



BIGGER PICTURE 2014 SUSTAINABILITY REPORT

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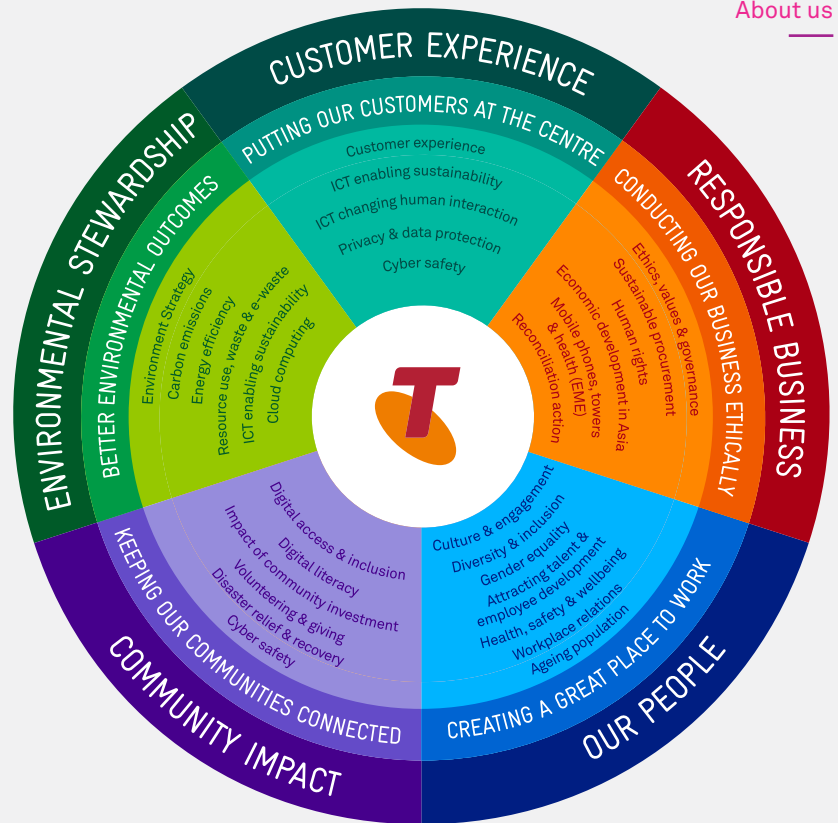
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ABOUT US



Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ close to 32,000 people directly, facilitate access to more than 1,900 points of presence across the globe and have one of Australia's largest shareholder bases, with 1.4 million shareholders.

We have a diverse range of customers, including consumers, small business, large enterprises and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 362 Telstra-branded retail stores, 90 Telstra Business Centres, 127 Telstra business and enterprise partners and are distributed by over 15,000 retail points of presence managed by our partners.

In Australia we provide 16 million mobile services, 7.5 million fixed voice services and 3.7 million fixed data services. Telstra's international businesses include Telstra's global networks and managed services business and Telstra's China-based search and advertising business, Autohome Inc.

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

For more information on our business activities and financial performance,

please see the 'Strategy and performance' chapter of our 2014 Annual Report.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2014 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2014 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders. The key issues addressed within each chapter of this report are outlined in the diagram above, and on the Context page of each corresponding chapter.

We develop our sustainability reporting with reference to industry and sustainability standards including the United Nations Global Compact (UNGC) Communication on Progress, the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines and Telecommunications Sector Supplement (pilot) and AccountAbility's AA1000 Principles Standard 2008. This financial year we apply the GRI framework to application level B+.

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

Scope

Our sustainability reporting covers the financial year 1 July 2013 to 30 June 2014 (FY14) for Telstra Corporation Limited and from 1 July 2013 to 28 February

2014 for Sensis Group, unless otherwise stated. Aside from Sensis Group, all other controlled entities are excluded unless otherwise stated. A full list of controlled entities can be found in Note 25 of the Financial Statements in our 2014 Annual Report.

United Nations Global Compact

You'll find the icon below throughout this chapter of the Bigger Picture 2014 Sustainability Report. It indicates where we're providing information on our progress in implementing the 10 principles of the United Nations Global Compact.



Feedback

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

Stay in touch

- twitter.com/telstra
- facebook.com/telstra
- Our monthly sustainability newsletter: www.telstra.com/sustainability/subscribe

MESSAGE FROM THE CHAIRMAN AND CEO



The explosion of next generation technologies – from smart networks to smart devices, personalised apps to social media – is creating a truly digital nation and changing the way people live and work. Technology is making us more connected, accelerating social change and creating value for our shareholders and the many communities we operate in.

Our new purpose and values reflect Telstra's position at the heart of this exciting new world. Our purpose – *to create a brilliant connected future for everyone* – is core to our strategy and our sustainability agenda. We are focused on ensuring that everyone, irrespective of age, income, ability or location is able to enjoy the social, economic and cultural benefits of being connected.

To achieve our purpose, we must be innovative, both in the products and services we offer to our customers, and in the way we address social and environmental challenges.



This year we used our technical expertise to assist community organisations with an appetite for social innovation. Through the Telstra Foundation we worked in partnership with several key organisations to deliver 'tech for good' projects, aimed at using smart devices, social media, platforms and apps to champion social change and community connection.

We also played an important role in helping our most vulnerable customers and communities to connect and interact safely in the digital world. Through our Everyone Connected digital inclusion programs we delivered digital literacy training programs to 143,000 older Australians, distributed 65,000 cyber safety pamphlets and provided \$145 million in assistance to people doing it tough through our Access for Everyone program.

The extent of our network coverage and depth of our technical expertise provide an opportunity for Telstra to support government, businesses and consumers to reduce their energy consumption, leading to considerable cost savings and reduced

greenhouse gas emissions. This year we introduced an enterprise-wide Environment Strategy, signalling an important step change in our approach to environmental management across our value chain, and reflecting our aim of becoming an Australian environmental leader.

We understand that to achieve our social and environmental priorities, sustainability must be embedded in our culture.

With almost 32,000 of us at Telstra, we have the opportunity to make a big difference.



This year we launched a new employee call to action - 'One Day. One Cause. One Dollar. For Everyone' - to encourage employee involvement in our core sustainability programs. ONE encourages our people to take up their One Day of volunteering leave, get behind One Cause that matters to them, and have every One Dollar they donate through payroll giving matched by Telstra.

Our people dedicated more than 5,000 days to community volunteering this year, and donated more than \$1.4 million through matched payroll giving. As a team, we also gave our support to many great causes, including RECOGNISE – the campaign to recognise Aboriginal and Torres Strait Islander Peoples in the Constitution.

With telecommunications at the heart of economies, communities and personal interactions, trust is vital. The protection of our customers' privacy is one of our highest priorities and this year we released our first transparency report detailing how we respond requests from law enforcement and national security agencies.

This year we also continued to manage the risk of asbestos containing material (ACM) in our network. We introduced new measures in the management of ACM, including a comprehensive new training system, after several incidents last year involving contractors failing to meet our minimum standards.

As a large telecommunications company with a growing international footprint it's important that we make a positive contribution wherever we operate. This year, we established the Telstra Foundation Philippines. This is an important signal of our commitment to grow and maintain long-term market presence in a country where we have significant operations.

We recognise that our reputation and long term success depends on how we respond to the social and environmental expectations of our stakeholders at home and throughout the world. We remain committed to upholding the 10 principles of the United Nations Global Compact wherever we operate. Throughout this report we show the progress we have made in implementing these important principles.

We hope our Bigger Picture 2014 Sustainability Report gives you a good understanding of our sustainability strategy and our performance in responding to environmental, social, and economic issues. We welcome any feedback you may have.



Catherine Livingstone, AO
Chairman

David Thodey
Chief Executive Officer

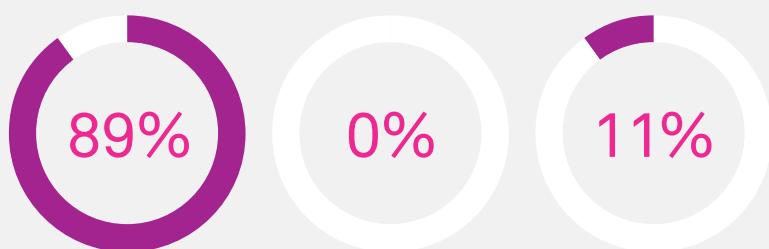
SUSTAINABILITY SCORECARD



Key performance indicator	FY14 Target	FY14 Performance	FY13	FY12	FY15 Target	For more information
Employee engagement Score (%)	82	82	80 ¹	77	84	Our people Page 7
Health and safety Lost Time Injury Frequency Rate (LTIFR)	1.2	1.12	1.36	1.32	Introduce new measure	Our people Page 14
Gender equality Women in executive management (%)	N/A	26	25	25	30	Our people Page 9
Volunteering during Telstra time Total (days)	6,000	5,122	4,248	1,375	10,000	Community impact Page 13
Payroll giving Participation rate (%)	4.7	5.3	3.6	1.6	6	Community impact Page 14
Social and community investment Dollar value (millions)	Targeted investment	216.6	231.0	239.8	Targeted investment	Community impact Page 16
Targeted digital literacy community programs People impacted (000s)	140	143	146	102	165	Community impact Page 9
Carbon emissions intensity tCO ₂ e per terabyte of data ²	0.71	0.58	0.83	1.24	55% reduction by end of FY17	Environmental stewardship Page 10
E-waste mobile phones (tonnes collected)	14.0	15.3	14.0	14.3	14.0	Environmental stewardship Page 14

Notes: 1 – 2013 result adjusted to exclude CSL and Sensis Group (79 per cent was previously reported). 2 – For more information regarding our year-on-year carbon emissions, see page 10 of the Environmental stewardship chapter of this sustainability report.

Performance overview



Achieved

In progress

Not achieved

FY14 SUSTAINABILITY HIGHLIGHTS



Customer experience

Putting our customers at the centre

We are committed to helping our customers improve the ways in which they live and work.

- Surveyed 11 million customers and used their feedback to improve customer experience
- Sent almost four million SMS messages each month to customers approaching their data limit
- Reduced our pay-as-you-go international roaming data rates by up to 80%
- Online transactions up six percentage points to 46%
- Called one million customers to say thanks and show we care

Responsible business

Conducting our business ethically

We are committed to responsible business practice, wherever we operate.

- Introduced a new purpose and values
- Refreshed our Supplier Code of Conduct
- Signatory to the United Nations Global Compact since 2011
- Released our first Transparency Report
- More than 11 million SMS sent to customers highlighting responsible phone use

Our people

Creating a great place to work

Telstra is one of the largest employers in Australia, with a workforce of almost 32,000 people.

- Employee engagement 82% - up two percentage points
- Lost Time Injury Frequency Rate of 1.12, down 18%
- Women in executive management – 25.9%
- \$1.4 million to over 300 charities via matched payroll giving
- Invested \$1,078 per employee in learning and development
- Over 13,000 members of Telstra Alumni Program

Community impact

Keeping our communities connected

We use our technology, expertise, scale and presence to make a positive contribution to the community.

- Total value of social and community contributions – \$217 million
- Provided digital literacy training for 143,000 people
- Distributed 65,000 cyber safety kits
- \$1.2 million – value of community volunteering
- One third of all Australian public libraries have started their eSmart journey
- Telstra Foundation Philippines established

Environmental stewardship

Better environmental outcomes

We are committed to minimising our environmental impacts and working with our customers to achieve better environmental outcomes.

- New Environment Strategy launched
- Carbon emissions intensity down by 30%
- Office, billing and printing paper usage down by 15%
- Mobile phones and accessories recycled through MobileMuster up by 9%
- Over 36,800 tonnes of CO₂e emissions savings through project initiatives

OUR APPROACH



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



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

We seek to identify ways we can use our resources and skills to contribute to the communities in which we operate, while also managing our environmental impacts. To do this, we work with our customers and suppliers, engage our employees and develop partnerships with government and non-profit organisations to ensure the programs we deliver through our sustainability strategy are targeted and create value.

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

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

Sustainability priorities

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

As a large company in an increasingly dynamic industry, we are well positioned to make a difference.

Our three strategic sustainability priorities reflect the areas in which we can have

the greatest cultural, reputational, commercial and social impact:



Employee involvement

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



Everyone Connected

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



Environmental leadership

We are working to become more proactive and strategic in our approach to the environment. We're doing this by identifying and minimising the material environmental impacts of our operations, working with our suppliers to reduce the impacts of the products and services they provide to us, and considering the environment when developing our own products and services.



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

WE'RE AUSTRALIA'S LEADING TELECOMMUNICATIONS AND INFORMATION SERVICES COMPANY, OFFERING A FULL RANGE OF COMMUNICATIONS SERVICES WITHIN MULTIPLE MARKETS. WE OPERATE IN AN INDUSTRY THAT'S TRANSFORMING THE WAY PEOPLE LIVE AND CONNECT.

TO ACHIEVE OUR PURPOSE AND ENSURE EVERYONE ENJOYS THE BENEFITS OF BEING CONNECTED, WE MUST EMBED SOCIAL AND ENVIRONMENTAL CONSIDERATIONS INTO THE HEART OF OUR BUSINESS IN WAYS THAT CREATE VALUE. OUR SUSTAINABILITY STRATEGY IS KEY TO THIS.



EMPLOYEE INVOLVEMENT

We believe that with almost 32,000 of us, Telstra employees can make a big difference by getting involved in the community and the issues that matter.



EVERYONE CONNECTED

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



ENVIRONMENTAL LEADERSHIP

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

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

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



52%

OF TEENS REGRET POSTS THEY'VE MADE ONLINE

ELECTRICITY COSTS HAVE MORE THAN DOUBLED IN THE PAST 10 YEARS

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

ICT IS RESPONSIBLE FOR 2-3% OF ANNUAL GLOBAL GHG EMISSIONS

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

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

4 MILLION AUSTRALIANS EXPERIENCE DIGITAL EXCLUSION

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

In FY14

- Our employees completed **5,122** days of community volunteering
- We donated **\$1.4 million** to over 300 charities via matched payroll giving
- We got involved in the issues that matter, such as human rights, the environment and anti-corruption, in line with our **UN Global Compact** commitments
- Our Everyone Connected programs delivered **\$194 million** worth of benefits to our customers and communities
- We provided digital literacy training for **143,000** people
- We distributed **65,000** cyber safety kits to customers, employees and community groups across Australia
- Our carbon emissions intensity decreased by **30%**
- We recycled or reused **99%** of our own recovered e-waste and collected 15.3 tonnes of mobile phones and accessories through MobileMuster
- We highlighted the potential for ICT to create a low carbon economy and reduce national emissions by up to **4.7%**

STAKEHOLDER ENGAGEMENT



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

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

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

You'll find detailed information on the engagement we've undertaken with our stakeholder groups throughout the Bigger Picture 2014 Sustainability Report.

Key stakeholder groups

> Customers

Our customers are residential consumers, small to medium enterprises, large companies and organisations, government and consumer groups.

> Employees

Our workforce is large and diverse, with almost 32,000 employees around the world.

> Industry

We engage with our sector peers and competitors, as well as information and communication technology (ICT) and telecommunications specific associations.

> Media

We engage with representatives from print, radio, TV, social and online media.

> Suppliers

We engage around 4,800 suppliers each year with total spend around \$6.5 billion.

> Communities

We engage with our communities wherever we operate. This includes non-profit organisations.

> Government

We engage with government at regional and international levels, from ministers and leaders to department staff.

> Shareholders and investment community

Our investment community comprises institutional investors, buy- and sell-side analysts, and 1.4 million retail shareholders, some of whom invest with social and environmental preferences.

> Unions

We work closely with the relevant employee trade unions in all jurisdictions – including CPSU, CEPU, AMWU and Professionals Australia.

> Regulators

We work closely with industry regulators in all our markets.

KEY ISSUES



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

Building on dialogue with our stakeholders we identify issues, risks and opportunities from a wide variety of sources. Inputs include participation in industry and cross-sector initiatives, customer research, benchmarking and future trends analysis. We prioritise issues according to their impact on our business and on stakeholders.

Our process to identify, prioritise and respond to key sustainability challenges and opportunities is based on AccountAbility's AA1000 Principles Standard (2008). It includes:

- Reviewing current and emerging sustainability issues impacting Telstra and the ICT industry
- Identifying the social and environmental issues of concern to our stakeholders
- Assessing our ability to address or influence the issues and seize the opportunities
- Prioritising issues according to their importance to our stakeholders and significance to our business, including an assessment of risk
- Receiving feedback and having constructive dialogue through ongoing engagement with key stakeholder groups.

This year, our assessment identified our most significant sustainability risks and opportunities as being:

- Customer experience
- Energy efficiency and carbon emissions
- Digital access and inclusion
- Resource use, waste and e-waste
- Telstra and the NBN
- Privacy and data protection
- Ethics, values and governance
- ICT enabling sustainability.



Several issues were also identified as being of increased significance in FY14, including:

- Privacy and data protection
- Human rights
- Diversity and inclusion
- Workplace culture and engagement
- Reconciliation action.

We undertook a more rigorous analysis of our internal and external social media channels was undertaken this year, to ensure we effectively respond to key employee and customer queries within our

reporting. Some of the verbatim feedback examined during this process has been included within the [Customer experience](#) chapter of this sustainability report.

Detailed information on our approach to our key sustainability issues, our progress and performance for FY14 and our commitments for FY15 can be found throughout our Bigger Picture 2014 Sustainability Report chapters. The key issues addressed in each are outlined in the diagram on page three of this chapter. For information regarding Telstra and the NBN, please see our 2014 Annual Report.

TRANSPARENCY AND ACCOUNTABILITY



We are committed to
excellence in transparency
and accountability.



We know that we build greater trust with our stakeholders when we are transparent and accountable. Monitoring, measuring and reporting on our approach and progress – good and bad - helps us to achieve this.

Assurance

Independent assurance supports our commitment to transparency and accountability. To provide confidence to our stakeholders in our reporting:

› Ernst & Young provides limited assurance, in accordance with the ISAE3000 standard, over whether all material issues have been reported in line with the principle of materiality in the context of the Global Reporting Initiative (GRI), as well as specified data and related

performance disclosures in our 2014 Annual Report and Bigger Picture 2014 Sustainability Report.

You can access this assurance statement at www.telstra.com/sustainability/report/about

Voluntary sustainability initiatives

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

- › Australian Packaging Covenant
- › Carbon Disclosure Project
- › FTSE4Good
- › Global eSustainability Initiative

- › Global Reporting Initiative
- › MobileMuster
- › Supply Nation
- › Telco Together Foundation
- › United Nations Global Compact



IT'S HOW
WE CONNECT

RESPONSIBLE BUSINESS

CONDUCTING OUR
BUSINESS ETHICALLY

Bigger Picture 2014
Sustainability Report

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ABOUT US



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Feedback

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Stay in touch

twitter.com/telstra

facebook.com/telstra

Our monthly sustainability newsletter: www.telstra.com/sustainability/subscribe

HIGHLIGHTS

We are committed to responsible business practice, wherever we operate.



Signatory to the
**UNITED NATIONS
GLOBAL COMPACT**



Released our first
**TRANSPARENCY
REPORT**



Introduced a new
**PURPOSE
AND VALUES**



**SUPPLIER
CODE OF
CONDUCT**

refreshed



413

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



Launched
**INDIGENOUS
WORKFORCE
PROGRAM**

at 30 pilot sites



11 MILLION

SMS sent to customers
highlighting responsible
phone use



CONTEXT



Key issues

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Human rights	08
Reconciliation action	09
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As a large telecommunications company with a presence across Australia and a growing international footprint, we recognise that our long-term ability to prosper is dependent on how we respond to the changing social and environmental expectations of our employees, customers, investors, regulators and the wider public.

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



ETHICS, VALUES AND GOVERNANCE



This year, we launched a new company purpose and new values to guide our thinking, decisions and behaviours.

APPROACH

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

Our governance framework plays an integral role in supporting our business and helping us deliver on our strategy. It provides the structure through which our strategy and business objectives are set, performance is monitored, and the risks we face are managed. It includes a clear framework for decision-making and accountability across our company.

Our purpose is to *create a brilliant connected future for everyone*. Our Telstra Values, together with our Telstra Group Code of Conduct and policy framework, define the standards of behaviour we expect of our people and will help us deliver on our purpose and achieve our strategy.

Our Code of Conduct and policy framework underpin our Telstra Values. They define our commitment to good corporate governance, responsible business practice, our customers, our workforce, the communities in which we operate and the environment. They also provide the structure through which we maintain compliance with our legal obligations.

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



PROGRESS

Purpose and values

This year, we launched a new company purpose and new values to guide our thinking, decisions and behaviours.

Our new purpose - *to create a brilliant connected future for everyone* - reflects our customer focus and aim of creating a next-generation telecommunications company.

Our values have been updated to reflect the culture we need to fulfil our purpose and deliver on our strategy. They are:

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

For more on our purpose and values, see the [Our people](#) chapter of this sustainability report.

Policy framework review

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

This year we commenced a significant revision to the Telstra Group Code of Conduct to reflect our new purpose and values and to make it easier for our employees and contractors to understand their obligations. We expect to publish the new Code in August 2014.

We also continued our review of Telstra's policy governance framework to make our company policies easier to access, understand and comply with, and applicable to all entities of the Telstra Group, both in Australia and overseas. We introduced a new approach to presenting our policies that is clearer and more concise, focusing readers' attention on the most important points and what our employees and contractors need to do to comply.

Fraud and ethical behaviour

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

This year we established an Ethical Behaviour Framework to provide clear guidance for ethics and integrity related behaviours. The framework is based on a revised set of company policies:

- Fraud and criminal conduct
- Anti-bribery and anti-corruption
- Conflicts of interest and outside activities
- Gifts, prizes and hospitality

We commenced delivery of face-to-face training to all Telstra executives, and our mandatory online training now includes a module on ethical behaviour. We also created a series of resources to help our people recognise and address ethical issues.



Kate Hughes
Chief Risk Officer



“As we grow our business in new markets, including in Asia, we know we’re at higher risk of being associated with bribery and corruption. That’s why we’ve introduced our Ethical Behaviour Framework and are working to embed its principles throughout the company. We focus especially on geographies and business units where we know the risk is higher, and carefully assess potential partners, putting in place risk management strategies and plans where necessary.”

In FY14, we conducted business unit risk assessments within our international operations and procurement. We used the results of these assessments to develop risk mitigation strategies, enhance compliance plans and design and deliver relevant training. We will conduct further risk assessments as part of a rolling three year program.

Telstra does not make political donations. However, like other major publicly listed companies, we do pay fees to attend events organised by political parties where those events allow for discussion on major policy issues with key opinion leaders and policy makers.

Released our first TRANSPARENCY REPORT



Whistleblowing

We encourage our people to take action if they have any concerns about unethical, illegal or improper behaviour. We have a whistleblowing policy and a confidential, anonymous whistleblowing service that provides appropriate protections for our people and members of the public to report their concerns.

Our process is supported by an independent service provider specialising in handling sensitive reports and disclosures.

Telstra's Group Whistleblowing Committee consists of senior executives and is chaired by the Company Secretary. This group oversees the whistleblowing process and monitors all reports and disclosures. The committee also monitors investigations, recommendations and the implementation of actions. The Audit & Risk Committee of the Board receives reports from the Group Whistleblowing Committee and provides an escalation channel for the Group Whistleblowing Committee where required.

As at 1 July 2013, there were 14 whistleblowing alerts in progress within the Telstra Group. During FY14, 60 whistleblowing alerts were opened and 67 were closed. As at 30 June 2014, seven remain in progress.

Compliance training

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

When people start working at Telstra, they are required to complete a suite of online compliance training courses, including on our Telstra Group Code of Conduct and Business Principles. Mandatory refresher training is also completed annually, with each compliance topic covered every two years. We have strict mechanisms in place to monitor and report completion rates.

This year, we revised the mandatory refresher training, enabling employees and contractors to learn about their legal and compliance obligations in a more engaging way. We also linked the completion of mandatory compliance training to conduct management which means that employees who fail to complete this training without a valid reason may face disciplinary action.

As at 30 June 2014, 98.9 per cent of Telstra Group staff and contractors have completed the mandatory refresher course. We are currently following up with those who did not complete the training to determine any disciplinary consequences.

Increasing transparency

This year we released our first Transparency Report to keep our customers informed of the requests we receive for access to information from national security and law enforcement agencies in Australia and overseas.

The aim of the report is to raise awareness about the various reasons an agency may request assistance, including enforcing criminal law, protecting public revenue, safeguarding national security and responding to life-threatening situations.

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

COMMITTED TO RESPONSIBLE BUSINESS PRACTICE



We recognise the human rights of our employees, contractors, customers and suppliers as well as the individuals and communities affected by our activities.

APPROACH

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

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

Throughout this report, the icon below indicates information on our progress in implementing the 10 principles of the UN Global Compact.



PROGRESS

UN Global Compact

This year we conducted a review of our progress with respect to our UN Global Compact commitments.

We found that while there are a range of initiatives underway that contribute to embedding the ten principles of the UN Global Compact into Telstra's strategies and operations, we also have areas where we can improve. These include integrating our approach to responsible business practice in Telstra's international operations to support our international growth strategy. As a result, we have commenced an assessment of international sustainability issues and opportunities, which we will finalise in FY15.



Human rights

We recognise the human rights of our employees, contractors, customers and suppliers as well as the individuals and communities affected by our activities. We commit to the principles of human rights set out in the Universal Declaration of Human Rights. Our commitment is defined in our Human Rights Policy.

This year we began a review of our Human Rights Policy to align with other internal policy changes, including the publication of our revised Supplier Code of Conduct in January 2014. We'll continue to strengthen our approach to human rights in the coming year by considering any training and compliance requirements that arise from the revised policy.

Digital inclusion

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

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

Through our Everyone Connected programs, we provide support for vulnerable customers, people with disability, seniors, Indigenous Australians as well as children and young people. We regularly review our programs to identify groups most in need, changing technologies and consumer preferences.

For more on our Everyone Connected programs and progress this year, see the [Community impact](#) chapter of this sustainability report.

Accessibility and inclusion

This year we published Telstra's 6th Disability Action Plan (2013-2016). Through the Plan, we recognise the benefits that modern communications technologies bring to people with disability and the important leadership role that Telstra can play.

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

The key objectives of our 6th Disability Action Plan are to:

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

As of 30 June 2014, we achieved 24 of 27 targets that were achievable in the first year of the Plan, with three still in progress.

Key highlights this year included the extension of our Call Connect fee exemption – which assists customers who are unable, or find it extremely difficult, to use a standard telephone service – to more customers, including those who are unable to record and then recall numbers from a directory assistance service to make a call.

From August 2014 we will also offer 12 popular movies with open captions across all platforms as an interim measure towards implementing closed captions and audio descriptions for Telstra audiovisual content. We will increase the number of titles with open captions over time, until the technical capacity that will enable closed captions to be offered across all platforms is completed.

This year more than 12,000 employees successfully completed our mandatory disability awareness training for new starters.

For more on our programs for customers with disability, see the [Community impact](#) chapter of this sustainability report.

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

Our commitment to reconciliation

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

Our Indigenous programs include:

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

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

This year, we completed the implementation of our 2011-2014 Reconciliation Action Plan (RAP), with 37 of the 49 actions (76 per cent) successfully concluded. We did not achieve all planned actions, as some of our priorities changed over time.

We're consulting on our third RAP and will release it later in 2014. Our new RAP will focus on employment and employee engagement, digital excellence, digital literacy and cyber safety, e-health and supporting the RECOGNISE campaign.

For more on how we connect Indigenous customers and promote Indigenous digital excellence, see the [Community impact](#) chapter of this sustainability report.

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



Telstra recognises Indigenous culture

When we set up our new start-up academy, muru-D, we wanted to give it a distinctive Aboriginal name that recognised its location on the traditional land of the Eora people.

In accordance with best practice cultural protocols, we worked closely with the Aboriginal community to seek consent for the new name. While Australian law doesn't require consent for using an Indigenous word for a business, the United Nations Declaration on the Rights of Indigenous Peoples protects Aboriginal words as 'traditional cultural expressions'.

We engaged Shane Phillips, Sydney Aboriginal community representative, to gain cultural consent for the Sydney Aboriginal Eora word 'Muru', meaning 'path', to name the new business 'muru-D' or 'path to digital'. We also obtained support from the Metropolitan Local Aboriginal Land Council and consulted a language researcher to ensure we use the word appropriately in communications and promotions.

We also committed to support benefit-sharing to the wider Sydney Aboriginal community, in line with cultural protocol and as appreciation for the use of the word. We provided a \$10,000 community grant to Tribal Warrior Association to support a language revitalisation project for Aboriginal children. The project will enhance Aboriginal and English literacy skills, improve technical skills through the use of tablet devices and enhance social connectedness.

We'll renew the community grant every ten years to recognise our ongoing use of the word 'Muru'.

SUSTAINABLE PROCUREMENT



We commissioned a supply chain risk assessment covering 131 key suppliers, representing around 66 per cent of Telstra's total annual spend.

APPROACH

This year, the Telstra Group purchased \$6.5 billion in goods and services from around 4,800 suppliers. Our market position and large supply base puts us in a position to positively influence the environmental, social and ethical standards of our suppliers.

The Telstra Group Code of Conduct provides an overarching framework to ensure that we operate ethically and with integrity in purchasing goods and services, and in conducting business with suppliers.

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

PROGRESS

Sustainable procurement strategy

This year, we developed a three year sustainable procurement strategy.

We will focus on identifying key social, environment and ethical risks, best practice standards, embedding sustainability into processes and procedures, supplier engagement, building capability and partnerships, and monitoring compliance.

Risk assessment

We commissioned a supply chain risk assessment covering 131 key suppliers, representing around 66 per cent of Telstra's total annual spend.

The assessment covered anti-corruption, labour and human rights, health and

safety, resource efficiency, carbon and energy use, and pollution prevention.

Around 40 suppliers were identified as 'high risk' based on an assessment of how they manage sustainability risks, according to publicly available information. These results will help us prioritise our supplier engagement and compliance activities.

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

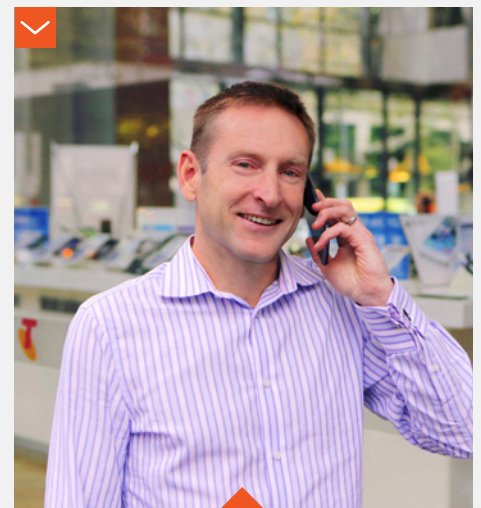
- Use of rare metals in electronics production and a lack of recovery, recycling and reuse mechanisms for these metals
- Potential use of conflict minerals
- High energy use and carbon emissions associated with products and services
- Products or services being produced under poor labour conditions
- Toxic chemicals discharged to air or water where factories are located in areas with insufficient regulation or no enforcement of minimum standards.

Supplier Code of Conduct

This year, we further refined our Supplier Code of Conduct to better reflect UN Global Compact principles and material risks to Telstra, clarify our expectations of suppliers and set out how we will monitor compliance.

As part of the process we held a forum for key suppliers, representing around \$3 billion in annual spend, on the proposed changes and gained consensus on our implementation approach.

We published the revised Code in January 2014 and communicated it to suppliers via the 'Supplying to Telstra' website and in writing. We also provided guidance to suppliers on the types of processes, systems and information they should maintain to demonstrate compliance.



Philip Barrett
General Manager
Device Procurement

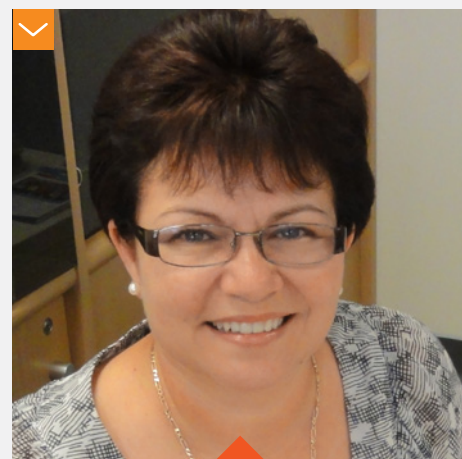


"Mobile devices now touch almost all parts of our lives. As such, our customers should know that we're working to ensure our products and services are socially and environmentally responsible. Our new Supplier Code of Conduct is essential to this, as it sets out the expectations we have of our suppliers in key areas such as labour and human rights, health and safety, environment, ethical dealings and supply chain diversity. The Code will help ensure all parties are focused on ensuring compliance to and continually improving on really important customer issues such as environmental impacts and sustainability."

The Code will apply to all suppliers to Telstra and we will focus on the compliance of our most critical suppliers first. These include identified high risk suppliers as well as those that would have a significant impact on our customers if supply was disrupted.



Telstra continues to partner with 14 non-profit groups around Australia to create employment opportunities for people with disability or who are disadvantaged.



Lauren Ganley
General Manager
Indigenous Directorate



“We’re planning to expand our partnership programs with remote Indigenous communities across Australia to provide sustainable employment opportunities while helping us maintain vital communications infrastructure. Through the programs we’re also boosting local business skills, as we work with the contracted companies to up-skill their workforce and increase their ability to tender for non-Telstra related work. Partnerships such as these help make a positive and lasting difference for Indigenous communities.”

Social impact

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

This year, we included in our Supplier Code of Conduct the preference to work with suppliers who engage with social enterprises and minority-owned organisations in the delivery of goods and services to Telstra.

We established two pilot programs partnering with local Indigenous groups in Queensland (20 sites) and the Northern Territory (10 sites) to undertake grounds maintenance of Telstra assets. We have a large number of key facilities across regional and remote Australia including radio towers, mobiles base stations and exchanges. Grounds maintenance for

these facilities is critical to maintaining our communications infrastructure but often challenging because of their remoteness.

Telstra continues to partner with 14 non-profit groups around Australia to create employment opportunities for people with disability or who are disadvantaged. These groups now perform grounds maintenance at around 4,000 of our network sites.

At 30 June 2014, 549 people were employed through the program: 383 people with disability, 30 people from a disadvantaged background and 136 support workers.

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

MANAGING ASBESTOS



We require employees and contractors to be competent, trained and to follow strict procedures if they are handling or removing asbestos containing material in our network.

APPROACH

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

We require employees and contractors to be competent, trained and to follow strict procedures if they are handling or removing ACM in our network.

PROGRESS

This year we introduced new measures in the management of ACM after several incidents in FY13 involving contractors failing to meet Telstra's minimum standards. Following these incidents, we voluntarily and immediately ceased pit remediation work associated with the NBN roll-out.

During the several months while this work was suspended we reviewed and updated our training, procedures and risk assessments in relation to our asbestos related and removal work. We designed a comprehensive new competency-based three-tiered training curriculum, consisting of courses in asbestos awareness, removal and supervision of removal. Since July 2013, 10,439 Telstra employees and contractors have undertaken asbestos awareness training; 725 have been trained in asbestos removal; and 282 were trained in the supervision of asbestos removal.

All companies responsible for the removal of ACM from our network are now required to hold a Class B asbestos removal licence, and their employees must have completed the appropriate competency training. All individual contractors were audited prior to being approved to return to work.



We also implemented stronger community engagement guidelines to ensure the community is better informed about asbestos related work in their neighbourhoods. This includes longer notification periods, more intensive doorknocking and letterbox drops and better signage at worksites.

During our review of asbestos training, procedures and risk assessments we extensively consulted with a number of bodies including the Federal Government, Comcare, state and territory safety regulators, unions, contractors, subject matter experts, NBN Co and the Telstra workforce.

Since July 2013, 10,439 Telstra employees and contractors have undertaken asbestos awareness training.



MOBILE PHONES, TOWERS AND HEALTH



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



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

PROGRESS

Keeping our customers informed

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

This year, we continued our mobile safety SMS campaign, sending out more than 11 million messages referring customers to www.telstra.com/mobiletips, our information site for safe and responsible phone use.

APPROACH

We are proactive, transparent and fact based in our communication regarding EME and comply with the standards set by regulators.

We rely on the expert advice of national and international health authorities including the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) and the World Health Organisation (WHO) and actively contribute to scientific research in EME and health.

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

We have a dedicated EME help desk and a team that proactively reviews new site proposals, develops community

consultation plans and works with the community to determine acceptable sites for new base stations. This proactive community engagement continues to result in a very low number of complaints relative to our construction of base stations.

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

11 MILLION 

sent to customers highlighting responsible phone use

.....





All mobile phone handsets sold by Telstra in FY14 met national and international safety standards.



Measuring EME levels at base stations

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

Between September 2013 and March 2014, independent assessors undertook an annual base station survey program on our behalf, measuring EME levels in surrounding public areas at 19 sites. The assessment focused on sites where ARPANSA modeling predicted the highest levels of EME in public areas close to the base stations. The survey results found that the actual levels were on average 17 times lower than the modeled levels. We will continue the survey program, focusing on base stations with new technologies and in close proximity to residential areas.

Community consultation for base station locations

This year we published 70 community consultation pages on the RFNSA portal, allowing the community to view Telstra's proposed base station locations throughout Australia.

A small number of communities, including Castle Hill (New South Wales), Point Lonsdale (Victoria) and Teneriffe (Queensland), expressed concern about EME through the consultation process. We responded to these concerns through extended community consultation, individual meetings and proactive community engagement. We continually review how we engage with the community.

In FY14, Telstra completed 1,908 mobile infrastructure consultation projects of which 115 were new development



applications (106 were approved) and 1,793 Australian Communication Industry Forum consultation proposals. The Australian Communications and Media Authority (ACMA) confirmed that they received two complaints regarding Telstra proposals in FY14, compared to two in FY13, three in FY12, and five in FY11.

Mobile phone safety

All mobile phone handsets sold by Telstra in FY14 met national and international safety standards.

In Australia, the standard is the ACMA's Radio Communications (Electromagnetic Radiation – Human Exposure) Standard 2003. It is designed to offer protection against identified health effects of EME with a large built-in safety margin.

We've been working with handset manufacturers to keep our customers informed of the Specific Absorption Rate (SAR) values for phones sold by Telstra. The SAR is the rate at which the mobile phone user absorbs energy from the handset, and the ACMA's safety standard operates by limiting this rate to a maximum 2 watts per kilogram averaged over 10 grams. Customers can now view the SAR values as part of mobile phone specifications on our website.

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

PERFORMANCE AND NEXT STEPS

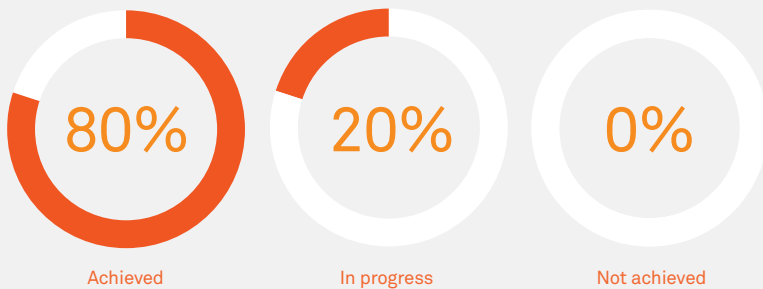


Performance

Progress on FY14 commitments	Result	More info
Conduct a social and environmental risk assessment of Telstra's supply chain	●	Page 10
Develop a comprehensive three year sustainable procurement strategy	●	Page 10
Review Telstra's progress in support of the United Nations Global Compact principles	●	Page 8
Develop and implement our 6 th Disability Action Plan (2013-2016)	●	Page 9
Develop and implement our 3 rd Reconciliation Action Plan	◐	Page 9

● Achieved ◐ In progress ✗ Not achieved

Performance overview



Next steps FY15

Expand

the Supported Workforce program to more network sites

Launch

and implement our 3rd Reconciliation Action Plan

Expand

the Indigenous Workforce program across regional and remote Australia

Complete

the review of our Human Rights Policy

Assess

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

Update

procurement staff training to cover supply chain sustainability risks and opportunities

Plan

and commence a rolling three year ethical behavior risk assessment program



IT'S HOW
WE CONNECT

OUR PEOPLE

CREATING A GREAT
PLACE TO WORK

Bigger Picture 2014
Sustainability Report

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ABOUT US



Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ close to 32,000 people directly, facilitate access to more than 1,900 points of presence across the globe and have one of Australia's largest shareholder bases, with 1.4 million shareholders.

We have a diverse range of customers, including consumers, small business, large enterprises and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 362 Telstra-branded retail stores, 90 Telstra Business Centres, 127 Telstra business and enterprise partners and are distributed by over 15,000 retail points of presence managed by our partners.

In Australia we provide 16 million mobile services, 7.5 million fixed voice services and 3.7 million fixed data services. Telstra's international businesses include Telstra's global networks and managed services business and Telstra's China-based search and advertising business, Autohome Inc.

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

For more information on our business activities and financial performance, please see the 'Strategy and performance' chapter of our 2014 Annual Report.

About our sustainability reporting

Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders. Our sustainability reporting comprises the Bigger Picture 2014 Sustainability Report, our sustainability website and a concise summary of our approach and performance in the 2014 Telstra Annual Report.

We develop our sustainability reporting with reference to industry and sustainability standards including the United Nations Global Compact Communication on Progress, the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines and Telecommunications Sector Supplement (pilot) and AccountAbility's AA1000 Principles Standard 2008. This financial year we apply the GRI framework to application level B+.

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

Scope

Our sustainability reporting covers the financial year 1 July 2013 to 30 June 2014 (FY14) for Telstra Corporation Limited and from 1 July 2013 to 28 February 2014 for Sensis Group, unless otherwise stated. Aside from Sensis Group, all other controlled entities are excluded unless otherwise stated. A full list of controlled entities can be found in Note 25 of the Financial Statements in our 2014 Annual Report.

United Nations Global Compact

You'll find the icon below throughout this chapter of the Bigger Picture 2014 Sustainability Report. It indicates where we're providing information on our progress in implementing the 10 principles of the United Nations Global Compact.



Feedback

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

Stay in touch

twitter.com/telstra

facebook.com/telstra

Our monthly sustainability newsletter: www.telstra.com/sustainability/subscribe

HIGHLIGHTS

Telstra is one of the largest employers in Australia. We have a workforce of almost 32,000 people, and pay around four billion dollars in wages and salaries.



Employee engagement up two percentage points



invested per employee in learning and development



Lost Time Injury Frequency Rate of 1.12



volunteer days contributed by our employees



women in executive management



to over 300 charities via matched payroll giving



members of the Telstra Alumni Program

CONTEXT



Key issues



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Technology is evolving rapidly, customer expectations are changing and we're facing a more competitive market.

Establishing new operational structures and ways of working that respond to this change is critical. To achieve this we are developing future ways of working with and for our people.

To support our cultural transformation we're taking a values-led approach to driving engagement and collaboration, as well as embracing generational change and diversity. We're dedicated to the health and safety of our people as well as providing targeted learning and development opportunities. We are working to attract and retain employees with the skills and passion to best serve our markets. Through all of this we aim to create a brilliant, connected workplace for our people.



CULTURE AND ENGAGEMENT



The move to advocacy is the largest cultural change program ever undertaken at Telstra.

APPROACH

We are creating a values-led culture that is more diverse, responsive, innovative and collaborative than ever before.

Getting this right is vital to our ability to deliver on our purpose and business strategy. We know that when our people are engaged, and given opportunities to learn and grow in their roles, they enjoy greater job satisfaction and are more likely to deliver an outstanding customer experience.

PROGRESS

Our purpose and values

This year, we launched a new company purpose and new values to guide our thinking, decisions and behaviours.

Our new purpose - *to create a brilliant connected future for everyone* - reflects our customer focus and aim of creating a next-generation telecommunications company.

Our values have been updated to reflect the culture we need to fulfil our purpose and deliver on our strategy. They are:

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

It's our people who will bring our purpose and values to life. This year all employees have been encouraged to reflect on what the purpose and values mean to them

and what they can do within their roles to create a brilliant connected future for everyone. We have built a grassroots community of employees, the Tipping Point Team, to support change across all geographies and business units. Our ZING employee recognition program has also been extended to enable employees to recognise their peers for demonstrating the new values at work.

Creating a customer-centric culture

Having introduced the concept of customer advocacy in FY13, this year we made further inroads on our customer journey.

Using the Net Promoter System (NPS), a simple metric that shows how well we're performing with our customers based on their likelihood to recommend Telstra, we are listening to our customers and putting them at the centre of everything we do.

The move to advocacy is the largest cultural change program ever undertaken at Telstra. Progress this year includes:

- ▶ Delivering Our Customer Connection training to 1,350 people leaders in our International group and Indian partner organisations, providing them with the skills, tools and mindset needed to create a culture of customer advocacy amongst their 6,000 customer facing employees
- ▶ Investing in attraction and selection processes to ensure we are securing candidates with an orientation towards service and advocacy - with 15,000 employment applicants per month this provides a wonderful opportunity to reinforce our service aspirations and expectations



Lucinda Tippett
Group Manager HR and Employee Communications



"As a non-customer facing team, a challenge we often talk about is how we can improve our customers' experience and help drive advocacy. In April, team members from across the country met to discuss what each of us in Corporate Affairs can do to show our customers we care. Many team members put their hands up to lead new initiatives and since April we have seen some of our ideas implemented. It's really rewarding to play a part in improving customer experience."

- ▶ Introducing new leadership and professional capability programs with the customer experience woven tightly throughout.

For more information on how we're improving customer advocacy, see the [Customer experience](#) chapter of this sustainability report.

Employee value proposition

Our value proposition to employees is a key driver of our people programs and initiatives. It is the reason we are focused on delivering best practice learning and development programs, meaningful and challenging work, role flexibility and a wide range of benefits and rewards.

As we expand our operations globally, it's important that our company culture, values and behaviours are consistent and unite us as a global team. To assist in achieving this aim, this year we worked across the company to build a shared Employee Value Proposition (EVP) for why people should join Telstra, why they should stay and what they can expect from their time at Telstra. EVP survey responses, as well as the results of our employee engagement survey, will form the basis of our engagement strategy for the coming year.

At Telstra, we want to be an employer of choice.



As a result of employee feedback, we have also established a Chief Talent Office responsible for nurturing talent and maximising career opportunities within Telstra. This year, 55 per cent of all individual permanent roles hired were filled by internal recruits.

Employee engagement

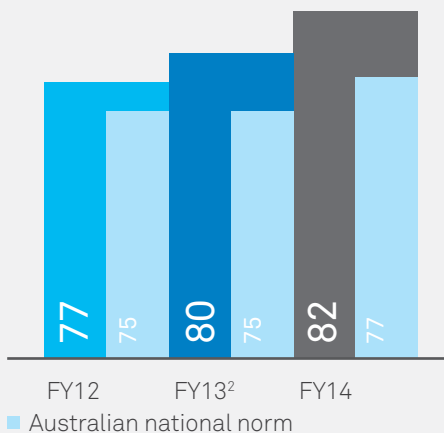
Throughout April and May 2014 we conducted an employee engagement survey, with an 84 per cent response rate. We achieved an engagement score of 82 per cent, a two percentage point increase on the previous year and a seven per cent increase since 2011.

A score of 82 per cent means Telstra is now five per cent above the Australian companies benchmarking average of 77 per cent and reflects well against the global high performing benchmark of 84 per cent.

The largest improvements were seen in the areas of ethics and integrity (four per cent improvement on 2013 survey), health and wellbeing (two per cent improvement) and diversity and inclusion (two per cent improvement).

Company-wide and business unit actions will be put in place to ensure we address employee feedback.

Employee engagement¹ Percentage



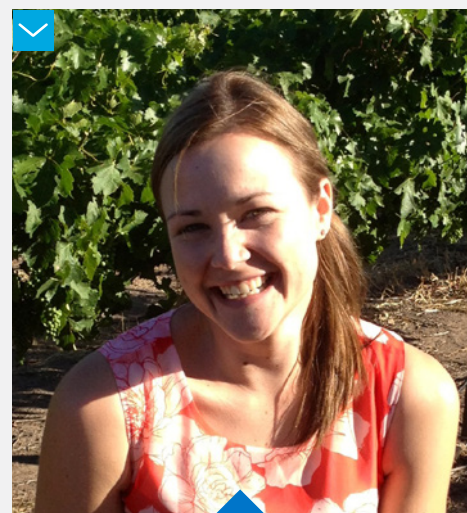
Notes: 1 – Telstra Group employees: Includes Telstra Corporation and controlled entity full time employees and equivalents, contractors and staff employed through agency arrangements in Australia and internationally. 2 – 2013 results adjusted to exclude CSL and Sensis Group (79 per cent was previously reported).

Learning and development

This year we redesigned our leadership development programs and launched core capabilities training to assist with professional skills development. Over 1,500 employees enrolled in these programs.

We also developed an integrated learning, talent and performance management system, called My Future. The system, implemented in July 2014, delivers focused development opportunities for our people that will feed our talent pipeline and drive improved performance. This system links learning more strategically to job roles and development plans. It is available anytime, anywhere, supporting our flexible working culture and making it simple for employees to track their progress.

In FY14 we invested \$48 million (not including labour costs) in learning and development across the Telstra Group, which equates to \$1,078 per employee (full time equivalent). This includes a \$6 million investment in leadership development.



Christine Batki
Change Integration Lead,
Telstra Consumer



“I don't know where else I would be offered and given so many opportunities to learn, grow and become a better leader. I've participated in many on the job training programs this year, including the Future Leaders program. The quality of these programs has been so high that when I applied to undertake a Bachelor of Business, which I plan to pursue while working flexibly, I received recognition of prior learning and credits towards completing my course.”

The Australian Government has committed to providing Telstra with \$100 million in funding over eight years to help retrain employees whose jobs or skills may be required to change due to the NBN rollout. This year, more than 1,500 employees received training as part of this program.

Telstra Alumni Program

In its second year, the Telstra Alumni Program now has over 13,000 members.

The Alumni program allows former employees to reconnect and access benefits. It is also a useful vehicle for Telstra to gain feedback from those familiar with the company.

This year, we celebrated the program's first birthday with networking events around the country and the launch of THANKS™ Alumni, an extension of Telstra's customer loyalty program.

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



This year, our employees contributed 5,122 volunteer days, representing a total value of \$1.2 million.

Volunteering and giving

This year we launched a new employee call to action to encourage employee involvement in core sustainability programs - 'One Day. One Cause. One Dollar. For Everyone'.

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

Since ONE was launched in May, volunteer leave requests have almost doubled, compared to the prior average monthly uptake for FY14. We have seen a nine per cent increase in payroll giving participation, and 1,800 employees have searched for causes to support through our ONE employee sustainability portal.

This year, our employees contributed 5,122 volunteer days, up 21 per cent from 4,248 days in FY13, but short of our target of 6,000 days. This includes 196 days of Telstra-coordinated out-of-hours volunteering and represents a total value of \$1.2 million.

Our Telstra International Group (TIG) employees contributed an additional 360 volunteering days through 36 events in Hong Kong, the UK, the US and our other Asian markets – an increase of 80 per cent from FY13. For the second year in a row, volunteering in Hong Kong was recognised when TIG was awarded the accolade of 'Caring Company of the Year 2013/14' by The Hong Kong Council of Social Service.

Our payroll giving program is available to all Telstra employees, with the flexibility to donate to any registered charity in Australia. We provide dollar-for-dollar matching of employee donations (up to \$1,000 per employee, per year or \$750,000



Telstra volunteers band together to thank local community

When Telstra's Local Area Board for Gippsland in Victoria met in February to discuss how they could contribute to their local communities outside of their day-to-day work, the choice to support the Fernbank community in Gippsland felt like an obvious one.

Loretta Willaton, the Board's Chair (and Telstra's Area General Manager for the region) says the team was eager to give back to the community after a recent bushfire, during which the local CFA fought hard to protect Telstra's exchange building and maintain communications to the area.

"Many CFA volunteers in the area lost property and livestock in the fires while

they were helping protect our exchange building, so we really wanted to show them our appreciation", Loretta says.

On the day, around 40 Telstra employees, friends and family turned up to help repair fences damaged by the fire.

Martin Blennerhassett, Telstra's General Manager Major Projects and Program Management said he was thrilled by the support from the broader Telstra team.

"The Telstra effort galvanised local community groups and local businesses. Many of these groups also participated to make the day a huge success. Over the course of the day, we pulled down 10km of fence and erected over 10km of new fence for six affected local families. It just goes to show the impact we can have when we all band together", Martin said.

overall). 5.3 per cent of our employees made donations via payroll giving this year, up from 3.6 per cent the previous year. Including Telstra's matched contribution, we contributed more than \$1.4 million to over 300 charities in FY14.

For more information on our volunteering and payroll giving programs, see the [Community impact](#) chapter of this sustainability report.

DIVERSITY AND INCLUSION



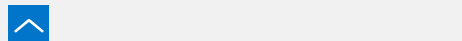
APPROACH

We know that diversity and inclusion helps us improve business results, enhance our reputation, and attract, engage and retain talented people.

Our people value working in an organisation where differences are respected. In addition, having a diverse range of employees better enables us to provide outstanding service to our customers.

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

25.9%
women in executive management



Our programs target inclusion for everyone at Telstra, with some specific focus also on gender equality, flexibility, Indigenous Australians, other culturally and linguistically diverse (CALD) employees, people with disability, and gay, lesbian, bisexual, transgender and intersex (GLBTI) employees.

Employee diversity and inclusion at Telstra is led by our Diversity Council, which is chaired by the CEO and comprises the full

CEO leadership team. Through this forum, as well as our leadership framework, we reinforce our expectations of all leaders - that they lead in an inclusive way and value differences within their teams.

Our diversity policies provide the framework for the Board to set our measurable objectives for achieving diversity and annually assess our progress in achieving them. This year we have achieved our measurable diversity objectives through a consistent focus on retention, flexibility and gender equality.

PROGRESS

Gender equality

Female representation among non-executive Directors on our Board was 33.3 per cent at 30 June 2014.

This year, representation of women in executive management rose to 25.9 per cent. We also saw positive promotion rates for women in Telstra overall, and a four per cent rise in the engagement of female employees.

Overall female representation across the Telstra Group remained flat this year at 30.2 per cent. While we made good progress in the first half, the result was impaired by the sale of our Sensis directories business, which saw a reduction of 1,320 female employees. This year, women accounted for 41 per cent of our graduate intake. We have made good progress in addressing the gender pay equity gap and have reported metrics on our progress to the Workplace Gender Equality Agency, in accordance with legislative requirements. This information is provided in the corporate governance section of our website at www.telstra.com/diversity.

Representation of women as at 30 June 2014

Role	Number	Percentage
Board ¹	3	33.3
Executive management^{*2}	68	25.9
CEO	0	0
CEO-1 (Band A)	3	23.1
CEO-2 (Band B)	14	19.7
CEO-3 (Band C)	51	28.7
Middle management ^{*3}	2,567	27.2
Operational ^{*4}	6,970	31.4
Telstra Total[*]	9,605	30.1
Telstra Group Total^{**}	10,302	30.2

* Includes full time, part time and casual staff in Telstra Corporation Limited and its wholly owned subsidiaries, excluding contractors. It does not include staff in any other controlled entities within the Telstra Group.

** Includes full time, part time and casual staff in controlled entities within the Telstra Group, excluding contractors and agency staff.

Notes: 1 - Number and percentage relate to non-executive Directors. 2 - Executive management comprises persons holding roles within Telstra designated as Band A, B or C, or equivalent. 3 - Middle management comprises persons holding roles within Telstra designated as Band 1 or 2, or equivalent. 4 - Operational comprises persons holding roles within Telstra designated as Bands 3 or 4, or equivalent.

Diversity targets and performance

Measure	Objective and progress/result in respect of FY14 (or as otherwise stated)	Objective in respect of FY15 (or as otherwise stated)
Women on the board	Objective – There will be 3 women on the board, representing a female gender representation among non-executive Directors of at least 30%	Progress – As at 30 June 2014, there were 3 female Directors on the Board (including the Chairman of the Board), representing a female gender representation among non-executive Directors of 33.3%
Female representation in graduate intake	Objective – 45% female representation in graduate intake selected in 2015, with an aspiration of 50% female representation by 2020	FY15 – 45% female representation in graduate intake selected in 2015, with an aspiration of 50% female representation by 2020
Promotion rates for women	Objective – To exceed their representation at Business Unit level	Result – Achieved in Telstra overall and in six out of nine Business Units
Engagement of identified groups*	Objective – Equal to or greater than Telstra-wide engagement score, with any negative differences not statistically significant	Result – Engagement of all identified groups exceeded the Telstra-wide engagement score, except for Indigenous employees and employees with a disability. The negative difference for employees with a disability was statistically significant, but the score for this group was stable compared to 2013. All other groups were more engaged than in 2013
Female representation at 30 June**	Objective – FY15: 32% (Telstra Total) and 30% (Executive Management)	Progress – 30.1% (Telstra Total) and 25.9% (Executive Management)
		FY15 – 32% (Telstra Total) and 30% (Executive Management) FY20 – 35% (Telstra Total) and 40% (Executive Management)

* Identified Groups are female employees, Indigenous employees, CALD employees, employees with a disability and GLBTI employees. FY14 result does not include O2 Networks Pty Ltd, Chief Entertainment or DCA Direct Health Pty Ltd, as they did not participate in the 2014 Employee Engagement Survey.

** Full time, part time and casual staff in Telstra Corporation Limited and its wholly owned subsidiaries, excluding agency staff.

To work towards gender pay equity, we examine remuneration data across all of our business units every year to identify whether there is a link between pay equity and remuneration decisions. We compare gender pay averages and correct disparities that cannot be explained by differences in length of service, levels of performance or job description.

Telstra is committed to achieving gender pay equity.



This year, the Board also reviewed Telstra's remuneration philosophy and principles to ensure they remained aligned to our strategy and values. A new principle was added that specifically highlights diversity and acknowledges Telstra's commitment to providing equitable and fair pay.

To improve gender equality at Telstra this year:

- Our CEO, David Thodey, continued to participate in the Australian Human Rights Commission's 'Male Champions of Change' group, which models effective leadership by male executives in relation to gender equality. This year Telstra committed to the 'panel pledge' to increase female representation on conference panels and provide speaking opportunities and the

'plus one' initiative, which encourages managers to add at least one woman to their teams as roles arise

- We received formal accreditation as a White Ribbon Workplace, recognising our work in helping to stop violence against women. We are the only large organisation among the first group of those accredited in this world-first program. We also set up a White Ribbon Champion network of employees to advocate against violence against women and support White Ribbon activities in their business units

- Our people participated in partnerships with organisations such as Business Chicks, Women in Engineering, Chief Executive Women and Females in Information Technology and Telecommunications.



Flexible working

This year we introduced All Roles Flex, a company-wide approach whereby flexibility is now considered the starting point for all roles.

We are the first large company in Australia to implement such an initiative. This year we also updated our Flexible Working policy to make it simpler for employees to work flexibly. Changes included removing the requirement for employees to state a reason for wanting to work flexibly, adding objectivity to the decision-making process.

Indigenous employment

Our intake of Indigenous trainees increased this year to 17, exceeding our targets. This was a result of targeted trainee recruitment initiatives and cross business-unit cooperation.

13 of the 14 Indigenous employees who joined us during the year remain employed as at 30 June 2014, and the rate of voluntary turnover amongst Indigenous employees is consistently lower than their overall representation.

While engagement rates for Indigenous employees remain lower than the Telstra score (although this difference is not statistically significant), our 2014 employee engagement survey showed a significant improvement, with engagement of Indigenous employees increasing three percentage points this year.

This year, to attract and retain Indigenous employees at Telstra, we:

- Developed a work experience program for Indigenous candidates in our retail stores, which will be piloted from July 2014
- Implemented a multimedia campaign to promote our Indigenous employment brand and blog on Telstra Exchange, and attended Indigenous employment fairs and expos
- Continued the rollout of our online employee cultural appreciation program, Connecting our Cultures, which explains our Reconciliation Action Plan, provides tips and advice to aid intercultural understanding and shares the stories of some of our Indigenous employees.

For more information on our Indigenous programs, see the [Responsible business](#) chapter of this sustainability report.

Other diversity initiatives

We launched our 6th Disability Action Plan, which features the actions we are taking to continue to improve attraction, recruitment, engagement and retention of people with disability and their carers at Telstra, and established a team of Executive and HR subject matter experts to focus on better supporting employees with a disability.

This year we signed up to the *Older Workers Pledge* proactively promoting Telstra as an inclusive workplace for older workers.



Mark Ansell
ICT Channel Sales Manager,
Telstra Business



"I have worked flexibly at Telstra for the past 10 years and am firmly of the belief that work is a thing you do, not a place you go. Telstra has created a culture of trust around working flexibly and for me, it means I work my full time hours each week wherever, whenever, so long as I get the job done. In 2013 my son was very sick, and the benefits of being able to work flexibly were even more of an advantage. I hope with the introduction of All Roles Flex more people make the most of the opportunity to work flexibly."

To encourage the diversity of our communities, we supported a number of community initiatives including RECOGNISE, the movement to recognise Aboriginal and Torres Strait Islander peoples in our Constitution, the Aids Trust of Australia's World Aids Day Dinner and the Australian Human Rights Commission's 'Racism It Stops with Me' campaign. We also sponsored the Bingham Cup Tournament, a global event which promotes diversity in sport and the 26th annual Midsumma Festival, Australia's premier GLBTI arts and culture festival.

We also celebrated the fifth anniversary of our Spectrum network for GLBTI employees, and launched a team of Executive allies for GLBTI inclusion.

Our 2014 employee engagement survey showed that the engagement of all of our identified groups has increased since last year, except for employees with disability, which was stable. The most significant improvement was seen in the engagement of women and Indigenous employees.

For more information on our Disability Action Plan, see the [Responsible business](#) chapter of this sustainability report.



HEALTH AND SAFETY



The health and safety of our people is paramount to us and is critical to the success of our business.

APPROACH

Our strategy for achieving a zero injury workplace is to build resilience and drive an early-intervention culture to prevent injuries and illness, minimise business impacts and support employees to return to work.

We work systematically to identify workplace hazards and risks, implement controls to eliminate or minimise them, and review the effectiveness of those controls.

This year, we categorised our workforce into 12 main workgroups based on their core-work activities and, therefore, the risks and issues likely to impact each group in their respective environments - be it in an office, call centre, retail shop or out in the field. This focus has assisted Telstra in meeting its primary duty of care under the work health and safety laws, which requires us to do all we reasonably can to ensure the safety at work of our employees, as well as anyone else whose safety may be affected by our business.

Physical health and wellbeing is a key driver for minimising health and safety risks.



Telstra's Health and Safety Policy defines our commitment to providing a healthy and safe work environment. We have governance structures and processes at Board, senior leadership and business unit levels to guide and monitor health and safety performance and this year introduced a new role at Executive Director level with specific accountability for Health, Safety and Environment (HSE).

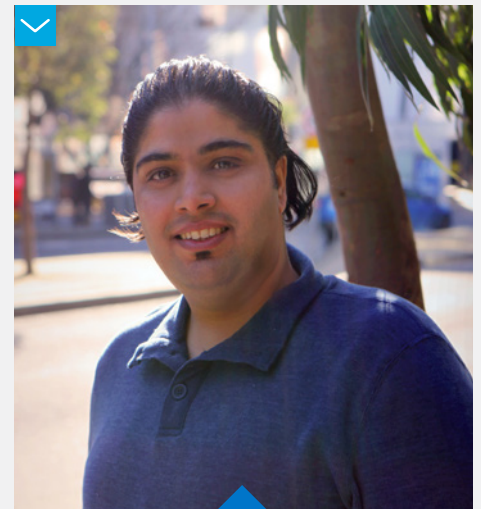
Telstra is a Commonwealth Safety, Rehabilitation and Compensation Commission (SRCC) approved self insurer licensee and we have maintained a Comcare Tier 3 status (the highest possible) under this scheme for both prevention and claims management this year. Tier status for rehabilitation is yet to be confirmed. The SRCC also granted Telstra a four year self-insurance licence extension from July 2014.

PROGRESS

Early intervention

InjuryAssist, our voluntary injury management program that links injured employees with a national network of specialised doctors and physiotherapists, was extended to all employees this year. This program adds an additional component to our suite of early intervention tools to support employees and their return to work.

Participation rates have increased each month since the rollout, and are currently at 80 per cent. This year, 73 per cent of participating employees were able to attend appointments on the same day that their injury took place, with 18.5 per cent receiving next business day treatment and 8.1 per cent greater than one business day.



Rajnish Puri
NPS Case Manager
Consumer Sales and Service



"The Healthy Living Program was really great. We attended seminars, which busted a lot of myths and gave us useful information. We were given some good healthy cooking tips and cooking recipes and as for boot camp, no words can describe that feeling. I never thought of doing that much exercise in an hour's time and the way I feel after 12 weeks of being on the program is just GREAT. I have lost 15kg so far!"

Health and wellbeing

This year we introduced additional initiatives aimed at reducing injury and illness, and mitigating the impacts of a sedentary lifestyle, work-stress and an ageing workforce.

Highlights include the implementation of online health risk checks, a winter wellness program and training for our people in managing aggression. We also designed and piloted a Healthy Living Program.



Participants in the program undertook baseline health assessments, met with a nutritionist to discuss healthy eating options and their personal goals, and undertook group exercise sessions aimed at improving fitness and fostering teamwork.

Our 2013 Employee Engagement Survey results highlighted work pressure as an emerging risk among our people. We responded by establishing a four-tier response to support the business in

preventing and addressing work pressure. The response included an awareness program, provision of manager resources and a 12-week webinar series. High-risk groups were provided external resources and services. A mindfulness program was also piloted as part of this initiative.

2014 Employee Engagement Survey results demonstrated an 11 per cent improvement in work pressure related indicators.

Asbestos and safety

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

We have been managing the risk of asbestos within our network for many years and place the highest priority on the safety of our employees, contractors and members of the public.

We require employees and contractors to follow strict procedures for the handling and removal of ACM in our network. After a number of incidents last year of non-compliant asbestos management and removal, we voluntarily and immediately ceased pit remediation work associated with the NBN roll-out.

During the several months while this work was suspended we reviewed and updated our training, procedures and risk assessments in relation to our asbestos related work. Our contractors and employees were required to undertake



Fiona Madigan
High Risk Team Leader
Customer Relations Group



“The Healthy Living Program has been a terrific initiative for my team. We deal with very stressful situations and I’ve noticed that since starting the program my team is more alert and engaged. They’re also supporting each other and collaborating more – which shows the program has helped them to bond on a more personal level, and made them more in tune with each other’s feelings.”

Over **3,680** employees participated in **89** face-to-face Resilience Awareness and Skills programs during the year, and a further **1,100** participated in Mental Health and Resilience workshops.

additional training and certification prior to returning to work. Asbestos related work recommenced in September 2013 only after Telstra had subjected its contractors to a thorough workplace assessment which was complemented by follow-up audits.

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

For more information about how Telstra manages asbestos please see the [Responsible business](#) chapter of this sustainability report.

Lost time injuries

Telstra's Lost Time Injury Frequency Rate (LTIFR) decreased this year to 1.12 (compared with 1.36 in the previous year).

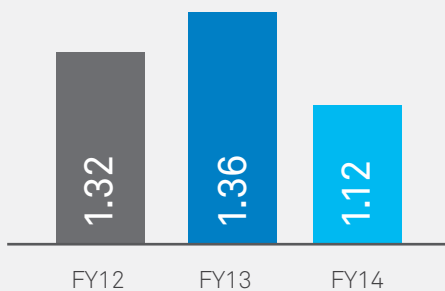
Over the past year we have placed particular focus on preventing musculoskeletal injuries, as they make up the majority of our reported health and safety incidents, as well as programs to prevent injuries and illnesses associated with an ageing workforce.

In FY15 we will develop a baseline for measuring our Total Recordable Injury Frequency Rate (TRIFR). A more comprehensive measure of injuries, TRIFR captures our progress in minimising not only lost time injuries, but also medical treatment injuries and restricted work injuries as indicators of our headline safety performance.

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

↓ 18%
Lost Time Injury Frequency Rate of 1.12

Lost Time Injury Frequency Rate¹ (LTIFR)



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

Key workplace health and safety indicators¹

	FY14	FY13	FY12	% change
LTI ² Number of occurrences of lost time	55	66	64	-17
Serious injury rate ³ Rate of claims resulting in greater than one week lost time	2.6	3.4	2.7	-24
Lost days Total days lost	1,105	1,044	802	6
Days lost per LTI Average days lost	20.1	15.6	12.5	28 ⁴
New workers' compensation claims Number	430	457	576	-6
Open workers' compensation claims Number	1,438	1,612	1,456	-11

Notes: 1 – Includes Telstra Corporation Ltd employees only, not including subsidiaries or contractors. 2 – An LTI is the reported number of occurrences of lost time arising from injury or disease that have resulted in an accepted workers' compensation claim. 3 – For 12 month period 1 June 2013 to 31 May 2014 (latest available result from Comcare). Serious injury rate is defined as a claim that requires an absence from work of one working week or more per 1,000 full time equivalent employees. This was introduced as a measure in FY12. 4 – 25 per cent of this year's 28 per cent increase in average days lost per LTI is due to four incidents that took place between April – June 2014.

Discrimination and bullying

Throughout FY14, there were 225 reported cases of discrimination and bullying within Telstra Corporation and Sensis Group.

As at 30 June 2014, 37 cases were open with ongoing investigations, including one reported in FY13, and 227 cases were closed, including 38 that were reported in FY13¹. Outcomes for the closed cases were:

- ▶ 41 (18 per cent of closed cases) were substantiated and action was taken against the respondent (this included coaching, verbal warnings, written warnings, final written warnings or dismissals)

- ▶ 139 (61 per cent of closed cases) were found not to be substantiated. In some of these cases other appropriate action such as training or mediation was taken

- ▶ 47 (21 per cent of closed cases) were either withdrawn by the complainant or the investigation could not be completed (for example, where parties involved resigned and further investigation required their participation).

Note: 1 – 39 cases remained open as at 30 June 2013. This figure was previously reported as being 42 cases due to a delay in updating system records.

EMPLOYMENT AND WORKPLACE RELATIONS



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

APPROACH

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

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

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

PROGRESS

Workforce profile

As at June 30 2014, Telstra Group's total workforce was 34,261 people (full-time equivalent). This is a decrease of 9.2 per cent compared to last year.

Significant organisational changes in the past year include:

- ▶ The 70 per cent sale of our Sensis print directories business to American-based private equity firm Platinum Equity in January 2014. The sale resulted in Sensis Group ceasing to rely on Telstra for shared services support and becoming its own stand alone business. As a result,

approximately 80 Telstra employees transitioned to become employees of Sensis Group and the Telstra Group workforce reduced by 2,743 employees.

- ▶ The sale of our 76.4 per cent interest in Hong Kong based mobile business CSL to HKT Limited in May 2014. As Telstra is no longer a part owner, CSL's 1,827 full time employees and agency workers are no longer considered part of the Telstra Group.

- ▶ Implementation of a new operating model across Telstra Operations. The new model is integral to supporting Telstra's growth agenda and critical for the ongoing viability of Telstra Operations. The aim of the new model is to deliver integrated customer service and reinforce our standing as a technology leader and employer of top technical talent. The Telstra Operations workforce reduced by around 1,100 roles throughout the year as a result of these changes.

Engaging with unions

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

We also consult with unions when we make any significant change to our policies and processes. Our aim is to maintain an open, constructive relationship with union representatives. This year, we conducted around 50 formal union consultation meetings.

Enterprise agreements

The percentage of employees employed under an enterprise agreement has increased to around 63 per cent from 59 per cent last year.

This percentage will continue to increase as the vast majority of new employees joining Telstra will be covered by the Telstra Enterprise Agreement (EA). The remaining 37 per cent of employees are employed on individual contracts or individual statutory agreements. Individuals on statutory agreements can elect to revert to the EA at any time.

Award modernisation

This year we progressed discussions with the unions on replacing our 11 Telstra awards with one modern Telstra award.

This award would set out the minimum standards for the Fair Work Commission to use when assessing any of our future enterprise agreements, prior to giving their approval. We anticipate that the award will be made by the Fair Work Commission in FY15.

WORKFORCE DATA



Workforce profile¹

Number as at 30 June 2014

	FY14	FY13	FY12	% change
Telstra Group ² Full time equivalent	34,261	37,721	39,972	-9.2
Telstra Group excluding contractors ³ Full time equivalent	31,931	34,679	36,039	-7.9
Telstra Corporation ⁴ Headcount	28,983	28,785	29,552	0.7

Notes: 1 – Workforce profile data excludes individuals on long term leave. 2 – Includes Telstra Corporation and controlled entity full time employees and equivalents, contractors and staff employed through agency arrangements in Australia and internationally. 3 – Telstra Group excluding contractors and staff employed through agency arrangements in Australia and internationally. 4 – Includes full time and part time employees paid by Telstra Corporation (excluding casual staff, all controlled entity-paid staff, and agency staff in Australia and internationally). This definition is used in our workforce reporting of: age distribution; workforce by employment levels and employment type; workforce by contract type; total new hires; total new hires by gender and age; total turnover, turnover by gender and age group and absenteeism unless otherwise noted.

Telstra Group significant geographic locations

Percentage as at 30 June 2014

	FY14	FY13	FY12
Australia	91.5	90.8	88.8
China	4.6	2.2	2.2
Hong Kong	1.4	5.9	4.2
Philippines	1.0	<0.1	-
New Zealand	-	-	3.5
Other ¹	1.6	1.1	1.3

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

Age distribution

Percentage as at 30 June 2014

	FY14	FY13	FY12
16-24 ¹	5.3	5.6	6.5
25-34	24.3	26.1	24.4
35-44	29.3	29.6	29.5
45-54	27.0	25.3	26.5
55+	14.1	13.3	13.1

Note: 1 – Category 18-24 prior to FY13

Workforce by employment level

Percentage as at 30 June 2014

	FY14	FY13	FY12
Executive management (Bands A, B and C)	0.9	0.8	0.9
Middle management (Bands 1 and 2)	30.9	27.7	27.3
Operational (Bands 3 and 4)	68.2	71.5	71.8

Workforce by employment type

Percentage as at 30 June 2014

	FY14	FY13	FY12
Permanent full time	92.9	92.9	92.8
Permanent part time	5.7	5.9	6.3
Fixed term full time	1.3	1.2	0.9
Fixed term part time	0.1	<0.1	<0.1

Telstra workforce by contract type

Percentage as at 30 June 2014

	FY14	FY13	FY12
Individual contracts or statutory agreements	37	41	47
Collective agreements	63	59	53

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

Total new hires

	FY14	FY13	FY12
Headcount	4,430	4,055	3,956
Rate (%)	14.1	12.3	13.6

New hires by gender and age group

Headcount

	FY14	FY13	FY12	% change
Male	2,759	2,431	2,475	13.5
Female	1,671	1,624	1,481	2.9
16-24	1,033	909	1,084	13.6
25-34	1,692	1,586	1,530	6.7
35-44	1,052	980	864	7.3
45-54	506	450	359	12.4
55 +	147	130	119	13.1

Total turnover

	FY14	FY13	FY12
Headcount	3,991	4,389	3,363
Rate (%)	12.7	13.3	11.6

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

Turnover by gender and age group

Headcount

	FY14	FY13	FY12
Male	2,586	2,590	1,986
Female	1,405	1,799	1,377
16-24	462	545	646
25-34	1,155	1,528	1,126
35-44	963	1,115	759
45-54	593	650	444
55 +	818	551	388

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

Absenteeism rates

Percentage

	FY14
Australia	3.9

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

PERFORMANCE AND NEXT STEPS



Performance

Progress on FY14 commitments	Result	More info
Deliver Our Customer Connection programs to the wider Telstra Group	●	Page 6
Work to achieve our measurable diversity objectives through a consistent focus on retention, flexibility and gender equality	◐	Pages 9-12
Deliver a work experience program for Indigenous candidates in our retail stores	◐	Page 11
Focus on proactive management of long term issues such as sedentary and ageing workforces	●	Pages 12-14

● Achieved ◐ In progress ✕ Not achieved

Performance overview



Next steps FY15

Increase

employee engagement to 84%



Increase

number of women in executive management to 30%



Implement

a suite of programs to enhance age and generational diversity across Telstra



Increase

our payroll giving participation rate to 6%



Establish

a baseline for introducing a more comprehensive standard for measuring our workplace injury rate





IT'S HOW
WE CONNECT

CUSTOMER EXPERIENCE

PUTTING OUR CUSTOMERS
AT THE CENTRE

Bigger Picture 2014
Sustainability Report

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ABOUT US



Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ close to 32,000 people directly, facilitate access to more than 1,900 points of presence across the globe and have one of Australia's largest shareholder bases, with 1.4 million shareholders.

We have a diverse range of customers, including consumers, small business, large enterprises and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 362 Telstra-branded retail stores, 90 Telstra Business Centres, 127 Telstra business and enterprise partners and are distributed by over 15,000 retail points of presence managed by our partners.

In Australia we provide 16 million mobile services, 7.5 million fixed voice services and 3.7 million fixed data services. Telstra's international businesses include Telstra's global networks and managed services business and Telstra's China-based search and advertising business, Autohome Inc.

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

For more information on our business activities and financial performance, please see the 'Strategy and performance' chapter of our 2014 Annual Report.

About our sustainability reporting

Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders. Our sustainability reporting comprises the Bigger Picture 2014 Sustainability Report, our sustainability website and a concise summary of our approach and performance in the 2014 Telstra Annual Report.

We develop our sustainability reporting with reference to industry and sustainability standards including the United Nations Global Compact Communication on Progress, the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines and Telecommunications Sector Supplement (pilot) and AccountAbility's AA1000 Principles Standard 2008. This financial year we apply the GRI framework to application level B+.

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

Scope

Our sustainability reporting covers the financial year 1 July 2013 to 30 June 2014 (FY14) for Telstra Corporation Limited and from 1 July 2013 to 28 February 2014 for Sensis Group, unless otherwise stated. Aside from Sensis Group, all other controlled entities are excluded unless otherwise stated. A full list of controlled entities can be found in Note 25 of the Financial Statements in our 2014 Annual Report.

United Nations Global Compact

You'll find the icon below throughout this chapter of the Bigger Picture 2014 Sustainability Report. It indicates where we're providing information on our progress in implementing the 10 principles of the United Nations Global Compact.




Feedback

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

Stay in touch

 twitter.com/telstra

 facebook.com/telstra

 Our monthly sustainability newsletter: www.telstra.com/sustainability/subscribe

HIGHLIGHTS

We are committed to helping our customers improve the ways in which they live and work.






 Called

1 MILLION 

 customers to say thanks

 and show we care


 Reduced our


 pay-as-you-go

 international

 roaming data

 rates by up to

80%



 Boosted

 our 4G


 coverage to

87%

 of the


 Australian

 population


 Online transactions

 up six percentage

 points to

46% 



 Surveyed

11 MILLION 

 customers and used their

 feedback to improve

 customer experience



Sent almost

4 MILLION

 SMS messages each

 month to customers

 approaching their

 data limit




65,000 

 cyber safety kits

 distributed

CONTEXT



Key issues

Customer experience	06
ICT enabling sustainability	10–11
ICT changing human interaction	05
Privacy and data protection	12
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Enhanced digital technologies and connectivity have transformed the way we live and connect. It is therefore more important than ever for us to delight our customers with superior networks, products and services, and to deliver brilliant customer experiences.

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



CUSTOMER SERVICE



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

APPROACH

Improving customer experience is our number one priority. Our aim is to change the way our customers talk about Telstra by building a strong culture of customer advocacy.

This is a commercial imperative as we know that advocates are more likely to use our products and services, and actively refer us to family, friends and colleagues.

We are focused on improving the processes that get in the way of a great customer experience. Our people are being empowered with the tools and training required to deliver excellent customer service, and to create a culture of customer advocacy across the business.

We are addressing the issues that matter most by listening to our customers and acting on their feedback. We ask our customers to complete a short survey after every interaction with us and receive thousands of customer comments every week via our feedback channels. This year, more than 11 million customer surveys have been completed. We have used these insights to drive process, product and service improvements across Telstra.

PROGRESS

Customer advocacy

We measure customer advocacy using the Net Promoter System (NPS). This system enables us to measure our customers' experiences and respond to their feedback.

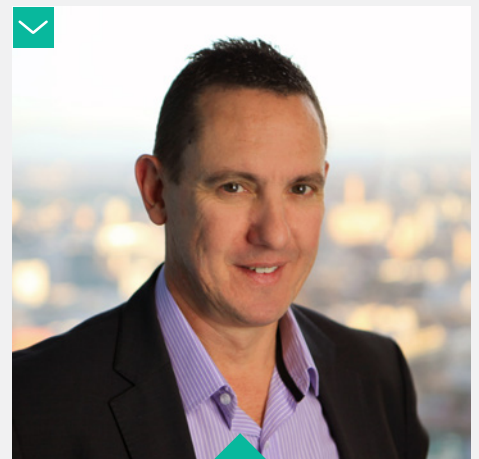
It is a simple metric that shows how well we are performing with our customers, based on their likelihood to recommend Telstra. NPS is much more than a measurement tool. It is about fostering a way of doing business that drives customer

loyalty and advocacy. We're working to ingrain NPS in our culture, and have made it a key input to our employee short term incentive program.

We measure NPS at two levels - our customers' overall perception of Telstra, measured through an external third party and our customers' experience in dealing with Telstra directly, measured through internal surveys. Our overall NPS score has improved by three points over the last twelve months. We have also seen consistent improvement in our internal measures of our customers' experience in dealing with us across all areas. We remain committed to focusing on improving the customer experience in the coming year.

Based on insights from NPS feedback, we've implemented new initiatives this year aimed at improving customer advocacy, including:

- Providing customers who visit our stores or call our contact centres with the name of the person they're speaking to and their contact details, so that they can get back in touch directly if required
- Assigning customers who are moving home or office a dedicated Telstra consultant to assist them with their move
- Introducing a market-first New Phone Feeling™ service, providing customers with the option to upgrade to a new smartphone every 12 months
- Launching new Mobile Accelerate Casual Plans, offering the freedom of no fixed contract, and generous call, text and data inclusions
- Introducing a market-leading Stay Connected service, providing customers with the option to get next day replacement of lost, stolen, damaged or faulty devices.



Peter Jamieson
Executive Director
Customer Advocacy



"When it comes to creating outstanding experiences for our customers every time, we know we have a long way to go. The feedback we receive from our customers tells us there are still many opportunities for us to improve, and this year we've worked hard to transform our processes, product offerings and service delivery to better meet customer needs. We've made significant progress and, pleasingly, we are starting to see some encouraging results. We know we have much more to do, but we are committed to making Telstra a company our customers recommend to others."



"Well, a good news Telstra story... they certainly are getting better. Employee accountability seems to have gone through the roof, I love it..."

At the end of the call they send you an email with the ref number for the call, the operator name and employee number, links to get back in touch with that operator for the next 45 days, all sorts of stuff. Great work #Telstra, good to see."

Comment from www.facebook.com/telstra

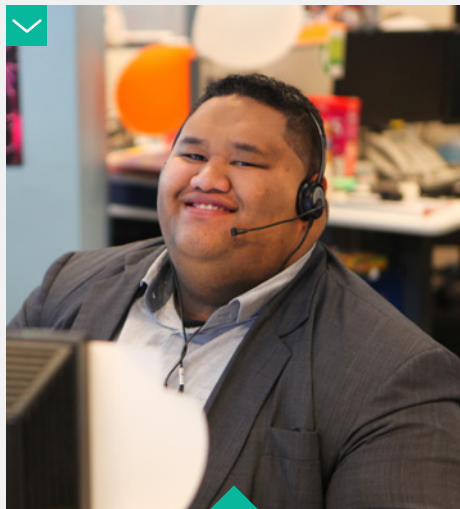
This program also protects against loss of data and offers technical support to keep customers connected

➤ Undertaking a ‘Thanks a Million’ program, through which we expressed appreciation to our customers by simply saying “thanks”. We personally called one million customers and wrote to a further 1.9 million to thank them for their business and listen to their feedback. Any issues raised were followed up within two working days.

Our THANKS™ loyalty program is also delivering benefits to our customers and helping build customer advocacy. Through this program our customers have access to discount and pre-release tickets for music, sports and movies, as well as money can’t buy experiences. This financial year, Telstra customers and employees have purchased more than two million tickets for movies, live music and sporting events through THANKS, and customer feedback on the program has been overwhelmingly positive.



Over the past 12 months we've worked hard to improve our customers' in-store experience.



Fili Fili
Melbourne Customer First Consultant



“Giving my name and contact details to our customers has made a world of difference. When I tell customers they can speak directly to me if they need to call back, they’re dubious at first, but when they receive an email explaining how to reach me, they’re generally delighted. This change gives us the biggest chance to reduce the frustration our customers experience when they call back and have to explain their situation to a different consultant. I’m really glad we’ve done it.”

Personal service in-store

Tens of thousands of people visit Telstra stores every day, providing tens of thousands of opportunities to create brilliant customer experiences. Over the past 12 months we’ve worked hard to improve our customers’ in-store experience by reducing in-store wait times, delivering a personalised experience and resolving our customers’ requests the first time.

To deliver these customer experience improvements, we’ve implemented a number of initiatives, including:

- Calling customers who sign up for post-paid mobile plans in-store within 48 hours, to ensure they’re happy with their mobile service
- Providing store team members with their own mobile phones and personalised business cards to give to customers, so they have a direct line back to the person who served them for any follow up questions or queries
- Increasing the number of store team members during peak periods to decrease customer wait times
- Updating our IT systems to enable our store team members to process transactions for more customers, more quickly.

According to customer feedback these initiatives, along with the individual efforts of our Telstra store team members, have helped to improve the end-to-end customer experience. Executive Director Telstra Country Wide, Andrew Coull, says we’ve achieved this result because the number one priority for all Telstra stores is to provide brilliant personal service and show our customers we care.

“For the past year we’ve been really pushing to improve the in-store experience, increase efficiency through innovation and make sure we’re getting things right first time so customers walk out delighted and don’t need to make follow up calls to our contact centres.

“With so many customers visiting our stores each and every day, it’s imperative that we make their experience a great one from the moment they walk through the door”, Andrew says.

To find your nearest Telstra store, visit: www.telstra.com/store-locator



Managing bill shock

We are committed to preventing bill shock and ensuring our customers don't encounter unexpected usage charges.

To achieve this, we reduced our excess data charges by 70 per cent this year.

We also send notifications to customers advising them of their voice and data usage. All mobile data users are advised when they are at 50 per cent, 85 per cent and 100 per cent of their included quota. Telstra now delivers almost four million messages per month advising customers of their voice and data usage and enables consumer post-paid customers to purchase or upgrade a data plan directly from their device or online.

Feedback from our mobile customers suggested they wanted the freedom to explore the features of their new smartphones without incurring charges for excess data usage. In response, we introduced a Peace of Mind commitment this year, providing a bonus 25GB of data in the first month of new 12 or 24 month Mobile Accelerate Plans.

We know it can be frustrating for our broadband customers when their monthly data allowance runs out early. To address this issue, we introduced an offer that enables broadband customers to top-up their data allowance mid-month for free, up to three times a year, enabling them to get back online quickly.

We also introduced further measures to simplify our billing processes, including personalised video bills, which helped to explain our charges to over 120,000 customers.

In response to customer concerns about international roaming costs, this year

we reduced our international roaming data rates by up to 80 per cent and substantially increased the value of our International Casual Traveller Data Packs. We have included five times more data in these packs, which can be used in 50 eligible countries. We also started sending customers SMS updates to inform them of relevant usage charges each time they land in a new country.

Reduced our pay-as-you-go international roaming data rate by up to **80%**



This year we also simplified the way we charge for voice calls when roaming overseas, to make it easier for customers to understand how much they're being charged. We did this by eliminating the 800 different voice prices our customers were previously subject to when roaming, and replacing them with just eight price points, including only one rate for making and receiving calls per country. We also removed all call connection fees for our roaming customers and made it free of charge to call Telstra for support while roaming.

For information to help plan overseas trips, visit www.telstra.com/overseas and www.telstra.com/business/overseas



"I have always received excellent service from the customer service officers at Telstra and this experience was no different. The staff are understanding and helpful and are generally able to resolve my query quickly and effectively."

Advocate



"Telstra service has improved enormously, now I feel confident that I will have efficiency, follow up and over all a pleasant experience which has been sadly lacking previously. I am now far more likely to stay with Telstra."

Passive



"I find your international call rates extremely confusing. I don't see why it needs to change every time I cross a border, particularly in Europe, where it's as easy as a train trip! If you're deliberately trying to confuse me, it's working!"

Detractor



Better service online

This year we expanded our digital activity with the launch of Digital First. Part of our broader customer advocacy agenda, Digital First will empower our customers by giving them greater access to our products and services, and the flexibility to decide how, when and from where they interact with us.

Through Digital First, our customers will have greater control of their accounts and services, technical appointments, support options and product features.

Several key components of the three-year Digital First program will commence in FY15.

These components of the program are aimed at removing steps and cutting wait time from customer processes, such as activating a new mobile phone. They will enable more interactions to take place via digital channels, such as real-time usage tracking and online appointments, making it easier for customers to deal with us through intuitive, real-time digital tools and channels.



Gerd Schenkel
Executive Director
Telstra Digital



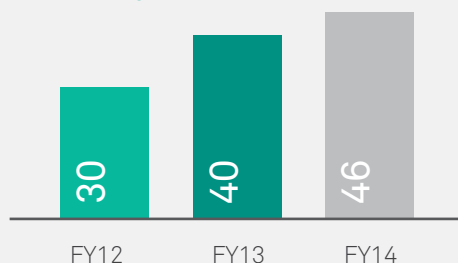
“The digital revolution has unleashed a historic wave of change that is reshaping customer expectations – and the business models that answer their needs. Telstra is responding by evolving into a highly digital organisation. Through a process of automation, virtualisation, integration and mobilisation we are transforming our business. We are now more collaborative, creative and flexible than ever before. Costs are lower and customer experience is improving at the same time.”

To support our digital agenda, this year we have:

- Expanded the live chat support we provide our customers online. Over 200,000 live chat sessions now take place each month via Telstra 24x7 Chat and we also have over 40 employees dedicated to providing 24x7 digital customer care on social media platforms and our own CrowdSupport™ customer community
- Enabled the purchase of additional data and international roaming packs via our website and the Telstra 24x7 App, empowering our customers to act if they're approaching their data limit or travelling overseas
- Encouraged our customers to switch to email billing, providing them with a user friendly electronic copy of their bill, which can be viewed on a range of devices. The total number of customers who choose to receive their Telstra bill via email now exceeds three million
- Had in excess of eight million visits to our customer community, CrowdSupport™, which now has an active member base of over 140,000. This digital community enables customers to connect, seek assistance and share their expertise.

Customer transactions conducted online

Percentage (%)



This year:

- The number of monthly digital customer contacts increased to over **20 MILLION**
- Our 24x7 App was downloaded **2.4 MILLION** times, and is now used regularly by 1.4 million people, a significant increase since FY13
- **46% OF ALL** service transactions were performed through digital channels, up from 40% last year
- Our customers continue to be happier with their online experience, with all key digital satisfaction measures improving considerably in 2014

TIO complaints

For the first time in four years first stage (Level 1) complaints to the Telecommunications Industry Ombudsman (TIO) increased.

In absolute terms the increase was 1.2 per cent from FY13. These numbers reflect the rise in mobile and fixed line customers who have joined Telstra over the past 12 months, as overall our complaints per 10,000 subscribers have shown a decrease in FY14.

We continue to closely monitor the root cause of customer referrals to the TIO. Common areas of complaint include delays with orders, fixed internet, network coverage concerns and connection or speed issues.

We will maintain our strong focus on customer service in FY15 in order to improve on this result.

We currently have over 3,500 4G base stations servicing more than 87% of the population in more than 300 towns and cities across Australia.



Our 4G network

4G technology enables Telstra to provide its customers with increased network capacity to cater for a growing demand for mobile data.

In FY14 we boosted our 4G coverage to 87 per cent of the Australian population – up from 66 per cent in FY13 – enabling us to reach more than 19.5 million people in an area four times greater than the 4G coverage of any other telco in Australia. We achieved this by deploying more than 1,500 additional 4G base stations, which extended our network to a further 200 regional towns across Australia. We also continued to expand our network within each of our capital cities and major regional centres.

This year we also extended our 4G capability to enable our customers to access high speed 4G mobile services while travelling overseas and to receive location-based Emergency Alert messages to their handsets in areas covered by our network.



Telstra extends network strength

We are always looking for new ways to keep our customers connected. This year, CEO David Thodey (pictured) announced that we're in the process of developing one of the world's largest Wi-Fi networks as part of a \$100 million strategy to increase internet connectivity.

The strategy aims to offer all Australians, irrespective of whether they are a Telstra customer or not, access to two million Wi-Fi hotspots across the country over five years, at locations like cafes, shops, sporting grounds and transport hubs.

Scheduled to launch in early 2015 the network will also reach overseas, allowing people to connect at more than 12 million international hotspots as part of an exclusive deal with global Wi-Fi provider Fon.

This year we also took our 4G coverage to the skies to test our ability to provide in-flight Wi-Fi access via a 4G connection back to the ground. The 'Skinet' trial consisted of a number of test flights between Melbourne and Sydney, during which we were able to successfully establish and maintain data connections, achieving a maximum data throughput of 15 Mbps, and an average throughput of 10 Mbps.

Group Managing Director Networks Mike Wright, says while Wi-Fi is provided on some commercial flights internationally,

it is achieved using either 3G or satellite technology and provides a varied customer experience.

"These test flights are encouraging and are a significant step in the development of a potential Skinet network that might one day deliver high speed broadband connectivity to a range of aircraft-based applications", said Mike.

Telstra also made history this year as the first mobile carrier in the world to trial Long Term Evolution (LTE) Broadcast live on a commercial network.

Traditionally, if 100 people in a mobile network cell area wanted access to the same content, be it a copy of the newspaper in the morning, or live feed of a sports contest, we would send out 100 different streams of data – which uses a lot of network capacity.

The trial, undertaken with our network partner, Ericsson, demonstrated that, using LTE Broadcast technology, it's possible to use one stream of data to deliver the same content to multiple users – keeping the rest of the network free for other customers.

With an ever growing demand for data around the world, LTE Broadcast is one of the many options we are pursuing to ensure our customers continue to enjoy superior download speeds on the Telstra mobile network.



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



Innovation

New ideas are key to achieving continued differentiation and securing new market opportunities. We are focused on nurturing these ideas because we know companies that don't innovate will be left behind.

Through our innovation strategy we are leveraging new and emerging technologies to better serve our customers and also drive productivity. Innovation comes in all shapes and sizes, so we have a range of internal and external innovation channels in place to help generate opportunities.

Internally, we have built a platform to crowd-source and develop innovation ideas put forward by our people. In less than a year, the Innovation Hub has attracted over 9,500 members and 800 ideas have been put forward by employees, with many already commercialised.

Through our innovation strategy we are leveraging new and emerging technologies to better serve our customers.



This year, we also launched muru-D in Sydney. muru-D is a specialised, purpose-built start-up academy which provides six months of tailored support to technology entrepreneurs, to assist them in realising their business ideas. Nine start-up companies were selected to participate in the first round, which has been underway since February.



More recently, we also extended our innovation agenda with the establishment of the multi-million dollar Telstra Research Partnership Program. Through this program we're partnering with some of Australia's leading research institutions, including National ICT Australia (NICTA) to explore and collaborate on projects designed to drive innovation in the information and communications technology sector.

Finally, we extended our investment in innovation through the Telstra Ventures group this year, consolidating our eHealth portfolio by partnering with health insurance provider HCF to provide healthcare in the home to its members, and acquiring healthcare software company DCA Health.

Environmental Customer Value Proposition

Telstra is helping our customers reduce their environmental impacts and improve their productivity through the use of new communications technologies.

Research detailed in our *Connecting with a Low-Carbon Future* report, released this year, found that the information and communications technology (ICT) sector is in an ideal position to help government, business and consumers minimise their energy consumption.

Working in partnership with some of our larger customers, we developed tailored environmental management plans to increase customers' options for reducing their carbon emissions through ICT.

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

PROTECTING PRIVACY



APPROACH

Millions of people trust us with their personal information and we continue to work diligently to honour this trust. Our priority is to ensure we keep personal information safe and secure at all times.

While we acknowledge our track record on privacy is not perfect, we continue to invest in controls to protect the privacy of our customers, and to be transparent in the way we manage this information.

We have extensive privacy controls in place throughout our business and supply chain. These include business-wide policies and procedures, a network of privacy officers and mandatory training for all employees. Additionally, we have recently developed a Privacy by Design Framework to support our operational activities and existing Privacy Framework.

Our priority is to ensure we keep personal information safe and secure at all times.

We continually identify and monitor risks, issues and incidents that have the ability to threaten the privacy of our customers' personal information. In assessing these threats, we seek to improve our processes and procedures, training programs, customer communications and system security controls. We maintain an ongoing dialogue with our industry and regulatory bodies, including the Australian Privacy Commissioner, to ensure we work together to create a stronger privacy culture across our sector.

PROGRESS

Incidents and complaints

In March 2014, the Privacy Commissioner and the Australian Communications and Media Authority found us in breach of the Privacy Act and the Telecommunications Consumer Protection Code for an incident that was identified in May 2013, where some of our customer details were available online.

As soon as possible after we learnt about the issue, we disabled access to the data and apologised to the people affected. We have since made significant investments into more stringent controls around our systems and engaged an independent third-party auditor to certify we have implemented the steps we committed to with the Privacy Commissioner.

We remain vigilant and seek to use any complaint as an opportunity to review our policies, processes and privacy controls to safeguard against any future privacy breaches.

Privacy framework

The Government introduced a new set of Privacy Principles to regulate the handling of personal information by Australian Government agencies and most Australian businesses, which commenced in March 2014.

In response to the introduction of these Principles and to meet customer expectations on privacy, we launched our revised Privacy Statement on telstra.com in March this year. We consulted with various stakeholders, including community groups to ensure the statement was accessible and easy to understand.

As a result, we also added to the site a privacy video and further information regarding key privacy issues, such as online safety and data security.

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

This year we also finalised a review of our Privacy Policy as part of the globalisation of Telstra policies.

Transparency report

Telstra's Transparency Report, the first of its kind in Australia, gives our customers more information about our legal obligations as a telecommunications carrier in regards to assisting national security and law enforcement agencies.

The report explains the circumstances under which agencies may issue requests to us – such as for the purposes of enforcing criminal law or safeguarding national security. It also explains that we provide assistance to emergency services agencies in response to life threatening situations and Triple Zero emergency calls. The report also aims to inform our customers of the requests we have received for access to information from government agencies both in Australia and overseas.

For more information, visit www.telstra.com/transparency



CYBER SAFETY

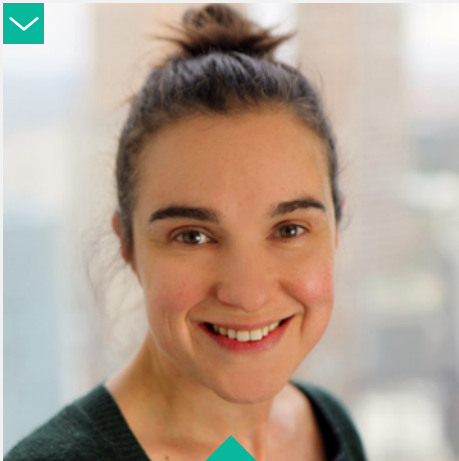


We are equipping our customers with the confidence, knowledge and skills to have a positive experience in the digital world.

APPROACH

Our Cyber Safety Council is an internal forum that coordinates Telstra’s approach to cyber safety. We work with industry, government, law enforcement and community organisations to help our customers stay safe in the online world.

We support a range of government initiatives to raise community cyber safety awareness, such as Safer Internet Day, and we provide education and guidance through a range of consumer programs.



Shelly Gorr
Cyber Safety Manager



“Every day we are confronted with stories of all the bad things that happen online – cyberbullying, scams, hacked accounts and more. Thankfully, these stories are the exception and not the rule. Online safety isn’t just about protecting us from individual online danger and personal risk. It’s also about creating sense of belonging and standards of behaviour for a digital community that we want to be a part of. At Telstra we want to empower people to have positive experiences online.”

PROGRESS

We are a member of the Australian Government’s Online Safety Consultative Working Group and a partner in the Australasian Consumer Fraud Taskforce. We continued to co-chair the Technology and Wellbeing Roundtable and maintained our membership of the Family Online Safety Institute this year.

We developed cyber safety kits for our customers, providing practical information on safeguarding devices; protecting personal information; social networking; banking; shopping and payments; and protecting against scams and phishing. Including our existing kits for children, teenagers and parents, during the year we distributed around 65,000 cyber safety kits to employees, customers and community organisations across Australia.

We also worked with the Queensland Department of Education, Training and Employment to develop ‘Meet the

Creeps’, a cyber safety quiz website aimed at assisting parents of children aged between 11 to 13 to create conversations with their children about cyber safety and their digital lives. See <http://creepquiz.eq.edu.au>.

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

65,000 
cyber safety kits distributed



PERFORMANCE AND NEXT STEPS

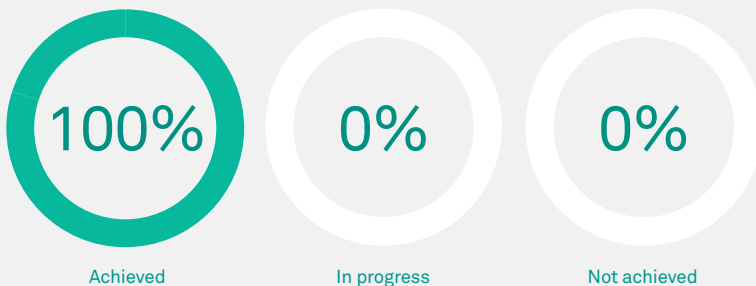


Performance

Progress on FY14 commitments	Result	More info
Use Voice of the Customer feedback from the Net Promoter System to focus on key advocacy initiatives	●	Page 6
Enhance digital access for our customers so they can deal with us when and how it suits them, and resolve issues promptly	●	Page 9
Extend our THANKS™ program to more Telstra customers	●	Page 7
Increase customer transactions conducted online to 46 per cent	●	Page 9
Align our privacy framework with the Privacy Amendment Bill 2012	●	Page 12

● Achieved ◐ In progress ✕ Not achieved

Performance overview



Next steps FY15

Use

customer feedback and service records to identify and remedy negative customer experiences

Optimise

our network investments to ensure our customers receive a quality network experience where they need it most

Prevent

bill shock by making it simpler for our mobile customers to monitor and control their data usage

Ensure

all of our new products and services are digitally enabled, so customers who choose to engage with us via digital channels can do so end-to-end

Update

our website to provide a fully responsive digital experience from desktop, laptop, tablet and mobile devices

Deliver

the first phase of our Digital First program



IT'S HOW
WE CONNECT

COMMUNITY IMPACT

KEEPING OUR
COMMUNITIES CONNECTED

Bigger Picture 2014
Sustainability Report

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Feedback

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

Stay in touch

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Our monthly sustainability newsletter: www.telstra.com/sustainability/subscribe

HIGHLIGHTS

We use our technology, expertise and scale to make a positive contribution to the community.



\$1.2 MILLION

Value of community volunteering

.....



65,000



cyber safety kits distributed

.....



\$217 MILLION

Total value of social and community contributions

.....



1/3



of all Australian public libraries have started their eSmart journey

.....



\$5 MILLION

Indigenous Digital Excellence partnership

.....



143,000

people received digital literacy training

.....



TELSTRA FOUNDATION PHILIPPINES



established

.....



CONTEXT



Key issues



Digital access and inclusion	06
Digital literacy	09
Cyber safety	10
Disaster relief and recovery	12
Volunteering and giving	13
Impact of community investment	16



Communications technologies are increasingly fundamental for full participation in economic and community life. At the same time, not everyone has the access or the skills to enjoy these benefits – there remains a digital divide.

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

With almost 32,000 employees who are keen to contribute to the communities in which they live and work, we have the opportunity to make a real difference.



EVERYONE CONNECTED



APPROACH

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

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

Our Everyone Connected strategy has four key objectives:

- 01 **Access** – keeping people connected, especially when they're doing it tough
- 02 **Digital literacy** – helping people gain the confidence and skills to enjoy the digital world
- 03 **Cyber safety** – helping people stay safe and be responsible online
- 04 **Digital innovation** – connecting technology with great ideas for social good.



Through our Everyone Connected programs, we provide support for vulnerable customers, including people with disability, seniors, Indigenous Australians as well as children and young people. We work in partnership with

non-profit and government organisations, many of whom we also consult on the suitability of our products and services. We invest beyond our regulatory obligations in providing products and services to low income customers, and regularly review our programs to identify groups most in need, changing technologies and consumer preferences.

PROGRESS

Low income and financial hardship customers

Through our largest digital inclusion program, **Access for Everyone**, we assist people on a low income or facing financial hardship to stay connected.

Since its inception in 2002, we've provided benefits to the value of more than \$2 billion. We work with over 2,000 community organisations across Australia that assist people in crisis to deliver these programs.

In FY14, the benefit provided by all our low income programs was \$145 million. This included home phone line rental relief for around 76,000 households, rebates on Telstra bills for around 2,100 customers seeking emergency relief every month, and distribution of around 113,000 calling cards. This year, around 980,000 pensioners received a discount on fixed-line home phone services to the value of \$117.9 million.

This year we upgraded our MessageBox calling card program, which supports at risk Australians who don't have access to a working phone. In addition to providing access to a personal voice mailbox, the card can now also be used to make phone calls.



Telstra Phonecards support asylum seekers

When Zahra*, a 26 year old Iranian journalist, had to flee her home country for Australia, a Telstra Phonecard helped her connect with her new community.

Zahra is a client at the Asylum Seeker Resource Centre (ASRC), Australia's leading asylum seeker organisation. Suffering from Post Traumatic Stress Disorder as a result of experiencing torture in Iran, she attends counselling appointments at the ASRC and receives support including food, public transport fares and a Telstra Phonecard.

ASRC Material Aid Coordinator Barney Frankland says: "Most of our clients have experienced traumatic events in their countries of origin. To make matters worse, they come to Australia with no established relationships in the community. Telstra's Access for Everyone program improves the lives of people like Zahra. It provides a link to vital health and support services and connects people with their new friends and communities in Australia."

The ASRC is one of more than 2,000 community organisations we partner with to deliver Access for Everyone.

*not her real name

This year we revised our Bill Assistance program to increase the minimum benefit it provides from \$25 to \$50, reflecting the increased range of communications products and services our customers are using. We also communicated more widely our silent line fee exemption for people facing a personal safety threat.

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

To find out more about our low income and financial hardship programs, visit www.telstra.com/hardship

Customers with disability

We launched our 6th Disability Action Plan (2013-2016) in December 2013, following extensive consultation with peak disability groups and Telstra people.

The Plan extends Telstra's commitment to improving the accessibility and affordability of Telstra's products and services for customers with disability.

This year, our Disability Enquiry Hotline took more than 28,000 calls and processed over 5,500 successful applications for almost 6,500 products as part of our Disability Equipment Program. Almost 149,000 calls were made to our Directory Assistance Helpline by customers who are not able to use our printed or online telephone directories.

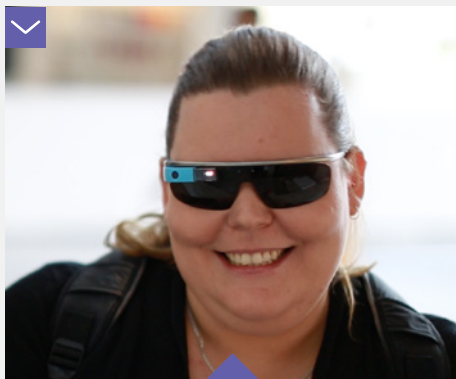
Our 12 month digital literacy partnership with Victorian deafblind service provider Able Australia Services concluded in December 2013. The project helped to address the specific and often complex communication needs of the deafblind community in Australia and provided better access to technology. Through the project, Able Australia delivered individualised

training to people who are deafblind; trained 12 support workers; published digital literacy resource materials; established an online helpdesk; and created a loan program for smartphones, tablets and braille devices that enabled participants to 'try before they buy'.

In FY14, the Telecommunications Industry Ombudsman (TIO) received 113 customer complaints that included reference to disability access or equipment. The majority of complaints related to connection, fault resolution or eligibility for priority assistance; nine were about equipment; three about point of sale issues and five about the accessibility of information.

We routinely analyse TIO complaint data in order to eliminate the root causes of complaints. This year, there were five new complaints to the Australian Human Rights Commission and Western Australian Equal Employment Opportunity Commission alleging disability discrimination. All complaints were resolved during the year.

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



Kelly Schulz
General Manager
Complaint Insights

"I recently got to trial a world first prototype app for Google Glass, built by app developer b2cloud for Telstra to see how technology can improve the lives of people with disability. I've been legally blind all my life, and the app was an encouraging first step into wearable tech, providing freedom and independence. It helped me identify everyday objects like the regular versus skim milk by taking a picture and giving me an audio description. To be able to identify objects hands-free, to be connected to the world and have it all private in my ear – fantastic."



How do you connect if you can't talk?

How would you answer the phone, have a conversation with your friend, or order a sandwich at the café if you couldn't talk? This is the reality faced by people with complex communication needs every day.

According to census data 280,000 people have Complex Communication Needs (CCN) in Australia. People with CCN find it difficult to speak or may not be able to speak at all.

Tablet and mobile technologies are now offering new hope for people living with CCN. The Telstra Foundation has partnered with the Independent Living Centre NSW to explore how these technologies can improve connectedness and wellbeing.

The project, called Everyone Connects – Connecting People with Complex Communication Needs, was delivered across metropolitan, regional and rural New South Wales in early 2014. It involved not only hands-on workshops for people with CCN but also the development of online resources to increase awareness of assistive technologies, including mainstream mobile and tablet technologies, accessories and accessibility options.

Young people (aged 12 to 25) and adults who attended the workshops were able to trial a range of technologies including tablets, smart phones, software and apps – many for the first time. Resources developed through the project will be made publicly available via the Independent Living Centre NSW website www.ilcnsw.asn.au.



Our mobile network has more than 8,000 sites, covering 99.3 per cent of the Australian population.

Rural and regional communities

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

Faster, more reliable connections provide better access to education, health and business services, and can contribute to economic growth. Our commitments are set out in our Regional and Rural Presence Plan.

In FY14, we deployed new mobile base stations to expand and improve the depth of coverage of our mobile network. This network now has more than 8,000 sites, covering 99.3 per cent of the Australian population across a land area of more than 2.3 million square kilometres.

As part of the Regional Mobile Communications Project, we have now completed most of the 113 new mobile base stations to improve mobile phone coverage by 22 per cent across regional and remote Western Australia by 2015. The project will connect communities, provide better mobile and broadband coverage to locals and tourists, and better support the emergency services.

We have expanded our 4G network to cover 87% of the Australian population, up from 66% in June 2013, including coverage in more than 300 regional cities and towns.



In 2015, we will introduce further 4G coverage using the 700MHz spectrum we secured at the Australian Government's spectrum auction in 2013. This new low-band 4G spectrum works well in covering large distances in rural areas, as well as providing better in-building coverage compared to existing 4G using higher-band 1800MHz spectrum. It will also provide increased network capacity and the potential for faster data speeds when combined with our existing 4G coverage.

To find out more about our Regional and Rural Presence Plan, visit www.telstra.com/regionalruralpresenceplan

Indigenous Australians

Our 2011-2014 Reconciliation Action Plan (RAP) outlines our commitment to connect Indigenous customers and communities, in particular in remote Australia, to affordable, innovative and accessible products and services.

Customers connected

This year we completed a \$5.76 million joint investment project with the Northern Territory (NT) Government, to deliver mobile coverage to eight remote communities and fixed broadband services to six remote communities in the NT. The project connected more than 8,000 people.

We also continued to promote the use of our dedicated hotline for Indigenous customers. Through the hotline we provide advice on appropriate, targeted and affordable Telstra products and services. This year, the hotline answered an average of 225 calls each month.



Our Everyone Connected digital literacy programs reached more than 143,000 people.



Communities connected

This year we announced a new \$5 million, multi-year partnership with the National Centre of Indigenous Excellence (NCIE) to create the Indigenous Digital Excellence (IDX) Initiative, which will develop platforms, apps, programs and events to improve community wellbeing.

The partnership will support Aboriginal and Torres Strait Islander peoples to take their next digital step – whether it’s enjoying the strength of online connections through purpose-built online networks and apps, learning digital literacy skills, running an online business or building leadership skills.

The partnership builds on a wide-ranging consultation process conducted in 2013 by the Telstra Foundation and NCIE that engaged Indigenous thinkers and leaders across Australia. This included research to explore opportunities for Indigenous digital inclusion, consultations with Indigenous business and community leaders, a seven week online conversation that engaged around 1,000 contributors, and the Indigenous Digital Excellence Summit, a two day event for emerging Indigenous leaders.

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

Supporting digital literacy

Being confident and literate with technology is an essential skill in the digital age. This year, our Everyone Connected digital literacy programs reached more than 143,000 people.

This includes face-to-face training through libraries, community colleges and Telstra



stores for more than 21,200 people. Our online training programs had more than 42,000 unique users. We also made available educational DVDs as loan items to around 1,000 libraries across Australia. These provide a useful training resource for people who don’t have a computer, or have little knowledge of technology. On average, more than 16,000 DVDs were loaned nationally each month, for a total of 80,000 loans since their launch in January.

Our most significant digital literacy program this year, the Tech Savvy Seniors partnership with the New South Wales (NSW) Government, delivered training to almost 17,000 seniors through 92 community colleges and local libraries, particularly in regional and remote areas of NSW. To extend the program’s reach to as many seniors as possible, self-help

DVDs were distributed to libraries and key community agencies. They cover subjects such as getting started with smartphones and tablets, social networking, and online banking and shopping.

“ ” The class was great for people with low computer skills and I now feel much more confident when emailing my family and friends. It gives me a lot of pleasure.

Marlene Gras, NSW Tech Savvy Seniors training participant

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



More than a third of public libraries across Australia have started the eSmart journey.

Cyber safety

At Telstra, we recognise that safe behaviour isn't simply about technology, but rather the combination of skills, knowledge and values that are needed for people to be effective, responsible and safe users of digital technology. We want to ensure that everyone has the confidence, knowledge and skills to have a positive experience in the digital world.

This year, we developed cyber safety kits that provide practical information on safeguarding devices; protecting personal information; social networking; banking, shopping and payments; and protecting against scams and phishing. Including our existing kits for children, teenagers and parents, during the year we distributed around 65,000 cyber safety kits to employees, customers and community organisations across Australia.

We also worked with the Queensland Department of Education, Training and Employment to develop 'Meet the Creeps', a multiple-choice cyber safety quiz website providing parents with an interactive platform to use with their 11–13 year-old children to talk about their digital lives. See www.creepquiz.eq.edu.au.

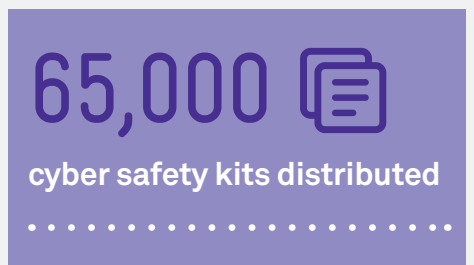
In August 2012, we launched eSmart Libraries, a multi-year, \$8 million partnership between the Telstra Foundation and The Alannah and Madeline Foundation. This world-leading cyber safety program is designed to better equip Australia's 1,500 public libraries to support library users with the skills they need for smart, safe and responsible use of technology. To date, more than a third of public libraries across Australia (around 500 libraries) have started the eSmart journey, exceeding our FY14 target of 260.



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

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

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





We invested \$194 million in our Everyone Connected digital inclusion programs.



Digital innovation

The Telstra Foundation’s social innovation grants program works in partnership with community organisations.

We invest in 'tech for good' collaborations across Australia and look to the power of smart devices, social media, platforms and apps to champion social change and community connection. In FY14, the Telstra Foundation approved four social innovation grants to the value of \$1.1 million.

Everyone Connected – our investment

	Amount invested \$m	Percentage of total
Access	190.6	98.1
Digital literacy and cyber safety	3.2	1.7
Digital innovation	0.4	0.2
Total	194.2	100



Changing the face of charity

The percentage of young people that donate to non-profits has declined steadily in the past 30 years. While Gen Y are socially conscious and want to contribute, they are not engaging in traditional fundraising campaigns. That’s where Chuffed comes in.

Chuffed (www.chuffed.org) is Australia’s first non-profit crowdfunding platform and aims to connect socially conscious Gen Y donors with non-profit fundraising campaigns. What distinguishes this platform from many others is that all the money raised goes to the cause.

Since the launch of the Chuffed platform in October 2013, it has raised more than

\$700,000 in donations for around 180 organisations. During this period, 200 non-profits and social enterprises have also been trained in online crowdfunding through workshops in Sydney, Melbourne, Brisbane and Perth.

Chuffed has supported some amazing campaigns, including the biggest Australian non-profit campaign to run on any major crowdfunding platform. Edgar’s Mission, a small sanctuary for rescued farm animals near Melbourne, recently raised more than \$162,000 from 1,785 donors in 14 countries.

The Telstra Foundation has supported Chuffed with seed funding of \$460,000 over two years.

DISASTER RELIEF AND RECOVERY



We assisted our customers wishing to check on family and friends affected by Typhoon Haiyan in the Philippines.

APPROACH

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

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

We provided assistance packages to thousands of customers affected by four natural disasters.



Where necessary, we provide temporary mobile base stations to boost coverage for the emergency services. Known as Satellite Cells on Wheels, or SatCOWs, the units can be assembled in less than two hours and use satellite transmission to provide mobile coverage in even the most remote areas. Alternatively, we use trailer-mounted repeaters which pick up the signal from the nearest Telstra mobile tower and repeat it within a specific location to improve its reception. Repeaters are easily transportable and have been fitted with solar panels so that they can be used in locations where mains power isn't available.

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

PROGRESS

Domestic disaster relief

This year, we further improved the Emergency Alert System, the first of its kind in the world, to enable disaster warning messages to be sent to Telstra 4G handsets in areas covered by our 4G network.

Since its introduction, location-based emergency alerts have been used almost 320 times, and the system has successfully issued more than 1.3 million messages.

We also provided assistance packages worth \$83,000 to thousands of customers affected by the following natural disasters:

- Bushfires in New South Wales (October 2013)
- Bushfires in the Parkerville, Stoneville, Mundaring and Mt Helena areas in Western Australia (January 2014)
- Bushfires in central Victoria and Gippsland (February 2014)
- Tropical cyclone Ita in Far North Queensland (April 2014).

We made payphones free to use in disaster affected areas and provided a range of other community support measures including pre-paid handsets, recharge vouchers and access to broadband in evacuation centres.



Tom Beach
Country Manager
Philippines



"I was incredibly touched by the generosity shown by the Telstra family following the devastating Typhoon Haiyan. Having lived in the Philippines for more than five years, it's fantastic to see how our values transcend geographies. Our local staff also got personally involved, volunteering in relief centres and organising in-kind donations. And of course employees in Australia and across the globe donated more than \$100,000 to the Australian and Philippines Red Cross, showing how much they care."

International disaster relief

This year we assisted our customers wishing to check on family and friends affected by Typhoon Haiyan in the Philippines.

For two weeks, we provided free voice calls and SMS for Telstra fixed line and post-paid mobile customers, and reimbursed pre-paid customers for all voice calls and SMS to the Philippines. Telstra was the first telco worldwide to respond with an offer of this kind, and almost 17,000 customers benefited from the service.

VOLUNTEERING AND GIVING



APPROACH

Our employees want the opportunity to contribute to the communities in which they live and work.

We facilitate this through paid volunteer leave for all Telstra employees as well as through maintaining a number of partnerships that provide individual and team, skilled and unskilled volunteering opportunities. We also provide emergency response leave and paid blood donor leave to employees donating with the Australian Red Cross Blood Service.

With the support of the Telstra Foundation, we provide dollar-for-dollar matched payroll giving (up to \$1,000 per employee per year and \$750,000 overall), enabling employees to give to any registered charity in Australia. This provides an incentive for our people to donate and the freedom to choose causes that they are passionate about.

We also organise whole-of-company campaigns to raise awareness and funds for key community causes by encouraging our employees to get involved, selling merchandise in our retail stores and using our digital assets such as our website and electronic billboards for promotions. In addition, through Telstra Kids Fund, we provide \$1,200 grants to enable our employees to support local community organisations where their kids are involved.

PROGRESS

Employee volunteering

Our employees contributed 5,122 volunteer days, up 21 per cent from 4,248 days in FY13, but short of our target of 6,000 days.

This includes around 200 days of Telstra-coordinated out-of-hours volunteering and represents a value of \$1.2 million.



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

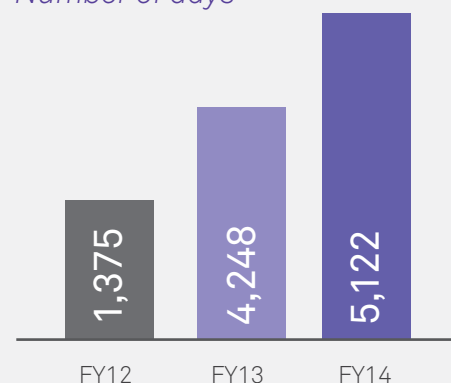
Our Telstra International Group (TIG) employees contributed an additional 360 volunteering days through 36 events in Hong Kong, the UK, the US and our other Asian markets – an increase of 80 per cent over FY13. For the second year in a row, volunteering in Hong Kong was recognised when TIG was awarded the accolade of ‘Caring Company of the Year 2013/14’ by The Hong Kong Council of Social Service.

Our reward and recognition program, Pay it Forward, continued this year with two groups taking part in unique volunteering experiences in remote Western Australia

and the Philippines. Pay it Forward recognises our peoples’ appetite for getting involved in the community, and is designed to reward excellent customer advocacy results.

Employee volunteering on Telstra time

Number of days





5.3 per cent of our employees made donations through payroll giving, compared with 3.6 per cent in the previous year.

Community campaigns and giving

During FY14, 5.3 per cent of our employees made donations through Telstra's payroll giving program, compared with 3.6 per cent in the previous year.

Including Telstra's matched contribution, we contributed more than \$1.4 million to over 300 charities. Telstra International Group employees donated an additional \$45,000 to 35 charities.

The Telstra Group also matched employee payroll giving donations following the NSW bushfires in October 2013 and Typhoon Haiyan in the Philippines in November 2013. Our employees donated around \$121,000 to the Salvation Army Bushfire Appeal, the Australian Red Cross Typhoon Haiyan Disaster Appeal and the Philippines Red Cross. In total, with Telstra's matching and an additional corporate donation of \$50,000, \$292,000 was donated.

We supported a number of campaigns this year including MobileMuster, the Cancer Council's Pink Ribbon Day campaign, Legacy Week and the RSL's ANZAC Appeal.



21,000 meals and counting...

Every week for the past 12 months, a team of eight Telstra people have made their way to St Kilda to volunteer with Sacred Heart Mission, preparing and serving lunch for hundreds of people in need. Over the course of the year, our 400 volunteers have chopped enough vegetables and peeled enough spuds for more than 21,000 meals.

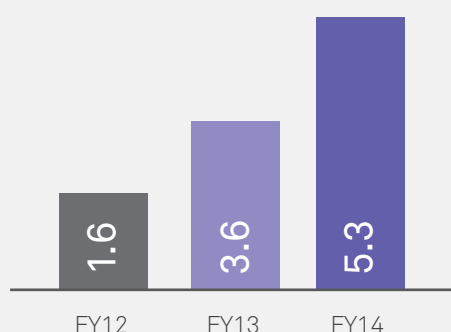
Sacred Heart Mission is a community centre that assists people who are doing it tough with shelter, food, care and support. It was established in 1982, after parish priest Father Ernie Smith opened his door and shared a meal with a man who was homeless.

Fiona Healy, Manager Fundraising and Business Services, Sacred Heart Mission said, "volunteers who care enough about homelessness to do something about it are crucial to ensuring we can keep our doors open and provide services to those who need them. This is the kind of help that keeps our meals program ticking over, and enables us to get on with the work of supporting people who really need our help."

At Telstra, we actively encourage all of our employees to take advantage of paid volunteer leave and give their one day – whether on their own or with a team, in a skilled or unskilled capacity – to help others.

Employee payroll giving

Participation rate (%)



This year, our top 10 payroll giving recipients were:

- World Vision Australia
- The Smith Family
- Cancer Council Australia
- Beyond Blue
- Salvation Army
- Mission Australia
- Australian Red Cross
- Oxfam Australia
- RSPCA Australia
- Médecins Sans Frontières Australia



We established Telstra Foundation Philippines to deliver on Telstra's local community relations responsibilities.

Telstra Kids Fund

In FY14, the Telstra Foundation distributed 626 Telstra Kids Fund grants to the value of \$751,000.

These grants supported a broad range of initiatives and projects across education, sports and recreation, arts and culture, environment, health, disability and cultural diversity organisations that involve the participation of a child or young person directly related to permanent Telstra employees.



Kylie Paton
Senior Process Specialist



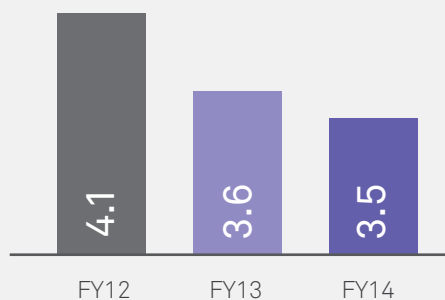
"I applied successfully for a \$1,200 Telstra Kids Fund grant for my kids' primary school in Toolamba, a little country town near Shepparton in Victoria. The school used the grant to fill in some gaps in the school's bank of take-home books. The Fund is such an amazing way for Telstra staff to do something really positive in their local communities. For me, the small amount of time it took to complete the grant application was so worth the smiles on my kids' faces when they saw all the new books that the grant had provided for their school!"



Telstra Foundation Philippines

This year our Executive Committee approved a new framework to guide our community investment approach in our international operations. Consistent with this, we established Telstra Foundation Philippines to deliver on Telstra's local community relations responsibilities. This is an important signal of our commitment to expand and maintain our market presence long-term.

Social and community investment relative to domestic pre-tax profit
Percentage of domestic EBIT (pre-tax profit)



Social value through economic footprint

Telstra creates significant social value through employment, investment and our supply chain. During FY14, the Telstra Group's¹ business activities:

- Supported more than 34,000 jobs
- Paid \$4.0 billion in salaries and wages
- Paid \$3.6 billion in dividends to more than 1.4 million shareholders
- Paid \$2.0 billion in Australian federal and state government taxes
- Purchased \$6.5 billion in goods and services from around 4,800 suppliers
- Contributed an estimated \$14.0 billion to Australia's gross domestic product.

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

SUMMARY OF SOCIAL AND COMMUNITY INVESTMENT



Social and community investment by focus

Millions of dollars

Program	Description	Amount invested	Percentage of total
Everyone Connected	Customer and community digital inclusion programs	194.2	89.7
	Access	190.6	
	Digital literacy and cyber safety	3.2	
	Digital innovation	0.4	
Employee volunteering and giving	Value of employee volunteering, matched payroll giving (regular and disaster relief), fundraising and Telstra Kids Fund	4.3	2.0
Sponsorship	Ad hoc local community and high profile national sponsorships. Focus on art, health, sport, children and youth, general community assistance, economic development and diversity	16.7	7.7
Disaster relief	Covers customer and community measures, including disaster relief credits and free payphones in disaster affected areas	1.3	0.6
Total		216.5	100

Note: Management costs associated with each program are included in the amount invested.

Social and community investment by form of contribution

Millions of dollars

	FY14	FY13	FY12
Revenue foregone Social contribution in the form of missed earnings to assist the community, non-profit organisations or customers in time of need	181.3	197.0	215.7
Cash	16.0	17.1	19.2
In-kind Contributions of products or services, valued at retail cost to Telstra, to assist non-profit organisations	5.9	5.4	1.1
Time Contributions of employee time, during work hours, to assist non-profit organisations	1.2	0.7	0.6
Management costs Costs borne by Telstra to deliver the suite of initiatives within our social and community investment program	8.8	9.0	2.6
Leverage Contributions by employees to a partner organisation or project as a result of the active support of Telstra (e.g. payroll giving)	3.3	1.8	0.7
Total	216.5	231.0	239.8

PERFORMANCE AND NEXT STEPS

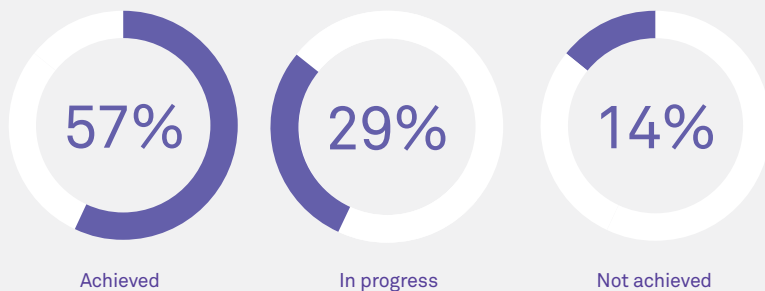


Performance

Progress on FY14 commitments	Result	More info
Develop and implement our 6 th Disability Action Plan (2013/2016)	●	Page 7
Establish two new digital literacy and cyber safety programs	●	Pages 9–10
Develop a new product offering for disadvantaged Australians	◐	Page 6
Develop and implement our 3 rd Reconciliation Action Plan	◐	Page 8
Recruit 260 additional libraries to the eSmart Libraries system, in partnership with The Alannah and Madeline Foundation	●	Page 10
Develop a national strategy for Indigenous Digital Excellence in partnership with the National Centre of Indigenous Excellence (NCIE)	●	Page 9
Increase our volunteer participation rate by 30 per cent, with a focus on increasing skilled volunteering opportunities nationally	✗	Page 13

● Achieved ◐ In progress ✗ Not achieved

Performance overview



Next steps FY15

Establish

new partnerships to extend the reach of our Everyone Connected digital literacy programs

Develop

a new product offering for vulnerable and disadvantaged Australians

Launch

the first eSmart library and recruit an additional 260 libraries to the initiative, in partnership with The Alannah and Madeline Foundation

Release

national strategy for Indigenous Digital Excellence, in partnership with the NCIE

Source

three to five new Telstra Foundation investments

Deliver

10,000 volunteer days to the community



IT'S HOW
WE CONNECT

ENVIRONMENTAL STEWARDSHIP

BETTER ENVIRONMENTAL
OUTCOMES

Bigger Picture 2014
Sustainability Report

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ABOUT US



Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ close to 32,000 people directly, facilitate access to more than 1,900 points of presence across the globe and have one of Australia's largest shareholder bases, with 1.4 million shareholders.

We have a diverse range of customers, including consumers, small business, large enterprises and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 362 Telstra-branded retail stores, 90 Telstra Business Centres, 127 Telstra business and enterprise partners and are distributed by over 15,000 retail points of presence managed by our partners.

In Australia we provide 16 million mobile services, 7.5 million fixed voice services and 3.7 million fixed data services. Telstra's international businesses include Telstra's global networks and managed services business and Telstra's China-based search and advertising business, Autohome Inc.

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

For more information on our business activities and financial performance, please see the 'Strategy and performance' chapter of our 2014 Annual Report.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2014 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2014 Annual Report. Through our reporting, we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders.

We develop our sustainability reporting with reference to industry and sustainability standards including the United Nations Global Compact Communication on Progress, the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines and Telecommunications Sector Supplement (pilot) and AccountAbility's AA1000 Principles Standard 2008. This financial year we apply the GRI framework to application level B+.

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

Scope

Our environmental sustainability reporting covers Australian operations for the financial year 1 July 2013 to 30 June 2014 (FY14) for Telstra Corporation Limited. This includes relevant Australian subsidiaries, joint ventures and partnerships as set out in the *National Greenhouse and Energy Reporting Act 2011*. Sensis Group has been included from 1 July 2013 to 28 February 2014. A full list of controlled entities can be found in Note 25 of the Financial Statements in our 2014 Annual Report.

United Nations Global Compact

You'll find the icon below throughout this chapter of the Bigger Picture 2014 Sustainability Report. It indicates where we're providing information on our progress in implementing the 10 principles of the United Nations Global Compact.



Feedback

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

Stay in touch

twitter.com/telstra

facebook.com/telstra

Our monthly sustainability newsletter: www.telstra.com/sustainability/subscribe

HIGHLIGHTS

We are committed to minimising our environmental impacts and to working with our customers to achieve better environmental outcomes.



Carbon emissions intensity



New Environment Strategy launched



Mobile phones and accessories recycled through MobileMuster



Recycled almost

2,000

tonnes of e-waste

Office, billing and printing paper usage



Published

CONNECTING WITH A LOW-CARBON FUTURE

thought leadership report



Estimated

36,800

tonnes of CO₂e emissions savings through project initiatives

CONTEXT



Key issues



Environment Strategy	06
Carbon emissions	08
Energy efficiency	09
Resource use, waste and e-waste	12–13
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At Telstra, our long term vision is to become an Australian environmental leader.

The extent of our network coverage and depth of our technical expertise provide an opportunity for Telstra to support government, businesses and consumers to reduce their energy consumption, leading to considerable cost savings and reduced greenhouse gas emissions.

Our approach to environmental management continues to evolve and mature. This year, we have developed a more strategic environmental approach, which positions us to better respond to customer needs, legislative requirements, market changes and stakeholder expectations.



ENVIRONMENT STRATEGY



Telstra's new Environment Strategy signals an important step change in our approach to environmental management.

APPROACH

In December 2013, Telstra's Environment Strategy was endorsed by the CEO Leadership Team. Our three-year strategy builds on and extends our existing programs to manage and minimise the environmental impacts across our value chain.

It is focused on addressing the environmental issues that matter most to our stakeholders, and is aligned to Telstra's purpose and values.

The Environment Strategy focuses on:

-  **Operational Excellence** – actively identifying and minimising material environmental impacts and operating costs
-  **Sustainable Supply Chain** – working with and influencing suppliers to manage and reduce the environmental and social impacts of their operations and of the products and services they provide to Telstra
-  **Environmental Customer Value Proposition (ECVP)** – embedding environmental considerations into the development of products and services



By adopting a more strategic approach we are better able to address the environmental issues that are most material to our business and to our stakeholders. These are:

- greenhouse gas emissions and energy (in data centres and networks)
- green information and communications technology (ICT) services
- electronic waste (e-waste)
- eco-designed ICT products
- sustainable sourcing
- paper consumption (print directories)
- environmental regulatory compliance

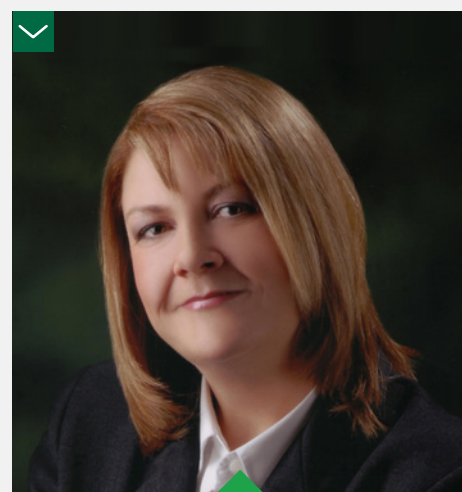
This year we commenced implementation of three-year action plans, with clear accountabilities and key performance indicators, in each of our focus areas. We worked with Telstra's business units to identify opportunities to embed environmental considerations into existing processes wherever possible, to assist in making them standard practice.

Operational excellence

Our focus on operational excellence is primarily aimed at addressing the material environmental risks and opportunities of Telstra's operations.

A number of long-standing initiatives are in place to reduce Telstra's energy usage and associated greenhouse gas emissions. To consolidate these efforts, further opportunities have been identified in four key areas:

- **Energy efficiency:** Improve the energy efficiency of our network buildings, data centres, office buildings, network architecture, and ICT equipment



Pauline Gregg
GM Environmental Sustainability



"We have a responsibility to show we care about our own environmental performance and the environmental issues that matter most to our customers, suppliers and the wider community. Our customers are increasingly expecting us to work with them to reduce their environmental impacts. Some of our larger customers have already asked us to provide products and services that help them reduce their carbon emissions. Our Environment Strategy is an important part of responding to that challenge."

- **Renewable energy:** Investigate opportunities for using renewable energy to further reduce emissions
- **Environmental risks and compliance:** Contribute to the development of environment specific management and performance standards, guidance and tools
- **Electronic waste (e-waste):** Minimise e-waste and ensure we maximise opportunities to reuse and recycle, while ensuring responsible disposal practices.

Sustainable supply chain

We are committed to working with and influencing our suppliers to minimise the environmental and social impacts of the products and services they deliver.

Telstra's approach to sustainable procurement has been developed to encompass both social and environmental considerations, embracing the following key principles:

- Responsible sourcing: Ensuring products and services are sourced and produced under acceptable environmental, social and ethical standards
- Maximising resource efficiency: Maximising use of materials with reused and recycled content, minimising packaging and designing products that can be either reused or recycled
- Minimising embodied carbon and operational energy use: Maximising resource and energy efficiency in the manufacturing and supply process in order to minimise environmental impacts
- Pollution prevention: Ensuring appropriate materials are used, and manufacturing and processing take place in a way that protects human health and the environment.

For more information, see the [Responsible business](#) chapter of this sustainability report.

Environmental Customer Value Proposition (ECVP)

Our ECVP is focused on helping our customers transition to a lower carbon future.

We are leveraging our products and services to enable our customers to reduce their own environmental impacts, particularly in relation to energy use and carbon emissions. Activity in this focus area includes:

- Green product design and development: Embedding environmental considerations into existing product design and development processes
- Communicating the environmental benefits of ICT: Articulating the environmental benefits of the products and services we sell

- Green IT strategies: Working with our largest customers to develop strategies for reducing their energy and carbon emissions through the use of ICT
- Environmental innovation for new products and services: Developing new products and services with environmental benefits.

Engagement

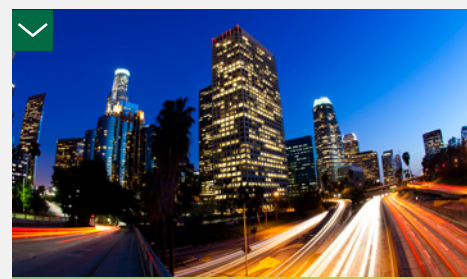
Engagement is critical to the success of our more strategic environmental approach. We participate in industry forums committed to researching and measuring the sustainability risks and opportunities of ICT products and services, and encourage our people to share information and ideas.

In January 2014, Telstra joined the Global e-Sustainability Initiative (GeSI). GeSI provides a forum for industry discussion and research on existing and emerging issues in the area of ICT and sustainability. Membership currently comprises over 30 of the world's leading ICT companies.

Telstra also participates in the Global System for Mobile Communications Association (GSMA). This year, we were one of more than 35 mobile operators to contribute to the Mobile Energy Efficiency (MEE) Benchmarking initiative. Through this initiative, a baseline and benchmarking protocol was established for measuring network performance and potential efficiency gains. Telstra's approach to energy efficiency has been communicated to ICT companies internationally by the GSMA, to promote improved efficiency across the Association.

Internally, we have a cross company network of EcoChampions – Telstra employees who are passionate about the environment and interested in our environmental approach. This year, EcoChampion membership on Telstra's internal networking site, Yammer, has almost doubled.

To coincide with the launch of our Environment Strategy we launched Green Your Life, an online platform that encourages Telstra employees to 'pledge' actions aimed at reducing their environmental impact. So far our community has pledged savings of more than 463,000 tonnes of carbon dioxide (tCO₂) and 6.5 mega-litres of water.



Connecting with a low-carbon future

In March this year we released *Connecting with a Low-Carbon Future*, a report highlighting the central role that ICT can play in a low-carbon economy.

The report found that the ICT sector is in an ideal position to help government, business and consumers minimise their energy consumption. Seven ICT opportunities were investigated: remote appliance and context-aware power management, personalised public transport, decentralised business districts, real-time fleet management, increased renewable energy, and high definition video conferencing, to determine their potential for reducing national energy costs and greenhouse gas emissions.

The report found that these opportunities have an even greater cost-benefit and carbon reduction potential than originally thought. It found that increased use of ICT in Australia could save up to \$8.1bn per annum in electricity, fuel and aviation travel costs, and reduce national emissions by 4.7 per cent.

The report also identified three new carbon reduction ICT opportunities:

- Clean cloud: Improving the energy efficiency of data centre operations through consolidation of smaller data centres to achieve economies of scale, and using low-cost renewable energy alternatives to power them
- Smart cities and infrastructure: Using advanced communications, sensing and metering to more efficiently manage electricity supply, and facilitating efficiencies in water, waste and transport
- Mobile carbon guidance: Providing information to consumers via mobile devices to enable a step change in consumer behaviour in favour of low-carbon choices.

It was determined that key barriers to uptake such as capital cost, complexity, cultural resistance to change and lack of uniform availability of technology must be addressed for a low-carbon future to be realised.

ENERGY USE AND CARBON EMISSIONS



While data loads carried over our network increased by 39 per cent, total carbon emissions (Scope 1, 2 and 3) decreased by 2.5 per cent this year.



APPROACH

At Telstra, our largest environmental impact remains the emissions associated with the energy used in our network. In FY14, Telstra used almost six million gigajoules of energy. Like last year, our network energy use represented 86 per cent of our total carbon emissions (Scope 1, 2 and 3).

In FY15, we expect continued improvement in emissions intensity due to the implementation of our Environment Strategy, specifically the Operational Excellence focus area.

Consistent with our aspiration to become an Australian environmental leader, we have set a longer term target to reduce our carbon emissions intensity by 55 per cent over the three year period from FY15 to FY17, from a baseline year of FY14.

PROGRESS

Our footprint

While data loads carried over our network increased by 39 per cent, total carbon emissions (Scope 1, 2 and 3) decreased

by 2.5 per cent this year. In FY14, carbon emissions intensity was 0.58 tonnes CO₂e per terabyte of data, a 30 per cent decrease in carbon emissions intensity from the previous year, surpassing our 15 per cent reduction target.

Emissions have decreased as a result of a reduction in operational energy use within our data centre and commercial portfolios, as well as reduced emission factors published by the Federal Government for the reporting period.

Emission factors declined in each State and Territory as a result of changes in Australia's electricity generation mix, such as increased generation from renewable energy sources. The change in emission factors between FY13 and FY14 led to a decrease in our reported emissions of approximately 36,000 tCO₂e.

This year we completed the third year of our five-year \$41.3 million capital investment program aimed at making our facilities more energy and carbon efficient. Our focus is on initiatives that will deliver positive net present-value outcomes. We've spent \$29 million to date, including a \$6 million program of initiatives in FY14.

A further \$6 million is committed for next year. Collectively, the initiatives completed in FY14 have reduced carbon emissions by 36,824 tCO₂e and saved over 35,000MWh of electricity consumption in FY14.

Our direct (Scope 1) emissions decreased in FY14. The principal cause was a reduction in the overall number of vehicles in Telstra's fleet and the increased fuel efficiency of the fleet. While use of diesel and LPG decreased by around two per cent and 28 per cent respectively this year, the use of unleaded petrol and ethanol blend fuel rose substantially. This increase is due to the LPG Ford Falcon station wagon being discontinued and phased out of Telstra's fleet.

Overall kilometers travelled by air increased this year (three per cent). Yet, corresponding emissions from flights (Scope 3) are down by over 15 per cent due to a change in the emission factors used to calculate carbon emissions from air travel.¹

Carbon emissions intensity



1 - Since FY13 we have used the UK Department of Environment, Food and Rural Affairs (DEFRA) methodology for calculating carbon emissions from air travel, which is reviewed and updated on an annual basis. This methodology is used by the Greenhouse Gas Protocol and is endorsed by the Australian National Carbon Offset Standard (NCOS).



Telstra's five-year capital investment program is aimed at making our facilities more energy and carbon efficient.



Reduction initiatives

Telstra's overall reduction in emissions was assisted by a reduction in electricity consumption. This was achieved through a program of works aimed at improving energy efficiency and reducing the carbon intensity of our network and data centre facilities.

Approximately 500 separate projects were implemented in FY14 as part of Telstra's five-year capital investment program aimed at making our facilities more energy and carbon efficient. Projects focused on finding energy efficient air conditioning solutions, decommissioning old and redundant equipment and integrating energy efficiency measures into existing capital works projects. Collectively, the initiatives completed in FY14 have resulted in reducing carbon emissions by 36,824 tCO₂e, including 5,500 tonnes as a result of

Estimated
36,800
tonnes of CO₂e emissions savings through project initiatives



an air conditioning plant life cycle upgrade at our St. Leonards data centre in Sydney.

In addition to retrofit solutions, this year our property team negotiated the inclusion of energy saving initiatives and building performance clauses into leasing agreements for a number of high profile sites. An expression of interest for the construction of a new office tower in Melbourne was released in June 2014 which included a 5-star Green Star rating as a minimum requirement. This is a first for Telstra and aligns with the Operational Excellence and Sustainable Supply Chain focus areas of our Environment Strategy.

Energy Efficiency Opportunities program

We are currently within the second five-year cycle of the Australian Government's Energy Efficiency Opportunities (EEO) program.

As part of this program we've assessed, identified and publicly reported on over 2,000 cost effective energy efficiency opportunities.

In FY14, Telstra was advised the Energy Efficiency Opportunities Act 2006 would be repealed, removing the requirement to report our energy efficiency activities to the Government. Despite this, Telstra will continue to report and disclose our energy efficiency activities as part of our sustainability reporting.



John Giallorenzo
Technology Specialist
Infrastructure Planning and
Deployment



"Working in our network team it's important to have a continuous improvement mindset. When I took on management of echo cancellers (used to remove that annoying echo that can sometimes occur on long distance phone calls) in our fixed network last year, I found several generations of echo canceller hardware still installed in the network, including some that hadn't been used for over a decade, yet were still consuming power. I identified, and with the help of my Network Construction colleagues, removed 193 echo canceller sub racks at 23 sites across the country. This initiative has achieved an annual energy saving of 175 MWh – which is about 150 tonnes of carbon emissions."

To view our latest Energy Efficiency Opportunities report, visit www.telstra.com/reports/environment

Carbon emissions¹

Key performance indicators

	FY14	FY13	FY12	% change ²
Scope 1 emissions ³ tCO ₂ e	52,537	53,645	53,587	-2.1
Scope 2 emissions ⁴ tCO ₂ e	1,294,248	1,331,148	1,374,617	-2.8
Scope 3 emissions ⁵ tCO ₂ e	245,592	248,918	248,720	-1.3
Total emissions (Scope 1, 2 and 3) ⁶ tCO ₂ e	1,592,376	1,633,712	1,676,925	-2.5
Terabytes TB	2,738,662	1,967,686	1,353,678	39.2
Emissions intensity tCO ₂ e/TB	0.58	0.83	1.24	-30.0
Network related emissions ⁷ Percentage of total emissions	86	86	85	-
Annualised emissions savings resulting from project initiatives tCO ₂ e/yr	36,852	72,724	25,272	-49.3

Notes: 1 – Reported emissions reflect annualised data for the reporting year and are based on actual data wherever possible. Where metered or invoiced data was not available at 30 June 2014, estimates have been calculated based on prior actual consumption, taking into account seasonal, qualified assumptions and/or known business activity variations. 2 – Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 3 – Emission sources include: transport fuels, stationary energy use and natural gas consumption. 4 – Emissions from electricity consumption. Electricity consumption from our unmetered hybrid fibre coaxial (HFC) network includes Foxtel infrastructure. 5 – Emission sources include: electricity transmission losses, fuel extraction and refining, air travel and waste disposal. 6 – Sum of 'Scope 1, 2 and 3' differs to 'total emissions' due to rounding. 7 – Network category includes all network-related sites including unmetered sites and data centre services hosted at Telstra exchanges. This consists of all Scope 1, 2 & 3 emissions allocated to the Telstra network, based on premises, vehicle or activity end use.

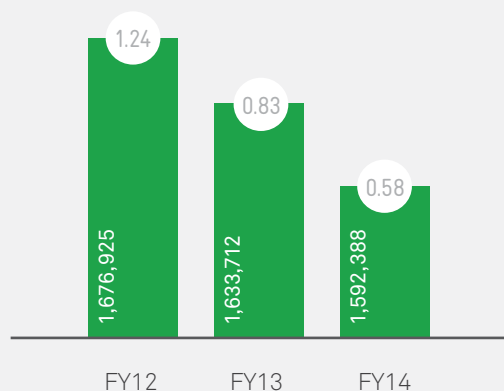
Carbon emissions by source

Tonnes of carbon dioxide equivalent (tCO₂e)

	FY14	FY13	FY12	% change ¹
Stationary energy				
Electricity ²	1,509,136	1,544,466	1,589,353	-2.3
Natural gas	1,913	1,366	1,360	40.0
Diesel	4,281	4,424	2,397	-3.2
LPG	128	83	53	55.0
Ethanol	<1	<1	<1	-
Petrol	291	293	257	-0.6
Transport fuels				
Diesel	40,555	41,292	41,321	-1.8
Petrol	4,939	4,148	3,262	19.1
LPG	4,522	6,265	9,179	-27.8
Ethanol	0.5	0.36	0.21	37.3
Waste	5,984	7,047	6,063	-15.1
Air travel	20,627 ³	24,328	23,679	-15.2

Notes: 1 – Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 2 – Electricity consumption from our unmetered HFC network includes Foxtel infrastructure. 3 – Total kilometres travelled: 94,890,792 (FY14); 92,007,373 (FY13); 75,632,515 km (FY12).

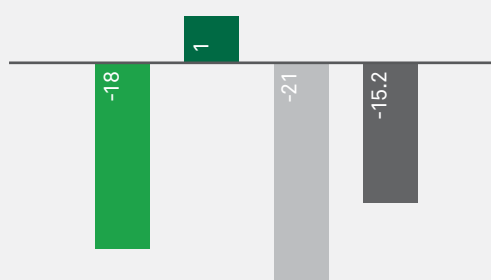
Total carbon emissions and emissions intensity



■ Total emissions (Scope 1, 2 and 3)
tCO₂e
○ Emissions intensity
tCO₂e/TB

Carbon emissions by flight type

Percentage change in FY14 (%)



■ Short haul flights
■ Medium haul flights
■ Long haul flights
■ Overall

Energy consumption by source

Gigajoules (GJ)

	FY14	FY13	FY12	% change ¹
Total energy use² (stationary + transport)	5,962,543	5,988,603	6,092,985	-0.4
Stationary energy (total)	5,283,608	5,284,560	5,356,527	-0.02
Electricity ³	5,159,497	5,170,889	5,271,097	-0.2
Solar energy (generated by Telstra) ⁴	27,255	26,208	26,255	4.0
Natural gas	33,623	22,994	22,759	46.2
Diesel	57,232	59,145	32,044	-3.2
LPG	1,975	1,274	819	55.0
Petrol	4,026	4,049	3,551	-0.6
Ethanol	1	1	2	-
Transport fuels (total)	678,935	704,043	736,457	-3.6
Diesel	539,961	549,758	550,132	-1.8
Petrol	68,381	57,296	45,024	19.3
Ethanol	1,242	904	520	37.3
LPG	69,350	96,085	140,781	-27.8
Annualised network energy savings resulting from project initiatives	127,679	228,067	81,207	-44.0
Annualised commercial energy savings resulting from project initiatives	76	1,462	110	-94.8

Notes: 1 – Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 2 – Sum of 'stationary energy' and 'transport energy' differ to 'total energy use' due to rounding. 3 – Electricity consumption as part of our unmetered HFC network includes Foxtel infrastructure. 4 – Telstra has approximately 13,850 sites with solar panels installed, providing power to telecommunications equipment in rural and remote locations where the power grid does not reach.

Stationary and transport energy by source

Percentage (%)

	FY14	FY13	FY12	% change ¹
Stationary energy (total)	88.6	88.2	87.9	0.4
Electricity	86.5	86.3	86.5	0.2
Solar energy (generated by Telstra)	0.46	0.44	0.43	4.4
Stationary fuel ²	1.62	1.46	0.97	11.2
Transport fuels (total)	11.39	11.76	12.09	-3.1

Notes: 1 – Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 2 – Stationary fuel includes diesel, natural gas, petrol, liquefied petroleum gas (LPG), and petrol and ethanol used for back-up power supply (e.g. generators), grounds maintenance, water pumping and civil and construction activities.

RESOURCE USE AND WASTE



APPROACH

To minimise the impact of our resource use we are working to further increase recycling rates, maximise resource efficiency and reduce waste.

We aim to reduce the total waste generated by increasing non-landfill disposal options and implementing best practice waste management services. This is achieved through capital investment, employee engagement and regular review of performance management processes.

PROGRESS

Office, billing and printing paper

In overall terms, our paper use has reduced by a third since FY12. In FY14, we reduced our use by more than 15 per cent by continuing to increase our focus on producing online and digital content.

Use of billing paper continued to decrease as more customers opted for online billing, and we continued to reduce our use of office paper, largely as a result of the ongoing rollout of the 'follow-me' printing initiative across our largest corporate offices. This initiative enables employees to print from almost any device using their building access cards to activate printing. Overall, we achieved a 12 per cent decrease in office paper use in FY14¹.

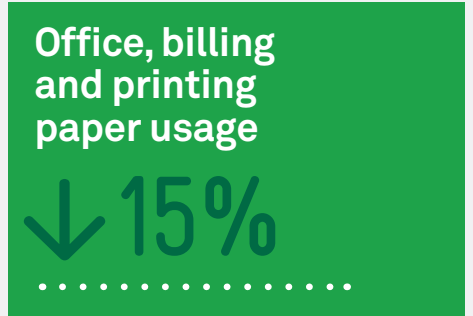
Sensis directories

Sensis Group continues to utilise printers located in Australia and in the Asia-Pacific region to produce its telephone directories.



The Yellow Pages* and White Pages* (print and online) have received carbon neutral certification through the National Carbon Offset Standard (NCOS) since February 2010. In late 2013, we supported carbon reduction projects in India and China through purchasing 54,009 tonnes of CO₂e offsets for the previous financial year.

* Registered trademark of Sensis Pty Ltd



Office, billing and printing paper Tonnes (t)

	FY14	FY13	FY12	% change ¹
Total	2,723	3,215	4,244	-15.3
Office paper ²	296	336	349	-11.9
Printing paper	984	1,180	1,905	-16.6
Billing paper	1,443	1,699	1,990	-15.1

1 - Sensis Group office paper has not previously been reported in Telstra's Bigger Picture Sustainability reporting series. With the inclusion of Sensis Group data (to 28 February 2014), the overall reduction is seven per cent when compared to last year.

Notes: 1 - Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 2 - Sensis Group office paper was previously unreported. This has been included for the first time in FY14, however, due to the sale of our Sensis print directories business, only eight months of data is included.



We are committed to minimising e-waste and ensuring we maximise opportunities to reuse and recycle.



Kevin Teoh
General Manager
Operations and Planning



“In February this year, Telstra customers were encouraged to add New Phone Feeling™ to their existing plans. The offer involves our customers returning their existing phone, and we knew it would be important to our staff and customers that returned handsets were managed sustainably. We put in place a process for traded-in handsets to be assessed and if suitable, refurbished and re-used overseas. Those that aren't suitable for re-use are provided for recycling through MobileMuster.”

Electronic waste (e-waste)

E-waste is a key element of the Operational Excellence focus area of Telstra's Environment Strategy.

The 1,978 tonnes of e-waste collected this year includes 15 tonnes from across 34 of our office buildings as part of our Let.It.Go e-waste collection campaign. Let.It.Go was a waste management initiative aimed at the disposal of e-waste in a safe and responsible manner from our commercial offices and buildings.

Throughout FY14 we collected 15.3 tonnes of mobile phones and accessories through the MobileMuster program, a nine per cent increase in collections year-on-year. Ensuring phones returned by 'pre-paid satchel' were identified as Telstra phones contributed to the increase. \$10,000 was also donated to Keep Australia Beautiful to help improve mobile phone recycling in remote Australia.

Waste and water management

This year we improved our measurement of waste originating from project work, scheduled services and ad hoc collections.

The amount of waste we collect varies and is dependent on the type and timing of specific projects undertaken during the reporting year, making it challenging to compare performance with previous years.

In FY14, total waste produced (including solid waste and waste water) increased by 5.4 per cent compared to FY13. This result is driven by a significant increase in the amount of water used in the removal and remediation of asbestos containing telecommunication pits and ducts.

Waste to landfill decreased by more than 15 per cent this year, primarily as a result of a reduction in construction and demolition activities and to a lesser extent a reduction in general waste collected through scheduled waste services. The downward trend in recycled waste is driven by the national copper replacement program, which collected fewer tonnes of copper in FY14 compared to last year.

The management of construction and demolition waste generated at our network sites and as part of commercial office refurbishments, as well as the

more general provision of effective waste management at networks sites remain two challenging waste issues for Telstra.

In FY14, we used 975 mega-litres of water, equivalent to 390 Olympic-sized swimming pools³, in our network exchanges, data centres and corporate offices. This is a 2.3 per cent increase on FY13 and continues the upward trend in water usage observed over the last three years. This can be attributed to improved data collection processes rather than a marked increase in water use.

³ – A standard Olympic sized swimming pool contains 2.5 mega-litres of water.



Matteo Vinci
Perth Customer Service
Consultant



“I have been a long term advocate of the MobileMuster recycling program and when I noticed we had a MobileMuster collection point in the foyer of my building, and that some floors in my building had their own boxes, I decided to get the program up and running on my floor. I used the EcoChampion forum to find out what Telstra's process was for setting up new collection points and tracking accounts, and in the process inspired other forum members to do the same in their buildings.”



This year we collected 15.3 tonnes of mobile phones and accessories through the MobileMuster program.



Waste and recycling

Tonnes (t)

	FY14	FY12	FY12	% change ¹
Total waste² (includes waste to landfill, waste recycled and waste water)	28,102	26,669	14,883	5.4
Waste by disposal type				
Waste to landfill	5,440	6,406	5,512	-15.1
Waste recycled	14,080	18,523	9,371	-24.0
Overall recycling rate (%) ³	72	74	63	-2.9
Organic waste collected	56	122	142	-53.7
Hazardous waste	2	10	29	82.1
E-waste ⁴	1,978	2,056	1,271	-3.8
E-waste by disposal type				
E-waste recycled	1,974	2,047	1,255	-3.6
E-waste to landfill	4	9	16	-54.0
MobileMuster ⁵	15.3	14.0	14.3	9.1
Other wastes				
Waste water (pit pump outs and asbestos pit remediation)	8,582	1,740	3,457	393.2

Notes: 1 - Due to rounding, the reported percentage change may differ from that calculated using the numbers shown. 2 - Organic waste, hazardous waste and e-waste are excluded from the total waste figure. 3 - Overall recycling rate - the waste recycled figure as a percentage of the waste to landfill figure. Other waste types have been excluded. 4 - E-waste is defined as any end-of-life electrical or electronic equipment that is of no further use and has been discarded. This includes personal and server computers; monitors; televisions; cabling and wires; power supplies and batteries; telephone handsets; and networking, switching and routing telecommunications equipment. 5 - Phones returned to MobileMuster by 'pre-paid satchel' were previously unreported. This totals 988 kg in FY14.

Total water use

Mega-litres (ML)

	FY14	FY13	FY12	% change
Total water consumption	975	953	886	2.3



Bushland conservation at the PITC

Telstra aims to ensure the long-term conservation value of bushland is maintained and continues to provide a haven for flora and fauna and for the local community.

As Telstra has offices and telecommunications infrastructure and services in areas of high biodiversity value, we are committed to managing biodiversity and to complying with state and local government planning and environment laws.

Phil van Leen is Senior Facilities Manager at Telstra's Perth International Telecommunications Centre (PITC) in Landsdale, which is located among 287 hectares of bushland. He is part of a group of specialists within Network Service & Facilities in Telstra Service Operations who manage the facility maintenance of our network sites.

"We take a proactive approach because we're keen to ensure that we not only protect, but enhance biodiversity value," said Phil.

"We've been managing the bushland on site since 1966. The site is reserved 'Public Purposes - Special Uses' and as a Bush Forever site, which in Perth means it's a regionally significant bushland. That's why it's important that we are diligent in maintaining its biodiversity value," said Phil.

Some parts of the PITC have been classified as a threatened ecological community. The ecological community is known as *Banksia attenuate* - woodlands over species-rich dense shrublands. Forty native bird species, seven native reptile species and four native mammal species have been identified at the PITC.

"To enhance biodiversity at the PITC we carry out weed control, pest-animal control, die-back control and have fire management plans in place. We also collect seeds and are building a seed bank," Phil added.

PERFORMANCE AND NEXT STEPS



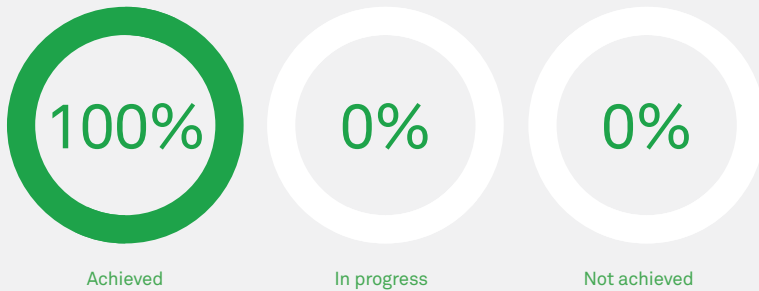
Performance

Progress on FY14 commitments	Result	More info
Reduce our carbon emissions intensity by 15 per cent by the end of June 2014	●	Page 8
Deliver an enterprise Environment Strategy with work programs and targets in operational excellence, supply chain and environmental customer value proposition	●	Page 6
Maintain carbon neutral certification for Sensis Group printed and online directories ¹	●	Page 12
Release one thought leadership report on the environmental benefits and impacts of ICT	●	Page 7

Notes: 1 – In October 2013, Telstra provided documentation to maintain carbon certification for the previous financial year

● Achieved ◐ In progress ✕ Not achieved

Performance overview



Next steps FY15

Reduce

our carbon emissions intensity by 55 per cent by FY17, against a baseline year of FY14

Deliver

an enterprise e-waste management strategy

Release

environmental standards to guide suppliers operating in key procurement categories

Quantify

the environmental benefits of cloud computing for our customers