by 50 per cent in FY15.

To extend the reach of our face-to-face training to as many senior Australians as possible, we partnered with the New South Wales (NSW) and Victorian state governments to deliver Tech Savvy Seniors. This year, we provided face-to-face training to almost 32,000 people.

This training was delivered through an extensive network of libraries and community colleges. In February 2015, we expanded the NSW program to deliver training in a number of languages other than English, including Hindi, Arabic, Cantonese, Mandarin and Vietnamese.

An independent evaluation of the NSW program, conducted by the University of Melbourne this year, concluded that almost 90 per cent of participants found it to be helpful in increasing their knowledge or confidence in using new technologies. The study also found that for every dollar invested in the Tech Savvy Seniors program, almost $11 in social value is created, including through strengthened connections with family and friends, greater community involvement and better utilisation of online information and services.

$11 in social value returned for every $1 invested in Tech Savvy Seniors

Along with face-to-face training, we provide instructional videos and guides on our website, and self-help DVDs to public libraries, community agencies and more than 100 universities of the third age. These DVDs cover subjects such as getting started with smartphones and tablets, social networking, and online banking and shopping. On average, our self-help DVDs were loaned out six times per month across 960 libraries nationally, for a total of almost 70,000 loans throughout the year.[1]

In November 2014 we introduced Telstra Digital Ambassadors, a new employee volunteering program that delivers simple training for seniors who have minimal or no digital literacy skills. We partner with community organisations such as Red Cross and Villa Maria to deliver the coaching sessions, as well as providing large scale support for events such as NSW Seniors' Week and the Sydney Royal Easter Show.

Almost 3,300 seniors have received coaching sessions in the seven months since the program launched, and participating employees have found it personally rewarding to help someone connect to the internet for the first time. The program is also multilingual, assisting seniors in Mandarin and Cantonese as well as English.

1 For an overview of our calculation method see our glossary, available at www.telstra.com/sustainability/report/about

B.T. Samuels
NSW Tech Savvy Seniors
training participant

"The Tech Savvy Seniors basic internet training was great and really helps me in everyday life. As a pensioner, it's useful that I can now keep up to date with important government services. The training has also made a difference in my confidence, and I'm slowly getting better at doing things myself online. The Tech Savvy Seniors course is not only educational, it's also a fun way to spend time and keep in touch with others."

To access our free Everyone Connected training materials, visit www.telstra.com/seniors

Cyber safety

We want to ensure that everyone has the confidence, knowledge and skills to have a positive experience in the digital world.

Our commitment is to provide consumers with the information they need to have a positive online experience and to collaborate with industry, government, academic and community organisations to help create a safer, more trusted internet for everyone.

This year, we published an important cyber safety research paper to inform our own work and contribute to the broader community discussion on cyber safety. *Addressing the cyber safety challenge: from risk to resilience* describes the cyber safety issues emerging from a range of technology trends, how different populations are using technologies, the risks they face, and how we can effectively respond to each group's unique cyber safety needs. A key finding in this research was that there is limited data on the way adults manage cyber safety, and we will address this gap with further research in the coming year.

To access our free cyber safety awareness materials, visit
www.telstra.com/cybersafety

In August 2012, we launched eSmart Libraries, a multi-year, $8 million partnership between the Telstra Foundation and The Alannah and Madeline Foundation. This world-leading cyber safety program is designed to better equip Australia's 1,500 public libraries to support library users with the skills they need for smart, safe and responsible use of technology. To date, over 40 per cent of public libraries across Australia (more than 600 libraries) have started the eSmart journey.

In September 2014, Hume Libraries in Melbourne became Australia's first public library service to complete the program and achieve eSmart status. In December, the Campaspe Regional Library Service in Victoria became the first regional library service in Australia to achieve eSmart status. Five other libraries now also have eSmart status, having completed the program this year. Staff at these libraries now know how to guard against security and privacy risks online; download content in a legal and ethical way; research and reference information; and manage reputation and relationships in cyberspace.

To find out more about eSmart libraries, visit
www.esmartlibraries.org.au

We continue to participate in the Australian Government's Online Safety Consultative Working Group and continued as co-chair of the Technology and Wellbeing Roundtable with ReachOut.com this year. We remain the only Australasian member of the Family Online Safety Institute (FOSI), an international, non-profit organisation that convenes leaders in industry, government and the non-profit sectors to collaborate and innovate to develop new solutions and policies in the field of online safety.

For more information, see the Customer experience chapter of this sustainability report.

40%
of all Australian public libraries have started their eSmart journey

Digital innovation

Through the Telstra Foundation Social Innovation Grants Program we invest in 'tech for good' collaborations across Australia and look to the power of smart devices, social media, platforms and apps to champion social change and community connection.

In FY15, the Telstra Foundation approved five social innovation grants to the value of $2.4 million.

Our grants to ReachOut Australia, PROJECT ROCKIT, Cerebral Palsy Alliance, Code Club Australia and the Independent Living Centre NSW will provide support for mental health and disability programs, as well as initiatives to address cyber bullying and the digital skills shortage.

Telstra's Dividend Reinvestment Plan ⓘ

This year we chose the Summer Foundation as the inaugural charity recipient of the residual from Telstra's shareholder Dividend Reinvestment Plan (DRP). From September 2015, the DRP will enable shareholders to reinvest either all or part of their dividend payments into additional fully paid Telstra shares. The dividend amount will be used to acquire a whole number of shares, usually leaving a residual amount which is less than the price of one Telstra share. The DRP gives shareholders an option to donate any residual amount to the Summer Foundation.

The Summer Foundation will use the donations in their work to leverage technology to help young people with disability live more independently. Our support for the Summer Foundation reflects the Telstra Foundation's focus on digital innovation projects that benefit vulnerable Australians.

Helping kids code their way to a brighter future

It's typically not until high school that Australian kids get the opportunity to participate in a concentrated ICT program as part of the curriculum. Studies show that by this stage, young people – especially girls – are already self-selecting out of STEM subjects (science, technology, engineering and mathematics).

Code Club Australia is changing that. Its mission is to give every child in Australia the chance to learn code, via a network of after school clubs for kids

This year we also brought together 60 talented developers, designers and marketers to participate in our second company 'Hackathon' – The Telstra Challenge Cup. With 48 hours on the clock and the mission to 'accelerate advocacy', 11 teams formed to rapidly prototype solutions to a variety of challenges crowd-sourced from across the company.

aged 9 to 11 years. Code Club Australia is designed to be inclusive of kids who face barriers to thriving in STEM education, and the sessions emphasise fun, creativity, problem-solving skills and learning-through exploring.

Jackie Coates, Telstra Foundation General Manager says: "While teaching kids to code now may help solve a future skills shortage, coding also builds digital confidence and helps kids understand the world around them."

The Telstra Foundation is investing $532,000 in Code Club Australia to raise awareness about coding and to support the delivery of an accelerated 'train the trainer' program, targeting 500 teachers and prioritising schools in low socio-economic areas.

Over 2,000 primary-school students are now learning to code via code clubs around Australia. Forty per cent of these clubs are located in remote or low socio-economic areas, helping to ensure every child in Australia has the chance to learn code.

One team built a digital solution that will help clients of the MJD Foundation, a Telstra Foundation partner that assists Indigenous people living with MJD – a hereditary neuro-degenerative disease – to 'bank' their speech for use once they have lost the ability to speak.

NEXT STEPS 👣

EXTEND
our digital literacy reach by implementing a Tech Savvy Seniors program in Queensland

ESTABLISH
a research program to enhance our understanding of digital inclusion and exclusion in Australia

CONDUCT
research to better understand and promote effective, culturally appropriate and sustainable cyber safety strategies for remote Indigenous populations

RECRUIT
In partnership with The Alannah and Madeline Foundation, launch eSmart week and recruit an additional 450 libraries to the initiative

IMPLEMENT
engagement plans for social innovation grant projects to raise awareness of the transforming role of technology, with a focus on mental health and disability

DISASTER RELIEF AND RECOVERY

↓

We assisted our customers wishing to check on family and friends affected by Cyclone Pam in Vanuatu and the Nepal earthquakes.

APPROACH

Our technicians are often among the first to enter disaster-affected areas. Our priorities include assisting emergency and essential services organisations with their telecommunications requirements and restoring services to our customers.

Along with technical support, we provide telecommunications services such as temporary internet and loan handsets to evacuation centres. We support affected residential and small business customers through relief assistance packages and make payphones in disaster areas free of charge.

Where necessary, we also provide temporary mobile base stations and repeaters to boost coverage for the emergency services. Satellite Cells on Wheels, or SatCOWs, provide satellite-assisted mobile coverage in remote areas, while trailer-mounted repeaters can pick up the signal from the nearest Telstra mobile tower and repeat it to improve reception in a specific location.

We provide emergency response leave for our people who volunteer with the emergency services, and employees in disaster affected areas can use their annual volunteer day to support their local communities in clean-up efforts. Telstra also matches employee donations to emergency appeals.

In case of international disaster, we help our customers check on friends and family by providing free or reimbursed calls and SMS to affected countries.

Provided assistance packages worth $2.8 million to around

28,000

customers affected by natural disasters

PROGRESS

Domestic disaster relief

This year we completed large-scale trials of LANES, the LTE Advanced Network for Emergency Services, a ground-breaking technology developed by Telstra to provide emergency services groups with reliable wireless broadband communications in emergency situations.

LANES technology enables us to separate a portion of spectrum that 4G network technology can operate on and offer this to emergency services for their exclusive use in times of emergency. This means no matter how many people are using the Telstra network, emergency services can have a dedicated 'lane' to carry their critical communications in 4G coverage areas.

Following the successful use of LANES technology to support police operations during the G20 Summit in Brisbane in November 2014, we were recognised with the Broadband for All: Outstanding LTE Contribution award at the 2015 Mobile World Congress in Barcelona.

This year we provided assistance packages worth $2.8 million to around 28,000 customers affected by the following natural disasters:

- Severe storms and floods in the central region of New South Wales (April 2015)
- Tropical Cyclone Olwyn in Carnarvon, Coral Bay, Exmouth and Denham in Western Australia (March 2015)
- Tropical Cyclone Marcia in Banana Shire, Queensland (February 2015)
- Bushfires in the Adelaide Hills, South Australia (January 2015)

In cyclone-impacted Rockhampton and Yeppoon (Queensland) we set up Stores on Wheels to provide residents with

everything from information about disaster relief packages, to free Wi-Fi hotspots, to simply providing a place to charge phones for those with no power. More than 1,500 customers were served at these two stores.

Improvements to the Triple Zero (000) service, which is operated by Telstra, mean that emergency services organisations can now obtain automatic access to improved information about the location of people who dial Triple Zero (000) from a mobile phone. This enhanced information has the potential to save time in locating and reaching people in life-threatening emergency situations. We are working closely with emergency service organisations in each state and territory to facilitate the rollout of location information.

International disaster relief

This year we assisted our customers wishing to check on family and friends affected by Cyclone Pam in Vanuatu and the Nepal earthquakes.

For two and three weeks respectively, we provided free voice calls and SMS for Telstra fixed line and post-paid mobile customers, and reimbursed pre-paid customers for all voice calls and SMS to Vanuatu and Nepal. Almost 7,000 customers benefited from the two initiatives.

NEXT STEPS

CONTINUE
to support our customers and the broader community in case of disaster

VOLUNTEERING AND GIVING

↓

APPROACH

With over 36,000 direct employees across the Telstra Group, we have a unique opportunity to contribute to the communities in which we live and work.

We encourage our people to get involved in our core sustainability programs by supporting them to give One Day. One Cause. One Dollar. For Everyone. Our 'ONE' employee call to action encourages our people to take up their One Day of volunteering leave, get behind One Cause that matters to them, and have every One Dollar they donate through payroll giving matched by Telstra.

In addition to providing paid volunteer leave, we maintain a number of partnerships that provide individual and team, skilled and unskilled volunteering opportunities. We also provide emergency response leave and paid blood donor leave to employees donating with the Australian Red Cross Blood Service.

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 that they are passionate about.

We also encourage our people to support their local communities through the Telstra Kids Fund. Collectively, our employees can apply for up to $1 million in grants each year to fund the little things that make a big difference to kids' lives.

PROGRESS

Employee volunteering

This year, our employees contributed 7,225 volunteer days, up 41 per cent from 5,122 days in FY14, but short of our target of 10,000 days.

This includes around 500 days of Telstra-coordinated out-of-hours volunteering and represents a total value of $1.6 million.

Employees volunteered their time to a variety of causes including helping communities recover from bushfires with Habitat for Humanity; preparing and serving food to people in need with the Salvation Army or Sacred Heart Mission; and planting trees, mulching and weeding with Landcare.

Around 140 employees volunteered with the Conservation Volunteers Australia Living Memorials program. The program commemorates the Anzac Centenary, marking 100 years since our involvement in the First World War by creating 100 living memorials across Australia and New Zealand. Working in local communities across Australia, projects range from the restoration of existing Avenues of Honour and community memorials to the creation of new living memorials such as walkways, community or native gardens.

Our Telstra International employees contributed an additional 765 volunteering days through events held in Hong Kong, the UK, the US and other countries this year, more than doubling their FY14 contribution. The team's efforts were recognised for the third year in a row when Telstra International was awarded the accolade of 'Caring Company of the Year 2014/15' by The Hong Kong Council of Social Service.

Our reward and recognition program, Pay it Forward, continued this year with two groups taking part in unique volunteering experiences in Cambodia and Gallipoli (Turkey). Pay it Forward recognises our peoples' appetite for getting involved in the community, and is designed to reward our advocacy champions.

Volunteering on Telstra time
Number of days

| FY13	FY14	FY15
4,248	5,122	7,225
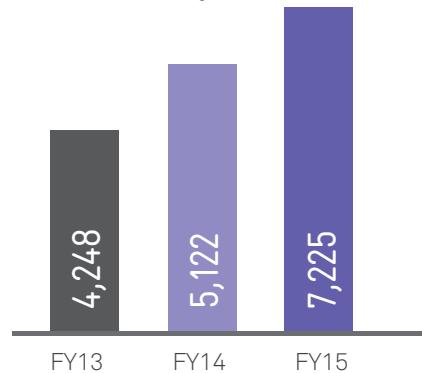
Employee giving

During FY15, 5.8 per cent of our employees made donations through Telstra's payroll giving program, compared with 5.3 per cent for the previous year.

Including Telstra's matched contribution, we contributed $1.5 million to over 300 charities.

> This year, our top 10 payroll giving recipients were:
>
> ❯ World Vision Australia
>
> ❯ Salvation Army
>
> ❯ Cancer Council Australia
>
> ❯ Australian Red Cross
>
> ❯ RSPCA Australia
>
> ❯ The Smith Family
>
> ❯ Beyond Blue
>
> ❯ Maneki Neko Cat Rescue
>
> ❯ Oxfam Australia
>
> ❯ Médecins Sans Frontières Australia

Payroll giving
Participation rate (%)

FY13	FY14	FY15
3.6	5.3	5.8
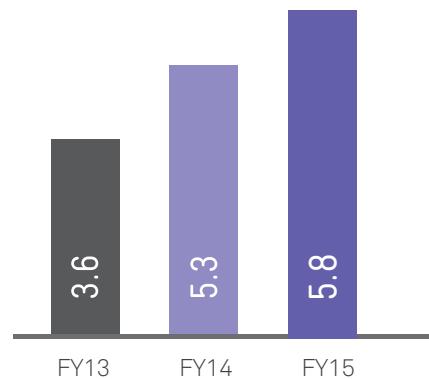
Telstra Kids Fund grant recipients from Kalkaringi School (NT)

Telstra Kids Fund

In addition to our regular $1,200 'grassroots' community grants, this year we provided 20 $10,000 grants to support digital inclusion projects in regional and remote schools.

Telstra teams across regional Australia identified a selection of schools to receive a larger 'tech for good' Telstra Kids grant, as part of the Telstra Foundation's broader social innovation strategy.

In FY15, the Telstra Foundation distributed 682 Telstra Kids grants to the value of $994,000. Enabled by Telstra employees, these grants supported a range of initiatives and projects across education, sports and recreation, arts and culture, environment, health, disability and cultural diversity organisations.

Telstra Foundation Philippines

This year we officially launched the Telstra Foundation Philippines, our first international Foundation. The Telstra Foundation Philippines has been set up to develop projects to assist Filipino youth and promote education in the Philippines.

Our work to establish the Telstra Foundation Philippines reflects our commitment to maintain and expand our presence in the region in the long term.

Through the Foundation, employees of our strategic partners contributed 241 volunteering days this year, largely to local schools.

NEXT STEPS

DELIVER

10,000 volunteer days to the community

INCREASE

employee participation in matched payroll giving to 6 per cent

Social value through economic footprint

Telstra creates significant social value through employment, investment and our supply chain. During FY15, the Telstra Group's[1] business activities:

Supported around
39,000
jobs

Paid
$4.0 BILLION
in salaries and wages

Paid
$3.7 BILLION
in dividends to around
1.4 million shareholders

Purchased
$6.8 BILLION
in goods and services from around 4,800 suppliers

Contributed an estimated
$14.4 BILLION
to Australia's gross domestic product

Telstra makes a significant contribution to Australian federal, state and local government tax revenues and during FY15:

Paid
$1.7 BILLION
in Australian income tax[2] and $0.3 billion in other Australian federal, state and local government taxes

Collected and remitted
$1.2 BILLION
in net goods and services tax for the Australian federal government

1 Includes Telstra Corporation and controlled entity full time employees and equivalents, contractors and staff employed through agency arrangements in Australia and internationally

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

SUMMARY OF SOCIAL AND COMMUNITY INVESTMENT

Social and community investment by focus
Millions of dollars

Program	Description	Amount invested	Percentage of total
Everyone Connected	Customer and community digital inclusion programs	185.1	
	Digital access	179.8	
	Digital literacy and cyber safety	0.5	86.7
	Digital innovation	4.8	
Employee volunteering and giving	Value of employee volunteering, matched payroll giving (regular and disaster relief), fundraising and Telstra Kids Fund	4.7	2.2
Sponsorship	Ad hoc local community and high profile national sponsorships. Focus on art, health, sport, children and youth, general community assistance, economic development and diversity	20.7	9.7
Disaster relief	Covers customer and community measures, including disaster relief credits and free payphones in disaster affected areas	3.1	1.4
Total		213.5	100

Note: Management costs associated with each program are included in the amount invested. Total differs due to rounding.

Social and community investment by form of contribution
Millions of dollars

	FY15	FY14	FY13
Revenue foregone Social contribution in the form of missed earnings to assist the community, not for profit organisations or customers in time of need	169.9	181.3	197.0
Cash	18.9	16.0	17.1
In-kind Contributions of products or services, valued at retail cost to Telstra, to assist not for profit organisations	11.8	5.9	5.4
Time Contributions of employee time, during work hours, to assist not for profit organisations	1.6	1.2	0.7
Management costs Costs borne by Telstra to deliver the suite of initiatives within our social and community investment program	9.4	8.8	9.0
Leverage Contributions by employees to a partner organisation or project as a result of the active support of Telstra (e.g. payroll giving)	1.9	3.3	1.8
Total	213.5	216.5	231.0
Social and community investment relative to domestic pre-tax profit *Percentage of domestic EBIT (pre-tax profit)*	*3.2%*	*3.5%*	*3.6%*

ABOUT OUR REPORTING

Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ over 36,000 people directly, facilitate access to more than 2,000 network points of presence across the globe and have one of Australia's largest shareholder bases, with around 1.4 million shareholders.

We have a diverse range of customers, including consumer, small business, large enterprise and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 371 Telstra-branded retail stores, 84 Telstra Business Centres, 137 Telstra business and enterprise partners and are distributed by over 18,700 retail points of presence managed by our partners.

In Australia we provide approximately 16.7 million retail mobile services, 6.0 million retail fixed voice services and 3.1 million retail fixed data services. Telstra's international businesses operate in 20 countries around the world and include Telstra's global networks and managed services business, as well as Telstra's China-based search and advertising business, Autohome Inc.

We understand our customers want technology and content solutions that are simple and easy to use – that's why we have built networks like Australia's largest fully integrated internet protocol (IP) network and Australia's largest mobile network.

United Nations Global Compact

You will find the icon below throughout the Bigger Picture 2015 Sustainability Report. It indicates where we are providing information on our progress in implementing the ten principles of the United Nations Global Compact.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2015 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2015 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders, as defined through our annual materiality process. The material topics addressed within each chapter of this report are outlined in Sustainability at Telstra, and on the context page of each corresponding chapter.

We develop our sustainability reporting in accordance with industry and sustainability standards including the United Nations Global Compact Communication on Progress and the Global Reporting Initiative (GRI) G4 Core Sustainability Reporting Guidelines, and with reference to AccountAbility's AA1000 Principles Standard 2008.

For more information visit
www.telstra.com/sustainability/report

Scope

Our sustainability reporting covers the financial year 1 July 2014 to 30 June 2015 (FY15) for Telstra Corporation Limited. All controlled entities are excluded unless otherwise stated.

As our international operations expand we are committed to developing a global framework for sustainability data collection and reporting. Starting with our most material operations overseas we will continue to expand on the scope of our reporting over time.

Wherever possible and relevant under the G4 guidelines 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 in Note 25 to the Financial Statements in the 2015 Annual Report.

Assurance

Independent assurance supports our commitment to transparency and accountability. To provide confidence for our stakeholders in our reporting Ernst & Young provides limited assurance, in accordance with the ISAE 3000 standard, over specified data and related performance disclosures in our 2015 Annual Report and Bigger Picture 2015 Sustainability Report, as well as an assessment of Telstra's application of the principle of materiality, as outlined in the Global Reporting Initiative G4 guidelines.

You can access Ernst & Young's assurance statement at
www.telstra.com/sustainability/report/about

Feedback

We welcome your feedback on our sustainability reporting, approach and performance. Please email Tim O'Leary, Chief Sustainability Officer at
sustainability@team.telstra.com

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Sustainability Matters
www.telstra.com/sustainability/subscribe

BETTER ENVIRONMENTAL OUTCOMES

ENVIRONMENTAL STEWARDSHIP

Bigger Picture
2015 Sustainability Report

IT'S HOW
WE CONNECT

CONTENTS

→

THINK SUSTAINABLY BEFORE PRINTING

CONTEXT

→

Material topics

Energy efficiency and carbon emissions	07-11
Resource use, waste and e-waste	12-14
Sustainable procurement	16-17
ICT innovation enabling sustainability	06, 09, 17
Renewable energy	09
Cloud computing	06

As Australia's leading telecommunications company we have a responsibility to manage our environmental impacts and show we care about the environmental issues that matter most to our customers, suppliers and the wider community.

We believe that information and communications technology (ICT) has the potential to unlock significant environmental benefits, and that the ICT industry has a central role to play in enabling a low-carbon future.

At Telstra, our long term ambition is to become an Australian environmental leader. Along with managing our own impacts, the extent of our network coverage and depth of our technical expertise provide an opportunity for us to support government, businesses and customers to reduce their energy consumption, leading to considerable cost savings and positive environmental outcomes.

OUR PERFORMANCE

Reduced our carbon emissions intensity by

27%

Over

35,000

tonnes of carbon emissions savings through project initiatives

Deployed **ENTERPRISE WIDE** environmental incidents reporting system

Doubled the amount of e-waste we recycled, diverting

3,936

tonnes from landfill

Diverted

15.6

tonnes of old mobile phones and accessories from landfill, exceeding our target of 14 tonnes
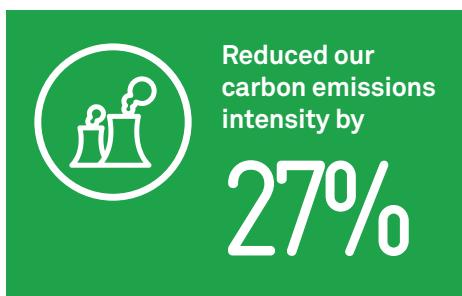
Performance

Progress on FY15 commitments	Result	More info
Reduce our carbon emissions intensity by 55 per cent by FY17, against a baseline year of FY14	⌣	Page 07
Deliver an enterprise e-waste management strategy	⌣	Page 13
Release environmental standards to guide suppliers operating in key procurement categories	⌣	Page 17
Quantify the environmental benefits of cloud computing for our customers	⌣	Page 06

● Achieved ⌣ In progress ✕ Not achieved

0% Achieved

100% In progress

0% Not achieved
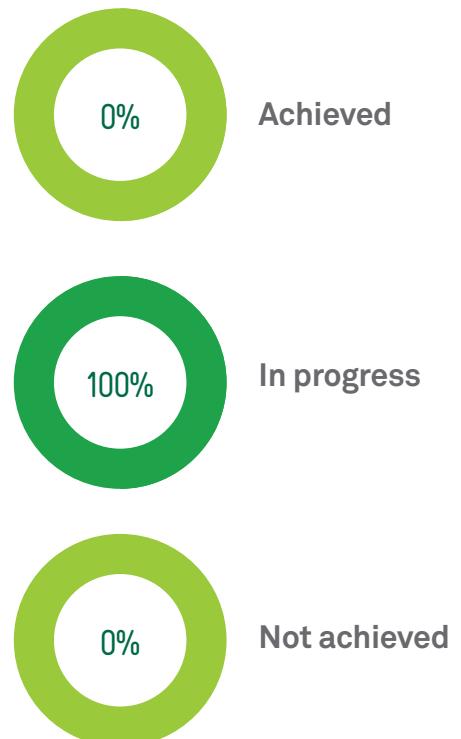
ENVIRONMENT STRATEGY

↓

We are working to minimise our environmental impacts, and help our suppliers and customers to do the same.

APPROACH

Our Environment Strategy provides a clear framework for addressing the issues most important to our company and our stakeholders, right across our value chain.

Introduced in FY14, our strategy is aligned to Telstra's purpose and values, and is aimed at minimising our most material environmental impacts across three strategic focus areas:

Environmental Customer Value Proposition (ECVP) – quantifying and communicating how our products and services can enable our customers to reduce their environmental impacts, particularly energy use and carbon emissions

Operational Excellence – actively identifying and minimising material environmental impacts and operating costs

Sustainable Supply Chain – working with and influencing suppliers to manage and reduce the environmental and social impacts of their operations and of the products and services they provide to Telstra.

We have three-year action plans in place across each of our strategic focus areas. These are helping us to save operating costs, manage environmental risks and support our growth into new and emerging markets.

> **Stakeholder engagement is critical to the success of our Environment Strategy.**

We participate in industry forums committed to researching and measuring the sustainability risks and opportunities of ICT products and services, and encourage our people to get involved, sharing information and ideas across our business.

In order to embed environmental principles and minimise business risks across our operations, accountability for delivery of our Environment Strategy is shared across Telstra. Progress against the strategy is overseen by the Chief Sustainability Officer and relevant Business Unit project sponsors, and is reported to the Board twice a year.

Towards a SMARTer 2030

Through our membership with the Global e-Sustainability Initiative (GeSI) we're engaging with our global peers to conduct research into the role ICT can play in enabling low-carbon growth.

This year we participated in the development of a new GeSI study, *SMARTer 2030: ICT Solutions for 21st Century Challenges*. Released in June 2015, the study quantifies the positive social, economic and environmental benefits ICT can deliver across eight sectors by 2030. Australia was selected as one of nine countries for local analysis.

The SMARTer 2030 report found that ICT can reduce global carbon emissions by 20 per cent by 2030 – effectively reducing them to 2015 levels. Technologies such as cloud computing, broadband internet, smart devices and Wi-Fi sensors all contribute to providing positive sustainability benefits in sectors such as manufacturing, buildings and education.

In Australia, the report identified multiple ways ICT can be used to generate substantial benefits. For example, it estimates that by 2030, an additional seven million Australians could benefit from e-health services, based on projected rates of adoption, which will allow doctors and patients to save time and resources. In agriculture, sensor-based field equipment coupled with data analytics can potentially save almost 650 billion litres of water each year by 2030.

We will engage our stakeholders on the report's findings and associated opportunities in the coming year.

To view the study, visit smarter2030.gesi.org

ENVIRONMENTAL CUSTOMER VALUE PROPOSITION

↓

There is a compelling business case for using ICT to reduce energy and carbon emissions, as well as operating costs.

APPROACH

Through our ECVP we focus on helping our customers transition to a lower carbon future using our products and services. Our activities include:

❯ **Communicating the environmental benefits of ICT:** Articulating the environmental benefits of the products and services we sell

❯ **Green ICT strategies:** Working with our largest customers to develop strategies for reducing their energy and carbon emissions through the use of ICT

❯ **Environmental innovation for new products and services:** Developing new products and services with environmental benefits

❯ **Green product design and development:** Embedding environmental considerations into existing product design and development processes.

PROGRESS

In FY15, we introduced a Green ICT Consulting service for our enterprise customers, designed to help identify opportunities to reduce their carbon emissions and electricity costs.

As part of this service we developed a carbon calculator to assist our customers with estimating emissions from Telstra-provided equipment on their premises.

We also undertook work to quantify the environmental impacts and benefits to our customers of Telstra's cloud computing offerings. To be released in FY16, this work will help our customers estimate the benefits of moving their IT systems to the cloud and builds upon the findings of our *Connecting with a Low-Carbon Future* report. Released in 2014, this report found

Adding value for our customers

In FY15 we implemented the first year of a targeted Energy Efficiency Plan (EEP) to assist NAB, one of our enterprise customers, to reduce their environmental impacts using our products and services.

The EEP's purpose is to provide a framework for driving energy efficiency opportunities and environmental improvements between NAB and Telstra.

Customer Delivery Executive David Snapp manages Telstra's relationship with NAB and is encouraged by the progress made.

"We're committed to helping our customers reduce their environmental footprint, and working with NAB has demonstrated the impact we can have when we work together."

An Energy Efficiency Working Group comprising representatives from both Telstra and NAB was formed to drive EEP activity. The group meets on a monthly basis to track progress and plan new work. In FY15, projects included:

❯ Updating process documents with energy efficiency criteria to guide design and delivery of our products and services

❯ Reviewing IT hardware configuration at NAB's data centres to identify opportunities to save space, power and infrastructure costs

❯ Updating our equipment disposal procedures to improve deployment rates and reduce the number of items not being utilised.

We also developed a baseline carbon footprint to estimate the energy use and associated carbon emissions from Telstra-supplied equipment on NAB's premises. We recalculate this footprint each quarter, to gain insight into any environmental improvements resulting from our project work.

Mark Welch, Manager Cross Functional Services at NAB says the partnership has presented a great opportunity for NAB.

"The EEP is helping us to meet our goal with regards to energy reduction. It's been great to see one of our major suppliers taking such a proactive approach to helping us achieve our efficiency targets."

We'll continue to work closely with NAB to further implement programs for reducing environmental impacts and support its internal business case for utilising ICT to lower energy and carbon emissions.

that the ICT sector is in an ideal position to help government, business and consumers minimise their energy consumption and identified 'clean cloud' as a carbon reduction opportunity.

We are committed to working with our customers to build their understanding of the role ICT can play in enabling low-carbon growth. During the year, we conducted market research with global peers into the specific environmental drivers and expectations across a number of industry sectors. In FY16, we will embed the findings of our research into our

environmental offering for customers, and use it to drive our approach to sustainable product design and innovation.

NEXT STEPS

REPORT
on the environmental impacts and benefits of cloud computing

OPERATIONAL EXCELLENCE
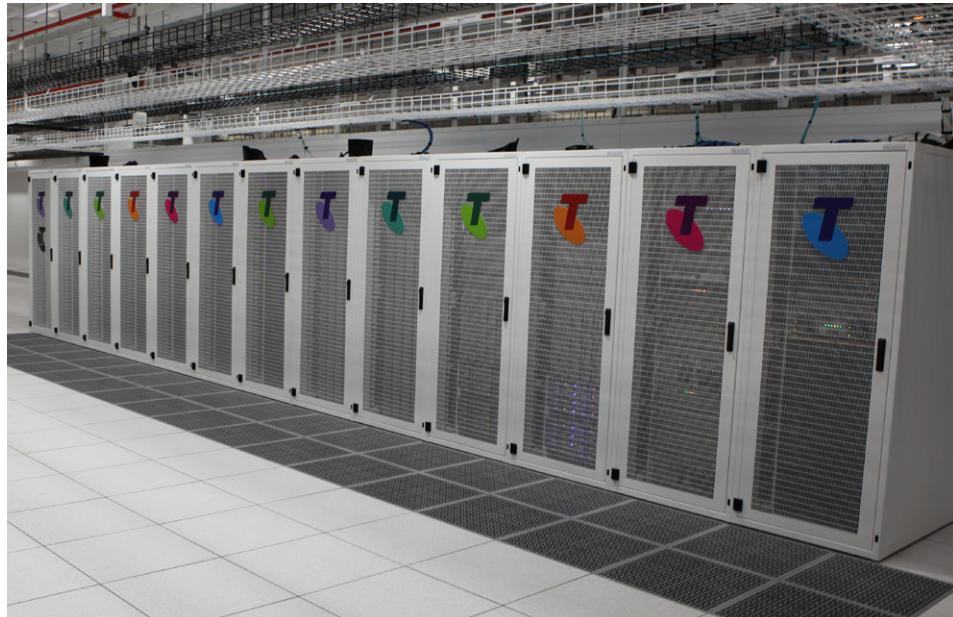
APPROACH

Through our focus on operational excellence we aim to address the material environmental risks and opportunities across Telstra's operations. These include:

› Energy efficiency: Improve the energy efficiency of our network buildings, data centres, office buildings, network architecture and ICT equipment

› Renewable energy: Investigate opportunities for using renewable energy to further reduce emissions

› Electronic waste (e-waste): Minimise e-waste by maximising opportunities to reuse and recycle, while ensuring responsible disposal practices

› Environmental risks and compliance: Implement risk-based environmental management systems to maintain our licence to operate and provide for continued performance improvement.

PROGRESS

Energy efficiency

Our largest environmental impact remains the carbon emissions associated with the energy used in our network. In FY15, our network energy use represented 87 per cent of our total carbon emissions (Scope 1, 2 and 3).

In FY14 we set a long term target to reduce our carbon emissions per terabyte of data used (emissions intensity) by 55 per cent over the three year period from FY15 to FY17, from a baseline year of FY14. This year there has been a 27 per cent decrease in our emissions intensity, which puts us on track to meet our FY17 target.

While data loads carried over our network increased by 36 per cent in FY15, total carbon emissions (Scope 1, 2 and 3) decreased by 1.3 per cent, as a result both of our energy efficiency initiatives and a reduction in the emission factors published by the Australian Federal Government for the reporting period.[1]

Emissions factors, used to convert Telstra's electricity consumption into emissions, decreased in FY15 due to changes in Australia's electricity generation mix, including increased generation from natural gas and renewable energy sources. Changes in emissions factors led to a decrease in our reported emissions of approximately 41,625 tCO_2e.

Total carbon emissions and emissions intensity

■ Total emissions (Scope 1, 2 and 3)
tCO_2e

● Emissions intensity
tCO_2e/TB
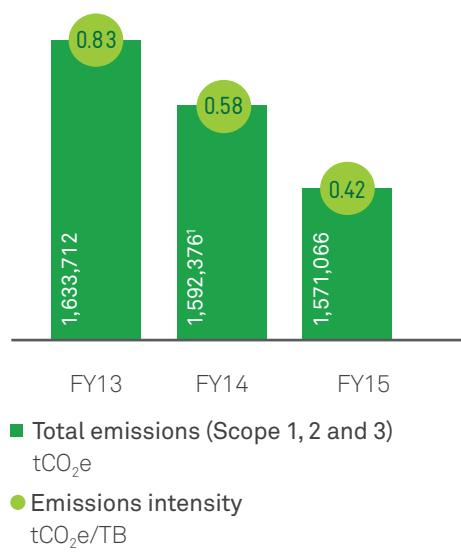
Notes: **1** – The FY14 figure in this graph was incorrectly labelled in our FY14 report as 1,592,388, instead of 1,592,376.

Collectively, energy efficiency initiatives have reduced carbon emissions by 35,180 tCO_2e and saved more than 33, 239 MWh of electricity in FY15.

This year we completed the fourth year of our $41.3 million capital investment program, aimed at making our facilities more energy and carbon efficient. As part of this program we invested $6 million and implemented more than 540 energy and carbon reduction projects that delivered a collective saving of 9,000MWh. Initiatives included installing high efficiency fans and chillers, free-air cooling and lighting control systems.[2]

Along with these initiatives, our FY15 reductions can be partly attributed to a program of work decommissioning redundant equipment across a number of network sites, which reduced electricity consumption by approximately 10,000MWh. While Telstra's stationary electricity use increased by 1.1 per cent this year, we would have seen an increase of 3.4 per cent if our energy reduction program hadn't been in place.

1 Emissions arising from electricity and liquid/gas fuels are calculated using the Australian Commonwealth Government's approved guidelines, Technical Guidelines for the Estimation of Greenhouse Gas Emissions by Facilities in Australia and the National Greenhouse Account Factors.

2 Free cooling uses naturally low external air temperatures to assist in chilling water, which can then be used in air conditioning systems.

One of our key focus areas under the program is improving air-conditioning efficiency. Air-conditioning represents a significant component of our site energy use, and requires frequent monitoring and optimisation to ensure it continues to operate efficiently. By undertaking regular maintenance of our air-conditioning systems, targeting energy efficiency improvements, we reduced our energy consumption by around 7,300MWh in FY15.

Over 35,000 tonnes of carbon emissions savings through project initiatives

We also began implementing a program to improve the operating efficiency of our rectifiers and reduce power consumption. Rectifiers convert AC mains power to the DC power that is required to run our telecommunications equipment and battery back-up systems.

Working with our vendors, we have developed an innovative solution that enables us to quickly and easily install more efficient rectifiers by re-using existing equipment. Rather than replacing the entire power system, this solution reuses existing chassis units and cabling by installing special adaptor shelves, which the new rectifier units can be plugged into. This significantly reduces installation time and costs, and minimises e-waste. We invested $3.5 million in this program in FY15, and replaced 314 systems, resulting in annual savings of 5,000MWh.

Another key focus is improving the energy efficiency of data centres, commercial buildings and ICT equipment. In November 2014 we opened our newest data centre in Clayton, Victoria. Its design incorporates a free-air cooling system, which can be used to supplement air-conditioning around 65 per cent of the time.

This technology makes the site more efficient to operate than our existing data centres. As more of our cloud services are transitioned to the facility in FY16, we will see even further improvements to its energy efficiency.

We also reviewed the energy efficiency potential of our ICT equipment. We applied industry recognised criteria to assess the energy efficiency and environmental benefits of upgrading our technology, which included a review of next generation storage equipment, such as solid state storage devices, for our data centres. We will set performance improvement targets for FY16 based on this information.

Our commercial building portfolio, which includes office buildings, warehouses, depots and retail stores, accounts for around six per cent of Telstra's electricity use. To improve energy efficiency across this portfolio we upgraded lights and after hours lighting controls across several of our office buildings and warehouses this year. Lighting typically accounts for 30-40 per cent of the electricity used in high rise commercial buildings, and these initiatives will reduce Telstra's commercial electricity use by two percent, or approximately 1,400MWh which is equivalent to the electricity required to power around 255 average Australian homes.[3]

Electricity consumption increased in FY15 by 1.1 per cent. This increase is mainly due to our new data centre in Clayton, Victoria coming on line, as well as growth in wireless services, with the continued expansion of our 4G network. 0.3 per cent of this increase is due to improvements in the way we capture our energy consumption data. This year we uncovered additional data for an electricity account not previously included in our calculations. We manage over 26,000 electricity accounts and are continually working to ensure we accurately capture data for all of them.

Brian Hennessy
General Manager
Energy and Greenhouse
Management

"Working with our vendors, we have developed a more cost-effective approach to installing the latest high efficiency rectifiers into a range of older units. We will continue to work with them to increase the number of rectifier types we can retrofit using this new approach, further improving the viability and scale of rectifier upgrades. This range of solutions will form an important component of our energy efficiency program in the coming years."

Our stationary diesel and ethanol use have also increased this year, by 31 and 26 per cent respectively. The observed increase in diesel is due to a reallocation of fuel types within our system. A number of generator sets were incorrectly listed as LPG, rather than diesel in FY14. This has been corrected in FY15, which also accounts for our decrease in LPG fuel use. Our use of ethanol blend fuel (E10 and E85) in stationary applications has increased due to these biofuels becoming more widely available at a number of major petrol station chains.

3 The average Australian household daily electricity usage is taken as being 15 kWh per day.

Gavin, Anthony and Dhanesh, Telstra Operations

Business travel

Our direct (Scope 1) emissions decreased in FY15, largely due to a change in the structure and increased fuel efficiency across Telstra's fleet.

While use of diesel and LPG for transport decreased by 2.3 per cent and 42.9 per cent respectively, the use of petrol and ethanol blend fuel both increased this year. As was the case in FY14, these shifts are largely due to LPG station wagon vehicles being phased out of our fleet, as they are no longer available for purchase.

Emissions from air travel increased due to growing rates of domestic and international travel. The number of domestic and international flights taken increased by 18 and 33 per cent respectively. This increase is partly due to an increase in acquisitions across the Telstra Group. In line with our long-term growth agenda, we acquired 18 new businesses this year, and invested in a further nine through Telstra Ventures both in Australia and overseas.

Renewable energy

This year we continued to investigate opportunities to use renewable energy to power our network, expanding the use of solar and wind for energy generation as well as integrated fuel cells for energy storage.

Using renewable energy sources in combination with fuel cells not only reduces our emissions, it also improves the reliability of our network's power supply.

Fuel cells have become part of Telstra's standard solution for sites that require longer periods of back-up electricity.

They enable us to provide back-up power to sites for several days, which is particularly useful in areas prone to natural disaster. During disaster events, emergency responders rely heavily on telecommunications, so maintaining electricity supply to our infrastructure is vital.

10,255 Telstra sites around Australia have solar panels installed, providing power to telecommunications equipment in rural and remote locations without mains power.

This year we trialled a new type of fuel cell that uses solar and wind energy to provide electricity to small-scale telecommunications sites. Hydrogen is generated from water held onsite using renewable energy, before being stored and used to generate power in the event of a mains power outage. In addition to being more efficient than diesel generators, fuel cells replace the use of batteries on site, which require frequent substitution and careful disposal.

We also explored the use of methanol based fuel cells. Replacing diesel generators, this type of fuel cell is providing back-up power to ten of our mobile phone base stations. Along with being up to 60 per cent more efficient than diesel generators, there is the potential for Telstra to explore using methanol produced by renewable biogas, when it becomes commercially available to us.

Rafiq Ali
Renewable Energy
Team Lead

"We have network sites in some of the most remote corners of Australia, and it's not always possible to reach them at short notice. By using fuel cell technology, we've increased the autonomy of our sites from hours to days, meaning more reliable service for our customers. Better yet, fuel cells are a more environmentally friendly option than using traditional diesel generators, so we're really excited about what this technology could do for us."

Environmental stewardship

Carbon emissions[1]
Key performance indicators

	FY15	FY14	FY13	% change FY14-FY15[2]
Scope 1 emissions[3] tCO_2e	52,003	52,537	53,645	-1.0
Scope 2 emissions[4] tCO_2e	1,298,083	1,294,248	1,331,148	+0.3
Scope 3 emissions[5] tCO_2e	220,981	245,592	248,918	-10.0
Total emissions (Scope 1, 2 and 3)[6] tCO_2e	1,571,066	1,592,376	1,633,712	-1.3
Terabytes TB	3,714,025	2,738,662	1,967,686	+34.2
Emissions intensity tCO_2e/TB	0.42	0.58	0.83	-26.5
Network related emissions[7] Percentage of total emissions	87.2	86.0	86.0	1.4
Annualised emissions savings resulting from project initiatives tCO_2e/yr	35,180	36,852	72,724	-4.1

Notes: 1 – Reported emissions reflect annualised data for the reporting year and are based on actual data wherever possible. Where metered or invoiced data was not available at 30 June 2015, estimates have been calculated based on prior actual consumption, taking into account seasonal variations, qualified assumptions and/or known business activity variations. 2 – Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 3 – Emission sources include: Scope 1 transport fuels and stationary energy use, excluding electricity. 4 – Emissions from electricity consumption. Electricity consumption from our unmetered hybrid fibre coaxial (HFC) network includes Foxtel infrastructure. 5 – Emission sources include: electricity transmission losses, fuel extraction and refining, air travel and waste disposal. 6 - Sum of 'Scope 1, 2 and 3' differs to 'total emissions' due to rounding. 7 – Network category includes all network-related sites including unmetered sites and data centre services hosted at Telstra exchanges. This consists of all Scope 1, 2 & 3 emissions allocated to the Telstra network, based on premises, vehicle or activity end use.

Air travel emissions by source
Tonnes of carbon dioxide equivalent (tCO_2e)

	FY15	FY14	FY13	% change FY14-FY15
Air travel[1]	28,628	20,627	24,328	+38.8

Notes: 1 – Total kilometres travelled: 119,209,019 (FY15); 94,890,792 (FY14); 92,007,373 (FY13).

Total carbon emissions by source
Total (Scope 1, 2, and 3) tonnes of carbon dioxide equivalent (tCO_2e)

	FY15	FY14	FY13	% change FY14-FY15[1]
Stationary energy				
Electricity[2]	1,480,848	1,509,136	1,544,466	-1.9
Natural gas	1,819	1,913	1,366	-4.9
Diesel	5,594	4,281	4,424	+30.7
LPG	25	128	83	-80.7
Ethanol	<1	<1	<1	–
Petrol	283	291	293	-2.9
Transport fuels				
Diesel	39,628	40,555	41,292	-2.3
Petrol	6,089	4,939	4,148	+23.3
LPG	2,585	4,522	6,265	-42.8
Ethanol[3]	10.3	0.5	0.36	+1,978.9
Waste	5,556	5,984	7,047	-7.1

Notes: 1 – Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 2 – Electricity consumption from our unmetered HFC network includes Foxtel infrastructure. 3 – Year on year our ethanol use increased from half a tonne to 10.3 tonnes, resulting in a very large percentage change.

Change in number of flights by type[1]
% change in FY15
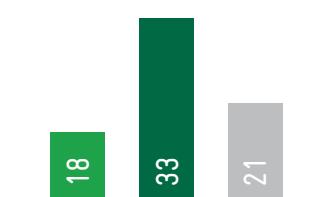
- 18 Domestic flights
- 33 International flights
- 21 Overall

Notes: 1 – This graph has been updated to reflect the number of domestic and international flights taken in FY15. This table was previously reported as a year-on-year percentage change in emissions by flight type (short, medium and long haul).

Environmental stewardship

Energy consumption by source
Gigajoules (GJ)

Key performance indicators	FY15	FY14	FY13	% change FY14-FY15[1]
Total energy use[2] (stationary + transport)	6,009,922	5,962,543	5,988,603	+0.8
Stationary energy (total)	5,353,838	5,283,608	5,284,560	+1.3
Electricity[3]	5,214,988	5,159,497	5,170,889	+1.1
Solar energy (generated by Telstra)[4]	27,795	27,255	26,208	+2.0
Natural gas	31,982	33,623	22,994	-4.9
Diesel	74,781	57,232	59,145	+30.7
LPG	380	1,975	1,274	-80.8
Petrol	3,911	4,026	4,049	-2.9
Ethanol	0.8	0.6	0.7	+25.7
Transport fuels (total)	656,084	678,935	704,043	-3.4
Diesel	527,402	539,961	549,758	-2.3
Petrol	83,075	68,381	57,296	+21.5
Ethanol	6,013	1,242	904	+384.1
LPG	39,594	69,350	96,085	-42.9
Annualised network energy savings resulting from project initiatives	114,593	127,679	228,067	-10.2
Annualised commercial energy savings resulting from project initiatives	5,065	76	1,462	+6,549.6

Notes: 1 – Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 2 – Sum of 'stationary energy' and 'transport energy' differs to 'total energy use' due to rounding. Consistent with previous reporting periods stationary energy use and transport energy respectively contribute 89 per cent and 11 per cent of overall use. 3 – Electricity consumption as part of our unmetered HFC network includes Foxtel infrastructure. 4 – Telstra has approximately 10,255 sites with solar panels installed, providing power to telecommunications equipment in rural and remote locations where the power grid does not reach. The number of Telstra sites with solar panels installed was misstated in FY14 as 13,850 sites. 5 – More petrol was used this year as LPG vehicles exited our fleet and were replaced with petrol variants. 6 – Ethanol blend fuels (E10 and E85) have become more widely available and are now offered as the default fuel at major service station chains. 7 – The large increase in annualised commercial energy savings this year is a result of an expanded program of works.

Waste management

The amount of waste we generate and manage each year is dependent on the type and timing of specific projects undertaken, making it difficult to compare performance year-on-year.

In FY15, total waste produced decreased by 13 per cent, primarily as a result of a reduction in construction and demolition activities.

We also worked closely with our waste service providers to divert more construction and demolition waste from landfill, and to improve the accuracy of our general waste data.

Our overall recycling rate decreased by 2.5 per cent this year, from 72 to 70 per cent. This change is primarily due to the end of the national copper replacement program, which last year accounted for 63 per cent of our recycled waste. Outside of this program we diverted 11,982 tonnes of waste from landfill this year.

Waste and recycling[1]
Tonnes (t)

	FY15	FY14	FY13	% change FY14-FY15[2]
Total waste[3]	17,033	19,520	24,929	-12.7
Waste recycled	11,982	14,080	18,523	-14.9
Waste to landfill	5,051	5,440	6,406	-7.1
Recycling rate (%)[4]	70.3	72.1	74.3	-2.5
Total e-waste[5]	3,940	1,993	2,070	+97.7
E-waste recycled	3,936	1,989	2,061	+97.8
Mobile phones recycled[6]	15.6	15.3	14.0	+1.7
Other e-waste recycled	3,920	1,974	2,047	+98.6
E-waste to landfill	4.2	3.9	8.5	+8.2

Notes: 1 – This table has been updated to more clearly convey the overall amounts of waste produced and the division between waste recycled and waste to landfill. As such some figures from prior years have been restated. 2 – Due to rounding, the reported totals and percentage change may differ from that calculated using the numbers shown. 3 – FY15 Total waste includes 104 tonnes of hazardous waste and 4,947 tonnes of non-hazardous waste. Asbestos containing materials are included in our hazardous waste definition for FY15. Hazardous wastes are disposed to prescribed landfill. Total waste does not include waste disposed of at sites managed by third parties. 4 – Recycling rate is the amount of waste recycled as a percentage of total waste produced. 5 – E-waste is a subset of total waste. 6 – Option to return phones to MobileMuster by 'pre-paid satchel' did not exist prior to FY14.

We are committed to minimising e-waste by maximising opportunities to reuse and recycle end-of-life equipment.

Electronic waste

Australia is one of the highest per capita producers of electronic waste (e-waste) in the world. As a population, we generate more than 25 kilograms of e-waste per person each year.[4]

We've already put a number of initiatives in place that respond to the e-waste challenge. These include our support for MobileMuster, establishing internal e-waste recycling infrastructure at key locations, and offering business and retail customers mobile device reuse, trade-in and recycling programs.

In 2014 41.8 million tonnes of electronic waste was generated around the world, and less than a sixth was recycled.[5]

In 2014 we committed to developing a more strategic approach to e-waste management for Telstra. We partnered with the University of Technology, Sydney to establish an external advisory committee, and are now preparing an Electronics Reuse and Recycling Strategy.

The short-term focus of this strategy is to harness the benefits of electronics reuse and recycling, while ensuring responsible disposal practices.

Longer term, we will continue to pursue a product stewardship approach that recognises that manufacturers, importers, retailers, governments and consumers have shared responsibility for the environmental impacts of electronic products throughout their full life cycles.

We've demonstrated responsible action on electronics stewardship though MobileMuster for over 15 years. We helped establish MobileMuster, Australia's only government-accredited voluntary mobile phone recycling program, in partnership with industry manufacturers, carriers and partners.

In FY15 we diverted 15.6 tonnes of mobile phones and accessories from landfill through the MobileMuster program, exceeding our target of 14 tonnes. Through this activity, we avoided 125 tonnes of CO_2e, or the equivalent of planting 758 trees. We also continued to support Keep Australia Beautiful by donating $10,000 to help improve and promote mobile phone recycling within remote Australian communities.

Overall during FY15 we collected 3,940 tonnes of e-waste, doubling our FY14 collection volume. This increase is mainly due to scheduled end-of-life battery replacements at our network sites.

What is e-waste?

E-waste is a term used to cover specific items of electrical and electronic equipment, and their parts, that have been discarded by the owner as waste without the intention of re-use. Telstra's e-waste includes: information technology and telecommunications equipment; telecommunication carrier and commercial equipment; consumer communications devices and lighting equipment.

We also sought to engage employees in electronics removal and recycling through our annual e-waste collection campaign. During National Recycling Week in November 2014 we collected 21 tonnes of e-waste across 29 corporate offices and 38 exchange buildings.

4 Global e-waste systems, Insights for Australia from other developed countries, The Economist Intelligence Unit, 2014, page 4
5 Baldé, C.P., Wang, F., Kuehr, R., Huisman, J. (2015), The global e-waste monitor – 2014, United Nations University, IAS – SCYCLE, Bonn, Germany

Environmental stewardship

Paper use

In overall terms, our paper consumption decreased by 0.6 per cent in FY15.

While billing paper use decreased by 11.2 per cent (as more customers opted for online bills) and office paper use decreased by 23.6 per cent (as a result of the continued rollout of our 'follow-me' printing initiative across our corporate offices), we saw a 21.8 per cent spike in the use of printing paper. This increase was due to a one off print run undertaken in October 2014 to produce materials for our shareholders regarding our share buyback offer. Printing these materials was an ASIC statutory requirement and we worked with the regulator to minimise this impact, securing permission not to provide hardcopies to any shareholders who had previously opted in to receive electronic communications from Telstra. This meant we were only required to print 900,000 of a possible 1.4 million packs.

This year we also trialled using lower grams per square metre (gsm) billing paper, which will be introduced across Telstra in early FY16. By switching to 85gsm paper, down from 92gsm we will save 2,100 trees and close to $400,000 each year.

Water use

In FY15, we used 1,083 megalitres (ML) of water, equivalent to 433 Olympic-sized swimming pools,[6] in our network exchanges, data centres and corporate offices.

This is an 11 per cent increase on FY14 and continues the upward trend in water usage observed over the last four years. This is due to more water being used in our cooling systems in response to increasing electricity consumption, especially at our largest network sites. Wastewater disposal decreased by 64 per cent, as less water was used in the removal and remediation of asbestos containing telecommunication pits and ducts.

6 Where one Olympic sized Swimming Pool contains 2.5 million litres of water.

Office, billing and printing paper
Tonnes (t)

	FY15	FY14	FY13	% change FY14-FY15[1]
Total	2,707	2,723	3,215	-0.6
Office paper[2]	226	296	336	-23.6
Printing paper	1,199	984	1,180	+21.8
Billing paper	1,281	1,443	1,699	-11.2

Notes: **1** – Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. **2** – Sensis office paper is included in the FY14 figure only, for the period of 1 July 2013 - 28 February 2014, when Sensis was sold.

Water

	FY15	FY14	FY13	% change FY14-FY15
Water consumption[1] (ML)	1,083	975	953	+11.1
Wastewater[2] (kL)	3,057	8,582	1,740	-64.4

Notes: **1** – This metric does not include water consumption from sites where water is paid for by third parties **2** – Wastewater includes pit pump outs and asbestos pit remediation.

We're committed to ensuring compliance
with our Environment Policy and continually
achieving our stated policy commitments.

Telstra procedures further require that
the relevant governmental authorities are
notified of any environmental incidents
(where applicable) in compliance with
statutory requirements.

Telstra has not been prosecuted for, or
convicted of, any significant breaches
of environmental regulation during the
financial year.

On 6 July 2015, Telstra received an
infringement notice penalty of $8,538
for contravention of the Environmental
Protection Act 1994 (Qld) as a result of
a diesel spill from a fuel storage tank
at a Telstra site in Cape Kimberley
that occurred in April 2015. Telstra
subsequently undertook clean-up work
to remediate the site.

Environmental risks and compliance

Telstra performs a range of business
activities which, by virtue of their nature,
scale and geographical locations, have
inherent environmental challenges.

We're committed to ensuring compliance
with our Environment Policy and
continually achieving our stated
policy commitments. Having robust
environmental management systems in
place is key to achieving this.

Environmental management systems have
existed within Telstra for over 15 years. Our
work this year has involved developing and
realigning some of our corporate systems
to enable us to more effectively deploy
new initiatives, communicate important
information, manage change, assess
and prioritise risks, motivate and engage
employees and stakeholders, as well as
build workforce competency.

As part of our continuous improvement
agenda we introduced a new online tool
for reporting work-related health, safety

and environmental incidents, HIRO
(Hazard Incident Reporting Online). This
tool provides us with improved oversight
of environmental incidents and enables
timely corrective and preventative actions
to be implemented, to avoid issues
reoccurring.

We also updated Telstra's annual
mandatory refresher compliance training
module – Business Essentials II – to
include information on our Environment
Strategy, environment management
systems and frameworks, and compliance.
Approximately 62,000 people, including
industry partners who work closely with
Telstra, completed this training in FY15.

Telstra, as a minimum, seeks to
be compliant with all applicable
environmental laws and regulatory
permissions relevant to its operations.
Where instances of non-compliance
may occur, Telstra has procedures
requiring that internal investigations
are conducted to determine the cause
of the non-compliance and to ensure
that any risk of recurrence is minimised.

NEXT STEPS

LAUNCH
electronics reuse and
recycling strategy

EXTEND
ISO 140012004
certification of
our environmental
management systems
to Telstra's corporate
business units

REDUCE
our carbon emissions
intensity by 55 per cent
by FY17, against a baseline
year of FY14

SUSTAINABLE SUPPLY CHAIN

This year the Telstra Group purchased $6.8 billion in goods and services from 4,800 suppliers.

APPROACH

Telstra's approach to sustainable procurement has been developed to encompass both social and environmental considerations.

Within our Environment Strategy, we embrace the following key principles:

Responsible sourcing: Ensuring products and services are sourced and produced under acceptable environmental, social and ethical standards

Maximising resource efficiency: Maximising use of materials with reused and recycled content, minimising packaging and designing products that can be either reused or recycled

Minimising embodied carbon and operational energy use: Maximising resource and energy efficiency in the manufacturing and supply process in order to minimise environmental impacts

Pollution prevention: Ensuring appropriate materials are used, and manufacturing and processing take place in a way that protects human health and the environment.

The key principles of our approach to sustainable supply chain management are reflected within our Supplier Code of Conduct, as well as other key procurement policies and processes, such as the Master Sourcing Agreement we have in place with our suppliers of mobile handsets, tablets and data devices.

PROGRESS

In FY15 we continued to work with our suppliers to embed our sustainable procurement principles within their operations.

Following the identification of our high risk suppliers in FY14, we have focused on refining our processes for identifying, assessing and treating risk within our supply chain. We developed a sustainability risk evaluation framework, underpinned by a sustainability risk questionnaire, to assess suppliers' compliance with our Code of Conduct.

> We are committed to engaging and influencing our suppliers to minimise the environmental and social impacts of the products and services they deliver to us.

We sent the questionnaire to all 24 high risk suppliers in two waves. From the first wave of nine suppliers we have received eight responses to date. We expect to receive the ninth response, as well as 15 second wave responses in early FY16.

Subsequent engagement processes are underway with four suppliers, and we will engage with all remaining suppliers in FY16. We are taking a thorough, time-intensive approach to engagement, with the aim of building strong supplier relationships that will enable us to manage sustainability risks and opportunities for mutual benefit.

Environmental stewardship

We are engaging and influencing our suppliers to minimise the environmental and social impacts of the products and services they deliver to us.

We also worked with suppliers of our network and data centre equipment, including Hewlett Packard (HP) and Ericsson to explore opportunities to improve the energy efficiency of the products they supply. HP identified an opportunity to achieve energy savings using a new, more efficient power supply technology, which uses 35 per cent less energy than the previous model. This technology is now being used across our network.

To extend this work to a broader base of our network and data centre equipment providers, we developed a set of environmental standards this year, aimed at helping our suppliers to consider and improve the energy efficiency of their products and services. Currently in review, this program of work will be implemented within relevant procurement categories in FY16.

We are currently scoping a program of work for auditing suppliers found not to be in compliance with the Supplier Code of Conduct. Pending the full roll-out of the program, on-site audits are conducted on a case by case basis by an independent third party.

For more information, please see the Responsible business chapter of this sustainability report.

NEXT STEPS

INTRODUCE
energy efficiency metrics and targets for our suppliers of selected categories of network equipment

Emilio Romeo
Director, Telstra Customer Unit Ericsson

"We know that energy efficiency is a key priority for the telecommunications industry. The radio access network (RAN) is one of the largest consumers of energy in a mobile network, and is therefore an important focus area for energy-efficiency improvements.

We are working closely with Telstra to find opportunities to manage their RAN operations dynamically. This means that equipment is only powered on when it's needed, rather than around the clock. By doing this, we're helping Telstra achieve energy efficiency through reduced electricity use, while still delivering superior network performance and customer service."

ABOUT OUR REPORTING

↓

Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ over 36,000 people directly, facilitate access to more than 2,000 network points of presence across the globe and have one of Australia's largest shareholder bases, with around 1.4 million shareholders.

We have a diverse range of customers, including consumer, small business, large enterprise and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 371 Telstra-branded retail stores, 84 Telstra Business Centres, 137 Telstra business and enterprise partners and are distributed by over 18,700 retail points of presence managed by our partners.

In Australia we provide approximately 16.7 million retail mobile services, 6.0 million retail fixed voice services and 3.1 million retail fixed data services. Telstra's international businesses operate in 20 countries around the world and include Telstra's global networks and managed services business, as well as Telstra's China-based search and advertising business, Autohome Inc.

We understand our customers want technology and content solutions that are simple and easy to use – that's why we have built networks like Australia's largest fully integrated internet protocol (IP) network and Australia's largest mobile network.

United Nations Global Compact

You will find the icon below throughout the Bigger Picture 2015 Sustainability Report. It indicates where we are providing information on our progress in implementing the ten principles of the United Nations Global Compact.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2015 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2015 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders, as defined through our annual materiality process. The material topics addressed within each chapter of this report are outlined in Sustainability at Telstra, and on the context page of each corresponding chapter.

We develop our sustainability reporting in accordance with industry and sustainability standards including the United Nations Global Compact Communication on Progress and the Global Reporting Initiative (GRI) G4 Core Sustainability Reporting Guidelines, and with reference to AccountAbility's AA1000 Principles Standard 2008.

For more information visit
www.telstra.com/sustainability/report

Scope

Our sustainability reporting covers the financial year 1 July 2014 to 30 June 2015 (FY15) for Telstra Corporation Limited. This includes relevant Australian subsidiaries, joint ventures and partnerships as set out in the National Greenhouse and Energy Reporting Act 2011.

As our international operations expand we are committed to developing a global framework for sustainability data collection and reporting. Starting with our most material operations overseas we will continue to expand on the scope of our reporting over time.

Wherever possible and relevant under the G4 guidelines 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 in Note 25 to the Financial Statements in the 2015 Annual Report.

Assurance

Independent assurance supports our commitment to transparency and accountability. To provide confidence for our stakeholders in our reporting Ernst & Young provides limited assurance, in accordance with the ISAE 3000 standard, over specified data and related performance disclosures in our 2015 Annual Report and Bigger Picture 2015 Sustainability Report, as well as an assessment of Telstra's application of the principle of materiality, as outlined in the Global Reporting Initiative G4 guidelines.

You can access Ernst & Young's assurance statement at
www.telstra.com/sustainability/report/about

Feedback

We welcome your feedback on our sustainability reporting, approach and performance. Please email Tim O'Leary, Chief Sustainability Officer at
sustainability@team.telstra.com

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