

# Modern Slavery Act Statement 2017

Telstra Corporation Limited and Telstra Limited



## Introduction

We work across our value chain with the aim of ensuring that we and our business partners operate with respect for human rights. Since 2011 Telstra has been a signatory to the United Nations Global Compact, which commits companies to 10 guiding principles on human rights, labour rights, environmental protection, and measures to fight corruption.

Our commitment to respect and support human rights is aligned to the UN Guiding Principles on Business and Human Rights, and is defined in our [Code of Conduct](#) and [Human Rights Policy](#).

This commitment includes responding to the many forms of modern slavery – such as forced labour or child labour that exist. In this statement we use the term human rights to encompass how we manage the risks associated with all forms of modern slavery.

We also support the [United Nations Sustainable Development Goals](#), with one of our four priority goals being Goal 8: Decent work and economic growth, which includes the commitment to work to eradicate modern slavery and protect labour rights.

## Our business

Telstra is Australia's leading telecommunications and technology company with a growing international presence. Through our extensive network, we offer a broad suite of connectivity, media and content to customers in Australia, as well as connectivity and enterprise services globally. We have a diverse range of customers including consumers, small business, large enterprises and government organisations. We curate innovative technologies and capabilities from around the world to deliver exceptional experiences for all our customers.

Our core strength is in our leading network and connectivity, and we are utilising this to secure new opportunities in international markets and in emerging areas like eHealth, software and digital media.

We strive to provide exceptional customer experiences, forming strategic partnerships around the world to create and deliver innovative technology, capability and talent.

For more information about our business structure and strategy, please refer to Strategy and Performance in our [2017 Annual Report](#).

Telstra Corporation Limited is listed on the Australian Securities Exchange (ASX) and the New Zealand Stock Exchange (NZX). 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).

## Who we are

Over 32,000 staff in 20 countries

Over 350 Telstra Stores and 70 Telstra Business Centres

>400,000 km of subsea cables connecting to +2,000 points of presence

Mobile network covering more than 2.4 million square kms

More than 800,000 Telstra TVs® in market

1.4m shareholders

Providing AFL, NRL and Netball content data-free to customers

Joint owner of **FOXTEL** Australia's largest Pay TV service

## Our customers

460 million calls and 430 million data connections made over our mobile network each day

Over 5,000 petabytes of data on our fixed network and mobile network each day, increase of 40%

Nearly two million customers activated to use more than 1.1 million Telstra Air® hotspots

5.4 million retail fixed voice services

3.5 million retail fixed data services

1,176,000 nbn™ connections, 88% of retail fixed data customers on a bundled plan

17.5 million domestic retail mobile services

## Our supply chain

In FY17, Telstra Group engaged with approximately 4,500 domestic and 3,300 international suppliers, with our top 100 suppliers comprising 80 per cent of our total spend. Our key areas of spend include electronic and network equipment (52 per cent) as well as the procurement of services (48 per cent).

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. Network payments (e.g. carrier, international roaming and wholesale capacity) as well as other payments (e.g. pass-through and regulatory) have been excluded.

## Our governance framework

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

To learn more about Governance at Telstra, please refer to our [2017 Corporate Governance Statement](#).

## Our Code of Conduct and policy framework

Telstra's [Code of Conduct](#) and [our Values](#) set the behavioural standards for everyone who works for or on behalf of Telstra. The Code of Conduct helps us take a consistent, global approach to important ethics and compliance issues. Throughout the year we review our policies and procedures to align with all relevant regulatory requirements.

All Telstra employees are responsible for knowing and following the ethical, legal, and policy requirements that apply to their jobs and for reporting any suspected violations of law or our code. Our Executives and managers are accountable for creating and promoting a workplace environment in which compliance and ethical business conduct are expected and encouraged.

## Code of Conduct

Our Code of Conduct (Code) was updated on 1 September 2017. Our new Code sets out the standards of behaviour we expect of our people. It embodies our commitment to good corporate governance and responsible business practice.

Our code sets out eight core principles that are underpinned by our corporate values as follows:

- We act in the best interest of the company and our shareholders and work as one team to deliver solutions for our customers
- We compete fairly and comply with the law in the countries where we operate
- We act with honesty and integrity and don't make or receive improper payments, benefits or gains
- We secure and protect the property of Telstra and others, including company and personal information
- We maintain a safe and inclusive working environment where we treat each other with respect
- We seek to make positive and sustainable economic, social and environmental contributions wherever we operate
- We communicate responsibly and use technology appropriately
- We're all individually accountable for complying with the Code, and we call things out which don't seem right.

Each Principle is supported by and references a range of policies such as Health and Safety, Anti-Bribery and Anti-Corruption, Conflicts of Interest, Dealing with our Suppliers and Other Third Parties and our Human Rights Policy (described in more detail overleaf).

## 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.

Training is an integral element of our compliance framework. It ensures our employees and contractors are aware of their legal, regulatory and compliance responsibilities. All new employees and contractors are required to complete an online induction training course and refresher training annually, with each compliance topic covered every two years. Training is reviewed and updated regularly as our Code of Conduct and policies evolve.

We continue to refresh our training content and how the training is delivered to make it engaging and effective for all our employees and contractors.

## 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

Our Code of Conduct, [Supplier Code of Conduct](#) and other key procurement policies and procedures provide a framework for how we manage our relationship with suppliers and contractors, and set out the key principles of our approach to sustainable supply chain management.

Our Supplier Code of Conduct sets out the minimum standards required of our suppliers, and is modelled on other codes, including the Responsible Business Alliance (formerly Electronic Industry Citizenship Coalition) Code of Conduct. We expect suppliers to meet the standards described in our Supplier Code of Conduct. Critical areas include privacy and information security, human rights, fraud and corruption and environmental compliance.

We have worked with the high risk suppliers identified in the 2016 Modern Slavery Statement. The suppliers completed a detailed questionnaire and provided evidence to confirm their sustainability practices. On the basis of the questionnaires, we communicated with these suppliers highlighting areas for improvement. To ensure the Supplier Code of Conduct had been communicated to both our direct and indirect suppliers, Telstra developed a plan with these suppliers to address any gaps. These plans are being monitored, to improve their compliance with our Supplier Code of Conduct.

## Risk management and due diligence

### Understanding our human rights risks

Our particular business context means there are a number of human rights risk areas that need to be managed. Telstra is an international diversified business with a large workforce and contractor base. We also have a large supply chain where potentially high risk activities are undertaken, such as contracting to manufacture electronic equipment in countries where there are higher human rights risks.

This year we identified seven salient human rights issues across our value chain. These cover the potential impacts we have on our employees, supply chain, business partners and the communities in which we operate and include:

- Labour rights (human rights) including:
  - Forced or compulsory labour
  - Wages and benefits
  - Work hours
  - Child labour
- Freedom of association
- Health and safety
- Privacy and data protection
- Anti-discrimination
- Anti-bribery and corruption
- Access to grievance mechanisms.

To ensure we take a consistent approach to managing human rights across Telstra, this year we developed a Human Rights Compliance Plan. This will form part of our overall compliance program and includes obligations relating to human rights risk areas.

The compliance plan requires each business unit to identify and assess its operations for human rights risks and to implement appropriate controls with a preference towards integrating these into existing processes.

As part of the plan, we identified areas of the business that are higher risk from a human rights perspective, and these teams will receive specialised human rights training. This includes personnel who purchase products or services, develop labour contracts or manage third parties.

The first area to receive training on human rights will be the procurement function in early FY18 as part of the broader training on the supplier governance program (refer overleaf).

### Our workforce

At Telstra we rely on a highly diverse workforce and engage people with broad and varied skillsets, ranging from salespeople through to technology experts, and we use a mix of both directly hired employees and contractors. Operating in more than 20 countries we have a global employment framework that complies with all local laws as a minimum and covers core employment conditions such as minimum wages, hours of work, and leave entitlements.

In many aspects our global employment framework provides conditions and employment processes that go beyond what is required by local law. An example of this is the Family and Domestic Violence Leave that applies to our employees.

We protect the personal information of our people and ensure they know how we are using information that we collect on them. We ensure our people are treated fairly in matters that impact their employment.

## Recruitment and labour hire

We have a Recruitment Policy to ensure:

- All recruitment decisions are consistent with the Telstra [Purpose and Values](#)
- The process is consistently and fairly applied
- We act in accordance with the principles in our Redundancy and Redeployment Policy as well as our [Diversity and Inclusion Policy](#).

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

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

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

Our online recruitment management system has formal approval gates to ensure our policies and procedures are correctly followed. This includes verifying candidates' identity and evidence to confirm their right to work status, and contract generation.

## Supply chain

This year, we began to incorporate the management of human rights into our new supplier governance program. Preliminary supplier human rights assessments are underway, aligned to the guidance outlined in the UN Guiding Principles on Business and Human Rights.

## 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 process 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. In July 2017 we enhanced this service improving accessibility for our international operations and stakeholders.

Telstra's Group Whistleblowing Committee consists of senior executives and is chaired by the Company

<sup>1</sup> 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 full-time, part-time and casual staff in Telstra Corporation Limited, excluding subsidiaries, contractors and agency staff.

Secretary of Telstra Corporation Limited. Our Group Whistleblowing Committee monitors disclosures, investigations, recommendations and where appropriate the implementation of actions, and the Telstra Audit and Risk Committee oversees the whistleblowing process.

For whistleblowing contact details, visit our [website](#).

## Reporting and performance indicators

We monitor a range of indicators and report our progress against these 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<sup>1</sup> and Total Recordable Injury Frequency Rate<sup>2</sup>
- 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
- The number of complaints to the Australian Human Rights Commission claiming disability discrimination and their outcome
- Grievances about human rights impacts (Refer to the [GRI and UNGC Index](#))
- The number of notable incidents relating to customer privacy
- Gender pay equity (the percentage of fixed remuneration – male to female by level)
- The number and type of law enforcement requests for customer information (also reported in our [Transparency Report](#)).

## Training

### Workforce training

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

All new employees and contractors are required to complete an online induction training course. The induction course covers topics such as our values and code of conduct, key policies, fraud and ethical behaviour, health, safety and environment, discrimination and bullying and accessibility and disability awareness. All employees and contractors are required to complete annual refresher training, with each compliance topic covered every two years.

<sup>2</sup> TRIFR is the reported number of all work-related injury or disease that require medical treatment greater than first aid for each million hours worked. Includes full time, part time and casual staff in Telstra Corporation Limited, excluding subsidiaries, contractors and agency staff.

The two exceptions, which are included annually, are our Structural Separation Undertaking, which responds to our regulatory commitments as part of our agreement with nbn co. and Our Workplace, which covers key company policies and standards of behaviour for employees.

We monitor, report and manage training completion rates. Employees who fail to complete mandatory compliance training without a valid reason may face disciplinary action.

#### Procurement training

To embed our supplier governance approach, we have undertaken training within our procurement team including an increased focus on key risk categories, including labour practices (human rights). This training will be further enhanced in FY18.

## Future commitments

Over the next year, our focus will be on:

- Delivering training to our procurement professionals on human rights risk management
- Continuing to implement the human rights compliance plan across the business.

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 2017 and has been approved by the boards of Telstra Corporation Limited and Telstra Limited.



Signed:  
Andrew Penn  
Chief Executive Officer and Managing Director

December 2017