



Human Rights and Modern Slavery Act Statement

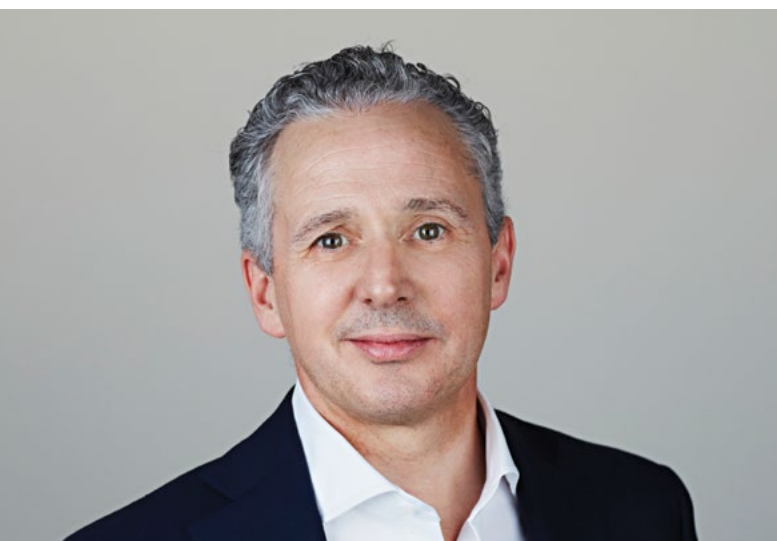
2021



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CEO statement



Modern slavery is an inhumane practice that Telstra stands completely opposed to. It includes any occurrence of debt bondage, deceptive recruiting for labour or services, forced labour, forced marriage, servitude, slavery, trafficking in persons and the worst forms of child labour. While it does not include practices like substandard working conditions or underpayment of workers, these are also illegal and harmful, and may be present in some situations of modern slavery. Such practices may also escalate into modern slavery if not addressed properly.

There is no place for modern slavery at Telstra, either in our operations or supply chain. We are committed to working to identify and address these practices if they occur, through robust due diligence and risk management processes, and through a culture that encourages people to speak up when they feel something is not right.

Across our value chain, we aim to ensure that we and our business partners operate with respect for human rights. Since 2011, we have been a signatory to the United Nations (UN) Global Compact, which commits companies to 10 guiding principles on human rights, safety, 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.

We also support the [UN Sustainable Development Goals](#) (SDGs), with one of our five priority SDGs being Goal 8: decent work and economic growth. This goal includes the commitment to work to eradicate the many forms of modern slavery that exist, including forced labour and child labour.

There is no place for modern slavery at Telstra, either in our operations or supply chain.

Annual statement of disclosure

In FY21, we did not identify any instances of modern slavery in our operations or supply chain.

We did, however, identify some labour practices and behaviours that gave us cause for concern and which we have taken action to remediate. Finding these issues demonstrates that our processes have been effective in identifying risks of modern slavery. It also alerts us to areas where we may need to review and reinforce our risk management approach. As part of our commitment to transparency, we have chosen to report them, and our responses to them, in this statement.

We acknowledge modern slavery remains a risk in our operations and supply chain. While we have implemented a range of Group policies and processes to minimise and mitigate that risk, we understand there is still work to do, and we are committed to continuous improvement of our risk management performance.

We also remain committed to deepening our dialogue with those groups that represent the most vulnerable workers in our value chain, to better understand how we can ensure their rights are protected and they are not subjected to modern slavery.

This statement is made pursuant to section 13(1) of Modern Slavery Act (Commonwealth) 2018 and section 54(1) of the Modern Slavery Act (UK) 2015, where relevant. It constitutes the statement of Telstra Corporation Limited, and Telstra Limited for the year ended 30 June 2021 and has been approved by the Board of each reporting entity.

A handwritten signature in blue ink that reads "Andrew Penn".

Andrew Penn
Chief Executive Officer and Managing Director

September 2021

Our business



Telstra is Australia's leading telecommunications company. We believe people give purpose to our technology.

Our purpose is to build a connected future so everyone can thrive. That's why we build technology and content solutions that are simple and easy to use, including Australia's largest and fastest national mobile network.

Our world-leading networks reach 99.5 per cent of the Australian population.

In Australia we provide **19.5 million retail mobile services** and **3.6 million retail bundle and data services**.

We offer a broad suite of media, content and connectivity options in Australia, as well as connectivity and enterprise services globally.

We facilitate over **2,000 network points of presence** in more than **200 countries and territories** around the world.

Business strategy

For more information about our business strategy, please refer to our [2021 Annual Report](#).

We are listed, and our issued shares are quoted on the Australian Securities Exchange (ASX).

Organisational structure

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

Reporting entities covered by this statement

As at 30 June 2021, the Telstra Group comprised 145 controlled entities globally. The ultimate parent entity in the Telstra Group is Telstra Corporation Limited. While not technically a reporting entity for the purposes of the Modern Slavery Act (Commonwealth) 2018 (the Australian MSA), Telstra Limited (one of our UK subsidiaries) is also covered by this statement for the purposes of meeting the reporting requirements of the Australian MSA.

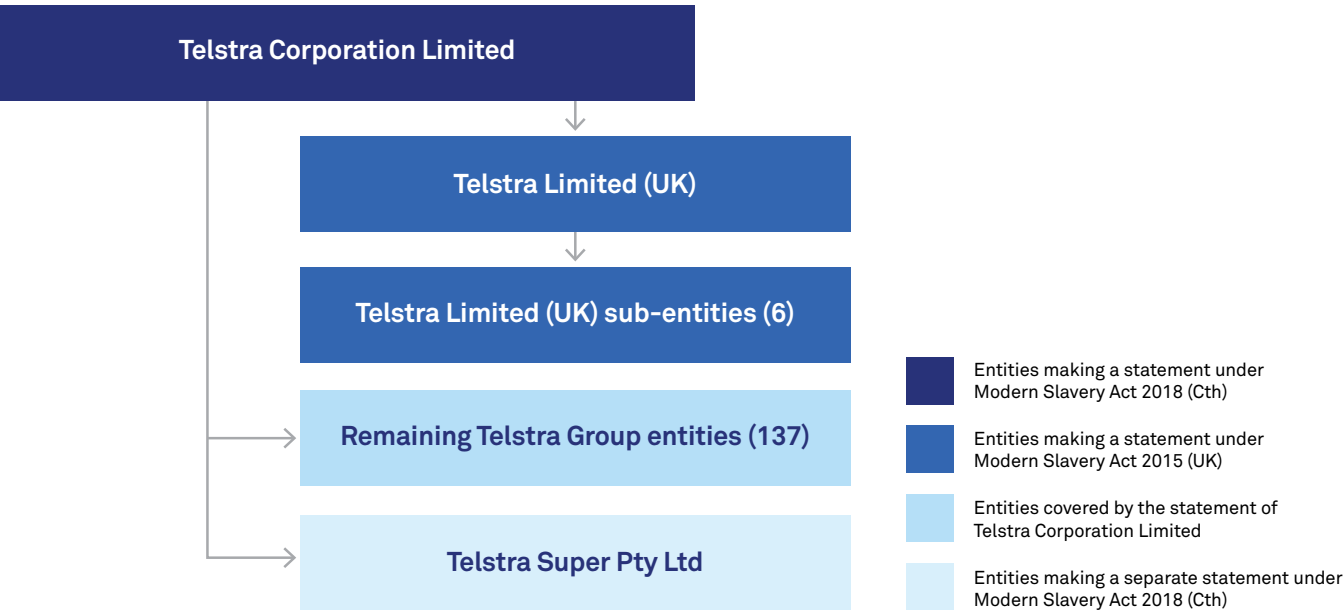
For the purposes of the Modern Slavery Act 2015 (UK) (the UK MSA) the Telstra Group has determined that it must prepare and publish this statement on behalf of Telstra Limited (the Telstra Group’s primary UK subsidiary) and Telstra Corporation Limited (to the extent it provides support to Telstra Limited and carries on a business in its own capacity) for the purposes of section 54 of the UK MSA.

Other than these two entities, no other Telstra Group controlled entity meets the reporting entity criteria under the Australian MSA or the UK MSA. Telstra Holdings Pty Ltd is not a reporting entity under this Act as it does not meet the revenue threshold, due to its revenue being internally sourced within the Telstra Group.

This statement does not cover Telstra Super Pty Ltd, which is preparing its own Modern Slavery Statement and does not carry on any business within the UK. Telstra Super Pty Ltd is a trustee for the Telstra Superannuation Scheme. As noted in our 2021 Annual Report, we applied management judgment to determine that we do not control Telstra Super Pty Ltd even though we own 100 per cent of its equity. We do not consolidate Telstra Super Pty Ltd as we do not control the board of directors.

A complete list of the controlled entities in the Telstra Group as at 30 June 2021 (including ownership percentages and detail regarding each subsidiary’s immediate and ultimate parent) is available at telstra.com/investor.

Simplified structure of Telstra reporting entities covered by this statement



Information is current as at 30 June 2021

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 of Telstra Corporation Limited, please refer to our 2021 Corporate Governance Statement.

Our Values, Telstra Group Code of Conduct and policy framework

Telstra's Values and our [Code of Conduct](#) set the behavioural standards for everyone who works for, or on behalf of, Telstra.

Our Values

Our values have guided how we work and behave since 2013. During this time they have brought us closer together with a common language, encouraged greater appreciation for our diverse backgrounds and motivated us to deliver on our commitments. They have also inspired us to step up in times of crisis to care for each other, our customers and our communities.

Together with our purpose, they are helping us build a Telstra that is working to build a connected future so everyone can thrive.

This year we continued the evolution of our values.

Based on feedback from our people, we introduced four refreshed values that will guide us into the future:

- **We are changemakers**
- **We are better together**
- **We care**
- **We make it simple**



We are changemakers

We think big, set ambitious goals and deliver them – for our customers, shareholders and communities. By speaking up, being curious to learn and valuing different perspectives we challenge the status quo and make change.



We are better together

We're one team and embrace the value each of us bring. Our (super) power lies in working together to deliver for our customers. We're each accountable for our actions and do what we say we're going to do.



We care

We show care in all that we do. We do the right thing for our customers, our communities, the planet, ourselves and each other – even when no one's watching.



We make it simple

What we do is complex, but we always make things simple for our customers and each other. Simple doesn't necessarily mean quick. We keep the simple, simple.



Code of Conduct

Our Code of Conduct, which links to our Telstra values, defines how we do business. It explains what we stand for and informs how we will conduct ourselves as we work together to deliver our strategy. It helps us take a consistent, global approach to important ethical and compliance issues.

Our Code applies globally to all directors, employees and contractors in all areas of Telstra and its controlled entities.

Our Code sets out seven principles governing how we do business, including behaving ethically and in accordance with the law. It also outlines where to go for further help, and how to raise concerns through various channels, including our whistleblowing service. Our Board, CEO and Leadership Team are deeply committed to our Code.

Our guiding principles

Our Code exemplifies our commitment to responsible business practice and good governance. Our guiding principles, underpinned by our Values, express how we seek to meet the expectations of our customers, shareholders, regulators and the community.

We have developed the following principles for our Code that are underpinned by our Values.

- We do the right thing by acting fairly, with due care, lawfully, in the best interests of the company and shareholders; and by honouring our commitments to customers
- We act with honesty and integrity. We never make or receive improper payments, benefits or gains, and always deal ethically
- We use information and property responsibly, and we keep it safe and secure
- 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 are 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 Telstra Group policies such as health, safety & wellbeing, anti-bribery and anti-corruption, conflicts of interest, dealing with suppliers and other third parties, and our human rights policy (described in more detail below). Our Code and Group Policies are reviewed annually, at a minimum, to ensure they remain relevant and clearly define our expected behaviours.

All Telstra employees are responsible for knowing and following the policy requirements that apply to their jobs, and for reporting any suspected breaches of law or our Code. Leaders throughout our organisation are accountable for creating and fostering a work environment that encourages ethical behaviour and compliance.

Policy coverage

The specific governance model to be adopted for any Telstra controlled entity will depend on the level of Telstra's ownership, the relevant entity's circumstances, the nature of its operations, and its jurisdiction. Telstra has certain requirements and expectations regarding the adoption of the Code and Group Policies by controlled entities in the Telstra Group.

We work with our controlled entities in the Group regarding adoption of the Code and Group Policies, or understanding alternative arrangements they have in place. Where they have not adopted the Code and or our Group Policies, we work with our subsidiaries to understand what they have implemented and seek assurance they have equivalent policies.

In FY22, we will continue to use a range of tools and methods to enhance oversight of the governance of subsidiaries in the Telstra Group, including in the context of modern slavery.

Our Human Rights Policy makes it clear that we expect suppliers, business partners and other third parties to comply

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 these 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.

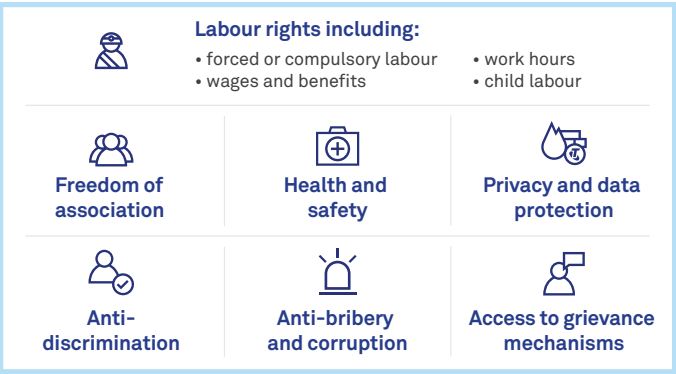
Our Human Rights Policy makes it clear that we expect suppliers, business partners and other third parties to comply with the policy. It also states the obligations of employees, contractors and anyone working on behalf of the Telstra Group to comply with the policy and report any concerns or breaches.



Risk management and due diligence

Understanding our salient human rights issues, including those related to modern slavery

In FY21, we conducted our annual review of the human rights contained in the UN Declaration of Human Rights and assessed their salience according to the UN Guiding Principles on Business and Human Rights. We determined that, as in previous years, our seven most salient human rights issues are:



To help ensure a consistent approach to managing human rights obligations, including those related to modern slavery, we have a human rights compliance program that captures obligations relating to our most salient human rights risk areas, which are applied to relevant functions across Telstra.

The compliance program extends to each functional area of Telstra. Legislation and other regulatory instruments are documented as obligations in our Governance, Risk & Compliance Tool, to ensure that they can be understood, and appropriate controls are identified, documented and monitored. The initial focus of this program has been to identify and document controls relevant to material parts of our operations, as well as those of our suppliers, and monitoring the effectiveness of our controls.

Governance and oversight of our partners and contracts includes a Supplier Code of Conduct, and a Group-wide Human Rights Policy.

The obligations in our human rights compliance program apply to our operations and our supply chain. This program is a cornerstone of managing modern slavery risk at Telstra.



Our enterprise-wide commitment to human rights is evident via our Human Rights Policy, Modern Slavery Act Statement reporting and cross functional supplier governance initiatives. The human rights compliance program is focused on enhancing the management of risk across our supply chain and controlled entities. Each year, we test the controls in our human rights compliance program to identify the extent to which they are effective in managing the risk of Human Rights Policy breaches, including in relation to modern slavery.

In FY21, our cross-company Human Rights Working Group considered and defined more clearly the accountabilities of our Compliance and our Supplier Governance functions, as well as individual managers in managing the risk of modern slavery in our supply chain. Our work to manage procurement risks with vendors will be further enhanced by a company-wide program to uplift in our approach to compliance across FY22.

Our focus for FY22 will be on ensuring we continue to mature our control environment, with a particular emphasis on extending these controls to those owned and controlled entities where we have identified that there are gaps in current procedures relative to our standard compliance framework.

Our workforce

Our direct workforce

As at 30 June 2021, Telstra Corporation Limited's total direct workforce was 26,420 employees. Telstra Group's total global direct workforce was 27,393 employees¹. We employ 3,927 people directly outside of Australia across 21 countries, equating to 41.3 per cent of our total direct 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. Our workforce is comprised of Telstra employees and workers engaged through industry partners.

We have a global employment framework covering all Telstra Group direct employees 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 our Family and Domestic Violence Leave Policy, which applies in all countries in which we operate, providing employees with up to 10 days paid leave to attend medical appointments, attend counselling sessions, receive legal advice or undertake other activities related to their experience of family or domestic violence. We were also one of the first companies to introduce paid pandemic leave for employees impacted by Covid-19, across our global workforce. We protect the personal information of our people and ensure they know how we are using information that we collect about them. We ensure our people are treated fairly in matters that impact their employment.



Case study

Caring for our people during COVID-19

A safe and healthy workplace is a human right for all workers, wherever they are located. COVID-19 has created new challenges for all companies in continuing to ensure the physical and mental wellbeing of their people. At Telstra, we have implemented an extensive program of support for our people, which are described in detail in the Trusted operations section of our [FY21 Bigger Picture Sustainability Report](#). We've also implemented some additional initiatives for specific, higher-risk locations.

In both India and the Philippines, we moved people to work from home as quickly as possible. During the strictest of lockdowns, Telstra provided hotel accommodation with all meals for over 400 employees in both Manila and Cebu to protect our people and their families. We continue to provide hotel accommodation for a number of employees who cannot work from home for privacy reasons.

In recognition of the increased risks faced by our people in the Philippines during COVID-19, we implemented additional measures to allow operations to continue safely. We provided shuttle transportation for employees to travel from their home address to the office and back home, to protect them from the high risk of COVID-19 transmission on public transport. This service was also extended to employees staying in hotel accommodation.

In India we committed to providing vaccinations for our people and their immediate families, subject to vaccine availability. We are providing access to telehealth services and additional insurance coverage which will help our people cover the cost of any medical needs they have. We're also covering the costs of required Personal Protective Equipment (PPE) in the event of hospitalisation, a cost they would normally have to pay for themselves.

Local leadership teams have been supporting their teams with additional check-ins and they're going above and beyond to be available for their people anytime they're needed. We've also set up local sessions for leaders and teams to manage the range of emotions and challenges that come with this crisis.

As noted above, we also introduced paid Pandemic Leave for our global workforce. This is provided where a person is unwell, is caring for a sick family/household member, or is unable to attend work because of restrictions. The highest utilisation of this leave was in the Philippines in 2020, before comprehensive work-from-home arrangements were fully established.

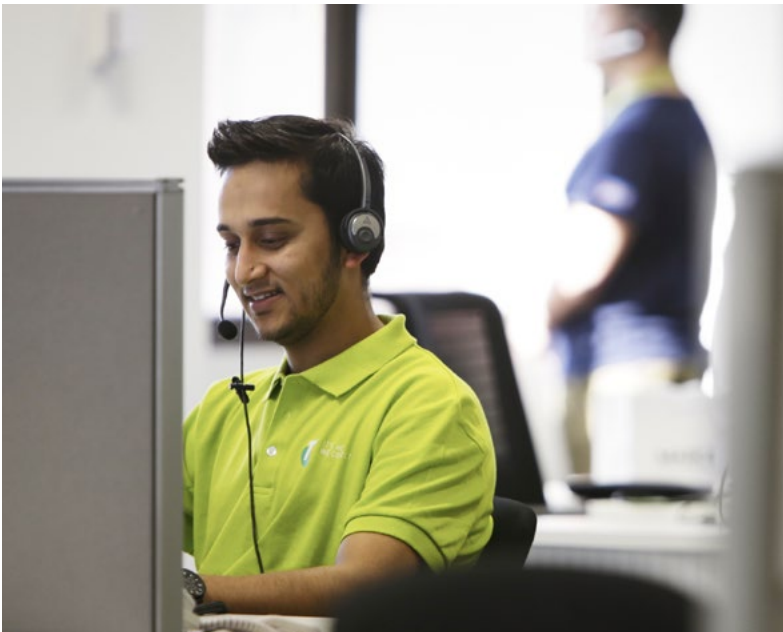
¹ All people data in this Statement expressed as headcount, not FTE

Our indirect workforce

We have an indirect workforce of approximately 29,700 people in Australia and internationally. Most of these workers support our Consumer & Small Business, Global Business Services and Networks & IT functions in delivering both customer-facing and back-office processing services.

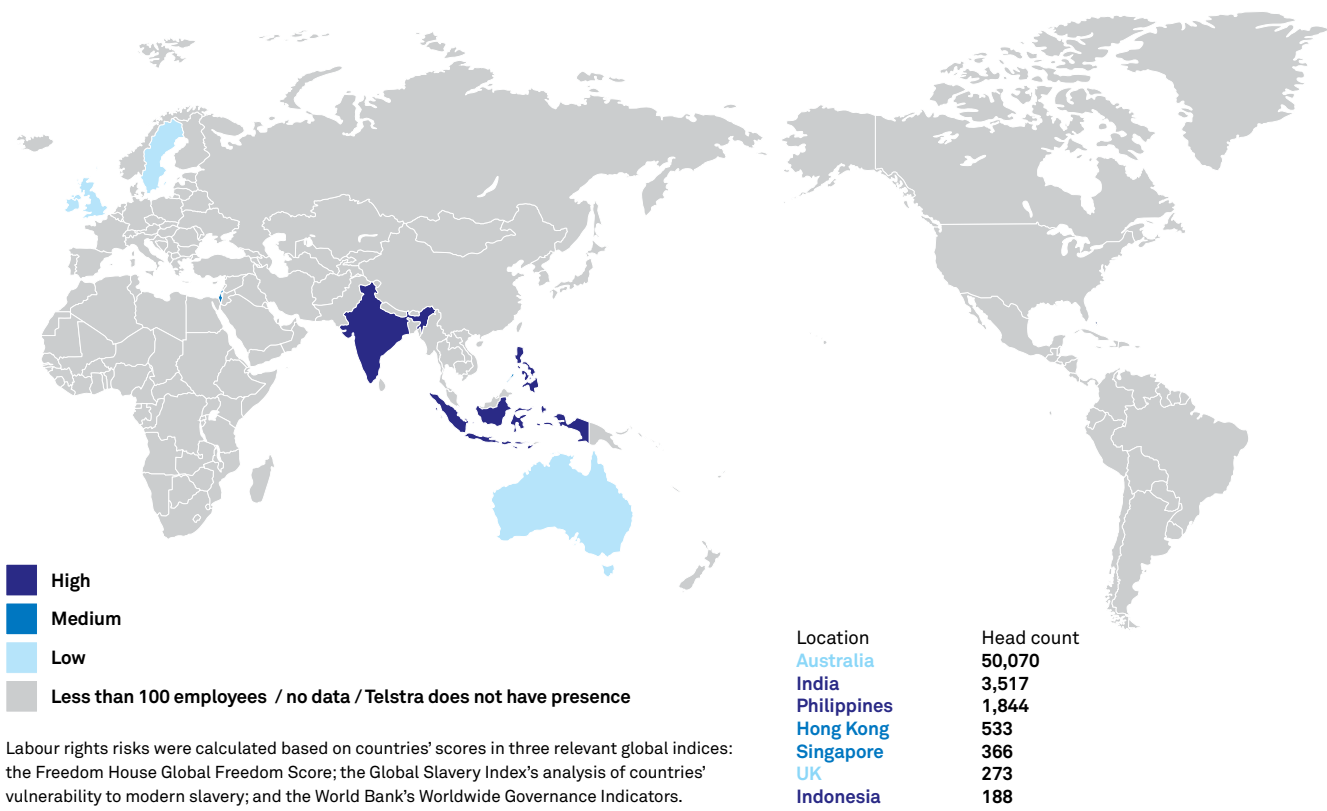
Our main centres for indirect workers outside Australia are India, the Philippines, Hong Kong, Singapore, and the United Kingdom. A further seven countries have small numbers of indirect workers (fewer than 100).

Our indirect workforce is governed by a range of different contractual arrangements depending on the type of work performed by these workers and the jurisdiction in which they are engaged. The ways in which we manage the risks associated with these different types of arrangements are outlined in the ‘Our operations’ section below.



Our global labour risk profile

Telstra’s direct and indirect workforce exposure to labour risk by location (with more than 100 employees)*



Recruitment and labour hire

We have a recruitment policy to help ensure:

- All recruitment decisions are consistent with the Telstra 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.

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 generating contracts that comply with these policies and procedures can be done from anywhere within Australia. This increases employment opportunities for people outside the central business district of capital cities, reflecting our commitment to help regional Australia to thrive.

To enable our leaders to build a more diverse and inclusive workplace, we have updated our recruitment procedures to

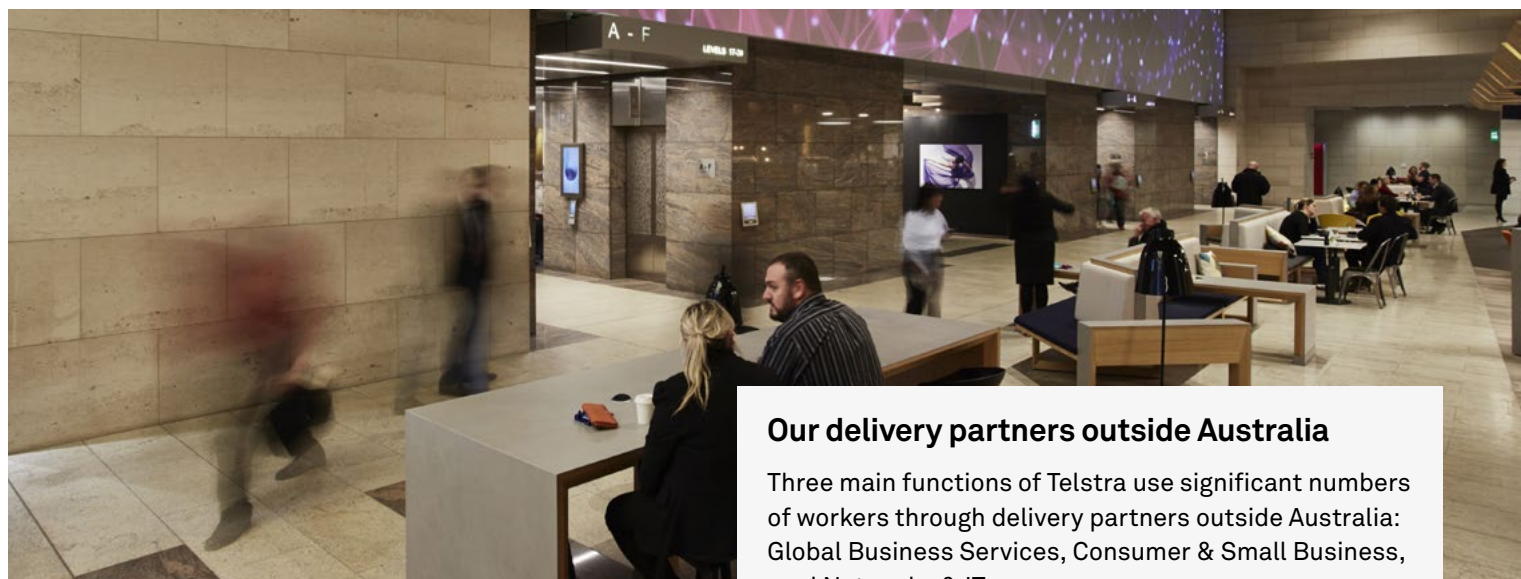
support diverse candidates. Our global recruitment equality procedure is a key step to assist us to address the gender imbalance and includes a requirement for all recruitment and interview shortlists to include at least 50 per cent female representation, except for some specified roles where a 35 per cent requirement applies due to a known significant gender imbalance in the job market.

We aim to increase the number of First Nations employees and people living with disability working with us, by removing some of the barriers that exist in standard recruitment processes for these under represented communities. 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.

We continue to hire on merit ensuring our selection is based on skills and capability. We also aim to increase the diversity of our workforce by offering maximum flexibility so our people can work when and where they want, subject to the requirements of the role. We start from the premise that work is something we do, not somewhere we go. All office-based roles are now regarded as location-agnostic, meaning they can be done from anywhere within Australia. This increases employment opportunities for people outside the central business district of capital cities, reflecting our commitment to help regional Australia to thrive.



Our operations



We have a diverse range of customers including consumers, small business, large enterprises and government organisations. We source and supply communications infrastructure, devices, digital solutions and connectivity services to meet a range of customer needs.

Our customers interact with us in many different ways: through digital platforms, stores, business centres, account managers, field services technicians, technical support teams, sales representatives and contact centres. Most of our customers have long-term relationships with us, which will involve a range of different interactions with us via multiple channels across many years.

Page 13 shows a simplified diagram of our operations, explaining what we do and how our suppliers and people help us to meet our customers' needs.

Management of higher risk operational activities and locations

As outlined in the risk management and due diligence section above, our Group compliance management framework is our key tool for managing the risk of modern slavery across our operations.

Nonetheless, we recognise that some of the activities we undertake and some of our service delivery models are higher risk than others. In FY20 we engaged an independent third party to review our global operations and assess higher risk activities and service models. We have additional mitigations in place to manage the risks associated with

Our delivery partners outside Australia

Three main functions of Telstra use significant numbers of workers through delivery partners outside Australia: Global Business Services, Consumer & Small Business, and Networks & IT.

- **Global Business Services (GBS):** consolidates shared services and high-volume repeatable activities (such as billing, assurance, activations, payroll, and procurement) in a single functional area. GBS provides services to all functions within Telstra, in Australia and globally
- **Consumer & Small Business (C&SB):** caters to retail customers in the mass market small business and individual customer segments. C&SB manages customer relationships across all assisted and unassisted channels, including contact centres and digital platforms
- **Networks & IT (N&IT):** responsible for the overall planning, design, architecture, engineering and construction of our networks, technology and information technology solutions. N&IT delivers network technologies as well as digital capabilities and platforms

these activities, as in the section on specific risk mitigations for higher risk activities.

Across these three functions, around sixty per cent of the workforce is indirect. The largest groups of indirect workers are in Australia, followed by India, which is considered a higher risk location for modern slavery².

These workers are either engaged as contingent workers or through longer term delivery partnership arrangements.

² Labour risk rating was calculated based on countries' scores in three relevant global indices: the Freedom House Global Freedom Score; the Global Slavery Index's analysis of countries' vulnerability to modern slavery; and the World Bank's Worldwide Governance Indicators.

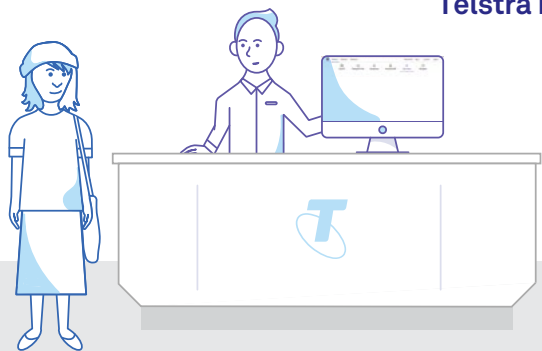
Telstra's operations

Customer order

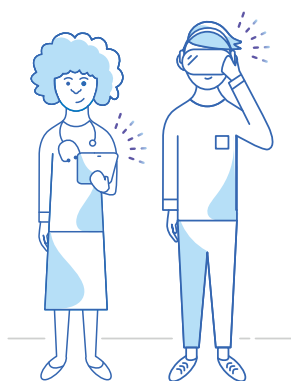
Retail stores

Telstra business and technology centres

Telstra regional stores

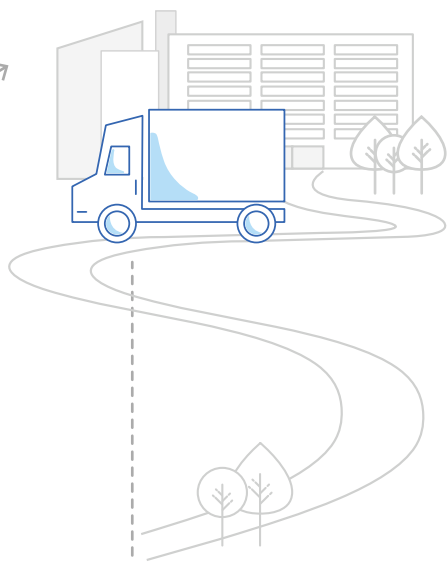


Telstra Health and Telstra Purple

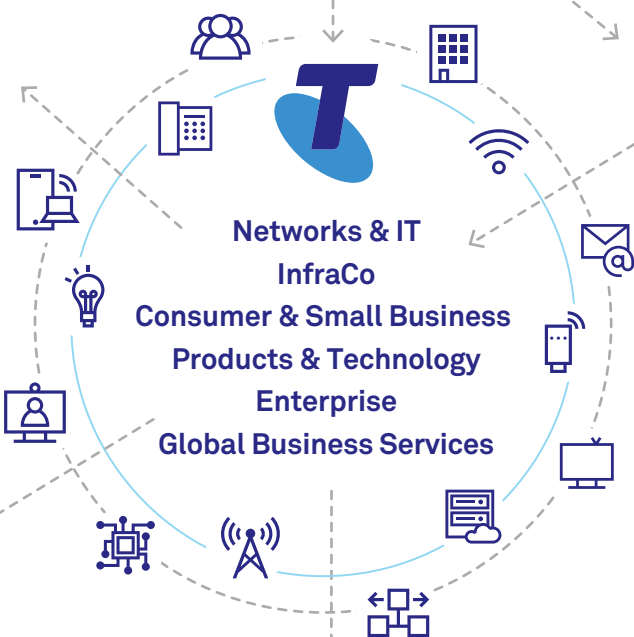
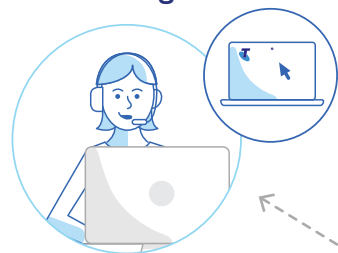


Activation & delivery process

Warehouse & transport



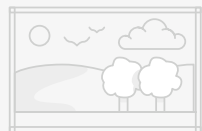
- Telstra contact centre
- Telstra digital channels



Roaming partners



Customer outcome



Specific risk mitigations for our indirect delivery partners

We recognise that the indirect delivery partner service model may carry risks for workers who are not directly engaged by Telstra. To mitigate this, we have implemented a range of procedures and programs to ensure the high labour management standards we expect are being met.

All our delivery partners must sign on to our Supplier Code of Conduct (see below) and demonstrate compliance through questionnaires, desktop audits and site visits, at least annually. Our expectations of partners are also outlined in site-specific Operations Manuals, providing information on our expectations with respect to Telstra Group policies and procedures.

Our partners are required to have onboarding processes for workers that make them aware of their policies and procedures, including their entitlements and the right to be paid in accordance with the law. In India, these working conditions must be physically displayed in the workplace in a language the workers can understand. We also require our partners to provide workers with contracts in a language they can understand. Terms and conditions of employment must be clearly set out in employment contracts.

Employees of our delivery partners with direct access to Telstra systems are required to complete our Business Essentials Training. In this training, we provide information regarding our expectations with respect to labour standards and modern slavery. We also inform them of our Whistleblower program, which is public and available to employees of Telstra, our partners and anyone else wishing to raise a concern about working conditions or any other matter.

Employees of our delivery partners who fail to complete Business Essentials Training by the required date each year lose access to Telstra systems until they have completed it.

Our partners are also required to have their own functioning ombudsperson and Whistleblower policies. They and their employees have access to a formal escalation matrix to reach Telstra and our relevant executives if they have concerns.

Our retail network

Across Australia, we operate a network of stores and business centres to sell to our consumer and small business customers. While some stores are owned by Telstra, the majority are operated by third party licensees. In addition, we have dealership agreements with major retail partners such as JB Hi-Fi and The Good Guys to sell Telstra products. Licensees and retail partners receive commissions based on several factors including results of customer experience surveys, sales volumes, and mystery shopping.



In February 2021, Telstra announced it would be phasing out the Telstra Licensee Stores (TLS) program and moving to a full Telstra ownership model of the relevant Telstra branded stores. This transition, much of which Telstra is seeking to achieve during FY22 and FY23, will facilitate more complete and direct application to stores of the types of labour, health and safety, environment and other standards that we were previously only able to impose indirectly, via the Supplier Code of Conduct (SCoC).

Specific risk mitigations for our retail network

We recognise that when workers are not employed directly by us, we need to implement a robust risk management framework to ensure worker rights are upheld and appropriate grievance mechanisms are accessible to workers.

Our risk management framework for licensees and retail partners comprise multiple components, including:

- **Annual attestation** – Licensees are required to complete an annual attestation of compliance with the terms of their agreement, including attesting to compliance with employment and labour obligations
- **Quarterly operational review (QOR)** – Licensees must conduct and lodge a quarterly operational review, which is a self-assessment of their performance against these commitments. On a semi-annual basis, a Telstra representative is required to perform a review of these attestations to validate them
- **Partner operational review (POR)** – Similar to the QORs, these are assessments of licensee compliance with Telstra requirements, however, they are completed by an independent auditor every six months
- **Training** – Access to Telstra systems by licensees and retail partners. This training makes it clear to the employees of our licensees and retail partners the standards and behaviours we expect of them, and how to raise a concern if they feel these standards are not being met
- **Grievance mechanism** – Each licensee and retail partner is overseen by a Telstra representative. The Telstra representative provides a channel through which licensees and their employees can raise issues with us. In addition, many licensees and partners also have their own grievance mechanisms that their employees can use to raise issues, or alternatively they can use Telstra's confidential, independent whistleblower service, which is described below in the Grievance mechanisms section of this statement.

A failure to comply with relevant Telstra policies, or laws or regulations applicable to their dealership operations, will constitute a breach of the agreement licensees have with Telstra. Depending on the seriousness of the breach, Telstra's recourse in relation to such events may include actions such as termination of the agreement, clawback of relevant remuneration paid to the licensee, and/or suspension of the licensee's ability to undertake certain types of sales or service activities.



Licensee audits

We again engaged independent consultants in FY21 to conduct labour and wages audits on a sample of our retail channel partners. This year, nine partners were selected to ensure we had a representative cross-section of our retail channel partners.

The audits covered wages and compensation, child labour, forced labour, working hours and discrimination. Some areas of non-compliance with employment or industrial obligations were identified (none related to modern slavery), largely due to poor record keeping or lack of awareness of detailed requirements within the Industry Award. Audit outcomes will be shared with the relevant partners, along with an expectation that they respond to the findings, and rectify any non-compliance issues.

Strengthened dealership arrangements

Our relationships with dealers (including entities licensed to operate stores under Telstra branding, T-Partners and Enterprise channel partners) are governed by a range of dealership agreements.

In FY20 we launched new dealership agreements for our Enterprise channel partners, which include an obligation for those dealers to “comply with applicable Telstra Group Policies and Codes of Conduct (and provide such attestations on this as we reasonably require)”. They expressly reference the Supplier Code of Conduct, which is covered in more detail in the supply chain section of this statement. The roll-out of this agreement is occurring progressively, most commonly as dealers reach the end of the term of their previous agreements.

We will also consider opportunities to incorporate express obligations relating to the Supplier Code of Conduct in select T-Partner agreements moving forward as these are re-negotiated.

Our supply chain

At Telstra, how we do business and support our customers is just as important as the business outcomes we deliver. We take seriously our duty to operate our business responsibly, and we expect our suppliers to do the same.

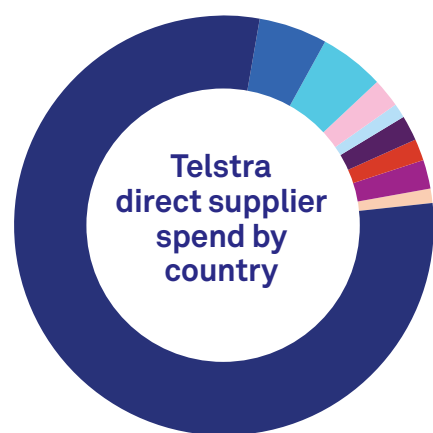
In FY21, we engaged directly with more than 4,900 suppliers from 96 countries and approximately 78 per cent of our total spend was with our top 100 suppliers. This represents a consolidation of our supplier base compared to previous years. However, our direct suppliers often have many suppliers of their own, who then also rely on their own suppliers, meaning our overall supply chain footprint remains large and complex.

Our largest category of spend is information and communications technology (ICT) (48 per cent). These items are provided directly to customers, used to provide and manage our network and data services, or used by Telstra employees. This category also includes services that relate to developing and programming software and providing technology support to our customers and people.

Construction and physical network infrastructure maintenance represents 22 per cent of our total spend. The remaining 30 per cent of procurement spend is on non-core activities, such as professional services, travel and uniforms.

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.

The services we procure are predominantly provided in Australia, India and the Philippines and the goods we procure are manufactured across the world. Source locations include China, Vietnam and Thailand.



79.6%	● Australia and NZ
5.2%	● North America
5.0%	● India
2.1%	● Singapore
1.3%	● Hong Kong
1.9%	● UK and Ireland
1.5%	● Europe (exc. UK & Ireland)
2.3%	● Asia other
1.0%	● Other

Approximately 89 per cent of what we spend directly is with suppliers based in low-risk countries, as defined by the OECD³. Many of our suppliers have Australian-based subsidiaries with whom we deal directly. As a result, a high percentage of our direct spend is within Australia.

However, geography is only one factor we use in assessing the overall risk of a supplier and we do look beyond our first tier of suppliers in making these assessments.

For more detail on our approach to risk assessment, please refer to the risk assessment and due diligence sections below.

³ OECD country risk assessments as at 25 June 2020

Supplier Governance Framework

To help make more informed purchasing decisions, we continue to refine our Supplier Governance Framework, which assesses suppliers against twelve categories of risk (see diagram). We consider labour practices, environmental practices, health and safety, and bribery and corruption risks to be sustainability risks. We assess these risks as part of our selection and contract renewal process using a combination of due diligence reports, questionnaires, documentary review and, where warranted, onsite audits. A supplier's ability to meet or exceed Telstra's minimum standards set out in Telstra's Supplier Code of Conduct is a key consideration for Telstra when we make purchasing decisions.

Since 2020, to help us gain a more in-depth understanding of our suppliers, we have engaged a third party to perform an Enhanced Due Diligence (EDD) screening over 1,100 suppliers that we engage regularly, representing approximately 83 per cent of our total spend.

As part of our EDD screening, suppliers are screened against public records, such as company registry records, media reports and civil litigation, regulatory, criminality and bankruptcy checks. In FY21 we completed EDD screening of 1,317 suppliers, including 100 per cent of the 1,100 suppliers we committed to screen at the start of the EDD program, as well as a further 217 suppliers as part of our selection and on-boarding process.

Through our EDD process in FY21, we became aware of high-risk alerts around sustainability issues for 42 active suppliers. These alerts are based on open-source information and indicate to us that a supplier may have received adverse attention and allegations with respect to health and safety, labour practices, environmental performance, anti-bribery and anti-corruption, privacy and information security. The alerts are reviewed by the respective functions and supplier relationship owners, and the outcome of the review forms part of our process and criteria for selecting higher risk suppliers to complete self-assessment questionnaires and site audits. We continue to monitor adverse media alerts for all our suppliers as new information becomes available, including those already identified as higher risk.

From time to time, allegations are raised publicly about unacceptable practices such as forced labour in parts of our supply chain. Regardless of whether we are alerted to such issues through our EDD process or through sources such as the media, we engage with individual suppliers to ensure workers' rights are being appropriately respected in our supply chain.

Supplier risk categories



Operational



Commercial



Business Continuity



Privacy



Fraud



Information Security



Health & Safety



Anti-Bribery
Anti-Corruption



Trade Sanctions



Export Controls



Labour Practices



Environmental Practices

Many of our suppliers have processes in place for managing their own risks and are open to working with us to meet our minimum standards.

The majority of Telstra's controlled entities use our centralised procurement process, which is subject to the Supplier Governance Framework outlined here. However, the specific procurement process adopted for any controlled entity will depend on the level of Telstra's ownership, the relevant entity's circumstances, the nature of its operations, and its jurisdiction.

We work with our controlled entities in the Group regarding adoption of the Supplier Code of Conduct. We work continuously with our suppliers to assess whether they are meeting our standards. Where we identify concerns about supplier performance, we engage constructively with the supplier, driving improvement to deliver the best outcomes for the workers we are seeking to protect, the community and the environment. In instances where suppliers are not willing to improve their performance, despite our attempts at engagement, we may withdraw from contracts or switch to alternate suppliers.

Supplier Code of Conduct

Our Supplier Code of Conduct (SCOC) sets out the minimum standards we expect from our suppliers and forms part of our standard purchasing terms.

Through our policies, Supplier Governance Framework, training and audit program, we work with our suppliers to assess whether they are meeting our standards.

Our SCOC is aligned with 10 universally accepted principles of the UN Global Compact, Responsible Business Alliance (RBA) Code of Conduct, and Joint Audit Cooperative (JAC) Supply Chain Sustainability Guidelines, as well as legislative obligations such as the Modern Slavery Act (UK) 2015 and the Modern Slavery Act (Commonwealth) 2018. The SCOC was updated in June 2021 to include enhanced requirements in relation to resource efficiency, employee wages and identifying, mitigating and addressing forced and compulsory labour.

A copy of the updated SCOC was communicated in June to all 4,900 suppliers engaged in FY21. All suppliers engaged subsequently receive the updated SCOC as part of our standard purchasing terms. This year, we hosted a forum with a number of our top 100 suppliers to discuss our expectations of suppliers in the SCOC with respect to climate change.

Suppliers' ability to meet or exceed standards detailed in the SCOC is considered by Telstra when making procurement decisions. This happens regardless of whether the SCOC has been formally incorporated into a particular contract with the supplier. In addition to the SCOC, we may also include more specific social, environment, and/or ethical requirements in our contract terms based on the inherent risk of the agreement.



By supplier, we mean any entity that supplies goods or services to Telstra Corporation Ltd or its related companies anywhere in the world. Where the SCOC refers to workers, this includes employees, contractors, agency, migrant, student and temporary staff of the supplier and of its related entities. For details on how we manage the risks associated with our indirect workforce, please refer to the operations risk management section above.

We expect our suppliers to monitor their own, and their suppliers' compliance with our SCOC and to ensure timely correction of any identified non-conformance. We also require them to notify us if they become aware of an actual breach or reasonable likelihood of breaching of the SCOC. To do this, we provide tools to help our suppliers notify us, such as an online portal to disclose conflicts of interest relating to Telstra employees and concerns about working conditions.

We review all disclosures and the information provided is used to help us learn from incidents, prevent reoccurrence, monitor compliance with the SCOC, and better manage our relationships. It is important to us that anyone can report concerns about illegal, unethical or improper conduct and we encourage our people to report anything that they feel is not right to their manager or via Telstra's "Speak Up" processes. This includes minor issues, which can help us identify and provide effective early engagement with suppliers who are at risk of breaching the SCOC. In addition, Telstra's confidential and anonymous whistleblowing service is accessible in eight languages to our people, suppliers and their workers. For more information please refer to the Grievance Mechanisms section of this report.

We work with our suppliers to assess whether they are meeting the SCOC in a number of ways. This includes conducting governance meetings, reviewing reports and public records, monitoring adverse media alerts, and undertaking questionnaires and audits.

The approach we take is based on the nature of the risks, and the category of the goods or services being provided.

At Telstra, sustainability risks are more likely in ICT products and services, and construction and physical network infrastructure maintenance categories, which are also our two largest categories of spend. Within the remaining categories of spend, we have identified branded apparel and merchandise manufacturing, horticultural products, and cleaning and waste management as categories warranting specific attention. We focus on these areas in the remaining categories due to the use of low-skilled and low-wage labour, together with the potential for environmental damage within these industries' supply chains.

We monitor sustainability risks through a combination of internal and external questionnaires and site audits. This year, 64 of our higher risk suppliers were selected to complete detailed questionnaires and provide evidence to support their responses. These questionnaires have been designed using internal and external supplier sustainability experts and are aligned with industry standards. In some cases, a site audit is required in addition, or instead of, a questionnaire.

Site audits include and align with industry standards set by Responsible Business Alliance (RBA) and Joint Audit Cooperative (JAC)⁴ for onsite compliance verification and effective, shareable audits. This year 49 sites across 19 suppliers were selected to complete site audits by independent third-party auditors. We conducted 21 of these site audits and the remaining 28 were conducted by JAC peers on Telstra suppliers in the ICT and network industry.

The audits are undertaken as far as three tiers down the supply chain. This year 30 of these site audits were conducted on tier two and tier three suppliers, whilst 19 site audits were performed on our suppliers' own sites (tier one).

The impact of COVID-19 on audits

In recognition of the risks faced by our people and those who work on our behalf, we have taken a range of steps to limit the risk of COVID-19 exposure and transmission. Our audit firm has extensive control, hygiene, prevention measures and appropriate Personal Protective Equipment (PPE) to protect its employees and contractors, who perform audits on our behalf.

In some situations, we had to postpone audits and follow-up audits because of COVID-19 restrictions this year. Where possible our auditors performed audits remotely after completing a formal risk assessment to determine whether it was suitable to use remote audit methodologies under established remote assessment procedures. In FY21, remote audits were conducted at two sites in Australia. These sites were selected due to COVID-19 risks and their location in regional areas.

Number of independent third-party site audits undertaken

Categories	FY19	FY20	FY21
Information and Communications Technology (ICT) sector	45	43	31
Construction and physical network infrastructure maintenance	1	3	3
Other categories ⁶	7	–	15
Total	53	46	49

FY21 site audits - detail

Categories	JAC Peer led ⁵	Telstra led	Total
Information and Communications Technology (ICT) sector	26	5	31
Construction and physical network infrastructure maintenance	2	1	3
Other categories ⁶	–	15	15
Total	28	21	

As well as relying on third-party audits, our Quality, Health, Safety, Wellbeing and Environmental (QHSWE) auditors undertake internal audits on our construction and physical network infrastructure maintenance suppliers, where health and safety is a significant risk.

In FY21, 42 contractor management system audits and more than 1700 health, safety and environment audits were undertaken⁵. Sustainability audit numbers include both Telstra led and JAC peer led audits of our suppliers.

⁴ For more information about JAC, please refer to the "Industry cooperation on supply chain" section of this Statement.

⁵ For greater transparency Telstra has started reporting the number of audits conducted by Telstra and JAC peers (under the JAC framework) on suppliers to Telstra.

⁶ In FY21 the "Other" category was comprised of cleaning sector audits, as described in the case study on vulnerable workers in the cleaning sector.



COVID-19 impact on our supply chain

The COVID-19 pandemic has created uncertainty that has accelerated broader market trends, which may in turn impact our supply chain and operations. For example, the impact of COVID-19 on our operations has generated a sudden requirement for purchasing larger quantities of some goods and services, especially consumer mobile devices.

We are committed to continuing to manage the risks associated with our purchasing decisions and balance this with enhancing the resiliency and efficiency of supply chains. To do this, we have maintained a strong focus on effective supplier governance and performed a number of assessments to monitor our reliance on key suppliers, as well as their level of resilience, to ensure we do not suffer significant downstream impacts should they be impacted. To help meet customer demands during COVID-19 and possible global shortages, we purchased additional devices where possible.

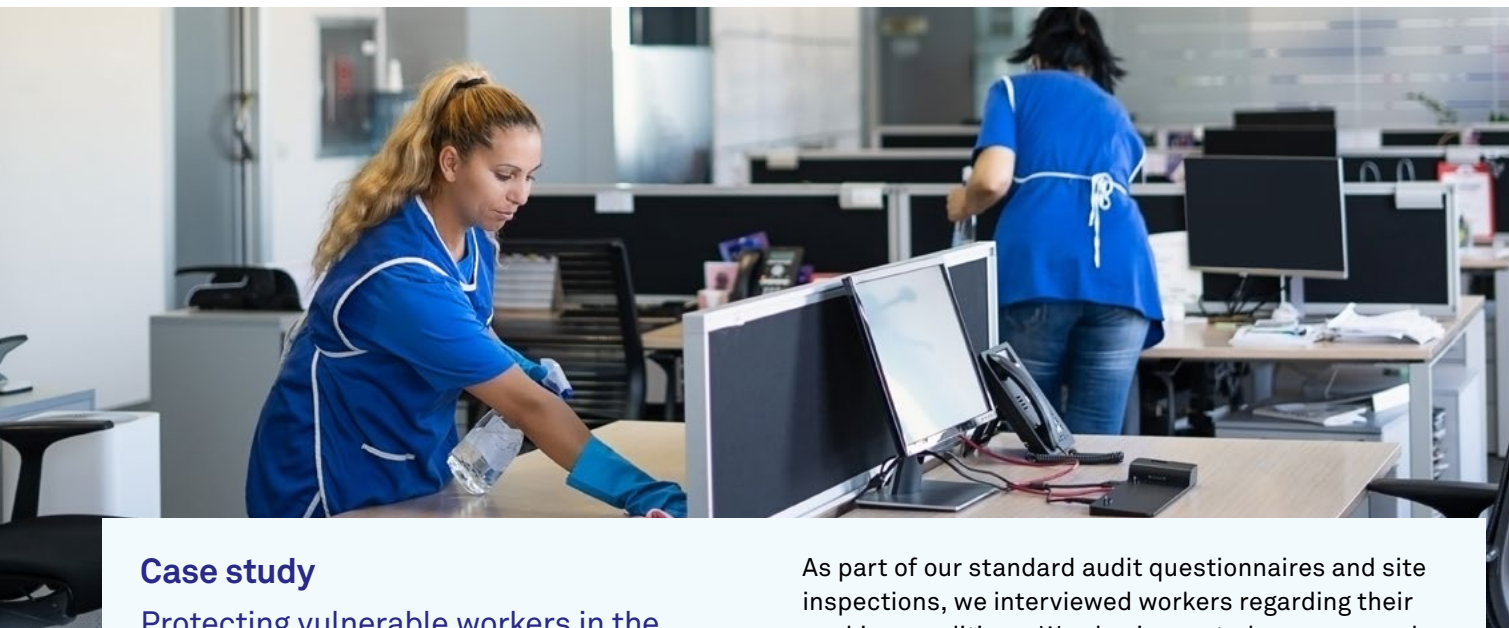
We understand that workers who are producing the goods and supplying the services we need during COVID-19 may be in a position of increased vulnerability. We have taken care to diversify our suppliers – including through the use of local businesses – when placing orders for large quantities of items such as PPE to avoid creating unreasonable delivery timeframe pressures on suppliers. We have also increased oversight of offshore service delivery partners and taken decisive action to remedy unacceptable practices when they have come to our attention. As the case study below demonstrates, we have also increased our due diligence with respect to sectors involving workers made more vulnerable by the COVID-19 pandemic.

Strengthening our supplier contractual obligations

Our standard Telstra Supply Agreement (TSA) specifically addresses the issue of modern slavery.

- Our TSA requires our suppliers to put in place policies and procedures to ensure compliance within their supply chains with relevant policies and laws (including Trade Control Laws, Modern Slavery Laws and Anti-Bribery and Corruption Laws)
- Under our TSA, if requested by Telstra, our suppliers must provide evidence of their compliance, and demonstrate the systems, controls and processes which enable them to comply
- A breach by a supplier is deemed a material breach giving Telstra the right to terminate the contract

As detailed in our operations section above, we launched the Telstra Dealership Agreements (TDAs) in FY20 which includes an obligation for dealers to “Comply with applicable Telstra Group Policies and Codes of Conduct (and provide such attestations on this as we reasonably require).”



Case study

Protecting vulnerable workers in the commercial cleaning sector

To limit the risk of exposure to COVID-19, we made the decision in March 2020 to move to full work from home arrangements. However, there are some essential operations that cannot be fulfilled remotely, including store and field teams, and some other functions, including cleaning and maintenance. We have additional procedures and safeguards in place to protect teams not able to work from home, such as enhanced cleaning, including access to hand-sanitiser, regular cleaning and sanitisation of devices.

While these measures were necessary to ensure the safety of our people, we were aware this placed increased demand on our cleaning and facilities management suppliers and the people who work for them, who are themselves more vulnerable to contracting COVID-19 due to the frontline nature of their roles.

We know that a high concentration of low-skilled and migrant workers, combined with insecure working conditions - exacerbated by the impact of COVID-19 on the economy - mean workers in the cleaning sector in Australia may be more vulnerable to modern slavery. We understood that these workers represented a higher risk category in FY21 and, as a result, we decided to conduct audits of our cleaning suppliers or their subcontractors at 15 Telstra sites this year. These sites included commercial, network, depot and Telstra retail store locations across Australia.

As part of our standard audit questionnaires and site inspections, we interviewed workers regarding their working conditions. We also inspected company and employee records at the head offices of our facilities managers and cleaning services suppliers to ensure employees were receiving their full entitlements.

While our auditors did not find any instances of modern slavery, they did find some practices we considered concerning. Using the agreed JAC audit framework, our auditors made two unacceptable and four critical findings across three sites where cleaning services are sub-contracted by Telstra's direct supplier. Five findings relate to sub-contractors failing to provide cleaners with written contracts of employment and formal pay slips. However, interviews with cleaners on site indicated they did understand the terms and conditions of employment. We have asked our supplier to ensure written employment contracts and formal pay slips are provided to all employees as a corrective action.

An additional finding related to a sub-contractor applying the incorrect Industrial Award to pay staff. Although the difference in pay between the hourly rates in each Award is minimal, we have indicated to our supplier that we require the sub-contractor to apply the correct Award and back-pay the difference to the impacted cleaners for the period since they commenced work. We will work closely with our supplier to ensure the corrective actions are closed out and that additional measures to manage all sub-contracted partners are put in place in compliance with the requirements set out in our Supplier Code of Conduct.

Case study

Responding to concerns identified in audits

Telstra engaged an independent third party to conduct site audits of one of our suppliers' labour practices. The audit revealed findings of non-compliance with minimum standards for working hours, and health and safety, as well as failure to provide employees with one day off after six days of work in their manufacturing operations in an Asia-based company. These findings were in breach of our Supplier Code of Conduct (SCOC), by which the supplier is contractually bound.

We conducted our own follow-up audits and, while the supplier continued to make progress in remediating these findings, we took the view that the speed at which these changes were being implemented was not adequate and did not demonstrate a strong enough commitment by the supplier to remediate the breaches of our SCOC. It is always our preference to engage with suppliers to seek to improve working conditions for the people who are impacted rather than simply walking away from a contract. As such, we wrote to the supplier's senior management to express our dissatisfaction with progress to date and request urgent remediation of these audit findings.

The supplier agreed to this request and took several steps to reduce working hours and improve health and safety conditions. This included investing in new equipment and improving the daily output of the facility to ensure completion of customer orders. As employees were no longer working the same level of overtime their take-home pay would have been reduced, so the supplier increased their hourly wage to help compensate for this. Our auditors performed a further follow-up audit to confirm this by reviewing attendance and payroll records, and through interviews with a sample of workers. All issues identified have now been remediated and the audit has been closed out. This is a positive example of leveraging our relationship with a supplier to deliver improved outcomes for workers.

Remediation

We review the findings of all our supplier audits. Where problems are identified we work with the supplier to develop corrective actions with agreed timeframes as part of their remediation plans. We then work constructively on the corrective actions, and review evidence provided, to justify closing the audit findings.

Findings from the audits conducted in FY21 identified 187 critical and unacceptable findings, with health and safety and working hours being the most common areas of concern. These areas are being addressed as part of the corrective actions identified. Once addressed, these corrective actions are independently verified through a follow-up audit before being closed. In FY21, 141 corrective actions relating to the critical and unacceptable findings reported in this and previous years audits were closed. In instances where suppliers are not willing to improve their performance within the required time frame, despite our attempts at engagement, we may terminate supply contracts and/or switch to alternate suppliers.

For more information regarding how we remediate issues, please refer to the case study on this page.

We did not identify any instances of modern slavery through our audit program this year.



Grievance mechanisms



Speak-Up

Speak-Up is one of the tools available at Telstra for employees to raise concerns about things that are not going well, so that management can be alerted to issues and fix them.

Telstra seeks to support a culture where everyone has a voice, can contribute, and is able to speak up if they see something that is not right.

Speak-Up is managed by the Group Compliance team. Issues are recorded securely and assessed by Group Compliance with support from the broader Compliance Community, subject matter experts and operational management. Where possible we keep employees informed of the outcome and what we are going to do differently.

Any issues relating to modern slavery are investigated by the human rights compliance manager, legal or escalated to other key stakeholders as required.

Whistleblowing

Telstra's Whistleblowing Policy and the relevant legislation establish protections to a range of people – including current and former employees, their relatives and dependants, and suppliers – to report concerns about unethical or illegal behaviour, or an improper state of affairs at Telstra. Our Whistleblowing Policy is supported by a confidential process that provides appropriate protections for anyone to report their concerns, and a Whistleblowing Service where people can report their concerns anonymously and professional investigators and case managers investigate any reports. Telstra's Whistleblowing Committee, which is chaired by the Company Secretary, receives any whistleblowing disclosures and oversees an investigation of each matter and any follow-up actions that are required. Our Audit and Risk Committee oversees the process for the management of matters raised by whistleblowers and reviews significant matters raised through the process.

During FY20, we launched a new Whistleblowing Policy, which expanded the protections and how people could report their concerns in line with new legislation in Australia. We received 115 whistleblowing reports in FY21, which was a decrease of 20 per cent compared to FY20. We completed 131 investigations in FY21 and in 30 of these investigations the allegations were substantiated in whole or in part, noting that one report might cover multiple matters and the types of issues being reported vary in terms of the seriousness of the allegation.

To report a matter, visit [Telstra's Whistleblowing Service](#).

Industry cooperation on supply chain



Supply chain sustainability, particularly in the ICT sector where there are complex supply chains, is an area that requires cross-sector collaboration. We work with ICT industry bodies such as the JAC and Global e-Sustainability Initiative (GeSI) to drive improvements in sustainability practice throughout the global supply chain.

In 2018, we joined the JAC, an association of 17 global telecommunications operators that pools results of site audits of common suppliers. JAC's audits aim to verify that suppliers comply with internationally-recognised sustainability standards within global supply chains.

Since 2010, JAC has conducted over 626 audits in 39 countries, covering more than one million workers. In FY21, 28 sites across 14 Telstra suppliers participated in JAC-appointed audits and are included in the summary of audits completed and associated findings on page 20.

This year, we continued to work cooperatively with The Telco Together Foundation (TTF) and its members to reduce the risk of modern slavery and to share cases of best practice. In FY21, we have supported the launch of the TTF Industry Impact Hub and leadership statement on human rights and modern slavery.

“There is strength in numbers so we look forward to the Australian telco industry and the TelcoTogether Foundation achieving more by working together. This builds on Telstra’s Code of Conduct and Human Rights Policy, and our work with the Joint Audit Cooperation, which holds our company, supply chain and those working with us to a high standard to help stamp this out this inhumane practice [of modern slavery],”

– Andy Penn, CEO, Telstra.

Providing our suppliers with support and building capacity

We collaborate with industry bodies and not-for-profit organisations to support our suppliers to improve their environmental, social and ethical performance. As part of JAC, we are working with suitable suppliers to build their capability to assess and improve the environmental, social and ethical performance within their own supply chains. Once trained, these suppliers are able to complete audits of their own supply chain. Due to COVID-19-related travel restrictions the program was postponed in FY20 and recommenced in FY21.



Reporting and effectiveness



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 on to our customers and the community. We report our progress against key performance metrics in our annual Bigger Picture Sustainability Report www.telstra.com/sustainability/report

We aim to report transparently on labour issues that have caused us concern during the reporting year to provide visibility of higher risk situations and how we manage these.

The fact that these issues come to our attention through grievance processes and audits, evidences that these mechanisms are effective in uncovering problems and providing us with an opportunity to remediate them. They also provide valuable opportunities for us to review and improve our policies and procedures to prevent a recurrence of similar incidents in other parts of our operations or supply chain.

Our internal governance processes are designed to provide visibility of modern slavery risks and mitigations across Telstra. We record and track material incidents and report these up to the Human Rights Working Group (HRWG) and the Audit and Risk Committee of the Board (ARC). The ARC reviews our progress on mitigating supplier risk and modern slavery risk more broadly. The HRWG also maintains oversight of our key human rights risks, and how they are being managed.

The metrics reported include:

- The per cent completion rates of employees and contractors conducting their annual mandatory refresher compliance training on topics including the Telstra Group Code of Conduct, ethical behaviour, anti-bribery and anti-corruption as well as health, safety and wellbeing
- The number of supplier audits completed and number of open and closed findings
- The number of employees completing Supplier Governance Training
- Health and safety performance including our Lost Time Injury Frequency Rate and Total Recordable Injury Frequency Rate
- Results of our Employee Engagement Survey, compared to previous years
- The number of whistleblowing alerts raised during the year
- The number of complaints to the Australian Human Rights Commission claiming disability discrimination and their outcome
- The number of employee discrimination complaints (refer to Sustainability Report Data Pack)
- The number of privacy incidents requiring notification to the Office of the Australia Information Commissioner (OAIC)
- Gender pay equity (the percentage of fixed remuneration – male to female by level)

We encourage reporting of all potential human rights issues to allow effective root-cause analysis of issues even when they do not meet the formal definition of modern slavery. This allows us to identify opportunities to improve our internal processes and alerts us to other, similar situations where enhanced due diligence may be warranted.



Training

Workforce training

Our compliance training covers important topics related to the work we do every day, including our commitments to acting ethically and responsibly. Training explains key obligations under our Code of Conduct, Group Policies, certain legal and regulatory obligations and how to stay safe at work. Employees who fail to complete mandatory compliance training without a valid reason may face disciplinary actions, including suspension of access to Telstra systems.

Upskilling our people to identify modern slavery risks

We provide training on human rights risks, including those related to modern slavery, as part of our Supplier Governance Framework training.

In addition, our annual compliance training includes a Human Rights module to increase awareness and capability of our people in relation to Telstra's Human Rights Policy and supporting tools, and how to identify human rights risks in their day-to-day roles.

This year we deployed role specific modern slavery training for our procurement team, as well as others within the business who approve spending or labour hire decisions, to increase their understanding of their responsibilities. The training was also made available to our business partners and suppliers to enhance their modern slavery prevention efforts. It focuses on helping people to understand what modern slavery might look like in our value chain, identify red flags, and explain how to take action if they suspect there is a risk of modern slavery occurring. In FY21, 100 per cent of people in designated roles completed the training.

In addition, we continued to roll out a plain English Human Rights Policy Guidance document to help our people understand what the Human Rights Policy means practically for them in their day-to-day work. It focuses on understanding human rights and identifying risk factors, by providing illustrations for our people of what relevant human rights breaches might look like and how and where to report concerns.

To assist people making purchasing decisions to understand how to apply our Supplier Governance Framework, we provide mandatory online training. This training provides our people with an overview of their responsibilities, and the tools and resources that help manage supplier risk.

We monitor, report and manage mandatory training completion rates, as part of our training governance framework.

Successful completion of the training requires participants to pass an online assessment with a score of 80 per cent or above. This year, we again extended this training to all employees who interact with suppliers as well as all members of our executive leadership team, meaning more than 4,500 people completed it. We will continue to roll it out across Telstra in FY22, with completion rates monitored by our Learning team.

We have approximately 120 procurement specialists who support us with complex high-value purchases. These specialists are required to follow more stringent requirements and to complete an additional annual online training program explaining their responsibilities and providing information on controls such as strict rules around accepting gifts and hospitality. This year, 100 per cent completed the training.

Consultation with owned and controlled entities



As described in the Organisational Structure section of this document, Telstra is required to consult with its owned and controlled entities under s.16.1 (f) of the Modern Slavery Act (Commonwealth) 2018.

To understand the maturity of the risk-management systems of our owned and controlled entities, we considered the extent of their integration with Telstra systems and processes, whether they had employees or whether they were simply holding companies, and the nature of their activities. Those entities whose systems and processes were not fully integrated with Telstra's and who also had employees were required to complete a self-assessment questionnaire to allow us to assess how effectively they are currently managing the risk of modern slavery in their operations and supply chain. We have identified some entities who will require support in FY22 to improve their management of this risk.

Directors of Telstra Corporation complete the modern slavery module in our Business Essentials training, as do Directors of owned and controlled entities who are also employees of Telstra. In FY20 we identified an opportunity to provide additional training to a small number of non-employee Directors of some owned and controlled entities. In light of the proposal in FY21 to restructure the Telstra Group, subject to shareholder approval, this activity has been postponed until we have clarity regarding whether the new structure will be implemented and, if so, which of the new companies in the Telstra Group will be required to report in future statements.

The reporting entities covered by this statement were consulted in the preparation of the document and have approved its contents. Unless otherwise indicated, statements made in relation to the activities of the Telstra Group apply to Telstra's owned and controlled entities.

Future commitments



Over the next year, our focus will be on:

- Working with strategic suppliers at our third supplier forum in October 2021 to improve their understanding of our updated Supplier Code of Conduct, outline their role in delivering Telstra's Responsible Business Strategy, and share best practices
- Rolling out the Know Your Supplier (KYS) portal to enhance supplier onboarding and risk management and improve visibility of vendor risk across Telstra
- Providing additional support for selected owned and controlled entities to manage modern slavery risk in their supply chain
- Reassessing operational and supply chain risk in light of the proposed restructure of the Telstra Group and developing appropriate controls in response to changed risk profiles