

31 October 2003

Office of the Company Secretary

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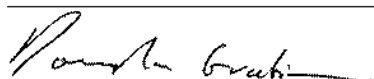
ELECTRONIC LODGEMENT

Dear Sir or Madam

CORPORATE SOCIAL RESPONSIBILITY REPORT 2003

In accordance with the listing rules, I attach an announcement for release to the market.

Yours sincerely

A handwritten signature in black ink, appearing to read "Douglas Gration", written over a horizontal line.

Douglas Gration
Company Secretary

Telstra Corporation Limited
ACN 051 775 556
ABN 33 051 775 556

here for good

Telstra

www.telstra.com

Our definition of corporate social responsibility

At Telstra, we believe that corporate social responsibility is a values-based approach to how we do business, leading us beyond legal compliance to make a positive contribution to the industries and communities in which we participate.



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From the Chairman and CEO

We are keenly aware of Telstra's status in Australia – a company that in some way touches nearly every Australian every day. Our long history has made us an Australian icon and our recent history has put our future in the forefront of Australians' minds. As we continue to evolve as a company, we have taken time to pause and look at the impact we have on our world – domestically and globally.

Clearly, that impact is more than one-dimensional. It is not just about our financial performance – nor would we want it to be.

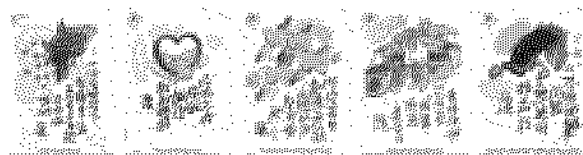
We have a clear vision as a company – Telstra, Australia's connection to the future. As leaders in business and industry we will continue to nurture and develop that future, recognising that the success of our company is interconnected with the success of our Australian and global communities.

This first report is important because it recognises that a company is not a collection of policies and capital, it is driven and given its character by its people. Telstra people are not just employees – often they are shareholders and customers as well. They are part of the communities in which we as a company participate. The character of Telstra is defined by our Telstra Values and by the people who work for us. As leaders, we will show by example and through our business direction that Telstra is here for good.

Bob Mansfield
CHAIRMAN

Ziggy Switkowski
CHIEF EXECUTIVE OFFICER

About this report



The Telstra Values extend to our international operations.

To growing numbers of stakeholders – including our employees, customers and shareholders – being a successful company is not just about financial performance; it is also about being a good corporate citizen.

Many corporations currently produce annual reports that go beyond compliance and encompass sustainability issues referred to as Triple Bottom Line, Corporate Citizenship, Social Accountability or Corporate Social Responsibility reports. We favour an integrated approach to corporate citizenship and think of it not as a project, but as what we do and how we do it. As with many companies, many aspects of sustainability are already embedded or underway within our organisation. Our first report provides a means to gather these threads of activity together to show an overall view.

For Telstra, all of these activities and our approach to corporate social responsibility are a reflection of the character of our company, which is encapsulated by our company values.

This report is a snapshot in time, not an exhaustive evaluation of all our activities, collating key highlights in our performance as at 30 June 2003.

It is a natural progression from the Public Environment Reports we have produced in recent years. We try to tell our story in our own way – not as an academic exercise but as a factual and contemporary summary that reflects our perspective of corporate social responsibility.

The report has been prepared with reference to internationally-recognised reporting guidelines – particularly the Global Reporting Initiative. However, the report captures our activities in a way that we think is most suited to our primary audience – our employees, our customers and our shareholders.

In this printed summary, we have provided highlights of what we have done and our commitments for the future, while acknowledging areas where we believe we still have room to improve. We anticipate that our reporting will be incremental and become more sophisticated with experience.

This report is not just about a company – our best achievements are always the result of the people who breathe life into this company – people who want to work for a company that is here for good.

Contact numbers and websites for further information about specific activities in this report are available on page 36.

More information is available at our website
www.telstra.com.au/communications/csr

TELSTRA VALUES

Service. I will be caring and responsive in the way I provide service to my customers and colleagues. **Respect for the Individual.** I will treat all people with dignity and respect. **Integrity.** I will be honest and ethical in all my dealings with others. **Compliance with the law** is my minimum standard. **Commitment and Accountability.** I will do as I say and accept accountability for my actions. **Trust.** I will trust my colleagues and rely on them in order to achieve business success. **Leadership and Teamwork.** I will strive to be a member of a champion team, being competitive demands my leadership, teamwork and collaboration.

About our company

Since the Post Master General's (PMG) Department was established in 1901, the 'telephone company' has evolved significantly.

In 1975 the PMG was separated into Australia Post and Telecom. Then, in the lead-up to the deregulation of the telecommunications industry, Telecom, together with OTC Ltd, eventually became Telstra (owned by the Commonwealth of Australia) and the most significant transformation since the PMG days began – the removal of the monopoly and the introduction of competition in the telecommunications industry in Australia. Today, the 'telephone company' has developed from a national monopoly servicing subscribers into a global player in the field of full service, integrated data and communications to millions of customers.

In 1997, the Commonwealth Government privatised 33.3% of the company in one of the largest floats in Australian Stock Exchange history. Two years later, a further 16.6% was sold, leaving the Commonwealth with a 50.1% majority holding. In June 2003, the Australian Government put forward legislation to parliament to complete the privatisation of the company. This legislation is a matter for parliamentary debate and if passed will enable the majority shareholder – the Commonwealth – to complete the privatisation of Telstra.

The shape of the telecommunications industry in Australia has changed substantially since deregulation. As at June 2003, nearly 100 current carrier licences had been issued and over 1,000 carriage service providers were in operation, most providing internet services.

There is now vigorous competition for the key corporate and government clients as well as for residential customers. Four mobile networks have been established in addition to Telstra's two networks, and mobile phone use has increased dramatically.

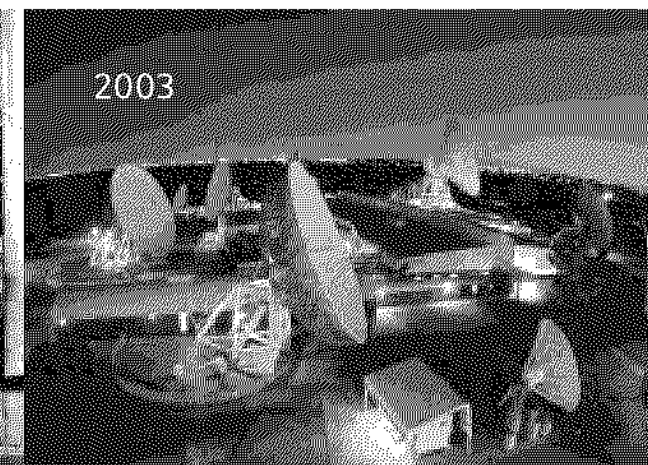
Australia's telecommunications industry is unique in many ways – in particular because of the hugely diverse geography and distances that impact customers. Australia also has one of the most heavily regulated telecommunications industries in the world, with Telstra as the leading domestic player and a competitive landscape of both small domestic and huge international telecommunications companies competing for the customer dollar.

Telstra has offices in San Francisco, New York, London, Singapore, Hong Kong and Beijing, with significant operations in New Zealand through TelstraClear, and throughout the Asia Pacific region. In line with our Telstra Values, we contribute to these economies and communities by providing employment, sponsorships and investment opportunities. This rich and complex background provides Telstra with a large number of stakeholders, many of whom have competing interests.

Our continued challenge is finding the balance between running a profitable business while doing things in a way that meets our own criteria for values-based success. We want to operate with sustainability in mind and action – we are here for good.



Telephone switchroom in PMG Exchange.



Satellite dishes, Gungaharra Earth Station, WA.

Community

Our people are active in the community at many levels, such as *Clean Up Australia Day*, which is strongly supported by Telstra volunteers, called Telstra Friends.



here for good



Our technicians are among the first people you see once the fires are out.

Disaster relief

In fire, flood and, more recently, tragedies such as the Bali bombing, Telstra was there to help. Our technicians are among the first people you see once the fires are out or the waters recede, working long hours in difficult conditions to restore our connection to each other.

FIRE, FLOOD AND DROUGHT

Telstra people show the values of our company most when disaster strikes. When parts of Australia were devastated by floods in 2002 and fires during summer 2002-03, our people and our company went beyond the call of duty in their response. It was not just about reconnecting telephone lines.

Telstra people across Australia worked around-the-clock behind the scenes to do what they could to help the victims and their families and restore essential communications in the shortest possible time. Employees from all over Australia were temporarily relocated to the disaster zones to restore services (eg. around 120 staff were brought in from interstate to help restore services after the ACT fires).

The Farmhand Foundation, aimed at helping drought stricken farmers and farm contractors, was set up in October 2002 during one of the worst droughts in Australian history. Telstra is a founding partner and our Chairman, Bob Mansfield, is also the Chairman of the Farmhand Foundation. Farmhand raised more than \$23.5 million to help provide immediate relief to around 15,000 farming families in 2002/2003.

Our performance

- Mobile services charged at fixed line rates for those who lost their homes or fixed-line service in bushfires.
- Supplied hundreds of mobile phone services to emergency workers to assist communication both in the field and between emergency workers and their families.

- Payphones were installed in affected areas and switched to non-metering for calls so families and friends could stay in touch.
- Contributed \$100,000 towards the Canberra Bushfire Recovery Appeal.
- Donated \$1.1million to the Farmhand Foundation (including \$100,000 from the sale of the CD 'I am Australian' from Telstra outlets).
- Established the Farmhand Appeal Hotline, staffed by Telstra Friends, and hosted the Farmhand website.

Our commitment

- Reconnect services in disaster areas as soon as possible without endangering our people and in compliance with Emergency Services direction.
- Give staff living in fire affected areas time off to protect their homes when disasters strike.
- Continue to provide paid leave for staff who are emergency services volunteers who provide critical services to protect life and property in disaster zones.

BALI

Immediately following the Bali bombings on 12 October 2002, we created the Telstra Bali Assistance Program for victims and families.

Through this program we extended our internal staff counselling service to victims. We waived normal Telstra charges to eligible Telstra customers impacted by the bombings and to eligible not-for-profit organisations assisting victims and their families. We also donated \$100,000 for the support of the Bali victims.



Telstra Friends celebrate Harmony Day.

Telstra Friends

Telstra Friends, an employee-driven volunteer program, has been in place since 1993. Initially formed during industry deregulation to promote Telstra during the process for customers to select their telecommunications carrier, Telstra Friends has evolved into Australia's largest corporate volunteer program.

The group now has an ongoing role of community service activities as well as involvement in charity projects selected by Telstra Friends itself.

Telstra Friends currently has over 4,000 registered members who include staff, family and friends, and employs three full-time staff to manage the program. Although staff occasionally participate in Telstra Friends' activities on company time, most activities are carried out in the volunteers' own time.

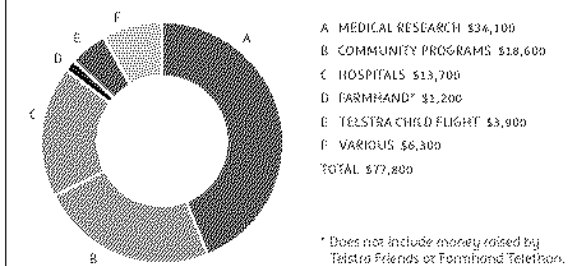
Our performance

- Contributed more than 19,000 hours to community related events, an increase of over 50% from the previous year.
- Managed events at 442 sites, an increase of 12% from the previous year.
- Raised more than \$77,000 for various charities (excluding the Farmhand Telethon).
- Participated in Clean Up Australia Day at 75 sites with 2,500 volunteers.

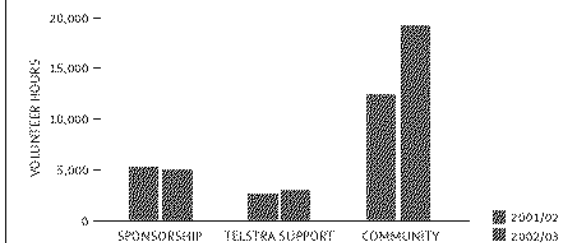
As we continue to develop and mature as an organisation, our giving has evolved into a number of forms. The focus and intent of our giving is guided by values upon which we have built our business. The following examples demonstrate two different ways that we contribute to the community:

- The Telstra Foundation – a giving program of a philanthropic, non-commercial nature.
- Sponsorships – with commercial outcomes in mind while still intending to benefit the community.

TELSTRA FRIENDS
Breakdown of fundraising 2002/2003



TELSTRA FRIENDS VOLUNTEER HOURS
Comparisons 2001/2002 to 2002/2003



Our commitment

- Reaffirm our commitment to Telstra Friends through continuing to provide paid positions to coordinate the volunteer program.
- Continue to provide our people with opportunities to contribute to the wider community.



The Telstra Foundation mission – 'Making a positive and lasting difference to the lives of children and young people.'

Telstra Foundation

In April 2002 Telstra established the Telstra Foundation – a giving program devoted to enriching the lives of Australian children and young people and the communities in which they live. The Foundation is philanthropic. It operates independently of Telstra Corporation and is not linked to either its commercial interests or sponsorships.

The Foundation has its own Chairman, Herb Elliott, AC, MBE and board of directors, the majority of whom are community members who are leaders in their fields, such as 2003 Australian of the Year, Professor Fiona Stanley, AC.

The Foundation has a total operating budget of \$5 million per annum, funded by Telstra, and administers two funds. The major fund is the Community Development Fund, which supports causes and initiatives that better the lives of children and young people across Australia. The second grants program, the Telstra's Kids Fund, provides smaller grants to local organisations and activities involving children or young relatives of Telstra staff.

The Foundation received around 1,200 applications for the Community Development Fund in its first year, only 100 of which were able to be funded. As a result, the Foundation has refined its focus to support fewer issues at greater depth. The Foundation hopes this approach will have a greater and more sustainable impact. In September 2003, the Community Development Fund began seeking to address causal factors affecting the health, well-being and life chances of children and young people through a focus on:

- Early Intervention
- Childhood obesity
- Indigenous community development
- Gifted and talented children and young people.

2002/2003 Foundation grant recipients included:

- The Centre for Community Child Health in partnership with The Smith Family – *Reach Out and Read* early literacy project

- The National Heart Foundation of Australia – childhood obesity research
- Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council – *Child Health and Nutrition* project
- Inspire Foundation – *Reach Out!* website for young people experiencing tough times and depression.

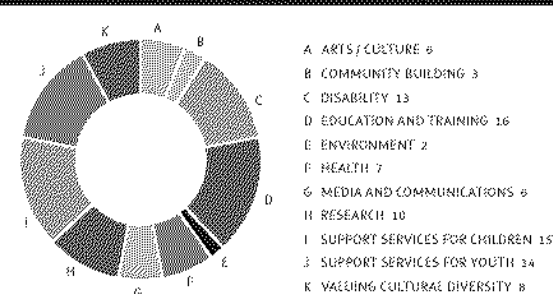
Our performance

- Provided \$4.35 million in grants to 790 not-for-profit community groups:
 - \$3.6 million through Community Development Fund to 100 recipient organisations
 - \$750,000 through Telstra's Kids Fund to 690 community projects
 - About one-third of projects supported rural/regional areas.
- Assisted a wide range of organisations and projects including: health, Indigenous, sport, arts and education including those with special needs.

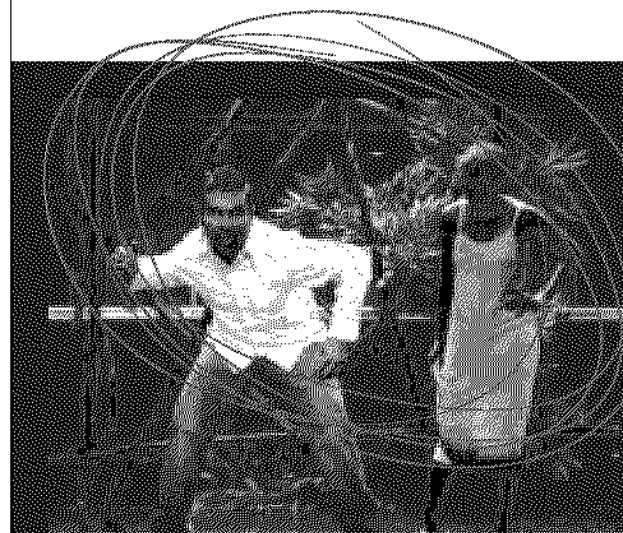
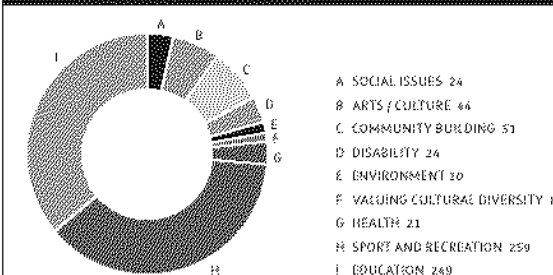
Our commitment

- Provide \$3.6 million in grants through the Community Development Fund for 2002/2003
- Provide \$750,000 in grants through the Telstra's Kids Fund
- Continue to build a body of knowledge and focus our support on a select number of significant issues impacting our children and young people
- Endeavour to provide grants with a more even geographic distribution, encouraging applications from across Australia

TELSTRA COMMUNITY DEVELOPMENT FUND GRANTS BY PRIMARY PROJECT ISSUES IN 2002/2003



TELSTRA'S KIDS FUND GRANTS BY PROJECT ISSUES IN 2002/2003



Bangarra Dance Theatre.

Sponsorships

Sponsorship is a key component of Telstra's marketing activity, with an objective to raise the Telstra profile through association with positive initiatives and to support marketing campaigns and messages. Both the recipient and the sponsor benefit by this association.

Our sponsorship investment extends across sport, business, arts, health and community initiatives, at both the elite and grassroots level. Our support enables the broader community to access and enjoy the benefits these organisations offer, for example supporting regional tours and free outdoor performances of the Australian Ballet.

Sponsorships are regularly reviewed and measured to assess their effectiveness. Before we enter into a sponsorship, we undertake an extensive evaluation to determine how it can support and enhance specific objectives across the business. We also consider the overall benefits to the Australian community when assessing sponsorships.

Our performance

- Sponsored the Prime Minister's Employer of the Year Awards, recognising employers of people with a disability.

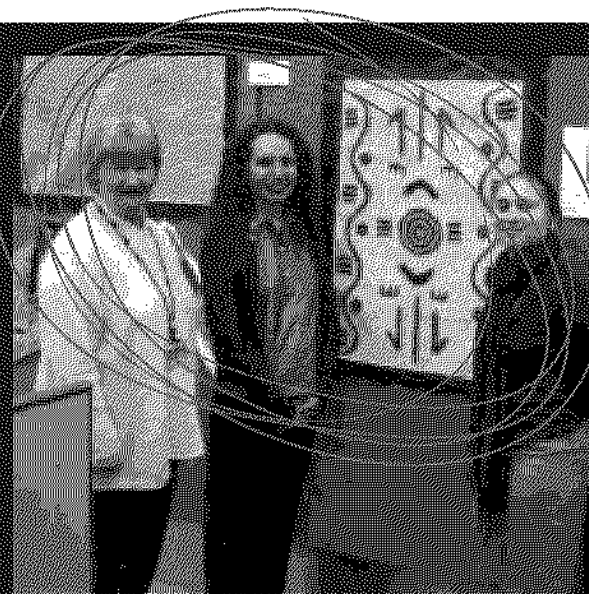
- Developed and sponsored the Telstra Small Business Awards since 1992, the Telstra Business Women's Award since 1995 and the Yellow Pages® *Business Ideas Grants* since 1996.
- Sponsored Telstra Child Flight since June 2001. An average of one critically ill child is transported each day in NSW and the ACT.
- In 2001, pledged \$1.25 million over five years to the Victor Chang Cardiac Research Institute to assist in the fight against heart disease.
- Provided \$52,000 to the National Safety Council of Australia to sponsor national awards recognising safety innovation and improvement and created the first national farm safety award.
- One of the largest corporate sponsors in both sport and the arts including being the principal sponsor of the Australian Ballet and Australian Swimming Team.

Sponsorship (continued)

Our commitment

- Continue to encourage and recognise business achievement by contributing \$826,000 in award money for the Telstra Business Women's Awards, Telstra Small Business Awards and the Yellow Pages® Business Ideas Grant.
- Support National Safety Council of Australia with a further \$50,000 for 2003/2004.

- Continue to be a leading supporter of the arts in Australia, making it more accessible to the wider community through regional tours and workshops, and webcasting of some performances on the internet.
- Aim to provide Australians with greater access to their sporting heroes, support community participation in sport and enhance the development of sport in Australia.



Telstra staff and ATSC representatives celebrate NAIDOC week.

Employees

Our workforce spreads across metropolitan, regional and remote areas as well as in our overseas entities. We believe diversity creates opportunities and we are increasing our focus on providing a flexible and family-friendly workplace, for example through a free childcare referral service for staff and promoting part-time and job-share arrangements. We have a variety of employment arrangements to help us manage peak demand periods.

Although we are one of Australia's most diverse employers, we still need to do more and we are taking steps to improve internal understanding and opportunities for more diversity in our workplace. Our philosophy is to employ the right person for the job, regardless of gender, race, religion or cultural background. We have an Equal Employment Opportunity policy to drive this philosophy.

Telstra has established an internal awareness campaign with the theme 'Diversity creates opportunities' and will continue to build on existing awareness activities and the enhancement of internal policies to support diversity and flexibility in the workplace. For example, our board includes two women out of 12 members, while 13.1% of senior managers are women. We are looking at ways to encourage an environment where more women take up senior roles.

Like any company, Telstra must continually balance workforce levels to meet work requirements in a cost-effective and productive manner to continue providing both quality and cost-competitive service to our customers. In the current competitive environment, Telstra expects a gradual but continual decline in full time staff numbers. To assist our people who are impacted by job reductions we fully fund a job search program for employees who have been retrenched, which is delivered through a consortium of outplacement agencies. The number of job reductions in any year is impacted by a variety of drivers, including the intensity of competition, customer demand, work required, productivity and process improvements and the regulatory settings of the Federal Government.

Despite the decrease of jobs in Telstra in the past decade, overall, employment in the communications services sector has grown by 12,500 since June 1995 [Australian Bureau of Statistics, May 2003].

Our performance

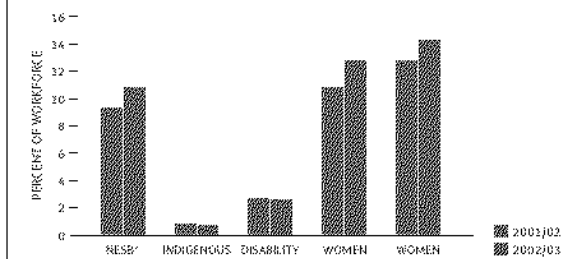
- Developed specific initiatives to encourage the employment of women, Indigenous people, people with a disability and people from culturally and linguistically diverse backgrounds, for example two-year Telstra Women in Engineering and IT Scholarships awarded to 13 women since 1999, six Aboriginal and Islander (A&I) cadetships, plus ten A&I recruitments, five full-time and five part-time, in 2002/2003.
- Representations for A&I and people with a disability decreased marginally in 2002/2003. While the overall representation of women decreased from 32.1% to 31.8%, representation of women at a senior level increased, as did people from a non-English speaking background.
- Participation as sponsor in Harmony Day in 2003. Actively encouraged staff to hold team activities recognising racial diversity and promoted Harmony Day through our internal media.
- Completed 428,468 work-related training activities for employees in 2002/2003 (includes both online and instructor-led courses).
- Active support of National Aboriginal and Islander Day of Celebration (NAIDOC) for over a decade to increase awareness of Indigenous cultures.
- An 88% return to work rate of women on maternity leave, with 18% of women who took maternity leave returning as part-time staff. This represents a 23% increase from 2001/2002 when 72% of women returned to work following maternity leave.

Our commitment

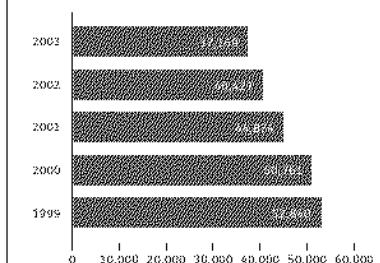
- In line with our Redundancy Agreement and our Values, staff (and unions) will be notified as soon as we know where redundancies will occur and how many. This tends to be on a local business area basis.
- Continue to support Harmony Day, highlighting our community's success as a multicultural society.
- Employ 50 Aboriginal and Islander trainees through a joint venture with the Department of Employment and Workplace Relations.
- Employ ten paralympic athletes by June 2004, in addition to the six currently employed.



Telstra sponsors the Australian Paralympic Committee and employs Paralympians such as Samiya Parker, an elite cyclist.

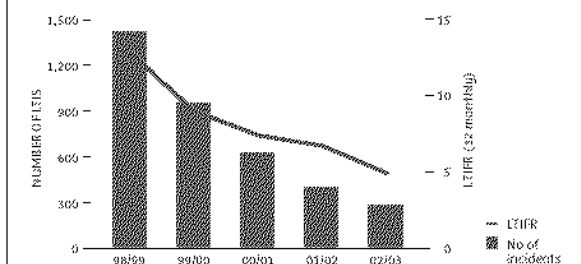
REPRESENTATION OF DIVERSITY GROUPS IN TELSTRA WORKFORCE
Comparisons 2001/2002 to 2002/2003

*Non-English speaking background.

TELSTRA FULL TIME EMPLOYEES* 1999 TO 2003
as at end June

* Includes full time staff, fixed-term contracted staff, staff in domestic controlled entities and expatriate staff overseas.

LOST TIME INCIDENTS (LTI) AND LOST TIME INCIDENT FREQUENCY RATES (LTIFR)* as at end June



*Number of LTIs per million hours worked.

OCCUPATIONAL HEALTH AND SAFETY

Over the past year there has been continuous improvement in the way we manage the health and safety of our people. However the journey is far from over. Telstra's goal is to be an accident-free workplace.

Because we use a flexible external workforce – contractors and agency staff – for the management of peak customer or business demands, we use contractor safety performance as part of contractor selection criteria and performance assessment.

Our performance

- Conducted 90 external health and safety audits in 2002/2003, many commenced without prior notice to the workplace.
- Telstra is a key participant in external safety activities including development of call centre guidelines with

Worksafe, Western Australia and review of Health and Safety Representative training with Comcare, the Federal Occupational Health and Safety (OH&S) Regulator.

Our commitment

- Conduct 95 external health and safety audits nationally during 2003/2004
- Conduct incident investigations that promote an environment where the emphasis is on understanding the cause, not finding fault
- Remove hazards as soon as they are recognised
- Improve the effectiveness of looking after people who are injured through faster referral to Return to Work providers
- Continue to report OH&S performance on a monthly basis to the board

Customers

Since competition was introduced, customers have enjoyed greater choice, cheaper prices and better service. We recognise our responsibility to provide all Australians access to telecommunications, whether in a remote location, on a low income, or facing other challenges that make regular access difficult.

Research carried out by Telstra can help people with low vision to have better access to our products and services.

ACCESS FOR EVERYONE

We recognise the need to provide affordable access to telecommunications services to disadvantaged Australians and those on low incomes.

We provided a concessionary package valued at \$160 million of practical initiatives that offered affordable ways to maintain phone contact for groups such as low-income families, Indigenous Australians, job seekers and the homeless.

Telstra provides this concessionary *Access for Everyone* package as part of its compliance with price control regulations. The package was developed with the

Low-Income Measures Assessment Committee (LIMAC), an independent committee including representatives from the Australian Council of Social Service, Anglicare Australia, The Salvation Army and The Smith Family. We are required to consult the committee when making changes to the package.

Our performance

- Commissioned comprehensive independent market research in 2002 through LIMAC to understand and benchmark low-income and disadvantaged Australians' needs and expectations of telecommunications services. The benchmark research found that *Access for Everyone* initiatives satisfy a significant need.

The initiatives were well received and well targeted and the research showed a high level of potential usage of all initiatives.

- Launched four new programs and enhanced five services under the *Access for Everyone* package (eg. Bill Assistance, Telstra MessageBox).
- Undertook targeted communication programs to develop awareness of the *Access for Everyone* package (eg. wrote to all 1,200 Supported Accommodation Assistance Program Agencies regarding services for people who are homeless, included an information message on all Telstra residential bills for three months about the Bill Assistance Program).

Our commitment

- Continue to work closely with the Low Income Measures Assessment Committee to ensure the *Access for Everyone* package is effective in meeting the changing telecommunications needs of those who require assistance
- Undertake further research to measure the impact of the package on affordability of telecommunications services
- Produce a report annually on the effectiveness of the concessionary package

DISABILITY ACTION PLAN

Around 3.6 million Australians have some sort of disability, ranging from hearing, vision and speech impairments, through restricted mobility to intellectual disability. In 1996 we became one of the first major corporations in Australia to lodge a Disability Action Plan with the Human Rights and Equal Opportunity Commission.

Telstra has a Disability Equipment Program to provide eligible customers with specialised equipment to access the standard telephone service. One example of the technology available to assist people with a disability is the Teletypewriter (TTY). People who are deaf or have a hearing or speech impairment can use a TTY to conduct text-to-text conversations with other TTY users, or they can use the National Relay Service to conduct text-to-voice calls with other users through a relay officer.

Previously we operated six Aged and Disability Centres as a shop-front where customers could view and trial our disability equipment. The Centres were closed in March 2003. On average, each Centre received only three customer visits each week.

A number of disability groups expressed their concern to us about the closure of the Centres, particularly the level of consultation prior to the closure.

Since the closure of the Centres, we have established an extensive network of locations in regional and metropolitan areas for customers to view and try the equipment, and obtain information about Telstra's Disability Services. Telstra's Disability Enquiry Hotline continues to be our primary point of contact for people with a disability and their carers around Australia. Telstra undertakes an annual survey of users of the Disability Enquiry Hotline to assess the performance of its service delivery and publishes the results in the annual Telstra Customer Service Charter Performance Review.

Our performance

- Supplied 33,000 items of specialised equipment (including 850 TTY) under the Disability Equipment Program at the same charge as the standard telephone handset for 2002/2003.
- Out of 16,000 requests for equipment, 800 requests were not able to be processed (eg. the customer already had the equipment requested or changed their mind, the applicant was not a Telstra customer, etc.).
- Around 170 TTY payphones in operation.
- More than 10,000 staff trained in Telstra's disability awareness program.
- 325,000 calls to our Directory Assistance Helpline from Telstra customers who are unable to use or hold a printed directory and are unable to use standard directory assistance service.
- Issued more than 1,500 Braille bills and 5,700 large print bills.

Our commitment

- Continue to install TTY payphones around Australia in consultation with the deaf and hard of hearing community. Details are available online, see page 36
- Enhance disability awareness among management and staff through online training, regular bulletins and alerts and via our internal database of equipment and services
- Improve access to information for people with a disability through online and alternative formats (eg. large print and Braille)
- Continue community consultation programs such as Telstra's Disability Forum and Disability Equipment Program Consumer Advisory Group to ensure services and products continue to be of value to our customers

CUSTOMER SERVICE CHARTER

To demonstrate our commitment to customers we developed the Telstra Customer Service Charter in 1999. The Charter is revised and released annually after consultation with our customers, staff and external stakeholders, particularly the Telstra Consumer Consultative Council.

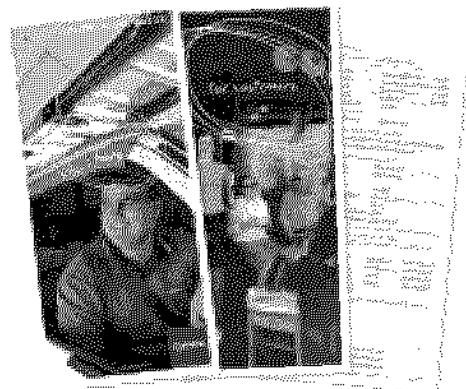
Our Charter commits us to providing services that recognise the needs of our customers. It details our commitments to service levels, as well as our commitments to our obligations under federal legislation and to industry self-regulation through compliance with applicable Australian Communications Industry Forum (ACIF) codes.

Our performance

- Established and maintained a priority assistance service that was implemented for people with life-threatening medical conditions as a result of changes to our Carrier Licence conditions, following a tragedy in country Victoria in 2002.
- In the six months to June 2003:
 - 8,419 applications were verified for registration as a Priority Customer;
 - 41,461 requests for Priority Assistance connections were completed.
- Released our concessionary package *Access for Everyone* assisting more than 1.3 million customers such as low-income earners, the elderly and homeless.
- Provided services to customers who speak a language other than English, adding Spanish and Arabic to our Multicultural Service Centre, bringing the total number of languages offered to nine.

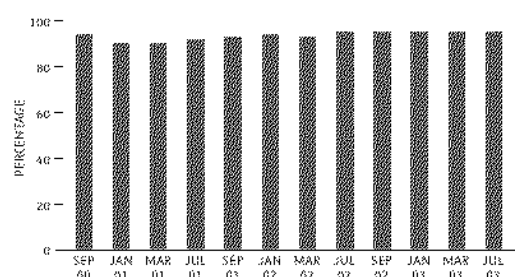
Our commitment

- Revise the Customer Service Charter each year so that our commitments remain relevant to our customers and reflect our business changes.
- Review and publicly report on our performance against the Charter each year so that areas for improvement can be identified.
- Ensure the Customer Service Charter Performance Review is independently reviewed.



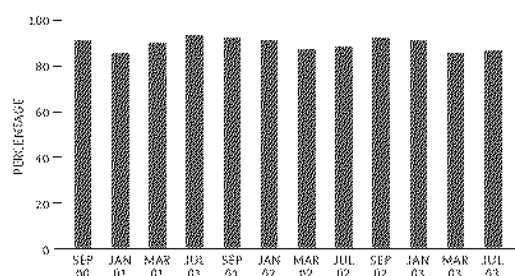
The Telstra Customer Service Charter commits us to providing services that meet the needs of our customers. For Charter contact details see page 36.

PERCENTAGE OF CONNECTIONS COMPLETED WITHIN CSG* TIMEFRAMES



*Customer Service Guarantee

PERCENTAGE OF FAULT REPAIRS COMPLETED WITHIN CSG* TIMEFRAMES



*Customer Service Guarantee

The world's first Customer Charter for directory companies was launched by Telstra subsidiary Sensis in March 2003 as the first step towards reaching goals in customer service improvement.



Telstra takes customer and employee privacy very seriously.

Privacy

Privacy is more than a legislative requirement; it is a critical issue for building and maintaining customer trust in Telstra and confidence in our products and services. Due to the amount of private information we hold about people, we take our customer and employee privacy very seriously.

We have established a team to advise and monitor privacy compliance and have developed comprehensive privacy guidelines and other tools for our staff. We also insist that our staff understand and comply with our privacy obligations and run regular staff training to improve in this area, with more than 40,000 staff and contractors completing the last round of training. In order to identify areas where we can improve our performance, we also conduct annual external privacy performance audits.

Our performance

The details of some customers who ordered a Silent Line have been inadvertently published in the Telstra White Pages®. Where appropriate, affected customers have been offered a new Silent Line or a Calling Number Display phone and MessageBank, in addition to waiving the Silent Line charge and a range of compensation measures.

As with all large-scale manual data input processes, there is a risk of error, but Telstra constantly looks at ways to improve and refine these processes in order to minimise this risk.

Our commitment

- Telstra will continue to assess and to improve the effectiveness of its privacy compliance arrangements (eg. develop further IT solutions to enhance privacy of customer information).
- All staff will be receiving further privacy awareness training and specialised privacy training where necessary.
- Continue to conduct privacy impact assessments for all new services and systems.



Environment

Like any large company, Telstra consumes a lot of energy and other resources, such as paper. We are focused on measuring and minimising that consumption through our own practices and that of our suppliers. We have set ourselves high standards in environmental performance.

By minimising reliance on transport through using online, audio and visual communications and by replacing paper-based and resource-intensive ways of transferring information, we can all reduce our impact on the environment.



here for good



Telstra: leaving a small footprint on the environment.

Environment management and performance

We have an environment policy that supports programs for waste management, reduction in greenhouse emissions, minimising our impact on the environment, recycling initiatives and improvements in the use of resources.

We actively support improved environmental performance in our own company through policy and process. We support wider environmental awareness and improvement through sponsorships and by the activities of our people, such as Telstra Friends, who are a very visible presence on Clean Up Australia Day.

In 2002, Telstra launched its Green Purchasing Policy – our commitment to using our buying power to lead the way in corporate environmental performance. We spend approximately \$7 billion a year in purchasing products and services from more than 16,000 suppliers. We ask our suppliers if they meet our environmental standards – from pollution to packaging – and if not, we will work with them to develop their environment plans and identify improvement opportunities. Our environmental screening is serious and meaningful in policy and practice.

In addition to using resources, our activities can sometimes impact on the environment through construction and the visual impact of the infrastructure required to provide our services. We have strict environmental procedures and expectations of contractors where construction activity may impact on the environment.

We also face regular challenges managing the tensions between consumer expectation of comprehensive mobile phone reception and resident concerns about the visual impact of mobile phone base stations. Community consultation on the siting of base stations is always an important part of our planning.

Our performance

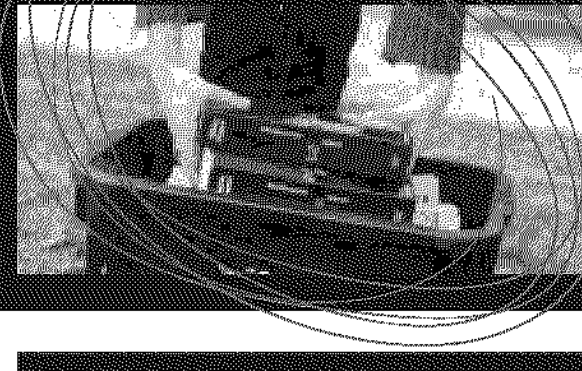
- Total energy consumption (including Australian sites, network and fleet) 6,452,837 Gigajoules (GJ), compared with 5,803,612 GJ in 2001/2002. This is an 11% increase.

(Please note, measuring criteria changed from 2001/2002 to 2002/2003 to a more accurate reflection of our energy use).

- In our commitment to the Greenhouse Challenge, signed in August 2001, we proposed to reduce our greenhouse emissions by 6% by mid-2002 compared to our 1999/2000 baseline. Our cumulative reductions are as follows:
 - 2000/2001: 2.4%
 - 2001/2002: 3.5%
 - 2002/2003: 5.6%
- Completed an extensive audit of product packaging under our 2002/2003 commitment to the National Packaging Covenant.

Our commitment

- Work with communities to minimise the visual impact of base station sites by placing them on existing structures, site sharing with other mobile phone operators and otherwise designing them to blend in with the surroundings wherever possible.
- Reduce our use of office paper and energy through the Green Office Program.
- Commence recycling water of suitable quality from our pits and boreholes for irrigation purposes (eg. for sporting reserves).
- Encourage vendors to actively pursue environmental improvements (eg. have sound environmental management systems, lodge documents electronically) and recognise good performance by implementing a specific environmental performance category in the Telstra Vendor Awards.



Recycling

Our recycling initiatives aim to reduce waste. Two of our key initiatives include our mobile phone recycling program and the Sensis directory recycling initiative.

While we are obliged by law to publish and distribute the White Pages® Directory, we are constantly striving to reduce waste.

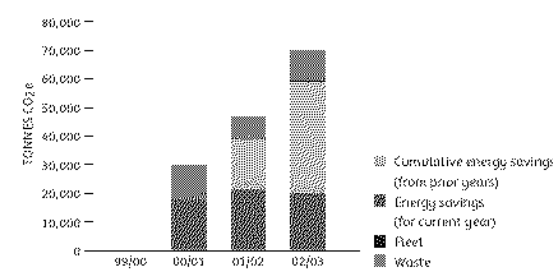
Our performance

- Participant in the Mobile Phone Recycling Program operated by the Australian Mobile Telecommunications Association (AMTA) and have helped to recycle more than 300,000 mobile handsets and 750,000 batteries into marketable products such as nickel, cadmium and plastics.
- Provided mobile phone recycling bins in all Telstra Shops and Telstra licensed stores.
- Telstra subsidiary Sensis operates the Book Muncher® Directory Recycling Program which recycled 66% of all directories distributed in 2002 through kerbside and commercial paper recycling collections. Since January 2000, more than 40 million directories have been recycled through the program – about 78,000 tonnes.

Our commitment

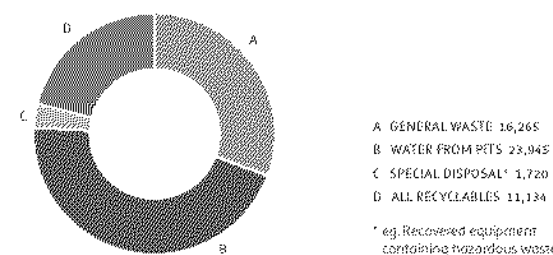
- Facilitate mobile handset and battery recycling through brochures and our website, as well as working with dealers and customers.
- Progressively introduce mobile handset recycling bins to the shop-front offices in all 35 Telstra Country Wide regional areas by end 2002.
- Continue to recycle directories collected through the Book Muncher® Directory Recycling Program into a range of environmentally friendly products including housing insulation, vinyl cardboard packaging products and kiosk sites.
- Donate \$100 for every percentage of old directories recycled in 2002 through the Book Muncher® Directory Recycling Program towards a Landcare Australia project to protect and restore a section of the Murrumbidgee River (capped at \$15,000).

GREENHOUSE GAS EMISSIONS SAVINGS

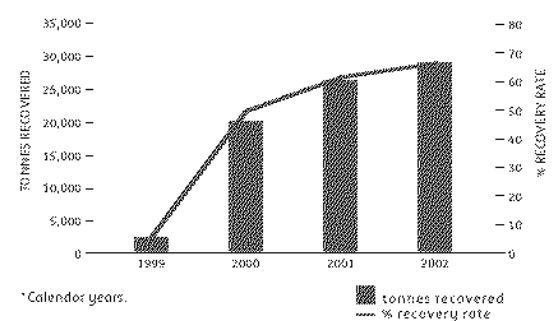


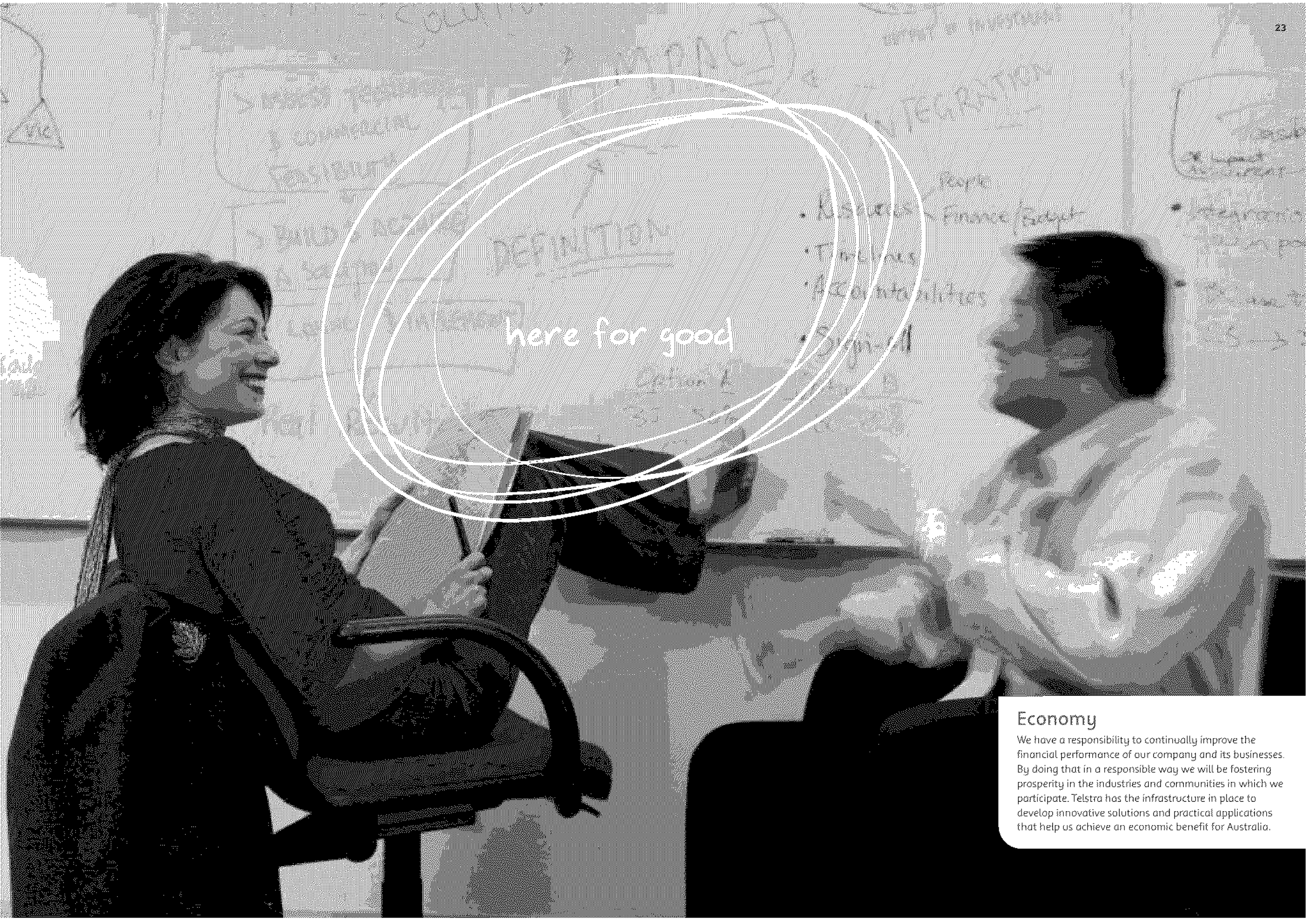
Note: Energy saving actions continue into subsequent years (eg. efficient lighting continues to save energy for its lifetime). Waste and fleet savings are discrete savings for the reporting year only.

TELSTRA WASTE DATA 2002/2003 (Tonnes)



BOOK MUNCHER DIRECTORY RECOVERY 1999 TO 2002*





here for good

Economy

We have a responsibility to continually improve the financial performance of our company and its businesses. By doing that in a responsible way we will be fostering prosperity in the industries and communities in which we participate. Telstra has the infrastructure in place to develop innovative solutions and practical applications that help us achieve an economic benefit for Australia.

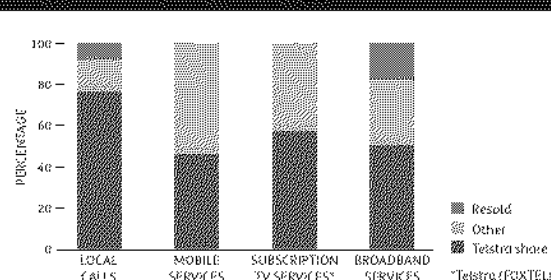


Telstra wireless hotspots around Australia will assist business productivity.

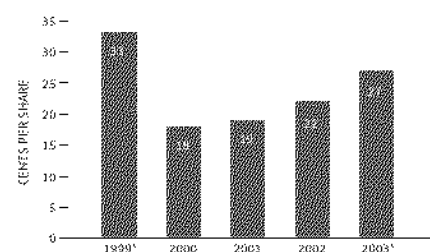
Economic impact

In designing, developing and implementing communications solutions for our customers, Telstra has a significant impact on the economy through employment, investment and our supply chain.

TELSTRA MARKET SHARE
as at end June 2003 (Source: Telstra estimates)

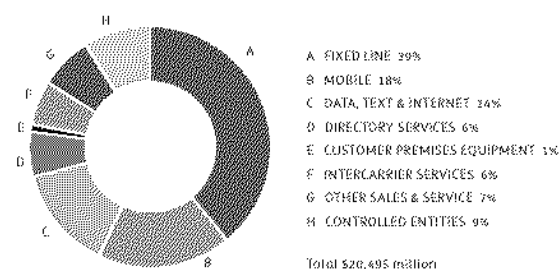


DIVIDENDS PER SHARE
for financial year



*Special Dividends: 1999: 16 cents per share and 2003: 3 cents per share.

SALES REVENUE MIX 2003



Consumer spending on communications services has been the fastest growing spending category over the last decade and now represents around 2.6% of household disposable incomes (or about \$1,600 per household per annum). Nearly every business in Australia uses communications as an input to their production and the intensity of their use of communications has risen strongly over the last decade.

Our profits allow us to pay dividends to shareholders, reinvest in our network and develop new opportunities for our business – which often results in a benefit to all Australians wherever they reside or conduct business.

Our performance

- In 2002/2003 Telstra's value added was around \$12 billion or 1.6% of Gross Domestic Product (GDP). Value added is a measure of the contribution Telstra makes to Australia's GDP and reflects the difference between sales revenue and the cost of raw materials and other goods and services used as inputs.
- Spent approximately \$7 billion on products and services from 16,000 suppliers, most of whom are small to medium sized enterprises. Major supply industries include the machinery / equipment, wholesale trade, paper, printing and publishing, transport and storage and property and business services.
- Paid around \$3.3 billion in dividends in 2002/2003. While \$1.7 billion (50.1%) was paid to the Commonwealth Government, a large proportion of the balance boosted the incomes of ordinary Australians and their super funds. Dividends paid by Telstra represent about 0.3% of total Australian annual household incomes.
- Spent \$3.2 billion on capital works, including installation of a second optic fibre link to Tasmania and upgrade of technology and provision of untimed local calls to customers in extended zones, one of the largest corporate spends on capital works in Australia.

- Paid a total of approximately \$1.7 billion in Commonwealth, State and local taxes.
- Played an important role in boosting the productivity of businesses through innovations in information and communication technology, assisting Australia to achieve a decade of strong growth.
- A key player in the process of telecommunications reform, which since 1997 is estimated to have boosted measured GDP by \$10 billion [Australian Communications Authority: Telecommunications Performance Report 2001/02]

Our commitment

- Continue to run our business successfully in order to generate profits which will support the financial growth of Australia and maintain associated flow-on effects to the economy and community.

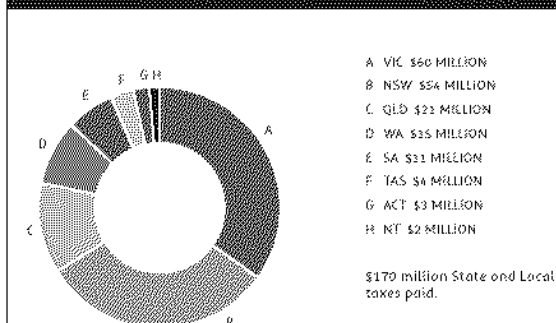


EMPLOYEE SHARE OWNERSHIP

Telstra encourages employee share ownership through a number of arrangements:

- Telstra Employee Share Ownership Plan (TESOP) enabled staff to purchase shares through special arrangements assisted by the Government and the company at the time of the two share floats in 1997 and 1999. In 1999, nearly 90% of staff applied and were granted shares through TESOP.
- OwnShare provides eligible employees with the opportunity to purchase Telstra Shares on a pre-tax basis as part of their Remuneration Package. As of end of June 2003, 7% of eligible employees were participating in OwnShare.
- GrowthShare is a deferred remuneration and long term incentive plan in which eligible senior managers may be invited to participate. The long term plan has a strong focus on external performance criteria.

BREAK UP OF STATE AND LOCAL TAXES 2002/2003
Telstra Corporation Ltd



Telstra's full Annual Results are available online. Please see page 36 for website details.

Telstra the employer

As a major employer, Telstra's contribution to the economy includes the flow-on effect of salaries into local communities. In 2002/2003, Telstra's labour expense for a widely-diversified workforce was \$3.2 billion, contributing to the country's spending and saving.

In addition, non-executive directors are required to receive a minimum of 20% of their remuneration by way of restricted Telstra shares through the DirectShare Plan. As from 1 January 2003, directors may state a preference to increase their participation in the DirectShare Plan. Where this occurs, Telstra may provide a greater percentage of directors' fees in Telstra shares.

Our performance

- Remitted \$631 million to the Commonwealth Government in PAYG tax withheld from employees' salary and wages.
- Paid payroll tax of \$131 million and other taxes of \$39 million, split between the States and Territories.

Our commitment

- Continue to provide employees with opportunities to purchase Telstra shares through current remuneration arrangements, where appropriate.

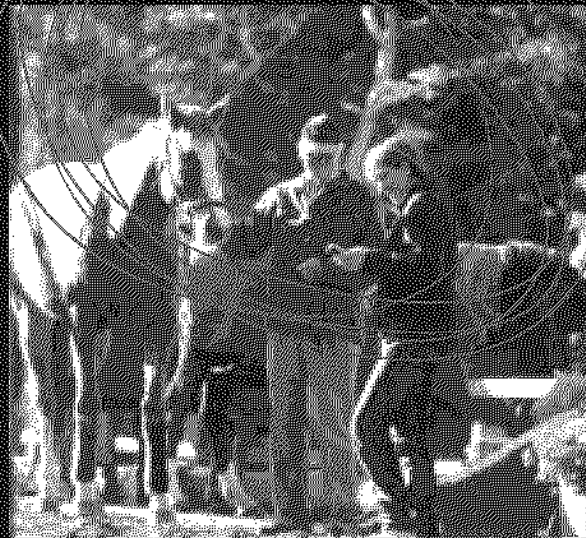
Industry

Telstra is a leader in the Australian telecommunications industry. We support programs that foster growth and development in areas such as broadband internet and mobile communications as well as other new technologies.

We are also leading the development and introduction of industry-related consumer services and products that benefit society. For example, we established a national program educating drivers about the safe use of mobile phones, deterrent programs for mobile phone theft, and a campaign on mobile phone etiquette.



here for good



Telstra has allocated \$231 million to improve network reliability in country areas.

Industry Development Plan

As a major Australian company, our activities can have a significant impact on the Australian industrial landscape. Each year we produce an Industry Development Plan (IDP) that is approved by the Minister for Communications, Information, Technology and Arts. Although commenced some years ago, the plan in its current format has been produced since 1997 and is in line with our telecommunications licence conditions.

The plan provides valuable information to Australian industry, giving insights into opportunities for dealing with Telstra. The plan also helps us to measure our progress against our commitments.

In particular, the IDP outlines how we support development in areas such as supplier industries, rural areas, training (eg. employees and graduate recruitment), research and development and disability groups.

Our performance

- Completed many initiatives with a total domestic core operating capital expenditure (excluding offshore controlled entities) of \$3.2 billion, including installation of a second optic fibre link to Tasmania and upgrade of technology and provision of untimed local calls to customers in extended zones.
- Purchased approximately \$7 billion worth of products and services from 16,000 suppliers, achieving a local content estimated at more than 70% of our expenditure.
- Encouraged major vendors to enter into sub-supplier arrangements with local small to medium businesses.
- Developed customer applications using our own resources (eg. Telstra Home Messages 101 and Telstra Feature Assistant, which uses voice recognition technology to activate and use various EasyCall features such as call forward).
- Spent an estimated \$187 million dollars on research and development in 2002/2003.

In 2003, Telstra Research Laboratories celebrates 80 years of significant contributions in the world of telecommunications. Over the years, TRL has:

- Investigated use of satellite for mobile services to the outback (1970), now common place throughout Australia;
- Assisted in the design of microelectronics for the Cochlear ear implant (1983); and
- Developed software to map the intensity of electromagnetic fields from mobile base stations (2000).

Our commitment

- Use our purchasing power to positively influence supplier behaviour (eg. reinforce the need for suppliers to complete accredited training prior to working for us and give preference to vendors who demonstrate safe systems of work).
- Keep Australia at the forefront of technology development through research and development and commercialisation of intellectual properties.
- Meet ongoing demand for existing products and services while maintaining or improving service levels (eg. investing more than \$350 million during 2003/04 in improving Telstra's nationwide networks and facilities).



Broadband Fund

Broadband is a technology that allows high-speed access to the Internet. In the past, the uptake of broadband has been perceived as slow in Australia, however we believe a lack of suitable broadband products and services has been a significant factor in the rate of uptake.

The Telstra Broadband Fund was established in February 2002 to stimulate and fast-track the development of new and innovative technologies that will encourage the uptake of broadband in Australia.

The initiative provides support to the development of new and innovative broadband applications, tools and/or technology. The Fund provides:

- Up to \$10 million in cash grants; and
- Up to \$20 million in no-charge international bandwidth allocation.

Our performance

- Funded 18 projects to the value of approximately \$4.5 million in cash grants and bandwidth allocation in the education, media/entertainment, business, health and rural sectors in 2002/2003.

- Provided technical assistance, (eg. use of facilities at the Launceston Broadband Laboratory for testing purposes).

Our commitment

- Allocate up to \$250,000 in cash grants and up to \$250,000 worth of bandwidth allocation per successful applicant for the second round of funding.
- Consider broadband specific content projects for a fund grant in the second funding round.
- Match contributions by other industry participants to the fund up to a total of \$15 million over five years.



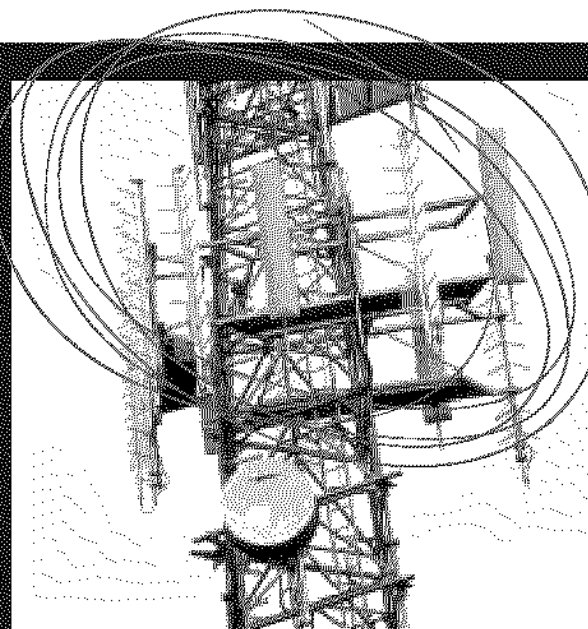
Telstra supports training and development in ICT.

IT Skills Hub

Telstra is a founding member of the IT Skills Hub, a not-for-profit organisation that brings together some of the best resources and expertise in Australia's Information Communication and Technology (ICT) Sector.

David Thodey, Group Managing Director of Telstra Business and Government, has been Chair of the IT Skills Hub since July 2002. The IT Skills Hub aims to foster the development of ICT skills for all Australians by uniting

employers, employees, educators and government on a common employer-led agenda to enable improved productivity and business performance and increased innovation.



Telstra invests \$10 million in researching Electromagnetic Energy.

Telstra LIFE

As technology develops, social issues related to mobile phones, ranging from driving safety to restaurant etiquette are being impacted. Telstra LIFE, a responsible leadership program to educate mobile phone users, has been developed in response to the social concerns of our customers, staff and other stakeholders arising from the increased use of telecommunications products and services. Initiatives in the program include:

EME SAFETY MANAGEMENT PROGRAM

Telstra acknowledges some people are genuinely concerned about possible health effects from the Electromagnetic Energy (EME) from mobile phone handsets and base stations. We are committed to addressing these concerns responsibly.

Telstra relies on the expert advice of national and international health authorities such as the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA), an agency of the Commonwealth Department of Health, and the World Health Organisation (WHO) for overall assessments of health and safety impacts.

The consensus is that there is no substantiated scientific evidence of health effects from the EME generated by radio frequency technology, including mobile phones and their base stations that comply with the national and international safety guidelines.

A nationwide study published in 2000 by ARPANSA found the typical exposure level from mobile phone base stations is hundreds and sometimes thousands of times below the regulated limit.

Our performance

- Invested more than \$10 million in an internationally recognised research program at Telstra Research Laboratories.
- Accepted an invitation to join a consortium of leading Australian research institutions to establish a Centre of Excellence in Radio Frequency EME research funded by the National Health and Medical Research Council.
- Twice-yearly reporting to the Telstra board audit committee on our EME program and compliance on the operation of our approximately 6,400 mobile phone base stations.
- Continued the community education program with the Electromagnetic Radiation Alliance of Australia designed to assist community groups to better understand the EME levels from base stations and the margins by which these emissions comply with the safety standard.



Telstra continually monitors the impact mobile phones have on our community.

Our commitment

- Maintain a comprehensive EME research program, monitor international research developments and provide assistance to other research institutions to advance the body of scientific knowledge on EME.
- Ensure up-to-date information is available for staff and customers via the internet and material to assist their understanding of the issues and public debate.
- Comply with the industry code of practice (ACF Code) for base station deployment and operation.
- Report twice yearly to a Telstra board audit committee on compliance with the code.
- Operate responsibly in the design, operation and management of mobile phone base stations in order to minimise community impact.
- Compliance with strict internal procedures to ensure all of our base stations and radio transmitting facilities are designed to meet the relevant guidelines and standards.
- Make publicly available and publish online our base station and radio transmitting facility EME Compliance Certificates. Contact details page 36.

DRIVE SAFE PHONE SAFE PROGRAM

The very features that make mobile phones so popular (mobility, convenience) also cause some unintended consequences. One of these is road accidents linked to using a hand-held mobile while driving. In Australia, it is illegal to use a hand-held mobile phone while driving.

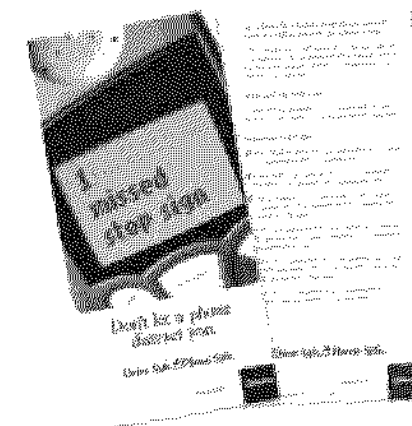
To make the public aware of the dangers, and to conduct further research in this area, Telstra launched the *Drive Safe Phone Safe* program in December 2001.

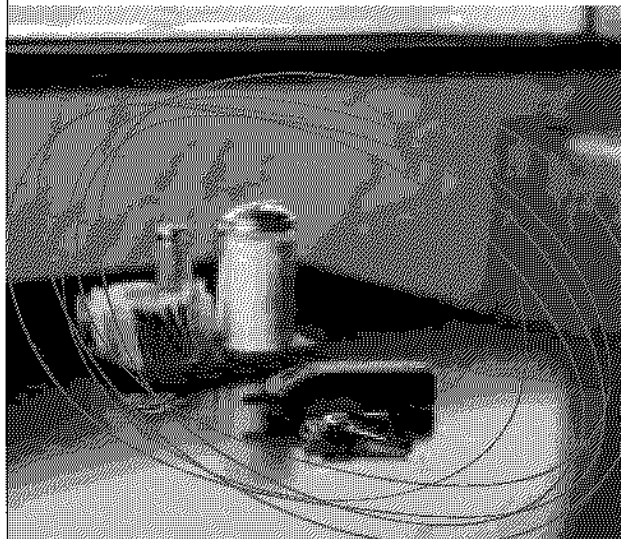
Our performance

- The *Drive Safe Phone Safe* program has been endorsed by police forces around Australia, the Pedestrian Council of Australia and Insurance Australia Group.
- Telstra is supporting studies from the University of Western Australia and University of Sydney that examine the impact of mobile phone use while driving.

Our commitment

- Continue to raise awareness through public education and media activities, including a community service television advertisement, education brochure available in all Telstra Shops, through our website and customer service staff. Please see page 36 for website details.
- Continue to monitor the latest scientific research into driver distraction and contribute data, where appropriate.
- Continue to partner with key stakeholders and the mobile phone industry to raise awareness.

Telstra's *Drive Safe Phone Safe* awareness program encourages responsible driving.



Telstra can block lost or stolen mobile phones.

LOST AND STOLEN HANDSET BLOCKING

Industry estimates suggest around 100,000 mobile phones are being lost or stolen each year in Australia. In August 2002, we were able to implement blocking of lost and stolen handsets using the IMEI or serial number across our digital GSM network – a first for Australia and one of the first in the world.

Our performance

- More than \$2.2 million was invested in developing an effective IT solution to allow easy blocking of handsets from the Telstra GSM network.
- By June 2003 we had blocked 36,000 handsets from the Telstra GSM network.

Our commitment

- Work closely with the mobile industry on an industry-wide solution, costing at \$7 million, to ensure reported handsets are blocked from all Australian GSM networks (this program is now complete as of end of September 2003).
- Continue to educate our customers on preventing mobile phone theft through our Telstra Shop staff, awareness brochures and website.

MOBILE PHONE ETIQUETTE

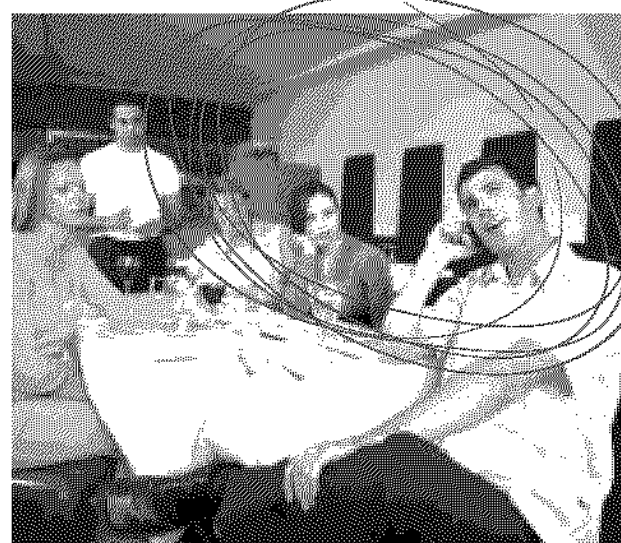
Telstra initiated a national 'Mobile Manners' campaign in December 2002 to raise community awareness about the responsible use of mobile phones in public places and the workplace.

Our performance

- Launched market research gaining widespread national media coverage highlighting helpful tips for customer on mobile phone etiquette.

Our commitment

- Educate and guide our customers and employees to establish acceptable behaviour with new wireless technology through our Telstra Shop staff, awareness brochures and website.



What seems OK to you might irritate others.

Stakeholder Engagement

EXISTING STAKEHOLDER ENGAGEMENT IN TELSTRA

Listed below are some of the ways we inform and gain feedback from our key stakeholder groups.

PROCESS	PURPOSE	STAKEHOLDERS REPRESENTED
Employee Opinion Survey	Tool to provide staff with the opportunity to express their views about their jobs, the company and their working environment. The results are analysed, discussed with staff and used as a basis for actions by all levels of management to improve jobs and the work environment.	Telstra staff.
Telstra Consumer Consultative Council	To address concerns ranging from those of specific customer groups to questions of industry-wide policy. Participants meet with senior Telstra managers three times a year, plus State/Territory consultation and information events.	Fifteen community organisations such as Australian Financial Counselling and Credit Reform Association, Indigenous Remote Communication Association, National Council of Women and the Australian Council of Social Service.
Telstra Country Wide Advisory Board	To act as a sounding-board for the telecommunications strategies developed by Telstra Country Wide to address the needs of regional customers. Meetings are held every two months in different parts of regional Australia with senior TCW Managers.	Eight prominent business/community leaders from across Australia are represented on the Advisory Board, chaired by Donald McGauchie, former President of the National Farmers' Federation.
Telstra Country Wide Survey Report	To identify the communications issues of importance in Telstra Country Wide areas and gain feedback on performance against local stakeholder expectations. The results help us set our priorities to deliver better services to our customers in regional Australia.	Those surveyed include local, State and Federal Government representatives, chambers of commerce, regional development boards, community groups, business leaders.
Australian Telecommunications Users Group (ATUG)	Forums to determine the telecommunications interests and concerns of a cross section of major business users.	Corporate members including major banks, universities, government agencies and major carriers.
Telecommunications Users Association of New Zealand (TUANZ)		
Disability Forum	Link for feedback to Telstra from customers with a disability.	National peak disability organisations that meet with Telstra twice a year.

Profile: TCCC

Ongoing consumer consultation has been a commitment of Telstra's since 1989. The Telstra Consumer Consultative Council (TCCC) evolved as a result of discussions between community representatives and the then Telecom Australia about inflexible credit management policies and a particular pricing policy being proposed at the time.

The TCCC represents best practice in industry-consumer consultation in Australia, recognised by other companies who have adapted the model to their own needs.

TCCC membership is comprised of elected representatives from 15 national peak community and consumer organisations. It aims to improve Telstra's knowledge and understanding of the interests and concerns of the customers represented and provides an ongoing opportunity for consumer and Telstra representatives to engage on telecommunications issues and to do something about them. This is summarised in the motto of the TCCC: 'Listening, learning, advancing'.

The future:

Stakeholder engagement at Telstra will evolve to align more closely with corporate social responsibility approaches – engaging in two way discussions to identify not only content for a report but also initiatives for improving our performance in certain fields.

This will be phased in progressively based on a continual review of the company's progress and requirements of corporate social responsibility.

Our website:
www.telstra.com.au/communications/csr
If you would like to provide us with feedback on our first report, we invite you to use one of the following options:

Mail: Locked Bag 3540
 Melbourne VIC 3001

Freecall™: 1800 638 397

This report can be provided in alternative formats on request. Call the Telstra Disability Enquiry Hotline on 1800 068 424 or email
DisabilityEnquiryHotline@team.telstra.com

Governance

GOVERNANCE IN TELSTRA

Due to our place in the market and our high number of private shareholders, we are probably subject to more scrutiny than any other Australian company. We are committed to conducting our business in compliance with all of our legal and regulatory obligations.

Compliance with these obligations is not just a legal requirement but is integral to Telstra's commitment to its employees, customers, shareholders and the community. In addition, Telstra aims for best practice in the area of corporate governance.

Our Annual Report provides comprehensive detail on our main corporate governance and board practices, in particular in relation to the structure, composition and responsibilities of the board and board committees, performance evaluation and remuneration and our shareholder communications strategy.

It also provides detailed information on the internal operating policies and principles we have in place which promote ethical and responsible decision making and timely and balanced disclosure, including our Telstra Values and our code of conduct, whistleblower and share trading policies.

GOVERNANCE OF THIS REPORT

A Corporate Social Responsibility Steering Group developed this report, led by the General Manager of Health Safety and Environment (capitalising on that unit's previous experience in developing Public Environment Reports).

Stakeholder input was provided by representatives from Corporate Relations and other business managers as identified on specific content. Corporate Relations was able to engage across the business to identify not only activities already underway but also what stakeholder interests should be reported if possible.

All content has been verified through an internal risk management process that checked content to be factually correct and consistent with previously published material.

Telstra carries out many other activities that benefit the community – the following list is not exhaustive:

Sponsorships (Up to June 2003)

VENUES

Telstra Stadium
 Telstra Dome
 TelstraClear Pacific Event Centre

SPORT

Australian Swimming
 Athletics Australia
 Australian Paralympic Committee
 National Rugby League
 Rugby World Cup 2003
 Surf Life Saving Australia
 Telstra Rally Australia
 TelstraClear Black Caps
 Sydney's Greatest Ever Sports Stars
 Individual – Duncan Armstrong
 Individual – Susie O'Neill
 Individual – Brett Hawkes
 Individual – Mark Taylor
 Individual – Chris Chilton
 Individual – Phil Kearns

ARTS

Auckland Theatre Company
 The Australian Ballet
 Bangarra Dance Theatre
 Brisbane River Festival
 China National Symphony Orchestra
 Museum of Contemporary Art
 National Aboriginal & Torres Strait Islander Art Award
 Te Papa Museum of New Zealand
 Jewish Museum of Australia (Melbourne)

COMMUNITY

Child Flight (NSW & ACT)
 LifeLine
 Victor Chang Foundation
 Gay & Lesbian Counselling Service
 National Cancer Foundation: Sydney Cancer Centre: Telemedicine Outreach Program
 New Zealand Maritime Authority
 Nova: Science in the News
 LifeFlight (Vic)
 War Memorial – Telstra Theatre (ACT)
 Paraquad Annual Gala Dinner
 Smith Family Christmas Appeal (\$450,000 donation)

AWARDS PROGRAMS/SCHOLARSHIPS

National Safety Council of Australia Safety Awards
 Telstra Small Business Awards
 Telstra Business Women's Awards
 Yellow Pages® Business Ideas Grants (Sensis)
 TelstraClear Postgraduate Scholarship Program
 Telstra Vendor Awards

DISABILITY SERVICES

Deafness Forum Educational Scholarship
 Royal Blind Society Internet Training Program
 Link Magazine
 Radio Print for the Handicapped
 Royal Victorian Institute for the Blind
 Accessibility.com
 Carers National Conference
 Better Hearing Australia National Conference
 Blind Citizens Australia National Conference

ENVIRONMENT

Landcare Australia – Save the 'Mighty' Murray (Sensis)
 Banksia Awards
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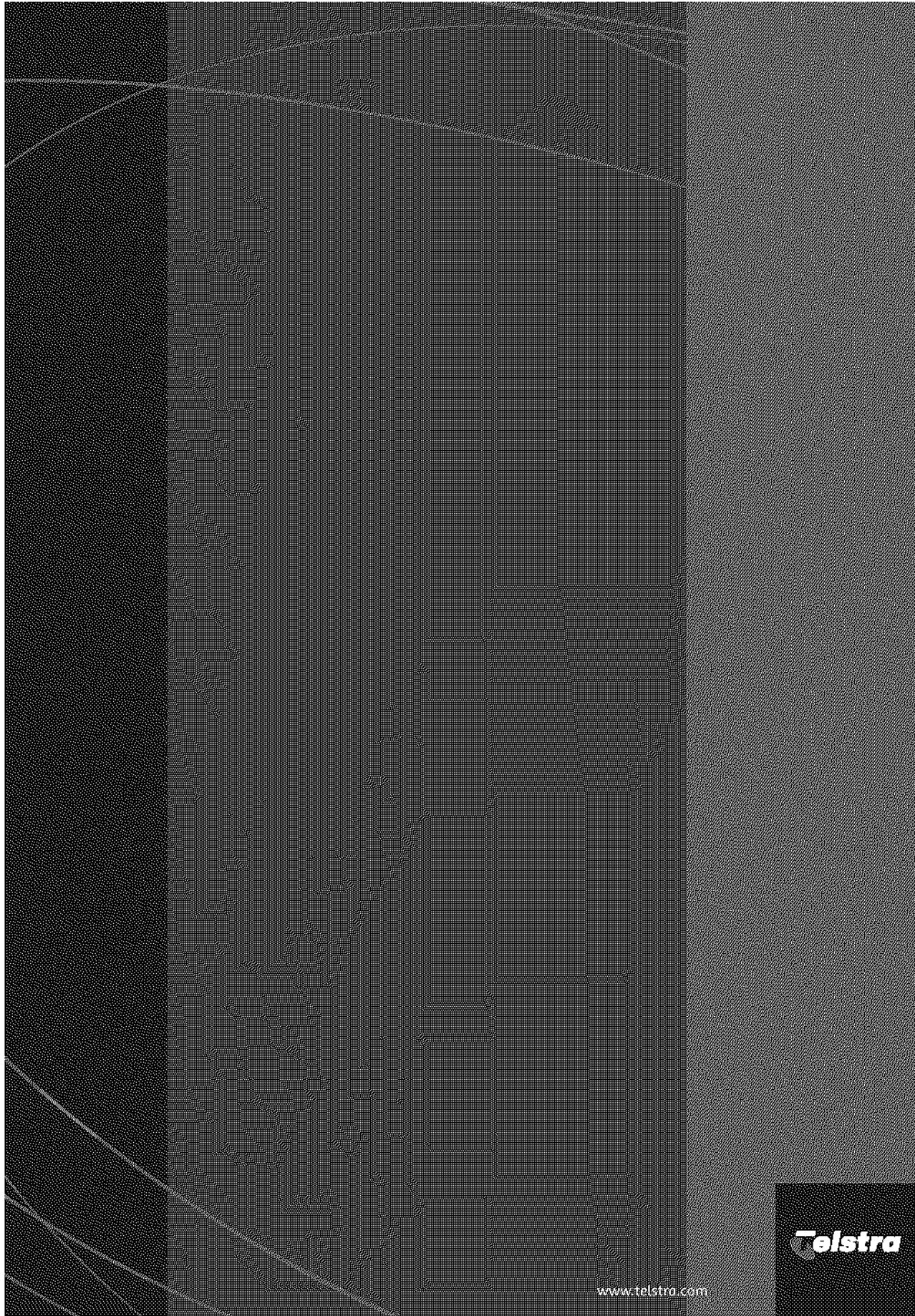
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