

Telstra Corporation Limited

# Notice of 2021 Annual General Meeting

## **Tuesday 12 October 2021**

The Annual General Meeting of Telstra Corporation Limited will be held virtually on Tuesday 12 October 2021 at 9.30am (AEDT) using the online platform provided by our share registry, Link Market Services, **[agmlive.link/telstra2021](https://agmlive.link/telstra2021)**

Telstra shareholders should visit **[telstra.com/agm](https://telstra.com/agm)** for all the important information about our virtual AGM including our **Telstra Virtual AGM User Guide**.



Dear Shareholder

You are invited to attend Telstra's Virtual 2021 Annual General Meeting (AGM) commencing at 9.30am (AEDT) on Tuesday 12 October 2021 at [agmlive.link/telstra2021](https://agmlive.link/telstra2021). Registration will open online from 8.30am (AEDT).

To help ensure the safety of shareholders and the community, our 2021 AGM will be held online (virtually) rather than at a physical location. We hope that you will take advantage of the online platform to join the meeting, ask questions or make comments online or via the telephone during the meeting, or ask us a question before the meeting.

Our virtual meeting will provide you with the opportunity to join regardless of your location. You will be able to view presentations from me and from Andrew Penn, Chief Executive Officer, as well as vote and ask questions during the meeting. Please ensure you have your Shareholder number and the postcode or country code for your shareholding available when you log in to attend the virtual meeting as you won't be able to vote and ask a question without them. For details on how to find your Shareholder number, please refer to page 3.

**The Notice of Meeting together with the Telstra Virtual AGM User Guide are available at [telstra.com/agm](https://telstra.com/agm) and provide all the important information you need to know about attending our AGM.**

**The items of business at the AGM** are outlined on page 4. The items of business should be read together with the explanatory notes located on pages 11 to 20.

Roy Chestnutt and Niek Jan van Damme have each served three years on the Board and will stand for re-election at the meeting. See page 11 of the explanatory notes for details on your directors standing for re-election.

Margaret Seale, having reached the end of her third three-year term as a Director, has notified the Board that she does not intend to stand for re-election and will therefore retire from the Board at the conclusion of this meeting. She has served on the Audit and Risk Committee for nine years and the Nomination Committee for three years. Peter Hearl, has also notified the Board that he intends to retire from the Board, effective 31 December 2021. Peter is retiring to focus on his new role as Chairman of the Endeavour Group. Peter joined the Board in August 2014 and was appointed Chair of the People and Remuneration Committee in April 2016. Peter has also served on the Nomination Committee for three years. Both Margie and

Peter have played a significant role in helping oversee the transformation of Telstra. On behalf of the Board, I extend our sincere thanks to Margie and Peter for their substantial contribution to the Board during their tenure.

We welcome your questions. If you are attending our virtual meeting, you can submit a question via the online platform during the meeting or by telephone. Please refer to the Telstra Virtual AGM User Guide available at [telstra.com/agm](https://telstra.com/agm) for information on how to do this. Questions can also be submitted online in advance of the meeting. Please refer to page 8 for details on how to do this. Andy and I will endeavour to address the most frequently asked questions during our AGM presentations. After the meeting we will also share the frequently asked questions by shareholders and our responses at [telstra.com/agm](https://telstra.com/agm).

Customer-related questions received ahead of the AGM will be responded to as soon as possible from the date of receipt. If a customer-related question is submitted during the meeting using the online platform, staff will be available to respond to the enquiry online and it will be addressed outside of the AGM.

We have included some important information about your company within the Notice of Meeting. This includes our 2021 financial highlights and our approach to sustainability.

Thank you for your continued support and investment in Telstra through a year where COVID-19 continued to have a profound effect on our lives, our society and the economy. All of us have been impacted to some degree and we hope you and your families are in good health and are remaining safe. Through all of this Telstra has tried to set an example for our people, our customers and our country as we all navigate the challenging and largely uncharted waters.

On behalf of my fellow Directors I look forward to welcoming you to our virtual AGM.

Yours sincerely



John P Mullen  
Chairman  
27 August 2021

# Important information for Shareholders

In addition to this Notice of Meeting, Telstra Shareholders should visit [telstra.com/aggm](https://telstra.com/aggm) for all the important information about our virtual AGM including the Telstra Virtual AGM User Guide.

If it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of our virtual AGM, we will make an ASX announcement and the information will also be available on [telstra.com/aggm](https://telstra.com/aggm).

## Where do I locate my Shareholder number to vote at the virtual AGM?

A Shareholder number is a general term for your:

- SRN or HIN if your shareholding is on the Australian share register; or
- Employee number if you have an employee holding on the Equity Plans register.

Shareholders who receive hard copy communications can locate their Shareholder number on their proxy/voting form, holding statement or hard copy dividend statements up to 2020.

Shareholders who receive electronic communications can locate their Shareholder number on any previously received hard copy dividend statement (up to 2020) or holding statement.

Eligible Employee Share Plan (ESP) participants can use their Employee ID to log in.

**Shareholders who wish to attend and vote at our virtual AGM need to ensure they have located their Shareholder number in advance of joining the meeting. For security reasons, Shareholder numbers can only be sent by post to the Shareholder's registered address, they cannot be provided by email or phone. Shareholders can attend the meeting without their Shareholder number but will not be able to vote or ask a question.**

For further information, please visit [telstra.com/aggm](https://telstra.com/aggm).

The Telstra Virtual AGM User Guide is available at [telstra.com/aggm](https://telstra.com/aggm). The user guide provides information on:

- How to log in to our virtual AGM
- How to Vote
- How to Ask a Question during the meeting.

# Telstra Notice of Annual General Meeting 2021

The items of business should be read in conjunction with the explanatory notes on pages 11 to 20. The explanatory notes form part of this Notice of Meeting.

## Items of Business

### 1. Chairman and CEO Presentations

### 2. Discussion of Financial Statements and Reports

To discuss the company's financial statements and reports for the year ended 30 June 2021.

### 3. Re-election of Directors

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

- a) 'That Roy H Chestnutt, being eligible, be re-elected as a director';
- b) 'That Niek Jan van Damme, being eligible, be re-elected as a director'

### 4. Allocation of Equity to the CEO

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

- a) Grant of Restricted Shares to the CEO

'That approval be given for all purposes, for the grant to the Chief Executive Officer and Managing Director, Mr Andrew Penn, of 404,414 Restricted Shares under the Telstra FY21 Executive Variable Remuneration Plan (EVP)'

- b) Grant of Performance Rights to the CEO

'That approval be given for all purposes, for the grant to the Chief Executive Officer and Managing Director, Mr Andrew Penn, of 462,188 Performance Rights under the Telstra FY21 EVP'

### 5. Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That the Remuneration Report for the year ended 30 June 2021 be adopted'

Under the Corporations Act, the vote on this resolution is advisory only and will not bind Telstra or the Directors.

## Voting and asking questions:

### Am I eligible to vote at the AGM?

You are eligible to vote at the meeting if you are registered as a holder of Shares as outlined below:

Investor	Right to vote
Shareholders	Shareholders registered as at 9.30am (AEDT) on Sunday 10 October 2021
Eligible Employee Share Plans (ESP) participants	Participants registered at 9.30am (AEDT) on Sunday 10 October 2021

### How can I vote?

If you are entitled to vote at the meeting you can exercise your vote in the following ways:

#### Lodge your vote before the meeting

##### Details

If you are a shareholder or an eligible ESP participant you can lodge your vote directly before the meeting.

##### Instructions

###### You can lodge your vote:

- **online** at [vote.linkmarketservices.com/tls](https://vote.linkmarketservices.com/tls)  
To log in you will need your Shareholder number and the postcode or country code for your shareholding (refer to page 3 for information on how to locate your Shareholder number).
- **by mail:**  
Telstra Share Registry  
Link Market Services Limited  
PO Box A942  
Sydney SOUTH NSW 1234
- **by fax:** +61 (2) 9287 0309
- **by hand:**  
Telstra Share Registry  
Link Market Services Limited  
Level 12, 680 George Street,  
Sydney NSW 2000

###### Votes by Shareholders and eligible ESP participants must be submitted by:

9.30am (AEDT) on Sunday, 10 October 2021

#### Appoint a Proxy/Nominee before the meeting

##### Details

You can appoint a proxy (if you are a shareholder) or a nominee (if you are an eligible ESP participant) to attend the virtual meeting and vote at the meeting on your behalf.

Your proxy/nominee may be an individual or a body corporate and does not need to be a Shareholder.

You cannot appoint more than two proxies/nominees. If you do appoint two proxies/nominees to attend virtually and vote for you, you must specify the proportion or number of votes that each of your two proxies/nominees can exercise. If you do not do that, each proxy/nominee may exercise half of your votes. If you have specified how your proxy/nominee is to vote on an item of business, your proxy/nominee must vote the way you have specified. Your proxy/ nominee can only vote on the items of business that you are entitled to vote on.

If you have specified how your proxy/nominee is to vote on an item of business, but your proxy/nominee does not attend the meeting – or does not vote on that item – then the Chairman of the meeting will vote as you have directed (in accordance with the voting intentions outlined on page 9).

##### Instructions

###### You can appoint a proxy/nominee:

- **online** at [vote.linkmarketservices.com/tls](https://vote.linkmarketservices.com/tls)  
To log in you will need your Shareholder number and the postcode or country code for your shareholding (refer to page 3 for information on how to locate your Shareholder number).
- **by mail:**  
Telstra Share Registry  
Link Market Services Limited  
PO Box A942  
Sydney SOUTH NSW 1234
- **by fax:** +61 (2) 9287 0309
- **by hand:**  
Telstra Share Registry  
Link Market Services Limited  
Level 12, 680 George Street,  
Sydney NSW 2000

###### Proxy/nominee appointments must be submitted by:

9.30am (AEDT) on Sunday, 10 October 2021

## Vote online during the meeting

### Details

If you are a Shareholder or an eligible ESP participant you can attend the virtual meeting by logging into the online platform [agmlive.link/telstra2021](https://agmlive.link/telstra2021), you will be able to vote online during the meeting.

Voting on items 3, 4 and 5 will be by poll. **The Chairman of the meeting will open the poll shortly after the meeting commences at 9.30am (AEDT) on Tuesday 12 October 2021** and you will be able to vote at any time during the meeting and for a short time afterwards (you will be notified on the platform how much time is left).

### Instructions

**Registration will open from 8.30am (AEDT) on Tuesday 12 October 2021.**

When you log into the online platform [agmlive.link/telstra2021](https://agmlive.link/telstra2021), you will be required to register as a Shareholder/eligible ESP participant or proxy holder/nominee and will be able to vote your shares or the shares you represent.

If you are a Shareholder or eligible ESP participant, you will need to provide your Shareholder number and the postcode or country for your shareholding to register to vote once you have logged in.

A proxy/nominee who is attending the virtual meeting will need a **proxy/nominee number**, issued by Telstra's share registry, Link Market Services, to register to vote once logged in. Link will provide confirmation of the proxy/nominee number by email to the email address provided by the shareholder on the form or online no later than 24 hours prior to the meeting and following lodgement of the proxy/nominee appointment.

Alternatively, proxies/nominees can call the meeting help line on +61 1800 990 363 on the day of the meeting to request confirmation of the proxy/nominee code.

More information is available in the Telstra Virtual AGM User Guide located on our website at [telstra.com/agm](https://telstra.com/agm).

## What if I hold my Shares jointly?

If you hold your Shares jointly, you and the other holders may attend the virtual meeting. However, if more than one joint holder votes using any of the options outlined above, only the vote of the holder named first in the register will be accepted.

## How can I ask questions?

Shareholders and eligible ESP participants can ask or submit questions using one of the options below. Questions should be relevant to the meeting.

Option	Instructions
<b>Before the meeting</b>	<p>You can submit questions before the meeting online at <a href="https://vote.linkmarketservices.com/tls">vote.linkmarketservices.com/tls</a>. To log in you will need your Shareholder number (see page 3) and the postcode or country code for your shareholding. When you have accessed your shareholding online, select the 'Ask Question' option under the 'Action' column.</p> <p><b>Questions must be received by Telstra's share registry by 9.30am (AEDT) on Sunday 10 October 2021.</b></p> <p>The Chairman and CEO will endeavour to address the more frequently raised shareholder matters during the course of the meeting and we will make available online after the meeting the frequently asked questions by shareholders and the responses at <a href="https://telstra.com/agm">telstra.com/agm</a>.</p> <p><b>Please note, questions to the auditor in relation to the content of the auditor's report or the conduct of the audit must be received by Telstra's share registry by 5.00pm Tuesday 5 October 2021.</b></p>
<b>At the meeting</b>	<p>You will have the opportunity to ask questions during the meeting:</p> <ol style="list-style-type: none"><li>via the online platform at <a href="https://agmlive.link/telstra2021">agmlive.link/telstra2021</a>, or</li><li>by telephone.</li></ol> <p>More detailed information on how to ask questions during the meeting is provided in the Telstra Virtual AGM User Guide available online at <a href="https://telstra.com/agm">telstra.com/agm</a>.</p>

Customer related questions received ahead of the AGM will be responded to as soon as possible from the date of receipt. If a customer related question is submitted during the meeting using the online platform, staff will be available to respond to the enquiry online and it will be addressed outside of the AGM.

## Corporate representatives

A body corporate who is a Shareholder or proxy/nominee must appoint an individual as its corporate representative, if it wishes to attend and vote at the virtual meeting. If you are a corporate representative, you will need to provide evidence of your appointment as a corporate representative with Telstra's share registry prior to the meeting or have previously provided the company with evidence of your appointment.

## Powers of attorney

If you appoint an attorney to attend and vote at the virtual meeting on your behalf, the power of attorney (or a certified copy) must be received by Telstra's share registry by 9.30am (AEDT) on Sunday 10 October 2021, unless the power of attorney has previously been lodged with Telstra's share registry.

## Chairman's voting intentions

The Chairman intends to vote all available proxies in favour of all Resolutions. If you appoint the Chairman of the meeting as your proxy or nominee, or the Chairman of the meeting is taken to be appointed as your proxy or nominee and you have not specified the way to vote on an item of business, the Chairman of the meeting intends to exercise your votes in favour of the relevant Resolution.

## Chairman as proxy or nominee

You may appoint the Chairman of the meeting as your proxy or nominee.

If you direct the Chairman of the meeting how to vote on an item of business, your vote will be cast in accordance with your direction. If you do not direct the Chairman of the meeting how to vote on an item of business, or the Chairman of the meeting becomes your proxy/nominee by default, then by submitting a proxy/nominee appointment you will be expressly authorising the Chairman of the meeting to exercise your votes as an undirected proxy or nominee on a resolution even though it may be directly or indirectly connected with the remuneration of a member of the Key Management Personnel (KMP).

## Key Management Personnel (KMP)

Under the Corporations Act, voting restrictions apply to the company's KMP and their closely related parties for items 4a, 4b and 5. The term "closely related party" in relation to a member of KMP includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP. Further voting exclusions also apply to the CEO and any of his associates for items 4a and 4b. Please refer to the explanatory notes for more detail.

If you intend to appoint a member of the KMP (other than the Chairman of the meeting) or one of their closely related parties as your proxy or nominee, please ensure that you direct them how to vote on items 4a, 4b and 5, otherwise they may not be able to cast a vote as your proxy or nominee on this item.

## Voting exclusions

Voting exclusions apply to items 4a, 4b and 5 as set out in this Notice of Meeting. The Chairman of the meeting intends to vote all available proxies in favour of items 4a, 4b and 5.

## 2021 Annual Report

The 2021 Annual Report is available for shareholders on our investor website [telstra.com/annualreport](https://telstra.com/annualreport). If you would like to receive a hard copy of the 2021 Annual Report, at no charge, please contact the Telstra Share Registry on (+61) 1300 88 66 77. Shareholders who have previously elected to receive a hard copy of the 2021 Annual Report will receive it in the mail.

## Technical difficulties

Technical difficulties may arise during the course of the AGM. The Chairman of the meeting has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising his discretion, the Chairman of the meeting will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected.

Where he considers it appropriate, the Chairman of the meeting may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy/nominee instructions. For this reason, if shareholders have already decided how they will cast their vote, they are encouraged to cast a direct vote online or lodge a proxy/nominee by 9.30am (AEDT) on Sunday 10 October 2021 even if they plan to attend in person or online.

By order of the Board of Directors



**Sue Laver**

Company Secretary  
27 August 2021

# Notice of Meeting – Explanatory Notes

## Item 2 – Discussion of Financial Statements and Reports

This item of business provides a reasonable opportunity for shareholders to comment on and ask questions on the financial statements and reports and on the business, operations and management of Telstra for the year ended 30 June 2021. There will also be a reasonable opportunity to ask questions of the company's auditor relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

## Item 3 – Re-election of Directors

Our 2021 Corporate Governance Statement at [telstra.com/governance](https://www.telstra.com/governance) provides information on our Director appointment, election and re-election process.

The following independent non-executive directors are standing for re-election.

### (a) Roy H Chestnutt Age 62, BSc, BA, MBA

Independent Non-executive Director appointed on 11 May 2018 and elected on 16 October 2018. Member of the Audit & Risk Committee and the Nomination Committee.

Roy has more than 30 years of direct telecommunications experience. Most recently he was Executive Vice President, Chief Strategy Officer for Verizon Communications and has held leadership positions with other leading firms including Motorola, Grande Communications, Sprint-Nextel and AirTouch. Roy's last six years with Verizon, included almost five as head of strategy responsible for the development and implementation of Verizon's overall corporate strategy, including business development, joint ventures, strategic investments, acquisitions and divestitures.

Roy has been a Director for international industry association GSMA and is a former chair of the Chief Strategy Officers Group including 25 global strategists from the world's leading wireless carriers.

**Other listed company directorships (past three years)**  
Director, Digital Turbine Inc (from 2018). Board of Advisors, Accenture Luminary (from 2021). Former – Director, Saudi Telecom (2018–2021) and Boingo Wireless, Inc (2019–2021).

**Other directorships and appointments**  
Non-executive Partner, FTI Consulting Group/Delta Partners. Senior advisor, VMware Inc and Tillman Global Holdings LLC.

The Board supports Roy's re-election as his substantial telecommunications and corporate strategy experience, combined with his insights, knowledge and general experience, are valuable contributions to the Board's skills, experience and expertise.

### (b) Niek Jan van Damme Age 60, Drs.

Independent Non-executive Director elected on 16 October 2018. Member of the People & Remuneration Committee and the Nomination Committee.

Mr van Damme has almost 20 years direct telecommunications experience, with the first part of his career focusing on brand and category management in a range of businesses including consumer goods and retail. Most recently he was a member of the Deutsche Telekom Board of Management, where he was responsible for fixed line and mobile communications in Germany. Niek Jan has held leadership positions with other leading firms including Ben Nederland, later T-Mobile Netherlands, a challenger mobile brand, where he was the Chairman of the Managing Board.

At Deutsche Telekom he led the merger of mobile and fixed line business, laying the foundation for making Deutsche Telekom the leading operator in converged services. He also led a major network modernisation program with the establishment of a new IP core, and high 4G network investments.

The Board supports Niek Jan's re-election as his substantial experience in telecommunications, retail, consumer goods and networks, combined with his insights, knowledge and general experience, are valuable contributions to the Board's skills, experience and expertise.

### Board recommendation

The Board (other than the relevant Directors in relation to his own re-election) recommends the re-election of Roy H Chestnutt and Niek Jan van Damme. The Chairman of the meeting intends to vote all available proxies in favour of the re-election of Roy H Chestnutt and Niek Jan van Damme.

## Item 4 – Allocation of Equity to the CEO

### 4(a) Grant of Restricted Shares to the CEO

### 4(b) Grant of Performance Rights to the CEO

Shareholders are being asked to approve a grant of 404,414 Restricted Shares and 462,188 Performance Rights to the Chief Executive Officer and Managing Director (CEO), Mr Andrew Penn, under the Telstra FY21 Executive Variable Remuneration Plan (EVP).

#### EVP terms and conditions

The CEO's total remuneration package for the 2021 financial year (FY21) comprised fixed remuneration (paid in cash) of \$2,390,000 (**Fixed Remuneration**) and variable remuneration delivered through the EVP. The CEO's Fixed Remuneration has not changed since 1 October 2017. The amount earned by the CEO under the FY21 EVP (**Individual EVP Outcome**) is delivered through a combination of cash (25%), Restricted Shares (35%) and Performance Rights (40%). It had the potential to deliver rewards that were valued at 200% of Fixed Remuneration for performance at target and 300% of Fixed Remuneration for stretch performance.

The Board believes that the EVP remains an appropriate mechanism to align performance and reward for the CEO and Group Executives and directly links reward to the delivery of our T22 strategy and Telstra's corporate plan. Delivering a significant portion of the CEO's Individual EVP Outcome in Performance Rights (which are subject to a relative total shareholder return (RTSR) performance condition described below) also links the CEO's reward to Telstra's share price and dividend performance relative to the performance of ordinary securities issued by other entities in the ASX100 (excluding resource companies). This reinforces the ultimate focus on shareholder value creation and helps align actual pay outcomes with returns delivered to long-term shareholders.

The CEO's FY21 Individual EVP Outcome was determined by the Board taking into consideration the Base EVP Outcome (determined following an assessment of Telstra's performance during FY21 against the performance measures and weightings below), his target EVP reward opportunity and his individual performance for FY21.

Financials – 60%			
Total Income	Underlying EBITDA	Free Cashflow (FCF)	Net Opex Reduction
15%	15%	15%	15%
Strategic, Customer & Transformation – 40%			
Episode NPS	Product Portfolio Simplification	Digital Engagement	People, Capability & Engagement
10%	10%	10%	10%

The CEO's Individual EVP Outcome was \$4,575,894, which equates to 95.7% of his target opportunity and 63.8% of his maximum opportunity. Further details on how the CEO's Individual EVP Outcome was calculated are set out in our 2021 Remuneration Report.

The CEO's Individual EVP Outcome is proposed to result in the delivery of 404,414 Restricted Shares and 462,188 Performance Rights.

That number of Restricted Shares and Performance Rights was determined based on the dollar value of the CEO's Individual EVP Outcome, multiplied by 35% for Restricted Shares and 40% for Performance Rights, and then divided by \$3.9602, being the five-day volume weighted average share price (VWAP) of Telstra shares commencing on the day after the FY21 results announcement. As noted above, the remainder of the CEO's Individual EVP Outcome is delivered in cash.

#### Restricted Shares and Performance Rights

The Restricted Shares and Performance Rights are granted under, and subject to, the EVP. The key terms of the Restricted Shares and Performance Rights are set out below.

Topic	
Entitlements	<ul style="list-style-type: none"> <li>• <b>Restricted Shares:</b> Each Restricted Share is a fully paid ordinary Telstra share. The Restricted Shares will be granted in four equal tranches with one tranche eligible to vest each year over four years following the end of FY21, with the first tranche vesting on 30 June 2022. During the restriction period prior to vesting, the CEO may not trade, dispose or otherwise deal with the Restricted Shares.</li> <li>• <b>Performance Rights:</b> Each Performance Right that vests following testing of the performance condition described below entitles the CEO to one fully paid ordinary Telstra share or, at Telstra's discretion, a cash amount equivalent to the value of a Telstra share. The CEO may not trade, dispose or otherwise deal with any Performance Rights granted to him. Telstra shares allocated on vesting of any Performance Rights will not be subject to restrictions on dealing.</li> <li>• In certain limited circumstances, such as a takeover event where 50% or more of all issued fully paid Telstra shares are acquired, the Board may exercise discretion to accelerate vesting of Performance Rights and accelerate the end of the restriction period for Restricted Shares.</li> </ul>



Topic	
<b>Performance measures</b>	<ul style="list-style-type: none"> <li>As described above, the number of Restricted Shares and Performance Rights granted to the CEO was determined based on performance against certain predetermined performance measures and the CEO's individual performance during FY21.</li> <li>In addition, the number of Performance Rights that vest into Telstra shares (or a cash equivalent) will depend on Telstra's total shareholder return over the five-year performance period ending 30 June 2025 relative to the total shareholder return of entities in a comparator group comprising the ASX100 as at 1 July 2020 (excluding resource companies). The number of Performance Rights vesting will be determined on a straight-line basis, with 50% of the Performance Rights vesting when Telstra's RTSR ranks at the 50th percentile of the comparator group, up to 100% of the Performance Rights vesting where Telstra's RTSR ranks at the 75th percentile or above. No Performance Rights vest where Telstra's RTSR ranks below the 50% percentile.</li> <li>The starting price that will be used to determine Telstra's RTSR at the end of the five-year performance period is \$3.19. Both the starting price and end price for the purpose of calculating Telstra's RTSR is the average of Telstra's daily closing share price over the 30 day period to 30 June of the relevant year.</li> <li>Any Performance Rights that do not vest following testing of the RTSR performance condition will lapse.</li> <li>Therefore, the CEO's Performance Rights will be subject to two sets of performance measures: the first tested over FY21 (which determines the number of Performance Rights allocated) and the second (the RTSR performance condition) tested over a five-year performance period.</li> </ul>

Topic	
<b>Issue / exercise price</b>	<ul style="list-style-type: none"> <li>As the Performance Rights and Restricted Shares form part of the variable remuneration component of the CEO's remuneration package, they will be granted at no cost to the CEO. No amount is payable by the CEO on the granting of Restricted Shares or on the granting or vesting of Performance Rights. Both the Restricted Shares and any shares to be provided on the vesting of Performance Rights will be purchased on-market.</li> </ul>
<b>Dividends, ranking and voting rights</b>	<ul style="list-style-type: none"> <li><b>Restricted Shares:</b> The CEO will receive dividends on, and have voting rights in relation to, Restricted Shares during the restriction period.</li> <li><b>Performance Rights:</b> The CEO has no legal or beneficial interest in Telstra shares (or cash), no entitlement to receive dividends and no voting rights in relation to the Performance Rights during the period between allocation and vesting of the Performance Rights. However, for Performance Rights that vest, the CEO will receive a cash payment at or around the time of vesting equivalent to the value of the dividends paid by Telstra during the period between allocation and vesting, subject to applicable taxation. No dividend equivalent payment will be made in relation to any Performance Rights that do not vest.</li> <li>Restricted Shares and shares allocated on vesting of any Performance Rights will rank equally with other Telstra shares.</li> </ul>



Topic	
<b>Treatment on cessation of employment</b>	<ul style="list-style-type: none"> <li>• If the CEO ceases employment for reasons of redundancy, death, total and permanent disablement, certain medical conditions, retirement, separation by mutual agreement or Telstra initiated separation for a reason unrelated to performance or conduct (Permitted Reason):               <ul style="list-style-type: none"> <li>– Restricted Shares that have been granted will be retained by the CEO and remain subject to the original restriction period; and</li> <li>– Performance Rights that have been allocated will be retained by the CEO and remain subject to the original performance period and the RTSR performance condition.</li> </ul> </li> <li>• If the CEO ceases employment for any reason other than a Permitted Reason before the end of the performance period or restriction period, any unvested Performance Rights lapse and any Restricted Shares are forfeited.</li> </ul>
<b>Clawback (malus)</b>	<ul style="list-style-type: none"> <li>• The Board has discretion to clawback a Performance Right and Restricted Share if certain Clawback Events occur before the Performance Right vests or the Restricted Share is transferred to the CEO following the end of the restriction period.</li> <li>• <b>Clawback Events</b> include fraud, dishonesty, gross misconduct, material breach of obligations by the CEO or behaviour that brings Telstra into disrepute or may negatively impact Telstra's long-term financial strength. It also includes where the CEO causes a significant deterioration in Telstra's financial performance or negatively impacts Telstra's standing with its regulators, where the financial results that led to the Performance Rights or Restricted Shares being granted are subsequently shown to be materially misstated, where the CEO fails to fulfil his responsibilities under Telstra's risk management framework resulting in a material breach of Telstra's risk management framework, or where the Board determines that the Performance Rights or Restricted Shares are an inappropriate benefit.</li> </ul>

#### Other information

- If shareholder approval is obtained, the Restricted Shares and Performance Rights will be granted within 12 months of the date of the meeting.
- The CEO is currently the only Director entitled to participate in the EVP.
- Following shareholder approval at the 2017 AGM, the CEO was granted 255,702 Restricted Shares and 383,554 Performance Rights in respect of the FY18 EVP. Following shareholder approval at the 2019 AGM, the CEO was granted 372,187 Restricted Shares and 558,281 Performance Rights in respect of the FY19 EVP. Following shareholder approval at the 2020 AGM, the CEO was granted 394,786 Restricted Shares and 451,184 Performance Rights in respect of the FY20 EVP. All of these Restricted Shares and Performance Rights were granted at no cost to the CEO. No other Restricted Shares or Performance Rights have been granted to directors under the EVP.
- There is no loan scheme in relation to the Restricted Shares or Performance Rights.
- The grant of Restricted Shares and Performance Rights to the CEO falls within the exception to ASX Listing Rule 10.14 set out in ASX Listing Rule 10.16(a) and (b) because the Restricted Shares will be purchased on-market and the terms of the Performance Rights require any shares to be granted on exercise of the Performance Rights to be purchased on-market. Telstra is voluntarily seeking shareholder approval for good governance.
- Details of any securities issued to the CEO under the EVP will be published in Telstra's annual report relating to the period in which they are issued, along with a statement that approval for the issue was obtained from shareholders.
- Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EVP after this resolution is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under that ASX Listing Rule.

### Outcome if shareholder approval is not obtained

If shareholder approval is not obtained for the relevant grant, the proposed grant of Restricted Shares and/or Performance Rights to the CEO will not proceed. This may impact Telstra's ability to incentivise the CEO, to align his interests with those of shareholders and to align his remuneration arrangements with the remuneration arrangements of Telstra's other senior executives. In these circumstances, the Board will need to consider alternative remuneration arrangements (such as a cash payment).

### Voting Exclusion Statement

Telstra will disregard any votes cast:

- in favour of items 4(a) and 4(b) by or on behalf of the CEO and any of his associates, in any capacity; and
- on items 4(a) and 4(b) as a proxy by a person who is a member of the company's Key Management Personnel (KMP) at the date of the meeting or their closely related parties.

However, a vote will not be disregarded if it is cast:

- as a proxy or attorney for a person entitled to vote on the relevant item in accordance with a direction as to how to vote provided by that person; or
- as a proxy for a person entitled to vote on the relevant item, by the Chairman of the meeting, as the Chairman has received express authority from that person to vote undirected proxies as the Chairman sees fit even though items 4(a) and 4(b) are connected with the remuneration of the KMP; or
- in favour of the relevant item by a holder as a nominee, trustee or custodian (or other fiduciary) for a person entitled to vote on the relevant item, in accordance with a direction as to how to vote given by that person, provided that person gives written confirmation to the holder that they are not excluded from voting on the relevant item and are not an associate of a person excluded from voting on the relevant item.

### Board recommendation

The Board (other than Mr Andrew Penn) considers the CEO's total remuneration package for FY21, including the proposed grant of Restricted Shares and Performance Rights under the FY21 EVP, to be appropriate in all the circumstances. The Board (other than Mr Andrew Penn) recommends that shareholders vote in **favour** of items 4(a) and 4(b). The Chairman of the meeting intends to vote all available proxies in favour of the grant to the CEO.

## Item 5 – Remuneration Report

The 2021 Remuneration Report contains information regarding:

- our remuneration policy and strategy;
- the structure of non-executive Director, CEO and certain senior executive remuneration arrangements, and how we seek to align senior executive remuneration with our performance; and
- the remuneration of non-executive Directors, the CEO and certain senior executives for the year ended 30 June 2021.

The 2021 Remuneration Report can be found on pages 44 to 73 of the 2021 Annual Report.

This item provides an opportunity for shareholders at the meeting to comment on, and ask questions about, the 2021 Remuneration Report.

The vote on this item will be advisory only and will not bind the directors of Telstra. However, the Board will take the outcome of the vote into consideration when reviewing Telstra's remuneration practices and policies.

### Voting Exclusion Statement

The company will disregard any votes cast on item 5:

- by or on behalf of a member of the KMP whose remuneration is disclosed in the 2021 Remuneration Report (and their closely related parties) in any capacity; and
- as proxy by a person who is a member of the KMP at the date of the meeting (and their closely related parties).

unless the vote is cast as proxy for a person entitled to vote on item 5:

- in accordance with a direction as to how to vote provided by that person; or
- by the Chairman of the meeting as the Chairman has received express authority from that person to vote undirected proxies as the Chairman sees fit even though item 5 is connected with the remuneration of the KMP.

### Board recommendation

The Board recommends that shareholders vote in favour of item 5. The Chairman of the meeting intends to vote all available proxies in favour of this resolution.

# Conducting Telstra's Annual General Meeting

Our virtual AGM will be conducted through our share registry's (Link Market Services) online platform at [agmlive.link/telstra2021](https://agmlive.link/telstra2021) and will give shareholders the opportunity to:

- hear presentations from the Chairman and CEO about the operations and performance of the company and the outlook for the year ahead.
- consider and vote on the resolutions contained in the Notice of Meeting.
- make comments and ask questions (by submission through the online portal or by telephone) of the Chairman of the meeting, the Board, management and the auditor on the items of business, the management of the company or the conduct of the audit and the auditor's report. The Chairman and CEO will generally answer questions on behalf of the Board and management.
- have access to the questions asked by shareholders during the meeting (relevant to the items of business of the meeting) by making them available online after the meeting at [telstra.com/agm](https://telstra.com/agm).

To help achieve these objectives we will:

- conduct the AGM through our share registry's (Link Market Services) online platform at [agmlive.link/telstra2021](https://agmlive.link/telstra2021) so that all Shareholders can attend the meeting. The AGM will be recorded and made available to view after the AGM at [telstra.com/agm](https://telstra.com/agm).
- enable shareholders to ask questions online prior to the meeting at [vote.linkmarketservices.com/tls](https://vote.linkmarketservices.com/tls). Shareholders will need to log in using their Shareholder number and then select the 'Ask Question' option under the 'Action' column. The Chairman and CEO will endeavour to address the more frequently raised shareholder matters during the course of the meeting. We may not be able to answer all questions, however we will make available online after the meeting the frequently asked questions by shareholders and the responses at [telstra.com/agm](https://telstra.com/agm).

- provide a reasonable opportunity for shareholders attending the virtual AGM to submit questions of the Board through the online platform or by telephone.
- if a number of shareholders submit the same question to the meeting at a similar time, it may be practical for the Chairman of the meeting to respond once, addressing the shareholders who submitted the same question at the same time.
- answer shareholders' questions honestly and fairly. If we can't answer a question at the meeting, we will seek to provide a response to the shareholder asking the question after the meeting.
- provide online after the meeting a list of all questions asked during the virtual AGM (relevant to the items of business before the meeting) at [telstra.com/agm](https://telstra.com/agm).
- inform shareholders as to the proxy/nominee and direct voting position with respect to the resolutions to be considered by the meeting and the manner in which the Chairman of the meeting intends to vote available proxies.

To help achieve these objectives we ask that shareholders:

- when entering their question online or when telephoning with their question during the virtual AGM, are courteous and respectful to all shareholders and others attending the meeting. Disrespectful or rude questions and questions using bad language will not be responded to.
- when entering their question online or when telephoning with their question during the virtual AGM, keep their questions concise and to the point and confine their questions to the matters before the meeting. If a shareholder enters a question through the online portal that appears to be more relevant to the shareholder's own circumstances rather than to shareholders as a whole, the question will not be put to the Chairman of the meeting for response during the meeting and will be responded to after the meeting.

# FY21 Financial performance

**\$23.1 billion**

Total Income on a reported basis<sup>1</sup>

**\$7.6 billion**

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

**\$6.7 billion**

Underlying EBITDA on a guidance basis<sup>2</sup>


**\$1.9 billion**

Net Profit After Tax (NPAT)

 Total FY21 dividends **16 cents per share** fully franked

 **\$1.9 billion** returned to shareholders

 **Maintained A-band credit ratings**

 **\$2.3 billion reduction** in underlying fixed costs since FY16

1. Total income excluding financial income.

2. FY21 guidance assumed no impairments in and to investments or non-current tangible and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum, and excluded the impacts of Pitt St exchange sale and leaseback. The guidance was based on management best estimates of nbn impacts including input from the nbn Corporate Plan currently published at time of issue of this guidance. Refer to the Reference table – guidance vs reported results on page 164 of our 2021 Annual Report available at [telstra.com/annualreport](https://www.telstra.com/annualreport).

# Sustainability

Our goal is to embed social and environmental considerations into our business in ways that create value for the company and our stakeholders.

## Our approach

This year we reviewed our approach to sustainability and took steps to align our strategy more closely to our purpose and broader organisational objectives. Our review resulted in the launch of a new Responsible Business Strategy (Strategy) and governance framework, which seeks to embed responsible business principles into every aspect of what we do, from the way we interact with our customers, suppliers and people, to the impact we have on our planet and the role we can play in increasing the number of Australians who benefit from the digital economy.

When considering what it means to be a responsible business, it's clear that how we do business is just as important as what we do and why we do it. Community trust in institutions reached a new low point at the end of the last decade and yet in a short space of time more and more corporates, like Telstra, are standing up on important issues, like climate change. In doing so, we are demonstrating that we understand the expectations on us and the responsibility to support the communities in which we operate.

Our Strategy reflects our most material topics, our United Nations Sustainable Development Goals (SDGs) priorities, the areas in which we have the expertise to make a meaningful impact, and where we see opportunities to use innovative, tech-based solutions to help address major societal challenges and opportunities. Through the Strategy we will build on our reputation as a trusted, sustainable business and draw on our tech expertise to play a leadership role in promoting digital inclusion and environmental action.





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



**Trusted operations**

We will operate as a globally trusted company that people want to work for and with.



**Digital inclusion**

We will help our customers and communities to thrive in a digital world.



**Environmental action**

We will use technology to address environmental challenges and help others to do the same.

Our Bigger Picture FY21 Sustainability Report, available online at [telstra.com/sustainability/report](https://telstra.com/sustainability/report), provides a transparent overview of our progress and performance this year in relation to each of our strategic pillars. The report also details the work we are undertaking in support of the SDGs and includes disclosures aligned to the Taskforce on Climate related Financial Disclosures (TCFD).

**Introducing three new resource efficiency goals**

Having announced a significant acceleration of our response to climate change in FY20, this year we launched three new resource efficiency goals that round out our approach to environmental action. They are:



Reuse or recycle 500,000 mobile phones, modems and other devices each year to 2025



Ensure 100% of Telstra-branded packaging is made of renewable or recycled material and is fully recyclable by 2022



Increase our network waste recycling rate to 85% by 2025

