

2007 CRI Confidential Feedback Report

St James Ethics Centre in partnership with *The Sydney Morning Herald* and *The Age*, proudly supported by Ernst & Young, is pleased to provide you with a copy of your confidential feedback report for the Corporate Responsibility Index 2007. This is a summary of your results, comparing your company's performance in the Index against your peers and other Index participants. This year a total of 40 companies have been using the Index as a management tool, including 10 global participants, 10 private participants and 2 community module participants.

Key Changes to the CRI for 2007- in keeping with its commitment to continuous improvement Business in the Community has introduced a number of changes to the Index and results should be interpreted with this in mind. Some questions have been added, strengthened or rephrased and guidance notes have been improved to clarify requirements for supporting evidence. Please refer to the final page of this document for further detail.

Company Name	Telstra Corporation Ltd	
Company Score 2007	Score 87%	Band Silver
Community Index	100%	
Environment Index	66%	
Workplace Index	93%	
Outstanding performance (ie score >95%)	Community Management	
Commitment to disclose (as indicated in submission)	100%	

Australian Sector
Support Services and Telecommunications

Participants in your Australian Sector
*BT Group, *Serco Group, and two private participants

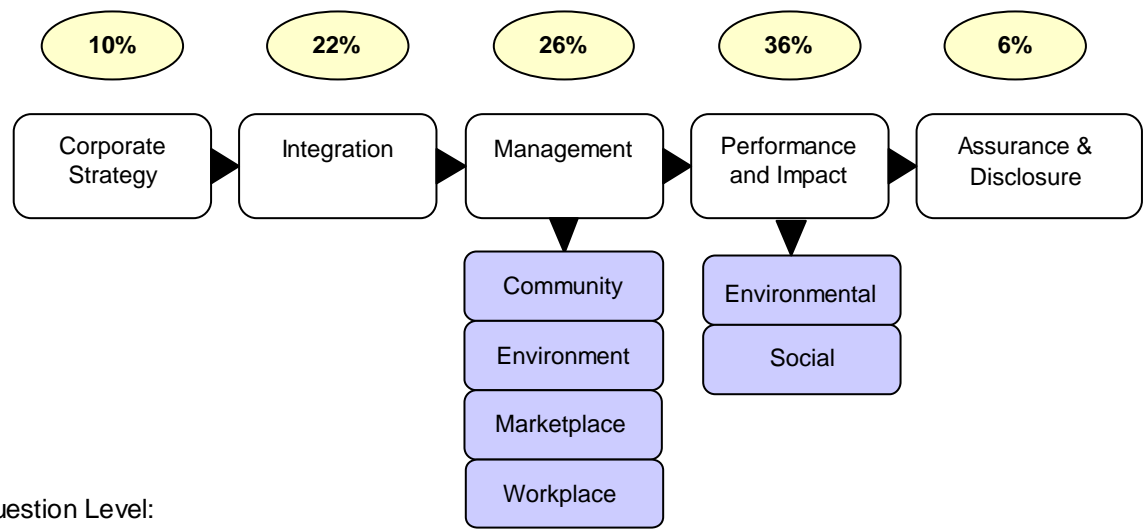
* indicates global business reporting through the UK

UK Sector
Support Services and Telecommunications

Participants in your UK Benchmark
Alfred McAlpine, AMEC, Amey, Capgemini (UK&I), John Laing, MITIE Group, Morrison plc, Premier Farnell, Rentokil Initial, Serco Group, Sodexo, Speedy Hire, BT Group

The Index Model

The Index assesses the extent to which **corporate strategy** is **integrated** into responsible business practice throughout an organisation. It provides a benchmark for companies to evaluate their **management** practice in four key areas of corporate responsibility (community, environment, marketplace and workplace) and **performance** in a range of environmental and social **impact areas** material to their business.



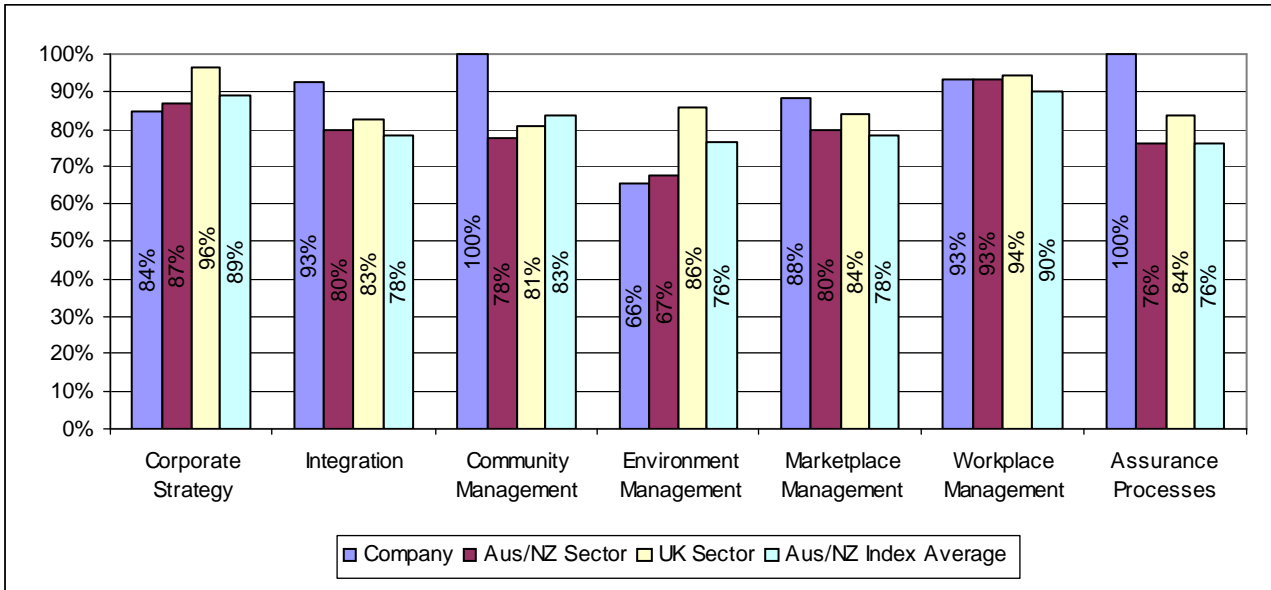
Question Level:

Qs 1- 6	Qs 7 - 15	Qs 16-39	Qs 40 - 86	Qs 87 - 88
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Overall Summary

Strategy, Integration and Management Practices

The following graph provides a summary of your company's overall performance across the Corporate Responsibility Index. More detailed results are provided in subsequent sections. Please refer to the Index survey for further detail of each element within the chart. For reference, each chart is normalised to 100%.

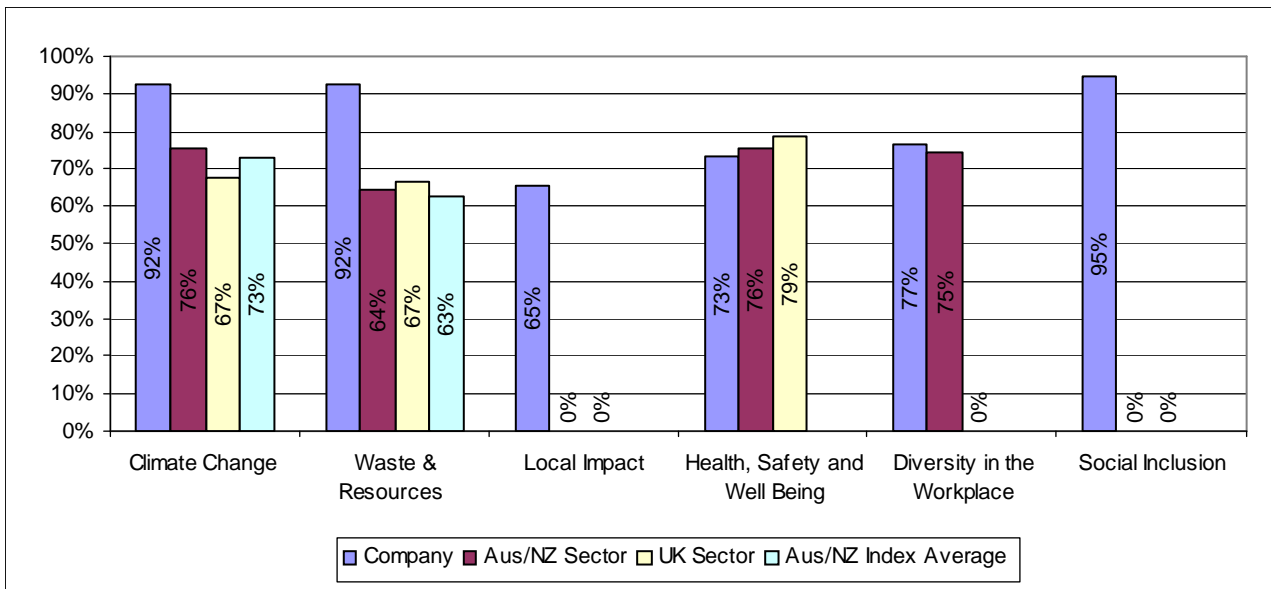


Environmental and Social Impact Areas

Each company completes six impact areas – three environmental and three social.

The environmental impact areas include two core impacts, Climate Change and Waste & Resource Management, plus one self-selected area relevant to the business. For their social impact areas companies are able to choose between Health, Safety & Wellbeing, Employee Development, Migrant Workers, Diversity in the Workplace, Community Investment or another self-selected impact area. You have chosen to report on the following: Local Impact, Health, Safety and Well Being, Diversity in the Workplace, and Social Inclusion.

See Section 4 of this report for further detail on each impact area.



Self Selected Environmental Impact - Index averages for Aus/NZ participants:

Indirect Impact - 52%, Resource Use - 59%, Unplanned Environmental Incidents - 70%, Water Consumption - 76%

NOTE: A 0% score appearing for sector averages indicates that there is insufficient participants completing the optional section or question for benchmarking purposes.

Notable Points

Telstra has demonstrated, through its response to the Corporate Responsibility Index ('CRI'), the following improvements in management of corporate responsibility since the previous year:

- Increased oversight of corporate responsibility issues at senior leadership team meetings including approving specific actions and discussing KPIs in the areas of community, environment, marketplace and workplace.
- Integrated corporate responsibility principles further into business practices such as: incorporating CR objectives in performance appraisals and linking remuneration and bonus systems to these objectives for staff with functional responsibilities through to senior executives.
- Enhanced the scope of publicly reported information such as: describing the process used to identify Telstra's risks and opportunities and reporting progress against performance targets. Telstra has also engaged third parties to provide assurance over some elements of CR data.

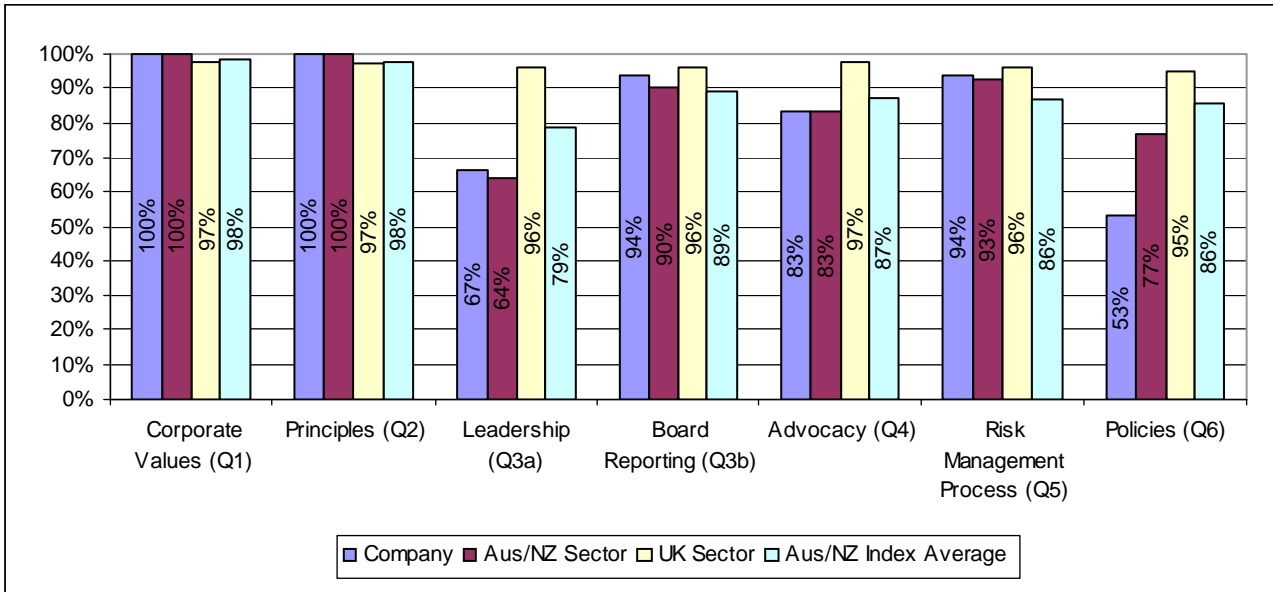
Opportunities for Improvement

Based on Telstra's response to the CRI and compared to the requirements of the CRI, Telstra could improve by:

- Broadening the focus of health and safety management to address well-being issues. This is in line with the CRI's intention to encourage companies to place a greater focus on incorporating health and well-being into core business strategy. This could include developing KPIs and demonstrating improvements in both the management of this impact area and in performance over time.
- Strengthening responsible supply chain management. Telstra was not able to demonstrate that it conducts audits or spot checks of prioritised suppliers or that it supports these prioritised suppliers to address actions identified as a result. Telstra could consider developing an audit schedule, centrally collate records of audits and/or document examples of how they have supported their prioritised suppliers to meet Telstra's expectations. Telstra could also set overarching economic, social and environmental targets and action plans for use throughout their supply chain and develop a policy to cascade their CR expectations throughout their supply chain. It is understood that Telstra is currently considering labour and human rights impacts within the supply chain; CRI recommends the development of policies in this area.
- Further enhancing transparency through publicly disclosing workplace objectives and targets and progress against performance targets. Telstra could also public report CR policies in relation to workplace and marketplace impacts. In addition to the third party assurance conducted for selected CR data sets, Telstra could engage a third party to provide assurance over their Corporate Responsibility Report.
- Improving the management of the environmental aspects of CR. In particular, the provision of environmental training in the areas of resource efficiency and waste management, actively consulting employees on environmental issues and moving towards active two-way dialogue with stakeholders.

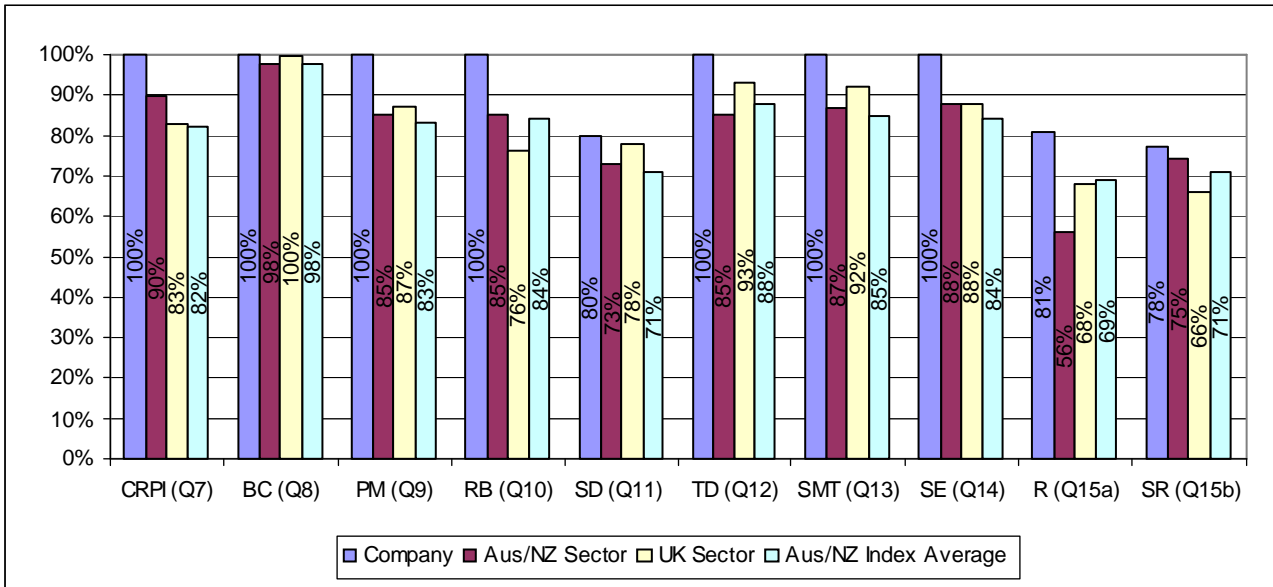
Section 1 – Corporate Strategy

This section rewards companies for placing CR values at the core of their business strategy. It asks whether there is a system to identify key social and environmental risks and opportunities, and whether these are addressed by principles and policies. Companies must be able to demonstrate leadership and commitment at the highest level, internal reporting to the board, and public advocacy of responsible business practice.



Section 2 – Integration

It is not enough simply to have a strategy; it needs to be implemented throughout a business. This requires internal communication and training employees so they understand the key CR issues for the company, building CR related performance criteria into appraisal and remuneration systems, undertaking stakeholder engagement and ensuring it contributes to CR strategy, demonstrating social and environmental issues are incorporated into strategic decision making, and transparency through external reporting on CR management practices and impacts.



CRPI – Corporate Responsibility Principles Integration, **BC** – Business Conduct, **PM** – Performance Management, **RB** – Remuneration and Bonus, **SD** – Strategic Decision-making, **TD** – Training and Development, **SMT** – Senior Managers and Board members Training/Briefing, **SE** – Stakeholder Engagement, **R** – Reporting, **SR** – Scope of reporting

Section 3 – Management Practice

Section 3 assesses whether a company has developed management practices to address CR issues key to the business in the four areas of Community, Environment, Marketplace and Workplace.

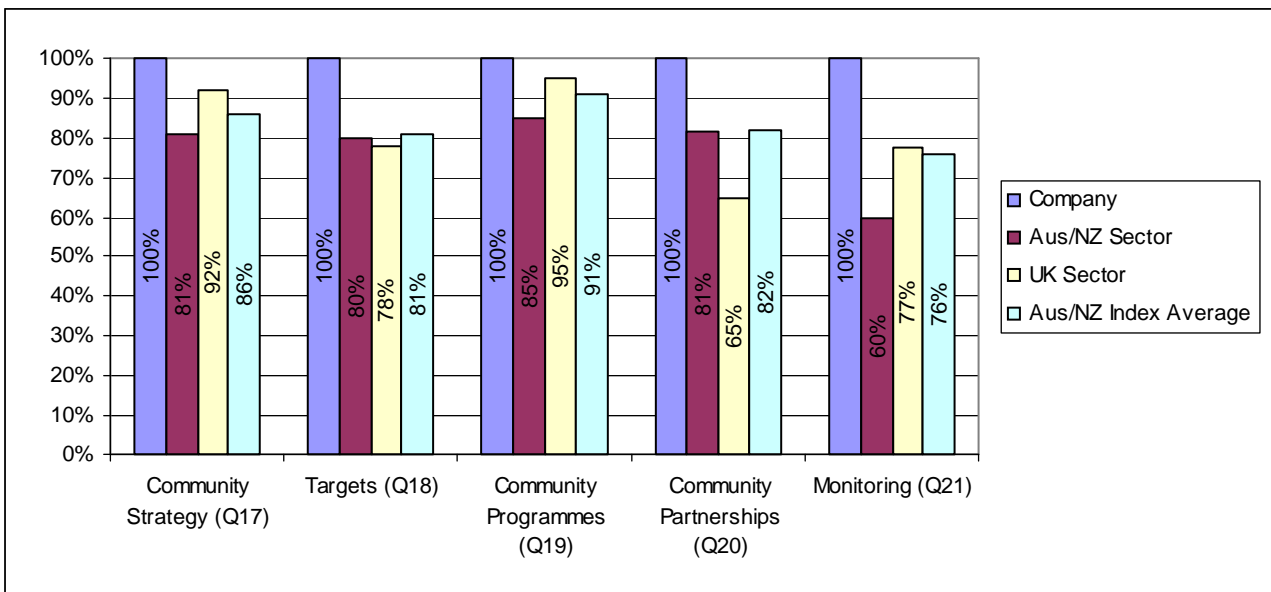
Leading companies are able to demonstrate:

- = policies to ensure responsible behaviours,
- = objectives and targets to drive improvement,
- = responsibilities are defined at all levels,
- = effective communication systems to share knowledge and latest information,
- = training is provided to relevant staff to ensure competency and delivery of objectives,
- = a process for stakeholder consultation and engagement across all key areas,
- = monitoring systems to assess and report progress,
- = key issues, targets and performance are reported publicly.

The overall summary on page 2 of this report gives a score for each management area. The following graphs provide further analysis on your management practice in Community, Environment, Marketplace and Workplace.

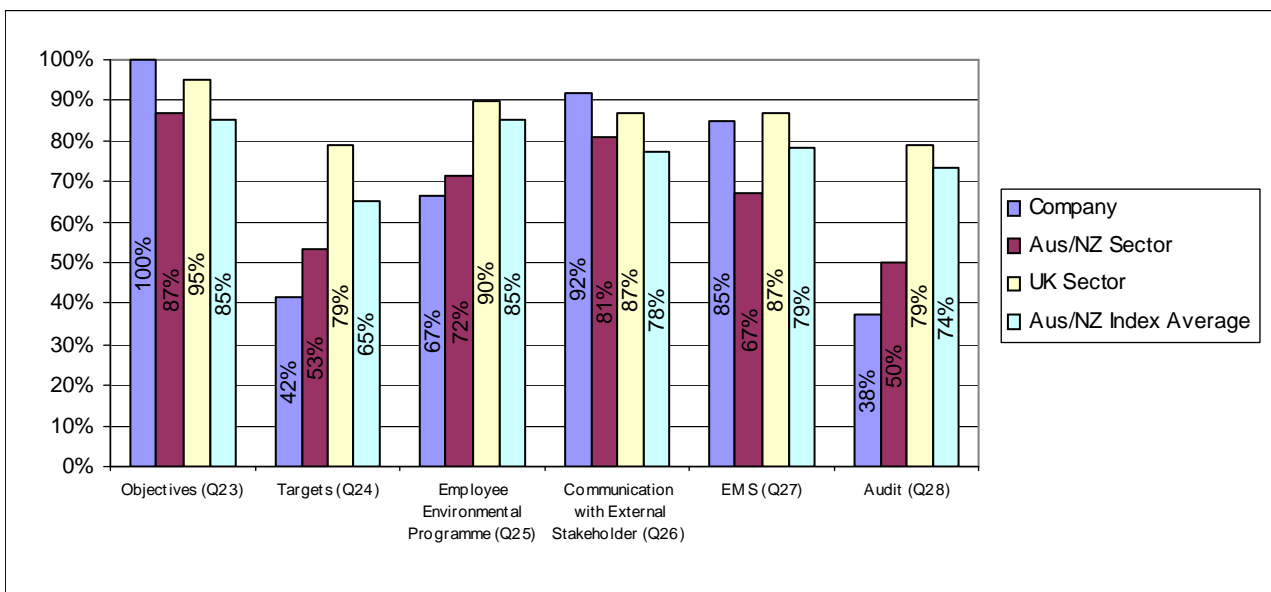
Community Management Practice

Community relates to the interface between business and society, which can be both positively and negatively affected by a project, product or investment on a local or global level.



Environment Management Practice

Environment is the world's ecosystems and natural resources that can be directly and indirectly affected by a company's operation, products and services.

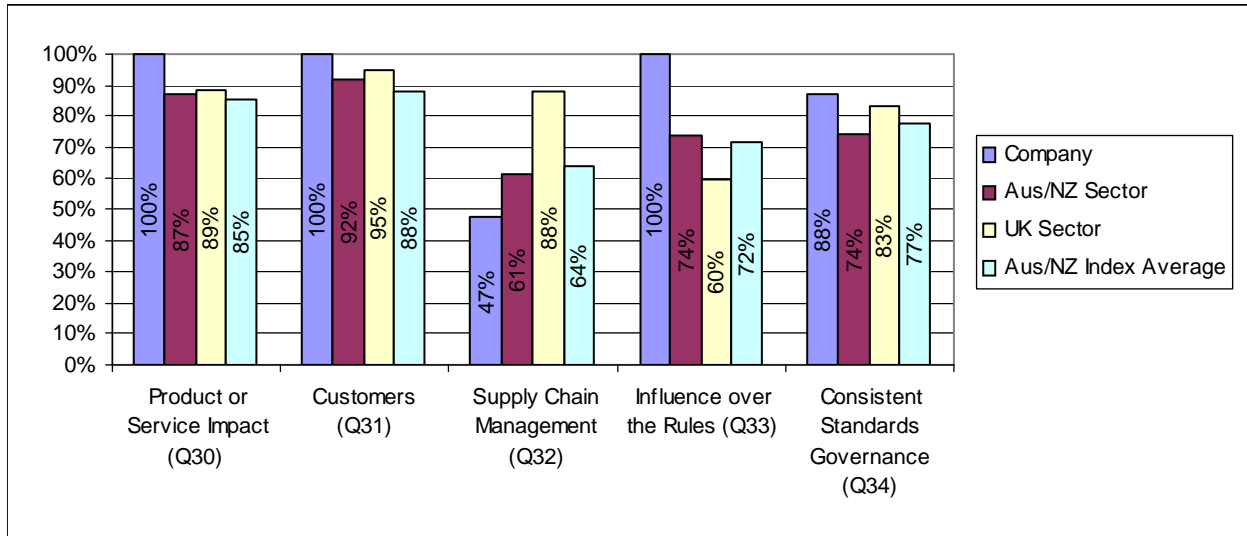


Marketplace Management Practice

Corporate responsibility in the **marketplace** is about how companies manage business, consumer and supplier relationships, from product development to sourcing, buying, marketing, selling, and promotion of products and services. It also relates to how companies influence the rules of the marketplace in which they operate.

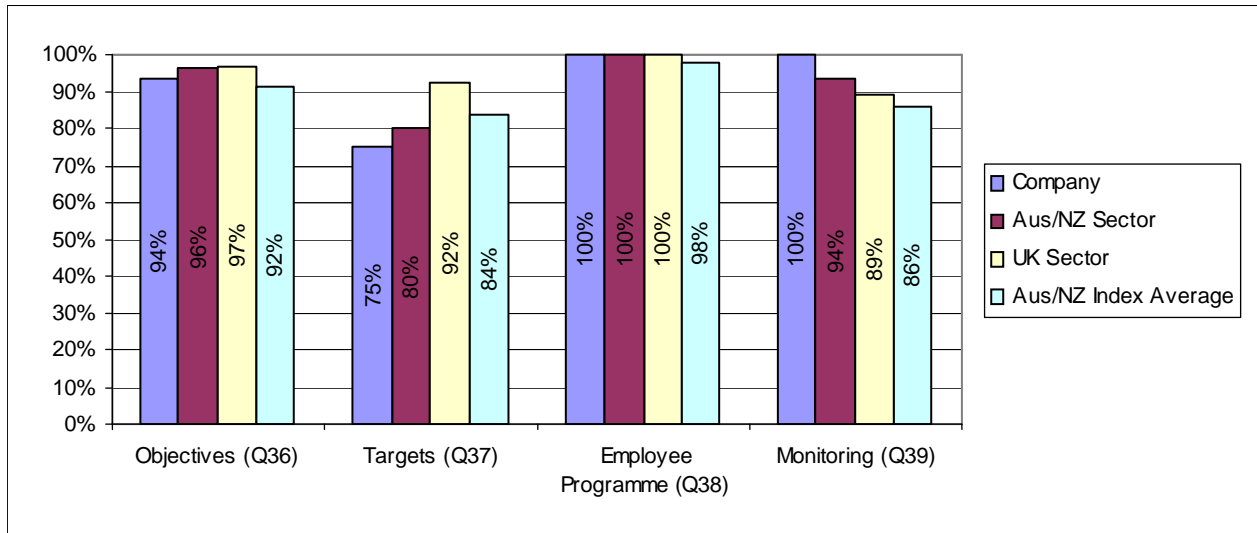
This section was completely reviewed and updated this year to ensure questions were more challenging and relevant. Questions have been aligned with Business in the Community's Marketplace Responsibility Principles and tailored to a company's core activities.

Companies now answer different sets of questions, depending on whether they are business-to-business or business-to-consumers, have suppliers in low or high risk countries, and have operations in countries with strong or weak governance.



Workplace Management Practice

Workplace is the environment into which individuals are recruited and developed both professionally and personally, with full entitlement to employment rights.



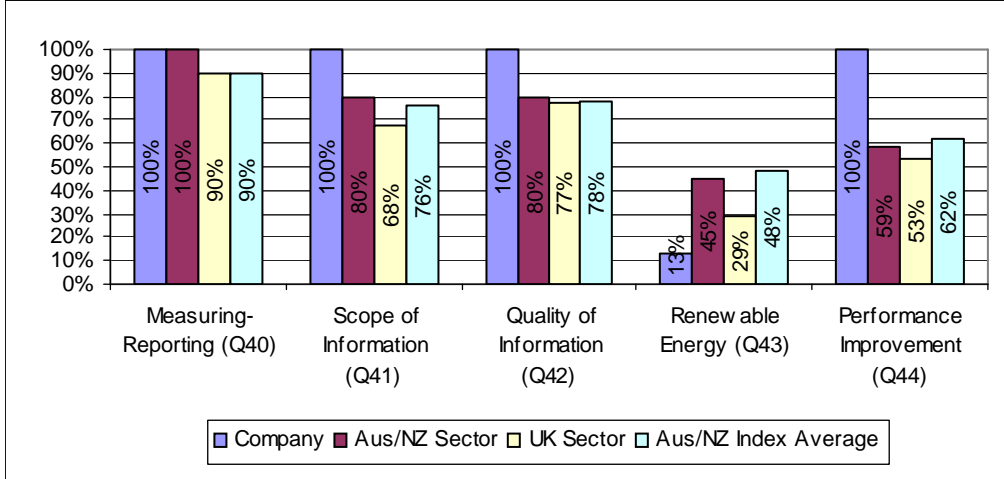
Section 4 – Environmental & Social Impact Areas

Each company was asked to complete three environmental impact areas including two core impact areas: Climate Change and Waste & Resource Management, plus one self-selected environmental impact area relevant to the business. You have chosen to report on Local Impact as your third environmental impact area.

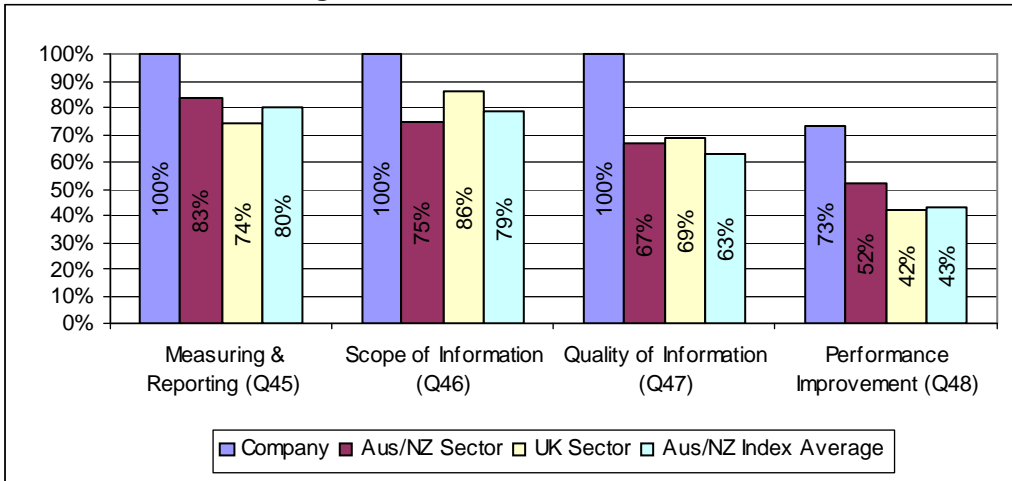
The following graphs break down each environmental impact area. Each area considers the quality and coverage of data measured and rewards companies that set and publicly report on performance against targets, and demonstrate continuous improvement in minimising their environmental impact.

Environmental Impact Areas

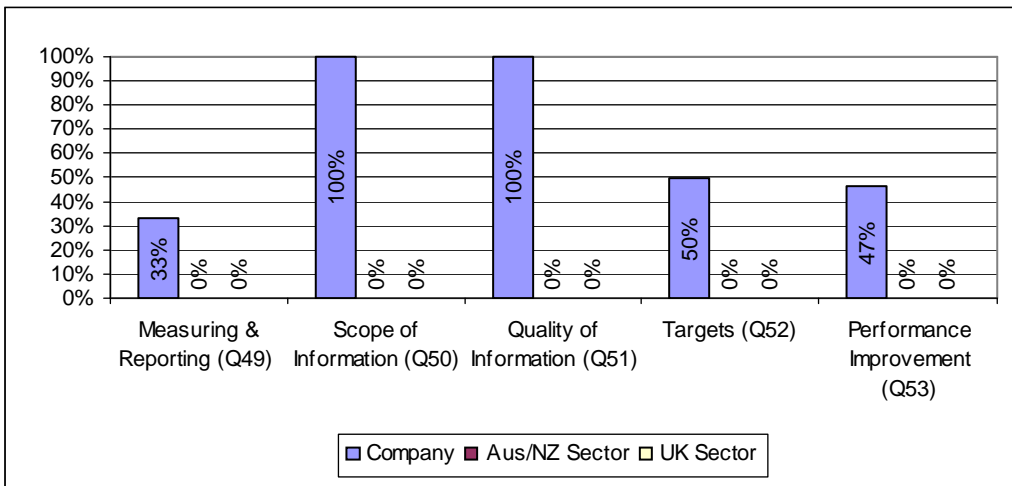
Climate Change



Waste & Resource Management



Local Impact

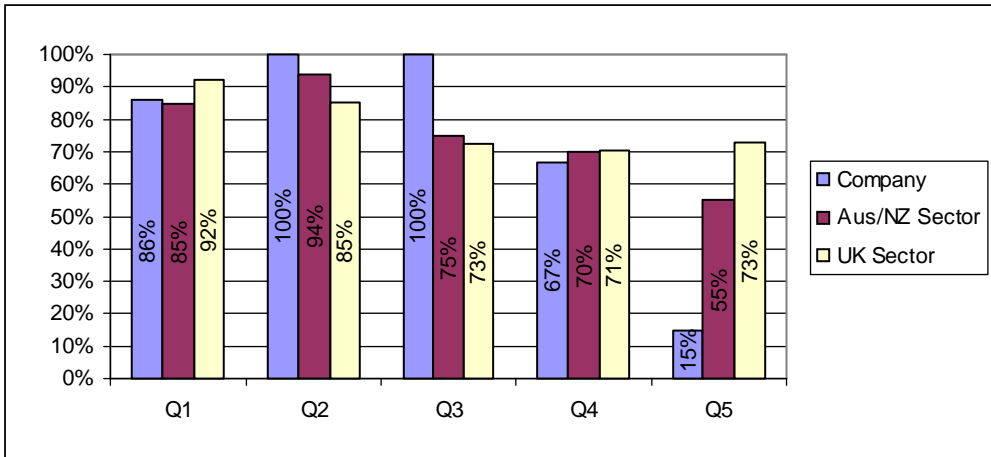


Social Impact Areas

Each company reported on three social impact areas material to their business, selecting from: Health, Safety & Wellbeing, Employee Development, Employing Migrant Workers, Diversity in the Workplace, Community Investment or another self-selected impact area. You have chosen to report on: Health, Safety and Well Being, Diversity in the Workplace, Social Inclusion.

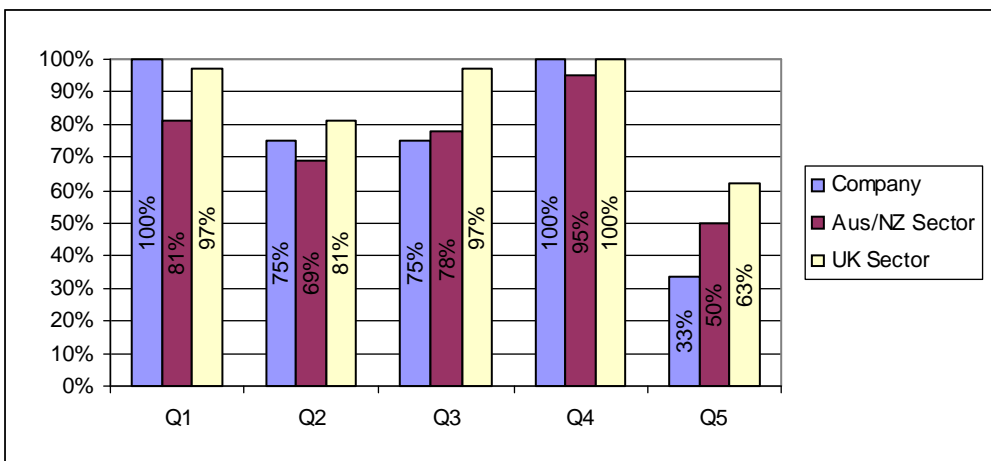
The following graphs provide further analysis on these three social impact areas. Each area combines a mixture of management and performance criteria specific to the social impact in question. Where possible you are benchmarked against other companies choosing the same impact area.

Health, Safety and Well Being



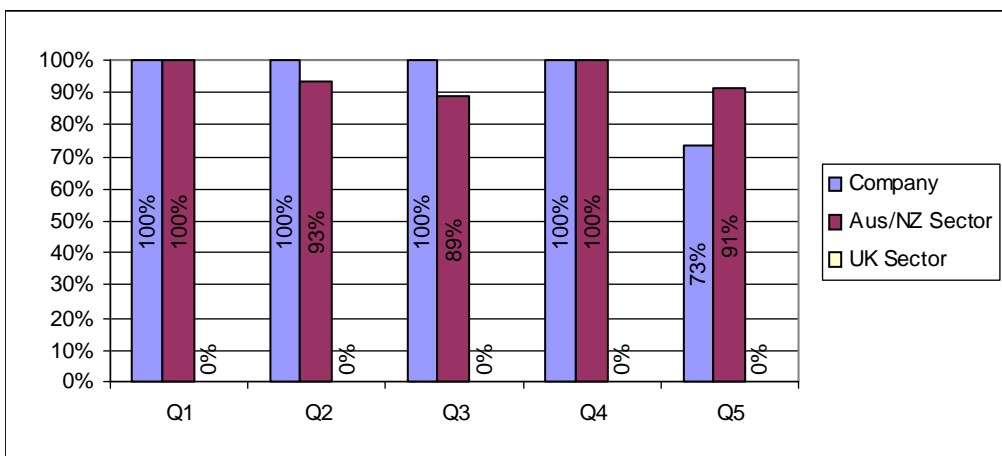
Health, Safety and Well Being:
 Q1. Management Systems
 Q2. Employee Programs
 Q3. Measurement & Reporting
 Q4. Scope & Quality of Information
 Q5. Targets & Performance

Diversity in the Workplace



Diversity in the Workplace:
 Q1. Corporate Commitment
 Q2. Investment in Diversity
 Q3. Employment
 Q4. Measurement of Workplace
 Q5. Performance Improvement

Social Inclusion



Self Selected Social Impact Areas:
 Q1. Corporate Commitment
 Q2. Measurement and Reporting
 Q3. Quality of Information
 Q4. Coverage
 Q5. Performance Improvement

Corporate Responsibility Index 2007- Key Changes

Business in the Community has introduced a number of changes to the Index in keeping with its commitment to continuous improvement, ensuring that participating companies continue to aspire to best practice and that the Index maintains effectiveness, relevance and continues adding value as a management tool. Some questions have been added, strengthened or rephrased and guidance notes have been improved to clarify requirements for supporting evidence. The main changes that have been introduced are as follows:

1) Management Section:

Community:

- The question on 'Community Investment Strategy', which used to sit under the 'Community Investment' impact area, has been incorporated in this section;
- The old 'Integration' question has been incorporated into the 'Strategic Decision Making' question no. 11 in the Integration section;
- For each Community Investment Programme, there is a requirement to identify the key stakeholders.

Environment:

- The question on 'Targets' now includes the target setting elements previously covered within each environmental impact area;
- The question on 'Employee Training' asks for more detail about training on specific environmental issues (e.g. Climate Change and Waste);
- The questions on 'EMS' and 'Environmental Audit' have been merged into one.

Marketplace:

- Questions have been aligned with BITC's Marketplace Responsibility Principles;
- Separate questions have been introduced for business-to-business or consumer-facing companies, on product /service impact;
- The questions on 'Environmental and Social Supplier Programme' have been replaced with questions that combine social, environmental and economic criteria based on where suppliers operate.
- The questions on 'Influencing the Rules of the Marketplace' and 'Consistent Standards' are no longer optional.

Workplace:

- Most of the changes have occurred in the impact areas (see below).

2) Performance & Impact:

Climate Change has been revised and aligned with the GHG protocol and now includes a new question on renewable energy.

Product Health & Safety and Labour Rights in the Supply Chain have been removed as impact areas and are now integrated within the Marketplace management section.

Occupational Health & Safety has been renamed as Safety, Health & Wellbeing and includes new questions on Health and Wellbeing issues.

In the Social Impact areas, to increase choice, two new Workplace impacts have been introduced to cover Employee Development and Migrant Workers.

Community Investment has been renamed Community Investment – Benefits and Impacts and includes questions on business and community benefits and impact.

3) Assurance:

In the past, as part of the Assurance Section, question 97b on Disclosure was given a score of 5%. Full disclosure is now the norm and disclosure now carries a lower score of 1%.

The CR Index is developed and maintained by **Business in the Community in the UK**. It has been generously donated under a licence agreement to St James Ethics Centre for use in Australia and New Zealand. For further information please contact:

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