Bigger Picture

2020 Sustainability Report

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Our response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) can be found in our 2020 Annual Report, 2020 Corporate Governance Statement and the Climate change and energy section of this report, p 65-73.

For more information about our sustainability approach and performance, as well as access to our FY20 data pack and additional downloads, please visit our reporting website.

Message from our Chairman and CEO

This year is one we will always remember: a year shaped and scarred by the 2019-20 Australian Bushfires and the COVID-19 global pandemic.

These crises have exposed the fragility of the world and caused extraordinary hardship and disruption. They have also reminded us of our collective strength and resilience, and provided an opportunity to pause and reflect on the world as it is, and how it could be.

This year has also brought many things back to first principles, highlighting again the importance of being able to connect – to the people and things we love, the services and information we need, and the communities to which we belong. Once again Telstra has played a central role in providing that connectivity - through good times and bad, for well over 100 years, it is what we do.

This period of extraordinary disruption has also caused Telstra – like many organisations - to think deeply about our role and responsibilities in the community. We have been challenged to adapt to find new ways of supporting our customers, our people and the country in this time of need. At the same time we have not lost sight of our shareholders. Quite the contrary.

> Ultimately, we will never be successful for our shareholders if our customers, people and the communities in which we operate do not enjoy success too.

Standing tall on key issues

This report details the breadth and depth of the Telstra's activities during the 2020 Financial Year and our efforts towards being a responsible, sustainable business. In such a disrupted year, our achievements are diverse and include:

- **During the Australian bushfires**, we provided vital infrastructure for emergency services and community evacuation centres, answered more than 55,000 calls from customers making enquiries and seeking support, and paid the mobile phone bills for around 10,000 fire fighters and SES volunteers over December and January. We also provided free access to our payphone network and Telstra Air Wi-Fi hotspots. Investments in supporting customers and restoring bushfire damage to infrastructure will amount to $44 million across FY20 and FY21.

- **To address climate change,** we announced a significant step forward in our response. Recognising we are one of the largest users of electricity in the country, we became carbon neutral in our operations this year and our challenger brand Belong became carbon neutral in its products and services. We also made progress on new goals to enable renewable energy generation equivalent to 100 per cent of our consumption by 2025 and reduce overall emissions by 50 per cent by 2030.

- **During COVID-19,** our actions were many and varied: they included putting job reductions on hold, providing extra paid leave for Telstra employees and casuals, bringing forward $500 million in capital expenditure to calendar year 2020, to provide the economy with much needed investment, creating relief programs for consumer and small business customers, providing temporary unlimited home broadband data allowances and offering free additional mobile data. To assist those in vulnerable circumstances we introduced a low income NBN Co[1] broadband offer for eligible new broadband customers, discounts for eligible customers receiving the JobSeeker payment, and unlimited home phone calls for eligible pensioners. Through the Telstra Foundation we also delivered a Mental Health Relief Package to fast track and enhance online mental health support for young people across Australia.

- **To build digital inclusion,** we continued to invest in the Australian Digital Inclusion Index and contribute to the national dialogue. Along with helping ~2.6 million people to stay connected during the COVID-19 pandemic, we provided assistance to around 900,000 vulnerable customers and enabled 23,000 people to receive digital capabilities training through our Everyone Connected programs.

- **Provided more coverage to more people in regional and remote places.** In the five years to end of June this year we have invested $7.5 billion in our mobile network nationally with $3 billion of that invested in regional areas alone. This year we deployed world-first technology that effectively doubled the range of a 4G mobile base station, increasing it by up to 200 kilometres for some IoT solutions, in turn increasing the range of that network to nearly four million square kilometres across the country.

- **To achieve global best practice,** we continued to proudly support the United Nations Sustainable Development Goals and continued to make progress against them this year. We are also a signatory to the United Nations Global Compact and remain committed to supporting its principles – on human rights, labour rights, environment and anti-corruption – wherever we operate.

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Central to all of these activities is the idea that our success depends on how we live up to our organisational Purpose and Values, not just what is in our contracts. Unfortunately, and despite our aspirations and commitment, we do not always get things right.

Some years ago a small number of our partner stores, those operated by third parties under a license agreement, sold mobile devices and plans to customers in Indigenous communities that they ultimately could not afford or may not have been appropriate for their needs. Since 2018 we have been progressively implementing what is now a comprehensive program to address the specific issues, waiving debts, refunding customers, introducing new processes, as well as rolling out training and tools to assist frontline staff in their interactions.

We are currently cooperating with the Australian Competition and Consumer Commission (ACCC) as they conduct an investigation into this issue. Having considered all the information available, we have made a provision of $50 million in our FY20 accounts for any penalties. The lessons we are learning from this are helping us re-define our understanding of what responsible business looks like and we are holding ourselves accountable to these standards. Please refer to the Responsible sales practices section of this report for more details.

Highlighting the value of our T22 strategy

The enormous disruptions this year have highlighted the value of our T22 strategy.

The reasons we introduced T22 two years ago – a need to simplify and digitise our business, remove customer pain points, and introduce new ways of working – are more relevant and necessary than ever before. Our T22 progress has helped us to respond quickly to our customers' evolving needs this year, enabling us to fast-track the digitisation and automation of our customer service channels and move more customer interactions online. Our focus on creating new, more flexible ways of working also made it possible for us to quickly transition 25,000 office-based employees to working from home arrangements at the start of the COVID-19 pandemic. Despite the unprecedented disruption our people have faced this year, our sustainable employee engagement score was well above target at 83 per cent, an increase of 16 points from last year.

We are now past the halfway point in delivering T22 and are convinced our strategy leaves us well positioned to respond to whatever lies ahead.

Looking forward

A word so-often used during the COVID-19 and Australian bushfire crises has been "unprecedented". Unprecedented in terms of the impact on the economy; unprecedented in the magnitude of the effect on communities and individuals; unprecedented in the level of uncertainty about the future.

What is also unprecedented are the opportunities.

To create and accelerate the creation of a digital economy as the world enters a fourth industrial revolution.

To embrace a kinder, cleaner, more empathetic and prosperous world.

To ensure technology and connectivity benefit everyone and are useful in tackling some of the world's biggest challenges.

And to continue to have - central in our business - a focus on social responsibility and environmental sustainability.

These are the things Telstra is focused on in fulfilling our Purpose to build a connected future so everyone can thrive, and our progress towards them is detailed in this report. We hope you enjoy it and welcome your feedback.

Andrew R Penn
CEO and Managing Director

John P Mullen
Chairman

FY20 highlights

$26,161m [2]
Total income

$1,839m
Net profit after tax

Strategic Net Promoter Score up

4 points

from FY19

32.3%
female representation

across Telstra Group, up **1.3%** from FY19

Sustainable engagement
score of 83

up 16 points from FY19

Helped ~ 2.6 million customers

to stay connected through COVID-19 support packages

55% reduction in emissions intensity

from a baseline year of FY17

Provided ~$150m of value

through our social and community investment programs

Certified as carbon neutral

in July 2020

23,000 people trained

through our digital capability programs

3,923t of e-waste collected

with a recycling rate of 100%

[2] Excluding finance income

About Telstra

Telstra is Australia's leading telecommunications company.
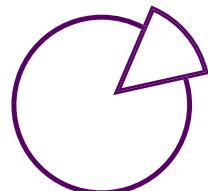
Our Purpose is to build a connected future so everyone can thrive. That is why we build technology and content solutions that are simple and easy to use, including Australia's largest and fastest national mobile network: our world-leading networks reach 99.5 per cent of the Australian population.

In Australia we provide 18.8 million retail mobile services and 3.8 million retail bundle and data services. We also facilitate over 2,000 network points of presence in more than 200 countries and territories around the world.

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

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

For more information about our business structure and strategy, please refer to our 2020 Annual Report.

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

~350
retail stores around Australia

960,000
standalone voice customers

3.8 million
retail bundles and standalone fixed data services

18.8 million
domestic mobile retail customer services

28,959
employees

located across
14 countries

More than
400,000km
of subsea cable

Over
2,000
network points of presence across the globe

Mobile networks covering
99.5%
of Australia's population

Our changing world

Technological disruption is fundamentally changing the way the world works.

Even before the COVID-19 pandemic, businesses and communities were responding to shifts that would have seemed unimaginable even a few years ago. COVID-19 has accelerated this revolution and Australia's trajectory towards a digital economy.

Throughout the pandemic technology has played a central role, providing access to education, healthcare, work and critical services amidst physical isolation and social distancing. This experience, along with the 2019-20 Australian Bushfires, has underlined the critical importance of telecommunications networks, and the value of our T22 strategy to transform Telstra.

The reasons we introduced T22 two years ago – a need to rapidly simplify and digitise our business, remove customer pain points, and introduce new ways of working – have never been more relevant or necessary. These initiatives have been key to our ability to respond quickly to the many challenges presented this year, for our people, our customers and our communities.

> As well as keeping us connected throughout a challenging year, telecommunications and digitisation are key to our future prosperity.

While the pace of change and innovation is having a transformative effect, it is also raising important questions about digital skills and access, the ethical and privacy implications of emerging technologies and the future of work. These questions make it more important than ever that we deliver our products and services fairly and ethically, and champion their responsible use. As a leading telecommunications company, we have a particular responsibility to help bridge the digital divide and ensure no one is left behind.

*Photo taken prior to the introduction of physical distancing requirements

When considering what it means to be a responsible business in the 2020s, it is clear that how we do business is just as important as why we do it. Community trust in institutions reached a new low point at the end of the last decade, yet in a short space of time more and more corporates, like Telstra, are standing up on important issues, like climate change. In doing so we are demonstrating we understand the expectations upon us and our responsibility to support the communities in which we operate. As we look forward, our future prosperity will rely heavily on our ability to leverage the benefits of technological innovation like 5G, Internet of Things (IoT) and Artificial Intelligence in a more inclusive way, and in a way where we take greater accountability for our impact on individuals, on society and on the world in which we live.

As technology continues to rapidly evolve and our competitive environment and industry move with it, we must also continue to evolve our business, culture and role in society. We are well positioned to leverage our brand and reputation, a growing customer base, world-leading networks and cutting-edge technologies to maintain our position as Australia's leading telecommunications provider and, most importantly, to achieve our Purpose to build a connected future so that everyone can thrive.

For more information on our progress in implementing our T22 strategy, please refer to our 2020 Annual Report.

Our sustainability approach

Thriving in a digital world

In an increasingly inter-connected world, digital technology is disrupting traditional operating models and helping society to respond to major issues in a more agile and scalable way – from managing the impacts of climate change to making healthcare and education more universally accessible.

As a large telecommunications and technology company, Telstra has a role to play in helping our customers and society adapt to technological change and the opportunities it brings. We want everyone to thrive in a digital world.

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

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

	Responsible business	We will be a sustainable, globally trusted company that people want to work for and with.
	Digital futures	We will foster strong, inclusive communities that are empowered to thrive in a digital world.
	Environmental solutions	We will use technology to address environmental challenges and help our suppliers, customers and communities do the same.

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

Sustainability governance

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

The sustainability team is responsible for championing and embedding sustainability principles across Telstra, managing the risks and opportunities related to current and emerging sustainability issues, and working with the business to deliver social and environmental programs and outcomes for our customers and communities. The team also oversees the implementation of the Sustainability Strategy, working closely with the business to ensure key targets and performance indicators are met.

Our sustainability approach is supported by a number of Telstra Group policies, including the Telstra Group Code of Conduct, and our Diversity and Inclusion, Health and Safety, Privacy, Human Rights, Environment and Disability Services policies. The Supplier Code of Conduct sets out our expectations of business partners and suppliers.

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

Board and committees
Oversee and monitor the effectiveness of our Sustainability Strategy and policies, and approve key initiatives and disclosures.

Telstra executive
Approves our Sustainability Strategy and policies, as well as key initiatives and disclosures. Receives ad hoc progress updates as required.

Sustainability, External Affairs & Legal
Works across the business to implement the Sustainability Strategy and manage sustainability related risks and opportunities.

Telstra policies and processes	Stakeholder engagement	Non-profit partnerships	Program investments and key initiatives

FY20 performance

● Achieved   ● On track   ● Not achieved

Focus area	2020 target	SDG priorities alignment	Progress	More info
Responsible business				
Ethics and governance Being ethical, responsible and transparent in how we do business	100 per cent completion of our new enterprise-wide values-based conduct training	Goal 8	● 89.4% of Telstra Group employees, contractors, contingent workers and partners completed the values-based conduct training	See page 17
Culture and capabilities Creating a world-class workplace where our people can thrive	Achieve a sustainable engagement score that is in line with the global high performing norm by 2022	Goal 5[3] Goal 8	● Achieved a sustainable engagement score of 83 per cent, up 16 points since FY19	See page 39
Digital futures				
Networks Delivering leading telecommunications networks	Achieve commercial deployment of 5G in major cities and high demand regional centres[4]	Goal 9	● 5G deployed in selected areas within 53 major and regional cities and towns across Australia	See page 47
Everyone Connected[5] Ensuring everyone can enjoy the benefits of being connected	Provide tailored support, products and services to enable 1.5 million people to connect or thrive online	Goal 9	● Provided tailored support, products and services to an additional 306,000 people this year, bringing the total to 1.65 million people over three years	See page 51
Tech for good Using the power of technology to enable all young people to thrive	Invest $18 million from FY18 to FY20 in Telstra Foundation funded initiatives designed to support young people to thrive in a digital world	Goal 8 Goal 9	● Invested $5.3 million in Telstra Foundation funded initiatives to help young people to thrive in a digital world, bringing total investment since FY18 to $17.3 million	See page 61
Environmental solutions				
Climate change and energy Mitigating climate change impacts and helping our customers and communities to do the same	Reduce carbon emissions intensity (tCO_2e per petabyte) by 50 per cent, from a baseline year of FY17	Goal 13	● Reduced carbon emissions intensity ($tCO2$-e per petabyte) by 55 per cent, based on a baseline year of FY17	See page 72
Environment and resource efficiency Using resources efficiently and minimising environmental impacts across our value chain	Reuse or recycle 60 tonnes of mobile phones and accessories over the next three years	Goal 9	● Collected 19.7 tonnes of mobile phones and accessories for reuse or recycling this year, bringing the total to 59 tonnes over three years	See page 74

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[3] For further targets relating to Goal 5 please see our 2020 Corporate Governance Statement

[4] The wording of this target has been updated to reflect the wording published in our T22 strategy document.

[5] This target comprises our efforts to support customers in vulnerable circumstances (including programs such as our Access for Everyone program and Disability Equipment program) and our digital capability programs (face to face and online training only). For more information see the Report Glossary

Material topics

Each year we conduct a materiality assessment to ensure we are responding to the environmental, social and governance (ESG) issues, risks and opportunities of greatest significance to our stakeholders, society and the long-term sustainability of our business.

We undertake our assessment in accordance with the Global Reporting Initiative Standards (GRI Standards). Each year we consider materiality in the context of emerging global trends, key stakeholder interests, sustainability best-practice, and our overall corporate context. Our findings inform our sustainability agenda and programs, internal risk assessments, stakeholder engagement and reporting.

We identify topics by reviewing a broad range of primary and secondary sources, including direct stakeholder engagement and feedback. This year our direct engagement included reaching out to over 130 of our key community stakeholders, as well as over 100 ESG and institutional investment analysts to get their view of our most material sustainability topics.

To enable us to take a broader view of the significance of each topic, we modified our assessment methodology this year. Where we previously identified and prioritised topics of greatest significance to our stakeholders, and compared them to Telstra's business priorities, this year stakeholder priorities were compared against the ESG impact of each issue for Telstra, our peers and customers, and for the environment, economy and society more broadly.

We also considered the impact of COVID-19 on our assessment results. As our initial assessment was undertaken in February, we revisited several key inputs in May to help us to better understand the impact of the pandemic for our customers, people, stakeholders, business and society more broadly. From this review we saw an increase in the materiality of several topics including Health, safety and wellbeing; Community investment; Maintaining trust and Product and service responsibility; as well as topics relating to keeping people connected, such as Digital inclusion; Product and service innovation and the Future of work.

Beyond these shifts, the overall results of this year's assessment remain largely consistent with previous years, particularly with regard to our most material issues.
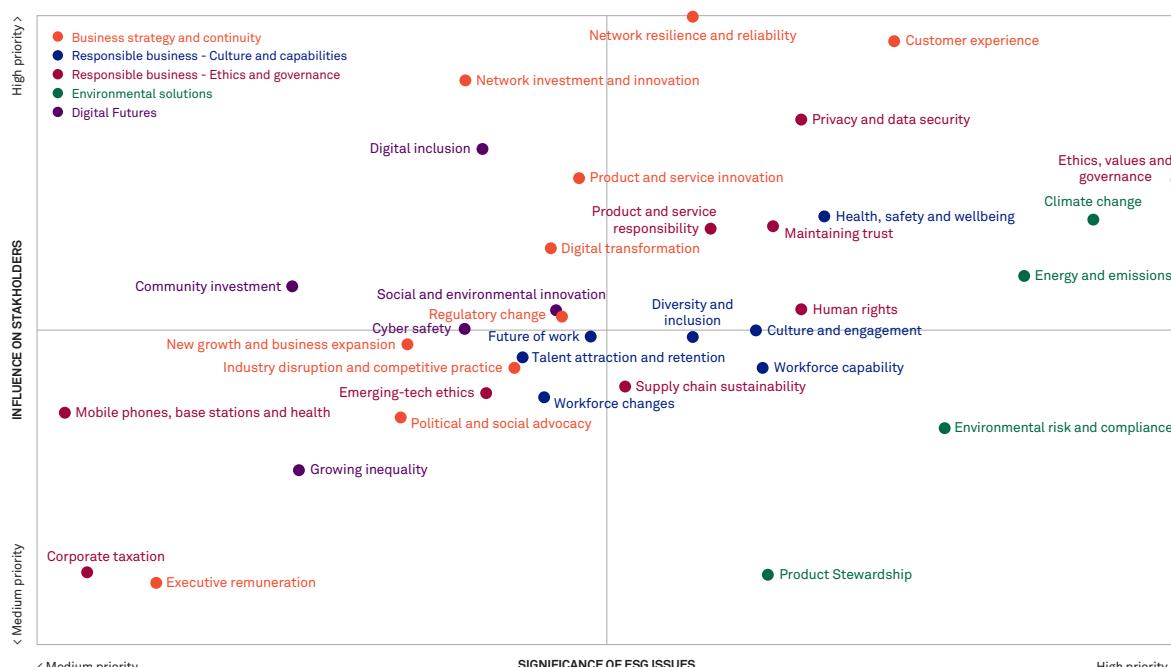
All high and medium priority topics identified through this year's assessment are listed in the matrix below. Detailed information on these issues, as well as how we are managing them, can be found throughout this Bigger Picture 2020 Sustainability Report. Where applicable, more information may also be found within our 2020 Annual Report.

For definitions of our material topics, see our Report Glossary, available in the Data and downloads section of our report website.

For more information on how we have measured Telstra's impact in relation to each of these topics in FY20, see the Our value chain section of our report website.

Emerging topics

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

Legend:
- Business strategy and continuity
- Responsible business – Culture and capabilities
- Responsible business – Ethics and governance
- Environmental solutions
- Digital Futures

Matrix axes: High priority / Medium priority (vertical, INFLUENCE ON STAKEHOLDERS); Medium priority / High priority (horizontal, SIGNIFICANCE OF ESG ISSUES)

Topics plotted: Network resilience and reliability; Customer experience; Network investment and innovation; Privacy and data security; Digital inclusion; Ethics, values and governance; Product and service innovation; Health, safety and wellbeing; Climate change; Product and service responsibility; Maintaining trust; Digital transformation; Energy and emissions; Community investment; Social and environmental innovation; Diversity and inclusion; Human rights; Regulatory change; Cyber safety; Future of work; Culture and engagement; New growth and business expansion; Talent attraction and retention; Industry disruption and competitive practice; Workforce capability; Emerging-tech ethics; Supply chain sustainability; Mobile phones, base stations and health; Workforce changes; Political and social advocacy; Environmental risk and compliance; Growing inequality; Corporate taxation; Executive remuneration; Product Stewardship

# Managing material impacts across our value chain
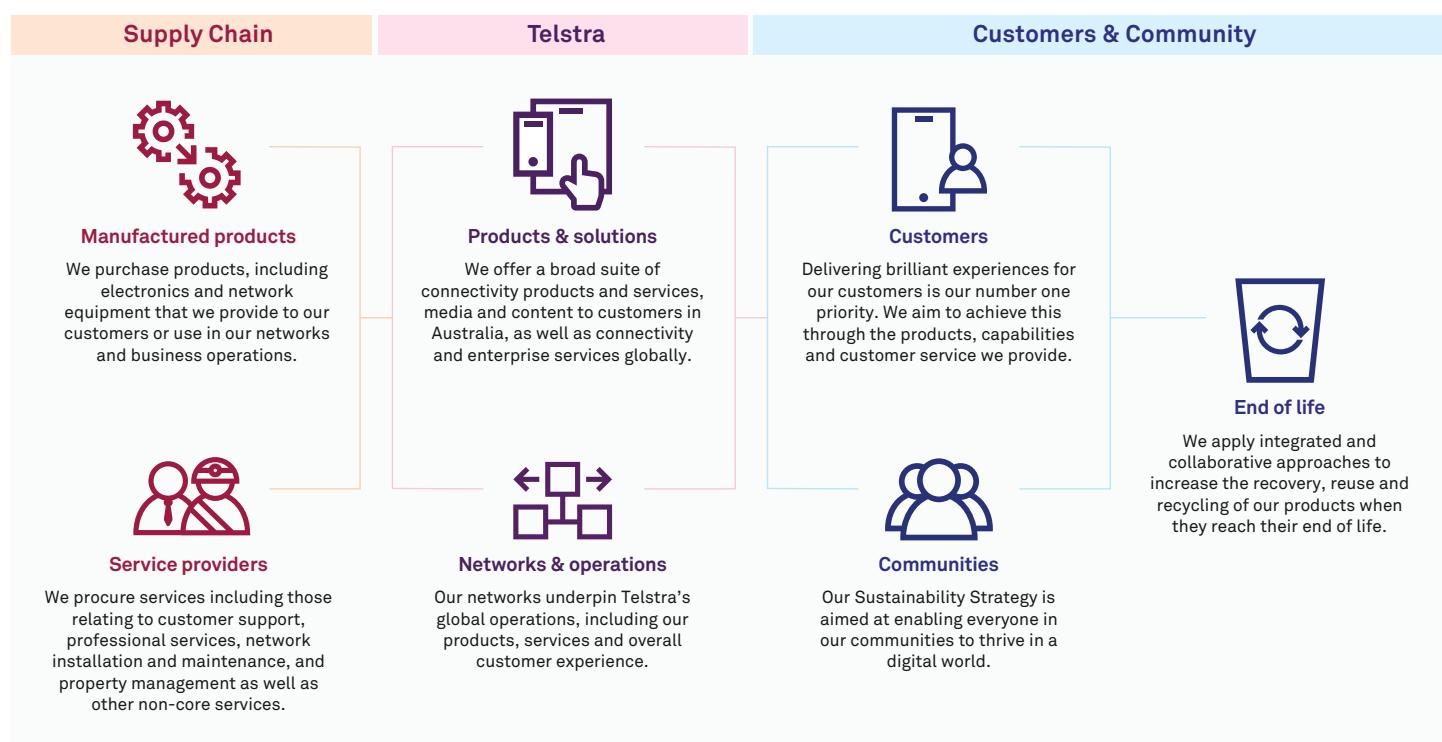
Telstra's influence extends beyond our own operations and as a result, so do our economic, social and environmental impacts.

We therefore hold a broad view of how we manage risk and create value for our business and stakeholders. In accordance with the GRI Standards, the infographic below identifies the key stages of Telstra's value chain, including our supply chain, our direct operations, our customers and communities, and product end of life.

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

For an interactive view of the key stages and structure of our value chain, including our key stakeholders, SDG priority targets and material topics, see the Our Value Chain page of our report website.

Our value chain

Supply Chain	Telstra	Customers & Community

Manufactured products

We purchase products, including electronics and network equipment that we provide to our customers or use in our networks and business operations.

Products & solutions

We offer a broad suite of connectivity products and services, media and content to customers in Australia, as well as connectivity and enterprise services globally.

Customers

Delivering brilliant experiences for our customers is our number one priority. We aim to achieve this through the products, capabilities and customer service we provide.

End of life

We apply integrated and collaborative approaches to increase the recovery, reuse and recycling of our products when they reach their end of life.

Service providers

We procure services including those relating to customer support, professional services, network installation and maintenance, and property management as well as other non-core services.

Networks & operations

Our networks underpin Telstra's global operations, including our products, services and overall customer experience.

Communities

Our Sustainability Strategy is aimed at enabling everyone in our communities to thrive in a digital world.

Stakeholder engagement

Stakeholder engagement is the foundation of our approach to sustainability.

We consider our stakeholders to be any group or individual who influences or is impacted by our business.

We are proud of the meaningful relationships we maintain with our stakeholders and regularly engage with key stakeholder groups to ensure we understand their expectations of us, and are responsive to their varied interests and concerns. This helps us to keep abreast of evolving social and environmental issues, and to use stakeholder insights to develop targeted products, services and programs to improve the experience of our customers and communities.

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

We aim to build stakeholder trust by being transparent, responsive and accountable. The following table includes a list of our key stakeholder groups. For information on how we engage with our stakeholders, and their key areas of interest, please see the GRI, UNGC and TCFD Content Index to this report, available via our report website.

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

- Australian Packaging Covenant
- CDP (formerly Carbon Disclosure Project)
- FTSE4Good
- Global e-Sustainability Initiative
- Global Reporting Initiative
- Joint Audit Cooperation
- MobileMuster
- Supply Nation
- Sustainable Development Goals
- Task Force on Climate-related Financial Disclosures (TCFD)
- Telco Together Foundation
- Thriving Communities Partnership
- Transparency International Australia
- United Nations Global Compact (UNGC)

Stakeholder Group	
Customers	Our customers are residential consumers, small to medium enterprises, large companies and organisations, as well as government.
Communities	We engage with our communities wherever we operate, including non-profit organisations and program partners, as well as community groups and individuals local to our operations.
Employees	Our workforce is large and diverse – we have 28,959 employees located across 14 countries.
Government	We engage with government ministers and staff at local, state and federal levels in Australia, and internationally.
Industry	We regularly engage with our sector peers, as well as ICT and telecommunications specific associations around the world.
Shareholders and investment community	Our investment community comprises institutional investors, buy and sell-side analysts, as well as around 1.2 million shareholders, some of whom invest with social and environmental preferences.
Media	We regularly engage with representatives from print, radio, TV, social and online media at a local, national and international level.
Unions	We work closely with the relevant employee trade unions including Community and Public Sector Union, Communications Electrical Plumbing Union and Professionals Australia.
Suppliers	We engage with more than 5,700 suppliers from 91 countries.
Regulators	We work closely with industry regulators in all our markets.

Contributing to the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) comprise 17 goals and 169 targets aimed at addressing the world's most significant development challenges.

Working with government and civil society, businesses have an important role to play in achieving these goals.

At Telstra we see technology as an enabler of action on the SDGs. This is reflected in the focus of our Sustainability Strategy. Our strategy is aimed at helping people to thrive in a digital world. It includes initiatives and targets to address our

impacts and opportunities in relation to the four priority SDGs listed below. Our SDG priorities reflect the areas we believe Telstra is best placed to contribute to, given our role as a major Australian employer and a leading telecommunications and technology company.

For more information on how our SDG priorities are reflected in our Sustainability Strategy, our FY20 performance highlights, and the stages across our value chain where we can make the greatest impact, see the Responding to the SDGs page of our report website.

Priority goals

5 GENDER EQUALITY

We are committed to achieving gender equality at Telstra and have implemented a range of policies, programs and engagement initiatives to help us achieve this goal. Telstra is also a signatory to the UN Women's Empowerment Principles. In FY20 we:

- Achieved 32.3 per cent female representation, up 1.3 per cent from FY19
- Provided around 6,500 smartphones to women impacted by domestic and family violence
- Introduced a new paid parental leave policy in Australia, providing 16 weeks leave to both primary and secondary carers.

8 DECENT WORK AND ECONOMIC GROWTH

We are committed to providing meaningful and productive work. This commitment extends across our value chain and into developing the skills we will require in the future. Our approach is values-led and focused on building a diverse and inclusive workforce that reflects our customers and the countries in which we operate. It is underpinned by our commitment to work to eradicate modern slavery and protect labour rights. It also includes supporting future generations of digital innovators and problem solvers to build STEAM (Science, Technology, Engineering, the Arts and Mathematics) capability. In FY20 we:

- Invested more than $28 million in employee learning and development
- Were the first Australian corporate to introduce a paid Epidemic and Pandemic Leave Policy, including for casuals
- Announced partnerships with five major universities to build skills for the future

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We believe that the more connected people are, the more opportunities they have. We are making significant investments in our network infrastructure to extend our coverage across rural and regional Australia, improve network resilience, and ensure we are able to meet the rising demand for data and content, including through the rollout of commercial 5G services. We also help vulnerable customers to stay connected and our communities to build digital skills and capabilities through our Everyone Connected programs. In FY20 we:

- Helped around 2.6 million customers to stay connected through COVID-19 support packages
- Switched on more than 700 Mobile Black Spot Program sites
- Trained 23,000 people through our digital capability programs

13 CLIMATE ACTION

We believe businesses, and technology companies in particular, have a critical role to play in addressing climate change. As one of the largest consumers of power in Australia we are committed to mitigating our impact and in March this year we announced three climate change ambitions: becoming carbon neutral in 2020, which we achieved in July, enabling renewable energy equivalent to 100 per cent of our consumption by 2025, and reducing absolute emissions by at least 50 per cent by 2030. We are also committed to helping our customers to manage their own environmental impacts using technology, so that we can all move towards a low carbon future that is more resilient to a changing climate. In FY20 we:

- Were recognised on the CDP 2019 Climate A list
- Were certified as carbon neutral across our operations in July 2020
- Reduced our carbon emissions intensity by 55 per cent from a baseline of FY17

About this report

Our reporting

Our 2020 Reporting Suite comprises this Bigger Picture Sustainability Report, the 2020 Annual Report, and our 2020 Corporate Governance Statement.

All of these documents are available to download via our sustainability report website, at www.telstra.com/sustainability/report. Our report website also contains more information regarding our impacts across our value chain, infographics and tables that detail our FY20 performance, and a number of documents to download – such as detailed data tables, our FY20 assurance statement, report glossary and Global Reporting Initiative (GRI) & United Nations Global Compact (UNGC) Index.

The Bigger Picture Sustainability Report is included in our Annual Reporting Suite to provide a detailed overview of our approach and performance in relation to the non-financial issues most important to our stakeholders, as determined through our annual materiality assessment.

The structure of our Bigger Picture 2020 Sustainability Report is aligned to the three pillars and corresponding focus areas of our Sustainability Strategy. Material topics identified through our materiality assessment have been aligned to these areas as relevant. Some topics represent global challenges, such as responding to the threat of climate change and respecting human rights. Others are key challenges for our industry, such as protecting our customers' privacy and data security, and ensuring all vulnerable customers can access the benefits enabled by modern communications technologies.

For each topic we have provided an overview of our approach and progress across the reporting period, including our performance against set targets, with the aim of providing readers with a clear view of how we are addressing our most material impacts.

Reporting standards

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

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

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

Reporting scope

Our sustainability reporting covers the financial year 1 July 2019 to 30 June 2020 (FY20) for Telstra Corporation Limited, unless otherwise stated.

We are working to extend our data collection to fully include our international operations, with a view to broadening the overall scope of our reporting over time. Wherever possible and relevant under the GRI Standards we have extended the scope of this report to include our operations across the Telstra Group, as well as a discussion of any broader impacts across our value chain.

This report covers the activities of Telstra Corporation Limited, including in relation to its Belong-branded mobile and broadband products. Information regarding the controlled entities in the Telstra Group can be found on our website.

Assurance

Ernst & Young (EY) provides limited assurance in accordance with ISAE 3000 over a selection of performance disclosures in our Bigger Picture 2020 Sustainability Report. For FY20, EY's assurance extended to ensuring that a selection of Telstra's FY20 performance disclosures aligned with the targets set in our Sustainability Strategy.

Additionally, we obtain limited assurance over our application of the principle of materiality, as outlined in the GRI Reporting Standards. This provides readers with comfort that we have adequately identified and reported on our material issues.

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

For an overview of the metrics that underwent assurance this year, please see EY's Assurance Statement, available via the Data and downloads page of our report website.

Responsible business

Ethics, values and governance

At Telstra, we are committed to acting responsibly and being transparent and accountable, wherever we operate.

As the world in which we operate evolves, our stakeholders expect more of us as a large, iconic Australian business. Amidst this constant change, our Purpose and Values anchor us and guide our actions.

While technological innovation and digital disruption have opened up new opportunities, they have also highlighted our need to engage with ethical concerns and our responsibility to support, educate and protect the people who use our services.

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

*Photo taken prior to the introduction of physical distancing requirements

Approach

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

Across our operations, we promote a fair and responsible culture through our Code of Conduct and governance policies, mandatory compliance training, and reward employees who demonstrate our values. Along with our purpose and values, our Code and supporting policies guide directors, employees and contractors as well as suppliers and other third-party business partners to uphold our expectation to behave fairly, ethically and in accordance with the law. Everyone is encouraged to speak up and express concerns about improper behaviour.

Progress

In pursuit of our Purpose

We believe it's people who give purpose to our technology.

So we're committed to staying close to our customers and providing them the best experience.

And delivering the best technology.

On the best network.

Because our Purpose is **to build a connected future so everyone can thrive.**

Living our Values

Our Values describe what we stand for and guide the way we do things. At Telstra, we have five core Values:

- Show you **care**
- Make the complex **simple**
- **Trust** each other to deliver
- Find your **courage**
- Better **together.**

Our Purpose and our Values are guiding the decisions we are making and sharpening our focus on who we are as a company and the unique role we play in Australia's future.

Governance at Telstra

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

We comply with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations), which we have early adopted this year.

We regularly review our governance practices in light of both current and emerging corporate governance developments of relevance to our company, to reflect market practice, expectations and regulation as appropriate.

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

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

For more information about governance at Telstra, see our 2020 Corporate Governance Statement.

Understanding and managing risk

Understanding and managing our risks is part of how we work. It helps us meet our strategy and business objectives and our legal and regulatory obligations, and enables us to make informed business decisions and act ethically in the best interests of Telstra Group and our shareholders. For more information on the processes we have to understand and manage our risks, please refer to our 2020 Corporate Governance Statement.

Working ethically

Telstra's Values and Code of Conduct (Code) define how we do business, and inform the behaviours we need to deliver our strategy and meet our customers' expectations. The Code directs us to fair, balanced and ethical decision making, and fosters a culture where concerns may be raised with confidence and our people are protected from detriment from doing so.

At Telstra all directors, employees and contractors in all areas of Telstra and its controlled entities, (and any other person notified that our Code applies to them) are responsible for knowing and understanding and complying with the principles and policy requirements that apply to their jobs and for reporting any concerns or incidents that conflict with the Code. Our Executives and Managers are accountable for creating and promoting a culture in which acting responsibly is core to our daily decisions, and what we need to deliver compliant and sustainable outcomes.

Speak Up

We are focused on driving a positive speak-up culture across our teams and Functions at Telstra. In March 2020, we introduced Speak Up as part of our 2020 Code of Conduct, a new platform where employees can raise concerns which can then be escalated to management to address. Speak Up is part of our focus on building a culture where everyone has a voice, can contribute, and is able to speak up if they see something that isn't right.

Compliance training

Our group wide compliance training 'Business Essentials' is aligned to Telstra's Code of Conduct. It defines what we stand for as an organisation and outlines how everyone is to conduct themselves as we deliver our strategy. Business Essentials covers obligations across topics like health, safety, wellbeing and environment, discrimination and bullying, accessibility, diversity and inclusion, human rights, anti-bribery and anti-corruption, privacy and the Structural Separation Undertaking (SSU), and requirements under our group policies, and where to find more information.

We monitor, manage, and report compliance training completion rates across the Telstra Group, as part of our Group Compliance framework. Employees who fail to complete mandatory compliance training without a valid reason may face disciplinary action.

This year 89.4 per cent of Telstra Group employees, contingent workers, and partners completed the mandatory refresher training. While we did not achieve 100 per cent target completion, a number of factors affected our completion results this year. Firstly, COVID-19 has affected several Functions with staff (contingent workforce) located in India and the Philippines. Once local restrictions are eased staff will complete training as soon as practicable. Secondly, a number of contingent workers were unable to complete training due to difficulties in accessing Telstra's internal systems from their 'home' IT systems. As a mitigation these individuals were provided a copy of Telstra's Code of Conduct.

Commitment to anti-bribery and anti-corruption

Telstra is committed to a zero tolerance approach to bribery and corruption. Our reputation is built on our Values, the professionalism of our employees and we are committed to being a responsible business that does the right thing and meets community standards, by conducting ourselves with integrity, accountability and transparency at all times.

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

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

We exercise caution when offering or accepting gifts or hospitality to ensure it does not and, is not perceived to, improperly influence a business outcome. We provide donations or sponsorships on behalf of Telstra that are in support of legitimate purposes only.

Whistleblowing

Telstra's Whistleblowing Policy and the relevant legislation establish protections to a range of people – including current and former employees, their relatives and dependants, and suppliers – to report concerns about unethical or illegal behaviour, or an improper state of affairs at Telstra. Our Whistleblowing Policy is supported by a confidential process that provides appropriate protections for anyone to report their concerns, a Whistleblowing Service where people can report their concerns anonymously and professional investigators and case managers to investigate any reports. Telstra's Whistleblowing Committee, which is chaired by the Company Secretary, receives any whistleblowing disclosures and oversees an investigation of each matter and any follow-up actions that are required. Our Audit and Risk Committee of the Board of Directors oversees the whistleblowing process.

During FY20, we launched a new Whistleblowing Policy, which expanded the protections and how people could report their concerns in line with new legislation in Australia. We received 144 whistleblowing reports in FY20, which was an increase of 1.4 per cent compared to FY19. We completed 148 investigations in FY20 and in 45 of these investigations the allegations were substantiated in whole or in part, noting that one report might cover multiple matters and the types of issues being reported vary in terms of the seriousness of the allegation.

To report a matter, visit Telstra's Whistleblowing Service.

Political contributions

In line with our sustainability strategy commitments, we make donations and partner with many community and non-profit organisations. In line with other major publicly listed companies, we do not make cash donations to political parties. We do however, pay fees to attend or facilitate events which allow for discussion of major policy issues with policy makers and opinion leaders that may be organised by political parties or related entities. These payments can be considered as political donations in some circumstances, and are therefore declared to the relevant electoral commission or government agency as appropriate.

Managing our tax affairs

Our approach to tax strategy and governance

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

Our Tax Risk Management and Assurance Policy is reviewed and approved on a three-year cycle by the Audit and Risk Committee of the Board. It is also reviewed annually by the Policy Governance Committee as part of Telstra's group-level suite of policies. In accordance with this policy, we maintain a conservative tax risk profile. All transactions we enter into are based on commercial considerations. We do not take positions that are tax-driven, artificial or contrived, or that interpret a tax law beyond its spirit and intent. In keeping with this approach, we may contest tax rulings or interpretations of tax law where we believe we are correct (even if a revenue authority expresses a different view). Where appropriate, we minimise tax risk and uncertainty by obtaining sign-offs from revenue authorities. Material tax matters are regularly reported to the Audit and Risk Committee.

We seek to undertake real-time reviews of tax risks on all material transactions and are committed to continuous improvement of our tax compliance systems, processes and practices. We regularly provide tax training and seminars to relevant personnel and keep up to date with the latest tax developments and tax law changes.

We are committed to full transparency and disclosure in our dealings with revenue authorities. This open and cooperative approach includes regular interactions with the Australian Tax Office (ATO) pursuant to its annual Pre-lodgement Compliance Review process. The ATO categorises Telstra Corporation Limited as a "key taxpayer" for income tax and GST as part of its risk rating of the Top 100 public and multinational taxpayers.

We have had the following interactions with the ATO under the Top 100 Justified Trust program:

- Income Tax: We received a High rating in our Tax Assurance Report.
- GST: We received a Medium to High rating in our GST Streamlined Tax Assurance Report.

We continue to apply the Board of Taxation's Voluntary Tax Transparency Code, providing the recommended disclosures in this report and in Note 2.4 of the Financial Statements in the 2020 Annual Report.

Our Australian tax contribution

Telstra makes a significant contribution to Australian commonwealth, state and local government tax revenues. During FY20, we:

- paid $0.7 billion in Australian income tax[1], $0.2 billion in state payroll taxes and $0.1 billion in other Australian commonwealth, state and local government taxes;
- remitted $1.1 billion in net GST (after claiming input tax credits); and
- remitted $0.7 billion in Pay As You Go withholding tax deducted from salaries paid to employees.

In recent years, our annual payment of corporate income tax has averaged approximately 1.8 per cent of total corporate income tax collected by the ATO[2].

The Telstra Group's effective income tax rate was 34.2 per cent, as disclosed in Note 2.4 of the Financial Statements in the 2020 Annual Report.

Our international related party dealings

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

During FY20, our material transactions with our offshore subsidiaries included:

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

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

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

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

[2] Average percentage calculated using our net Australian tax consolidated group cash tax paid divided by ATO net corporate income tax collections for the past three years (i.e. FY17 to FY19) based on the Commissioner of Taxation's Annual Report 2018/19.

Protecting our customers' data and privacy

Approach

We are committed to being transparent with our customers about how we collect, use and manage their personal information.

We manage privacy and data access through our Code of Conduct, policies and security controls which commit our employees to strict standards of privacy and confidentiality, and protect customer data from interference, misuse and unauthorised access. Telstra has robust processes and operational guidelines in place to ensure it complies with all relevant privacy regulations and appropriately manage lawful information requests from government and law enforcement agencies.

Progress

Protecting our customers' privacy

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

Our employees and contractors are subject to the Telstra Code of Conduct, which in addition to compliance with our legal requirements, requires them to treat the personal and confidential information of others with respect at all times.

We continue to adapt our privacy framework by expanding existing practices to reflect new ways of working and by continuing to implement 'privacy by design' principles when developing and assessing new products and services. Our Privacy Statement explains to our customers how we manage the personal information entrusted to us. We undertake regular reviews of the Privacy Statement to ensure that it remains fit for purpose.

Our customers' personal information

We are committed to protecting and securing our customers' personal information and complying with all relevant privacy legislation. We do not share with third parties any information that identifies, or could reasonably identify, a customer except in line with our Privacy Statement, or if we are required or permitted by law to do so.

We also offer Telstra Location Insights which uses aggregated and anonymised data insights that can be supplied to selected third parties to help them address a range of planning challenges in relation to infrastructure, transport, tourism and pandemic suppression. Each request for insights is presented to and considered by our Big Data Risk Council which comprises a broad range of representatives from across Telstra who consider a range of factors including the related risks.

Where approved, the insights are disclosed in an aggregated and anonymised form and do not include any personally identifiable customer data.

In FY20, we had five privacy incidents requiring notification to the Office of the Australian Information Commissioner (OAIC) and one incident which was notified to the UK, French, Dutch and German privacy regulators as required. In all cases, we directly contacted the impacted customers to discuss concerns they may have and offered solutions appropriate to their situation, such as updating customer accounts, covering costs of credit check subscriptions (for customers whose credit history may be at risk) or referral to third party identity and cyber support services.

We also took action to manage or remediate the breaches, which included reviewing policies and procedures, implementing additional controls, and providing additional training and guidance to staff members to ensure processes are correctly followed.

Ethical AI

At Telstra, we purchase, develop, use and sell products that use Artificial Intelligence (AI) and Machine Learning (ML). Living our purpose means we are just as conscious of the potential impacts of AI and ML on our most vulnerable customers as we are of the exciting opportunities they represent to deliver enhanced network performance and a personalised customer experience. We take seriously our responsibility to develop and deploy these products in ways that not only respect the privacy of our customers and the wider community but take into account broader ethical considerations.

We are working closely with the Commonwealth Government and a range of commercial, academic and not-for-profit organisations to pilot the Australian Framework for Ethical AI. In FY20 we participated in designing and refining the eight principles in the Framework, which include concepts such as fairness, transparency, explainability and human-centred values. We have begun testing these in real-life use cases across Telstra and will be reporting back to Government in FY21 to help ensure these principles can be used effectively by Australian businesses to reduce the risk of negative impacts from AI and practice the highest standards of ethical business and good governance.

Managing cyber security

The threat represented by cybercrime is not new. What is new is society's increased cyber-dependency, which allows crime, protest, espionage and errors to happen at an unprecedented pace, scale and reach. This is why we take the security of our customers' data and networks very seriously.

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

Technology

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

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

Process

Our approach to cyber security risk management ensures appropriate ownership, oversight and ongoing risk management. Cyber security subject matter experts provide oversight, and our risk and internal audit functions independently assure the process.

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

People

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

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

In addition, our CEO, Andrew Penn, Chairs the Cyber Security Industry Advisory Panel where we have had the opportunity to work closely with the Government on recommendations for developing and maintaining sovereign cyber resilience and maximising the benefits to all Australians of a connected global economy.
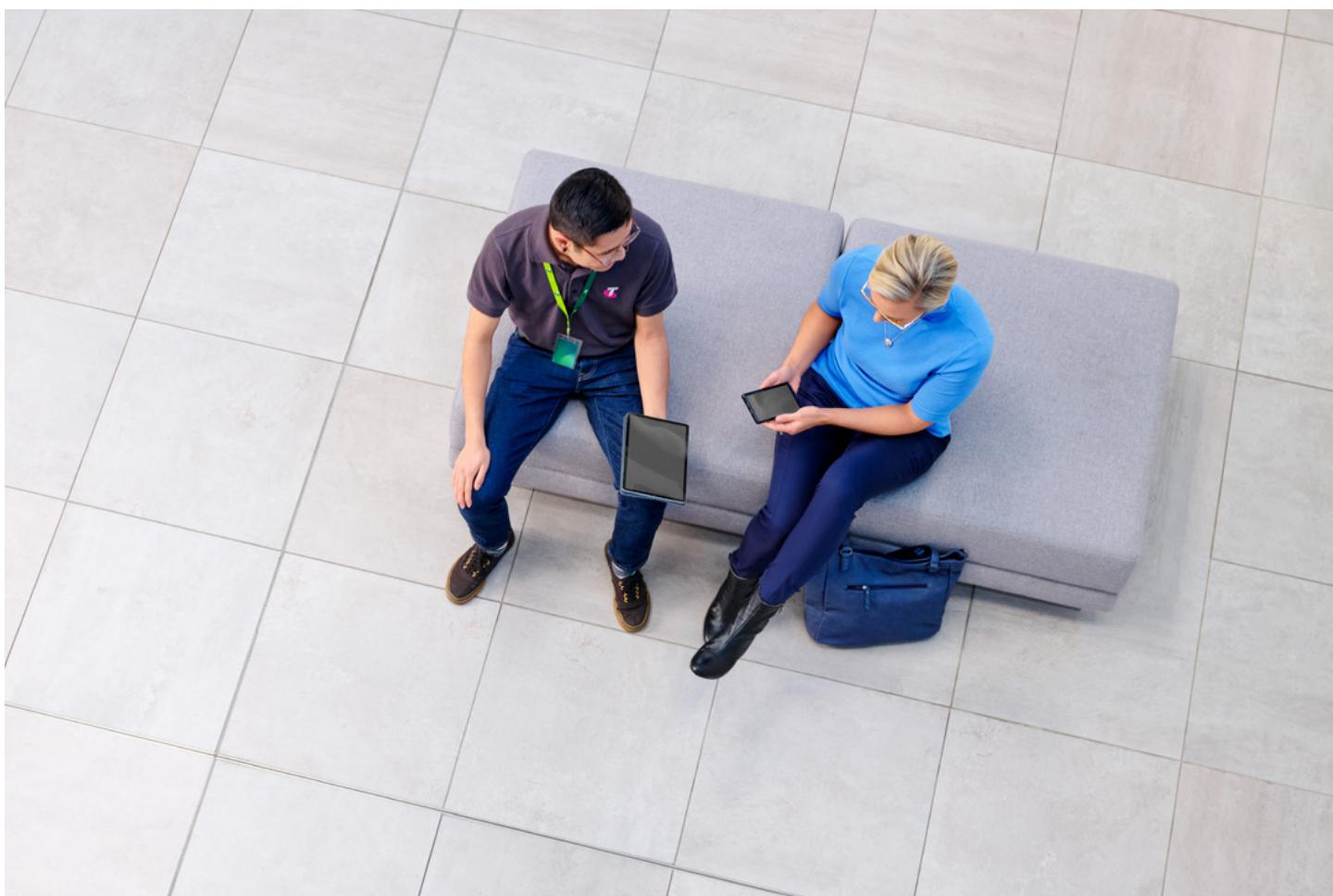
Cleaner Pipes initiative

Cyber threats continue to shift, evolve and increase and as the threats evolve so must our response. In FY20 we announced our Cleaner Pipes initiative to further reduce instances of customer data being compromised through malware, ransomware and phishing. Cleaner Pipes involves upscaling our Domain Name System (DNS) filtering, where millions of malware communications are being proactively and automatically blocked every week as they try to cross our infrastructure. DNS filtering enabled us to protect Telstra customers from around 50 malicious domains associated with COVID-19 scams.

We are also now working to implement new technical controls across our voice and SMS platforms to further reduce this harm. This aligns with work across the telecommunications sector including the creation of a draft industry code to reduce scam calls, which is currently open for public comment.

For more information on cyber security, see the Managing cyber security section opposite.

*Photo taken prior to the introduction of physical distancing requirements

Being transparent with our customers

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

We are required by law to assist a range of Government agencies who request customer information for purposes including enforcing criminal law and laws imposing financial penalties, protecting public revenue and safeguarding national security.

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

Types of Law Enforcement Requests	FY20
Telstra customer information, carrier service records and pre-warrant checks	68,418
Life threatening situations and Triple Zero emergency calls	7,139
Court orders	338
DNS Blocking	1,077
Warrants for interception or access to stored communications	3,394
Total	**80,366**

We support any effort to make the internet a safer place for all users.

Removing abhorrent violent material

Following the Christchurch terrorist attack in 2019, the Commonwealth Government passed laws to prevent abhorrent violent material from being accessed widely on the internet. As a Carriage Service Provider (CSP), Telstra is directed to block Abhorrent Violent Material (AVM) domains via a formal lawful request, pursuant to s313(3) of the Telecommunications Act 1997.

Additionally, to comply with the legislation we must also proactively notify the Australian Federal Police (AFP) if we become aware that any internet, content or hosting service we provide can be used to access material which records or streams abhorrent violent material; and we must quickly remove or cease hosting such material.

Blocking copyright infringement

The Federal Court of Australia has ordered most CSPs and Internet Service Providers (ISPs) — including Telstra — to block access to certain websites hosted overseas that 'infringe, or facilitate the infringement of, copyright'.

Managing our supply chain

Approach

As a major telecommunications and technology company, we rely on a large and complex supply chain. Our scale gives us the opportunity to work with our suppliers to positively influence their environmental, social and ethical performance.

Our Supplier Code of Conduct sets out the minimum standards we expect from our suppliers and forms part of our standard purchasing terms. Through our policies, supplier governance framework, training and audit program, we work with our suppliers to assess whether they are meeting our standards.
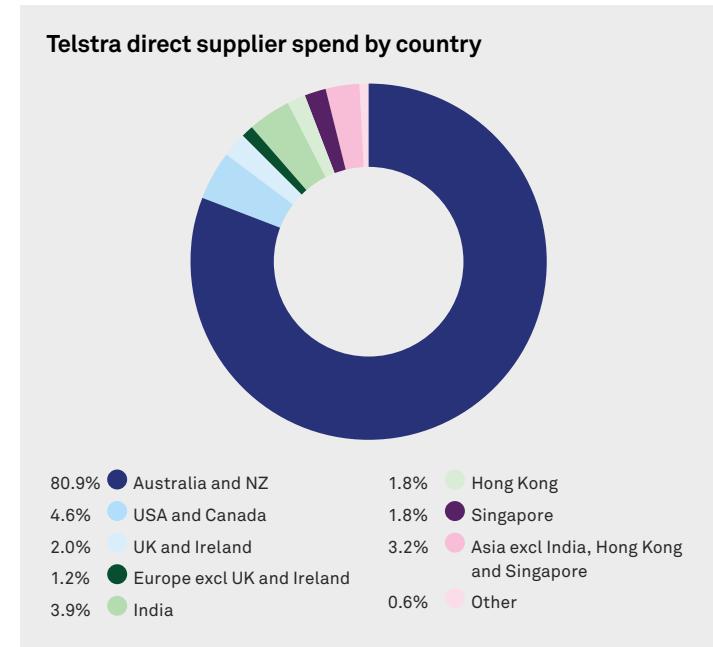
Where we identify concerns about supplier performance, we engage constructively with the supplier, driving improvement to deliver the best outcomes for the workers we are seeking to protect, the community and the environment. In instances where suppliers are not willing to improve their performance, despite our attempts at engagement, we may withdraw from contracts or switch to alternate suppliers.

Our supply chain

Our supply chain is large, complex and constantly changes as we award or change contracts. In FY20, we engaged directly with more than 5,700 suppliers from 91 countries and approximately 80 per cent of our total spend was with 100 suppliers. In addition, our direct suppliers often have many suppliers of their own, who then also rely on suppliers and so on.

Our largest category of spend is information and communications technology (ICT) (51 per cent). These items are provided directly to customers, used to provide and manage our network and data services, or used by Telstra employees. It also includes services that relate to developing and programming software, and providing technology support to our customers and people.

Construction and physical network infrastructure maintenance represents 24 per cent of our total spend. The remaining 25 per cent of procurement spend is on non-core activities, such as professional services, travel and uniforms.

Telstra direct supplier spend by country

80.9%	Australia and NZ	1.8%	Hong Kong
4.6%	USA and Canada	1.8%	Singapore
2.0%	UK and Ireland	3.2%	Asia excl India, Hong Kong and Singapore
1.2%	Europe excl UK and Ireland	0.6%	Other
3.9%	India		

More than 90 per cent of what we spend directly is with suppliers based in low-risk countries, as defined by the OECD. Many of our suppliers have Australian-based subsidiaries with whom we deal directly. As a result, a high percentage of our direct spend is within Australia. However, geography is only one factor we use in assessing the overall risk of a supplier and we do look beyond our first tier of suppliers in making these assessments.

Telstra's Supplier Code of Conduct

Our Supplier Code of Conduct (the Code) is aligned with ten universally accepted principles of the United Nations (UN) Global Compact, Responsible Business Alliance (RBA) Code of Conduct, and Joint Audit Cooperative (JAC) Supply Chain Sustainability Guidelines, as well as legislative obligations such as the Modern Slavery Act (UK) 2015 and the Modern Slavery Act (Cth) 2018. The Code was updated in February 2020 to include enhanced requirements in relation to climate change, responsible sourcing of minerals and grievance procedures for employees.

A copy of the updated Code with a message from our Chief Executive was communicated in March to our 4,500 suppliers engaged year to date. Other suppliers received this Code as part of our supplier onboarding process. This year, our Chief Procurement Officer hosted our second supplier forum with a number of our top 100 suppliers to discuss the updated Code and the enhanced requirements added in the February 2020 refresh. The forum provided an opportunity to discuss best practice and reinforce Telstra's expectations with our key suppliers, as well as how they can work with Telstra towards a low carbon future. For more information on how we work with our suppliers on their social and environmental impact, see the Social and environmental outcomes with suppliers section of this chapter.

Progress
Supplier risk management

To help make more informed purchasing decisions, we continue to refine our Supplier Governance Framework, which assesses suppliers against twelve categories of risk (see diagram). We consider labour practices, environmental practices, health and safety, and bribery and corruption risks as part of sustainability risks. We assess these risks as part of our selection and contract renewal process using a combination of due diligence reports, questionnaires, document review and, where warranted, onsite audits. A supplier's ability to meet or exceed Telstra's minimum standards set out in Telstra's Supplier Code of Conduct is a key consideration for Telstra when we make purchasing decisions.

Supplier risk types

Operational	Commercial	Business Resilience	Privacy
Fraud	Information Security	Health & Safety	Anti-Bribery Anti-Corruption
Trade Sanctions	Export Controls	Labour Practices	Environmental Practices

This year, to help us gain a more in-depth understanding of our suppliers, we engaged a third party to perform Enhanced Due Diligence (EDD) screening over 1,100 suppliers that we engage regularly. As part of EDD screening, suppliers are screened against public records, such as, company registry records, media reports and civil litigation, regulatory, criminality and bankruptcy checks. We have completed EDD screening over 500 suppliers and will continue to monitor these suppliers. EDD screening will continue to be rolled out across Telstra in FY21 and as part of our selection and contract renewal process.

To assist everyone involved in purchasing decisions understand how to apply our Supplier Governance Framework, we provide mandatory online training. This training provides our people with an overview of their responsibilities, and the tools and resources that can help manage supplier risk. Successful completion of the training requires participants to pass an online assessment with a score of 80 per cent or above. This year, we extended this training to all employees who interact with suppliers as well as all members of our executive leadership team, meaning almost 4,000 people completed it. This was a significant increase on FY19, where 1,100 people undertook this training. We will continue to roll it out across Telstra in FY21, with completion rates monitored by our Learning team.

We have approximately 200 procurement specialists who support us with complex high value purchases. These specialists are required to follow more stringent requirements and to complete an additional annual online training program explaining their responsibilities and providing information on controls such as strict rules around accepting gifts and hospitality. This year, 100 per cent completed the training.

*Photo taken prior to the introduction of physical distancing requirements

*Photo taken prior to the introduction of physical distancing requirements

Monitoring compliance

We expect our suppliers to monitor their own and their suppliers' compliance with our Supplier Code of Conduct and to ensure timely correction of any identified non-conformance. We also require them to notify us if they become aware of an actual breach or reasonable likelihood of breaching of the Code and provide tools to help our suppliers notify us, such as an online portal to disclose conflicts of interest relating to Telstra employees and concerns about working conditions. We review all disclosures and the information provided is used to help us learn from incidents, prevent reoccurrence, monitor compliance with the Code, and better manage our relationships.

It is important to us that anyone can report concerns about illegal, unethical or improper conduct and we encourage our people to report anything which they feel is not right to their manager or via Telstra's "Speak Up" platform. Speak Up was introduced to give employees a channel to raise concerns about something that could be negatively impacting our customers, employees or suppliers, or not working as it should be. Speak Up empowers our employees to raise issues they feel need management attention so these can be investigated

right away. In addition, Telstra's confidential and anonymous whistleblowing service is accessible in eight languages to our people, suppliers and their workers. For more information see the Whistleblowing section of this report.

We work with our suppliers to assess whether they are meeting the requirements of the Supplier Code of Conduct in a number of ways. This includes conducting governance meetings, reviewing reports and public records, and undertaking questionnaires and audits. The approach we take is based on the nature of the risks, and the category of the goods or services being provided.

This year we reviewed our supply chain risk profiles and how we categorise our purchases. This reconfirmed that for Telstra, sustainability risks are more likely in the ICT products and services, and construction and physical network infrastructure maintenance categories, which are also our two largest categories of spend. Within the remaining categories of spend, we have identified branded apparel and merchandise manufacturing, agriculture, and cleaning and waste management as categories warranting specific attention. We focus on these areas in the remaining categories due to the use of low skilled and low wage labour, together with the potential for environmental damage within these industries' supply chains.

Questionnaires and audits

We monitor sustainability risks through a combination of internal and external questionnaires and site audits. This year, 65 of our higher risk suppliers were selected to complete detailed questionnaires and, provide evidence to support their responses. These questionnaires have been designed using internal and external supplier sustainability experts and are aligned with industry standards. This year, we updated our questionnaires to make it simpler for suppliers to respond by focusing on questions which enable us to validate the evidence provided in the questionnaire responses and work with the suppliers to improve their performance. In some cases, a site audit is required in addition, or instead of, a questionnaire.

This year, 56 sites across 32 suppliers were selected to complete onsite audits by an independent third-party auditor. For some suppliers we audit only their site (i.e. tier one), and in other cases we audit as far as three tiers down the supply chain. Our audits include and align with industry standards, set by Responsible Business Alliance (RBA) and Joint Audit Cooperative (JAC) for onsite compliance verification and effective, shareable audits.

This year, we began expanding our audits to include other third parties, such as our retail channel partners. As a pilot, 10 retail channel partners, which account for approximately five per cent of total number of retail channel partners, were audited. In order to share lessons from the pilot across all our retail channel partners, a virtual education and awareness session was held with over 120 representatives from our retail channel partners in attendance. In FY21, we will consider the outcomes of the pilot to review a sample of our partners' sustainability practices each year.

Number of site audits undertaken

Categories	FY18	FY19	FY20
Information and Communications Technology (ICT) sector	40	45	43
Construction and physical network infrastructure maintenance	-	1	3
Other categories, including branded apparel and merchandise manufacturing, agriculture, and cleaning and waste management	4	7	-
Other third parties, including licensees	-	-	10
	44	**53**	**56**

As well as relying on site audits, our Contractor Management Centre of Excellence (CMCoE) team also undertake their own internal audits of our construction and physical network infrastructure maintenance suppliers, where health and safety is a significant risk. In FY20, more than 1,500 health, safety and environment internal audits were undertaken.

*Photo taken prior to the introduction of physical distancing requirements

Remediation

We review the findings of all our supplier audits. Where problems are identified we work with the supplier to develop corrective actions with agreed timeframes as part of the remediation plans. We then work constructively on the corrective actions, and review evidence provided to justify closing the audit findings.

Findings from the audits conducted in FY20 identified 14 critical and unacceptable findings, with working hours and health and safety being the most common areas of concern. These areas are being addressed as part of the corrective actions identified. Once addressed, these corrective actions are independently verified through a follow-up audit before being closed. In FY20, 40 corrective actions relating to the critical and unacceptable findings from FY19 were closed. In instances where suppliers are not willing to improve their performance, despite our attempts at engagement, we may terminate supply contracts and/or switch to alternate suppliers.

Our Modern Slavery Statement provides examples of instances where we have become aware of unacceptable conduct by suppliers and taken steps to remediate this.

Industry cooperation on supply chain

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

In 2018, we joined JAC, an association of 17 global telecommunications operators that pools results of site audits of common suppliers. JAC's audits aim to verify that suppliers comply with internationally-recognised sustainability standards within global supply chains. Since 2010, JAC has conducted over 500 audits in 37 countries, covering more than one million workers. In FY20, 29 Telstra suppliers participated in JAC-appointed audits and are included in the summary of audits completed and associated findings above.

Our Modern Slavery Statement provides details of how we are working with the global telecommunications and information technology industries to investigate allegations of labour rights abuses in the global ICT supply chain.

Social and environmental outcomes with suppliers

Our supported and Indigenous workforce

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

Through the Indigenous Workforce Program (IWP) we partner with 19 local Indigenous small businesses and Ranger groups to undertake cleaning and grounds maintenance at regional and remote sites across Queensland, the Northern Territory and Western Australia. The IWP supports the employment of more than 67 people at over 550 sites.

Choosing Indigenous suppliers

As part of our Reconciliation Action Plan (RAP), we have made long term commitments to increasing our annual spend with Indigenous suppliers, creating a more inclusive and sustainable supply chain. This year we have engaged seven new Indigenous businesses for the first time, building the breadth and depth of our engagement. In FY20 we spent just under $3 million with Indigenous suppliers, up from last year but disappointingly short of our FY20 target of $4 million.

This shortfall can largely be explained by the business-wide impact of COVID-19 on procurement spending. All categories of spend were affected and Indigenous businesses were no exception. Some areas of opportunity such as events catering, which are an important category of our spending with Indigenous businesses, came to an abrupt halt, whilst others such as the need to procure rapidly large volumes of Personal Protective Equipment (PPE) presented unique opportunities to engage Indigenous Businesses. As a result, we were able to work with three different Indigenous businesses to source PPE both directly and indirectly. This was a good example of the responsiveness and ingenuity of the Indigenous business sector but did not entirely offset the reduction in spend in other areas.

This year we also joined Meereeng 50, the inaugural Indigenous Business Accelerator. Meereeng 50 is a collaboration between Kinaway Chamber of Commerce Victoria, PwC's Indigenous Consulting, University of Melbourne and a cross-sector selection of buyers. It is focused on building capacity within, and the growth of, Aboriginal and Torres Strait Islander businesses in Victoria. Meereeng 50, though impacted heavily by COVID-19, has proved a beneficial connection point resulting in the purchase of PPE gear and the onboarding of a supplier to our Professional Services panel, as well as supporting many more conversations.

Working together - social enterprise partnerships

We have partnered with social enterprise, PonyUp for Good since 2018. This partnership supports us to deliver innovative environmental and social outcomes as a part of our commitment to both the environment and the communities in which we operate.

PonyUp takes decommissioned equipment, securely erases any data and then re-markets it in bulk. PonyUp then donates 50 per cent of profits to SecondBite, Australia's largest fresh food charity. Anything unable to be reused is recycled with up to 95 per cent diversion from landfill.

Our PonyUp partnership has kept 6,476kg of old technology out of landfill this year. We have found reuse channels for 22 per cent of this old technology, resold the remaining equipment and used the sale funds to donate 9,491 fresh meals through SecondBite.

We also partner with social enterprise, Beehive, on packaging solutions. Beehive currently makes recycled and recyclable paper return satchels that we are using as part of a shift away from plastic materials. This partnership has enabled Beehive to fund support services such as low-cost meal preparation, English classes, digital inclusion and employment classes, employment readiness training and support in communities for seniors, long-term unemployed and people living with disabilities. In FY20, the transition from plastic to recycled paper satchels enabled us to remove more than 135,000 plastic satchels from landfill. We will continue to look for opportunities to grow our relationship with Beehive across different areas of the business.

Providing our suppliers with support and building capacity

We collaborate with industry bodies and not-for-profit organisations to support our suppliers to improve their environmental, social and ethical performance. As part of JAC, we are working with five suppliers to build their capability to assess and improve the environmental, social and ethical performance within their own supply chains. Once trained, these suppliers were able to complete audits of their own. In FY20 these suppliers performed 11 audits which are included in the summary of audits completed and associated findings above.

In FY20, we commenced a three-year partnership with the CDP Supply Chain Program (formerly Carbon Disclosure Project), a not-for-profit organisation which supports disclosure of environmental impacts. In partnership with CDP, we delivered training and support to 100 suppliers to help them disclose their Greenhouse Gas (GHG) emissions and environmental impacts to Telstra and CDP, where they were not already doing so. As part of JAC, we also invited 160 suppliers and factories to attend training run by CDP to provide a step-by-step introduction about how to begin calculating and reporting GHG emissions. We will continue to support these suppliers in FY21 to disclose their GHG emissions and environmental impacts, and to understand their position to reduce GHG emissions.

For information about how we manage our emissions, see the Climate Change section of this report.

Supply chain financing

In FY20 we announced we would improve payment terms for small and medium sized businesses and increase the number of suppliers that would be paid sooner. Under the new arrangements, over 85 per cent of suppliers have their invoices paid within twenty days of Telstra receiving a validly-submitted invoice. We had previously been at the forefront of adopting 30-day payment terms for small businesses, charities, indigenous organisations and disability enterprises, and our most recent change saw a larger number of our suppliers qualify for the shortened payment terms, with suppliers with invoices of up to $2 million annually now receiving 20-day terms. We recognise how important cash flow is to businesses, particularly given the challenging year we have had, and this change has meant more businesses across the country have cash in their hands sooner.

Human rights

Approach

Across our value chain, we aim to ensure that we and our business partners operate with respect for human rights.

Since 2011, we have been a signatory to the United Nations Global Compact, which commits companies to 10 guiding principles on human rights, labour rights, environmental protection, and measures to fight corruption. Our commitment to respect and support human rights is aligned to the UN Guiding Principles on Business and Human Rights, and is outlined in our Code of Conduct and Human Rights Policy.

Understanding our salient human rights issues

In FY20, we conducted our annual review of the human rights contained in the UN Declaration of Human Rights and assessed their salience according the UN Guiding Principles on Business and Human Rights. We determined that, as in previous years, our seven most salient human rights issues are:

Labour rights including:
- forced or compulsory labour
- wages and benefits
- work hours
- child labour

Freedom of association

Health and safety

Privacy and data protection

Anti-discrimination

Anti-bribery and corruption

Access to grievance mechanisms

Progress
Managing human rights

We continue to embed our human rights compliance plan to manage and mitigate our seven salient human rights risks. This year, we refreshed our Human Rights Policy to make it clear that this policy applies to all suppliers, business partners and other third parties doing business on behalf of Telstra. The policy also explains to our people, suppliers and other third parties what we expect of them in relation to human rights at Telstra, including their obligation to consider the human rights impact of their actions and decisions and report any concerns or breaches of the policy.

In addition, we developed a plain English Policy Guidance document to help our people understand what the human rights policy means practically for them in their day to day work. It focuses on understanding human rights and identifying risk factors, by providing illustrations for our people of what relevant human rights breaches might look like and how and where to report concerns. We also developed new human rights training to

be added to our annual Business Essentials compliance training and a role-specific Modern Slavery training module, both of which will be rolled out in FY21 across the Telstra Group.

Human Rights Working Group

Our cross-company Human Rights Working Group (HRWG) brings together representatives from our customer-facing areas, procurement and supply chain, workplace relations, legal, policy, compliance and sustainability to consider how to effectively implement our human rights commitments across Telstra, as well as to consider issues as they arise. The HRWG meets monthly and in FY20 provided input into our new Human Rights policy and guidance, training materials, operational risk mapping, and modern slavery reporting. It also reviewed several instances where suppliers fell short of our expectations in terms of labour rights, as well as examining how we proposed to remediate these. These are reported in more detail in our FY20 Modern Slavery Statement. The HRWG also receives regular follow-up reporting on corrective actions undertaken.

Human rights in our supply chain

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

We prioritise our assessments of our suppliers' human rights performance based on risk and have integrated this process into our broader supplier risk governance processes. This includes our supplier risk assessments, ongoing supplier management and due diligence as well as procurement training for our employees.

For more information see the Managing our supply chain chapter of this report.

Reporting on modern slavery

The UK Modern Slavery Act 2015 requires companies operating in the UK with annual global turnover exceeding £36 million to publish an annual 'slavery and human trafficking statement'. In December 2018, Australia implemented similar legislation to the UK and on 1 January 2019, the Modern Slavery Act 2018 (Cth) came into force. The Modern Slavery Act 2018 (Cth) requires Australian entities with annual consolidated revenue exceeding AUD $100 million to produce an annual statement. The statement must disclose the risks of modern slavery in the entity's operations and supply chains and what they are doing to address those risks. Our work in FY20 has been focused on ensuring we have the appropriate information and risk management frameworks in place to comply with this legislation.

To respond to both these pieces of legislation, we publish an annual Modern Slavery Statement on our website.

Our customers

Approach

As Australians have adapted to working, studying and self-isolating at home in response to COVID-19, demand for connectivity has never been higher.

Our T22 strategy has enabled us to be there for our customers when they have needed us most. T22 is our roadmap to deliver what our customers want. It is a three-year strategy to radically simplify our products and services; improve and digitise the experience for our customers; and simplify how we work so it is easier for our people to deliver great service.

By doing this we are transforming Telstra. We are becoming a company that is easy to interact with, that offers great service and provides easy-to-understand and flexible products, all supported by Australia's largest and most reliable mobile network and world-class technology to deliver a market-leading customer experience.

Progress

Helping our customers to get digital

Digital technologies are rapidly changing the way we live and work in ways we could never have predicted. We have continued to expand on our digital capabilities this year, delivering on our T22 commitment to create great digital experiences for our customers, and enable them to interact more easily with us online. By June 2020 over 72 per cent of our customer service transactions were taking place via digital channels, up from 53 per cent in the year prior.

In March we launched a new My Telstra App, which helps customers to self-manage their services and payments, get help, check for outages and track orders from home. Since its launch, more than 4.3 million customers have become active users of this service. The App enables customers to perform many tasks that previously required assistance, such as applying for payment extensions, and querying a bill. New messaging functionality enables customers to message their queries, and receive a notification when there is a reply, taking away the need to wait on-hold. We now have over 250,000 customers engaging with us via the messaging service each month, through both the My Telstra App and our website. To further help our customers to troubleshoot simple billing and service issues we also created a number of self-service videos and guides, which are available via our website.

We also helped our vulnerable and diverse customers and communities to build digital skills and confidence through our digital inclusion programs this year. For more information, see the Everyone Connected chapter of this report.

Keeping our customers connected

The forced isolation and physical distancing measures introduced during the COVID-19 pandemic have caused our customers to rely more heavily on our services than ever before. Be it for online learning, health appointments, staying in touch with loved ones or keeping a business up and running, being online has never been more important.

Between March and June this year we offered our consumer and small business customers additional mobile data and unlimited broadband data at no extra charge. This data has helped to facilitate videoconferencing, cloud connectivity, streaming and content downloads, all of which are important tools when working, studying and enjoying down-time at home. We also paused all late payment fees and disconnections during this same time period, and offered eligible small businesses who had to cease trading due to COVID-19 the option to suspend their fixed business service, free of charge, until they're up and running again. We made it easier for our small business customers to work from home by discounting digital services and mobile broadband plans, and setting up free Virtual Meeting Rooms to enable video and audio conferencing. These offers have been extended for our customers in Melbourne, who are under increased COVID-19 restrictions, until 31 August.

We have been particularly committed to ensuring our customers in vulnerable circumstances can remain connected during this challenging time. Between March and June this year we provided discounts to eligible consumers and small business customers currently receiving the JobSeeker payment, and unlimited home phone calls for eligible pensioners, to help relieve some of the burden. With the help of NBN Co[3], we are also offering a year-long $40/month home broadband discount until September 30 to eligible low-income families with school-aged children.

This year we also launched a new, ongoing $30/month Value Mobile Offer for customers who have a valid eligible Health Care Card. The offer includes 2GB of data and no excess data charges in Australia, plus unlimited standard national calls and texts. This plan represents an affordable option for customers on a low income, who may otherwise depend on a pre-paid service.

Given the impacts of COVID-19 on our regular customer service channels, we brought on board additional temporary roles in Australia to help manage call centre volumes and better serve our customers throughout the crisis. For more information on how we upskilled our workforce to help manage the impacts of COVID-19, see the Training and Development section of this report.

For more information on how we've simplified our product offerings for consumer and small business customers this year, see the Strategy and Performance section of our 2020 Annual Report.

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Enabling businesses to thrive

We are working to radically simplify our products and services and remove pain points for customers through our T22 strategy. When asking our small business customers what they needed most, we were told they found it too difficult to get hold of the right person to solve a problem. We listened, and introduced an Account Management Support service for small business customers this year. Available at no cost to all small business customers, no matter what their size, the service ensures our customers receive a more personal approach from a team of business specialists who are accountable for resolving queries from start to finish.

To help our small business customers to better protect themselves against cyber security threats, we also launched Telstra Business Cyber Services this year. Telstra Business Cyber Services offers whole-of-business support for $80 month-to-month, providing businesses with four security assessments a year, monthly updates on emerging threats and guidance on how to guard against them, cloud-based Internet Protection for Mail and Web Services, and round the clock support. We also launched Telstra Business Tech Services, a $60 month-to-month option for businesses who already have a handle on their cyber security needs, but want an extra hand with the technology they use for their day-to-day operations; and Telstra Business Digital Marketing Services, which enables small businesses to outsource the expertise needed to build or maximise their digital presence, and sell online.

Recognising our customers' need for digital solutions to their business queries, we launched Telstra Purple in September 2019. Telstra Purple brings together Telstra Enterprise's business technology services capabilities with a number of its recently acquired companies, creating Australia's largest domestically owned technology services business. Telstra Purple comprises 1,500 experts in network, security, cloud, collaboration, mobility, design, data and analytics, and software, and has helped over 1,600 business clients since its launch.

Throughout the COVID-19 crisis we have helped many Telstra Enterprise customers transition to remote working, stand up virtual call centres and design fit-for-purpose business continuity plans. To assist with the change, we introduced a new mobile broadband offer to help facilitate remote access for employees, and provided free Virtual Meeting Rooms for an initial period, to enable organisations to connect to their people, partners and customers through video and audio conferencing.

We also offered a free, six month trial of Microsoft Teams, bringing together chat, meeting, call and Office 365 functionality to help our enterprise customers to maintain a collaborative working environment from home.

For information on how we are helping our Telstra Enterprise customers to leverage new technologies to create sustainable outcomes, see the Internet of Things and Nurturing social and environmental innovation sections of this report.

Bridging the gap to online learning

Schools across the country have done a tremendous amount of work this year to provide online education resources for students and parents.

Just as technology has enabled businesses to keep running this year, it has also empowered students to continue learning, even if they are not even physically in a classroom.

Throughout the COVID-19 crisis we worked with national, state and territory education leaders to roll out equipment, connectivity and digital platforms, such as Cisco WebEx and Microsoft Teams, to enable virtual classrooms. Combined, they have enabled students to access their teachers' online learning resources, from worksheets to webinars, from home.

In South Australia we worked closely with the Education Department as they rolled-out Cisco WebEx for remote learning. The service allows teachers to create their own individual online learning space to deliver live video lessons and learning content for their class and is an expansion of the State Government's partnership with Telstra to deliver high-speed internet to every government school across South Australia.

Telstra is also working closely with several universities to increase their network capacity and global wide-area network access so students in Australia and overseas can continue with their studies.

Throughout the COVID-19 crisis it has been critical to ensure that students who cannot afford or do not have access to digital technology remain connected to their school communities. We have helped by providing up to 30,000 free sim-cards across the Departments of Education and Catholic Education Network to provide students and teachers across the country with free internet access. For more information on the work we are undertaking to bridge the digital divide, please see the Everyone Connected section of this report.

Telstra team member Khang Ngo welcomes a customer to our COVID-Safe Sydney Icon store

Australia's best mobile network

This year, as Australians have adapted to learning, working and spending more time at home, our customers have become more reliant than ever before on the breadth, speed and reliability of our network. We have invested $3.8 billion over the last three years alone to ensure we continue to deliver Australia's best mobile network, which reaches 99.5 per cent of the Australian population and has faster speeds in more places. For more information on our network investments and performance, see the Networks section of this report.

Customer loyalty and advocacy

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

Customer service challenges caused by the COVID-19 pandemic have had a significant impact on our NPS results this year. Our Episode NPS result has been impacted by COVID-19 in large part due to the loss of our offshore workforces in the

Philippines and India from March onwards. From the end of February to April our Consumer & Small Business (C&SB) segment's Episode NPS declined by 17 points. Our rapid business-continuity response assisted us to regain nine of these points; 6.5 were gained back in May and a further 2.5 in June. Despite these efforts, Episode NPS has not returned to pre-COVID-19 levels, meaning we have not met our FY20 target.

In contrast to Episode NPS, our Strategic NPS for FY20 has surpassed its target. For our C&SB segment our data suggests the year-on-year improvements are underpinned by the continued perception that we have Australia's best networks, the recognition of our substantially improved customer service and the increasing perception that Telstra delivers products and services that are worth paying more for. Our brand is also performing strongly, with more Australians than ever telling us it's one they feel connected to. For the Enterprise segment we believe our growth in Strategic NPS reflects the bedding-down of our new operating model and deliberate efforts to improve customer service, reduce the complexity of our products and services, and improve our delivery.

When combined, these results translate to a whole-of-company outcome of Strategic NPS increasing by four points (beating our target by one point) and Episode NPS decreasing by two points (missing our target by six points). Our Remuneration Report, which forms part of the 2020 Annual Report, provides further detail on how this translates into remuneration outcomes.

Product and service responsibility

Approach

It is important that we provide our customers with products and services that are safe and easy to understand, and that meet their underlying needs.

We are continuously working to improve our performance in this area. We listen to feedback from customers, their representatives and regulators. Sometimes we do not meet expectations. We take our responsibility to our customers and the community seriously. We are committed to maintaining an open and honest dialogue, and addressing issues of concern.

Progress

Responding to issues

We are committed to providing our customers the best technology, the best network and the best experience, and that also means acknowledging when we get it wrong and working to make things right.

In November 2019 the Australian Communications and Media Authority (ACMA) issued us a formal warning for failing to send data usage email notifications to more than 150,000 mobile broadband customers, which meant some customers ended up paying unexpected excess usage charges. We know our customers rely on us to help them manage the costs of their services and our data usage alerts help them do that. In this case, a system error meant that we sent some Mobile Broadband data usage alerts via SMS to people without SMS-compatible devices, meaning they didn't receive our notifications. Once we understood the nature and scale of the problem we notified the ACMA, and rectified the issue by updating our system to send these alerts via email in future, and issuing refunds to customers who were impacted.

Responsible sales practices

Maintaining fair sales practices and ensuring we provide products and information to customers responsibly is very important to us. To help achieve this aim, this year we appointed a Customer Advocate to the business. To ensure our customers are treated fairly, and to maximise inclusion for vulnerable customers, the Customer Advocate works across our business to help identify and suggest ways to address areas of concern.

In the vast majority of cases our sales ecosystem, outlined overleaf, works well. However, when we become aware of material issues that impact our customers, we are determined to ensure our processes and policies, as well as the actions of our people reflect our commitment to learn from our mistakes, listen to feedback, and continually improve.

Some years ago we became aware of an issue where a small number of our partner stores, those operated by third parties under a license agreement, had sold mobile devices and plans to customers that they ultimately could not afford and also may not have been appropriate for their needs. This included sales to Indigenous Australians, some living in remote communities. There were instances where our processes had not been followed by some front-line staff and in some cases, there had been serious misconduct.

These challenges have arisen while expanding our network to provide connectivity to communities that had not previously had it, during a time of dramatic increases in data usage, together with the escalating cost of smartphones. There were instances where we did not fully understand some of the cultural and customer behaviours unique to these communities. We failed in our initial response to these complaints, we failed to recognise that many of these customers were vulnerable, and in our initial remediation, which was based too much on our literal terms and conditions and not on our Purpose and Values as an organisation. We have grappled with the gravity of this issue and acknowledge the impact to the customers involved was significant.

We are cooperating with the Australian Competition and Consumer Commission (ACCC) as they conduct an investigation into this issue, and we continue to engage with them. Having considered all available information at the date of this report we have made a provision of $50 million for any penalties. Please refer to note 7.3.1 to the financial statements in the 2020 Annual Report for more details. There remains a material possibility that the ACCC will commence enforcement action against Telstra.

Since 2018 we have been progressively implementing what is now a comprehensive program to address the specific issues, including waiving debts, refunding customers, introducing new processes, and rolling out training and tools to assist frontline employees in their interactions with vulnerable customers. Beyond this, we have:
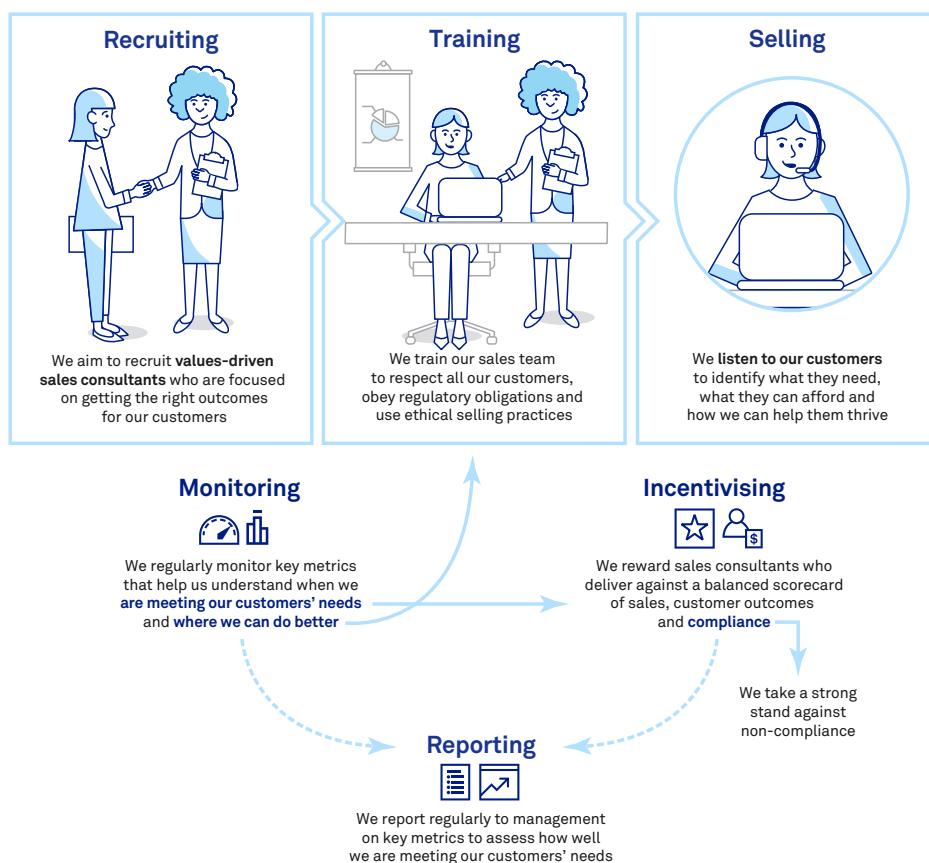
- introduced 'peace of mind' fixed, mobile and broadband plans that eliminate many of the causes of high or unexpected charges, including excess data charges and fixed-term lock-in contracts;

- strengthened our credit assessments;

- enhanced our performance monitoring tools, and increased the checks and balances we have in place to ensure they are not circumvented;

- developed new point-of-sale materials to more clearly explain the upfront and ongoing costs of products before they are acquired;

- implemented contact centres specifically for our rural, remote and Indigenous customers with staff specifically trained to cater to these differing needs;

- undertaken additional training for frontline staff to refresh their awareness of acceptable sales practices, along with cultural awareness and capability skills;

- actively reached out to customers to ensure they are on the right plan, focusing on customers who our records show have outstanding debt, or who have missed or are late making payments; and

- deepened our engagement with financial counsellors and other groups on our sales approach to ensure our sales processes are sensitive to the needs of all our customers. This engagement will also help us identify any emerging issues and get ahead of them.

We are conscious of the need to ensure our approach to identifying and dealing with potential issues for our vulnerable customers is continually refined to help prevent adverse customer outcomes arising. In relevant cases of improper selling we take disciplinary action (which may include dismissal) against sales staff who breach their obligations, and claw back relevant incentive payments made to stores or staff in connection with such sales.

Our sales ecosystem

Recruiting
We aim to recruit **values-driven sales consultants** who are focused on getting the right outcomes for our customers

Training
We train our sales team to respect all our customers, obey regulatory obligations and use ethical selling practices

Selling
We **listen to our customers** to identify what they need, what they can afford and how we can help them thrive

Monitoring
We regularly monitor key metrics that help us understand when we **are meeting our customers' needs** and **where we can do better**

Incentivising
We reward sales consultants who deliver against a balanced scorecard of sales, customer outcomes and **compliance**

We take a strong stand against non-compliance

Reporting
We report regularly to management on key metrics to assess how well we are meeting our customers' needs

Better service for customers experiencing hardship

We are committed to helping our customers in vulnerable circumstances to stay connected.

This year we began to examine how we can achieve a consistent cross-company approach to supporting customers in vulnerable circumstances, and make our commitment more transparent to our customers, employees and communities. We introduced an information hub for our staff to access the full range of options available for supporting these customers, and a new webpage providing information on the services we have available for customers facing or experiencing financial hardship. We continue to work with financial counsellors and other customer advocates to improve sales outcomes and have invested more resources into our specialised customer care teams and online resources. Recent initiatives undertaken include:

- streamlining processes with financial counsellors and capability workers, particularly those supporting remote Indigenous communities, to obtain resolution of outstanding customer issues;

- broadening the remit of the credit collections team and providing additional training to enable them to offer additional options to support customers in financial hardship, including small business customers;

- enabling greater collaboration between our Escalated Complaints and Specialised Assistance Teams to deal with more complex matters;

- introducing a feedback option for financial counsellors to inform process improvement;

- working with Financial Counselling Australia to implement a revised and simplified customer authority form that can be used across various service providers and ombudsman schemes;

- greater promotion of the "single point of entry" for financial counsellors, including through attendance at their conferences, to resolve any Telstra matter for their clients; and

- simplifying and raising the profile of our financial hardship options on telstra.com and how customers can access them.

Managing and minimising TIO complaints

We know we don't always get it right when it comes to delivering a great experience for our customers. When things go wrong, we endeavor to work with our customers to resolve the issue as quickly as possible. We have complaints governance processes in place to help us understand the key drivers of our complaints which, in turn, help us to learn from our mistakes, and improve

our performance. In instances where customers tell us they're not satisfied with our proposed resolution, we review the case once again to try and reach an agreement. In instances where this is not possible, complaints can be escalated to the Telecommunications Industry Ombudsman (TIO).

This year complaints to the TIO remained flat, with a less than one per cent variance when compared to FY19. We remain committed to reducing customer complaints to the TIO but consider the result to be a reasonable one given the customer service impacts caused by natural disasters and the COVID-19 pandemic.

Seasonal increases in complaint volumes due to weather impacts, typically experienced between January and March, were exacerbated this year by the 2019-20 Australian bushfires. Further to this, the impact of COVID-19 on our contact centre and back of house operations has posed significant customer service challenges. With much of our workforce in the Philippines and India unable to work due to COVID-19 impacts, we prioritised calls from customers in vulnerable circumstances, as well as those with connectivity issues, and hired a number of temporary contact centre agents in Australia.

Fault related complaints continued to be the primary driver of TIO complaints in FY20, comprising 39 per cent of all submissions. We know how frustrating service faults can be, particularly at a time when customers need to work and study from home. We continue to work on ways to improve our customers' experience. This year we expanded the self-service options available through our digital channels, adding guides to assist with fixing simple service issues, and enabling messaging through the My Telstra App, allowing customers to be in control of how and when they interact with us when something goes wrong. We are encouraged by the work we have underway to support customers in vulnerable circumstances and in root-cause prevention and are optimistic that this work will drive customer advocacy and ultimately reduce complaint volumes in the longer term.

In the meantime, we expect that the impact of the COVID-19 resurgence in early FY21 will result in a material increase in complaints to the TIO, primarily due to our constrained resourcing position, and we will continue to work closely with the TIO to accelerate complaint resolution. We are confident that our business continuity planning and actions taken to expand and upskill our onshore front-line customer service teams leave us well positioned to deal with any further disruptions in the year ahead.

For more information, see the Our customers section of this report.

Mobile phones, base stations and health (EME)

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

Approach

We are proactive, transparent and fact-based in our communications regarding EME and comply with the standards set by regulators. We are committed to responding responsibly to queries from the public about EME.

In our management of EME, we rely on the expert advice of national and international health authorities including the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA), International Commission on Non-Ionizing Radiation Protection (ICNIRP), Institute of Electrical and Electronics Engineers (IEEE) and the World Health Organisation (WHO), and we actively contribute to scientific research on EME and health.

Progress

We continue to provide information about EME, including 5G, on our telstra.com website, Telstra Exchange and also offer an EME email help desk. Where appropriate, we direct customers to the WHO, ARPANSA, Australian Communications Authority (ACMA) and 'EMF Explained' websites for further information.

The Radio Frequency National Site Archive (RFNSA) is a publicly available database of all mobile base stations in Australia. We use the RFNSA to provide the community with access to up-to-date information about new and existing base station proposals. Members of the public are able to subscribe to their local postcode to receive notifications regarding changes proposed in their area. The RFNSA received more than 30,000 visits in FY20 to access information about network deployment activities, and information on EME and site safety.

All our base stations are assessed for EME compliance. The ARPANSA Environmental EME reports and Compliance Certificates for all sites are published on the RFNSA. Every mobile handset we sold in FY20 was certified by the manufacturer as compliant with the mandatory ACMA Radio Communications (Electromagnetic Radiation – Human Exposure) Standard 2014.

Communicating with our customers

This year, we continued our mobile safety information SMS campaign referring customers to www.telstra.com.au/mobiletips where we have information on mobile use, EME and tips to reduce exposure. Over 3.6 million messages were sent in FY20. An additional 5.2 million messages were withheld due to the bushfire crisis and COVID-19. These will be released early in FY21 and will include reference to information on 5G safety and small cells at http://telstra.com.au/eme

We also updated our website with new information videos on Small Cells, 5G and Health, 5G EME levels and have updated our information to include the scientific trial of mmWave.

In FY20, we completed 2,553 mobile base station projects; 308 of these projects were for new sites, 1,250 were for 5G deployment and 995 were for capacity upgrades at existing sites.

The ACMA confirmed that they received 83 complaints in FY20, compared to 7 in FY19, and 5 in FY18. This is a significant increase from previous years and reflects the increased community concern regarding 5G deployment. All of the complaint investigations have been concluded and found that Telstra complied with the Communications Alliance Mobile Phone Base Station Deployment Industry Code requirements

In FY20 we undertook 1,868 community consultation processes. An increasing number of communities raised concerns through the consultation process, including Lilli Pilli NSW, Mullumbimby NSW, Ocean Shores NSW, Trinity Beach QLD, Sandy Bay TAS, Ocean Reef WA, and Torquay VIC. The majority of concerns were focused on 5G EME and health. We responded to these concerns by referring to international research, statements made by the Chief Medical Officer, and the ARPANSA Standard for radiofrequency EME.

Working safely around antennas

Some of our employees and contractors work in close proximity to or on radio frequency (RF) emitting equipment. We continue to focus on our processes and education around working safely near RF emitting equipment including promotion of the RadioWorkSafe application and working safely on small cells and 5G base stations.

Is 5G safe?

This is an important question. Independent health authorities require us to meet their safety standard so 5G technology can be used safely. In January 2020 Australia's then Chief Medical Officer Professor Brendan Murphy issued the following statement to reassure Australians:

"I'd like to reassure the community that 5G technology is safe. There is no evidence telecommunication technologies, such as 5G, cause adverse health impacts. This position is supported by health authorities in Australia – such as the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) – and around the world, such as the World Health Organization (WHO)."

The 5G Parliamentary Inquiry commenced in September 2019 and ran for six months, receiving a number of submissions and holding a series of public hearings. The final report contains 14 recommendations, including timely access to spectrum, deployment, trials for regional areas, security, onshore manufacturing, skills training, and public education to address community health concerns. We have reviewed the recommendations made by the Committee, acknowledged the report and continue to work cooperatively with Government, regulators and industry bodies in relation to the findings.

National and international standards

Telstra continues to contribute to the ongoing development of international EME standards through chairing the International Electrotechnical Commission (IEC) TC106 committee, which is charged with developing standards for the assessment of EME compliance of mobile devices, base stations and wireless communications systems. This year the IEC published a Technical Report on the test procedures for the new mmWave 5G wireless devices and this has recently been adopted by the ACMA in Australia. Telstra's first mmWave 5G device launched in May 2020 has been tested using these new procedures.

In addition, the ICNIRP has recently undertaken an extensive review of the available scientific evidence and research on EME and health. As a result, new ICNIRP Guidelines were published on 11 March 2020 with a focus on the overall depth of research and safety of the guidelines. The Guidelines are currently under review by ARPANSA. We have also reviewed the guidelines and found them to be aligned with our current practices and we will work to implement any changes that may be considered necessary by ARPANSA following their review.

Culture and capabilities

At Telstra, we have a proud tradition of rising to a challenge and doing what needs to be done to keep Australians connected.

In FY20, our people have demonstrated incredible resilience, adaptability and dedication. Together we've been there for our customers, the community and each other during these unprecedented times. And our people have told us through their feedback they are proud to work for Telstra, as we have rolled out a range of initiatives to help them, our customers and communities through these difficult times.

The willingness of our people to step up is a product of our culture, and our Purpose and Values that guide us. A culture founded on empowering our people by giving them the tools, capabilities and leadership they need to thrive.

Building culture and engagement
Approach

Our culture is critical to building a connected future so everyone can thrive and is underpinned by a strong commitment to our Values. For our customers to thrive, we need to enable our people to thrive. A successful transformation requires changes to our underlying systems of work (operating model and rhythm) and the behaviour of our workforce. Leaders play the most critical role in setting standards of behaviour that in turn form our culture. Since T22 was announced in June 2018, we have focused on identifying the key cultural characteristics of a successful Agile organisation and used this knowledge to reshape our culture.

Progress

Sustainable engagement

We set an ambitious FY20 engagement target of +9 points, calculated on a three-month rolling aggregate. We exceeded this target by seven points with our end of FY20 employee engagement at 83, a 16-point increase on our FY19 result.

Introduced in 2019, our monthly Experience Pulse continues to provide us with regular insight into our employees' experience of working at Telstra. Leaders are better empowered and accountable to act on results with access to a 'live' dashboard that provides the ongoing 'pulse' of their team engagement along with verbatim feedback both on what is creating a positive experience and what we need to improve.

Maintaining engagement through COVID-19

Keeping our people connected and engaged has been a priority for us during COVID-19. We introduced regular livestreams to keep our people updated on the evolving situation and provide frequent opportunities to ask questions. In addition, we provided e-learning modules about making the most of the technology solutions we have available to stay connected with teammates. Our most recent Experience Pulse results demonstrates this approach has been successful. For more information about our special leave and wellbeing arrangements in response to COVID-19, see the Employment and workplace relations and Promoting health, safety and wellbeing sections of this chapter.

Reaping the benefits of Agile and flexible work

In FY20 we continued to roll out Agile at scale across Telstra with more than 10,000 people now working in Agile teams and more than 16,000 people completing Agile Essentials training. Agile has brought about a significant change in how we organise and get work done at Telstra, while also empowering our people and increasing flexibility.

In response to COVID-19, we were able to seamlessly shift 25,000 Australian office-based staff to working from home. The enormity of this transition was made possible because flexibility is the norm at Telstra, with our All Roles Flex policy embedded into the organisation for a number of years. The Agile model has allowed teams to quickly adapt and reprioritise their work. Although not all of Telstra is Agile, all our teams have changed the way they plan and manage work across the organisation.

We have continued to develop our capability in other ways of working including Human Centred Design, Lean and DevOps, giving our people options for the tools most suitable for them. As we approach FY21, we will continue to build our Agile maturity, transforming how we work at Telstra.

Training and development

To help our people learn new skills and ways of working we invested over $28 million in training and development in FY20, including $4.6 million in leadership skills and training.

We have invested $1 million in developing Human Centred Design capability, along with $2.3 million in specialised Agile Ways of Working capability development. We have also developed our people's skills in order processing and support by delivering training on a new digital sales platform, enhancing the experience we provide to our customers.

As we progress our transformation, we will continue to focus on developing our people's technology skills and technical capabilities to leverage emerging technologies and simplify how we deliver products and services. In FY20 we invested $2.2 million in technical learning platforms, increasing the coverage to 13,000 technical professionals at Telstra.

We entered into five memoranda of understanding (MOUs) with some of Australia's leading universities to develop partnerships that enable Telstra to develop a technology pipeline for our business and for Australia, with the Science, Technology, Engineering, Arts and Mathematics (STEAM) capabilities required for the future.

We invested $5.14 million to support the new digital innovation precinct at the University of Melbourne. This includes the sponsorship of the Telstra Creator Space, an onsite fabrication laboratory designed to support open

innovation and prototyping for both students and industry. It also encompasses 10 Telstra Technology and Innovation Scholarships to University of Melbourne students that aim to increase the number of women and Indigenous Australians, particularly those from rural and remote communities, studying Science, Technology, Engineering and Mathematics (STEM), as well as support for students to learn STEM skills through workshops, industry-based research and development projects, and events.

We also developed four micro-credentials in partnership with two Australian universities in FY20, with a further five planned for FY21. This continues to allow us to build the knowledge and skills required for Australia's digital future, as well as providing globally recognised credentials.

Purpose-led leadership

We take our values seriously. Everyone at Telstra is recognised and rewarded equally for 'what' they do and 'how' they do it. To hold our leaders to account, we expect them to have at least a quarterly performance conversation to review their team's progress. And every month, we ask our people how their leader is showing up for them so we can provide our leaders with extra feedback to inform their development.

We launched our new purpose in June 2019, and in response to our changing environment and leadership expectations, we updated our behaviour statements aligned to our values. We emphasised the importance of coaching and inclusiveness, using customer-centred practices to guide responsible product design, and always acting in accordance with our Code of Conduct.

Building a high performance culture

We align performance to our quarterly business planning cycle to identify our top priorities. These priorities are translated into our people's objectives and key results (OKRs) to ensure alignment on what is most important. Each quarter, our people have a conversation with their leader about how they have performed against their OKRs, the feedback they have received from colleagues, and their development needs. These conversations are the key to unlocking organisational performance as they provide a way to frequently check-in with our people to evaluate their achievements against priorities and support their growth and career development.

At the end of the financial year, our people receive an individual performance rating that equally assesses what they achieved and how they role modelled the values and desired behaviours. The overall rating informs pay decisions and outcomes. The 2020 Remuneration Report, which forms part of the 2020 Annual Report, has details regarding Senior Executive pay.

Creating a diverse and inclusive workforce

Approach

We value diversity and inclusion and the benefits they bring to the Telstra Group in achieving our Purpose and objectives.

Telstra serves millions of diverse customers. We recognise the value of having diverse employees who represent their unique perspectives. Diversity of thought drives innovation, which is essential to achieve our business strategy, and supports our Purpose to build a connected future so everyone can thrive.

As we transform Telstra, we are creating a very different business with new ways of working, leading and innovating. We are investing in technology skills in online learning, micro-credentials and stronger collaboration with education providers who share our commitment to diversity.

All Telstra people can help create a culture where people feel safe, valued and empowered to speak up.

Our strategy to achieve our ambition is built around three foundational streams:

- Attract, accelerate and amplify diverse talent
- Invest in the pipeline – internal and external
- Flexibility and fairness – Flexibility enabled by technology. Fair policies and processes.

See our 2020 Corporate Governance Statement for more information.

Progress

Gender equality

This year we saw a small increase in female representation across Telstra Corporation Limited and its wholly owned subsidiaries. We achieved our objective for women to make up 32 per cent of our overall workforce and have also succeeded in creating more opportunities for women to gain valuable Agile and people management skills.

We are committed to achieving gender equality at Telstra and have a broad range of policies, programs and engagement initiatives in place to help us achieve this goal.

Representation of women in Telstra as at 30 June 2020

Role	Number	Percentage (%)
Board[i]	3	33.3
Executive management*[ii]	50	30.5
CEO	0	0
CEO-1	3	30
CEO-2	18	34.6
CEO-3	29	28.4
Middle management*[iii]	2591	28.2
Operational*[iv]	6152	34.6
Telstra Total*	**8839**	**32.3**
Telstra Group Total**	**9083**	**32.3**

*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 on our website at telstra.com.au/aboutus/investors/financial-information/financial-results. Notes: (i)Number and percentage relates to non-executive Directors.(ii) Executive management comprises persons holding roles within Telstra designated as Bands A, B and C. CEO is also included in the executive management total. (iii)Middle management comprises persons holding roles within Telstra designated as Bands 1 or 2, or equivalent.(iv)Operational comprises persons holding roles within Telstra designated as Bands 3 or 4, or equivalent.

Indigenous employment

In FY20 we continued to deliver commitments in the Reconciliation Action Plan (RAP) and achieved the Year Two employment target of 0.9 per cent representation of the Australian workforce. We also continued our partnership with Career Trackers Indigenous internship program to help improve the participation of Indigenous Australians in the workforce and develop future talent. Two former Telstra Career Trackers interns who applied for the FY20 Graduate Program were offered a place in that program. This year we were proud to host 20 interns at Telstra, achieving another RAP commitment. We also entered into a ten-year partnership agreement with Career Trackers, extending this commitment until 2030.

We launched an online learning module on Indigenous Cultural Awareness and our Dharrang employee representative group has educated our workforce on Indigenous history and reconciliation through storytelling and events.

Employment for people with disability

During FY20 we became the thirteenth Australian organisation to complete the Disability Confident Recruiter program through the Australian Network on Disability (AND), which included an audit of our processes and online training for our recruiters. We also offered the AND Stepping into Internship program, for four university students with a disability and sponsored the AND Annual Conference.

We made significant improvements to our workplace assessment and adjustment processes, making it simpler for our employees with disabilities to thrive at work. Our TelstrAbility employee representative group has raised awareness of the importance of accessibility through events and corporate news stories on Global Accessibility Awareness Day and International Day of People with Disabilities.

LGBTQI inclusion

Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI) inclusion is important to us. We want our people to have 'out' role models and allies that encourage them to bring their whole selves to work. We are active member of Pride in Diversity and our Spectrum network continues to thrive in its twelfth year.

In FY20 we joined the Intertech alliance and hosted the launch of an inter-organisational mentoring program. We hosted an event on the importance of allyship on Wear it Purple Day and made significant donation to enable the distribution of wristbands in schools to encourage open conversations about inclusion. We continued our relationship as technology sponsor for the Midsumma queer arts and entertainment festival.

Gender pay equity

Gender pay equity is of key importance at Telstra as we continue to develop and implement policies and initiatives to drive greater equity across the organisation. We are continuously looking to identify, target and reduce any gender pay gaps that exist within the organisation, including compensation ratios within bands. In aggregate, we do not believe that we pay women and men differently for like roles.

Similar to last year, the larger pay gap exists at the operational level and is predominantly driven by a significant portion of operational employees being managed against fixed pay rates under our Enterprise Agreement. These fixed pay rates, which are typically in male dominated professions, are notably higher when compared to the pay of peers at the same level not employed under the Enterprise Agreement.

Compa-ratio is an employee's fixed remuneration divided by the midpoint of the market remuneration range they are mapped against and provides us a measure of the 'fairness' of pay. Using the market remuneration range and focusing on compa ratios allows us to show the gender pay gap for males and females carrying out similar work.

The two tables below show Telstra's overall position when averaging the compa-ratios for both male and female employees. We are close to parity and will continue to strive for absolute equity.

Australia Average Compa-ratio

Year	Male	Female	Delta
2015	1.04	1.01	0.031
2016	1.04	1.00	0.035
2017	1.01	0.99	0.024
2018	1.01	0.98	0.023
2019	1.01	0.97	0.034
2020	0.98	0.95	0.035

Australia Average Compa-ratio excluding Workstream

Year	Male	Female	Delta
2015	1.00	0.99	0.012
2016	0.99	0.98	0.011
2017	0.98	0.97	0.006
2018	0.97	0.97	0.000
2019	0.96	0.95	0.011
2020	0.93	0.94	0.015

Promoting health, safety and wellbeing

Approach

Managing safety and supporting the mental health and wellbeing of our people helps create an environment in which they can be their best selves at and outside of work.

Through our global health, safety, wellbeing and environment (HSWE) management system, we strive to embed the latest HSWE strategies to eliminate or minimise risks and build resilience. This has been particularly important throughout FY20 as we experienced challenges across the globe including catastrophic bushfires, volcanos, civil unrest and the uncertainty of the evolving risk of COVID-19.

We use established cross functional HSWE focused forums to implement and manage strategies to reduce our risks and solve for issues with a company-wide consistent approach. We provide access to self-service reporting for leaders at all levels and report regularly to senior management, the Audit and Risk Committee and the Board.

Progress

Licences, accreditations and compliance

Telstra maintains a self-insurance licence in the Commonwealth jurisdiction, with direct oversight by the Safety, Rehabilitation and Compensation Commission (SRCC) and Comcare. We are also accredited by the Office of the Federal Safety Commissioner to work on Commonwealth Government building contracts, including the National Broadband Network. Our HSWE management system is certified to Australian Standard AS/NZS4801 and International Standard ISO14001: 2015.
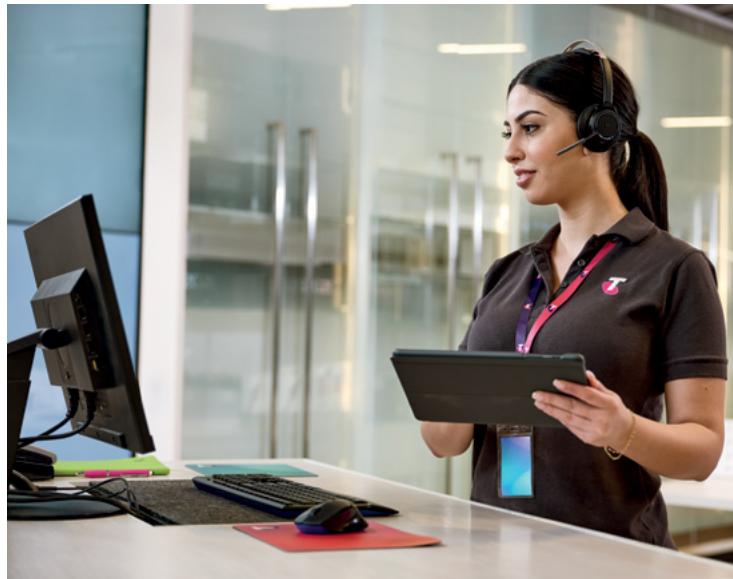
Preventive programs

We have continued to implement important preventive health, safety and wellbeing initiatives ranging from the delivery of a new technology platform for HSWE management to significant investment in the replacement and maintenance of our infrastructure. We transitioned our operational vehicle fleet to automatic transmission vehicles and introduced the requirement for all vehicles to meet the ANCAP 5 rating. We have also continued to maintain the Telstra Good Drivers Program to proactively reward safe driving.

Supporting our employees to improve their physical and mental wellbeing in all aspects of their lives is a key part of our approach to preventative health and safety. As our business transforms, we have built a focus on wellbeing and psychological safety into our ways of working, including how we lead and work together as teams, and how we support our people to build resilience in order to manage

Keeping our people and customers safe through COVID-19

Throughout COVID-19, we have continued to prioritise safety and wellbeing and have kept our people informed on COVIDsafe of changes that have been put in place. We have implemented measures such as working from home for our office-based teams and established new working protocols for those office-based teams unable to work remotely. We introduced new global epidemic and pandemic leave policy to provide added support and peace of mind for our people, whether they are permanent, fixed-term or casual. We also increased cleaning regimes, implemented additional protocols for entering our sites and provided staff with appropriate personal protective equipment, including hand sanitiser, hygienic cleaning wipes and masks. To reduce the risk to our customers and frontline employees we introduced social distancing measures in line with government guidelines including: limiting store capacities, adjusting our store designs and processes for interacting with customers and call ahead protocols for our field staff. We have also provided our people access to tools, briefings and seminars to manage their mental health and wellbeing.

Early incident reporting and rehabilitation

We continue to improve our early reporting culture so that hazards are effectively addressed and our people have timely access to support. We have established our Occupational Rehabilitation Panel to increase Telstra's overall coverage, extended our health management support service offerings to include non-work-related injury and illness, and to provide psychological support so our people can return to meaningful work or manage at work. We are seeing positive indications including in return to work outcomes suggesting these initiatives have led to improved human and financial outcomes for our people and our business.

Key health and safety performance indicators
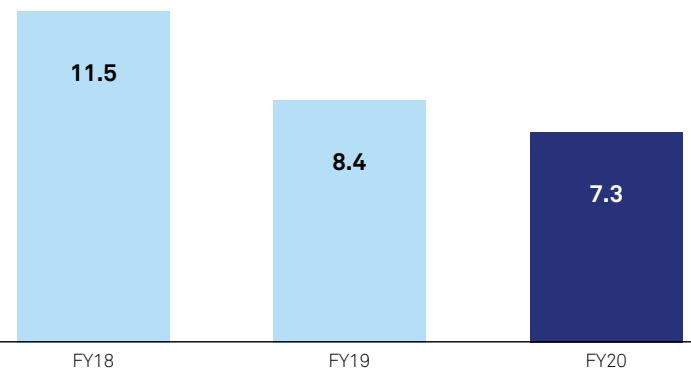
TRIFR

Our Total Recordable Injury Frequency Rate (TRIFR) has continued to decrease. This reflects our maturing risk control programs and strengthened proactive and early intervention support model, which provides employees with immediate access to the care they need to stay at, or return to, work as soon as they are fit to do so.

TRIFR[4]

In 2019, we updated how we calculate our TRIFR to include mental health incidents and remove claims that were rejected. This will provide a truer picture of our total number of injuries and illness impacting our people.

TRIFR (new methodology)[5]

11.5 — FY18
8.4 — FY19
7.3 — FY20
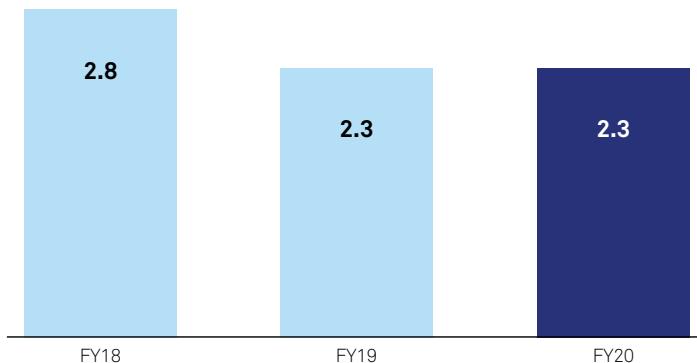
LTIFR

Our Lost Time Injury Frequency Rate (LTIFR) improved through 2019. This is reflective of our increased focus on early intervention and the expansion of our support offerings to help our people return to or remain at work. Our new health management, rehabilitation and claims model will see this trend continue to improve as we further embed our effective early intervention and strategic case management capability.

LTIFR[6]

In 2019, we also reviewed how we calculate LTIFR. In previous years our LTIFR metric has been calculated using only work-related injuries or illnesses where there is a workers' compensation claim. We have extended the scope of this calculation to now include all work-related injuries or illnesses (including mental health) that result in one or more days of lost time. This will allow us to gain a greater understanding of the impact of injuries and illness on our people and our business.

LTIFR (new methodology)[7]

2.8 — FY18
2.3 — FY19
2.3 — FY20

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[4] Update to the TRIFR definition: TRIFR is the reported number per million hours worked of all valid claims for work-related injuries or diseases (including mental health) that require medical treatment beyond simple first aid. Currently the metric does not include contractor incidents or incidents internationally, but we continue to review how this may be measured for inclusion in future reporting

[5] For year-on-year comparison, TRIFR using the former methodology would have been: FY18 9.6, FY19 8.5, FY20 6.2

[6] Update to the LTIFR Definition: LTIFR is the reported number per million hours worked of all work-related injuries or diseases that result in one or more days of lost time (for Australian-based Telstra employees). This metric is no longer dependent on having a worker's compensation claim.

[7] For year on year comparison, LTIFR using the former methodology, which measured lost time injuries by calendar year rather than financial year, would have been: CY17 0.81, CY18 1.06, CY19 0.82

Employment and workplace relations

Approach

We have a large and diverse mix of employees at Telstra, who vary in the work they perform, the hours they work and their employment contracts or instruments.

We carefully manage our workforce requirements, in line with our values, paying particular attention to the mix of skills required as the strategic direction of our business evolves.

Progress

Key changes within our workforce

Changes in our workforce in FY20 were predominantly related to our T22 transformation. Over the last 12 months we have continued to refine our functional structure and operating model by removing layers and duplication, legacy processes and systems and transitioning to Agile at scale across many parts of our business. Telstra has announced 12,000 indirect role reductions and 7,300 direct workforce role reductions since it launched T22 in June 2018. As at the end of June 2020, the direct workforce was around 5,700 lower than two years ago. This figure includes 1,600 new roles recruited like software engineering and cyber security - and some additional roles brought on board in response to COVID-19 to mitigate workforce offshore capacity issues.

As part of our contribution to the national economic stimulus response to COVID-19 and to provide certainty for our people, we announced in March 2020 we would put on hold any further job reductions for six months. We also added many temporary customer support roles in Australia to help better serve our customers during this unprecedented time. Our new team members are working in contact centre and back of house roles and come from a range of backgrounds, including from organisations that had to stand down employees due to the impact of COVID-19 on their own operations.

As at 30 June 2020, Telstra Corporation's total direct workforce (headcount) was 20,635 people. Telstra Group's total global workforce was 29,762 people. We directly employ 4,583 people outside of Australia across 13 countries, equating to 15 per cent of our total workforce. Telstra Group's indirect workforce at 30 June 2020 was 37,294.

Engaging with our workforce

We consult with our people before we implement any significant changes to the way we work. We regularly engage with the Community and Public Sector Union (CPSU), the Communications, Electrical and Plumbing Union of Australia (CEPU) and Professionals Australia (APESMA). Our aim is to maintain an open and constructive relationship with the representatives of these unions. This year, we conducted more than 30 formal consultation meetings with unions and Telstra employees.

This included discussions about how we have been protecting the health, safety and wellbeing of our people in response to the bushfires in Australia and COVID-19. We introduced Australia's first Global Epidemic and Pandemic Leave policy to provide our employees (and those in our wholly owned subsidiaries) up to 14 days paid leave if they are required to self-isolate, care for a relative with COVID-19 or are unable to attend their workplace due to restrictions or because the workplace is closed. There is also the ability to extend this leave at Telstra's discretion, which we have done where appropriate. We have also made this paid leave available to our casual employees to cover any regularly rostered shifts they may miss.

Employment instruments

In Australia, Telstra has a single enterprise agreement in place covering our workforce – the Telstra Enterprise Agreement 2019-2021 (EA). The EA will nominally expire on 30 September 2021. However, it will continue to operate after this date until replaced by a new enterprise agreement or terminated by the Fair Work Commission.

Bargaining for the Telstra EA involved an in-scope employee population of approximately 20,000. After lengthy but constructive negotiations, in early December 2019 the EA was submitted to a vote by employees. Sixty-three per cent of eligible employees voted, with 65 per cent of those employees voting yes. The EA was submitted to the Fair Work Commission (FWC) for approval in mid-December 2019 and approved on 12 June 2020.

Our objective has always been to reach an agreement that is fair and delivers on the needs of our customers, shareholders, and importantly, our people. The new EA does this.

Digital
futures

Networks

The digital world is transforming the way we live. We are empowered in new ways to communicate differently and take greater control of our health, finances and learning.

Our critical network and technology capabilities keep millions of consumers and businesses connected every day, including through crises such as the 2019-20 Australian bushfires and global COVID-19 pandemic. We have a long history of investing in the next generation of mobile and fixed network services, expanding coverage and resilience, digitising our systems and processes, and making major improvements to our customers' experience. This has enabled Telstra to be a world leader in telecommunications technology and respond to periods of heightened customer reliance on our networks.

Approach

Every day, our networks connect millions of people. Our mobile footprint stretches across more than 2.5 million square kilometres, vastly more than any other mobile network in Australia, reaching 99.5 per cent of the Australian population. Our customers rely on our networks around the clock and around the world. Having access to a reliable telecommunications network underpins economic growth and social interaction, and provides opportunities to address societal and environmental challenges. This year, as Australians have adapted to learning, working and spending more time at home, our customers have become more reliant than ever before on the breadth, speed and reliability of our network. With significant growth underway in the number and variety of smart devices, as well as online services and digital applications, our network traffic continued to increase over FY20 and finished the period up by 28 per cent, which was carried successfully.

Progress

At Telstra, we aim to have the largest, fastest, safest, smartest and most reliable next generation network. In FY20, we increased the number of 5G sites in service nationally from 300 to over 1,500, delivering 5G in selected areas in 53 major and regional cities and towns across Australia. The roll out means that over 1,000 suburbs now have 50 per cent or more 5G coverage and that more than 10 million people live, work or pass through our 5G footprint every day. Our focus on increasing 5G coverage has been boosted by our decision to bring forward $500 million investment from the second half of FY21 into calendar year 2020, specifically to increase capacity across our networks and accelerate our 5G deployment. This is injecting much needed investment into our economy, which has been impacted by COVID-19, and will support our current 5G rollout momentum into FY21, ensuring Australia's best 5G network will be available to even more Australians.
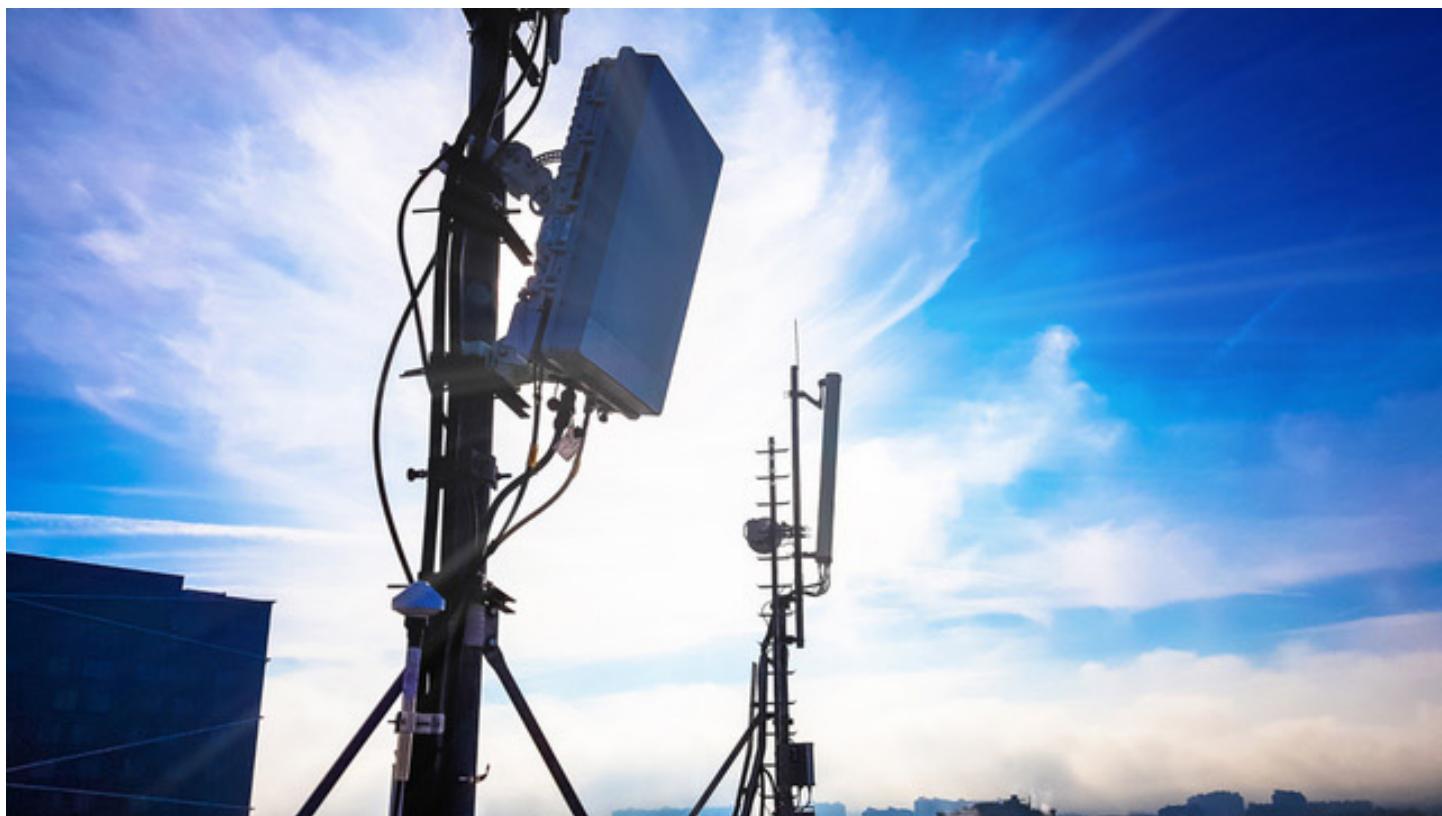
Investing in our network

We are committed to making ongoing investments to build capability for the future and strengthen our network leadership. Having laid the foundation through our strategic investment in the Networks for the Future program, we continue to drive network leadership through our T22 Strategy. Our ongoing investment continues to enhance network resilience, transform telecommunications with the roll out of 5G and Edge Computing, support the Internet of Things (IoT), and move to a world where our network is software-defined and cloud-native. Software Defined Networks (SDN) and our Network as a Service (NaaS) platform are both examples of transformations that will enable our partners and customers to better connect with, and leverage, our network.

We also have a long history of investing in regional Australia. Over the past five years we have invested $7.5 billion in our mobile network nationally, with $3 billion of that invested in regional areas. In FY20, we completed a program of work to further reduce fault rates and repair times in regional, rural and remote Australia. For more information, see the Regional and remote communities section of this report.

As part of our program to continually upgrade our network to the latest technology and expand our 4G and 5G coverage, we announced last October that we would switch-off our 3G network in June 2024. Between now and then we will be upgrading and expanding our 4G coverage to a materially equivalent size and reach to our 3G footprint. This is similar to when we turned off our 2G CDMA technology and repurposed its 850 MHz spectrum for 3G services. Switching off 3G will let us again reuse this same spectrum to support the latest 5G technology and allow us to continue to grow our network and meet our customers' data needs into the future.

Enhancing network resilience

We understand that being connected to the world is vital to the way our customers live and work. We know there are times when our network experiences interruptions. We recognise the impact network interruptions can have on our customers – big and small. To limit this frustration, we continue to enhance and deliver on our network resiliency programs, ensuring our customers can use their products and services the way they want, when they want. At the height of the 2019-20 Australian bushfires, there was substantial damage to the power grid, as well as to telecommunications infrastructure, which caused disruptions to our customers' services. A significant effort from our team and local communities helped keep people connected however possible. For more information, see the Disaster relief and recovery section of this report.

Continuous improvement of our network remains a priority. Our ongoing focus is on providing simplified and resilient infrastructure, removing single points of failure, replacing end-of-life equipment, and increasing automation. This enables faster recovery times and minimises customer impact should an incident occur. We take a customer-centric risk-based approach to prioritising our network improvement programs. Our targeted investment, borne out of this approach, has delivered significant risk reduction, leading to improved network resiliency and recovery.

5G Innovation

We are proud to have Australia's best 5G network, and are making sure we do everything to give Australians access to 5G as quickly as possible. In May 2020, we launched the Telstra 5G Wi-Fi Pro, our newest mobile broadband modem. This is Australia's first device that supports cutting edge millimetre Wave (mmWave) 5G technology. While the auction of spectrum in the 26GHz band, the key band of mmWave spectrum, is not expected to occur until 2021, we are busy testing to make sure our network is ready. Customers in test site locations, who own a Telstra 5G Wi-Fi Pro, will benefit from the next iteration of 5G before anyone else in Australia.

Together with our network and technology partners, we achieved several Australian and world firsts in FY20 that demonstrate our ability to scale new 5G products and services and improve network efficiency. We made the nation's first end-to-end 5G standalone call and enabled standalone 5G end-to-end capability across our network. We also conducted Australia's first live 5G broadcast and supported the first 5G-enabled stadium. We demonstrated significant advancements and improvements to network architecture and automation that will allow Telstra to quickly create and deploy new services for customers.

We know the health of our customers and their communities is important. For information on the safety of 5G and electromagnetic energy (EME), see the Mobile phones, base stations and health (EME) section of this report.

Internet of Things (IoT)

Connecting everyday objects and enabling them to send and receive data is what we mean by the Internet of Things (IoT). By putting real-time information and decision making power about the world around us in our hands, IoT has the potential to transform the way we live and work. Sensors are now being deployed in everything from cars and parking meters, to aircraft and farm equipment. Telstra connects more than three million IoT devices over our mobile network and offers connected lights, cameras and motion sensors on the Telstra Smart Home platform.

Underpinning the emergence of IoT will be the capability of networks to connect devices and send data on a national scale. We have been making ongoing investments in two key IoT technologies in our mobile network – LTE-M and Narrowband IoT (NB-IoT). Both LTE-M and NB-IoT are formally recognised as 5G technologies, meaning we can continue to support this technology beyond the lifespan of 4G. As part of a world-first innovation, we improved coverage of our NB-IoT network towers from 100 to 120 kilometres per site this year, which means our NB-IoT coverage now reaches across almost four million square kilometres. Telstra has long offered our customers Australia's largest and fastest mobile network and now we have added the ability to support IoT devices, like sensors, trackers and alarms, that can sit inside machines and vehicles and reach deep inside buildings. These network capabilities are crucial for IoT and its successful use in Australia.

We acknowledge that some people may have ethical and privacy concerns about new connective technologies. For more information about how we manage these, see the Protecting our customers' data and privacy section of this report.

Digital water management

Together, Sydney Water and Telstra designed an IoT solution that delivers better customer outcomes by predicting and averting water blockages and overflows. This involved deploying over 250 sensors to monitor pressure, sewer levels and water flow. Advanced algorithms process data received from the devices and provide insights to preemptively prevent pipe blockages and overflows. Sensors are also deployed on the distribution network to provide data on water pressure, which helps to predict and prevent leaks and other issues including water theft. This solution prevented a potential overflow that could have affected more than 4,000 properties.

The successful implementation of our Digital Water Metering solution earned us a Sustainability award at the IoT Impact Awards, celebrating our contribution to accelerating the adoption of IoT in Australia, assisting an industry that is vital to our nation's future.

International investment

We continue to enhance global connectivity and our subsea cable network. Our investments include involvement in a consortium to deploy a new high-speed cable (INDIGO) that connects Singapore, Indonesia and Australia. We have also invested in the Southern Cross Cable that connects Australia and New Zealand to the United States. Our 'Always-on' service is designed to provide continuous connection on our busiest Asian routes along with our Telstra 'Octagon' solution that provides access to low latency cables for improved responsiveness and performance, and connects some of the world's leading financial exchanges. These represent important developments for Telstra as a key part of our international growth strategy and provide significant benefits to our customers in today's high-speed and connected world.

We continue to invest in our subsea cable network infrastructure, the largest in the Asia Pacific region. These investments will boost capacity and resiliency, increase our backhaul network across Taiwan, Japan and Korea, and be at the forefront of providing connectivity between the United States and Asia.

Keeping the world online during COVID-19
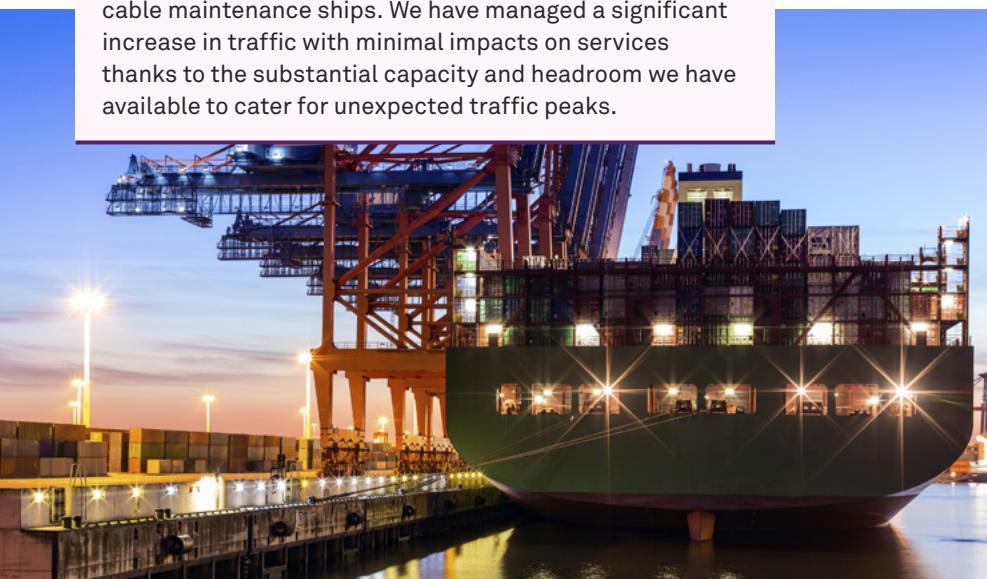
When the COVID-19 crisis demanded people leave their workplaces or educational institutes and operate from their homes, there was a significant increase in the demand for data. Our international network experienced a fifty per cent spike in traffic due to increase in data use from video for work, education and entertainment. We supported our cross-regional team to protect and maintain our subsea cables by moving to remote work, designating split teams, and coordinating with port operators and hotels to ensure the safety of those on our cable maintenance ships. We have managed a significant increase in traffic with minimal impacts on services thanks to the substantial capacity and headroom we have available to cater for unexpected traffic peaks.

Telstra InfraCo

Telstra's dedicated infrastructure business, Telstra InfraCo, is reinventing the way Australia's telecommunications infrastructure is built and managed, and will open up new and easier ways for customers to access our infrastructure portfolio.

In FY20, changes were announced to Telstra's infrastructure assets that shifted Telstra InfraCo's focus to be an asset operating business with a book value of around $11 billion. Implemented on 1 July 2020, the changes fine-tune accountabilities between Telstra InfraCo and the rest of Telstra, streamlining the end-to-end management and commercialisation of Telstra's key fixed and mobile infrastructure assets. The corresponding review of Telstra InfraCo's organisational structure has united infrastructure assets and experts alike in the one business. Our asset portfolio and its future optionality was a key guiding principle in the organisational design, in acknowledgement of the investment community's growing interest in infrastructure assets.

Under a new Telstra InfraCo brand, Telstra InfraCo is accountable for one of Australia's largest and most diverse set of telecommunications infrastructure assets. It delivers market leading infrastructure products, services and solutions to our retail and wholesale domestic customers and NBN Co[1]. Telstra InfraCo's products and services create new opportunities to help boost customers' growth and improve the quality of Australia's telecommunications infrastructure to better meet the needs of future generations. This includes providing access, maintenance, design and construction of infrastructure such as fibre, pits, ducts, towers, poles and exchanges to support our customers' needs. It also includes the development and delivery of a range of products and services to the wholesale market, which continue to be provided under our mature Telstra Wholesale brand.

[1] nbn™, NBN Co and other nbn™ logos and brands are trademarks of NBN Co limited and used under license.

Everyone connected

The digital economy generates social, cultural and economic benefits for Australians, but we know these benefits are not equally shared.

Over 2.5 million Australians are not online, and many are not able to take full advantage of online services. Digital inclusion is based on the premise that everyone should be able to make full use of digital technologies and the benefits they bring, whether it be managing health and wellbeing, accessing education and services, organising finances, or simply connecting with family, friends and the world beyond. Over the previous year, we have seen firsthand the importance of staying connected. As an organisation responsible for enabling so much of this connectivity, and as one of Australia's largest companies, we are living the digital transformation on the front line. We have seen unprecedented disruption, and with this unprecedented opportunity to step up for our communities and build a connected future so that everyone can thrive.

Approach

At Telstra, digital inclusion is our core business. We are focused on supporting those in our community most at risk of digital exclusion. This includes those on low incomes, people living with disability, older Australians, regional and remote communities, and people who are experiencing unemployment, homelessness or family violence. We partner with government and community organisations so that our more vulnerable citizens can not only participate, but also benefit from the digital economy. This means keeping people connected, especially when they are doing it tough, ensuring our products, services and information are accessible and easy to use, and building the digital skills and confidence of our vulnerable and diverse customers and communities.

Progress

Our digital inclusion programs provide tailored support, products and services to enable people to connect and thrive online. In FY20, we offered a range of digital inclusion activities to enhance customer affordability, accessibility and ability.

During the COVID-19 crisis we committed to a range of activities designed to support those in our community to be connected and access the benefits of technology where they may otherwise have been unable. Between March and June this year we provided our Consumer & Small Business customers additional mobile data and unlimited broadband data at no extra charge and offered discounts to eligible Consumer & Small Business customers currently receiving the JobSeeker payment. We provided unlimited home phone calls for eligible pensioners and provided internet access to up to 30,000 students and teachers across the country to help relieve some of the burden. With the help of NBN Co, we also launched a year-long $40/month home broadband discount to eligible low-income families with school-aged kids. For more information, see the Product and service responsibility section of this report.

We continued to invest in the future of regional Australia through the Mobile Black Spot Program co-investment arrangements and partnerships. We meet regularly with key consumer organisations in Australia to help ensure our digital inclusion programs meet our diverse communities' needs. This includes the Australian Communications Consumer Action Network (ACCAN), the Low Income Measures Assessment Committee (LIMAC), our Indigenous Advisory Committee, Financial Counsellor Forums, and our CEO Consumer Roundtable, which provides a regular forum for peak consumer organisations to meet with our CEO and senior leaders. Feedback from these forums has informed new initiatives on affordable mobile and home internet services for people on a low income, and continuing improvements to sales and service support for customers in vulnerable circumstances.

We regularly review our digital inclusion approach to identify groups most in need, changing technologies and consumer preferences. This year we provided tailored support, products and services to an additional 306,000 people, bringing the total number of people enabled to thrive online to 1.65 million over three years.

> For a detailed breakdown of our community investment performance data, see the 2020 Sustainability Report Data Pack.

Australian Digital Inclusion Index

Since 2015 we have partnered with RMIT University, the Centre for Social Impact at Swinburne University, and Roy Morgan to produce the Australian Digital Inclusion Index (the Index). The Index provides important insights on the barriers to digital inclusion across three areas - access, affordability and digital ability - and is designed as an information tool to help policymakers, businesses and community organisations take action on digital exclusion. The Index is a longitudinal study and shows that over time all digital inclusion in Australia is improving, and that Australians are spending more time, and doing more, online. However, it also shows that the gaps between digitally included and excluded Australians are substantial. Those with low levels of income, education and employment are significantly less digitally included. The value of the Index lies in the assistance it can provide in targeting and shaping future work. It can help guide future policy and action by improving the evidence base and sharpening our focus. As further transformations in digitisation affect the way we live and work, digital inclusion will become an increasingly important issue for all of us. For more information, see the Australian Digital Inclusion Index webpage.

Customers in vulnerable circumstances

We partner with more than 2,000 local community organisations across Australia to develop and deliver programs to assist our most vulnerable customers and communities. Our Access for Everyone programs help people on a low income or facing financial hardship to stay connected. Since its inception in 2002, we have provided benefits to the value of more than $3 billion.
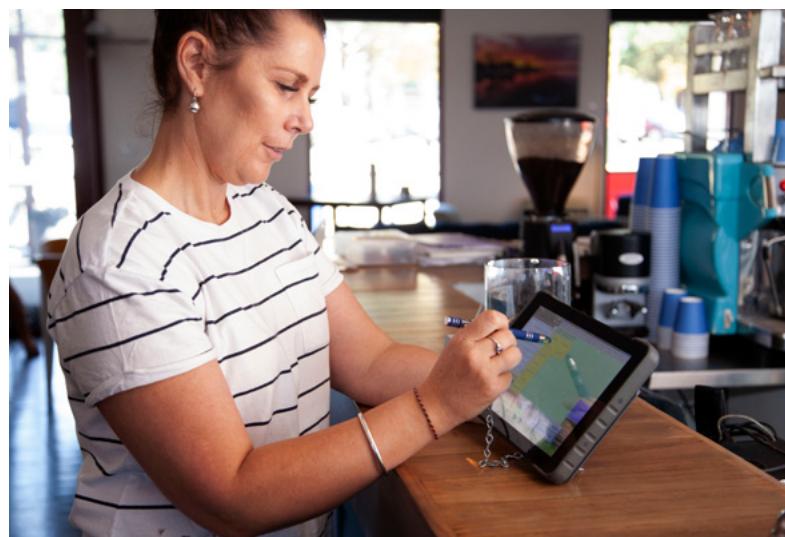
In FY20, Access for Everyone provided concessional benefits totalling $46 million, a reduction of 23 per cent compared to FY19 ($60 million), reflecting the further movement by pensioners to newer plans that have higher calling inclusions as standard. Over 690,000 pensioners received a discount in FY20 to the value of $31 million.

In FY20, we introduced an information hub for our staff to access the full range of options we provide. For our customers, we introduced a new $30/month Value Mobile Offer as an affordability initiative for customers with a valid health care card who may otherwise depend on a pre-paid service. We continue to work with financial counsellors and other customer advocates to improve sales outcomes; have invested more

resources into our specialised customer care teams; and improved our website with more information and guidance on Telstra assistance for customers in vulnerable circumstances. We have also begun to examine how we can achieve a consistent cross-company approach to supporting customers in vulnerable circumstances and make this commitment more transparent to our customers, employees and communities. For more information, see the Product and service responsibility section of this report.

Crisis support

Telstra provides free access to national crisis lines so that the cost of calling is not a barrier to seeking help from Lifeline, State Emergency Services (SES), Family Drug Support, Mensline Australia, beyondblue and Suicide Call Back Service. Over 833,000 Telstra-originated calls were made to these crisis lines from fixed, mobile and payphones in FY20, up 17 per cent on the previous year. We provide unmetered data access for those on the Telstra mobile network to the Ask Izzy mobile website, which connects people in need with housing, a meal, money help, family violence support and much more. With over 2.1 million searches for help in the past year, including a sharp rise in requests since March 2020 due to COVID-19, around 50 per cent come from Telstra's networks.

TelstrAbility Employee Representative Group panel on accessibility (L–R) Amy Whalley from Australian Network on Disability, Adem Cificioglu from Intopia and Telstra employees Sean Murphy and Ben Pintos-Oliver. Photo taken prior to the introduction of physical distancing requirements.

Supporting people living with disability

This year our Disability Enquiry Hotline took close to 12,000 calls and processed almost 2,000 successful applications for products as part of our Disability Equipment Program. More than 58,000 calls were made to our Directory Assistance Helpline by customers, some of who are not able to use printed or online telephone directories. We also assisted the Department of Infrastructure, Transport, Regional Development and Communications to help customers transition to alternative communication methods when the National Relay Service ceased supporting CapTel (captioned telephone) technology. We did this by commissioning user research in the community, consulting with 359 customers at risk of losing access to communication in the home; and supplying 127 pieces of equipment, including 110 TTYs (Tele-Typewriters for customers who are deaf or have speech impairment). This contributed to a total of 303 TTYs provisioned in FY20, more than doubling what was provided in FY19.

In FY20, we received 11 complaints of disability discrimination from the Australian Human Rights Commission and other state based anti-discrimination bodies. Of the 11, five were substantiated and resolved with various mitigating actions, including additional training for employees and the provision of information about our products and services. The remaining complaints were not substantiated and were resolved as appropriate.

In FY20, we launched a new My Telstra app that meets Level A standards of the Web Content Accessibility Guidelines, an internationally recognised set of recommendations for improving web accessibility. Level A standard ensures the app is accessible and useable for most customers on both iOS and Android devices.

We also supported the Accessible Telecoms service by linking our Telstra.com mobile product pages under the heading of 'Accessibility Features'. The membership based non-profit IDEAS (Information on Disability, Education & Awareness Services) maintain this service and peak body ACCAN directly attributed this change to a 313 per cent increase in page views for accessibletelecoms.org.au, enabling more customers to find the device accessibility information they need. We also supported Expression Australia to deliver key Telstra COVID-19 messaging in Australian Sign Language (Auslan), facilitating the inclusion of Deaf Australians whose primary language is Auslan.

In FY20, nearly 4,000 employees and contractors completed our Disability Awareness training for customer support agents. This training has been updated for FY21 to include a greater range of relevant topics, including mental health and neurodiversity.

Older Australians

This year we continued to support Australian seniors through our digital literacy programs, giving older people, particularly those in regional areas, the opportunity to develop the skills and confidence to embrace digital technology. In FY20, we gave almost 50,000 of our voice-only nbn customers access to free internet as part of their existing plan.

We partner with state governments to deliver our Tech Savvy Seniors program and in FY20 provided 15,721 face-to-face digital literacy training places for older Australians. This figure is a decrease on previous years due to COVID-19 restrictions that impacted the delivery of face-to-face training.

The introductory courses that support people in getting started online accounted for more than half of sessions run. Participant survey results reveal the program continues to drive important digital and social inclusion outcomes with a high majority of participants claiming they now feel confident using tablets, computers and smartphones and intend to use these technologies to access online information more frequently. Participants also feel their new digital skills have helped them to be more connected to friends and family and more engaged with what is happening in the world.

Introducing online learning for seniors

COVID-19 restrictions saw New South Wales Community Colleges start delivering online Tech Savvy Seniors sessions along with the Ethnic Communities Council of New South Wales who provided online sessions for Mandarin, Cantonese, Korean, Vietnamese, Italian and Turkish communities. In FY20, we delivered 68 online sessions providing 550 training places to members of these culturally and linguistically diverse communities.

In Victoria, the University of the Third Age (U3A) came on board as a partner for Telstra's Social Seniors program. This enabled the Social Seniors program to be delivered online by 60 U3As via video conference across the state.

In FY21, online delivery will become part of our standard digital literacy offering for older Australians, as we move to a blended learning approach.

Telstra Safe Connections

Telstra Safe Connections assists women impacted by domestic and family violence by providing access to safe and secure communications – a smart phone, $30 pre-paid starter kit and information to help them stay safely connected. Delivered in partnership with the Women's Services Network (WESNET), Telstra Safe Connections has distributed close to 23,000 phones to women since its inception in 2016. Since 2018, we have piloted a dedicated customer service entry point with trained agents and a 'high care' approach to our Safe Connections customers. As of March 2020, this service was made available for all customers impacted by domestic and family violence and can be accessed by calling 1800 452 566.

Regional and remote communities

Regional investment

Telstra has a longstanding commitment to planning and investing in a digital future that champions the needs of regional and remote communities. After the latest round of the Commonwealth Government's Mobile Black Spot Program is completed, we will have invested up to $290 million and built more than 880 new sites to improve coverage for regional areas around the country. As of June 2020, we have delivered more than 700 blackspot sites under these programs with 693 under the Commonwealth Government program and another 17 under the state programs. This is more than two thirds of the total 1,229 sites co-funded by government under the program since 2015. In addition, we also completed a further 215 small cells for remote communities, which enhance mobile coverage where it is not feasible to construct a full mobile base station.

We have been investing in bringing future technologies to Australia by enabling two national Internet of Things (IoT) networks – Narrowband IoT (NB-IoT) and LTE-M. Both NB-IoT and LTE-M are formally recognised as 5G technologies and. In FY20, we expanded the reach of our NB-IoT network to cover four million square kilometres across Australia, whilst our LTE-M network reaches three million square kilometres. Our IoT network reach and capacity supports performance efficiencies and stimulates economic benefit across regional Australia.

As of March 2020, Telstra completed a program of additional network investment to further reduce fault rates and repair timeframes in regional Australia. This was in response to the 2018 Regional Telecommunications Independent Review Committee (RTIRC) review report that highlighted a perception of numerous faults on Telstra's copper and fixed wireless networks. Although Telstra meets all Customer Service Guarantee benchmarks and complies with its Network Reliability Framework obligations, we undertook a program of work that resulted in an excess of 1,000 repairs to cable joints and remediated cable, and more than 200 battery repairs at exchanges, roadside cabinets, or customer sites.

Regional engagement

We respond to a range of regional community needs through our service and product offerings. In FY20, we established the Victorian Regional Advisory Council (RAC), which expands on the existing RACs operating in New South Wales, Western Australia and Queensland. The RACs are composed of key regional leaders helping us to identify and address local challenges and opportunities often associated with connectivity.

We have established partnerships with the National Farmers' Federation (NFF) and five state farming organisations. In FY20, as part of the NFF's 2030 Roadmap, we contributed to the establishment of the Farm Data Code, which aims to promote adoption of digital technology, by ensuring that farmers have comfort in how their data is used, shared and managed.

We established new partnerships in the last year with the Australian Trucking Association and became a founding member of the Regional Australia Institute's, Regional Australia Council 2031 (RAC2031). RAC2031 aims to use the collective knowledge and influence of the group to help transform regional Australia. It will focus on the four key pillars of jobs, population, liveability, and people and leadership. We also work closely with a range of community stakeholders, including the Country Women's Association of Australia (CWAA) and the Isolated Children and Parents' Association (ICPA), as well as think tanks and organisations such as the Regional Australia Institute.

We manage sales and service queries for consumer customers who live more than 100 kilometres from a Telstra store through a dedicated Regional Australia Call Centre in Adelaide, along with overflow capacity in Townsville. In FY21, our regional and rural customer support teams will extend nationally, and we will offer additional capacity building to our people to support the needs of these customers.

We have developed a range of next generation coverage extension solutions to deliver an improved mobile experience for our regional customers and those on the fringe of network coverage. We have also commenced the expansion of our Regional Network Advisers, who work closely with regional and rural customers to provide solutions and assist with mobile coverage issues. This builds on the model piloted since early 2019.

Telstra employee Garry Schreiber restoring lines for a school camp near Dwellingup, WA.

inDigiMOB © First Nations Media Australia. Photo taken prior to the introduction of physical distancing requirements.

Indigenous communities

As a major Australian telecommunications infrastructure provider, we play a key role in supporting Aboriginal and Torres Strait Islander peoples to connect and thrive in the digital world.

We recognise the importance of Aboriginal and Torres Strait Islander peoples being centrally involved in the decision-making processes related to the management of their cultural heritage. We achieve this by engaging with traditional owner groups when working in areas of Aboriginal significance and where required, facilitate Cultural Heritage Management Agreements to ensure the appropriate protection of Aboriginal Cultural Heritage. In any engagement, we also comply with the numerous federal, state and territory legal requirements.

We are a long-term proponent of reconciliation, and this year continued to deliver against our Reconciliation Action Plan (RAP). Our RAP achieved the highest rating – 'Elevate' – from Reconciliation Australia and supports several critical programs that deliver culturally relevant place-based digital skills and capability training.

Uluru Statement from the Heart

We support the Uluru Statement from the Heart - a powerful and generous contribution from Australia's first peoples to constitutional change, structural reform and national reconciliation.

The Uluru Statement is a compelling invitation to walk with Aboriginal and Torres Strait Islander peoples and a natural extension of our vision for reconciliation – an inclusive Australia where Aboriginal and Torres Strait Islander peoples are connected and empowered to thrive. Given Telstra's longstanding commitment to Australia's first peoples, we are proud to lend our voice - and our heart - to this vital work.

inDigiMOB

inDigiMOB is a pioneering digital inclusion project established by First Nations Media Australia and Telstra. The program aims to establish local digital mentors, improve digital literacy, support connectivity solutions, provide technical advice and develop appropriate and relevant learning tools. Since its founding in 2016 more than 2,400 people in the Northern Territory have received hands-on training. In FY20, inDigiMOB supported 'Indigemoji', Australia's first series of Aboriginal emojis, in partnership with the Alice Springs Public Library, the Northern Territory Government, CAYLUS and Ingeous Studios.

Telstra Regional General Manager Rachel Cliffe (far right) with (L-R) Jan Pool, CEO Torres Strait Island Regional Council, Napau Stephen, Chairman Torres Strait Regional Authority, The Hon Shannon Fentiman, Minister for Employment and Small Business and Minister for Training and Skills Development and Mayor Fred Gela, Torres Strait Island Regional Council. Photo taken prior to the introduction of physical distancing requirements

Boosting connectivity in Torres Strait

In partnership with the Queensland State Government, the Torres Strait Regional Authority and the Commonwealth Department of Agriculture, we are delivering high-speed internet access for mobile device users across 14 of the Torres Strait islands by 2021. Currently, many islands across the Torres Strait have patchy outdoor coverage, or only have 3G services. This project will improve that by building additional infrastructure at Sue Island, Coconut Island, Stephens Island, Dauan Island, Boigu Island and Mabuiag Island and 4G coverage at Yam Island, Maer Island and Saibai Island.

This expansion project will not only support essential services like police, health and education, but it will also help stimulate local business by opening up opportunities for tourism.

Indigenous Digital Excellence (IDX)

Co-founded and designed by the National Centre of Indigenous Excellence (NCIE) and the Telstra Foundation in 2013, IDX unlocks digital world opportunities for Aboriginal and Torres Strait Islander peoples. The program provides hands-on workshops in digital technologies to more than 31 remote and regional communities. For more information on IDX, see the Telstra Foundation section of this report.

Deadly Digital Communities

Deadly Digital Communities provides community-based digital literacy and technology training in remote and regional Aboriginal and Torres Strait Islander communities in Queensland. In FY20, the program reached 11 communities with more than 3,900 people gaining new digital skills. In a survey undertaken to evaluate the program's digital and social inclusion outcomes, almost all of participants believed their new digital skills would help them connect with family and friends, share their culture and assist in finding training and job opportunities.
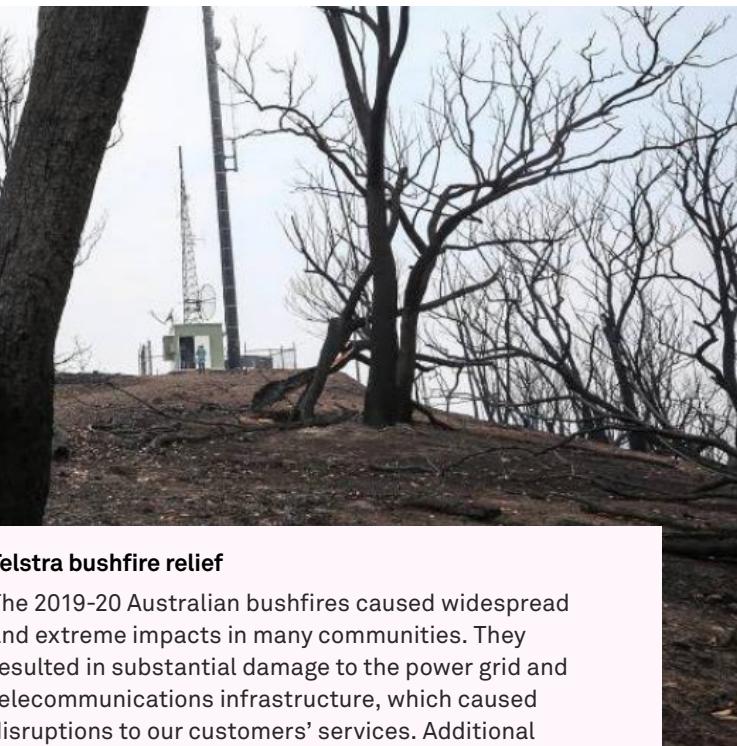
This program is an initiative of the State Library of Queensland and Telstra in partnership with Indigenous Knowledge Centres and local councils.

Disconnect

In FY20, we delivered the first four episodes of Disconnect – an eight part podcast series delivered by RMIT University that tells contemporary stories of how the internet is used in Aboriginal communities across the country. Disconnect is available on IndigiTUBE, YouTube, Spotify, iTunes and other podcasting apps, each episode examines a unique aspect of internet use and its impact – good and bad. The topics covered in the Disconnect series are contributed by the communities themselves, and interviews have been collected with local media organisations, as well as with inDigiMOB.

Telstra CEO Andy Penn visits a restored mobile tower in Jingellic, NSW.
Source: James Wiltshire, The Border Mail.

Disaster relief and recovery

We know how important our network connectivity is for the community, especially in times of crisis. We work extensively to prepare for disaster seasons with our priorities being to ensure our people are safe; to protect and maintain our infrastructure; and to keep our customers (including emergency service organisations) connected. In times of declared disaster, we provide telecommunications services such as temporary internet and loan handsets to evacuation centres and set up phone recharging stations.

These support arrangements include working with customers in financial hardship to offer longer-term payment options or extensions, reviewing and removing any administrative fees (e.g. for late payment), and reviewing a customer's mobile, fixed line and broadband plans to make sure they are affordable. We may also provide residents in a disaster relief area with free access to our public pay phones and free Wi-Fi data at Telstra Air hotspots, regardless of whether they are a Telstra customer or not. Various services for impacted individuals, such as: free call diversion, reconnecting services at a new address free of charge and providing additional mobile data, can also be made available for those impacted by disaster. During FY20, over 1,000 customers across New South Wales, Queensland, Victoria and South Australia registered for our short- and long-term disaster assistance packages that provide relief measures including up to $500 credit on fixed and mobile phone accounts.

Our Community Recovery Vehicles can be deployed to arrange customer disaster relief packages, which include diverting home and business phones to mobiles and, in some cases, the distribution of free devices with prepaid credit. Depending on our access to affected areas, we may also set up temporary Telstra shops to support customers. We also provide emergency response leave for our people who volunteer with emergency services.

Telstra bushfire relief

The 2019-20 Australian bushfires caused widespread and extreme impacts in many communities. They resulted in substantial damage to the power grid and telecommunications infrastructure, which caused disruptions to our customers' services. Additional resources were assigned to support preparation before the fires, and response, restoration and recovery after them. We deployed over 100 portable generators and temporary replacement infrastructure such as mobile 'Cells on Wheels' (COWs) and 'Mobile Exchanges On Wheels' (MEOWs®).

Telstra representatives were present in 21 evacuation centres – setting up Wi-Fi hotspots and charging stations and offering emergency equipment such as pre-paid mobile vouchers. We provided assistance packages, including account credits and call diversions for affected communities, as well as unmetering critical websites, such as State Fire Authorities, Bureau of Meteorology and ABC News, so that accessing important information did not count towards customers' data allowance. In addition, we proactively contacted 2,090 medical priority assist customers identified as living in bushfire affected zones to check if they had a working service and offer assistance packages.

Telstra payphones and Telstra Air Wi-Fi were made free for use nationally during the months of January and February, with more than 2.5 million free calls made from those payphones. We received more than 55,000 calls from customers making enquiries and seeking support after the bushfires and waived mobile bills for around 10,000 firefighters and SES volunteers for December and January. Our team also supported international firefighters to stay connected with their loved ones by providing devices and appropriate international roaming plans as they arrived to help Australian emergency services.

We wish to express our sincere appreciation to our people as well as all firefighters, emergency services personnel, members of the Australian Defence Force (ADF) and local communities for their tireless work during the bushfire season. You were critical in supporting us to protect and restore the telecommunications infrastructure that keeps Australians connected.

Tech For Good

In an increasingly dynamic and interconnected world, technology has an enormous capacity to create and support social and environmental change.

Digital technology disrupts traditional operating models and helps society respond to major issues in a more agile and scalable way – from managing the threat of climate change and supporting the transition to a lower carbon future to making healthcare, education and employment more universally accessible. In 2020 we have seen the COVID-19 crisis act as a powerful catalyst for societal change, whilst underscoring the critical importance of technology and connectivity.

Approach

The pace of digital transformation brings great opportunity, but it also brings challenges in terms of online privacy and safety, as well as the impacts of digital exclusion. Physical distancing, forced isolation and the 'new normal' has shifted the way we live and work, creating new lifestyle patterns and changing the place of technology in everyday life. At Telstra, we saw firsthand the impact of moving more than 25,000 Australian office-based staff to working from home. We want to harness the learnings from this period, and the enormity of the transition, as we support our customers and the wider community to navigate the online world confidently and safely.

By encouraging innovation, investing in our community and developing the digital skills of our customers, there is great potential for our business and us as individuals to move towards a cleaner, more empathetic and inclusive future for all.

Responsible use of technology

There are significant opportunities for positive social and environmental outcomes in the application of technologies such as IoT, Artificial Intelligence (AI) and Big Data. The potential for improved experiences for customers and increased efficiencies for businesses need to be balanced with ethical considerations such as privacy, information security, and accountability. These considerations are dynamic and complex. We take a transparent customer-centric approach and apply strong processes to manage these complexities. We are working closely with the Commonwealth Government, CSIRO and a range of academic and non-profit organisations to pilot the Australian Framework for Ethical AI.

For more information about this pilot and how we manage the ethical issues associated with these technologies, see the Protecting our customers' data and privacy section of this report.

Progress
Nurturing social and environmental innovation

Innovation is how we make things better. It is how we push technology to be more human, turn big ideas into new realities, and address the challenges facing Australians, our businesses, our government, and our communities.

We believe there is huge potential for technology to enrich our communities and the natural environment. Telstra Labs is our dedicated space to uncover this potential. It is where our teams, our partners, our customers, and Australia's next generation of innovative thinkers collaborate and co-create to imagine new product solutions, before our wider team scales them and brings them to the broader community.

During FY20, Telstra Labs has delivered innovative customer trials in Cellular Vehicle-to-Everything (V2X) and low altitude airspace management for drones, and established world-leading technology trials in Edge Compute (with global operators) and cyber security. It has led a significant amount of the humanoid, collaborative robots, and intelligent assistant trials for industry customers. Telstra Labs also provides deep technical knowledge in Bluetooth and Wi-Fi positioning technologies, AI and machine learning (ML), through computer vision techniques, such as object, pattern and people detection.

In FY20, we supported the Australian healthcare system during the COVID-19 crisis by bringing the Critical Health Resource Information System (CHRIS) to over 190 public and private hospitals. CHRIS was developed by Telstra Purple – Australia's largest domestically owned technology services business – in conjunction with Ambulance Victoria and Australian and New Zealand Intensive Care Society (ANZICS), and has assisted healthcare facilities to move patients to the nearest available ICU hospital, and redeploy vital equipment including personal protective equipment, respirators and dialysis machines to those that need it most.

We continued to solve for environmental efficiencies using IoT technology and the Telstra Data Hub platform, a secured central location where data from numerous channels is held together and exchanged in real-time. Our LTE-M or Narrowband IoT (NB-IoT) devices, such as those used in agronomy, can be equipped with small sensors that capture and send small volumes of data to a base via the mobile network. These IoT systems work with the Telstra Data Hub and enable farmers to check the status of their soil and crop from anywhere in the world. Similar technology can be deployed in urban areas. For more information, see the Internet of Things (IoT) section of this report.

Towards Zero: creating safer roads with Cellular-V2X

As part of the Towards Zero Connected and Automated Vehicle Trial Grants Program, Telstra and Lexus Australia were awarded a $3.5 million grant from the Victorian State Government to run a field trial of 4G-based connected vehicle technology. These trials demonstrate how the existing cellular network can be used to increase safety outcomes on roads.

Safety outcomes were tested across a variety of transport applications including slow or stopped vehicles, speed advice, red light violations, emergency electronic brake lights, right turn assist and pedestrian warning.

The cross-industry collaboration between Telstra as network partner and V2X platform provider Lexus Australia, who provided two Lexus RX 450h SUVs, and the Victorian Department of Transport, who made available real-time traffic data, was unique. The Cellular-V2X technology for Cooperative Intelligent Transport Systems (C-ITS) and Advanced Driver Assistance System (ADAS) trials represent an Australian first.

IDX Flint program in action, mapping country with drones in Yirrkala, East Arnhem Land, NT. Photo taken prior to the introduction of physical distancing requirements.

Telstra Foundation

Telstra Foundation is the philanthropic arm of Telstra. Powered by Telstra and technology, our mission—unchanged for almost 15 years —is to build community resilience and enable young people to thrive. This year we partnered with 14 charity and social enterprise partners, committing $5.3 million through the Telstra Foundation to support community programs and partnerships. This brings our total investment since FY18 to $17.3 million, which is short of our target to invest $18 million in the Telstra Foundation over three years. Telstra Foundation also leverages shareholder and employee giving and in FY20 facilitated over $1.1 million in charitable donations through these channels. In combination since FY18, the total investment in programs designed to support young people to thrive in a digital world has been $21.1 million.

Our response to COVID-19: youth mental health and partner relief package

As the evolving challenges of COVID-19 are felt across Australia, Telstra Foundation took decisive action to deliver a strategic and compassionate response to support our partners and their vital work. In addition to providing project flexibility for charity partners, we also responded to the increasing demand in mental health through development of a COVID-19 Mental Health Relief Package. This package is designed to fast track the digital enhancement of youth mental health services.

ReachOut and Orygen Digital: enhancing the system

Telstra Foundation's $2 million COVID-19 Mental Health Relief Package is helping ReachOut and Orygen Digital fast track and enhance online mental health support for young people across Australia. This contribution recognises the role digital technology and connectivity can, and sometimes has to play in the successful treatment of youth mental health issues.

The ReachOut and Orygen Digital service offers go well beyond standard video conferencing and telehealth and provide digital solutions that transform the way clinical services and support resources and tools are delivered. Funding will be allocated over a two-year period, with approximately $200,000 of in-kind support, including access to data scientists and Agile coaches.

Indigenous Digital Excellence (IDX) connection goes virtual

The Indigenous Digital Excellence (IDX) initiative, co-founded by the NCIE and the Telstra Foundation in 2013, unlocks digital opportunities for Aboriginal and Torres Strait Islander peoples.

In April 2020, over 30 Aboriginal and Torres Strait Islander peoples from regional and remote communities planned to attend a week long IDX Annual Champion Camp at NCIE in Redfern, New South Wales. Due to COVID-19, the camp was held virtually, allowing the IDX's network of community champions to connect, share knowledge, and gain new digital skills to take back to their communities. The virtual camp consisted of a live-streamed smoking ceremony, welcome to country, and 15 sessions that included digital storytelling, 3D printing, coding, and bringing business ideas to life.

"This was the first time IDX delivered its program in a virtual setting and we're excited to do this with our IDX Champions, who are the people driving digital excellence in their communities." Grant Cameron, IDX Manager.

Digital changemakers: Tech4Good investment

Telstra Foundation's Tech4Good Challenge supports non-profits using digital technology to improve the health and wellbeing of young people – particularly diverse and vulnerable young people. In FY20, we continued to support five organisations to build and pilot their digital innovations – BighART, Autism CRC, Orygen Digital, Expression Australia and Infoxchange. Each organisation has received $450,000 over two years to fund their projects.

Autism CRC is the world's first national cooperative research initiative focusing on autism across the lifespan of an individual. Their vision is to see autistic people empowered to discover and use their diverse strengths and interests. As part of the Tech4Good Challenge, the Autism CRC team designed and launched a digital solution called MyWay Employability to help school leavers with autism spectrum disorder identify their strengths and interests, set goals, and track progress on their path to a successful career. The project helps young autistic people to identify their skills, confidently enter the workforce, and achieve success in their chosen career pathway.

> "Over one third of people on the spectrum are unemployed. Reaching young people with a tailored program while they are still in school is critical because receiving the right support to plan and prepare early can set them up for success."
>
> —Cheryl Mangan, Autism CRC project co-leader.

In addition to the Tech4Good Challenge, the Foundation has also partnered with the Australian Red Cross, committing $4.1 million to further drive social innovation enabled by technology in the area of climate change. This funding will help the Australian Red Cross develop, launch and deliver Humanitech a global 'think+do' tank that seeks to pioneer new digital solutions through sharing, collaboration and experimentation, and to further amplify ideas and solutions with the greatest potential for scale and impact.

"Through Humanitech we will create an innovative and entrepreneurial environment in which to collaborate with other organisations, thought leaders, institutions and government to shape future digital innovations that service humanity." Judy Slatyer, Australian Red Cross CEO.

Building a Tech4Good community of practice

Building a community of practice around social changemakers is part of Telstra Foundation's Tech4Good approach. Since 2008, ReachOut and Telstra Foundation have partnered to promote discussion across sectors via the Technology for Wellbeing Roundtable. The Roundtable aims to provide a space for people working in youth wellbeing to share knowledge and build relationships in the context of emerging technology. Members include representatives from the technology, non-profit, government and academic sectors. In FY20, Edward Santow, Australia's Human Rights Commissioner met with Roundtable members to discuss the Commission's research, consultation and insights about the rapid rise of new technology and what it means for human rights.

Digital changemakers: the next gen

At Telstra Foundation we believe every young person should have access to the tools and skills to power their own future and explore the opportunity to create, not just observe, their digital world. For over a decade we have supported the next generation of digital changemakers by investing in grassroots coding, digital making, and entrepreneurial learning initiatives. With our partners, the National Centre of Indigenous Excellence (NCIE) and Young Change Agents, we deliver train-the-trainer programs in schools, indigenous communities and libraries, which encourage young people to build skills including coding, robotics, drones, and entrepreneurial and design thinking. In FY20, programs were impacted by COVID-19 restrictions and partners pivoted to virtual program delivery, refocusing on the enhancement of digital tools and resources.

We also manage Code Club Australia, the nation's largest network of free, volunteer-led code clubs. Code Club Australia is for young people, teachers and librarians and aims to #getkidscoding. By learning how to code, young people build digital literacy skills and develop valuable soft skills including logic, creativity, critical thinking, collaboration and communication.

Telstra Foundation has boosted the movement to bring code clubs to kids all over regional and remote Australia and give teachers and volunteers free online teaching resources. In FY20, Moonhack – an annual, international coding event for kids – inspired 34,170 kids from over 70 countries to celebrate a week of coding. Participants coded planet saving solutions across six coding projects, translated into 11 languages. Almost half of the Moonhack participants were girls and 51 per cent were based in Australia.

Keeping safe in a digital world

Digital technology provides access to a world of information and communication, but it can also leave us exposed to risks such as cyberbullying, and privacy and data security breaches. Through our programs, we work to build the skills and confidence needed to help understand these risks and promote safe and positive digital experiences. Online safety is more than protecting people from online danger and personal risk. It'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 infrastructure and support that make this possible.

Cyber safety in our communities

As an organisation responsible for enabling so much of today's connectivity, we also have a responsibility to support communities to be smart, safe and responsible when it comes to technology. Recent research indicates that more than six out of ten parents are concerned about online bullying or their kids being exposed to inappropriate content, and more than half are worried about stranger danger on the internet. We provide our customers with practical tips, particularly on digital parenting and advice on cyber safety, to mitigate these concerns. For example, our SmartPhone Safety Hub provides support for parents who are bringing a smartphone into their child's life. For more information, see our SmartPhone Safety Hub webpage.

In addition, we collaborate on cyber safety through our active participation in key industry programs. The Telstra Foundation and the Alannah & Madeline Foundation launched eSmart Libraries in 2012 – one of the most ambitious cyber safety initiatives undertaken in Australia - to equip libraries, staff and library users with the skills they need for smart, safe and responsible use of digital technology. This initiative has been scaled and integrated at libraries across Australia. We are also a co-founder of the Technology for Wellbeing Roundtable, which we describe in the Telstra Foundation section of this report.

Protecting children's safety online

In June 2020 we signed up to the Voluntary Principles to Counter Online Child Sexual Exploitation and Abuse (Voluntary Principles). The Voluntary Principles were recently introduced by the Five Country Governments (Australia, Canada, New Zealand, the United Kingdom and United States), with the aim of guiding global efforts to safeguard children on online platforms and services. We are committed to protecting children's safety online and we will continue our work with government and industry partners to make the internet a safer place for all users.

Helping customers stay safe online

The rapid uptake of new technologies provides a nearly always-on connected world and with that comes an increase in cyber vulnerabilities. As new opportunities emerge, one significant risk remains – the critical need to protect ourselves online. As an organisation responsible for enabling so much of today's connectivity, we offer our customers a range of ways to stay safe online. Our Telstra Broadband Protect and Telstra Mobile Protect solutions help customers to better protect their families from cyber risks, tailoring connectivity to the needs and maturity of family members and helping bring balance to screen time.

Telstra Broadband Protect helps more than 2.5 million customers and their family members to stay safe online via any device connected to their home fixed broadband service. The product blocks around one billion queries to malicious sites and content that may infect devices or steal customers' information every month. This year more than 70 per cent of our home internet users are protected by Telstra Broadband Protect. Thousands of customers have also added parental controls to their Telstra Broadband Protect service, so that they can block inappropriate content or restrict internet access on devices in the home. In FY20, there were several days where parental controls blocked over one million requests for websites, applications, and other content based on customer configured policies.

Telstra Mobile Protect helps protect families when they are using their mobile devices on the Telstra mobile network, and lets parents restrict mobile and tablets usage. The service offers customers family friendly web-blocking features and allows parents to protect their children from unwanted calls and SMS messages. The service is available to post-paid Telstra customers at no extra cost.

In FY20, we announced our Cleaner Pipes initiative to further reduce instances of customer data being compromised through malware, ransomware and phishing. For more information on cyber security, see the Protecting our customers' data and privacy section of this report.

Environmental solutions

Climate change and energy

Climate change will be the defining challenge of the 2020s

– Andy Penn, CEO

There has never been a more important time for business to think deeply about the role it plays in society.

Events including the 2019-20 Australian Bushfires have raised awareness and increased concern in the community about what climate change means and, more importantly, what must be done to respond and increase resilience. The science is clear. Climate change, driven by greenhouse gas (GHG) emissions, is creating risks that impact our economy, our environment, our communities and each of us individually.

As Australia's largest telecommunications provider and one of the largest consumers of electrical and other energy in the country, it is essential that we identify and manage the risks and harness the opportunities that climate change presents for our business.

Keeping millions of Australians connected requires 5.6 petajoules of energy (electricity, diesel, petrol and natural gas) each year and this year resulted in nearly 1.2 million tonnes[1] of GHG emissions. This equates to GHG emissions from around 400,000 cars each year[2]. As businesses, governments, communities and consumers increasingly adopt new digital technologies the volume of data on our network continues to grow.

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[1] Includes FY20 scope 1 and scope 2 emissions.

[2] Data estimated based on average passenger vehicle fuel consumption of 10 litres per 100km and taken from https://www.energy.gov.au/households/transport

Approach

We are committed to making emissions reductions that are consistent with the Paris Agreement. We are also committed to being transparent about our approach and progress in responding to climate change.

This year we have begun to align our reporting with the recommendations outlined in the G20's Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD). TCFD provides a voluntary framework for organisations to assess and disclose material forward-looking financial risks and opportunities arising from physical climate change impacts. It will also help us to navigate the transition to a low-carbon economy and investigate related risks and opportunities associated with climate change to understand the resilience of our business strategy and potential financial impacts of these changes.

In December 2019, we announced our commitment to achieve net zero GHG emissions by 2050 in line with the Paris Agreement. We then decided to further challenge ourselves and set three ambitious climate goals in March 2020. These are:

1. **Be carbon neutral in 2020**

   Our approach to achieving carbon neutrality follows the World Business Council on Sustainable Development (WBCSD) GHG emissions mitigation hierarchy, which is to avoid generating emissions where possible, take active measures to reduce emissions, and to 'neutralise' any remaining emissions by purchasing carbon offsets.

Telstra becomes carbon neutral

We met our goal and achieved carbon neutral certification for our operations under the Commonwealth Government's Climate Active program. To help contribute to our carbon neutrality goal, we continued to actively work to improve the energy efficiency of our network sites and exchanges, and data centres. This year, despite increasing demand for data, our network facility energy reduction program and decommissioning activities contributed a 3.4 per cent reduction towards achieving both our carbon neutrality and emissions reduction goals.

The balance was achieved by purchasing carbon offsets from a mix of Australian and international projects. We have chosen carbon offset credits consistent with the Climate Active program guidelines and further applied our own criteria to assess the social and environmental integrity of projects we chose to invest in. The credits purchased to meet our 2020 carbon neutral commitment have been from two project owners in Australia and three in India.

In Australia, we are supporting the Southern Aurukun Savanna Burning Project, that uses the knowledge of traditional owners and Aboriginal rangers to reduce the GHG emissions from savannah fires, which make up three per cent of Australia's total emissions. The other Australian project we are supporting is the Yarra Yarra Biodiversity Corridor, a native reforestation project located in Southwest Australia – a global biodiversity hotspot. In India (where we have significant operations) we are purchasing offsets from four solar energy and five wind energy projects.

For more information on the emissions we are offsetting and the carbon offset projects we are investing in, see the Public Disclosure Statement.

2. **Renewable leadership by enabling renewable energy generation equivalent to 100 per cent of our consumption by 2025**

In an interconnected energy grid, new renewable generation has the effect of decarbonising the grid for everyone. To support this, by 2025 we will own or contract renewable energy generation in Australia and our other business locations, enabling renewable energy generation equivalent to 100 per cent of the energy we consume across all of our operations, including our networks and buildings.

We are Australia's largest corporate purchaser of electricity from renewable projects connected to the grid under project specific agreements. While the output from these projects goes into the total grid pool, rather than directly into our facilities, these agreements play a role in providing the investment certainty to enable these projects to proceed. As the grid itself increases its proportion of renewable energy due to agreements with us and others, the power that flows into our facilities from the grid also becomes greener. The projects we have agreements with, including the Murra Warra Wind Farm and the Emerald Solar Park, generate renewable energy equivalent to the energy consumption of 255,000 households. We will continue to build on this work and invest in renewable energy generation.

For more information on our existing Power Purchase Agreements, see the Renewable Energy section of this report.

3. **Reduce our absolute emissions by at least 50 per cent by 2030**

Our emissions reduction target is based on our commitment to achieve net zero GHG emissions by 2050 in alignment with the Paris Agreement.

We plan to achieve this 50 per cent reduction in absolute emissions by 2030 through a range of initiatives, including increasing investment in our energy efficiency program and new technologies, and, building climate change considerations into long-term business planning. We will also benefit from the progressive decarbonisation of the electricity grid as the uptake of renewables grows.

In February 2020, we committed to the Science Based Targets initiative. At the same time, the Global System for Mobile Communications Association (GSMA) announced its commitment to the Science Based Targets initiative for the telecommunications sector to achieve net zero carbon emissions by 2050.

For more information on our energy efficiency program, see the Energy efficiency section of this report.

Climate change governance

Understanding and managing our risks is part of how we work. It helps us meet our strategy and business objectives and our legal and regulatory obligations and enables us to make informed business decisions and act ethically, in the best interests of Telstra Group and our shareholders. Maintaining clear oversight of our climate change related risks and opportunities is one of our sustainability governance priorities.

Board
Set climate change strategy and approve targets

Audit & Risk Committee
Oversee climate risk management and make recommendations to the Board on targets

CEO Leadership Team
Endorse approach and recommend decisions

Climate Executives Group
Oversee climate change work program

Climate change working streams

Board and Audit & Risk Committee

The Board monitors Telstra's environmental (including climate change) performance, which includes setting our climate change strategy and approving our targets. During FY20, among other things the Board approved our three climate goals announced in March 2020, endorsed the framework of our refreshed environment strategy, and received updates on our climate goals and our climate change work program.

The Audit & Risk Committee assists the Board in this area by overseeing how our climate-related risks are managed and making recommendations to the Board with respect to risks and appropriate targets. The Audit & Risk Committee receives updates on the management of climate change risks and opportunities and progress against our targets.

For more information on Telstra's Board and Audit & Risk Committee, see the corporate governance website and the latest Corporate Governance Statement.

Executive management

The CEO, together with the senior management team, is responsible to the Board for the development and implementation of our climate change strategy, and our performance against it. A Climate Executives Group, with representation from across the business, has been established to deliver a comprehensive response to climate change. The role of the Climate Executives Group is to provide directional leadership on Telstra's climate ambition, determine key priorities and execute management decisions on climate-related matters. This includes making recommendations to the CEO Leadership Team on key climate change focus areas, including appropriate targets and our strategic response to climate impacts.

Telstra achieves CDP A List recognition

For the 2019 CDP (formerly Carbon Disclosure Project), we were recognised as one of six Australian and 179 international companies to make CDP's Global Climate Change Index A List, which names the world's most pioneering companies leading on environmental transparency and performance. This recognition demonstrates our leadership and commitment to reduce emissions, mitigate climate risks and develop a low-carbon economy.

Industry associations and the valuable role they play

We are a member of a number of industry associations that we believe provide value to our business, industry, the economy and society more broadly. These associations provide access to the latest industry thinking and insights around issues including the environment. They have an important role to play in developing effective policy, regulation and industry standards.

In December 2019, we published a review of our alignment to our key industry associations in relation to climate change. The review found there was broad alignment between Telstra's position and that of our industry associations.

Following this, we will continue to collaborate with industry associations on these issues, while monitoring our memberships to ensure continued alignment on climate change and energy policy.

Our commitment to transparency

We calculate our GHG emissions in accordance with the Greenhouse Gas Protocol of the WBCSD and World Resources Institute as well as the Australian National Greenhouse and Energy Reporting (Measurement) Determination 2008 (as amended). Our GHG emissions data includes relevant Australian subsidiaries, joint ventures and partnerships as set out in the National Greenhouse and Energy Reporting Act 2007.

We have begun to align our reporting with the recommendations of the TCFD and will continue to evaluate and enhance our climate-related disclosures to reflect our accelerated response in managing the impacts of climate change.

For a detailed breakdown of our environmental performance data, see the 2020 Sustainability Report Data Pack.

To ensure stakeholder's confidence in our environmental management and performance, we engaged Ernst & Young (EY) to provide limited assurance over a selection of our FY20 environmental performance data. For an overview of the metrics included in the assurance, see EY's assurance statement.

Our response to the recommendations of the TCFD and the location of these disclosures are summarised in the table below.

TCFD Recommendations	Report	Location
Governance - Disclose the organisation's governance around climate-related risks and opportunities	2020 Bigger Picture Sustainability Report	Climate change governance
	2020 Corporate Governance Statement	The responsibilities of the Board
	2020 Corporate Governance Statement	Managing our risks
Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	2020 Bigger Picture Sustainability Report	Managing climate-related risks and opportunities
	2020 Annual Report	Our material risks
	2020 Bigger Picture Sustainability Report	Our approach to developing climate scenarios
Risk Management - Disclose how the organisation identifies, assesses, and manages climate-related risks	2020 Bigger Picture Sustainability Report	Risk management framework
	2020 Corporate Governance Statement	Managing our risks
	2020 Bigger Picture Sustainability Report	Managing climate-related risks and opportunities
Metrics and Targets - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	2020 Bigger Picture Sustainability Report	Approach
	2020 Bigger Picture Sustainability Report	Managing our energy and emissions

Risk management framework

Our risk management framework provides the foundations and organisational arrangements for how we manage risks across Telstra. Climate-related risks and opportunities are identified, assessed and managed using our risk management framework. Our approach to managing climate-related risks is consistent with the way we manage other material risks that may prevent the achievement of our strategic plans and objectives.

For more information on our risk management framework and how we manage our risks, see the FY20 Corporate Governance Statement.

Managing climate-related risks and opportunities

Risks associated with the physical impacts of climate change can be acute (arising from changes in the severity and frequency of weather events) and chronic (longer-term shifts in climatic patterns such as sea-level rise). The physical impacts of climate change, such as increased frequency and severity of extreme weather events, have the potential to damage our physical assets and disrupt continuity of service to our customers. Transition risks are those arising from policy, legal, technology, market and reputation changes associated with the transition (or lack of) to a low-carbon economy.

With regards to opportunities, decarbonising the global economy is likely to require a world that is more interconnected, digitised and decentralised, providing Telstra the opportunity to develop new solutions for customers and to support emerging industries.

An overview of the climate-related risks and opportunities identified to have potential financial or strategic impact to our business and our response is summarised in the table below.

	Risks	Opportunities	Response
Policy	Emerging changes in policy and regulation can have cost impacts associated with meeting higher regulatory requirements.	Implementing energy efficiency technologies and upgrades will drive resource optimisation and reduce operational costs.	We participate in industry forums and actively monitor and work to influence the emerging policy and regulatory landscape.
Market	Shifts in consumer behaviour can disrupt demand for existing market offerings.	Higher demand for new environmentally aware products and services will increase market offerings and innovation in the ICT sector, driving revenue growth for the sector.	We continue to monitor and understand emerging technology and customer trends, and provide thought leadership to our product and technology, proposition and marketing roadmaps, our strategy, and Telstra's investment plans.
Technology	Products and services that fail to compete may be phased out in the transition to a low carbon economy.	Decarbonisation will drive innovation in technological development in the ICT sector for digitised solutions in the energy, resource, and transport sector, and we can play a powerful enabling role in assisting our customers to reduce their environmental impacts (including GHG emissions).	We actively manage the lifecycle of our products and services: defining, building and retiring products. This requires us to anticipate and understand what our customers want and how we can leverage horizons of new technology to serve them.
Reputation	Changing customer or community perception on our contribution (or lack of) to the transition to a lower-carbon economy. Absence of climate-related disclosure may expose us to shareholder activism and increased regulatory reporting obligations.	Meeting increased stakeholder expectations gives us the opportunity to build trust as well as being a provider of choice for customers interested in minimising emissions across the value chain.	We are committed to climate disclosures aligned to the TCFD framework and have set climate goals aligned to climate science.
Physical – acute and chronic	Higher frequency and severity of extreme weather events can increase operational cost for disaster recovery and disrupt our supply chain.	Increased growth in ICT sector for early warning systems and demand for connectivity, especially for climate vulnerable customers and businesses.	We continue to build on our Network Resiliency and Business Continuity program which focuses on delivering continuous connectivity and better usage experience for our customers.

Our approach to developing climate scenarios

We have developed future climate scenarios to help us understand what future trends, opportunities and risks may emerge as a result of climate change and their potential financial and operational impacts on our business strategy. In response we have developed future climate scenarios in line with the recommendations of the TCFD.
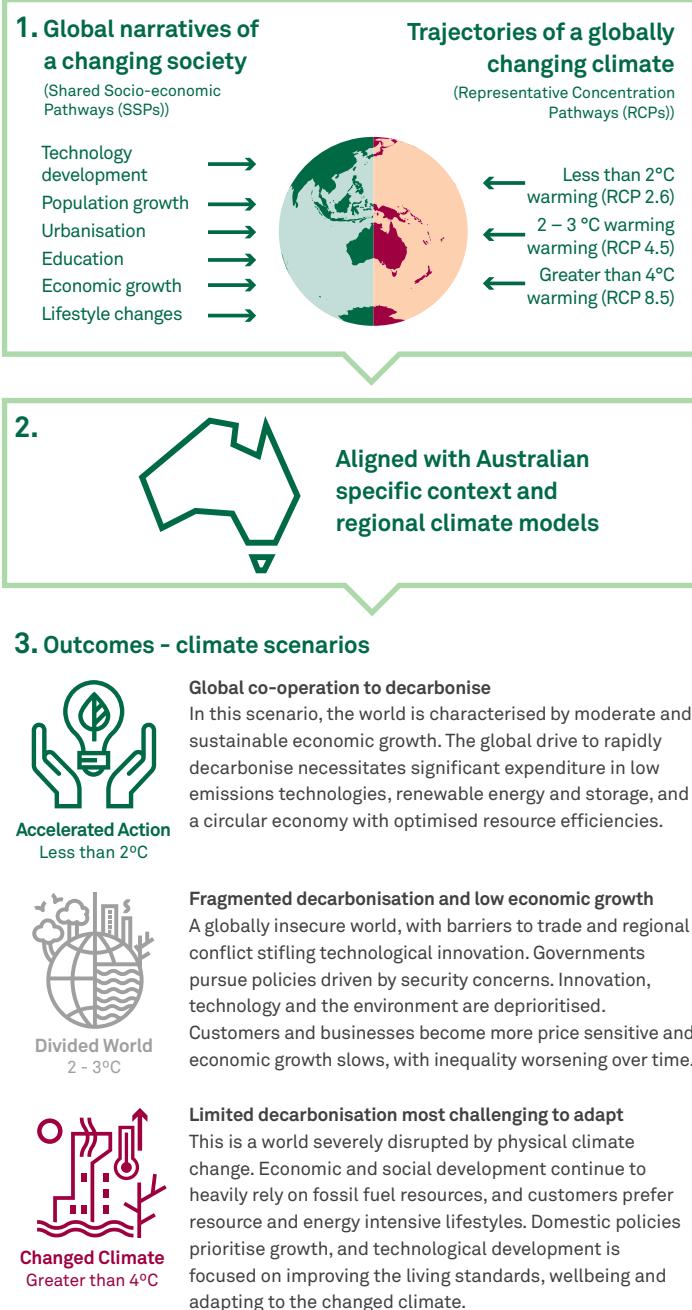
These are divergent, climate driven scenarios which are aimed to stress test our business strategy and the resilience of our physical infrastructure across a variety of time horizons, ranging from short (up to three years), medium (three to ten years) and longer term (greater than ten years). We will use the scenarios to better understand our resilience and vulnerabilities and assist in guiding our opportunity, risk mitigation and adaptation response.

These scenarios are aligned with international best practice, drawing upon the latest peer reviewed scientific and academic research. Key elements of each scenario were developed referencing to research produced for the Intergovernmental Panel on Climate Change (IPCC) including:

- **Shared Socio-economic Pathways (SSPs)**[3], which describe future global socio-economic conditions. They include narratives and quantification of demographic, political, social, cultural, institutional, lifestyle, economic and technological variables and trends.

- **Representative Concentration Pathways (RCPs)**[4], which model the increase in atmospheric GHG concentrations over the 21st century and form the basis for understanding the type and scale of physical impacts of climate change in global climate models.

Additional Australian context was also provided for these scenarios, using the Commonwealth Scientific and Industrial Research Organisation's (CSIRO) Australian National Outlook (ANO) scenarios, and the Australian Energy Market Operator's (AEMO) 2019 forecasting and planning scenarios. Three scenarios were developed based on these sources to help provide meaningful insights for Telstra and our stakeholders.

The following scenarios will form the basis of our quantitative assessment of climate-related financial impacts as we continue to progress with the next phase of our scenario analysis. They will help us understand how Telstra's future markets, supply chain and operating environment could change both from a physical climate and customer needs perspective. We will use our forward-looking financial analysis to determine the priority and scale of our adaptative response to climate change.

1. Global narratives of a changing society
(Shared Socio-economic Pathways (SSPs))

Technology development →
Population growth →
Urbanisation →
Education →
Economic growth →
Lifestyle changes →

Trajectories of a globally changing climate
(Representative Concentration Pathways (RCPs))

← Less than 2°C warming (RCP 2.6)
← 2 – 3 °C warming warming (RCP 4.5)
← Greater than 4°C warming (RCP 8.5)

2.

Aligned with Australian specific context and regional climate models

3. Outcomes - climate scenarios

Accelerated Action
Less than 2°C

**Global co-operation to decarbonise**
In this scenario, the world is characterised by moderate and sustainable economic growth. The global drive to rapidly decarbonise necessitates significant expenditure in low emissions technologies, renewable energy and storage, and a circular economy with optimised resource efficiencies.

Divided World
2 - 3°C

Fragmented decarbonisation and low economic growth
A globally insecure world, with barriers to trade and regional conflict stifling technological innovation. Governments pursue policies driven by security concerns. Innovation, technology and the environment are deprioritised. Customers and businesses become more price sensitive and economic growth slows, with inequality worsening over time.

Changed Climate
Greater than 4°C

Limited decarbonisation most challenging to adapt
This is a world severely disrupted by physical climate change. Economic and social development continue to heavily rely on fossil fuel resources, and customers prefer resource and energy intensive lifestyles. Domestic policies prioritise growth, and technological development is focused on improving the living standards, wellbeing and adapting to the changed climate.

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[3] Riahi, K., Van Vuuren, D. P., Kriegler, E., Edmonds, J., O'neill, B. C., Fujimori, S. & Lutz, W. (2017). The shared socioeconomic pathways and their energy, land use, and greenhouse gas emissions implications: an overview. Global Environmental Change, 42, 153-168.

[4] Taylor, K. E., Stouffer, R. J., & Meehl, G. A. (2012). An overview of CMIP5 and the experiment design. Bulletin of the American Meteorological Society, 93(4), 485-498.
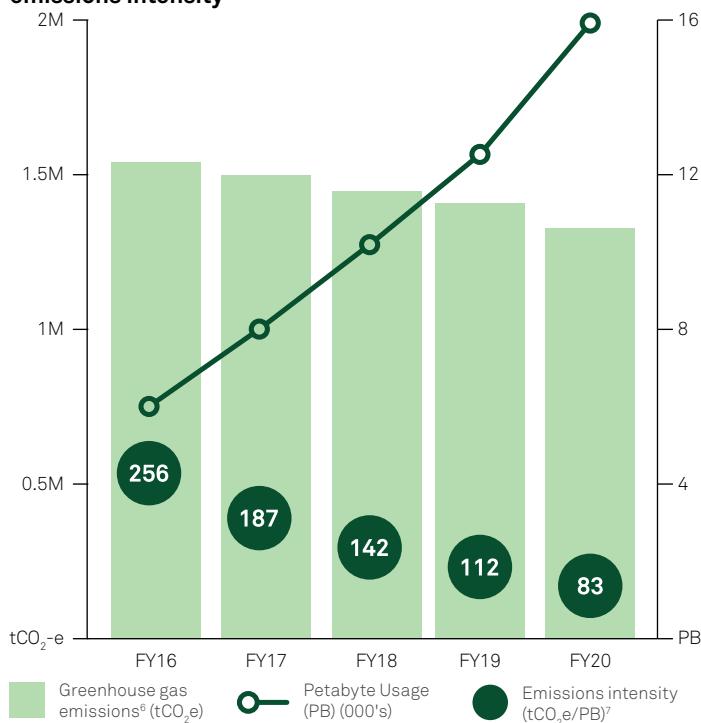
Progress
Managing our energy and emissions

We committed to reducing our GHG emissions intensity (tCO2-e per petabyte) by 50 per cent by 2020, from a baseline year of FY17. We achieved a 55 per cent reduction in emissions intensity. We also met our goal and achieved carbon neutral certification. For more information, see the Climate change and energy section of this report.

We have seen an overall increase in data traffic in FY20 due to continued increases in streaming and online gaming throughout the year. This includes a spike in usage from March 2020 onwards due to significant demand for video meetings as a result of COVID-19.

Overall, our emissions have decreased by six per cent from last year. Drivers of our emissions intensity performance include changes to state-based emission factors for electricity published by the Commonwealth Government; increased transfer of infrastructure under our operational control to NBN Co[5] throughout the year; a reduction in electricity usage in our offices and retail stores in the second half of FY20; and a reduction in the number of our fleet vehicles since FY19.

GHG emissions, petabyte usage and emissions intensity

Legend: Greenhouse gas emissions[6] (tCO$_2$e) — Petabyte Usage (PB) (000's) — Emissions intensity (tCO$_2$e/PB)[7]

FY20 GHG emissions (scope 1, 2 and selected 3) by category

Scope 2: 1,144,151
Scope 1: 36,381
Scope 3: 145,244

*Note that scope 1 and 3 fuel emissions for Office, Retail & Residential and Data centres total less than 1,000 tCO$_2$e

Our emissions profile

We continue to disclose our FY20 scope 1 (diesel, petrol and natural gas), scope 2 (electricity) and a subset of our scope 3 (waste, air travel, electricity transmission losses and fuel extraction and refining) emissions in this report.

We recognise that these do not represent the full scope of emissions across our value chain. In accordance with the GHG Protocol we have expanded our disclosures (in the Data Pack) to include all relevant scope 3 emissions categories.

Given that the majority of the expanded scope 3 data is based on spend in our supply chain, there is a lag in reporting as it takes time to extract, manipulate and verify this data. We continue to partner with our suppliers to improve the data quality of our supply chain emissions to better manage and reduce our overall scope 3 emissions footprint. For more information, please refer to the Managing our Supply Chain section of this report.

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[5] nbn™, NBN Co and other nbn™ logos and brands are trademarks of NBN Co limited and used under license.

[6] GHG emissions are calculated using the latest emission factors at the time of reporting. Our emissions intensity target includes scope 1, 2 and the following scope 3 emissions: waste, air travel, electricity transmission losses, and fuel extraction and refining.

[7] We have re-stated our FY19 total GHG emissions to account for a change in the operational boundary with NBN and the treatment of contractor fuel data. This decreased our scope 1 and 3 GHG emissions by 4,275 tCO$_2$-e (-8.0% change in Scope 1, -0.1% change in Scope 3 and -0.3% change in total GHG emissions) from what was previously reported.

Energy efficiency

Electricity consumption accounts for around 86 per cent of our total FY20 GHG emissions (scope 1, 2 and a selection of 3). We strive to reduce energy consumption across every aspect of our business through a careful program of planning, equipment monitoring, and energy productivity optimisation.

Our network sites, including exchanges and data centres, are our largest consumers of electricity. This year, we continued to enhance the efficiency of these facilities, upgrading fluorescent lights to LED technology with integrated motion sensing, upgrading air-conditioning control systems and programming them with the latest energy efficient strategies, improving our approach to fault detection and repair, and optimising facility design. Since 2011, we have invested $64.9 million in improving the energy efficiency of our facilities. This year we invested $3.7 million in energy reduction projects that delivered a collective saving of 10,407 tCO$_2$e and more than 11,217 MWh of electricity per annum.

For a detailed breakdown of our GHG emissions and energy consumption, see the 2020 Sustainability Report Data Pack.

Initiative	Description	Annual savings (MWh)
HVAC optimisation	We conduct physical inspections of our network sites to identify faults affecting power consumption and review equipment performance to identify optimisation opportunities.	5,601
Building services energy efficiency upgrades	Our capital works program includes the installation of fresh air cooling systems, high efficiency chillers, electronically commutated fans and lighting upgrades.	5304
Upgrading rectifiers	Rectifiers convert electricity from AC mains power to DC power, which is required to run our telecommunications equipment. We continue to upgrade older inefficient units to more modern, high efficiency rectifiers. These are now achieving efficiency levels of 96 to 98 per cent.	312
Total		**11,217**

A focus on the efficiency of our largest energy consuming facilities has resulted in several key projects. At Windsor Exchange in Victoria we have increased the use of fresh air cooling when it is cold outside, and implemented new air-conditioning control strategies to achieve energy savings of 300 MWh per annum. Additionally, at three of our largest energy consuming sites (Clayton Datacentre, Chatswood Exchange and Pitt Street Exchange) we have implemented projects to install Internet of Things (IoT) energy metering on our major energy consuming plant. This has enabled us to identify and implement energy efficiency opportunities including optimising the speed of many of the fans in our air-conditioning system and has delivered annual energy savings of 858 MWh, 1,173 MWh and 644 MWh respectively.

We have also established a Networks and IT Energy Reduction Forum. Each month, key stakeholders including both executives and subject matter experts from across the business meet to identify and review key energy reduction initiatives with the aim of reducing energy consumption, driving and tracking the implementation of these initiatives, and removing any blockers. Through this forum, we have reduced over 3.2MW of equipment power through the implementation of power saving features, the migration of services to more efficient equipment, and the powering down of low usage older generation equipment.

Managing our transport emissions

This year, several new initiatives have been conducted to reduce the emissions profile of our operational fleet. We continue to transition to more fuel-efficient vehicles, with 20 per cent of our operational fleet now being hybrid vehicles, and replaced six-cylinder station wagons with smaller four-cylinder SUVs. When comparing the fuel consumed by our operational fleet to FY19, we have reduced fuel usage by 22 per cent and will continue working to reduce our fuel consumption in coming years.

Renewable energy

Telstra is currently engaged in two power purchasing agreements (PPAs) at the Emerald Solar Park in Queensland and Murra Warra Wind Farm in Victoria. Telstra is the sole consortium member of Emerald Solar Park, which commenced generation in September 2018 and reached full commercial operations in February 2019 with a generation capacity of 70MW. Telstra led the establishment of an offtake consortium (one of six offtake partners) in the Murra Warra Wind Farm, which commenced generation in March 2019 and reached full commercial operations in February 2020 with a generation capacity of 226MW.

Emerald Solar Park has enough renewable generation to power approximately 35,000 Queensland households each year and the Murra Warra Wind Farm supplies enough renewable generation to support almost 220,000 Victorian households.

Given the success with these PPAs, Telstra continues to engage the market to seek well supported renewable generation projects to provide competitive long-term supply, and to help assist us in achieving our goal to enable renewable energy generation equivalent to 100 per cent of the energy Telstra consumes by 2025.

We have made 75 MW of capacity in fast-start standby generation available to serve at times of high electricity system demand. This enhances the ability to reliably integrate further renewables into the electricity market and support the transition to renewables.

Environment and resource efficiency

As Australia's leading telecommunications and technology company, we have a responsibility to improve how efficiently we manage resources and to minimise our environmental impacts.

We continue to reduce waste from our operations and increase the reuse and recycling of materials. Resource efficiency creates opportunity for Telstra to innovate, and this year we have focused on redesigning our customer packaging to incorporate sustainable design principles. Noting that e-waste is one of the fastest growing types of waste in the world, we have also explored ways to increase e-waste recycling of both our customer devices and our network equipment.

We take a collaborative approach to resource efficiency including forming partnerships across our industry to drive better outcomes and working to offer a number of device reuse programs that help our partners reduce their environmental impact. We also work to ensure we comply with our environmental obligations, monitoring and managing the increasing complexity of our environmental risks.

Approach
Resource efficiency

This year at Telstra we have continued to work with our suppliers and customers to improve management of the resources we use in our operations.

In addition to driving better environmental outcomes our resource efficiency activities seek to improve the customer experience, leverage partnerships and reduce our operating costs. Our activities are focused across the following areas:

- Customer devices - Providing customers with convenient reuse and recycling options for their devices.

- Packaging - Creating simple, sustainable and recyclable packaging for our products.

- Network equipment - Ensuring we recycle e-waste as we upgrade our network.

- Waste - Recovering as much recyclable material as possible and reducing waste to landfill.

> For a detailed breakdown of our resource consumption, see the 2020 Sustainability Report Data Pack.

Progress
E-waste

### Working together – MobileMuster
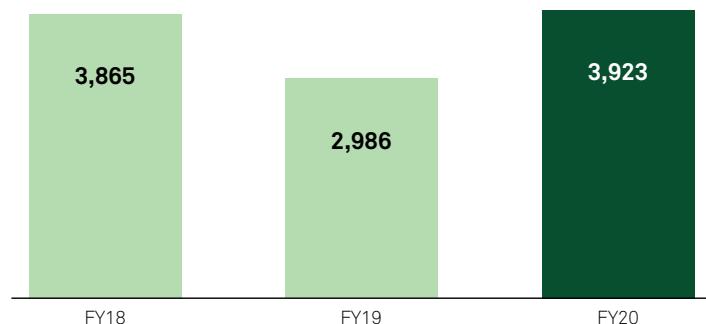
As a founding member of MobileMuster – Australia's only voluntary, government-accredited mobile phone recycling scheme - we have supported responsible electronic recycling programs for 21 years. Our membership of MobileMuster delivers on one of Telstra's commitments to enable an environmentally sustainable industry, that provides a safe, trusted and environmentally sound product stewardship program in Australia.

Mobile phone recycling (tonnes)

FY18	FY19	FY20
23.7	15.5	19.7
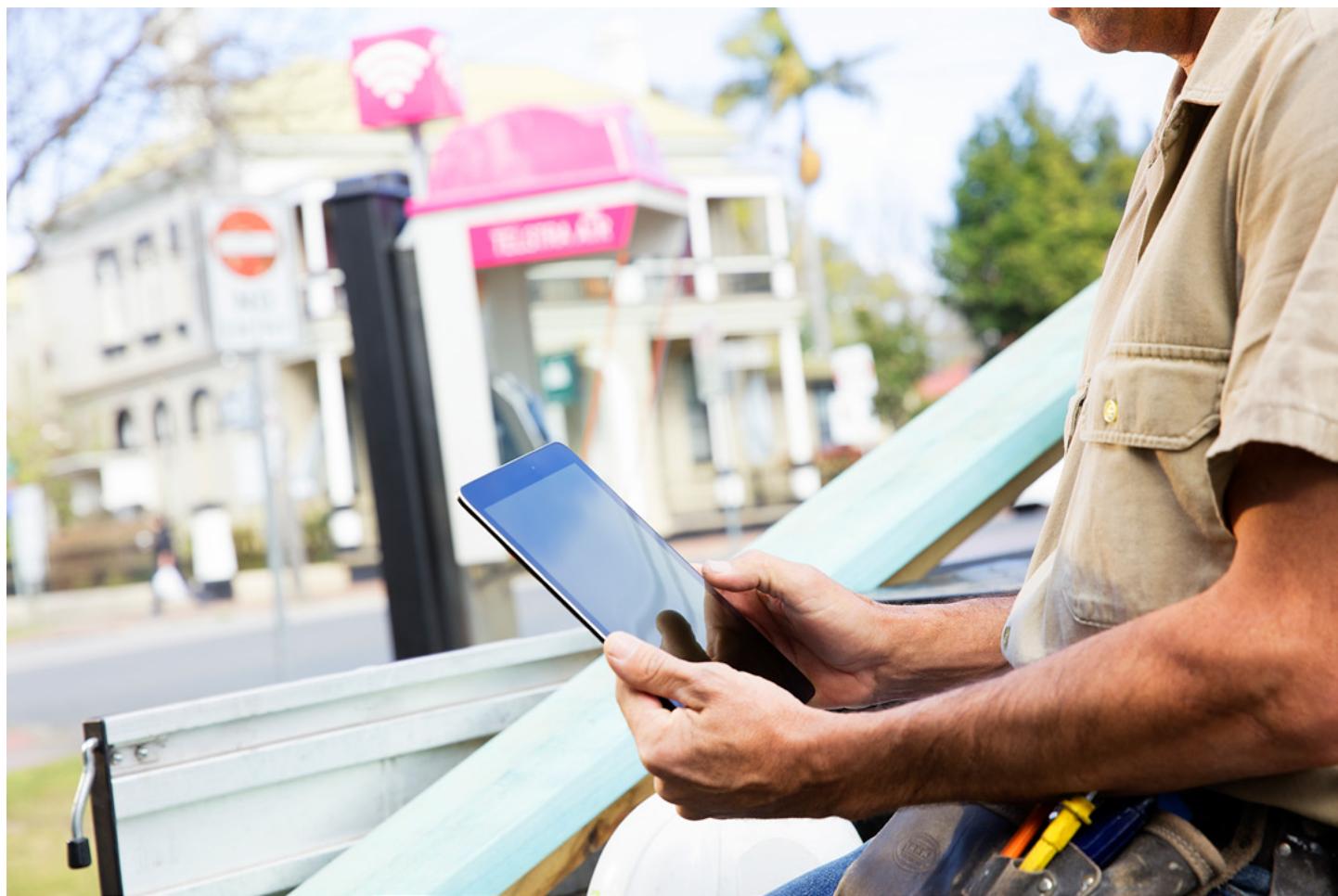
In FY20, we collected 19.7 tonnes of mobile phones for recycling via Mobile Muster, achieving a recycling rate of 100 per cent. In FY17, we set a three year target to recycle 60 tonnes of mobile phones. Since then we have recycled 59 tonnes of mobile phones and accessories, landing just short of our target of 60 tonnes due to a reduction in retail store recycling collections in the second half of FY20.

Total e-waste collected (tonnes)

FY18	FY19	FY20
3,865	2,986	3,923

The total volume of e-waste collected has increased by 31 per cent compared to FY19.

Batteries used for back-up power in the network were the main contributor to e-waste volumes in FY20, making up approximately 85 per cent of e-waste with 3,338 tonnes of batteries recycled this year. This has increased by about 46 per cent since FY19 due to a large number of batteries having reached end of life, the upgrading of equipment for the new 5G network at mobile sites, and an ongoing focus on improving the network resiliency of high priority sites.

We have also continued to look for new opportunities to improve our waste management, with attention focused on improving e-waste recycling across our network sites. We worked with our waste provider to undertake several recycling initiatives including two projects that enabled recycling of 53 tonnes of copper cables. We also added obsolete modems as a new category of recycled e-waste in FY20 and were able to recycle 146 tonnes of e-waste.

Reuse programs

Extending the life of smartphones

We have been working to increase the lifespan of mobile devices by finding ways they can be reused, repurposed and resold through several different programs. This helps to reduce our environmental footprint by minimising the number of phones that go to landfill. Examples include:

- We collect end of life, used, or obsolete returned devices, and securely erase erase any data and repurpose where possible through an approved third-party provider. This year more than 56,000 customer devices were repurposed.

- We work closely with Original Equipment Manufacturers (OEMs) and continue to collaborate on a refurbishment program where our OEMs use returned devices as guaranteed warranty replacement stock. We can utilise this stock as customer replacement devices in instances of warranty or fault. This year we contributed more than 26,000 devices to OEMs for refurbishment.

- Our Telstra Device Care app runs diagnostic checks to help identify any issues with a device and resolves them automatically where possible. By using FY17 as the base line, we have cumulatively reduced the number of devices returned through our warranty swap program by more than 182,000.

- Our Regener8 program collects phones from across the business and repurposes them for internal purposes. Since launching in FY17, we have repurposed more than 3,850 devices.

Reusing customer equipment

Historically, when we upgraded our business and enterprise customers' equipment, we would collect redundant equipment for recycling. Telstra's Enterprise Recovery and Re-Use program has allowed us to identify opportunities to recover and reuse managed services equipment across Telstra's Enterprise and Government customer base. In FY20, the program worked with 216 customers and was able to recover and reuse 1,693 devices.
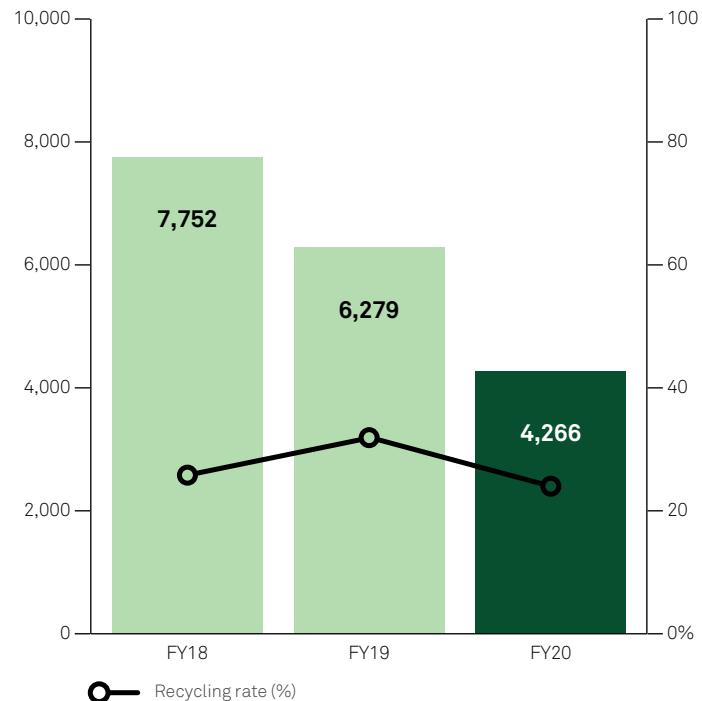
> For more information about the social enterprise partnerships that enable us to deliver innovative social and environmental outcomes, see the Managing our supply chain section of this report.

Operational waste

This year, our total operational waste volume decreased by 32 per cent due to changes to our network upgrade activities. We also experienced a 49 per cent reduction in our operational recycled waste volumes, meaning our operational waste recycling rate has reduced to 24 per cent.

The reduction in recycled operational waste can be attributed to less cardboard packaging from new equipment entering the waste stream and being recycled. We recognise there is more we can do to improve our recycling rate and are implementing a new resource efficiency strategy and a range of new initiatives to try to improve.

Operational waste (tonnes) and recycling rate (per cent)

7,752 (FY18), 6,279 (FY19), 4,266 (FY20)

Recycling rate (%)

Packaging materials efficiency

This year we completed a redesign of the Telstra packaging brand to highlight our sustainability credentials and the Telstra experience for our customers. A more sustainable packaging design was achieved by reducing the need to void fill and overpackage products, eliminating plastic, maximising the use of renewable and recyclable materials and minimising ink coverage. The redesign has led to a 75 per cent reduction in use of cardboard and has saved approximately 85 tonnes of plastic from going to landfill each year.

Following the packaging redesign, the product distribution sleeve design was announced as a finalist in two categories as part of the 2020 Australasian Packaging Innovation Design Awards (PIDA). The distribution sleeve is plastic free, has less internal packaging and provides the customer with a reusable outer carton if they need to return the product.

In addition to the redesign of the packaging brand, we have significantly reduced the printed collateral that goes out with customer orders when they order through our call centres or online. This will save over 1.5 million pages of paper, equivalent to eight tonnes of printed paper each year.

Environmental risk and compliance

Approach

At Telstra we have maintained a consistent approach to environmental risk and compliance to previous years. Protecting the environment remains a key priority and we have set minimum performance expectations for managing our most important environmental issues. These are defined within our Global Health, Safety, Wellbeing and Environment (HSWE) Management System, which is certified to the International Standard ISO14001:2015. Our environmental priorities include:

- Climate change

- Resource use – including resource efficiency and responsible lifecycle management

- Pollution – including to land, water, air or other receptors

- Waste management

- Land stewardship – including biodiversity, heritage, land access and land management

- Hazardous chemical management.

Telstra's Executive Leadership Team maintains governance over our environmental compliance activities, so that our key environmental compliance risks and controls are understood and promoted across the organisation. We manage our key environmental risks and develop cross-company solutions through an Environmental Steering Committee. We also provide regular updates on our progress and performance through the HSWE & Protective Security (PS) Executive Leadership Forums and the Audit & Risk Committee of the Board.

For more information on our approach to mobile phones, base stations and health (EME), see the Responsible business section of this report.

Progress

As a minimum standard, Telstra complies with all operationally relevant and applicable environmental laws. We have not been prosecuted for, or convicted of, any significant breaches of environmental regulation during the financial year and we have not had any material incidents.

This year, we established our Environmental Risk Steering Committee and subordinate cross-functional working groups to oversee the management of our most important environmental risks. This model enables us to drive clear accountability for consistent and effective management of our environmental risks.

We are continuing to review and improve our environmental management system in response to current and emerging environmental requirements, changing legislation and increasing shareholder and customer expectations (including in relation to climate change). We have also implemented improvements in current processes to create a standardised way of working across all of our locations.

*Photo taken prior to the introduction of physical distancing requirements