Modern Slavery Act Statement

2020

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This statement has been revised as at 31 March 2021 with adjustments footnoted.

*Cover photo taken prior to the introduction of physical distancing requirements

Introduction

> There is no place for modern slavery in the operations or supply chains of any company in the Telstra Group.

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 (UN) 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.

We also support the UN Sustainable Development Goals, with one of our four priority goals being Goal 8: decent work and economic growth. This goal includes the commitment to work to eradicate the many forms of modern slavery – such as forced labour or child labour - that exist.

We are committed to working to identify and address these practices if they occur, through robust due diligence and risk management processes, and a culture that encourages people to speak up when they feel like something is not right.

Annual statement of disclosure

In FY20, we did not identify any instances of modern slavery in our operations or supply chain.

We did, however, identify some labour practices and behaviours that gave us cause for concern, which we have taken action to remediate. Finding these demonstrates that our processes have been effective in identifying risks of modern slavery. It also alerts us to areas where we may need to review and reinforce our risk management approach. As part of our commitment to transparency, we have chosen to report them, and our responses to them, in this statement.

Our business

Telstra is Australia's leading telecommunications company.

We believe people give purpose to our technology. Our purpose is to build a connected future so everyone can thrive. That's 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 offer a broad suite of media, content and connectivity options in Australia, as well as connectivity and enterprise services globally.

We facilitate over **2,000 network points of presence** in more than **200 countries and territories** around the world.

Business strategy

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

We are listed, and our issued shares are quoted on the Australian Securities Exchange (ASX) and the New Zealand Stock Exchange (NZX).

Organisational structure

This statement is a joint statement covering Telstra Corporation Limited (the ultimate parent company in the Telstra Group), Telstra Holdings Pty Ltd and Telstra Limited (UK) (together referred to as we, us, our, Telstra).
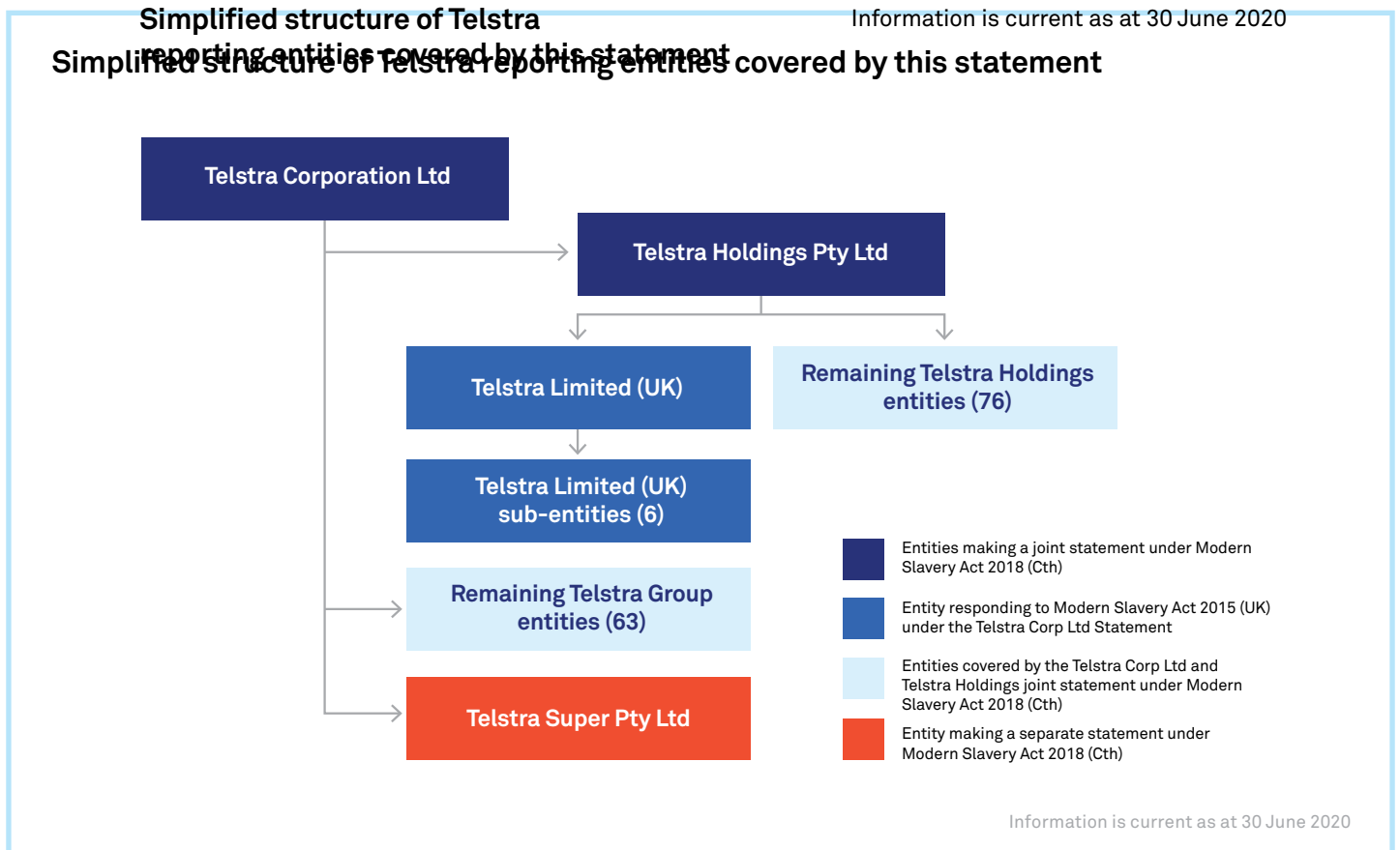
Reporting entities covered by this statement

As at 30 June 2020, the Telstra Group comprised almost 150 controlled entities globally. The ultimate parent entity in the Telstra Group is Telstra Corporation Limited. Telstra Holdings Pty Ltd is the holding company of many of Telstra's controlled entities (particularly overseas controlled entities) and its immediate parent is Telstra Corporation Limited. While not technically a reporting entity for the purposes of the Modern Slavery Act (Commonwealth) 2018, Telstra Limited (one of our UK subsidiaries) is required to report under the Modern Slavery Act (UK) 2015 and is also covered by this statement for the purposes of meeting those reporting requirements.

Other than these three entities, no other Telstra Group controlled entity meets the reporting entity criteria under the Modern Slavery Act (Commonwealth) 2018.

This statement does not cover Telstra Super Pty Ltd, which is preparing its own Modern Slavery Statement. Telstra Super Pty Ltd is a trustee for the Telstra Superannuation Scheme. As noted in our 2020 Annual Report, we applied management judgement to determine that we do not control Telstra Super Pty Ltd even though we own 100 per cent of its equity. We do not consolidate Telstra Super Pty Ltd as we do not control the board of directors.

A complete list of the controlled entities in the Telstra Group as at 30 June 2020 (including ownership percentages and detail regarding each subsidiary's immediate and ultimate parent) is available at telstra.com/investor.

Simplified structure of Telstra reporting entities covered by this statement

Information is current as at 30 June 2020

Telstra Corporation Ltd

Telstra Holdings Pty Ltd

Telstra Limited (UK)

Remaining Telstra Holdings entities (76)

Telstra Limited (UK) sub-entities (6)

Remaining Telstra Group entities (63)

Telstra Super Pty Ltd

Entities making a joint statement under Modern Slavery Act 2018 (Cth)

Entity responding to Modern Slavery Act 2015 (UK) under the Telstra Corp Ltd Statement

Entities covered by the Telstra Corp Ltd and Telstra Holdings joint statement under Modern Slavery Act 2018 (Cth)

Entity making a separate statement under Modern Slavery Act 2018 (Cth)

Information is current as at 30 June 2020

Our governance framework

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.

To learn more about governance of Telstra Corporation Limited, please refer to our 2020 Corporate Governance Statement.

Our Values, Telstra Group Code of Conduct and policy framework

Telstra's Values and our Code of Conduct set the behavioural standards for everyone who works for, or on behalf of, Telstra.

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**

Code of Conduct

Our Code of Conduct, which links to our Telstra Values, defines how we do business. It explains what we stand for. It informs how we will conduct ourselves as we work together to deliver our strategy. It helps us take a consistent, global approach to important ethical and compliance issues.

Our Code applies globally to all directors, employees and contractors in all areas of Telstra and its controlled entities.

Our Code sets out seven principles governing how we do business, including behaving ethically and in accordance with the law. It also outlines where to go for further help, and how to raise concerns through various channels, including our Speak Up platform and our whistleblowing service. Our Board, CEO and Leadership Team are deeply committed to our Code.

Our guiding principles

Our Code exemplifies our commitment to responsible business practice and good governance. Our guiding principles, underpinned by our Values, express how we seek to meet the expectations of our customers, shareholders, regulators and the community.

We have developed the following principles for our Code that are underpinned by our Values.

- We do the right thing by acting fairly, with due care, lawfully, in the best interests of the company and shareholders; and by honouring our commitments to customers.

- We act with honesty and integrity. We never make or receive improper payments, benefits or gains, and always deal ethically.

- We use information and property responsibly, and we keep it safe and secure.

- We maintain a safe and inclusive working environment where we treat each other with respect.

- We seek to make positive and sustainable economic, social and environmental contributions wherever we operate.

- We communicate responsibly and use technology appropriately.

- We're all individually accountable for complying with the Code, and we call things out which don't seem right.

Each principle is supported by and references a range of Telstra Group policies such as health and safety, anti-bribery and anti-corruption, conflicts of interest, dealing with suppliers and other third parties, and our human rights policy (described in more detail below). Our Code and Group Policies are reviewed annually, at a minimum, to ensure they remain relevant and clearly define the expected behaviours.

All Telstra employees are responsible for knowing and following the policy requirements that apply to their jobs and for reporting any suspected breaches of law or our Code. Our executives and managers are accountable for creating and fostering a work environment that encourages ethical behaviour and compliance.

Policy coverage

The specific governance model to be adopted for any Telstra controlled entity will depend on the level of Telstra's ownership, the relevant entity's circumstances, the nature of its operations, and its jurisdiction. Telstra has certain requirements and expectations regarding the adoption of the Code and Group Policies by controlled entities in the Telstra Group.

We work with our controlled entities in the Group regarding adoption of the Code and Group Policies or understanding alternative arrangements they have in place. Where they have not adopted the Code, we work with our subsidiaries to understand what they have implemented and seek assurance there is an appropriate arrangement in place.

In FY21, we will continue to use a range of tools and methods to enhance oversight of the governance of subsidiaries in the Telstra Group including in the context of modern slavery.

Human Rights Policy

Telstra's Human Rights Policy sets out our commitment to respect and support human rights as defined in the Universal Declaration of Human Rights as well as our commitment to comply with the UN Global Compact. It defines our commitments which include providing a fair, safe and healthy working environment and not tolerating or supporting the use of child labour, forced or compulsory labour in our operations.

In FY20, we refreshed and reissued our Human Rights Policy, making it clearer that we expect suppliers, business partners and other third parties to comply with the policy. We also stated the obligations of employees, contractors and anyone working on behalf of the Telstra Group to comply with the policy and report any concerns or breaches. For more information about how we manage human rights at Telstra, please refer to the Human Rights section of our Bigger Picture 2020 Sustainability Report.

*Photo taken prior to the introduction of physical distancing requirements

Risk management and due diligence

Understanding our salient human rights issues, including those related to modern slavery

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:

Human rights and modern slavery governance structure

Telstra Corporation Limited Board

Audit & Risk Commitee

Group Compliance

Human Rights Compliance Program Manager

To help ensure a consistent approach to managing human rights obligations, including those related to modern slavery, we have a human rights compliance program that captures obligations relating to our most salient human rights risk areas, which are applied to relevant functions across Telstra.

The compliance program extends to each functional area of Telstra. Obligations are translated into principles to ensure that they can be understood, and appropriate controls are identified, documented and monitored. The initial focus of this program has been to identify and document controls relevant to material parts of our operations and our suppliers and monitoring the effectiveness of our controls.

Governance and oversight of our partners and contracts includes a Supplier Code of Conduct, and a Group-wide Human Rights Policy.

The obligations in our human rights compliance program apply to our operations and our supply chain. This program is a cornerstone of managing modern slavery risk at Telstra.

This year we began a program of testing the controls in our human rights compliance program to identify the extent to which they were effective in managing the risk of Human Rights Policy breaches, including in relation to modern slavery. We identified, and rectified, some gaps in coverage of controls and some areas where more regular control testing is required.

The maturity of our compliance program is assessed annually by our Chief Compliance Office. The FY20 assessment noted that enterprise-wide commitment is evident via Human Rights Policy, Modern Slavery Act Statement reporting and cross functional supplier governance initiatives. The program is currently focused on identifying and managing risk in the supply chain and controlled entities. Our focus for FY21 will be on ensuring we continue to mature our control environment, with a particular emphasis on extending these controls to those owned and controlled entities where they have not yet been fully implemented.

Our workforce

Our direct workforce

As at 30 June 2020, Telstra Corporation Limited's total direct workforce was 20,635 employees. Telstra Group's total global direct workforce was 29,762 employees[1]. We employ 4,583 people directly outside of Australia across 13 countries, equating to 15.4 per cent of our total direct workforce.

At Telstra we rely on a highly diverse workforce and engage people with broad and varied skillsets, ranging from salespeople through to technology experts, and our workforce is comprised of Telstra employees and workers engaged through industry partners.

We have a global employment framework covering all Telstra Group direct employees that complies with all local laws as a minimum and covers core employment conditions such as minimum wages, hours of work, and leave entitlements.

> In many aspects our global employment framework provides conditions and employment processes that go beyond what is required by local law.

An example of this is the Family and Domestic Violence Leave Policy, which applies in all countries in which we operate. We protect the personal information of our people and ensure they know how we are using information that we collect about them. We ensure our people are treated fairly in matters that impact their employment.

Our indirect workforce

We have an indirect workforce of approximately 37,000 people in Australia and internationally. Most of these workers support our Consumer & Small Business, Global Business Services and Networks & IT functions in delivering both customer-facing and back-office processing services.

Our main centres for indirect workers outside Australia are India, the Philippines, Hong Kong, Singapore, the United Kingdom, the United States of America, Malaysia and China. A further 26 countries have small numbers of indirect workers (fewer than 10). Our indirect workforce is governed by a range of different contractual arrangements depending on the type of work performed by these workers and the jurisdiction in which they are engaged. The ways in which we manage the risks associated with these different types of arrangements are outlined in the 'Our operations' section below.
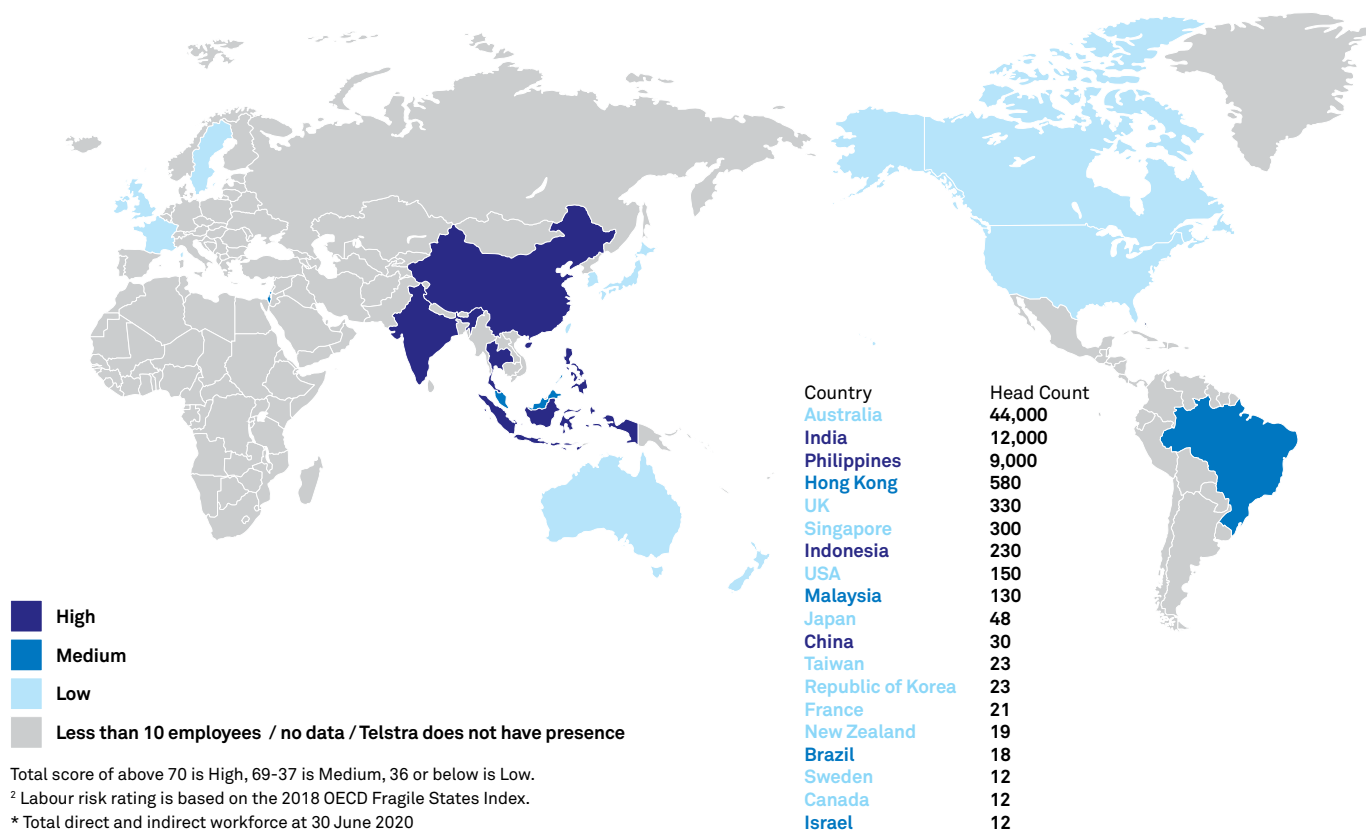

*Photo taken prior to the introduction of physical distancing requirements

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[1] All people data in this Statement expressed as headcount, not FTE

Our global labour risk[2] profile
Telstra's direct and indirect workforce exposure to labour risk by country (with more than 10 employees)*

Country	Head Count
Australia	44,000
India	12,000
Philippines	9,000
Hong Kong	580
UK	330
Singapore	300
Indonesia	230
USA	150
Malaysia	130
Japan	48
China	30
Taiwan	23
Republic of Korea	23
France	21
New Zealand	19
Brazil	18
Sweden	12
Canada	12
Israel	12

- High
- Medium
- Low
- Less than 10 employees / no data / Telstra does not have presence

Total score of above 70 is High, 69-37 is Medium, 36 or below is Low.
[2] Labour risk rating is based on the 2018 OECD Fragile States Index.
* Total direct and indirect workforce at 30 June 2020

For information about how we have been caring for our people during the COVID-19 pandemic, please refer to our Bigger Picture 2020 Sustainability Report.

Recruitment and labour hire

We have a recruitment policy to help ensure:

- All recruitment decisions are consistent with the Telstra Values
- The process is consistently and fairly applied
- We act in accordance with the principles in our redundancy and redeployment policy as well as our diversity and inclusion policy.

We have a formal recruitment process for both our permanent and contingent workforce that all recruiters are required to follow. When agencies are engaged, they are required to follow these recruitment processes.

To enable our leaders to build a more diverse and inclusive workplace, we have updated our recruitment procedures to support diverse candidates. Our global recruitment equality procedure is a key step to assist us to address the gender imbalance and includes a requirement for all recruitment and interview shortlists to include at least 50 per cent female representation, except for some specified roles where a 25 per cent requirement applies due to a known significant gender imbalance in the job market.

We aim to increase the number of Indigenous employees and people living with disability working with us. This includes providing an 'interview guarantee' to any candidate who has been shortlisted for a role and identifies as Indigenous (for roles in Australia) or living with disability.

Our online recruitment management system has formal approval gates to ensure our policies and procedures are correctly followed. This includes verifying candidates' identity and evidence to confirm their right to work status and generating contracts that comply with these policies and procedures.

Our operations

We have a diverse range of customers including consumers, small business, large enterprises and government organisations. We source and supply communications infrastructure, devices, digital solutions and connectivity services to meet a range of customer needs.

Our customers interact with us in many different ways: through digital platforms, stores, business centres, account managers, field services technicians, technical support teams, sales representatives and contact centres. Most of our customers have long-term relationships with us, which will involve a range of different interactions with us via multiple channels across many years.

Page 12 shows a simplified diagram of our operations, explaining what we do and how our suppliers and people help us to meet our customers' needs.

Management of higher risk operational activities and locations

As outlined in the risk management and due diligence section above, our Group compliance management framework is our key tool for managing the risk of modern slavery across our operations.

Nonetheless, we recognise that some of the activities we undertake and some of our service delivery models are higher risk than others. In FY20 we engaged an independent third party to review our global operations and assess higher risk activities and service models. We have additional mitigations in place to manage the risks associated with

Our delivery partners outside Australia

Three main functions of Telstra use significant numbers of workers through delivery partners outside Australia: Global Business Services, Consumer & Small Business, and Networks & IT.

- **Global Business Services (GBS):** consolidates shared services and high-volume repeatable activities (such as billing, assurance, activations, payroll, and procurement) in a single functional area. GBS provides services to all functions within Telstra, in Australia and globally.

- **Consumer & Small Business (C&SB):** caters to retail customers in the mass market small business and individual customer segments. C&SB manages customer relationships across all assisted and unassisted channels, including contact centres and digital platforms.

- **Networks & IT (N&IT):** responsible for the overall planning, design, architecture, engineering and construction of our networks, technology and information technology solutions. N&IT delivers network technologies as well as digital capabilities and platforms.

these activities, as in the section on specific risk mitigations for higher risk activities.

Across these three functions, around two thirds of the workforce is indirect and between 30 and 45 per cent of this workforce is located in South and South-East Asia, which are considered higher risk geographies for modern slavery[3].
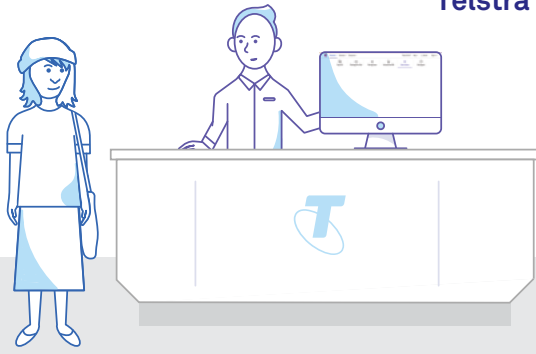
These workers are either engaged as contingent workers or through longer term delivery partnership arrangements.

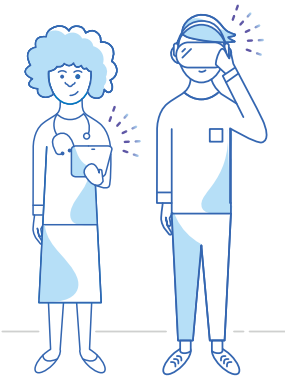[3] Labour risk rating is based on the 2018 OECD Fragile States Index

Telstra's operations

Retail stores
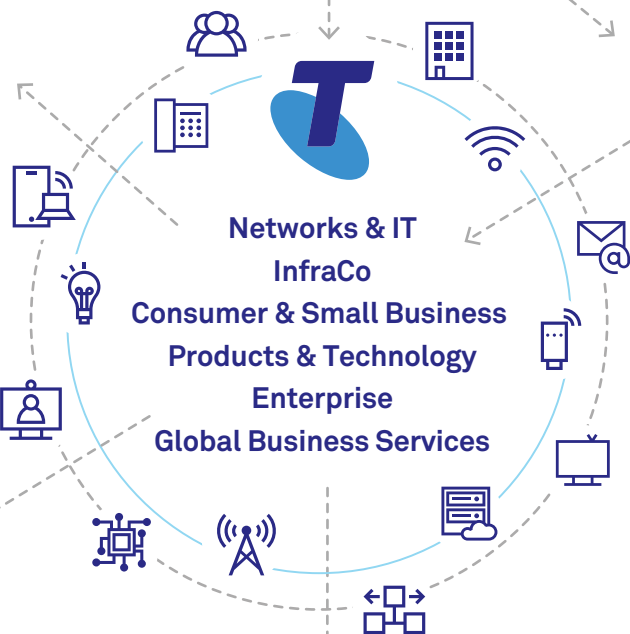**Telstra business and technology centres**
Telstra regional stores

Telstra Health and Telstra Purple

Activation & delivery process

Warehouse & transport

Networks & IT
InfraCo
Consumer & Small Business
Products & Technology
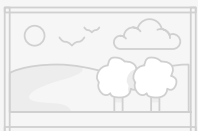Enterprise
Global Business Services

• **Telstra contact centre**
• **Telstra digital channels**

Roaming partners

Customer outcome

Specific risk mitigations for our indirect delivery partners

We recognise that the indirect delivery partner service model may carry risks for workers who are not directly engaged by Telstra. To mitigate this, we have implemented a range of procedures and programs to ensure the high labour management standards we expect are being met.

All our delivery partners must sign on to our Supplier Code of Conduct (see below) and demonstrate compliance through questionnaires, desktop audits and site visits, at least annually. Our expectations of partners are also outlined in site-specific Operations Manuals, providing information on our expectations with respect to Telstra Group policies and procedures.

Our partners are required to have onboarding processes for workers that make them aware of their policies and procedures, including their entitlements and the right to be paid in accordance with the law. In India, these working conditions must be physically displayed in the workplace in a language the workers can understand.

We also require our partners to provide workers with contracts in a language they can understand. Terms and conditions of employment must be clearly set out in employment contracts.

Employees of our delivery partners with direct access to Telstra systems are required to complete our Business Essentials Training. In this training, we provide information regarding our expectations with respect to labour standards and modern slavery. We also inform them of our Whistleblower program, which is public and available to employees of Telstra, our partners and anyone else wishing to raise a concern about working conditions or any other matter.

Case study

Responding to findings of bonded labour

Telstra engaged an independent third party to conduct site audits of one of our suppliers' labour practices. The audit revealed evidence of practices resembling debt bondage in their Hyderabad operations in India. Under the arrangements, employees were bound to repay training costs incurred as part of their recruitment. While the supplier asserted such practices were both common and legal in India, we took the view that it was not acceptable and in breach of our Supplier Code of Conduct.

We wrote to the supplier and asked them to remove this bond immediately for all employees delivering services to Telstra and all new hires. The supplier agreed to this request.

We also asked that the bond be removed for all other employees of the supplier including those who do not perform Telstra work. The supplier agreed not to take any action to enforce the service bond provisions under existing employment contracts and to issue all employees with new contracts that do not contain service bond provisions. A follow-up audit found the changes we requested had been implemented. We were also pleased to see evidence that throughout the COVID-19 pandemic, the supplier has continued to pay all employees 100 per cent of their wages.

Our partners are also required to have their own functioning ombudsperson and Whistleblower policies. They and their employees have access to a formal escalation matrix to reach Telstra and our relevant executives if they have concerns.

An example of how we have responded to concerns raised about an offshore delivery partner is provided in the Hyderabad case study above.

Our retail network

Across Australia, we operate a network of stores and business centres to sell to our consumer and small business customers. While some stores are owned by Telstra, the majority are operated by third party licensees. In addition, we have dealership agreements with major retail partners such as JB Hi-Fi and The Good Guys to sell Telstra products. Licensees and retail partners receive commissions based on several factors including results of customer experience surveys, sales volumes, and mystery shopping.

Specific risk mitigations for our retail network

We recognise that when workers are not employed directly by us, we need to implement a robust risk management framework to ensure worker rights are upheld and appropriate grievance mechanisms are accessible to workers.

Our risk management framework for licensees and retail partners comprises of multiple components, including:

- **Annual attestation –** Licensees are required to complete an annual attestation of compliance with the terms of their agreement, including attesting to compliance with employment and labour obligations.

- **Licensee operational review (LOR)** – Licensees must conduct and lodge a quarterly operational review, which is a self-assessment of their performance against these commitments.

- **Partner operational review (POR)** – Similar to the LORs, these are assessments of licensee compliance with Telstra requirements, however, they are completed by an independent auditor every six months.

- **Training** – Access to Telstra systems by licensees and retail partners. This training makes it clear to the employees of our licensees and retail partners the standards and behaviours we expect of them, and how to raise a concern if they feel these standards are not being met.

- **Grievance mechanism** – Each licensee and retail partner is overseen by a Telstra representative. The Telstra representative provides a channel through which licensees and their employees can raise issues with us. In addition, many licensees and partners also have their own grievance mechanisms that their employees can use to raise issues, or alternatively they can use Telstra's confidential, independent whistleblower service, which is described below in the Grievance mechanisms section of this statement.

*Photo taken prior to the introduction of physical distancing requirements

Licensee audits

In recognition of the increased risk in this business model, this year we expanded our sustainability audits to include our licensees. As a pilot, 10 licensees, which account for approximately five per cent of the total number of licensees, were audited.

In order to share lessons learnt from the pilot across all our licensees, a virtual education and awareness session was held with over 120 licensees in attendance. In FY21, we will review the outcomes of the pilot to scope out a sustainable ongoing program of work to review a sample of our licensees' sustainability practices.

Strengthened dealership arrangements

Our relationships with dealers (including entities licensed to operate stores under Telstra branding, T-Partners and Enterprise channel partners) are governed by a range of dealership agreements. In FY20 we launched new dealership agreements, which include an obligation for those dealers to "comply with applicable Telstra Group Policies and Codes of Conduct (and provide such attestations on this as we reasonably require)". They expressly reference the Supplier Code of Conduct, which is covered in more detail in the supply chain section of this statement. The roll-out of this agreement is occurring progressively across FY20 and FY21, as dealers reach the end of the term of their previous agreements.

Our supply chain

> At Telstra, how we do business and support our customers is just as important as the business outcomes we deliver. We take seriously our duty to operate our business responsibly, and we expect our suppliers to do the same.
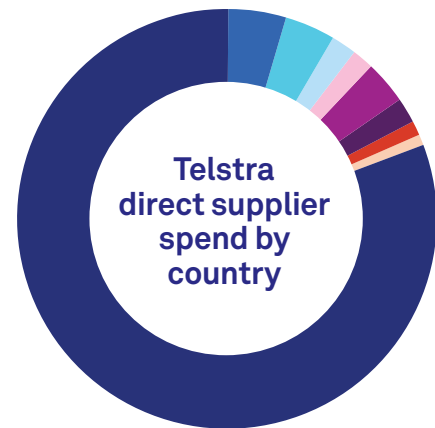>
> – Andy Penn, CEO Telstra

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.

The majority of our electronics and network components spend is with large multinational companies who supply us with finished products. We do not manufacture our own products. Instead we work with original design manufacturers (ODM) to produce Telstra-branded devices.

The services we procure are predominantly provided in Australia, India and the Philippines and the goods we procure are manufactured across the world. Source locations include China, Vietnam and Thailand.

Telstra direct supplier spend by country

80.9%	● Australia and NZ
4.6%	● Northern America
3.9%	● India
1.8%	● Hong Kong
1.8%	● Singapore
3.2%	● Asia other
2.0%	● UK and Ireland
1.2%	● Europe (exc. UK & Ireland)
0.6%	● Other

More than 90 per cent of what we spend directly is with suppliers based in low-risk countries, as defined by the OECD[4]. 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.

For more detail on our approach to risk assessment, please refer to the risk assessment and due diligence sections below.

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[4] OECD country risk assessments as at 25 June 2020

Supplier Governance Framework

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, documentary 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.

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 of 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.

> Many of our suppliers have processes in place for managing their own risks and are open to working with us to meet our minimum standards.

The majority of Telstra's controlled entities use Telstra's centralised procurement process, which is subject to the Supplier Governance Framework outlined here. However, the specific procurement process adopted for any Telstra controlled entity will depend on the level of Telstra's ownership, the relevant entity's circumstances, the nature of its operations, and its jurisdiction. We work with our controlled entities in the Group regarding adoption of the Supplier Code of Conduct.

We work continuously 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.

Supplier risk categories

Supplier risk categories

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

Supplier Code of Conduct

Our Supplier Code of Conduct (SCOC) 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.

Our SCOC is aligned with 10 universally accepted principles of the 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 (Commonwealth) 2018. The SCOC 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 SCOC with a message from our Chief Executive was communicated in March to the 4,500 suppliers engaged year to date. All other suppliers engaged in FY20 received the updated SCOC as part of our standard purchasing terms. This year, our Chief Procurement Officer hosted our second supplier forum with a number of our top 100 suppliers to discuss the updated SCOC and the enhanced requirements added in the February 2020 refresh.

Suppliers' ability to meet or exceed standards detailed in the SCOC will be considered by Telstra when making procurement decisions. This will happen regardless of whether the SCOC has been formally incorporated into a particular contract with the supplier. In addition to the SCOC, we may also include more specific social, environment, and/or ethical requirements in our contract terms based on the inherent risk of the agreement.

By supplier, Telstra means any entity that supplies goods or services to Telstra Corporation Ltd or its related companies anywhere in the world. Where the SCOC refers to workers, this includes employees, contractors, agency, migrant, student and temporary staff of the supplier and of its related entities. For details on how we manage the risks associated with our indirect workforce, please refer to the operations risk management section above.

We expect our suppliers to monitor their own, and their suppliers' compliance with our SCOC 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 SCOC. To do this, we 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 SCOC, 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 that they feel is not right to their manager or via Telstra's "Speak Up" processes. This includes minor issues, which can help us identify and provide effective early engagement with suppliers who are at risk of breaching the SCOC. In addition, Telstra's confidential and anonymous whistleblowing service is accessible in eight languages to our people, suppliers and their workers. For more information please refer to the Grievance Mechanisms section of this report.

*Photo taken prior to the introduction of physical distancing requirements

We work with our suppliers to assess whether they are meeting the SCOC 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 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.

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, 46[6] 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.
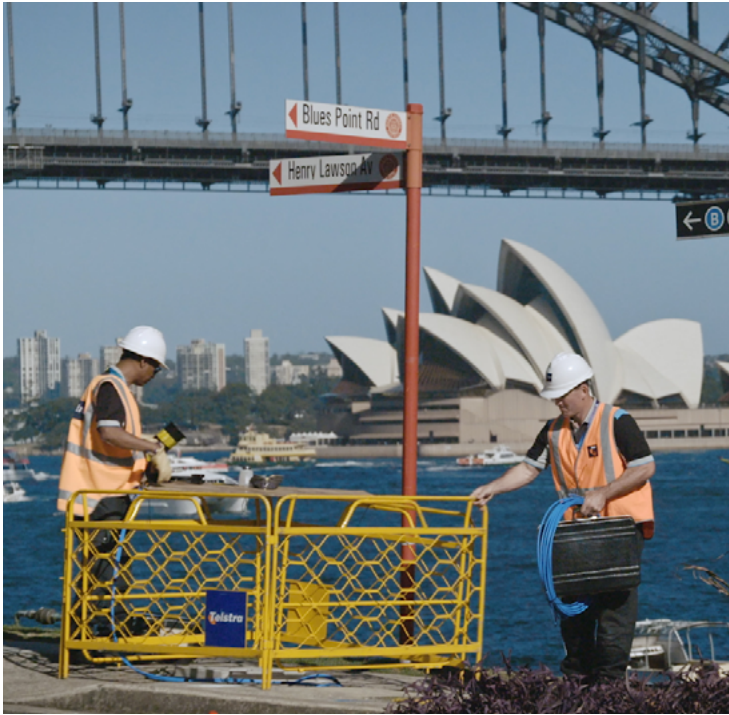
Number of independent third-party site audits undertaken[5]

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	-
Total	**44**	**53**	**46[6]**

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

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[5] Sustainability audit numbers include both Telstra led and JAC peer led audits of our suppliers.
[6] FY20 data re-stated to exclude licensee audits as they are reported in the section Our retail network above.

Strengthening our supplier contractual obligations

In FY20 we revised our standard Telstra Supply Agreement (TSA) to elevate the issue of modern slavery.

- The revised TSA requires our supplier to put in place policies and procedures to ensure compliance within its supply chain with the relevant policies and laws (including Trade Control Laws, Modern Slavery Laws and Anti-Bribery and Corruption Laws).

- On request by Telstra, our supplier is required to provide evidence of its compliance demonstrate their systems, controls and processes which enable them to comply.

- A breach by the supplier is deemed a material breach giving Telstra the right to terminate.

As detailed in our operations section above, we also launched new Telstra Dealership Agreements (TDAs) which include an obligation for dealers to "Comply with applicable Telstra Group Policies and Codes of Conduct (and provide such attestations on this as we reasonably require)".

COVID-19 impact on our supply chain

The COVID-19 pandemic has created uncertainty that has accelerated broader market trends, which may in turn impact our supply chain and operations. For example, the impact of COVID-19 on our operations has generated a sudden requirement for purchasing larger quantities of some goods and services – such as Personal Protective Equipment (PPE) to protect our employees and contractors providing essential services, and cleaning services. In addition to increased demand, delivery timeframes may be impacted by COVID-19 disruptions.

We are committed to continuing to manage the risks associated with our purchasing decisions and balance this with enhancing the resiliency and efficiency of supply chains. To do this, we have maintained a strong focus on effective supplier governance and performed a number of assessments to monitor our reliance on key suppliers, as well as their level of resilience, to ensure we do not suffer significant downstream impacts should they be impacted.

We understand that workers who are producing the goods and supplying the services we need during COVID-19 may be in a position of increased vulnerability. We have taken care to diversify our suppliers – including through the use of local businesses – when placing orders for large quantities of items such as PPE to avoid creating unreasonable delivery timeframe pressures on suppliers. We have also increased oversight of offshore service delivery partners and taken decisive action to remedy unacceptable practices when they have come to our attention. The Philippines contact centre case study below is an example of this.

Case study

Remediation of Philippines contact centre concerns during COVID-19

In FY20, we worked to minimise the impact of COVID-19 on our employees, our suppliers' employees and our customers. We take our responsibility to ensure a safe working environment for Telstra employees extremely seriously and we expect our suppliers to do the same.

We became aware early in the pandemic that one of our suppliers who conducts work for Telstra in the Philippines across a range of customer support activities including customer service inquiries, faults and live chat, was providing accommodation to workers onsite to allow them to continue working during Philippines Government restrictions on travel and employment.

We were in contact daily with the supplier as the COVID-19 pandemic unfolded to ensure it met all health and safety requirements for its workers, consistent with our Supplier Code of Conduct. This included a minimum twice a day temperature check, onsite medical staff, strict social distancing requirements, disinfection and cleaning of onsite shower and bathroom facilities every two hours, disinfection and cleaning of the full site every three hours, and all meals provided. After becoming aware of allegations about staff staying overnight in unsuitable conditions, we made a formal request for information and assurance from the supplier about their precautions during COVID-19.

Additionally, while we considered onsite accommodation suitable for the short-term, with the extension of the government's quarantine arrangements in April 2020, we instructed the supplier to find suitable longer-stay arrangements.

That change was completed and workers are now either back in their homes and commuting to work via shuttle bus or private transport, or they are being housed in hotel accommodation near offices. As the situation continues to evolve, we remain vigilant in ensuring that all necessary health and safety measures are in place for people who work on Telstra accounts.

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 their 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 273[7] 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, 182[7] 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.

We did not identify any instances of modern slavery through our audit program this year.

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[7] Data re-stated due to errors identified with the classification of sustainability supplier audit findings. The error was a reporting error only and all supplier audit findings and corrective actions were managed and remediated appropriately. Previously reported totals were 14 and 40 respectively.

Grievance mechanisms

Speak-Up

In March 2020, we introduced Speak-Up as part of the launch of our 2020 Code of Conduct.

> We are building a culture where everyone has a voice, can contribute, and is able to speak up if they see something that is not right.

This is an important part of what drives Speak-Up – a new platform to raise concerns about things that are not going well, so we can alert management and fix them right away.

Speak-Up is managed by the Group Compliance team. Issues are recorded securely and assessed by Group Compliance with support from the broader Compliance Community, subject matter experts and operational management. Where possible we keep employees informed of the outcome and what we are going to do differently.

Since the launch of Speak-up in March 2020, we have received 25 submissions across a number of compliance areas. Any issues relating to modern slavery are investigated by the human rights compliance manager, legal or escalated to other key stakeholders as required.

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 & 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.

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 JAC and Global e-Sustainability Initiative (GeSI) to drive improvements in sustainability practice throughout the global supply chain.

In 2018, we joined the 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 on page 18.

In FY20, we began working with the Telco Together Foundation (TTF) to tackle the risk of modern slavery. We shared our insights and expertise on industry best practice, as many of our peers in Australia were reporting for the first time. This included helping design modern slavery risk assessments, how to approach reporting, workshops with TTF, and the ongoing development of a joint industry statement on modern slavery, to be released in FY21.

Case study

Industry cooperation on allegations of labour rights abuses

In late June 2019, we became aware of media reports alleging potential violations of local labour laws and international standards in the factories of one of our key suppliers in the ICT sector. These allegations involved potential breaches of our Supplier Code of Conduct. As a result, we wrote to our supplier formally requesting a written response on the validity of the allegations. In addition, and in partnership with JAC, we completed onsite audits at their factories in Vietnam and India.

The supplier provided a response refuting the allegations made. The audits conducted of their sites did not identify any critical findings and minor finding were immediately rectified. We continue to monitor compliance with our Supplier Code of Conduct as part of contract review process, which also involves discussions around our expectations with respect to supplier treatment of workers. The Philippines contact centre case study on page 20 is an example of this.

Reporting and effectiveness

We monitor, manage and report progress on a range of indicators used to assess the effectiveness of our responsible business programs and performance. We recognise our influence and impacts go beyond our own operations and therefore our performance indicators extend along our value chain, from our supply chain through to our operations, and onto our customers and the community. We report our progress against key performance metrics[8] in our annual [Bigger Picture Sustainability Report.](#)

> We aim to report transparently on labour issues that have caused us concern during the reporting year to provide visibility of higher risk situations and how we manage these.

When these issues come to our attention through grievance processes and audits, we consider this evidence that these mechanisms are effective in uncovering problems and providing us with an opportunity to remediate them. They also provide valuable opportunities for us to review and improve our policies and procedures to prevent a recurrence of similar incidents in other parts of our operations or supply chain.

In FY20, we engaged independent consultants to undertake a gap analysis of our existing modern slavery risk identification and management framework and recommend actions to improve the effectiveness of our risk management framework.

A number of recommendations have been implemented and are described in this statement. These include:

- **Enhanced training** on modern slavery risk identification and how to raise concerns for all employees involved in making or approving purchasing or labour hire decisions

- **Revised contract terms** for standard supplier agreements specifically referencing modern slavery and making non-compliance grounds for contract termination

- **Strengthened human rights policy** with a clear statement of obligations for employees, contractors, suppliers and third parties with respect to identifying and reporting modern slavery

- **Enhanced provisions** related to modern slavery in our Supplier Code of Conduct.

In addition to these measures, we also reinforced our internal governance processes to provide greater visibility of modern slavery risks and mitigations across Telstra. This included increasing the cadence of our cross-company Human Rights Working Group meetings from quarterly to monthly and implementing a register of material incidents, to encourage reporting and allow effective root-cause analysis of issues even when they do not meet the formal definition of modern slavery. This allows us to identify opportunities to improve our internal processes and alerts us to other, similar situations where enhanced due diligence may be warranted.

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[8] The metrics reported include:
- The per cent completion rates of employees and contractors conducting their annual mandatory refresher compliance training on topics including the Telstra Group Code of Conduct, ethical behaviour, anti-bribery and anti-corruption as well as health and safety
- The number of supplier audits completed and number of open and closed findings
- The number of employees completing Supplier Governance Training
- Health and safety performance including our Lost Time Injury Frequency Rate and Total Recordable Injury Frequency Rate
- Results of our Employee Engagement Survey, compared to previous years
- The number of whistleblowing alerts raised during the year
- The number of complaints to the Australian Human Rights Commission claiming disability discrimination and their outcome
- The number of employee discrimination complaints (refer to Sustainability Report Data Pack)
- The number of privacy incidents requiring notification to the Office of the Australia Information Commissioner (OAIC)
- Gender pay equity (the percentage of fixed remuneration – male to female by level)
- The number and type of law enforcement requests for customer information (also reported in our Transparency Report).

Training

Workforce training

Our compliance training covers important topics related to the work we do every day, including our commitments to acting ethically and responsibly. Training explains key obligations under our Code of Conduct, Group Policies, certain legal and regulatory obligations and how to stay safe at work.

Employees who fail to complete mandatory compliance training without a valid reason may face disciplinary actions.

Upskilling our people to identify modern slavery risks

We provide training on human rights risks, including those related to modern slavery, as part of our Supplier Governance Framework training.

In addition, we developed a plain English Human Rights 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.

We monitor, report and manage mandatory training completion rates, as part of our training governance framework.

To assist people making 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.

Team session

*Photo taken prior to the introduction of physical distancing requirements

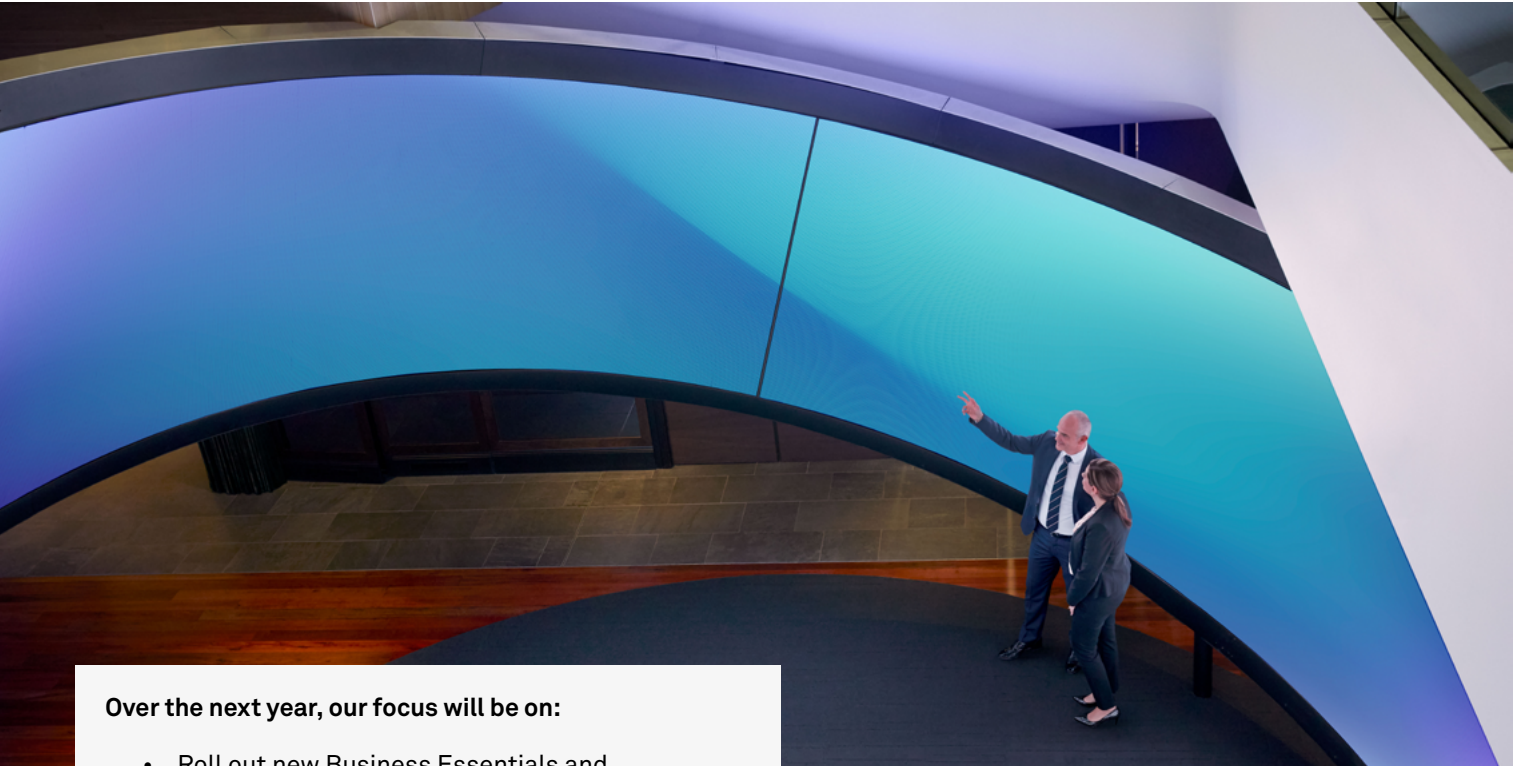# Consultation with owned and controlled entities

As described in the Organisational Structure section of this document, Telstra is required to consult with its owned and controlled entities under s.16.1 (f) of the Modern Slavery Act (Commonwealth) 2018.

To establish an order of priority for consultation with these entities, we reviewed their annual consolidated revenue, whether or not they would be considered a reporting entity for the purposes of the Modern Slavery Act (Commonwealth) 2018, the extent of their integration with Telstra systems and processes, and to what extent their activities were essential to delivering our core business.

We wrote to Directors of all 148 of Telstra's owned and controlled entities to advise them of their obligations under the legislation and provide them with information regarding the requirement to identify, manage and mitigate the risk of modern slavery in their operations and supply chain.

In FY21, we will pursue an enhanced program of consultation including modern slavery workshops for Directors of key companies, self-assessments to establish existing levels of controls and identify gaps, and assistance to integrate existing controls through the extension of the human rights compliance program to these entities.

*Photo taken prior to the introduction of physical distancing requirements

Future commitments

Over the next year, our focus will be on:

- Roll out new Business Essentials and role-specific training on modern slavery

- Continue to roll out modern slavery-specific provisions in licensee and dealership agreements

- Implement an enhanced program of consultation with owned and controlled entities.

This statement is made pursuant to section 13(1) of Modern Slavery Act (Commonwealth) 2018 and section 54(1) of the Modern Slavery Act (UK) 2015, where relevant. It constitutes the statement of Telstra Corporation Limited, Telstra Holdings Pty Ltd and Telstra Limited for the year ended 30 June 2020 and has been approved by the Board of each reporting entity.

Andrew Penn
Chief Executive Officer and Managing Director

March 2021

*Photo taken prior to the introduction of physical distancing requirements