

# Modern Slavery Act Statement 2016

Telstra Corporation Limited and Telstra Limited



## Introduction

At Telstra, we work across our global operations with the aim of ensuring that we and our business partners operate without infringing on human rights. We have been a signatory to the United Nations (UN) Global Compact since 2011 and are committed to supporting its 10 principles on human rights, labour rights, environment and anti-corruption.

We recognise that Telstra has a responsibility to respect and support human rights as set out in the Universal Declaration of Human Rights and our approach is aligned to the UN Guiding Principles on Business and Human Rights. Our commitment is defined in our Code of conduct and [Human Rights Policy](#).

## Our business

Telstra is a leading telecommunications and technology company with a growing international business, and a heritage that is proudly Australian. We offer a broad suite of connectivity, media and content to consumers and businesses in Australia, cloud and other technology services to business, enterprise and government customers, as well as connectivity services to carriers globally.

We employ more than 33,000 people directly in more than 20 countries, facilitate access to more than 2,000 network points of presence across the globe and have one of Australia's largest shareholder bases, with around 1.4 million shareholders.

We have a diverse range of customers, including consumers, small businesses, large enterprises and government organisations. In Australia, our services are offered through 358 Telstra retail stores, 83 Business Centres and 16,500 retail points of presence managed by our partners.

Telstra Corporation Limited is listed on stock exchanges in Australia and in New Zealand (Wellington). Telstra Limited is our UK operating company.

## Organisational structure

This statement is for Telstra Corporation Limited (the ultimate parent company in the Telstra Group) and Telstra Limited (UK) (together referred to as we, us, our, Telstra).

## Our supply chain

In FY16, we spent \$15.5 billion on purchases from around 9,000 suppliers. Key areas of purchasing include electronics, dealer payments, network components and services. These include our operational and capital spend but exclude some payments such as Wholesale and Regulatory Payments.

Our procurement of electronics and network equipment includes mobile devices (phones, tablets, wireless internet), IT equipment (computers, modems, servers) and network components (cables,

wireless antenna, exchanges). These items are provided directly to customers, used to supply our network and data services, or used by Telstra employees.

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

Our procurement of services includes activities that relate to installing and maintaining our network, connecting our customers to the network, developing software, providing customer support, providing non-core services such as property management, as well as professional consulting services.

## Our governance framework

As a large telecommunications company, we recognise that our long-term success depends on how we respond to the changing social and environmental expectations of our employees, customers, investors, regulators and the community. These expectations extend beyond our own operations and into our supply chain and relationships with our business partners.

We are committed to excellence in corporate governance, transparency and accountability. This is essential for our long term performance and sustainability, as well as 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, our performance is monitored, and the risks we face are managed. It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behaviour we expect of each other.

## Our values

Our values express what we stand for and are core to our business. As a values-led organisation, our values shape our people's decisions and actions. They guide how we work together and we align everything we do with them.

At Telstra, we have five values:

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

## Our Code of Conduct and policy framework

Our Code of Conduct and policy framework underpin our Telstra Values. Together they set out, in more detail, the standards of behaviour we expect of our people. 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. This year, we updated our Code of Conduct to reflect our commitment to human rights.

Our Code of Conduct and policies include elements that address the following key areas. These are central to how we promote ethical and responsible behaviour:

- Health and safety
- Diversity and inclusion
- Discrimination and bullying
- Privacy
- Anti-bribery and anti-corruption
- Fraud and criminal conduct
- Whistleblowing.

### Human Rights Policy

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

### Supplier Code of Conduct

We have a [Supplier Code of Conduct](#) which sets out our minimum standards in the areas of labour and human rights, health and safety, environment, ethical dealings and supply chain diversity, and is modelled on other codes, including the Electronic Industry Citizen Coalition Code of Conduct. We have more work to do to communicate our expectations and implement the Code throughout all aspects of our supply chain. As part of the development of our global supplier governance framework (detailed in the following section) we propose to review the effectiveness of our Supplier Code of Conduct and do additional work to enhance our suppliers' understanding of, and commitment to our Supplier Code of Conduct.

### Risk management

Our particular business context means there are a number of human rights risk areas we need to manage. Telstra has a growing international presence and diversified business with a large workforce and contractor base. We also have a large supply chain through which we undertake potentially high risk activities, such as contracting to manufacture electronic equipment in non-Organisation for Economic Co-operation and Development (OECD) and developing countries.

Understanding and managing our risks is part of how we work. It helps us meet our legal and regulatory

obligations, and make informed, business decisions and act ethically in the best interests of Telstra and our shareholders. Having conducted a high level supply chain sustainability risk assessment in FY14, this year we continued to embed management practices for the risks identified into our core activities.

Given increasing and dynamic stakeholder expectations as well as new regulatory requirements, we are revisiting our approach to supplier risk management and developing a global supplier governance framework. The framework aims to streamline our supplier risk management process to ensure better identification of, and greater focus on addressing high risk exposures associated with our suppliers, including any suppliers with heightened human rights risks. We plan to report back on our global supplier governance framework in future years.

### Due diligence

We are working with our 24 high risk suppliers (as identified through our assessment in FY14) to understand their approach to managing sustainability risks and assessing their performance. In FY15, we sent high risk suppliers a sustainability risk questionnaire and we have now received responses from all 24 suppliers. Analysis of the supplier responses identified that many of our high risk suppliers have strong corporate governance over their own operations. During FY17 we propose to work with our high risk direct suppliers to ensure they are cascading our expectations, as set out in our Supplier Code of Conduct, to our second and third tier suppliers.

### Grievance mechanisms

We encourage our people across the Telstra Group to take action if they have any concerns about unethical, illegal or improper behaviour. Our whistleblowing policy is supported by a confidential, anonymous whistleblowing service that provides appropriate protections for our people and members of the public (including those in our supply chain) to report their concerns. Our process is supported by an independent service provider specialising in handling sensitive reports and disclosures. For whistleblowing contact details, visit [www.telstra.com/governance](http://www.telstra.com/governance).

## Reporting and performance indicators

We monitor, manage and report progress on a range of indicators used to assess the effectiveness of our responsible business programs and performance. We recognise our influence and impacts go beyond our own operations and therefore, our performance indicators extend along our value chain, from our supply chain through to our operations and onto our customers and the community.

We report our progress against these metrics in our annual Bigger Picture Sustainability Report. The metrics reported include:

- The per cent completion rates of employees and contractors conducting their annual mandatory refresher compliance training on topics including our Code of Conduct, ethical behaviour, anti-bribery and anti-corruption and health and safety
- Health and safety performance including our Lost Time Injury Frequency Rate
- The number of reported cases of discrimination and bullying and the associated outcomes
- The number of whistleblowing alerts opened, closed and that remain active each year
- Whether whistleblowing alerts involve grievances about human rights impacts or the rights of Indigenous people (Refer to the [GRI and UNGC Index](#))
- The number of high risk suppliers that completed our sustainability risk questionnaire
- The number of notable incidents relating to customer privacy
- The number and type of law enforcement requests for customer information (also reported in our Transparency Report).

## Training

### Employee 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 training on our Code of Conduct. Mandatory refresher training is also completed annually which includes our ethical behaviour policies.

### Procurement training

In FY16, we held sustainability awareness sessions for more than 200 procurement and supply chain employees and contractors. The awareness sessions provided an overview of Telstra's sustainability strategy and key commitments, how they apply to procurement, Telstra's sustainability expectations of suppliers and how to manage sustainability risks when sourcing goods and services.

## Future commitments

Over the next year, our key focus is on the development of our global supplier governance framework and reviewing the effectiveness of our Supplier Code of Conduct in communicating our minimum requirements to all of our suppliers. We also plan to assess training needs for specific areas of the business with heightened human rights risks.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement of Telstra Corporation Limited and Telstra Limited for the year ended 30 June 2016 and has been approved by the Telstra Board.



Signed:  
Andrew Penn  
Chief Executive Officer and Managing Director

December 2016