APCO

Annual Report and Action Plan

Company Name: **Telstra Corporation Limited**

Trading As:

ABN: **33051775556**

About APCO

Australian Packaging Covenant Organisation (APCO) is a co-regulatory not-for-profit organisation leading the development of a circular economy for packaging in Australia. APCO's vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

Each year, APCO Brand Owner Members are required to submit an APCO Annual Report and an APCO Action Plan. This document is the Annual Report and Action Plan output for the organisation listed above. This document provides the overall performance level of the organisation, as well as any commitments they have made to work towards on their packaging sustainability journey. This document may also include additional information provided by the Member in their report.

Overall Performance Leading

The chart below indicates the overall performance level of this organisation listed above in the 2024 APCO Annual Report. The organisation's reporting period was **July, 2022 - June, 2023**

| 1 Getting Started | 2 Good Progress | 3 Advanced | 4 Leading | 5 Beyond Best Practice |

Understanding APCO Annual Reporting performance levels:

1 **Getting Started:** You are at the start of your packaging sustainability journey.

2 **Good Progress:** You have made some first steps on your packaging sustainability journey.

3 **Advanced:** You have taken tangible action on your packaging sustainability journey.

4 **Leading:** You have made significant progress on your packaging sustainability journey.

5 **Beyond Best Practice:** You have received the highest performance level and have made significant progress on your packaging sustainability journey.

APCO AUSTRALIAN PACKAGING COVENANT ORGANISATION

Additional Information

The information below indicates additional information that the organisation included in their APCO Annual Report.

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability

Global Packaging Innovation & Material Network

Through Telstra's packaging design team, we continue researching, investigating and evaluating new sustainable packaging technologies and raw materials. It is important that Telstra have a pipeline of potential materials and innovative solutions that can positively improve our sustainable solutions and commercial position. In FY23 we successfully redesigned several SKUs that had components previously made from soft plastics. These were replaced using recyclable fibre based materials.

Global Trends and Potential Guideline Updates

Our packaging design team continues to monitor global sustainable packaging trends and policy developments. This provides an overview of insights enabling us to plan for potential guideline updates and policy changes.

Applying APCO's SPGs in Telstra is now Business As Usual

"Provide customers with simple Telstra branded packaging that is recognised as sustainable and easily recycled"

We have embedded the following core principles to achieve our sustainable packaging target:

• Developing concepts that are designed to improve the recovery of materials. We have successfully replaced several soft plastic components with fully recyclable materials.

• Utilising design strategies that present sustainable packaging not only as environmental, but position our brand as progressive, whilst presenting well in retail.

• Using recycled materials, such as kraft boards, can present challenges for brand presentation. It is critical to guide and support suppliers to achieve the required colour reproduction in all print processes.

• With the introduction of new materials, it is important to confirm that printed text conforms to the Australian Accessibility Standards. We have incorporated Telstra's accessibility requirements into our packaging design process.

To maintain a consistent and balanced approach across our product portfolio we have applied our definition of Optimised Packaging.

1. Packaging materials and formats that provide the best possible environmental outcomes.

2. Packaging that protects the product and improves the supply chain at a reduced cost.

3. Packaging that features best practice branding and enhances the user experience.

Describe any opportunities or constraints that affected performance within your chosen reporting period

Telstra is committed to optimising the resources we use, reducing consumption and waste across our business, and investing in circular solutions that are designed to be sustainable across their lifecycle. There is now more innovation in raw materials to meet the growing global demand for more sustainable packaging. To achieve these goals, we will focus on:

• Creating solutions that increase the average percentage of recycled content and optimises device protection in the supply chain.

• Providing our customers with convenient reuse and recycling options for their devices.

• Adopting APCO's SPGs principles by reducing plastic and further optimising material usage.
• Reviewing ink systems and ink coverage to extend material recovery opportunities.
• Continuing to improve our customers understanding of sustainability and how to easily recycle Telstra branded packaging.

Please use the space below to provide examples or case studies of exemplary packaging sustainability conducted by your organisation.

Case Study 1: Being an industry leader through achieving our target early

We began this journey with the goal to achieve 100% of Telstra branded packaging to be made of renewable or recycled material and is fully recyclable by December 2022. These targets form part of our broader corporate strategy, developed in 2020, to move our organisation to be a key leader and innovator in sustainability in the industry. These targets include:

• Reduce our absolute (scope 1+2 and 3) emissions by at least 50% by 2030 from an FY19 baseline
• Enable renewable energy generation equivalent to 100% of our consumption by 2025
• Offset the emissions from our operations
• Reuse or recycle 650,000 mobile phones, modems and other devices each year to 2025 (our previous target was 500,000 devices each year to 2025)
• 100% of Telstra branded packaging is made of renewable or recycled materials and is fully recyclable by 2022
• Increase our network waste recycling rate to 90% by 2025 (our previous target was 85% by June 2025)

Our packaging targets are more aggressive and exceed the national targets to push beyond industry expectations.

2022 Commitments:
• Increase re-use and recycling
• Use less materials
• Be plastic free
• Optimise pack size

Sustainability Targets
• Minimising materials
• High sustainability credentials
• All plastics avoided and eliminated
• Minimise ink coverage
• Appropriate recycling information

Key Highlights:
• After an intensive process of briefing over 30 different suppliers, creating 92 new packaging artwork designs across 94 product SKUs, Telstra achieved 100% kerbside recyclable packaging with recycled content and zero plastics across our entire product range for all Telstra branded packaging in October 2022 ahead of our internal target.
• As part of this process we have completely overhauled our design process and how we work with all our partners. This includes conducting a new material assessment for every single Telstra branded product launched. This process has ensured full alignment across our packaging requirements.
• In FY23, we obtained limited assurance relating to the achievement of our sustainable packaging target for 100 per cent of Telstra branded packaging to be made of renewable or recycled material and be fully recyclable. The independent assurance procedures were undertaken by an independent auditor (Letter (telstra.com.au)).
• Completing material assessments are now embedded into our processes and operations for all Telstra

packaging, from procurement through to design and product development. This process feeds into PREP and ARL creation for all packaging components (which are used as part of our external audit process) as a cross check to ensure 100% of our Telstra packaging is compliant with recyclability and zero plastics.

• As a result of our sustainable packaging successes many of our product and procurement leads challenge our suppliers to achieve similar outcomes and find opportunities to further optimise packaging for non-Telstra branded products as well.

• As a key leader and influencer, Telstra has led sustainability and innovation discussions with various partners resulting in increased recyclability across devices and packaging.

Case Study 2: Building momentum with global manufacturers to drive innovation and sustainable solutions

Telstra offers a range of Telstra branded products that are manufactured by our global partners. These manufacturers delivered most products with traditional plastic packaging components and had 4 or more plastics bags included in every mobile phone pack.

Key Highlights:

• After negotiations with procurement, supplier briefings and multiple materials assessments Telstra has used our influence to evolve these manufacturers to adopt alternative and more sustainable options.

• All new materials delivered from both these manufacturers meet our zero plastics requirement and 100% kerbside recyclable by Australian standards.

• We have also reduced the quantity of packaging components – phone chargers, cables and headphones – no longer have any packaging.

• One manufacturer now uses a wood fibre based material as a protective bag around device and have reduced the number of bags from 4 to 1.

• Another is now using all paper based wraps for the device and battery (where required).

Case Study 3: Pushing the boundaries of packaging designs for our iconic smart modem Range

In 2019 we focused optimising our Smart Modem 2.0 packaging, one of our hero products. This project included

• Improved opening and user experience

• Approximately 75% material reduction, made from recycled corrugated board with an estimated 53% weight reduction

• The Smart Modem 2.0 was also one of our first products to use the ARL recycling logos.

Having achieved all this already the challenge was to continue the conversations with suppliers to ask what more can we do?

• We have ongoing improvements through assessments of our whole Modem product range, including our 5G modem and our refurbished products.

• We have also looked at supply chain and worked with logistics team to optimise distribution using automated packaging that saves wasted space.

Solution highlights include:

• 100% recycled board, ARLs prominently displayed

• Integrated diecut slot to hold information magnet, eliminating adhesives

• Internal structural design securely holds and protects the modem

• Modem cables contained within a structural cavity

• Tethered and reusable Velcro strips replace plastic cable ties

• Smart Modem 3 packaging refresh include:

• Brand 4.0 application

• Approximately 15% less material used

• Corrugated Components reduced from 4 to 2

• 9% Reduction in weight

• 15% material reduction

• Plastic-free packaging

• Increase pallet stock count

• Further reduction in internal materials and refinement of simplified dieline and locking mechanism

Case Study 4: Total redesign of Telstra accessory packs

Accessories is a category that ships some of our highest volumes, with new launches occurring fortnightly. Therefore, any optimisation in this category can have significant impact on our overall results. Our challenge with this category is that it is externally managed and the majority of the activities are outsourced. With less direct control we had to leverage our capability to influence and guide the providers to make the improvements we needed. The original packaging we assessed was found to contain several components that were not fit-for-purpose and easily substituted with more sustainable alternatives.

An example of this is the final consumer packaging itself was wrapped in protective plastic film, which the supplier advised was needed to prevent scuff marks. We were able to make immediate improvement by replacing all outer protective packaging with tissue paper until we could develop a more permanent solution.

Our overall goal with this re-design was to simplify the unboxing experience and reduced material and components as much as possible. Each standard pack was originally made of 11 separate components, weighed approximately 50g and was not kerb-side recyclable. The new standard accessory pack design has a maximum of 2 components, weigh approximately 11g and is 100 % kerbside recyclable.

Phone Cases - Key Solution Highlights:

• Packaging components reduced from 11 to 1

• Total pack weight reduced from 50g to 10g

• New design fully recyclable

• Removed problematic components such as magnets

• Clever graphic design to incorporate instore shelf anti-theft systems without impacting branding

Screen Protectors - Key Solution Highlights:

• Packaging components reduced from 17 to 4

• New design fully recyclable

• Soft Plastics Removed

• Clever graphic design to incorporate instore shelf anti-theft systems without impacting branding

Case Study 5: Making Telstra's Safe Connections even better

Telstra Safe Connections is a program that was established in 2015 with WESNET to help women impacted by family violence to stay safely connected. To date Telstra has assisted 1.26 million customers in vulnerable circumstances to stay safely connected through a variety of programs, some providing complimentary mobile phones or information with tips to stay safe and key contacts.

Identified packaging opportunities include:

• The original packaging was created to hold various mobile phones and information leaflets. This had not been reviewed since its development in 2015.

• Our partners in this program brought to our attention some issues that the packaging faced, including SIM cards falling out the bottom of the pack and the need for a high level of confidentially for the contents in the pack.

We used this opportunity to solve the issues raised and increasing the sustainability of the pack. We went through a process to assess all potential contents that could go into the pack and measured the biggest item (mobile phone pack) that would need to be considered. This helped form a basis for dimensions which was much less than the current pack, which items would often rattle around in. The more condensed pack design uses significantly less material and ensures an improved customer experience.

We undertook a packaging review applying Telstra's sustainable packaging design principles where we identified the following:

- Packaging is oversized to accommodate a wide range of devices that may be packed within
- Phones within are supplied by different manufacturers as Telstra-ranged devices
- Barcode is determined by supplier based upon contents within

We developed a project brief to:

- Bring into alignment with our sustainable packaging requirements
- Optimise format of Safe Connections pack
- Apply Telstra's latest branding
- Remove crash-lock base
- Ensure SIM card is secured within the packaging
- Ensure the product within is safe and secured
- Reassure the user the product is safe
- Reflect a warm and trustworthy brand
- Consider discretion of situation

Resulting in the following packaging redesign outcomes:

- Gift box format adds a special quality to the pack, while being more secure and improved product protection.
- Print free outer carton ensures discretion.
- Inside print reveals Telstra branding, including a large, reassuring message.
- Potential to use paper based seals, which add a layer of reassurance to the user.
- Exterior barcode to be applied as a printed label.
- Detailed information sits underneath product on base of pack.
- Corrugated board is more sustainable, with a higher post-consumer recycled content.
- Formed pack is 32% smaller which makes it much more discrete and efficient to transport.

APCO Action Plan Commitments

For each of the Packaging Sustainability Framework criteria listed below, a description is provided along with the commitments made by the organisation in their APCO Action Plan.

Criteria 1:

Governance & Strategy:

This criteria considers actions to integrate packaging sustainability into business strategies.

- Develop a strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPGs) or equivalent.
- Include a commitment to achieving the 2025 National Packaging Targets in our strategy.
- Have our executive or board of directors review our strategy and have the strategy integrated within our business processes.
- Regularly communicate and promote packaging sustainability objectives and targets within our organisation.
- Regularly engage or communicate with our external stakeholders about the environmental impacts of our packaging.
- Actively participate in initiatives to promote packaging sustainability outside of our organisation.

Criteria 2:

Design & Procurement:

This criteria considers actions taken to ensure that sustainability principles are considered in the design or procurement of both new and existing packaging through use of the Sustainable Packaging Guidelines (SPGs).

- Review **95**% of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Improve the accuracy of our data regarding reviews of packaging using the Sustainable Packaging Guidelines (or equivalent).
- Incorporate the Sustainable Packaging Guidelines (or equivalent) into procurement processes.
- Consider the following Sustainable Packaging Principles in our packaging reviews:
  - Design for recovery
  - Optimise material efficiency
  - Design to reduce product waste
  - Eliminate hazardous materials
  - Use of renewable materials
  - Use recycled materials
  - Design to minimise litter
  - Design for transport efficiency
  - Design for accessibility
  - Provide consumer information on environmental sustainability
- **35**% of our packaging to be optimised for material efficiency.
- Improve the accuracy of our data regarding packaging material efficiency.

Criteria 3:

Recycled Content:

This criteria considers actions taken to increase or optimise the amount of recycled material used by your organisation.

- Develop a policy or procedure to buy products and/or packaging made from recycled materials.
- Use recycled content in:
  - Our products
  - Primary packaging that we use to sell our products
  - Secondary packaging that we use to sell our products
  - Tertiary packaging that we use to sell our products
  - Other items which we purchase (e.g. office stationary and suppliers etc.)
- **50**% of our packaging to be made using some level of recycled material
- Improve the accuracy of our data regarding use of recycled materials.

Criteria 4:

Recoverability:

This criteria considers actions taken to improve the recovery of packaging at end-of-life and increase use of reusable packaging.

- **80**% of our packaging to be designed to have all packaging components be recoverable at end-of-life.
- Improve the accuracy of our data regarding recoverability.
- Use PREP to assess the recyclability of our packaging through kerbside collection in Australia and/or New Zealand.
- Investigate opportunities to use reusable packaging.

Criteria 5:

Disposal Labelling:

This criteria considers the extent to which packaging has been labelled to help consumers determine what to do with packaging at end-of-life.

- **98**% of our packaging to have on-pack labelling to inform correct disposal.
- Improve the accuracy of our data regarding labelling.

Criteria 6:

On-site Waste:

This criteria considers progress in increasing the amount of on-site solid waste being diverted from landfill.

- Have recycling programs for the following materials:
    - All materials have recycling programs
- Aim for **80**% of our on-site waste to be diverted from landfill.
- Improve the accuracy of our data regarding on-site waste.

Criteria 7:

Problematic Materials:

This criteria considers the extent to which organisations are actively phasing out problematic and unnecessary single-use plastic packaging and preventing/reducing litter.

- Help reduce litter by:
    - Conducting regular clean ups