

Annual Report and Action Plan

Company Name: **Telstra Corporation Limited**

Trading As:

ABN: **33051775556**

About APCO

Australian Packaging Covenant Organisation (APCO) is a co-regulatory not-for-profit organisation leading the development of a circular economy for packaging in Australia. APCO's vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

Each year, APCO Brand Owner Members are required to submit an APCO Annual Report and an APCO Action Plan. This document is the Annual Report and Action Plan output for the organisation listed above. This document provides the overall performance level of the organisation, as well as any commitments they have made to work towards on their packaging sustainability journey. This document may also include additional information provided by the Member in their report.

Overall Performance **Leading**

The chart below indicates the overall performance level of this organisation listed above in the 2023 APCO Annual Report. The organisation's reporting period was **July, 2021 - June, 2022**



Understanding APCO Annual Reporting performance levels:

- 1 Getting Started:** You are at the start of your packaging sustainability journey.
- 2 Good Progress:** You have made some first steps on your packaging sustainability journey.
- 3 Advanced:** You have taken tangible action on your packaging sustainability journey.
- 4 Leading:** You have made significant progress on your packaging sustainability journey.
- 5 Beyond Best Practice:** You have received the highest performance level and have made significant progress on your packaging sustainability journey.

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Additional Information

The information below indicates additional information that the organisation included in their APCO Annual Report.

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability

Global Packaging Innovation & Material Network

Through Telstra's packaging design team, we are researching, investigating and evaluating new sustainable packaging technologies and raw materials. It is important that Telstra have a pipeline of potential materials and solutions that can positively improve our sustainable solutions and commercial position. In FY22 we have identified several SKUs using soft plastics components and proposed a number of sustainable material alternatives to several suppliers to support their sourcing programs.

Global Trends and Potential Guideline Updates

Our packaging design team is also monitoring global sustainable packaging trends and policy developments. This provides an overview of insights enabling us to plan for potential guideline updates and policy changes. In addition, the advance notice of updates from APCO is important to managing specifications and obsolesces.

Introduction of Telstra Brand 3.1 Packaging Print Guidelines

To provide a concise summary of the brand reproduction requirements on the new sustainable packaging materials, we have created a Packaging Print Guideline. This document is used to help onboard suppliers and inform them of our material and design requirements. This helps ensure a clear understanding of approved materials and a consistent design outcome across multiple suppliers. Through our team's experience and knowledge, we can support their production approach to achieve a quality result.

Applying APCO's SPGs in Telstra

"Provide customers with simple Telstra branded packaging that is recognised as sustainable and easily recycled"

- Traditionally design is a tool of branding. However, design also has an important role in achieving our environmental commitments and achieving cost savings. Telstra has fully integrated APCO's 10 Sustainable Packaging Principles into our Sustainable Packaging Strategy and has shaped our approach by scoping the full product life cycle to unlock greater opportunities and adopting innovative structural design driving material savings.

We adopted the following core principles adopted to achieve our sustainable packaging target.

- Developing concepts that are designed to improve the recovery of materials. We have successfully replaced several soft plastic components with fully recyclable materials.
- Utilising design strategies that present sustainable packaging not only as environmental, but position our brand as progressive, whilst presenting well in retail.
- Using recycled materials, such as kraft boards, can present challenges for brand presentation. It is critical to guide and support suppliers to achieve the required design colour reproduction in all print processes.
- With the introduction of new recycled and recyclable materials, it is important to ensure printed text conforms to the Australian Accessibility Standards. We have incorporated Telstra's accessibility requirements into our packaging design process.
- To maintain a consistent and balanced approach across our product portfolio we have applied our definition of Optimised Packaging.

1. Packaging materials and formats that provide the best possible environmental outcomes.
2. Packaging that protects the product and improves the supply chain at a reduced cost.

3. Packaging that features best practice branding and enhances the user experience.

Describe any opportunities or constraints that affected performance within your chosen reporting period

Telstra is committed to optimising the resources we use, reducing consumption and waste across our business, and investing in circular solutions that are designed to be sustainable across their lifecycle. To achieve these goals, we will focus on:

- Creating solutions that increase the average percentage of recycled content and optimise device protection in the supply chain.
- Providing our customers with convenient reuse and recycling options for their devices.
- Using more sustainable Telstra branded packaging by reducing plastic and further optimising material usage.
- Review ink systems and ink coverage to extend material recovery opportunities.
- Continue to improve our customer's understanding of sustainability and how to easily recycle Telstra branded packaging.

Please use the space below to provide examples or case studies of exemplary packaging sustainability conducted by your organisation.

Case Study 1 - Creating a Sustainable Packaging Accessories Range

In FY22 we introduced Telstra's accessory category into our Sustainable Packaging Design System as part of our action plan. This product category is complex, has a high SKU count and has several updates per year, coinciding with new device launches.

We conducted an assessment of a range of packaging from the category to understand the areas to address and improve compliance with our Sustainable Packaging Strategy. This was followed by a design and development phase to build a portfolio of compliant concepts that met all our sustainable packaging requirements.

Key assessment results:

- Our team deconstructed and assessed the 3 main packaging formats and styles used across the range.
- Assessment indicated the current packaging failed to meet Telstra's Sustainable Packaging Strategy.
- We discovered a large component count, including several plastic and other materials.
- There appeared to be a disproportionate amount of packaging used against the weight of the product.
- The current packaging design used traditional "premium" cues and limited consumer communication on recycling.
- Our evaluation identified a significant number of opportunities to bring the range into full compliance and optimise the packaging.

Sustainable packaging outcomes:

- Using the APCO SPG-based Telstra Packaging Design System, we created a portfolio of fully compliant packaging solutions.
- We eliminated plastic and other materials and developed an all-fibre material solution.
- The individual packaging component count was reduced from between 11 & 17 components to between 1 & 4
- We reduced the packaging material weight from an average of 70g to 30g per unit.
- The new design strategy greatly improved consumer communication to recycle.
- Our design strategy dramatically improves retail display and allows for instore anti-theft without impacting branding.

Case Study 2 - Pre-paid mobile phones - Soft Plastics Replacement and removal

Within our packaging portfolio were a number of non-compliant SKUs that required the landfill ARL to be used. These were legacy SKUs with stocking and supply chain challenges. To achieve Telstra's targets it was important to collaborate and support our suppliers with solutions to replace or remove the non-compliant materials.

Key challenges were:

- The devices required a high degree of protection from surface damage.
- The product range had several independently packed components, such as cables, chargers etc.,
- LDPE material was the historical solution to protect the main device and pack the components.
- The generic LDPE packaging was printed with the Mobius Loop, which did not align with our ARL requirements.

Sustainable packaging solution

- Our team collaborated with the supplier recommending material and configuration changes to achieve compliance.
- We used PREP to test and evaluate concepts, incorporating the emerging changes in PREP material and threshold guidelines updates.
- Concepts were tested to maintain product protection performance.

Production solution

- For devices and components that required additional protection, paper has replaced soft plastic materials.
- A reconfiguration of the packing component enabled superfluous packaging to be removed.
- Internal packaging components have been reduced from 4 soft plastic wraps to 2 paper wraps
- The overall solution was brought into full compliance and optimised.
- The landfill ARL was replaced with the Recyclable ARL.
- All packaging components are fully recyclable and comply with PREP requirements.

Case Study 3 - Introduction of Telstra Brand 3.1 Packaging Print Guidelines

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Key Elements:

- Overview of Australian Government's 2025 Policy and Targets.
- Telstra's enhanced commitments to Sustainable Packaging and accelerated date targets.
- Materials Strategy – elimination of plastics, board stock selection and preferred ink systems.
- Breakdown of brand colourways and separation.
- Detailed print process layer separations and solutions to achieve designs on kraft boards, including varnish application.
- Verification and test print file of all design components.

Outcomes:

- Improved supplier knowledge and understanding.
- Enables a highly collaborative approach to achieve our goals and targets.
- More efficient and effective outcomes for all.
- Providing tools and experience to improve suppliers' performance.

APCO Action Plan Commitments

For each of the Packaging Sustainability Framework criteria listed below, a description is provided along with the commitments made by the organisation in their APCO Action Plan.

Criteria 1:

Governance & Strategy:

This criteria considers actions to integrate packaging sustainability into business strategies.

- Develop a strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPGs) or equivalent.
- Include a commitment to achieving the 2025 National Packaging Targets in our strategy.
- Have our executive or board of directors review our strategy and have the strategy integrated within our business processes.
- Regularly communicate and promote packaging sustainability objectives and targets within our organisation.
- Regularly engage or communicate with our external stakeholders about the environmental impacts of our packaging.
- Actively participate in initiatives to promote packaging sustainability outside of our organisation.

Criteria 2:

Design & Procurement:

This criteria considers actions taken to ensure that sustainability principles are considered in the design or procurement of both new and existing packaging through use of the Sustainable Packaging Guidelines (SPGs).

- Review **100%** of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Improve the accuracy of our data regarding reviews of packaging using the Sustainable Packaging Guidelines (or equivalent).
- Incorporate the Sustainable Packaging Guidelines (or equivalent) into procurement processes.
- Consider the following Sustainable Packaging Principles in our packaging reviews:
 - Design for recovery
 - Optimise material efficiency
 - Design to reduce product waste
 - Eliminate hazardous materials
 - Use of renewable materials
 - Use recycled materials
 - Design to minimise litter
 - Design for transport efficiency
 - Design for accessibility
 - Provide consumer information on environmental sustainability
- **100%** of our packaging to be optimised for material efficiency.
- Improve the accuracy of our data regarding packaging material efficiency.

Criteria 3:

Recycled Content:

This criteria considers actions taken to increase or optimise the amount of recycled material used by your organisation.

- Develop a policy or procedure to buy products and/or packaging made from recycled materials.
- Use recycled content in:
 - Our products
 - Primary packaging that we use to sell our products
 - Secondary packaging that we use to sell our products
 - Tertiary packaging that we use to sell our products
 - Other items which we purchase (e.g. office stationary and suppliers etc.)
- 76% of our packaging to be made using some level of recycled material
- Improve the accuracy of our data regarding use of recycled materials.

Criteria 4:

Recoverability:

This criteria considers actions taken to improve the recovery of packaging at end-of-life and increase use of reusable packaging.

- 100% of our packaging to be designed to have all packaging components be recoverable at end-of-life.
- Improve the accuracy of our data regarding recoverability.
- Use PREP to assess the recyclability of our packaging through kerbside collection in Australia and/or New Zealand.
- Investigate opportunities to use reusable packaging.
- Improve the accuracy of our data regarding reuse.
- Participate in a close-loop recovery program/alternative collection system.

Criteria 5:

Disposal Labelling:

This criteria considers the extent to which packaging has been labelled to help consumers determine what to do with packaging at end-of-life.

- 80% of our packaging to have on-pack labelling to inform correct disposal.
- Improve the accuracy of our data regarding labelling.

Criteria 6:

On-site Waste:

This criteria considers progress in increasing the amount of on-site solid waste being diverted from landfill.

- Have recycling programs for the following materials:
 - All materials have recycling programs

- Aim for 71% of our on-site waste to be diverted from landfill.
- Improve the accuracy of our data regarding on-site waste.

Criteria 7:

Problematic Materials:

This criteria considers the extent to which organisations are actively phasing out problematic and unnecessary single-use plastic packaging and preventing/reducing litter.

- Help reduce litter by:
 - Conducting regular clean ups