



Human Rights and Modern Slavery Act Statement

2022



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CEO statement



Telstra's position on modern slavery is clear and unequivocal: we stand completely opposed to what are inhumane, immoral practices and believe there is absolutely no place for it anywhere in our operations or supply chain. This includes any occurrence of debt bondage, deceptive recruiting for labour or services, forced labour, forced marriage, servitude, slavery, trafficking in persons and child labour.

In taking this unequivocal stance we are committed to preventing, identifying and addressing any instances of modern slavery in our business or supply chains in line with international business and human rights standards. To do this we have put in place robust due diligence and risk management processes and built a culture that encourages people to speak up if they feel something is not right.

We continue to challenge ourselves to deepen and mature our understanding of modern slavery risk in our business and supply chains and be transparent about the risks we see and how we are addressing them. This statement is driven by a willingness to share what we have learned so that other companies might benefit, as well as to hold ourselves to account.

This year we have broadened our due diligence into new areas in our supply chain, such as logistics. We continue to engage with suppliers beyond tier 1 to better understand how they treat their workers and to help uncover any unacceptable practices further down our supply chain. We have also spent time working with entities within our corporate group to help build best practices across the Telstra Group.

We also continue to improve our understanding and response to what is a complex and evolving challenge. This year we trialled a worker voice initiative to hear directly from workers engaged by one of our suppliers about their experiences. This included distributing a survey to the workers, using easy-to-access mobile phone technology, making it easily scalable. We know there is a significant role for technology to play in helping us improve our work in this area. We had a strong response rate to the survey and used the feedback to identify areas for improvement and further investigation. It was incredibly valuable to be able to hear directly from the very people we are trying to protect and we intend to roll out additional worker voice surveys in the near future.

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Across our value chain, we aim to ensure our business and our business partners operate with respect for human rights. Since 2011, Telstra Corporation Limited has been a signatory to the [United Nations \(UN\) Global Compact](#), which commits companies to 10 guiding principles on human rights, safety, 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 (SDGs), focusing on the SDGs we believe we are best placed to contribute toward. One of these priority SDGs is Goal 8: decent work and economic growth. This goal includes the commitment to work to eradicate the many forms of modern slavery that exist, including forced labour and child labour.

Modern slavery is, tragically, an ongoing challenge in many parts of the world as increasing geo-political instability exacerbates supply chain pressures. This only serves to underscore the urgency and importance of the work we, and other businesses, are doing to prevent modern slavery.

An effective response requires the concerted efforts of many players and, for our part, Telstra remains committed to playing a leading role.

Annual statement of disclosure

In FY22, 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 and which we have taken action to remediate.¹ Finding these issues demonstrates that our processes have been effective in identifying situations that could escalate into 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.

We acknowledge modern slavery remains a risk in our operations and supply chain. While we have implemented a range of Group Policies and processes to minimise and mitigate that risk, we understand there is still work to do and we are committed to continuous improvement of our risk management performance.

We are committed to deepening our dialogue with those groups that represent the most vulnerable workers in our value chain and with workers themselves, to better understand how we can ensure their rights are protected and they are not subjected to modern slavery.

This statement is made pursuant to section 14 of the Modern Slavery Act (Commonwealth) 2018 and section 54(1) of the Modern Slavery Act (UK) 2015, where relevant. It constitutes the statement of each of the reporting entities set out in the [‘Reporting entities covered by the statement’](#) section for the year ended 30 June 2022 and has been approved by the Board of each reporting entity. The statement in its entirety is signed below.

Andrew Penn
Chief Executive Officer and Managing Director

August 2022

¹ See sections ‘Acting on our due diligence findings’ on page 31 and ‘Worker voice initiative’ on page 29 as well as the case studies on ‘Working with our suppliers beyond tier 1’ on page 32 and ‘Protecting warehouse workers’ on page 31.

Our structure and reporting entities

Our structure

The ultimate parent entity in the Telstra Group is Telstra Corporation Limited. Telstra Corporation Limited is listed and our issued shares are quoted on the Australian Securities Exchange (ASX).

As at 30 June 2022, the Telstra Group has a direct or indirect interest in over 190 controlled entities, with our international presence spanning over 20 countries.

We have controlled entities in Australia, North Asia, South Asia, New Zealand, Europe, Middle East and the United States of America. We conduct most of our business through Telstra Corporation Limited.

For a complete list of the controlled entities in the Telstra Group as at 30 June 2022 (including ownership percentages and detail regarding each subsidiary's immediate and ultimate parent) visit [telstra.com/financialresults](https://www.telstra.com/financialresults).

Reporting entities covered by the statement

This statement has been prepared by the Telstra Group to meet the requirements of the Australian Modern Slavery Act 2018 (Cth) (Australian MSA) and the United Kingdom's Modern Slavery Act 2015 (UK MSA).

The activities described in this statement are primarily driven by Telstra Corporation Limited as the parent company and main operating entity of the Telstra Group. Unless otherwise indicated, statements made in relation to the activities of the Telstra Group apply to all reporting entities, noting that Telstra Pay TV Pty Ltd, Telstra Multimedia Pty Limited and Telstra Holdings Pty Ltd do not have any active trading activity or employees.

Telstra Health Pty Ltd's activities in response to modern slavery risk do differ in some instances to that of Telstra Corporation Limited and the Telstra Group, as set out throughout the statement.

This statement is a joint statement covering the following entities (together referred to as we, us, our, Telstra):

| Reporting entity | Description |
|---|---|
| Australian MSA reporting entities | |
| Telstra Corporation Limited ABN 33 051 775 556 | The ultimate parent company of the Telstra Group listed on the Australian Securities Exchange |
| Telstra Health Pty Ltd ABN 38 163 077 236 | Main operating entity in the Telstra Health Group that develops and provides software solutions to governments and health and aged care providers |
| Telstra Pay TV Pty Ltd ABN 65 095 931 614 | Holds the broadcasting licence which enables Telstra to sell pay TV services |
| Telstra Multimedia Pty Ltd ABN 82 069 279 072 | Holds HFC assets specifically related to PayTV and collects revenue for the carriage of PayTV over these HFC assets |
| Telstra Holdings Pty Ltd ABN 45 057 808 938 | Holding company of many of Telstra's subsidiary companies |
| UK MSA reporting entities | |
| Telstra UK Limited | Provider of telecommunication services in UK and Europe, Middle East and Africa |

Other than the entities set out above, no other Telstra Group controlled entity meets the reporting entity criteria under the Australian MSA or the UK MSA^{2,3}.

² This statement does not cover Telstra Super Pty Ltd, which is preparing its own Modern Slavery Statement and does not carry on any business within the UK. Telstra Super Pty Ltd is a trustee for the Telstra Superannuation Scheme. We do not consider Telstra Super Pty Ltd to be a controlled entity as we do not meet the criteria for consolidation under financial reporting standards.

³ This statement does not cover Digicel which was acquired by the Telstra Group after 30 June 2022.

Our operations, workforce and supply chain

Our operations

Telstra is Australia's leading telecommunications and technology company, offering a full range of communications services and competing in all telecommunications markets. We believe it's people that give purpose to our technology.

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 mobile networks reach **99.5 per cent of the Australian population**



In Australia we provide around **20.8 million retail mobile service and 3.5 million retail bundle and data services**

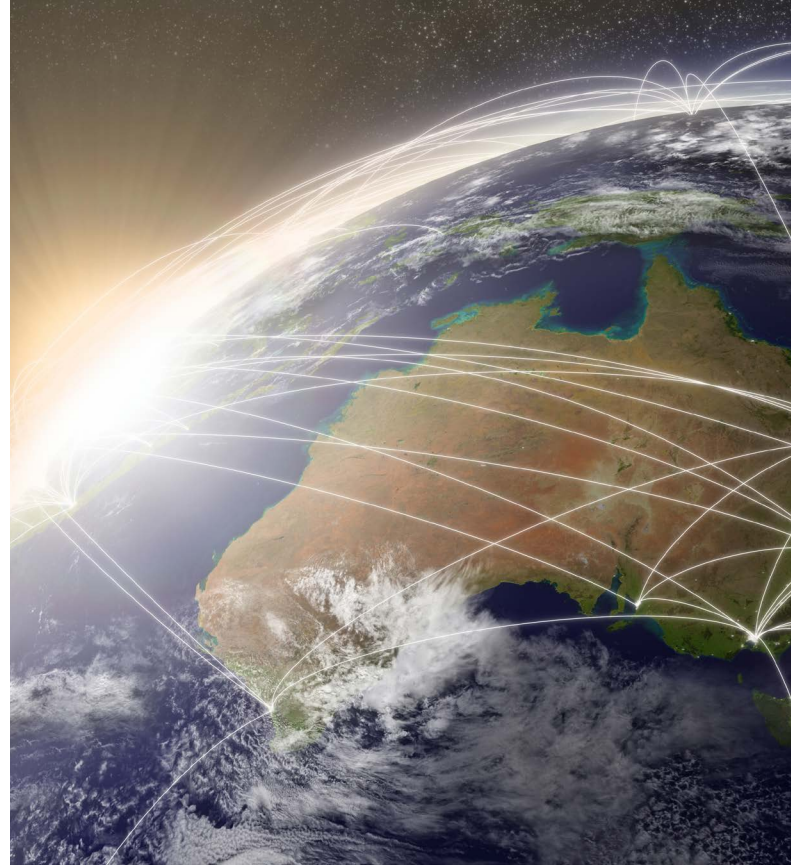


We offer a broad suite of **media, content and connectivity options** in Australia, as well as connectivity and enterprise services globally



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

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



Our customers interact with us in many ways: through digital platforms, our 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 via multiple channels across many years.

Page 6 shows a simplified diagram of our operations, explaining what we do and how our suppliers and people help us to meet our customers' needs.

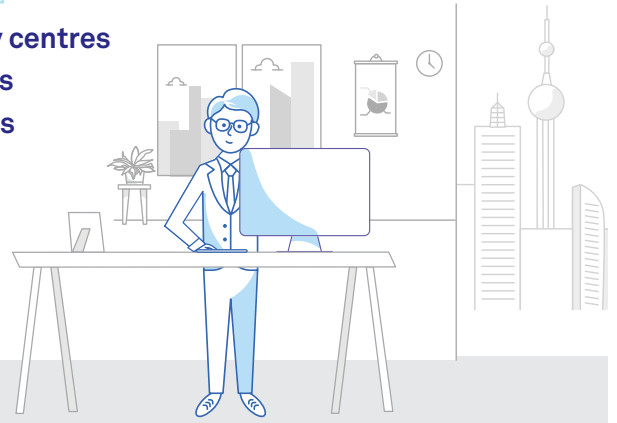
Business strategy

For more information about our business strategy, please refer to our [2022 Annual Report](#).

Telstra's Operations

Customer order

Telstra stores and technology centres
Telstra contact centres
Telstra digital channels



Telstra Health, Telstra Purple
and Telstra Energy



Service delivery and support

Warehouse & transport

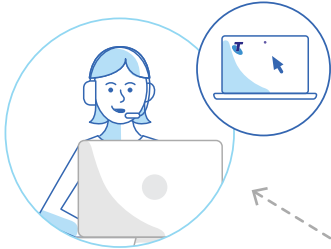


T
Networks & IT
InfraCo & Amplitel
Consumer & Small Business
Products & Technology
Enterprise
Global Business Services

Roaming partners



- Telstra contact centre
- Telstra digital channels



Customer outcome



Our workforce

Our direct workforce

As at 30 June 2022, Telstra Corporation Limited's total direct workforce was 28,370 employees⁴. Telstra Group's total global direct workforce was 29,143 employees^{5,6}. Telstra Group employs 3,915 people directly outside of Australia across 21 countries, equating to 13.4 per cent of our total direct workforce.

In February 2021, Telstra announced it would be phasing out the Telstra Licensed Stores (TLS) program and moving to a full Telstra ownership model of the relevant Telstra branded stores. This year there has been an increase in the Telstra Group direct workforce including this move to full Telstra ownership model.

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

Our indirect workforce

Telstra Group has an indirect workforce of approximately 26,100 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.

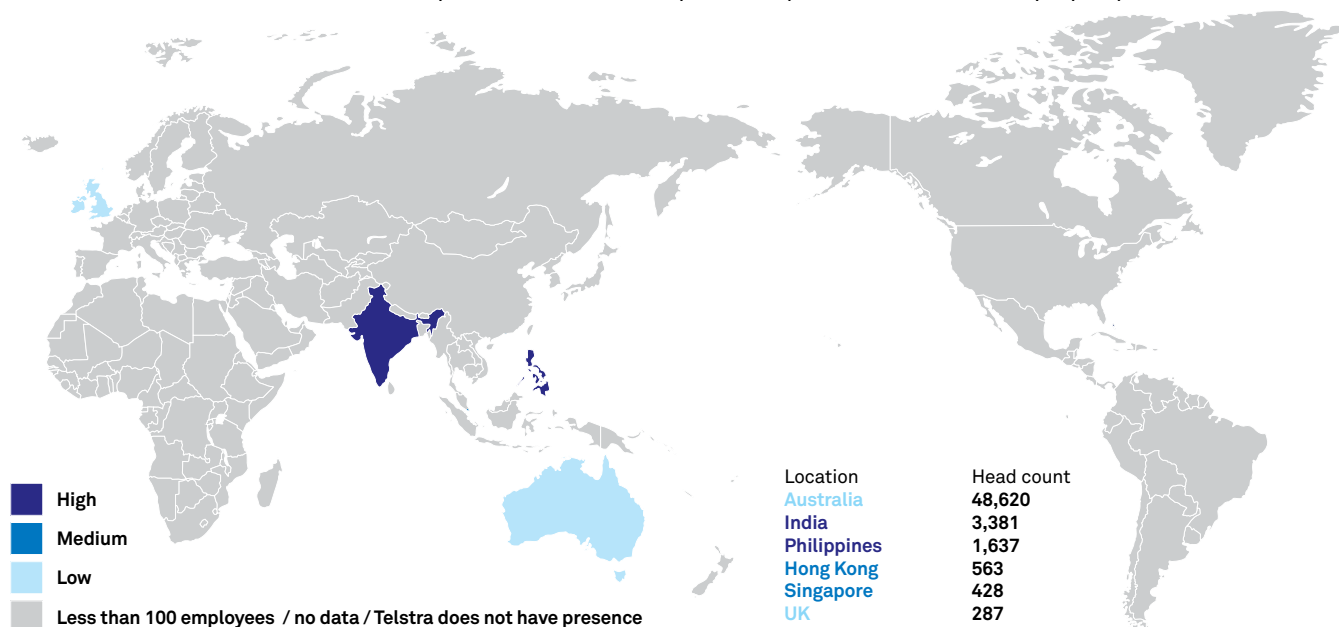
Our main centres for indirect workers outside Australia are India, Singapore, Hong Kong and the Philippines. A further seven countries have small numbers of indirect workers (fewer than 100).

In FY21 Telstra announced that by the end of FY22 it would answer all consumer and small business calls in Australia rather than overseas. As a result, this year there has been a reduction in our international indirect workforce of approximately 2,000 and an equivalent increase in our Australian direct and indirect workforce.

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. For further information see the ['Addressing modern slavery risk in our operations'](#) section on page 18.

Our global labour risk profile

Telstra's direct and indirect workforce exposure to labour risk by location (with more than 100 employees)*



* Labour rights risks were calculated based on countries' scores in three relevant global indices: the Freedom House Global Freedom Score the Global Slavery Index's analysis of countries' vulnerability to modern slavery and the World Bank's Worldwide Governance Indicator for control of corruption.

- 4 Direct workforce includes employees (permanent, fixed term, casual and long term leave) contract and agency labour and controlled entity labour. Indirect workforce includes labour under the direction of outsourced partners who have access to Telstra systems in order to deliver services (e.g. consultants).
- 5 For the purposes of this statement Telstra Group's workforce data excludes Telstra Super people.
- 6 All people data in this statement are expressed as headcount, not full-time equivalents (FTE).

Our supply chain

In FY22, Telstra Group engaged directly with⁷:



More than **5,800 suppliers**



From **98 countries**



Approx **77%** of the total spend was **with our top 100 suppliers**

However, our direct suppliers often have many suppliers of their own, who then also rely on their own suppliers, meaning our overall supply chain footprint remains large and complex.

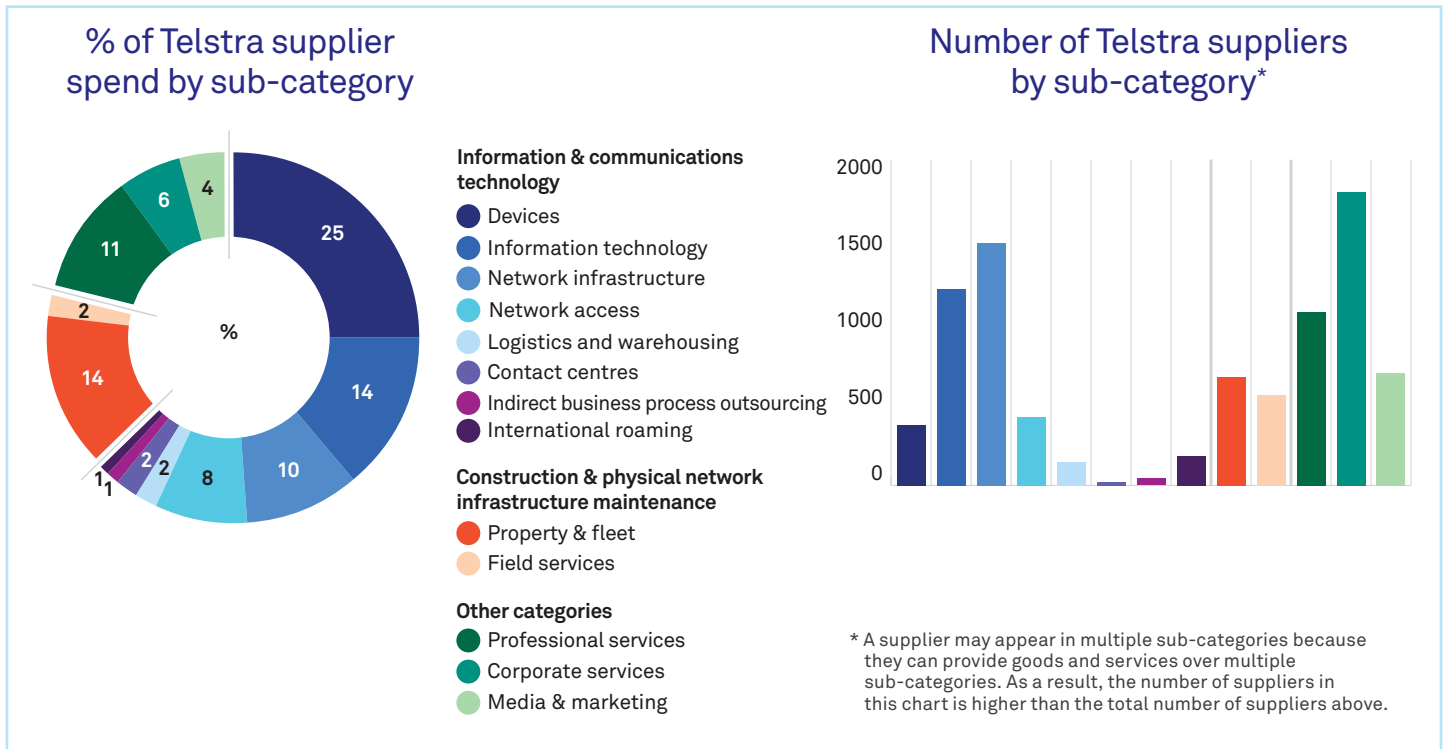
Our largest category of spend is information and communications technology (ICT) (63 per cent).

This category includes goods and services provided directly to customers, used to provide and manage our network and data services, or used by Telstra employees. This category 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 16 per cent of our total spend. The remaining 21 per cent of procurement spend is on non-core activities, such as professional services, travel and uniforms.

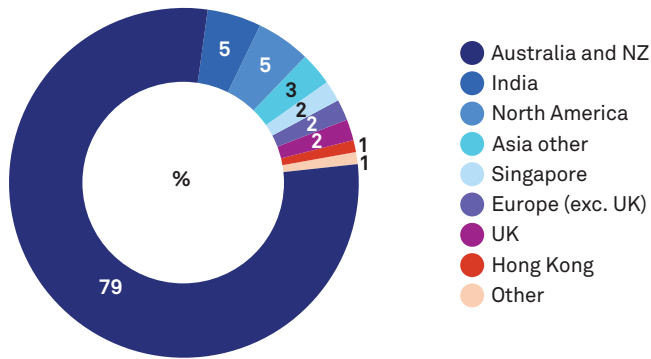
The majority of our spend in the ICT and network infrastructure categories, which includes electronics and network components, is with large multinational companies who supply us with finished products. We do not manufacture our own products. We work with original design manufacturers (ODM) to produce Telstra-branded devices.

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

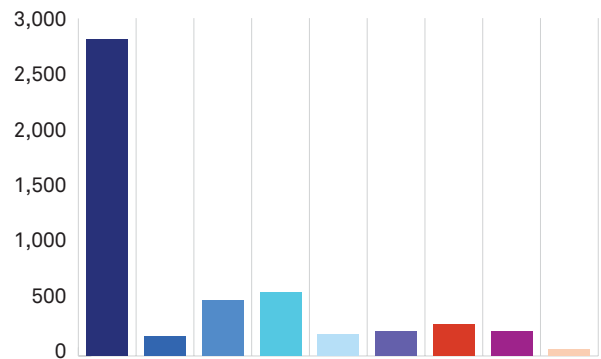


⁷ These figures capture Telstra Group entities who use Telstra's centralised procurement processes. These figures do not include Telstra Health Pty Ltd and its owned and controlled entities who do not use Telstra's centralised procurement processes. See 'Telstra Health operations, workforce and supply chain' on page 9 for information on Telstra Health Pty Ltd's supply chain.

% of Telstra direct supplier spend by country*



Number of Telstra direct suppliers by country**



* Country location is based on the supplier registered address. We recognise this may not necessarily reflect the country where the product or service is sourced from.
 ** Location data was not available for 0.10% of spend. As a result, the number of suppliers in this chart is lower than the total number of suppliers.

Approximately 88 per cent of what we spend directly is with suppliers based in low-risk countries, as defined by the OECD⁸. 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, we recognise these suppliers may be headquartered or manufacturing overseas.

In addition, geography is only one factor we use in assessing the overall risk of a supplier and we look beyond our direct suppliers in making these assessments.

For more detail on our approach to risk assessment, see the [‘Identifying and assessing modern slavery risk’](#) section on page 14 and the [‘Addressing modern slavery risk in our supply chain’](#) section on page 24.

Telstra Health operations, workforce and supply chain

Telstra Health Pty Limited (Telstra Health) is a leading provider of digital health solutions. By providing software products, solutions and platforms, Telstra Health works with care providers in the hospital, health service, pharmacy and aged and disability care sectors to connect health information, clinicians and consumers.

Telstra Health’s clinical and administrative systems, health data analytics, population health solutions and information exchange platforms help providers to improve

the quality, safety and efficiency of the healthcare they deliver. Telstra Health also helps enable clinicians to deliver care in new ways through its telehealth and consumer solutions.

Telstra Health employs approximately 1,040 employees and contractors across Australia.

Telstra Health has approximately 100 active suppliers located in 12 countries. The main categories of spend are contracted workers (mostly software developers, engineers and data analysts), an Australian-based contact centre, medical equipment, IT hardware and spend related to its offices.

8 OECD country risk assessments as at 11 March 2022

Governance of human rights and modern slavery risk

Our corporate 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 the governance of Telstra Corporation Limited generally, please refer to our [2022 Corporate Governance Statement](#).

Governance of human rights issues, including modern slavery

Telstra's compliance governance structure



Our Compliance Framework defines how we manage our obligations, compliance and controls, including those relating to modern slavery and other human rights issues.

Compliance obligations relating to modern slavery include the obligations to:

- respect and support freedom of association
- provide a healthy, safe and sanitary workplace
- prevent the use of child labour, forced or compulsory labour, violence, threats, other forms of physical coercion or harassment in our operations, supply chain or business partners (including licensees)

- comply with applicable laws and regulations relating to wages and benefits
- comply with applicable laws and regulations in relation to work hours

Applicable legislation and other regulatory instruments are documented as obligations in our Governance, Risk and Compliance Tool, to ensure that they can be understood and appropriate controls are identified, documented and monitored.

In FY22 our efforts have been focused on uplifting our compliance environment by improving the quality of documented compliance obligations, uplifting controls and improving our compliance culture and capability. Human rights issues are captured by relevant critical obligation areas of focus.

The obligations that we have documented and manage in accordance with our Compliance Framework apply to our operations and our supply chain. This approach is a cornerstone of managing modern slavery risk and other human rights issues at Telstra.

Telstra's commitment to human rights is evident via our Human Rights Policy and supporting Human Rights Guidance Document (detailed below), Modern Slavery Act Statement reporting and cross functional supplier governance initiatives. Telstra's compliance program is focused on the management of new and existing risks across our supply chain and controlled entities. Each year, we test the key controls in the compliance program to identify the extent to which they are effective in managing the targeted risks, including modern slavery risk and other Human Rights Policy breaches.

Our engagement with controlled entities in FY22 focused on ensuring they have assessed their modern slavery risk and assisting them to close identified gaps in their current procedures compared to our standard Compliance Framework.

Management of human rights issues at Telstra is also supported by a Human Rights Working Group. The Human Rights Working Group is a cross functional group comprising representatives from the Legal, Workplace Relations, Supplier Governance and Compliance and Risk teams which meets monthly to consider and address human rights issues and areas of focus and how they are managed across Telstra.

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 have guided how we work and behave for many years. Our current values were first introduced in 2013 and refreshed and simplified in 2020. During this time they have brought us closer together with a common language, encouraged greater appreciation for our diverse backgrounds and motivated us to deliver on our commitments. They have also inspired us to step up in times of crisis to care for each other, our customers and our communities.

Together with our purpose, our values express what we stand for and guide the way we do things.

They are core to who we are and we align everything we do with them. Here at Telstra, we have four values.

Together with our purpose, they are helping us build a Telstra that is working to build a connected future so everyone can thrive.

This year we continued to embed our values:

- **We are change-makers**
- **We are better together**
- **We care**
- **We make it simple**

In particular, the Telstra value of 'We care' requires us to show care in all that we do. This includes doing the right thing for our customers, our communities, the planet, ourselves and each other – even when no one is watching. Working to ensure no modern slavery exists in our operations and supply chains is a necessary action to ensure we are living this value.



We are changemakers

We think big, set ambitious goals and deliver them – for our customers, shareholders and communities. By speaking up, being curious to learn and valuing different perspectives we challenge the status quo and make change.



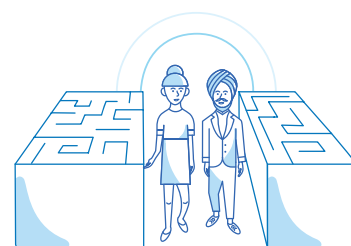
We are better together

We're one team and embrace the value each of us bring. Our (super) power lies in working together to deliver for our customers. We're each accountable for our actions and do what we say we're going to do.



We care

We show care in all that we do. We do the right thing for our customers, our communities, the planet, ourselves and each other – even when no one's watching.



We make it simple

What we do is complex, but we always make things simple for our customers and each other. Simple doesn't necessarily mean quick. We keep the simple, simple.

These are the values we stand for - the values by which we measure all of our actions. Putting these values into action will help us to build a connected future so everyone can thrive.

Code of Conduct

Our [Code of Conduct](#) (Code), which includes our Telstra values, defines how we do business. It explains what we stand for and 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, including respecting human rights and preventing modern slavery.

Our Code applies globally to all directors, employees and contractors in Telstra and its controlled entities (unless an exemption has been granted). It is communicated to these individuals as part of the onboarding process, is available on our intranet and website and forms the basis of our annual Code of Conduct training (**Business Essentials Training**).

Our Code sets out seven principles governing how we do business:

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

It also outlines where to go for further help and how to raise concerns through various channels, including our [whistleblowing service](#).

Each principle is supported by and references a range of Telstra Group Policies such as health, safety & wellbeing, anti-bribery and anti-corruption, 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, to ensure they remain relevant and clearly define our 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. Leaders throughout our organisation are accountable for creating and fostering a work environment that encourages ethical behaviour and compliance.

Alleged Code breaches are investigated and acted upon accordingly. This can include investigations by the Chief Risk Office investigations team or the HR Global Case Management team. Material breaches of the Code are reported to the People and Remuneration Committee of the Board every six months.



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 these 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.

Our Human Rights Policy makes it clear that we expect suppliers, business partners and other third parties to comply with the policy. It also states 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.

Our Human Rights Policy is reviewed annually to ensure it remains relevant and clearly defines our expected behaviours.

In addition, we have 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. This includes examples relating to modern slavery.

Policy coverage

Telstra has requirements and expectations regarding the adoption of the Code and Group Policies by controlled entities in the Telstra Group. The specific Group Policies adopted by 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. Where there are variances in the adoption of Group Policies, we work with our subsidiaries to understand what Group Policies they have not implemented and seek assurance they have equivalent policies.

In FY22 as part of our continual improvement approach we have reviewed our subsidiary governance model to understand how we can better ensure consistent application of the governance model, including the Code and Group Policies. Work is now underway to improve the application of the governance model through enhanced guidance, change management and monitoring and oversight.



Telstra Health has adopted some of Telstra's Group Policies including Telstra's Code of Conduct, Human Rights Policy, Supplier Code of Conduct and Whistleblowing Policy. Telstra Health does not utilise the Telstra Group procurement function or centralised procurement processes, however it leverages Telstra suppliers and contracts for purchase as Telstra Health.

In this reporting period, Telstra Health also acquired two significant businesses, 100 per cent ownership of Clinical Technology Holdings Pty Limited and its subsidiaries (Medical Director) and a 70 per cent stake in Power Solutions Holdings Pty Ltd and its subsidiaries (Power Health). These businesses have workforces outside Australia including, in the case of Power Health, in countries with higher modern slavery risk. As at 30 June 2022, these two businesses have not adopted Telstra Group Policies and their financial and procurement processes are not integrated into those of Telstra Health. In FY22, Telstra Health commenced engaging with these two businesses to better understand their modern slavery risk profile and response, including by conducting a preliminary risk assessment.

It is intended that in FY23, Medical Director will be integrated operationally into Telstra Health. This will include adopting Telstra Health's financial and procurement processes and the Telstra Group Policies adopted by Telstra Health. Telstra Health will appoint a regulatory and compliance specialist to continue to engage with Power Health in FY23 on modern slavery risk and management of this risk. This includes reviewing and considering Telstra Group Policies for adoption, including the Telstra Code of Conduct, Human Rights Policy, Supplier Code of Conduct and Whistleblowing Policy.

Identifying and assessing modern slavery risk

Our salient Human Rights issues

At Telstra we have determined that our seven most salient human rights issues are:

| | | |
|---|--|---|
|  Labour rights including: <ul style="list-style-type: none"> • 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 |

We have determined this by reviewing the human rights issues contained in the UN Declaration of Human Rights and assessed their salience according to the UN Guiding Principles on Business and Human Rights.

Identifying our modern slavery risk areas

The UN Guiding Principles on Business and Human Rights (UNGPs) expect businesses to carry out human rights due diligence to assess both actual and potential

human rights impacts. To help us identify those higher risk areas where there is potential for involvement in negative human rights impact in the form of modern slavery practices, we engaged an independent third party in FY20 to review our global operations and supply chain and identify areas of higher risk to focus our attention.

In line with the UNGPs, due diligence on human rights impacts should be ongoing, recognising that the human rights risks may change over time as a business' operations and operating context evolves.

To ensure we continue to assess our modern slavery risks as our business evolves, in FY22 we engaged an independent third party to provide us with a risk assessment tool. The tool provides the methodology to assess where in relation to Telstra's business units and procurement categories there is potential risk of involvement in modern slavery practices, using four key modern slavery risk factors: country/region, categories/sectors, business models and vulnerable populations.

This allows us the ability to consistently assess our business for potential modern slavery risk areas as it grows and evolves. Identified higher risk areas direct where we undertake further due diligence, engage with specific suppliers and implement additional controls.

We also continuously review where our areas of highest risk lie through periodic supply chain risk analytics assessments, learnings from our supplier due diligence, participation in industry groups focused on human rights and modern slavery, feedback from stakeholders and media attention on instances of exploitation practices.



Case Study: Building an understanding of our risks from multiple sources

In FY22, our reliance on multiple sources of information about supply chain risks (media, industry association, investor relations and due diligence) helped to build our understanding of modern slavery risk in the solar panel supply chain.

In FY21 and FY22 a number of news articles exposed the use of state sponsored forced labour in the solar panels supply chain.

Telstra buys and installs solar panels each year as part of our mobile equipment installations and network upgrades across Australia and the wider region. Our tier 1 suppliers in Australia source their panels overseas.

We were also alerted to the risk of worker exploitation in the solar panel supply chain through our membership of the Joint Audit Cooperation (JAC), an industry association of global telecommunications operators. JAC provided context and detail related to the risk

to its members, encouraging members to audit the manufacturers of solar panels in their supply chain.

In addition to the media attention this issue attracted, and the insights gleaned from JAC, in FY22 we found our investors increasingly focused on the risk of exploitation in the production of solar panels. In FY22 investors raised their concerns with us, asking us to explain to them how we are managing this risk as a purchaser of solar panels.












To respond to these concerns and better understand our exposure in FY22 we commenced the sustainability audit process for every solar panel supplier across our supply chain, which includes looking at labour conditions of workers on site. These audits will be completed in FY23. For further detail on sustainability audits, see the '[Sustainability audit program](#)' section on page 28.

It is critical that we use multiple sources to help us identify and understand our modern slavery risks. This helps us identify and respond quickly to emerging and newly identified risks and ensure products we use do not rely on the exploitation of workers in their production.

Our risk areas

Telstra's risk areas have been identified over time and continue to be reviewed and updated, using the risk identification processes detailed above. Our relationship to the risk has been assessed using the UNGPs continuum for how a business may be involved in potential or

actual human rights impacts including modern slavery. Businesses may cause, contribute, or be directly linked to an adverse human rights impact. Our assessment has indicated that, in relation to the identified risk areas, Telstra is most likely to be directly linked to modern slavery impacts through business relationships rather than having caused or contributed to these.

| Risk area | Why it is a risk area | Telstra's likely relationship to risk |
|---|--|--|
| Operations | | |
|  Contingent and indirect workforce outside Australia in the Asia-Pacific region (e.g. employees of our indirect delivery partners) | Higher risk business model with Telstra having limited control and visibility over the working conditions of workers not employed directly and who are also located in high-risk countries | Directly linked through business relationships |
|  Workers at licensee and retail partners | Risk that licensee and retail partners may take advantage of vulnerable employees (e.g. migrant workers or visa holders). Telstra has limited visibility and does not have direct control over the conditions of these workers | Directly linked through business relationships |
| Supply Chain | | |
|  ICT Products (e.g. devices, accessories) | Produced by low-skilled and low-wage labour, at times by potentially vulnerable workers in high-risk countries | Directly linked through business relationships |
|  Construction & physical network infrastructure maintenance | Involves low-skilled and low-wage labour at times using potentially vulnerable workforce (e.g. migrant workers or visa holders) | Directly linked through business relationships |
|  Products used to build support and maintain physical network infrastructure | Produced by low-skilled and low-wage labour, at times by potentially vulnerable workers in high-risk countries. Usually produced by lower tier suppliers where Telstra has limited visibility | Directly linked through business relationships |
|  Branded apparel | Produced by low-skilled and low-wage labour, at times by potentially vulnerable workers in high-risk countries | Directly linked through business relationships |
|  Marketing merchandise | Produced by low-skilled and low-wage labour, at times by potentially vulnerable workers in high-risk countries | Directly linked through business relationships |
|  Cleaning and waste management | Involves low-skilled and low-wage labour, at times using potentially vulnerable workforce (e.g. migrant workers or visa holders). This vulnerability was heightened during COVID-19 | Directly linked through business relationships |
|  Transport/ logistics | Involves low-skilled and low-wage labour, at times using potentially vulnerable workforce. In particular, pressure on supply chains caused by COVID-19 and other world events has increased the potential for exploitation of workers in this industry | Directly linked through business relationships |
|  Solar panels | May be produced by potentially vulnerable workforce in high-risk countries | Directly linked through business relationships |
|  Carbon offsets | Projects targeted can be in high-risk developing countries and utilise potentially vulnerable workforces in high-risk industries (e.g. solar power project or brick manufacturing improvement project in India) | Directly linked through business relationships |

Our risk areas identification has focused primarily on Telstra Corporation Limited's main operations and those Group entities who utilise the Telstra centralised procurement processes. To further expand this work in FY22 we worked with Telstra Health, who do not utilise Telstra's centralised procurement processes, to undertake a risk assessment specific to them. We will continue to expand this risk work with additional targeted controlled entities as part of our consultation process.



Telstra Health risk areas

This year Telstra Health undertook a risk assessment of its operations and supply chains, with the assistance of Telstra Corporation Limited, to identify higher risk areas for modern slavery. Telstra Health has identified the procurement of medical devices and marketing merchandise as two risk areas for further due diligence.



Addressing modern slavery risk in our operations



Ensuring our direct workforce is treated fairly

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 to ensure we are respecting and supporting the human rights of employees and providing a safe and fair working environment.

Some examples of this are:

- Our Family and Domestic Violence Leave Policy, which applies to employees of Telstra Corporation Limited and any controlled entity outside Australia, providing part-time and full-time employees with up to 20 days paid leave to attend medical appointments, attend counselling sessions, receive legal advice or undertake other activities related to their experience of family or domestic violence. Casual employees can access up to 20 unpaid leave days for the same purposes.

- Our recently introduced paid Gender Affirmation Leave in Australia for Telstra Corporation Limited. This leave enables employees to take the social, medical and legal steps in order to live as their defined gender.
- We were also one of the first companies to introduce paid pandemic leave for employees impacted by COVID-19, including casual employees, of Telstra Corporation Limited and any controlled entity outside Australia.

We also make sure to 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.



Case study: Caring for our people during challenging times

A safe and healthy workplace is a human right for all workers, wherever they are located. COVID-19 continues to create challenges for all companies in effectively supporting the physical and mental wellbeing of their people. At Telstra, we have implemented an extensive program of support for our people, which is described in detail in the 'Trusted operations' section of our [FY22 Bigger Picture Sustainability Report](#). We've also implemented some additional initiatives for specific, higher-risk locations, including:

- supply of 4,000 doses of Moderna vaccines for our team members in the Philippines at no cost to them and at cost price to their dependents;
- partnering with a local hospital provider in India to provide a dedicated vaccination venue for our people and their families;

- supply of 4,000 Rapid Antigen Tests (RATs) to our Hong Kong teams and reimbursement programs for medical supplies; and
- Health and Wellbeing seminars and support services from Telstra's Employee Assistance Program (MyCoach) for our people and their families during periods of lock downs or movement restrictions.

We continue to provide up to 14 days Pandemic Leave for our global workforce. This is provided where a person is unwell, is caring for a sick family/household member, or is unable to attend work because of restrictions. The highest utilisation of this leave was in the Philippines in 2020, before comprehensive work-from-home arrangements were fully established. It was also utilised by many employees in Australia as virus numbers peaked in late 2021 and early 2022.

Recruitment and labour hire

Telstra Corporation Limited has a recruitment policy to help ensure:

- all recruitment decisions are in line 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.

Telstra Corporation Limited has 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.

Telstra Corporation Limited's 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 that they meet minimum employment age requirements. It also includes generating contracts that comply with Telstra's policies and procedures, including in relation to pay rates, working hours, benefits and relevant enterprise agreements.

As an inclusive employer, promoting and valuing diversity within our workforce, we are making sure we respect and support the human rights of our employees and job candidates. To enable our leaders to build a more diverse and inclusive workplace, we have 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 35 per cent requirement applies due to a known significant gender imbalance in the job market.



Telstra aims to increase the number of First Nations employees and people living with disability working with us by removing some of the barriers that exist in standard recruitment processes for these underrepresented communities. 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. We continue to hire based on skills and capability. We also aim to increase the diversity of our workforce by offering maximum flexibility so our people can work when and where they want, subject to the requirements of the role. We start from the premise that work is something we do, not somewhere we go. All office-based roles are now regarded as location-agnostic, meaning they can be done from anywhere within Australia. This increases employment opportunities for people outside the central business district of capital cities, reflecting our commitment to help regional Australia thrive.

Management of higher risk operational activities and locations

We recognise that some of the activities we undertake and some of our service delivery models are higher risk than others as set out in the '[Identifying and assessing modern slavery risk](#)' section on page 14. This includes risks relating to delivery partners, our retail network, and licensee and retail partner arrangements. We have additional mitigations in place to manage the risks associated with these activities, as outlined below.

Specific risk mitigations for our delivery partners outside Australia

We recognise that the indirect delivery partner service model may carry risks for workers who are not directly engaged by Telstra.

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)** is 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.

Across these three functions, around fifty five per cent of the workforce is indirect. The largest groups of indirect workers are in Australia, followed by India, which is considered a higher risk location for modern slavery⁹.

These workers are either engaged as contingent workers or through longer term delivery partnership arrangements.

To mitigate the risk presented by the indirect delivery partner service model, 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 on page 24), and can be asked to demonstrate compliance through questionnaires, desktop audits and site visits. 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 whistleblowing service, which is a confidential service available to employees of Telstra, our partners and contractors, suppliers (and their employees) and certain relatives and dependants of these individuals who want to raise a concern about working conditions or any other illegal, unethical or improper conduct, including misconduct, or an improper state of affairs or circumstances at Telstra.

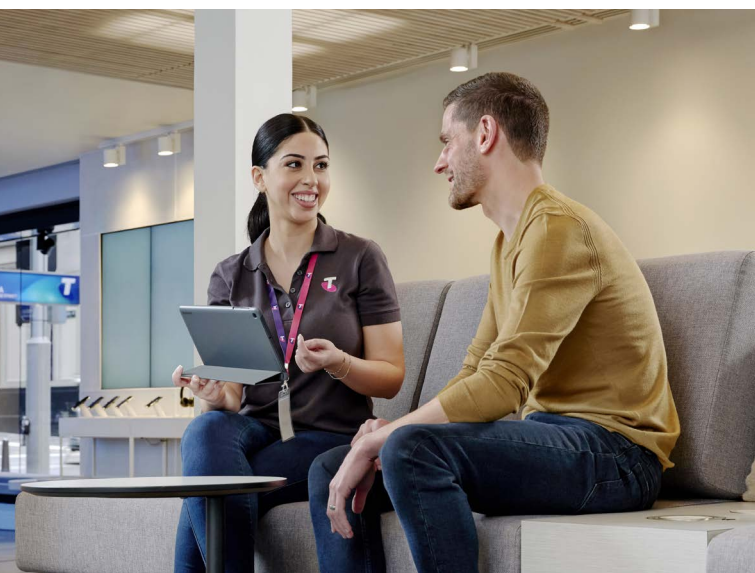
Employees of our delivery partners who fail to complete Business Essentials Training by the required date each year lose access to Telstra systems until they have completed it.

Our partners are also required to have their own functioning ombudsperson and whistleblowing policies that include escalation processes to raise concerns with Telstra and relevant executives.

⁹ Labour risk rating was calculated based on countries' scores in three relevant global indices: the Freedom House Global Freedom Score; the Global Slavery Index's analysis of countries' vulnerability to modern slavery; and the World Bank's Worldwide Governance Indicator for control of corruption.

Specific risk mitigations for our retail network

Across Australia, we utilise a network of stores and business centres to sell to our consumer and small business customers. While some stores are owned by Telstra, some are operated by third party licensees. In addition, we have dealership agreements with 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.



In February 2021, Telstra announced it would be phasing out the Telstra Licensed Stores (TLS) program and moving to a full Telstra ownership model of the relevant Telstra branded stores. This transition will support us to manage any potential modern slavery risks in this area by facilitating more complete and direct application to stores of the types of labour, health and safety, environment and other standards that we were previously only able to impose indirectly, via the Supplier Code of Conduct.

The transition is expected to be completed in July 2022, when all retail branded Telstra stores will be owned and operated by the Telstra Group, while most Telstra Business Technology Centres (TBTCs) will remain operated by third party licensees.

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 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.
- **Quarterly operational review (QOR)** – licensees must conduct and lodge a quarterly operational review, which is a self-assessment of their performance against these commitments. On a semi-annual basis, a Telstra representative is required to perform a review of these attestations to validate them.
- **Partner operational review (POR)** – similar to the QORs, 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. It also results in system access suspension, where mandatory training is not completed.
- **Grievance mechanisms** – 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 whistleblowing service, which is described below in the [Grievance mechanisms and remediation](#) section of this statement.

A failure to comply with relevant Telstra policies, or laws or regulations applicable to their operations, will constitute a breach of the agreement licensees and partners have with Telstra. Depending on the seriousness of the breach, Telstra's recourse in relation to such events may include actions such as termination of the agreement, clawback of relevant remuneration paid to the licensee or partner and/or suspension of the licensee or partner's ability to undertake certain types of sales or service activities.

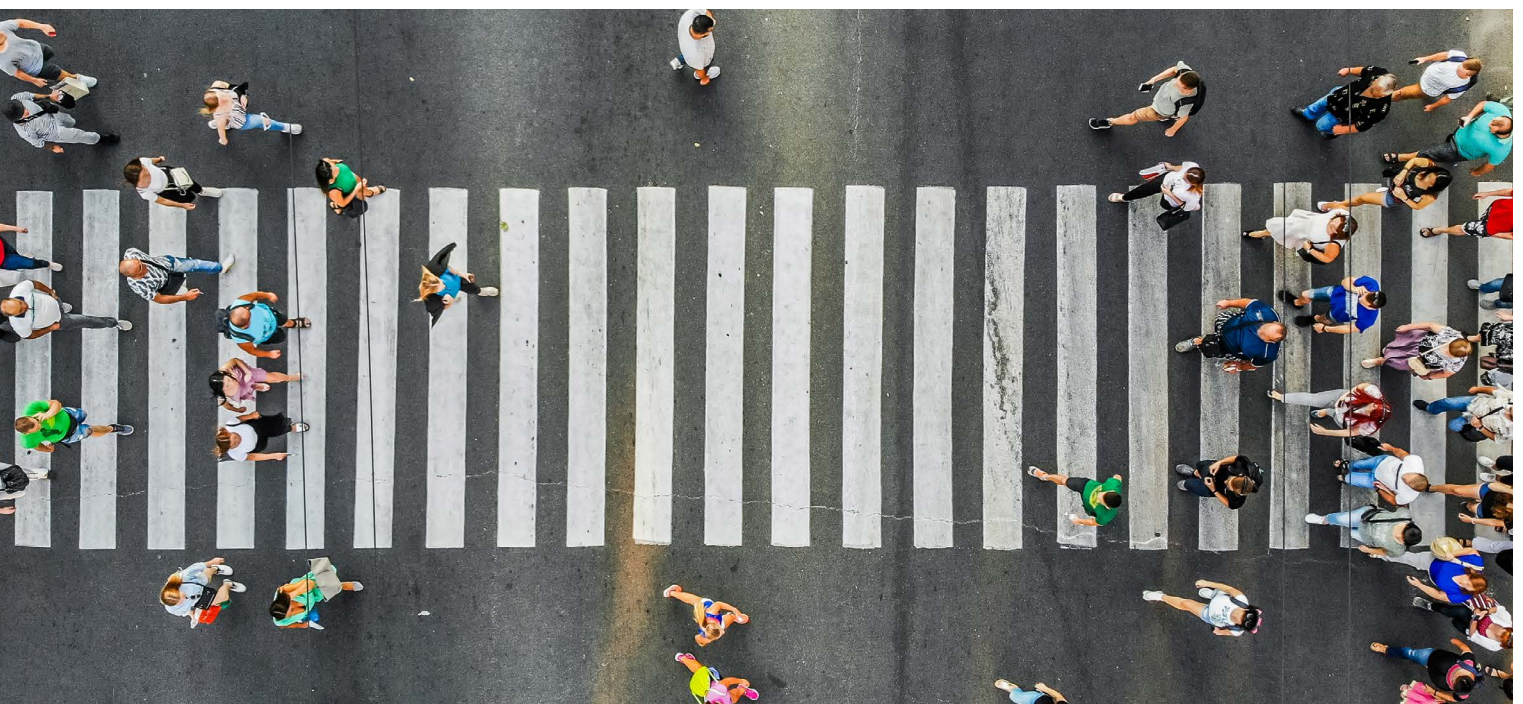
In prior years Telstra also conducted a labour and wages audit on a sample of our retail channel licensees, Telstra Business Technology Centres and partners. The audits identified some minor areas of non-compliance with employment or industrial obligations (none related to modern slavery), largely due to poor record keeping or lack of awareness of detailed requirements within the Industry Award.

Audit outcomes were shared with the relevant partners, along with a request to respond to the findings and rectify any non-compliance issues. As a result of the transition to Telstra ownership of the branded store network in FY22, the controls Telstra applies to ensure compliance with relevant laws, regulations and standards are now in place, replacing the labour and wages audit. However, the controls listed above have remained in place during the transition. In addition, we still maintain a contractual ability to audit remaining licensees and partners if concerns about compliance with employment laws are raised with us.

Obligations in dealership agreements

Our relationships with dealers (including entities licensed to operate stores under Telstra branding – such as Telstra Licensed Stores and Telstra Business Technology Centres, T-Partners and Enterprise channel partners) are governed by a range of dealership agreements. In FY20 we launched new dealership agreements for our Enterprise channel partners, 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)”. These agreements expressly reference the Supplier Code of Conduct, which is covered in more detail in the [Addressing modern slavery risk in our supply chain](#) section of this statement. The roll-out of this agreement is occurring progressively, most commonly as dealers reach the end of the term of their previous agreements.

When standard agreements for other dealer types go through major updates, we will consider including similar obligations and references to the Supplier Code of Conduct. For example, our standard agreement for Telstra Business Technology Centres is currently being revised. As part of that revision, we will include a requirement to comply with our Supplier Code of Conduct in this standard agreement.



Addressing modern slavery risk in 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.

Constructive engagement with suppliers

We regularly work with our suppliers to assess whether they are meeting our standards. 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.

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 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 Cooperation (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.

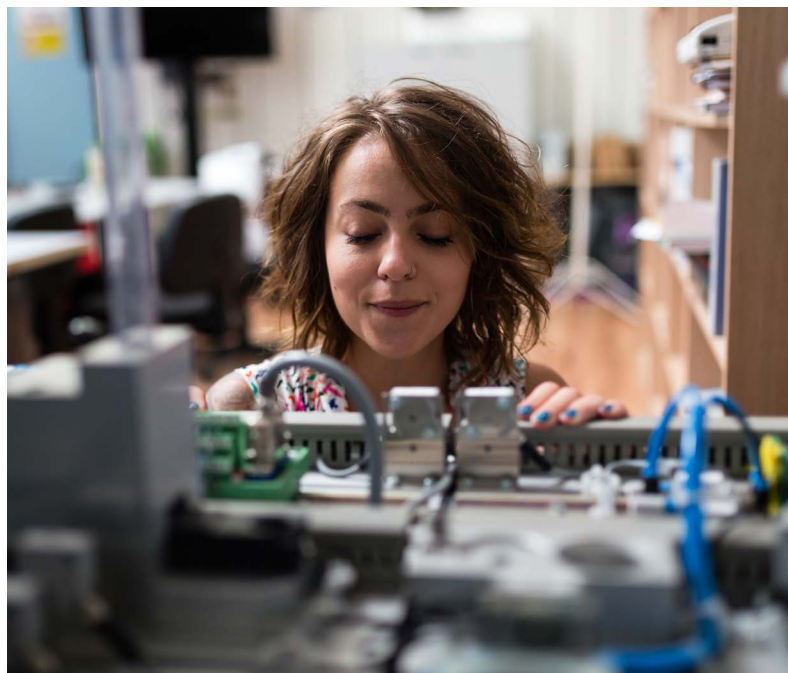
The SCOC sets out, amongst other things, requirements relating to labour rights of workers including that suppliers must:

- respect workers freedom of association
- comply with applicable laws relating to wages and benefits
- provide workers with written documentation outlining their terms and conditions of employment in a language they can understand
- not require workers to exceed prevailing work hours set by local law
- comply with certain International Labour Organisation standards relating to working hours
- not use any form of forced, bonded, compulsory labour, slavery or human trafficking
- not require workers to surrender identification documents
- not require workers to pay recruitment fees
- not use child labour
- provide a safe and healthy workplace and care for their workers.

This year we engaged a third party to review our SCOC to assess whether it remains in line with industry standards and best practices. We found Telstra's SCOC is positioned well across labour and human rights. The SCOC was updated in June 2022 to include enhanced requirements in relation to climate change, energy consumption and resource efficiency.

A copy of the updated SCOC was communicated at the end of June 2022 to all suppliers engaged in FY22. All suppliers engaged subsequently receive the updated SCOC as part of our standard purchasing terms. This year we also hosted our third supplier forum with a number of our top 200 suppliers to reinforce Telstra's commitment to responsible business and support their understanding of our SCOC requirements.

Suppliers' ability to meet or exceed standards detailed in the SCOC is considered by Telstra when making procurement decisions. This happens regardless of whether the SCOC has been formally incorporated into a particular contract with the supplier.¹⁰



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.

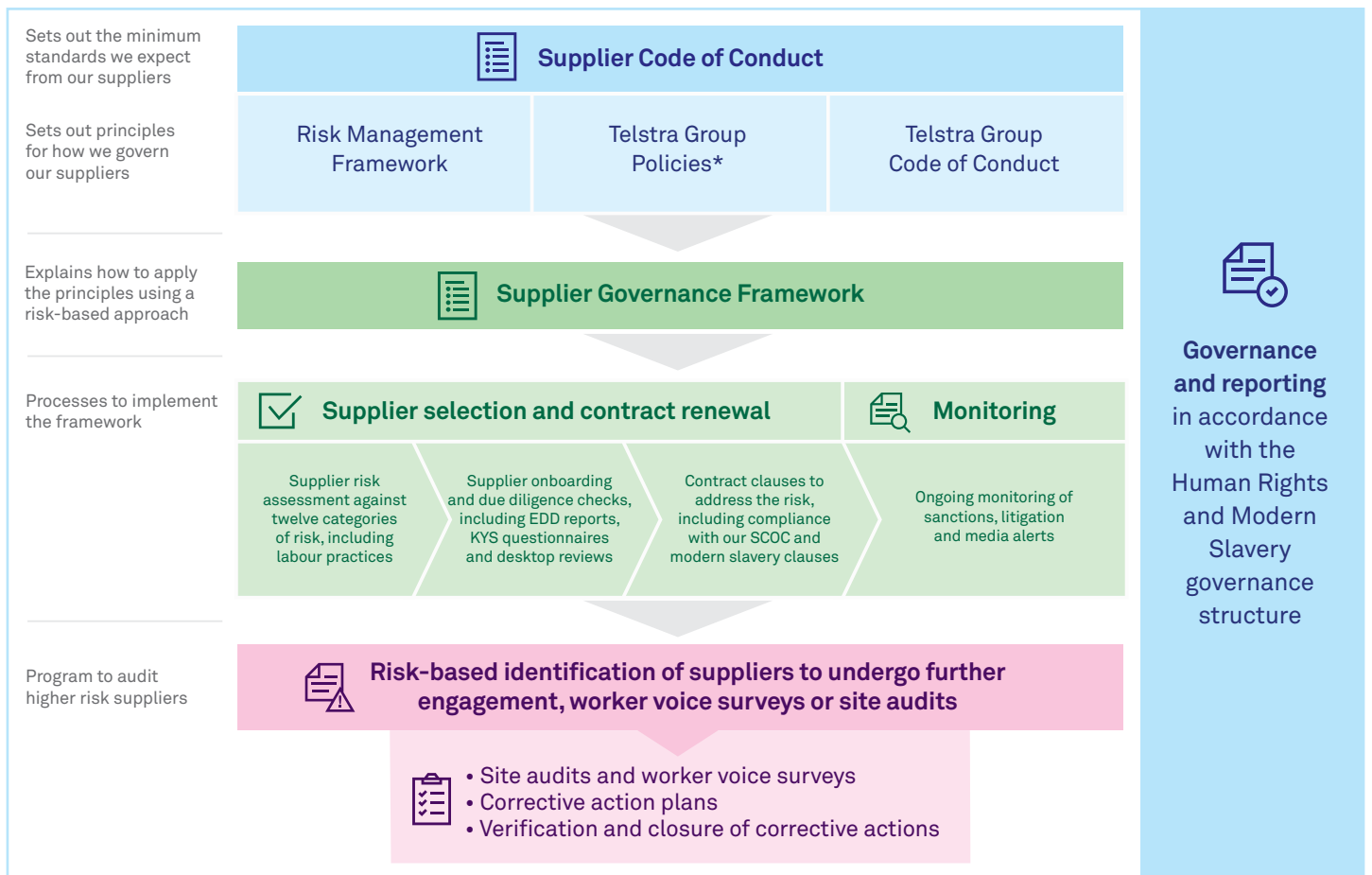
The SCOC makes it clear that we expect our suppliers to monitor their own and their suppliers' compliance with our SCOC, and to ensure timely correction of any identified non-conformance. We also require them to notify us if they become aware of an actual breach, or reasonable likelihood of breaching, of the SCOC. We provide an [online portal](#) specifically for suppliers to disclose conflicts of interest relating to Telstra employees and concerns about working conditions.

We review all disclosures relating to the SCOC provided through the online portal or via whistleblowing reports. The information provided is used to help us learn from incidents, prevent reoccurrence, monitor compliance with the SCOC and better manage our relationships.

We work with our suppliers to assess whether they are meeting the SCOC in several ways. The approach we take is based on the nature of the risks and the category of the goods or services being provided and is governed by our Supplier Governance Framework.

¹⁰ By supplier, we mean any entity that supplies goods or services to Telstra Corporation Limited 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.

Supplier Governance Framework



*Telstra Group policies such as health, safety & wellbeing, anti-bribery and anti-corruption, conflicts of interest, dealing with suppliers and other third parties, and our human rights policy.

To help our people make more informed purchasing decisions, we have a Supplier Governance Framework, which assesses suppliers against twelve categories of risk (see diagram). This includes labour practices, environmental practices, health and safety and bribery and corruption risks. We assess these risks as part of our selection and contract renewal process using a combination of due diligence reports, Know Your Supplier (KYS) platform, documentary review and, where warranted, worker voice surveys or site audits (see Supplier Governance Framework figure above).

This year we engaged an independent third party to review our Supplier Governance Framework to assess whether it remains relevant in our current operating environment. Findings coming out of the review will be considered for implementation in FY23. This includes updating our Supplier Governance Framework to better help our people to understand how to apply it and make more informed purchasing decisions. As well as increasing the use of technology to continue to improve visibility of our supplier risks (including modern slavery risk) across Telstra.



Supplier Governance Framework within the Telstra Group

The majority of Telstra's controlled entities use our centralised procurement process, which is subject to the Supplier Governance Framework outlined here. However, the specific procurement process adopted for any 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 Health is one entity that does not utilise the Telstra Group procurement function or centralised procurement processes.

We work with our controlled entities in the Group regarding adoption of the Supplier Code of Conduct. For further information about our subsidiary governance model and consultation within the Telstra Group see the ['Governance of Human Rights and Modern Slavery risk'](#) section on page 10 and ['Consultation across the Telstra Group'](#) section on page 41.



Telstra Health supplier due diligence

In FY21 Telstra Health sent its higher-risk suppliers letters requesting information on modern slavery policies, incidents, audits and reporting related to the suppliers. Through this process these Telstra Health suppliers confirmed they have had no human rights breaches.

In FY22 Telstra Health operationalised the use of these questionnaires and embedded them into its vendor onboarding processes.

Supplier onboarding, due diligence and ongoing monitoring

In FY21, to help us gain a more in-depth understanding of our suppliers, we engaged a third party to complete Enhanced Due Diligence (EDD) screening of those suppliers we engage regularly.

We have to date completed EDD screening of:



1,394 suppliers



including **100% of the 1,100 suppliers we committed to screen** at the start of the EDD program



plus a further 294 suppliers as part of the selection and contract renewal process



This includes **77 new suppliers** which were engaged in FY22

This year to help us maintain an understanding of our suppliers, we implemented a Know Your Supplier platform (KYS), a secure web-based platform targeting suppliers which we engage regularly.

The KYS platform provides a central repository for suppliers to respond to Telstra's questions about the 12 supplier risk categories, including labour practices, as well as uploading and maintaining information about their compliance with Telstra's Supplier Code of Conduct and evidence of their accreditations. The questions asked through the platform have been designed using internal and external supplier sustainability experts and industry standards. The KYS platform also monitors onboarded suppliers against public records, including media reports and civil litigation, regulatory, criminality and bankruptcy checks.

As at 30 June 2022, onboarding (supplier activation) has been completed for 740 suppliers on the KYS platform, of these, 417 suppliers have completed the KYS questions.¹¹

KYS onboarding and questions will continue to be rolled out across Telstra in FY23 and as part of our supplier selection and contract renewal process, targeting approximately 1,100 suppliers which we engage regularly, representing over 95 per cent of our total spend.

¹¹ The remaining 323 onboarded (activated) suppliers have completed registration on the KYS portal but have not completed the KYS questions.



Supplier contractual obligations

The Telstra Corporation Limited standard Telstra Supply Agreement (TSA) specifically addresses the issue of modern slavery.

- The TSA requires suppliers to comply with:
 - our Supplier Code of Conduct; and
 - laws relating to the prohibition of modern slavery and modern slavery reporting (if applicable).
- The TSA also requires our suppliers to put in place policies and procedures to ensure compliance within their supply chains with relevant policies and laws (including Trade Control Laws, Modern Slavery Laws and Anti-Bribery and Corruption Laws).
- Under the TSA, if requested by Telstra, our suppliers must provide evidence of their compliance and demonstrate the systems, controls and processes that enable them to comply.
- A breach of these provisions by a supplier is deemed a material breach giving Telstra the right to terminate the contract.

This year our EDD and KYS monitoring made us aware of 74 high-risk alerts around sustainability issues for 32 active suppliers. Sustainability issues relate to health and safety, labour practices, environmental practices and bribery and corruption. Out of these, no active suppliers had high-risk alerts relating to labour practices.

These alerts are based on open-source information and indicate to us that a supplier may have received adverse attention and allegations with respect to sustainability issues. These alerts were reviewed by the respective functions and supplier relationship owners and the outcomes of these reviews formed part of our process and criteria for selecting higher risk suppliers to undergo further due diligence in accordance with the Supplier Governance Framework. We continue to monitor adverse media alerts for the suppliers we engage regularly as new information becomes available, including suppliers already identified as high-risk via alerts.

From time to time, allegations are raised publicly about unacceptable practices such as forced labour in parts of our supply chain. In these instances, we engage with individual suppliers to ensure workers' rights are being appropriately respected in our supply chain. Pending the outcome of this engagement we may undertake further action such as an on-site audit or worker voice survey.

Sustainability audit program

Our sustainability audit program identifies suppliers to undergo further due diligence based on a risk assessment which considers:

- information obtained through EDD reports
- the KYS platform
- data analytics to profile the risk level for human rights
- whistleblowing reports
- feedback and reporting of supplier performance and actions from the business
- participation in industry groups focused on human rights and modern slavery
- feedback from stakeholders such as investors
- media attention on instances of exploitation practices.

Following this risk assessment we nominate suppliers for further engagement, worker voice initiatives or site audits.

Worker voice initiative

In FY22, Telstra trialled the use of worker voice surveys for call centre workers engaged by a Telstra supplier. The survey was undertaken in response to an anonymous complaint relating to labour conditions at a call centre operated by this supplier. The aim of the trial was to gauge worker sentiment about their working conditions and ensure the individuals we are trying to protect have a voice in the process. The trial was undertaken at four sites operated by one supplier.

We used an online mobile phone survey, provided and managed by a third party, to obtain **feedback directly from workers on their sentiments relating to:**

- grievance mechanisms available at their workplace
- environment, health and safety
- wages and working hours
- gender equality in the workplace
- how they are treated and whether they have experienced harassment
- job satisfaction.

This was to ensure their working conditions are aligned to Telstra's expectations as set out in the Supplier Code of Conduct.

The worker survey was anonymous and offered insight to topics that can otherwise be difficult to identify, e.g., harassment. It supplemented previous audits undertaken at some of these sites by covering a much wider sample size of employees, given the use of the online mobile technology. It allowed the workers to share their viewpoints in real time and provided Telstra and the supplier who employs them with better visibility of worker well-being.

The survey was promoted by the supplier to its workers ahead of time. This included printing and distributing cards containing a QR code to workers and displaying the posters prominently before the survey launch. The survey was described to workers as anonymous, confidential, fast and easy. The estimated time to respond to the survey was also given.

The surveys gathered over 1,500 responses that revealed some dissatisfaction in relation to wages, working hours and effectiveness of grievance mechanisms at the call centres. Telstra discussed these findings with the supplier in relation to our expectations outlined in our Supplier Code of Conduct. The supplier informed Telstra of the actions they were already taking to address such feedback such as benchmarking of their pay levels against the market, reviewing their staff rostering process and the proper addressing of staff feedback. Telstra will verify completion of these actions and ensure they satisfactorily address the issues raised through the survey. The survey showed excellent results in areas such as freedom from verbal abuse and sexual harassment and the equal treatment of staff based on gender.

The worker voice survey proved to be a very successful channel for capturing the views of call centre workers not directly engaged by Telstra. We plan to utilise the tool more widely to monitor worker conditions and sentiments within our supply chain going forward.

Site audits

Every year we apply our risk-based approach to help us identify suppliers for site audits. Site audits include and align with industry standards such as those set by Responsible Business Alliance (RBA) and Joint Audit Cooperation (JAC)¹² for onsite compliance verification and effective, shareable audits. The audits are conducted using independent third party auditors and focus on health and safety, environment, human rights including labour rights and modern slavery indicators, business ethics, privacy and export controls. Site audits also include worker interviews. This year the RBA and JAC reviewed and updated their auditing standards to include additional checks related to high-risk indicators of forced labour. These revisions are included in audits conducted on our behalf. This year 38 sites across 18 suppliers were selected to complete site audits by independent third-party auditors. Telstra led 10 of these site audits, JAC peers led 24 and the remaining 4 were led by direct suppliers¹³.

The audits are undertaken as far as three tiers down the supply chain. This year, 23 of these site audits were conducted on tier 2 and tier 3 suppliers, whilst 15 site audits were performed on our direct suppliers' own sites (tier 1).

¹² For more information about JAC, please see the 'Industry cooperation on combatting modern slavery' section on page 37.

¹³ Our direct suppliers often have many suppliers of their own, which they aim to ensure operate with respect for human rights. Where a supplier has led a current site audit of their supplier (tier 2), we may request this information instead of conducting our own site audit. In FY22, four tier 2 suppliers in the apparel industry were selected to complete site audits. These audits were led by our direct supplier using the Sedex Members Ethical Trade Audit (SMETA) methodology. When making the decision to accept these site audits, key considerations included whether the site audits were current, had been conducted using an authorised independent third party auditor, aligned with industry standards and focused on key supplier risk areas including labour rights and modern slavery indicators. While there are some differences between the SMETA and JAC audit methodologies, in relation to these four apparel supplier audits, our assessment indicated the frameworks had been applied in an equivalent manner.

The impact of COVID-19 on audits

In FY22 COVID-19 continued to impact our audit program. In some situations, we had to postpone audits and follow-up audits because of COVID-19 restrictions. Where possible our auditors performed audits remotely after completing a formal risk assessment to determine whether it was suitable to use remote audit methodologies under established remote assessment procedures. In FY22, remote audits were conducted at five sites. These sites were selected due to COVID-19 risks.

Number of independent third party site audits undertaken

| Categories | FY20 | FY21 | FY22 |
|--|-----------|-----------|-----------|
| Information and Communications Technology (ICT) sector ¹⁴ | 43 | 31 | 29 |
| Construction and physical network infrastructure maintenance ¹⁵ | 3 | 3 | 1 |
| Other categories ¹⁶ | – | 15 | 8 |
| Total | 46 | 49 | 38 |

FY22 site audits - audit detail¹⁷

| Categories | Audits using JAC framework | | Audits using SMETA framework | Total |
|--|----------------------------|-------------|------------------------------|-----------|
| | JAC Peer led | Telstra led | Supplier led | |
| Information and Communications Technology (ICT) sector | 24 | 5 | 0 | 29 |
| Construction and physical network infrastructure maintenance | 0 | 1 | 0 | 1 |
| Other categories | 0 | 4 | 4 | 8 |
| Total | 24 | 10 | 4 | 38 |

FY22 site audits – critical and unacceptable finding details

| Categories | Audits using JAC framework | | Audits using SMETA framework | Total |
|--|----------------------------|-------------|------------------------------|-----------|
| | JAC Peer led | Telstra led | Supplier led | |
| Information and Communications Technology (ICT) sector | 73 | 7 | 0 | 80 |
| Construction and physical network infrastructure maintenance | 0 | 0 | 0 | 0 |
| Other categories | 0 | 11 | 6 | 17 |
| Total | 73 | 18 | 6 | 97 |

As well as relying on third party audits, our Quality, Health, Safety, Wellbeing and Environmental (QHSWE) auditors undertake internal audits on our construction and physical network infrastructure maintenance suppliers where health and safety is a significant risk. This includes contract management system audits and onsite health, safety and environment audits.

In FY22, 32 management system audits and more than 1,400 health, safety and environment audits were undertaken. This number is reduced from the previous year, due to supplier consolidation, continued COVID-19 restrictions and transitioning to a more effective, universal enterprise field audit tool.

14 In FY22 audits in the 'ICT sector' led by Telstra comprised of audits on call centres and SIM card production. JAC peer led audits comprised of audits on manufacturing facilities of electronics devices such as the modems we provided directly to customers and network components used to provide and manage our network and data services.

15 In FY22 Telstra led audits in the 'Construction and physical network' category comprised of audits on field services.

16 In FY22 audits in the 'Other' category comprised of apparel, warehouse and phone accessories audits. See case studies on 'Protecting warehouse workers' on page 31 and 'Working with or our suppliers beyond tier 1' on page 32 for further detail.

17 For greater transparency Telstra has started reporting the number of audits conducted and the number of critical and unacceptable findings by Telstra and JAC peers (under the JAC framework) on suppliers to Telstra and by suppliers under the SMETA framework.

Acting on our due diligence findings

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.

We did not identify any instances of modern slavery through our audit program in FY22.

However, as set out in the 'FY22 site audits – critical and unacceptable finding details' table above, findings from the audits conducted in FY22 identified 97 critical and

unacceptable findings; health and safety and working hours 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 to confirm remediation. In some cases, once the corrective actions have been implemented, a follow-up audit may be necessary. In FY22, 169 corrective actions relating to the critical and unacceptable findings reported in this and previous years audits were closed. In instances where suppliers are not willing to improve their performance within the required time frame, despite our attempts at engagement, we may terminate supply contracts and/or switch to alternate suppliers.

Case study: protecting warehouse workers

In FY22, Telstra extended the focus of its sustainability audits to the area of logistics, transport and storage, which is an industry that can be more vulnerable to unsafe working conditions and exploitation, particularly during a time of significant supply chain disruption and pressure.

In FY22, Telstra audited one of its major logistics services suppliers in Australia. A key component of our sustainability audits is the assessment of supplier's labour practices which require our auditors to undertake spot checks on working conditions, contracts and payslips, as well as safety standards across their operations. In this instance, our auditors identified some minor findings relating to health and safety, specifically issues relating to electrical risk assessments as well as who bears the cost of protective equipment for workers. These findings were all satisfactorily resolved and evidence was provided by the supplier within the targeted timeframe of six months. In all other areas, the audit indicated exemplary practices by the supplier.



The audit has provided us with comfort that, although transport and logistics workers can be more at risk for exploitation, in our case, these warehouse workers in our supply chain are treated well and their working conditions are in line with the expectations set out in our SCOC. It has also provided us with the confidence that this significant supplier is quick to address any issues found and willing to work collaboratively with us to ensure the workers in our supply chain are being treated fairly.

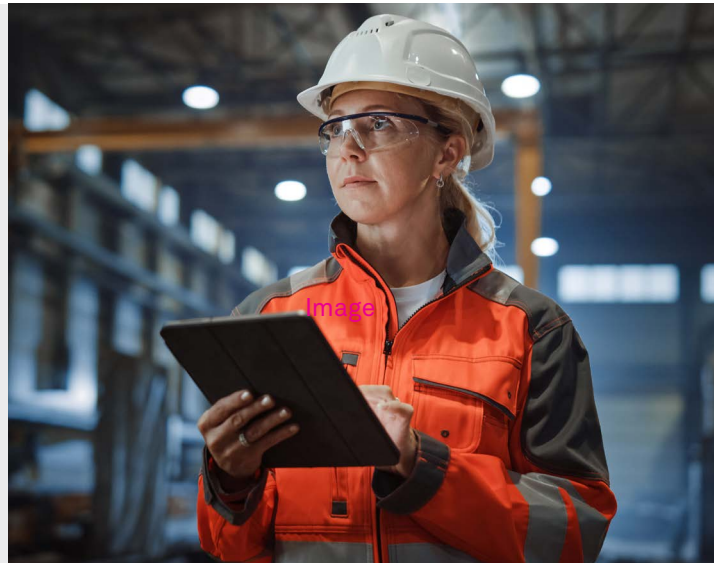
Case study: working with our suppliers beyond tier 1

Audits of Telstra's tier 2 suppliers, or our 'suppliers' suppliers', are becoming increasingly common given the importance of visibility of potential human rights risks, such as modern slavery, deeper in our supply chain. This often means going to sites further afield, including overseas. In the risk-based approach used for our sustainability audits, one of our selection inputs is the risk level posed by the location of worker sites and whether these are located in higher-risk geographies.

SIM cards are goods that are essential to Telstra's business and are routinely imported by most of the 19 telecom operators that make up JAC (the Joint Audit Cooperation). In FY22 Telstra conducted a sustainability audit of a tier 2 SIM card manufacturer in Southeast Asia. Conducting an audit of an indirect supplier can be more challenging given our influence diminishes the further down the supply chain we go. However, this audit was made possible through the support of our tier 1 direct supplier in Australia who, given the nature of their relationship with Telstra and equal interest in the result, was able to encourage the factory's management to allow our auditors to visit the premises.

The audit uncovered eight critical findings related to worker safety and fire risks on the property. Five of these issues had been addressed by the time a follow-up audit was conducted six months later. The remaining findings, which relate to its fire safety equipment and building safety permits, required further time to resolve and the targeted close out date was extended for a further six months. Telstra continually works with its tier 1 supplier to influence the audited supplier to address the findings until resolution.

From April to June 2022, Telstra also conducted audits on several tier 3 mobile phone case manufacturers in China and Taiwan, due to concerns about the manufacturing of low cost plastic casings that are increasingly popular in the Australian market. Getting traction and access to sites this far down our supply chain was challenging.



However, it was ultimately made possible due to strong support from our tier 1 partner and tier 2 suppliers, who persisted and facilitated the engagement with the tier 3 suppliers. This shows the importance of suppliers who genuinely value transparency in the supply chain and proactive supply-chain relationships.

The audits found two unacceptable findings at one of these supplier sites related to working hours (excessive weekly working hours) and fire safety (absence of relevant fire protection acceptance certificate). There were also critical findings identified across the three sites related to excessive daily overtime hours, health and safety (malfunctioning smoke detectors, issues on hazardous waste disposal and absence of a relevant building completion certificate) and environment (lack of a process to engage sub-suppliers to drive GHG emission reductions). A corrective action plan has been agreed with the suppliers to rectify these issues together with timeframes.

Telstra will monitor whether the actions are completed within the agreed timeframes and our auditors will also validate whether the actions are completed and have satisfactorily addressed the findings. If necessary, Telstra will engage the relevant tier 1 and 2 partner suppliers to assist in following up the actions.

Specific risk mitigation for carbon offsets

Telstra has been certified carbon neutral in our operations since July 2020 through the Australian Climate Active program. To help achieve this carbon neutral status we purchase approximately 2 million carbon offsets per year. We recognise that carbon offset projects can be vulnerable to human rights abuses such as modern slavery.

Our influence over how projects are operated is limited, given our engagement is not at a project level but rather purchasing the offsets through a third party broker and retiring them immediately. It is not regarded as a procurement activity but rather a treasury transaction and does not result in any ongoing relationship with the project operators. For this reason, our due diligence in this area follows different processes to those set out in our Supplier Governance Framework and our most significant influence is in our decision whether to proceed to buy the offsets following due diligence.

In choosing projects to purchase from, we look for projects that, among other things, are located in the same countries as our operations, or projects in Australia that have First Nations involvement and connections to local communities, including economic participation.

However, projects in developing countries may include higher risk of corruption and exploitation. In addition, projects impacting First Nations land rights can lead to land rights tensions and governance issues, especially as the value of carbon offsets increases. Projects can also involve industries known as higher risk for labour exploitation such as brick manufacturing and solar panels.

Telstra has a Carbon Offset Acquisition Guideline which ensures that emission reduction unit purchases are undertaken in accordance with Telstra policies, procedures and controls and are aligned to Telstra's strategy and sustainability goals. This includes ensuring projects from which emission reduction units are acquired meet Telstra's requirements such as the Supplier Code of Conduct. The Guideline sets out the process for acquisition of carbon offsets, roles and responsibilities, an evaluation framework and evaluation criteria.

The evaluation criteria include:

- the reputation of the particular project and its owners and proponents (e.g., previous human rights abuses, including exploitation of workers, are considered under this criteria)
- the jurisdictions and regulatory structures within which the relevant project(s) operate (e.g., human rights abuses perpetuated by a government in a target jurisdiction are considered under this criteria)
- the potential underlying impacts (positive and negative) on any local communities (e.g., impacts on workers or local First Nations communities are considered under this criteria).

The evaluation criteria are applied at the initial due diligence stage to ensure that proposed offset projects meet minimum requirements outlined by Telstra.

Due diligence of projects assesses the level of risk presented by the project against Telstra's Supplier Code of Conduct, specifically labour and human rights, health and safety, environmental considerations, business integrity, cyber security and privacy, diversity and effective management. The due diligence includes searches on legal and general databases for breaches of these components of Telstra's Supplier Code of Conduct.

If any concerns are uncovered in this due diligence, including relating to exploitation of workers, Telstra will not proceed with the acquisition of the carbon offsets.

In FY22 we had an instance where our due diligence in accordance with the Carbon Offset Acquisition Guideline uncovered allegations of forced labour in relation to a supplier providing solar panels to a project we were considering for carbon offset purchases. As we were unable to confirm whether or not the allegations were substantiated we did not proceed with the purchase.

Training

Upskilling our people to identify human rights and modern slavery risks

We have several mandatory training courses in place to ensure our people can help us prevent modern slavery and other negative human rights impacts in our operations and supply chains. We monitor, report and manage mandatory training completion rates, as part of our compliance training governance framework.



| Training | Description | FY22 completion rate |
|---|---|---|
| Business Essentials Training | <p>This training, which is completed by all our employees, directors and most of our contractors, consultants and partners, 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 this training without a valid reason may face disciplinary action and suspension of access to Telstra systems. Failure to complete the training can also impact an individual's performance review.</p> <p>Our Business Essentials training includes a Human Rights module to increase awareness and capability of our people in relation to Telstra's Human Rights Policy and supporting tools and how to identify human rights risks including risks relating to modern slavery in their day-to-day roles.</p> | 100% of Telstra Group employees completed the mandatory refresher training, with 98.4% of our total target audience of employees, contingent workers and partner staff completing it. |
| Supplier Governance Framework Training | <p>To assist people making purchasing decisions to 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 help manage suppliers across the 12 supplier risk categories including labour practices.</p> <p>Successful completion of the training requires participants to pass an online assessment with a score of 80% or above. The training is mandatory for all employees who interact with suppliers, as well as all members of our executive leadership team.</p> | 96.7% of people in roles targeted for mandatory training completed the training. |
| Role Specific Modern Slavery Training | <p>This year we continued to deploy role specific modern slavery training for our procurement team, as well as others within the business who approve spending or labour hire decisions, to increase their understanding of their responsibilities.</p> <p>This training helps people to understand what modern slavery might look like in our value chain, identify red flags and explain how to take action if they suspect there is a risk of modern slavery occurring.</p> | 96.9% of people in roles targeted for mandatory training completed the training. |
| Procurement Principles Training | <p>We have approximately 106 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 ensuring compliance with the Supplier Code of Conduct which includes requirements relating to modern slavery.</p> | 97.2% of procurement specialists completed the training. |

Grievance mechanisms and remediation



Where we identify we have caused or contributed to an adverse human rights impact, including those related to modern slavery, we are committed to providing for or cooperating in its remediation. This is in line with our Human Rights Policy and the UN Guiding Principles on Business and Human Rights.

The grievance mechanisms we have in place enable such remediation. They provide an avenue for affected individuals and others to raise concerns with us directly, have the issues assessed and seek remediation of any harm.

Reporting issues and concerns

Telstra seeks to support a culture where everyone has a voice, can contribute, and is able to speak up if they see something that is not right.

Employees are encouraged to raise any concerns they have with their one-up manager or alternatively via the 'Ask HR' tool or the 'Reporting issues and concerns' intranet page.

The 'Reporting issues and concerns' intranet page is dedicated to helping employees raise concerns about things that are not going well so that management can be alerted to issues and fix them.

The page is managed by the Group Compliance team and has various webforms for submitting concerns depending on the nature of the concerns. It includes information and links to report concerns relating to:

- employment conditions
- discrimination, bullying, harassment, sexual harassment and victimisation in the workplace
- work-related health, safety, wellbeing, environment and physical security.

The 'Reporting issues and concerns' page also links employees to the whistleblowing service should they wish to raise concerns anonymously (see '[Whistleblowing](#)' section on page 36 for further information).

Issues are recorded securely and assessed by subject matter experts and operational management with support from Group Compliance where required. Where possible, we keep employees informed of the outcome and what we are going to do differently.

Any issues relating to modern slavery are investigated in consultation with representatives from Telstra's sustainability team, procurement team, legal team and escalated to other key stakeholders as required.

Whistleblowing

Telstra's Whistleblowing Policy and the relevant legislation establish protections for a range of people – including current and former employees, their relatives and dependants and suppliers – to report concerns about illegal, unethical or improper conduct, including misconduct, or an improper state of affairs or circumstances 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 via phone or webform, and professional investigators and case managers who investigate eligible reports. Telstra's Whistleblowing Committee, which is chaired by the Company Secretary, receives whistleblowing disclosures and oversees the related investigations and any follow-up actions that are required. The Whistleblowing Committee reports on the process and investigations it has overseen to Telstra's Audit and Risk Committee.

Our Whistleblowing Policy is available [on Telstra's website](#) and intranet along with a Quick Guide to assist individuals seeking to report concerns. Links to Telstra's whistleblowing service are included in other Telstra policies, including Telstra's Code of Conduct and Supplier Code of Conduct. It is also included in our Business Essentials training, which is mandatory for all employees. Telstra's Whistleblowing Policy is reviewed annually to ensure it remains relevant.

We received 118 whistleblowing reports in FY22, which was an increase of three per cent compared to FY21. Of these reports, 89 were eligible whistleblowing disclosures. We completed 92 investigations in FY22, with the allegations being substantiated in whole or in part for 17 reports, noting that one report might cover multiple matters and the types of issues being reported vary in terms of the seriousness of the allegation.

The nature of matters reported covers people and workplace culture issues (around 40 per cent of reports), ethical behaviour (around 24 per cent), fraud and theft (around 10 per cent) and a small number of reports on other issues such as health and safety and misuse of systems.

To report a matter, visit [Telstra's Whistleblowing Service](#).

Grievance mechanisms in our supply chain

There have been instances where reports received via Telstra's whistleblowing service have related to working conditions of Telstra's indirect workforce and have prompted audits of suppliers and corrective actions. This indicates the Telstra whistleblowing service can be used effectively for raising and addressing issues beyond Telstra's direct workforce.

However, we recognise the challenges of ensuring Telstra's whistleblowing service is well known to workers further down the supply chain. For this reason, we also focus on **ensuring our suppliers have their own effective grievance mechanisms:**

- Our Supplier Code of Conduct requires suppliers to provide their workers with grievance mechanisms that are accessible, culturally appropriate and communicated in a language that workers understand.
- Supplier audits check that such grievance mechanisms are available and have been communicated to workers.
- One of the questions in our worker voice surveys is around grievance mechanisms and how comfortable workers feel about using the grievance mechanism.

Our Supplier Code of Conduct also requires suppliers to report labour incidents that breach the Supplier Code of Conduct using an online portal specifically for suppliers (see the '[Supplier Code of Conduct](#)' section on page 24 for more detail).

Industry cooperation on combatting modern slavery

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 the Global e-Sustainability Initiative (GeSI) to drive improvements in sustainability practice throughout the global supply chain, including in relation to modern slavery risk.

Joint Audit Cooperation (JAC)

In 2018, we joined the JAC, an association of 19 global telecommunications operators that pools the 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, including in relation to labour rights and the prohibition of modern slavery.

Since 2010, JAC has conducted over 812 audits in 40 countries, covering more than 1.4 million workers. See the '[Site audits](#)' section on page 29 for a summary of JAC-appointed audits completed in FY22 and associated findings. Telstra also have a current board appointment which is shared between our GBS Risk Executive and our Chief Procurement Officer.

Global e-Sustainability Initiative (GeSI)

As a member of the Global e-Sustainability Initiative (GeSI) we are working together with public, private and non-profit partners to drive the ambition and establish a clear roadmap to deliver against the Sustainable Development Goals. This year GeSI launched 'Digital with Purpose', an ambitious movement by over 50 organisations which are joining forces in a race to deliver against five priority areas, including labour practices in the supply chain. As part of this movement, we are working with member organisations to take collective action and deploy impactful digital technologies throughout the ICT sector.

Telco Together Foundation

This year, we continued to work cooperatively with the Telco Together Foundation (TTF) and its members to reduce the risk of modern slavery, to share cases of best practice and explore ways we can jointly combat modern slavery risk in the industry supply chains.

These initiatives assist us to scan the horizon for current and emerging human rights and modern slavery risks and provide a forum to respond to these as an industry.

“There is strength in numbers so we look forward to the Australian telco industry and the Telco Together Foundation achieving more by working together. This builds on Telstra's Code of Conduct and Human Rights Policy and our work with the Joint Audit Cooperation, which holds our company, supply chain and those working with us to a high standard to help stamp this out this inhumane practice [of modern slavery]”

– Andy Penn, CEO, Telstra.

UNGCNA Modern Slavery Community of Practice

We participate in the UN Global Compact Network Australia Modern Slavery Community of Practice. This is a small interactive forum that meets quarterly to enable learning and discussion on the opportunities and challenges we face in relation to managing modern slavery risk. These forums help us to understand how to improve our modern slavery risk management program. Members come from different industries allowing us to learn and share across the Australian business community.

Providing our suppliers with support and building capacity

We collaborate with industry bodies and non-profit organisations to support our suppliers to improve their environmental, social and ethical performance, including in relation to labour rights and preventing modern slavery. As part of JAC, we are working with suitable suppliers to build their capability to assess and improve the environmental, social and ethical performance within their own supply chains. Once trained, these suppliers can complete audits of their own supply chain. Due to COVID-19-related travel restrictions the program was postponed in FY20 and FY21. Training of suppliers recommenced in FY22. It is expected trained suppliers will start undertaking their own audits in FY23.

Assessing effectiveness



Assessing effectiveness – human rights progress

We integrate our modern slavery risk management into our broader work to respect human rights. We monitor, manage and report progress on a range of indicators used to assess the effectiveness of our actions to support and ensure respect for human rights generally. 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 on to our customers and the community. We report our progress against key performance metrics in our annual [Bigger Picture Sustainability Report](#)

The metrics reported include:

- the percentage 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, safety and wellbeing
- 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).

Assessing effectiveness – modern slavery action

We also assess the effectiveness of actions we take to address modern slavery risks, to ensure they:



- are the right actions
- are being implemented appropriately and
- are having the intended impact.





Assessing the effectiveness of our actions is also key to enabling us to strengthen and evolve our modern slavery response over time.

We consider that an effective response to modern slavery involves six key components:

- ① A coordinated **internal response**
- ② A clear and embedded **policy framework**
- ③ **Training** for our people
- ④ **Robust risk assessment and supplier engagement processes**
- ⑤ **Trusted and accessible grievance mechanisms**
- ⑥ A focus on **continuous improvement**

The table below explains how we assess the effectiveness of our actions in each of these six areas. Where possible, we seek to assess effectiveness by tracking the outcomes of our actions on practises and behaviours, rather than outputs only. While this is challenging, we recognise that doing so will help us understand the impact of our actions more clearly than focusing solely on quantitative outputs (such as the number of people trained, or audits completed).

| Key Component | We assess the effectiveness of actions in this area by: |
|--|---|
| Coordinated internal response  | <ul style="list-style-type: none"> • Monitoring the progress of our whole-of-group response to modern slavery through our Human Rights Working Group (HRWG) and relevant reporting to the Audit and Risk Committee of the Board. • Reporting material human rights related compliance breaches including any relating to exploitation of workers up to the Audit and Risk Committee of the Board. This is done by Group Compliance, in accordance with its breach reporting process. • Recording and tracking material human rights incidents including any relating to exploitation of workers and reporting these up to the HRWG and the Audit and Risk Committee of the Board. We encourage reporting of all potential human rights issues to 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. • Consulting with entities/business functions across the Telstra Group as part of the preparation of this statement. This helps us to identify gaps in coordination, communication and our response across our corporate group. |
| Clear and embedded policies  | <ul style="list-style-type: none"> • Regularly reviewing our policies including the Human Rights Policy, Supplier Code of Conduct and Whistleblowing Policy to ensure their ongoing relevance and applicability. These reviews include a consideration of identified policy breaches or investigations of misconduct which may indicate a need for changes to a policy or its implementation. • Annually testing the controls in our Group Compliance Program, including those relating to human rights and modern slavery, to assess whether they remain fit for purpose to prevent Human Rights Policy breaches. • Auditing selected suppliers to determine whether they are effectively implementing our Supplier Code of Conduct. • In FY22 as part of our continual improvement approach, we reviewed our subsidiary governance model to understand how consistently the Code of Conduct and Group Policies are being applied across the Telstra Group and how we ensure consistent application of the governance model through enhanced guidance, change management and monitoring and oversight. |

| Key Component | We assess the effectiveness of actions in this area by: |
|---|---|
| <p>Training for our people</p>  | <ul style="list-style-type: none"> • Reviewing the target training audience on a regular basis. • Monitoring employee and contractor completion rates for: <ol style="list-style-type: none"> 1. Annual Business Essentials training (which includes a human rights module). 2. Supplier Governance Framework training. 3. Role specific Modern Slavery training. 4. Procurement Principles training. <p>This helps us understand levels of awareness across the Group.</p> • In relation to Supplier Governance Framework training, testing the knowledge of learners within this course and requiring a minimum score for a pass rate, which helps us assess whether training content has been understood by participants. |
| <p>Robust risk assessment and supplier engagement processes</p>  | <ul style="list-style-type: none"> • Annually reviewing our Supplier Code of Conduct and supplier governance framework to confirm whether it continues to remain current and supports us with identifying and managing the risk of modern slavery in our supply chain. • Our procurement team hosts a monthly, cross-functional, Supplier Escalation Forum to raise, monitor and discuss supplier issues. This includes issues identified during our onsite audits, such as labour rights issues. • In FY22 our Group Internal Audit undertook an assessment of how we manage our domestic supplier contracts. This work assists us to identify how effective our contract management frameworks are, including where these cover Telstra’s management of modern slavery risk in relation to supplier contracts. • Monitoring metrics around each step of the due diligence process, including the number of suppliers who are being monitored under our EDD, number of suppliers onboarded via our KYS platform, number identified for further due diligence via the sustainability audit program and number of suppliers who have been audited. • Tracking supplier audit results (both number of findings and number of resolutions), as well as follow up audits to identify if the initial audits and corrective actions plans have effectively addressed the risks and findings have been remediated. • Periodically reviewing the adequacy of our modern slavery risk assessment to confirm whether it continues to accurately reflect our modern slavery risk profile. For example, in FY22 we commissioned a third party to provide us with a modern slavery inherent risk assessment tool and used that to assess and validate risks relating to key activities, service models and our supply chain. |
| <p>Trusted and accessible grievance mechanisms</p>  | <ul style="list-style-type: none"> • Tracking the number and types of complaints received through our whistleblowing reports and HR grievance mechanism. • Tracking grievance trends to indicate whether these are getting worse or better. • Tracking the number of investigations initiated from whistleblowing reports and HR grievance mechanism and the number that were substantiated. • Checking supplier grievance mechanisms as part of supplier audits. • Including a question in the worker voice survey, trialled this year, to ask workers how comfortable they feel raising grievances and which grievance channels they trust most. |
| <p>Focus on continuous improvement</p>  | <ul style="list-style-type: none"> • Reviewing expert third party benchmarking and analysis of statements to assist us to understand how our response compares to key peers and where there are opportunities for improvement. • In FY22 we commissioned a third party review of our statement to assist us to identify opportunities to strengthen our modern slavery reporting and underlying risk management. • Participating in collaborative forums such as JAC, GeSI, Telco Together Foundation and UNGCNA. This allows us to compare our response with that of our peers and to identify good practice trends. |

Consultation across the Telstra Group

Consultation

Telstra is required to consult with its owned and controlled entities under the Modern Slavery Act (Cth) 2018.

In FY20 and FY21 we assessed our owned and controlled entities to understand the extent of their integration with Telstra systems, whether they had employees and the nature of their activities. Based on these criteria we identified a list of owned and controlled entities we considered a priority for further engagement in relation to their modern slavery response. In FY21 entities that were identified as a priority were asked to complete a self-assessment questionnaire to assess how effectively these entities are managing the risk of modern slavery in their operations and supply chain.

In FY22 we consulted with a number of those prioritised entities which requested, or which we considered would benefit from support to improve their management of the risk. This included both reporting and non-reporting entities. The consultation process included:

- meetings with key persons to support a modern slavery risk assessment;
- providing guidance on risk level and possible actions to mitigate identified risk areas;
- consulting in relation to the preparation of this statement.

Case study: Consultation with controlled entities - Telstra Purple

Telstra Purple Pty Ltd (Telstra Purple) is a technology services provider, focused on outcome-based, transformative tech solutions. Its workforce is Australian based and it is wholly owned by Telstra. In FY21, we asked Telstra Purple to complete a self-assessment questionnaire to assess its maturity in managing the risk of modern slavery in its operations and supply chain. As a follow-on action from the questionnaire, during FY22, we supported Telstra Purple to undertake a modern slavery risk assessment, finalise the adoption of Telstra policies and processes around supplier risk management and align its procurement processes with Telstra's. This included ensuring Telstra Purple

In addition:

Consultation with non-reporting entities to prepare the statement

We have consulted with our non-reporting owned and controlled entities as part of our process in preparing this statement. This included providing the directors of those Telstra Group entities with information about Telstra's obligations under the modern slavery legislation and our reporting process.

Consultation with reporting entities to prepare the statement

Telstra informed all the reporting entities within the Telstra Group of their obligations under the modern slavery legislation via communication to directors of those entities.

The reporting entities covered by this statement were consulted in the preparation of the statement, including the opportunity to review and comment on the statement and have approved its contents.

Unless otherwise indicated, statements made in relation to the activities of the Telstra Group apply to Telstra's owned and controlled entities.



undertakes a risk assessment of new suppliers in line with Telstra's Supplier Governance Framework as part of Telstra Purple's standardised procurement model. This procurement model is supported by key Telstra internal functions and follows Telstra policies, processes and governance frameworks. We also consulted with Telstra Purple on the development of this statement.

Progress and future commitments

We continue to monitor our progress on our FY22 commitments and have identified additional focus areas for FY23.

FY22 Commitments

● Achieved ◐ In progress ○ Not achieved ★ New

| Commitment | Progress |
|--|---|
| <p>Working with strategic suppliers at our third supplier forum in October 2021 to improve their understanding of our updated Supplier Code of Conduct, outline their role in delivering Telstra's Responsible Business Strategy and share best practices.</p> | <ul style="list-style-type: none"> ● In FY22 we hosted our third supplier forum with a number of our top 200 suppliers including our strategic suppliers. At this forum Telstra executives including our Chief Procurement Officer and Chief Sustainability Officer reinforced Telstra's commitment to responsible business and discussed our Supplier Code of Conduct requirements. This included a discussion on how Telstra and its suppliers can work together to ensure human rights, including labour rights, are respected throughout the supply chain. |
| <p>Rolling out the Know Your Supplier (KYS) portal to enhance supplier onboarding and risk management and improve visibility of vendor risk across Telstra.</p> | <ul style="list-style-type: none"> ● Our KYS portal was rolled out in FY22. See the 'Supplier onboarding, due diligence and ongoing monitoring' section above, on page 27, for further details. |
| <p>Providing additional support for selected owned and controlled entities to manage modern slavery risk in their supply chain.</p> | <ul style="list-style-type: none"> ◐ In FY22 we worked with selected owned and controlled entities on managing modern slavery risk in their supply chain. <p>Entities were prioritised based on the nature of their operations and employee profile and the extent of their alignment with existing Telstra policies and processes. We also provided support to entities that requested additional guidance. See the 'Consultation across the Telstra Group' section, on page 41, for further information.</p> <p>We will continue this work in FY23 with additional targeted entities based on the above prioritisation framework.</p> |
| <p>Reassessing operational and supply chain risk in light of the proposed restructure of the Telstra Group and developing appropriate controls in response to changed risk profiles.</p> | <ul style="list-style-type: none"> ● The Telstra Group restructure is due to complete in FY23. The restructure will result in a new holding company, Telstra Group Limited, with four main entities – InfraCo Fixed, Amplitel (InfraCo Towers), Telstra Ltd (ServeCo) and Telstra International. The restructure will not change the overall Telstra Group modern slavery risk profile. However, to refine our understanding of our modern slavery risk and continue improving our response, in FY22 we engaged with representatives from Amplitel (which is already operating as a separate legal entity), InfraCo Fixed and ServeCo, to confirm which modern slavery risks reside (in the case of Amplitel) or will reside (in the case of InfraCo Fixed and ServeCo once the restructure has been completed) within their operations and supply chain and improve the response to these risks. This work will continue into FY23 as part of our ongoing work with selected owned and controlled entities to uplift their modern slavery response. |

FY23 Commitments

● Achieved ◐ In progress ○ Not achieved ★ New

| Commitment | Progress |
|--|----------|
| Working with strategic suppliers at our fourth supplier forum in Q2 2023 to reinforce Telstra’s commitment to responsible business and support their understanding of our Supplier Code of Conduct requirements. | ★ |
| Working with key members of our new energy business (Telstra Energy), which has recently entered the NSW, QLD and SA retail energy markets, to mature our understanding of the modern slavery risk associated with this business and strengthen its response, if required. | ★ |
| Increasing the number of suppliers who have completed onboarding via the Know Your Supplier (KYS) platform. This will assist us to continue to improve visibility of vendor risk (including modern slavery risk) across Telstra. | ★ |
| Uplifting the Know Your Supplier (KYS) portal to provide more granular classification of procurement categories and associated modern slavery risk profile. This will help us build a more detailed understanding of our modern slavery risk. | ★ |
| Updating our Supplier Governance Framework in response to the independent third party review and deploying the updated Supplier Governance Framework. This will ensure the framework remains relevant and better able to assist us to respond to supply chain risk, including modern slavery risk. | ★ |
| Undertaking a human rights gap analysis of our current human rights risk management against the expectations set out in the UN Guiding Principles on Business and Human Rights. | ★ |



Appendix: Modern Slavery Acts criteria

The table below identifies where in this statement we have addressed each recommended criteria under the UK Modern Slavery Act and the mandatory criteria under the Australian Modern Slavery Act.

| Australian Modern Slavery Act – mandatory criteria | UK Modern Slavery Act – recommended criteria | Reference in this statement | Page |
|--|--|--|------|
| Identify the reporting entity | | <ul style="list-style-type: none"> Our structure and reporting entities | 4 |
| Describe the structure, operations and supply chain of the reporting entity | Organisation’s structure, its business and its supply chains | <ul style="list-style-type: none"> Our structure and reporting entities | 4 |
| | | <ul style="list-style-type: none"> Our operations, workforce and supply chain | 5 |
| Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity and any entities that the reporting entity owns or controls | The parts of its business and supply chains where there is a risk of slavery and human trafficking taking place | <ul style="list-style-type: none"> Our operations, workforce and supply chain | 5 |
| | | <ul style="list-style-type: none"> Identifying and assessing modern slavery risk | 14 |
| Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes | Policies in relation to slavery and human trafficking, due diligence processes in relation to slavery and human trafficking in its business and supply chains | <ul style="list-style-type: none"> Governance of human rights and modern slavery risk | 10 |
| | | <ul style="list-style-type: none"> Identifying and assessing modern slavery risk | 14 |
| | | <ul style="list-style-type: none"> Addressing modern slavery risk in our operations | 18 |
| | | <ul style="list-style-type: none"> Addressing modern slavery risk in our supply chain | 24 |
| | | <ul style="list-style-type: none"> Training | 34 |
| | | <ul style="list-style-type: none"> Grievance mechanisms and remediation | 35 |
| | | <ul style="list-style-type: none"> Progress and future commitments | 42 |
| | Training about slavery and human trafficking available to its staff | <ul style="list-style-type: none"> Addressing modern slavery risk in our operations | 18 |
| | | <ul style="list-style-type: none"> Training | 34 |
| Describe how the reporting entity assesses the effectiveness of such actions | The organisation’s effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate | <ul style="list-style-type: none"> Assessing effectiveness | 38 |
| Describe the process of consultation with any entities that the reporting entity owns or controls | | <ul style="list-style-type: none"> Consultation across the Telstra Group | 41 |
| Any other information that the reporting entity considers relevant | | <ul style="list-style-type: none"> CEO statement | 2 |
| | | <ul style="list-style-type: none"> Industry cooperation on combatting modern slavery | 37 |
| | | <ul style="list-style-type: none"> Progress and future commitments | 42 |

