BRIGHT IDEAS FOR A BRIGHT FUTURE

THE 2015 OPTUS SUSTAINABILITY REPORT

yes

for now I'll settle for ice cream

OPTUS yes

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ABOUT THIS REPORT

THIS IS OUR 16TH ANNUAL REPORT ON THE SUSTAINABILITY PERFORMANCE OF SINGTEL OPTUS PTY LTD (OPTUS). THE REPORT COVERS OUR FINANCIAL YEAR 1 APRIL 2014 TO 31 MARCH 2015.

This report and previous years' sustainability report can be found at www.optus.com.au/about/sustainability/reports

Offshore ventures, franchised retail outlets and subsidiaries are not included in this report unless otherwise stated. This report has been prepared 'in accordance' with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines - Core option. The GRI Content Index can be found on pages 80-82.

We use the London Benchmarking Group (LBG) methodology to measure and report on our contribution to the community. This year we sought external limited assurance under ISAE3000 for selected indicators in the report. The scope and basis for the assurance is provided in the Assurance Statement at the end of the report.

Ere-S Pte Ltd provided the assurance as part of a wider engagement with Singtel, which provided assurance over the Singtel Sustainability Report. This helps to facilitate a consistent approach to sustainability assurance across the Group.

All information contained in the report was correct as at 18 June 2015.

Our approach to sustainability, this report, and previous years' reports can be found at www.optus.com.au/about/sustainability

Singtel has produced its first Singtel Group Sustainability Report which can be accessed online at www.info.singtel.com/sustainabilityreport2015

We welcome your feedback or questions in relation to this report. Please contact **sustainability@optus.com.au**

THE BEST BITS OF 2015 HIGHLIGHTS

MARKETPLACE AND CUSTOMERS

98.5%
of Australian population covered by our 3G network and 86% of the Australian Population covered by our superfast 4G Plus network.

↑ 64.2%
Number of 4G mobile subscribers increased by 64.2% to a total of 3.52 million customers

Further widened sustainability considerations in our updated Vendor Code of Conduct

New satellite
OPTUS 10 LAUNCHED
connecting regional customers and remote sites

NPS +4
We remain the only Tier 1 Telco in positive NPS (+4)

COMMUNITY

94% OF STUDENTS IMPROVED THEIR LITERACY LEVELS
through our mobile student2student program with The Smith Family

Invested
$8.7M
into the community

37,821
students attended a Digital Thumbprint workshop with 95% of students confirming they learnt something in the workshop they can use in their everyday life.

510 volunteer roles
MENTORED 769 VULNERABLE YOUTH
through various Australian Business Community Network (ABCN) programs, including work place visits and interview skills workshops.

We've reached
11,207
students across 146 schools as part of the Kids Helpline @ School program since its inception in June 2013.

PEOPLE

↑ 75%
People engagement increased to 75% and People NPS also up

Overall health & wellbeing score improved by
20.9%

Introduced a comprehensive mental health strategy

Our training programs were recognised externally by winning 2 industry awards

ENVIRONMENT

The Australian Business Roundtable for Disaster Resilience and Safer Communities, of which we are a founding member, was awarded the certificate of distinction in the prestigious 2015 United Nations Sasakawa Awards for Risk Reduction

Invested into the upgrade of 560 key mobile sites with smarter meters to provide greater visibility and control of our energy consumption.

In our mobile network we've reduced our energy intensity per Terabyte even though mobile data use ("traffic") on our networks has continued to increase substantially year on year.

CHAIRMAN'S MESSAGE

I AM VERY PLEASED TO PRESENT OPTUS' 2015 SUSTAINABILITY REPORT; MY FIRST ONE AS CHAIRMAN AFTER OVERSEEING 10 PREVIOUS SUSTAINABILITY REPORTS AS CEO.

This year was all about offering more 'yes' to our customers and leading the charge on our ambition to become Australia's most loved and recommended service brand. This is part of our commitment to creating sustainable and long-term growth for our business, while leading and shaping positive change for our marketplace & customers, the communities we operate in, our people and the environment.

Throughout the year, Optus continued to enhance the competitiveness of its network – with A$1.4 billion in capital expenditure and complementary spectrum investments of more than A$720 million. At the end of April 2015, Optus' 4G network reached 86% of the Australian population. This is a huge step and means more Australians are enjoying a superfast data experience.

This year we also launched Australia's latest state-of-the-art satellite, 29 years after we propelled our first satellite into orbit. As the only local company to own and operate satellites, Optus is the leading provider of satellite services across Australia and New Zealand. Australian customers in rural and remote areas will be the first to benefit from the launch of Optus 10.

Optus has always been about choice and competition - it's been our mantra for the past 20 years since we started as a business. Part of my role as Optus' chairman is to spend more time working with Governments on our plans for the National Broadband Network (NBN) and continue advocating for a more competitive market.

I'm pleased to say that in December 2014, we achieved an important new agreement with the nbn™ which will accelerate the rollout of the NBN so Australians can connect sooner, reduce the overall cost of building the NBN and put us a step closer to creating a level playing field in the market.

Under the new arrangements, Optus will sell its high fibre coaxial cable assets to nbn™, while retaining ownership of strategic assets like the aerial fibre which connects our mobile base stations and enterprise customers. Importantly this will free up capital so that we can invest in new technology which is critical to embark on our strategy to deliver disruptive products and innovation to more consumers.

Through the natural disasters that have hit Australia over the past few years, we have seen what a difference the resilience and reliability of our network can make to the communities we operate in. In this regard, Optus, together with six other major Australian corporations through the "Australian Business Roundtable for Disasters and Safer Communities" have played a leading role in discussions with the government on adapting critical infrastructure to climate change and building greater community resilience.

Our vision is to continue to be a company that not just challenges the competition, but one that shapes the market with new technologies and innovative products, backed by brilliant service and a reliable, safe network.

We'll continue to be restlessly optimistic and we're ready to play to win and help all Australians Live More Yes.

Paul O'Sullivan
Chairman

CEO'S MESSAGE

I AM THRILLED TO BE BACK IN OPTUS AND AUSTRALIA, HAVING STUDIED HERE AND WORKED WITH VARIOUS PARTS OF THE BUSINESS FOR MANY YEARS, MOST RECENTLY AS MANAGING DIRECTOR OF OPTUS CONSUMER.

When I returned to Australia in October 2014, I promised to focus on three areas to keep building on what we've achieved in our business over the last 2 years - continue to invest in a network that keeps up with Australian's data hungry habits, give customers something more - enhancing their experiences in ways that matter the most to them and help them live more yes and to make Optus the best and most fun place to work in Australia.

To achieve these goals, we've listened to what is important to our stakeholders in order to prioritise how we serve our customers, communities, people and the environment. The issues that are of material importance to our stakeholders as well as to us as a business form the basis of this report.

For our customers, we're constantly innovating to meet their changing needs. They want simple products and they want value. We want to make a difference to our customers' lives by engaging, enhancing and entertaining them.

Examples of our innovation include the introduction of Cash by Optus, a contactless payment app for smartphones and wearable devices that replaces cash purchases below $100. This is a first for Australian telcos and showcases ingenuity and innovation that Optus is known for. We've also made the Netflix interface available through Fetch TV, introduced plans that allow the sharing of data across multiple devices as well as with the entire family, and transformed nearly 100 stores to service our customers better.

Customers are noticing the difference and so are we - we remain the only Tier 1 telco with a positive Net Promoter Score (NPS).

We don't just use our expertise in technology and innovation to serve our customers alone; we also use it to serve our communities. We focus our work around helping vulnerable young people achieve, thrive and belong and assist them in being responsible and savvy digital citizens.

Our focus on material issues goes beyond just our immediate operations but into our extended value and supply chain. We've undertaken a review of our supply chain risks and this year will focus on updating our supplier engagement and reviews on issues such as work health and safety, customer data protection and privacy, in particular where we've overseas outsource operations in our contact and IT development centres.

I am also absolutely committed to making Optus the best and most fun place to work in Australia. This year I'm delighted that our employee engagement measured through Your Voice has increased to 75% with improvements in several categories including our areas of customer focus, competition and leadership. This reflects the belief in our culture and our brand, as well as what we're doing for customers and communities. We've worked to strengthen our diversity & inclusion efforts, with a focus on developing successful women in leadership through various mentoring, coaching, networking and other leadership development opportunities for our female talent across all levels of the organization.

I would like to take this opportunity to celebrate the positive impact that we've had on our stakeholders. I'm excited about the year ahead as we continue to build this brand and keep Optus a great place to work.

Allen Lew
CEO

ABOUT US

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Group Consumer – this combines the Group's consumer-related functions, including our international business in the emerging markets which leverages our mobile customer base of more than 500 million for optimised outcomes.

Group Digital Life - drives the Group's efforts to be at the forefront of the digital space. It focuses on creating new avenues and revenue platforms for the Group. Key focus areas include premium over-the-top video, digital marketing and advanced analytics.

Group Enterprise - delivers innovative and comprehensive ICT solutions to the Group's enterprise customers across geographical boundaries. Both Singtel and Optus deliver satellite services, international data and managed services, cloud computing and enterprise mobility services.

WE'RE AUSTRALIA'S SECOND-LARGEST TELCO WITH OVER 9,000 EMPLOYEES AND 346 YES OPTUS SHOPS.

We help more than ten million customers each day and we're also the only carrier in Australia to own and operate three types of network infrastructure - mobile, fixed and satellite.

We help businesses and people communicate anytime and in many ways - making communications easier, faster, more economical and reliable. This is helped by breaking the barriers of distance, price, time and technology and by building strong bonds among us, with our shareholders, customers and business partners.

We've been a wholly owned subsidiary of Singtel since 2001. We were originally listed on the Australian Stock Exchange (ASX) on 10 September, 2001 with Singtel announcing our delisting from the ASX on 22 April, 2015. The delisting took effect on 5 June, 2015. Singtel continues to be listed on the Singapore Exchange Securities Trading Limited (SGX) and the delisting from the ASX will not materially affect Singtel's compliance obligations or corporate governance policies and practices. The wider Singtel Group helps over 550 million customers around the world and is a major communications player throughout Asia and Africa.

OUR AMBITION

Our vision is to lead Australia in outstanding customer experience and become the most loved and recommended service brand in Australia. We're guided by five values - Customer Focus, Challenger Spirit, Teamwork, Integrity, and Personal Excellence.

We own and operate our network infrastructure which we wholesale to other providers. We also use the services of other providers to connect our customers. We've around 6,000 3G mobile base stations that provide coverage of 98.5% of the Australian population. We've more recently switched on 4G to over 3,200 base stations across our network providing 4G coverage to 86% of the Australian population.

We provide customers with a range of services including:
- Mobile
- Fixed and IP telephony
- Business network services
- Fixed and wireless broadband
- Satellite services
- Entertainment and subscription TV.

We also deliver wholesale services to third parties for resale under their own brand. Our retail products and services are sold to customers via phone, internet or through our retail outlets.

Our head office is located at 1 Lyonpark Rd, Macquarie Park, NSW 2113.

FINANCIAL RESULTS

For the financial year ended 31 March, 2015, we delivered strong full year revenue and EBITDA growth, underpinned by the improved performance of our mobile operations.

Operating revenue was up 4% to A$8.79 billion. EBITDA grew 5% to A$2.62 billion, while annual net profit grew 1% to A$841 million. Underlying net profit grew 4% year-on-year to A$873 million. EBITDA margin improved 0.4 percentage points to 29.9%.

Free cash flow for the full year was up 8% to A$976 million.

	2015	2014
ECONOMIC VALUE GENERATED	A$m	A$m
Revenue	8,790	8,466
ECONOMIC VALUE DISTRIBUTED		
Operating costs (excluding staff costs)	5,002	4,851
Staff costs	1,246	1,171
Dividends to shareholders	560	560
Tax expense	360	361
Community investments	9	10
ECONOMIC VALUE RETAINED	1,613	1,513

WHAT SUSTAINABILITY MEANS TO US

DRIVING SUSTAINABILITY

We're continually working to deeply embed sustainability in our culture, values, decision-making, products and services to create a business that's positioned for long-term growth. We do this by leveraging the power of communications, infotainment and our people to transform lives and make a positive impact on our society.

We focus on areas we feel are important to both us and our key stakeholders. We've got an opportunity to take a leadership role and using our skills, resources and expertise can make a positive difference on current and future generations.

We're leading and shaping positive change in four key areas, which we call our sustainability "pillars": Marketplace and Customers, Community, our People and the Environment.

OPTUS CORPORATE SUSTAINABILITY FRAMEWORK

WE AIM TO DEEPLY EMBED SUSTAINABILITY IN OUR DNA, CULTURE, VALUE SYSTEM AND THE WAY WE RUN OUR BUSINESS AND ENGAGE OUR STAKEHOLDERS

TO CREATE SUSTAINABILITY AND LONG-TERM GROWTH FOR OUR BUSINESS, WHILE LEADING AND SHAPING THE POSITIVE CHANGE FOR OUR MARKETPLACE & CUSTOMER, THE COMMUNITIES WE OPERATE IN, OUR PEOPLE AND THE ENVIRONMENT:

MARKETPLACE AND CUSTOMERS
· Delivering superior customer experience and transforming the way our customers live and work with our innovative ICT products and services
· Adhering to the highest standards of corporate governance
· Embracing responsible business practice

COMMUNITY
· Driving positive and sustainable changes to disadvantaged communities, especially vulnerable youth
· Enabling the inclusion and well-being of young people and the broader community
· Engaging our people to support the community through corporate workplace giving and volunteer programs

PEOPLE
· To be an employee our people are proud to work for by providing care and equal opportunities in workplace and culture that diverse, inclusive and collaborative
· Challenging and developing our people to reach their fullest potential

ENVIRONMENT
· Through understanding our impacts, we're committed to minimising our environmental footprint across our value chain.
· We will achieve this by delivering on our 4 strategic pillars: addressing climate change, integrating the environment agenda into our value chain, engaging our stakeholders and product & resource responsibility

We became a member of the United Nations (UN) Global Compact this year. Our areas of focus support the 10 Principles of the UN Global Compact and we'll continue to align our priorities with the development of the UN's Impact 2030 Sustainability Development Goals into the future.

SUSTAINABILITY GOVERNANCE

WE BELIEVE GOOD GOVERNANCE IS NOT JUST ABOUT MAKING 'CORRECT' DECISIONS AND IMPLEMENTING THEM, BUT ABOUT HAVING THE BEST PROCESSES IN PLACE FOR MAKING THOSE DECISIONS.

Over the years, we've developed a robust set of well-defined corporate governance processes to improve our corporate performance and accountability. Our values guide our actions to help deliver more 'yes' for our customers: Customer Focus, Challenger Spirit, Teamwork, Integrity and Personal Excellence. They're embodied in our Code of Conduct which drives us to conduct our business in an ethical manner whenever we deal with customers, suppliers, competitors and the community.

Strategic oversight for sustainability is led by Singtel's Group Management Committee with Singtel Group CSR overseeing the formulation, recommendation, coordination, execution and reporting of the Group's sustainability strategy.

Our Corporate Responsibility Steering Committee provides guidance on the local execution of the Group's sustainability strategy, delivering on our commitment to the four focus areas of Marketplace & Customers, Community, People and Environment with a specific focus on our material aspects.

GOVERNANCE STRUCTURE

We take our compliance standards seriously. For example, our senior leaders and people must complete mandatory compliance modules such as Fraud Awareness and Fraud Risk Indicators, Information Security, Equal Opportunity Employment, Conflict of Interest Declaration each year.

But we think it's important to do more than just comply – we want to challenge the status quo, show leadership and continually strive to reduce our negative impact and contribute positively to society.

SUSTAINABILITY GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

↑

MANAGEMENT COMMITTEE
(Formulating sustainability strategy)

↕

GROUP CSR
(Managing sustainability throughout the Singtel Group)

↑

CSR WORKING GROUP

SINGTEL Singapore	**OPTUS** Australia	**ASSOCIATES**

REGIONAL GROUP CSR
A Platform for the various working groups to collaborate and share best practices on CSR programmes

Developing and implementing sustainability and programmes

↕

Works closely with
BUSINESS AND SUPPORT UNITS

LEARNING FROM LISTENING TO OUR STAKEHOLDERS

LISTENING TO OUR STAKEHOLDERS HELPS US IDENTIFY KEY ISSUES, RISKS AND OPPORTUNITIES WHICH ARE IMPORTANT TO THEM AND ALSO TO OUR LONG TERM SUSTAINABILITY.

Our key stakeholder groups include customers, shareholders, employees, local communities, charity partners, industry associations, Government and regulators, and suppliers.

Significant for two main reasons, they're impacted by our operations, products and services and their actions can also affect our ability to successfully implement our strategies and achieve our objectives. As such, we engage with them regularly to understand their interests and concerns so we can work to meet their expectations,

manage any potential risks to our business, continue to make a positive contribution to the community and importantly, identify future industry trends so that we can innovate products and services, stay ahead of our competitors and offer more 'Yes' to our customers.

The table on the next page of our stakeholder groups, our engagement activities and how we're responding to stakeholder interests.

This year we also undertook a targeted survey of our stakeholders to understand their views on our current and future sustainability reporting.

We asked them who had read the 2014 Sustainability Report, what they

read, their views on report content, what was and wasn't useful in the last report, how they want sustainability information delivered (i.e. soft copy, online, hard copy report) and which topics we should act and report on in the future.

This vital feedback has been incorporated into this year's report. For example we've structured the report to provide summary information and performance highlights at the front for readers with limited time, we've added more background information about the sustainability issues faced by us, more case studies to update readers on community initiatives, more balanced disclosure of our positive and negative impacts and we've sought external assurance.

HOW WE ENGAGE OUR STAKEHOLDERS

STAKEHOLDER	ISSUES OF INTEREST	ENGAGEMENT MECHANISM	FREQUENCY
CUSTOMERS	· Easier and simpler products · Better service · Pricing · Better network speeds and coverage where you need it	· Market NPS · Touch point NPS to capture feedback from interactions such as Optus Shops, Care and Digital	Ongoing
SHAREHOLDERS [1]	· Financial and operational performance · Strategy · Performance of various business units	· One-on-one meetings · Investor conferences and roadshows · Conference calls · Email communications	Quarterly and as required
EMPLOYEES	· Rewards and incentives · Customer Service · Culture · Wellbeing · Diversity & Inclusion · Learning & development · Our work with communities	· Employee roadshows · Internal intranet · Staff newsletters · Emails · People NPS Quarterly · Annual Engagement Survey – "Your Voice"	Quarterly, annually and as required
LOCAL COMMUNITIES	· Visual impacts · Property values · Perceived adverse health and safety impacts of electromagnetic energy (EME) · Network outages · Impact of natural disasters on network services	· Letter box drops · Local newspaper articles · Community consultative sessions or community drop in sessions · Briefing with local councils and councillors · Briefing Members of Parliament · Web based consultation updates	As required
CHARITY PARTNERS AND COMMUNITY ORGANISATIONS	· Safe & secure digital online practices · Community access to services · Reducing environmental impact · Social impact measurement	· Face-to-face meetings · Workshops · Online surveys · This year we conducted a specific online survey to help us identify our material sustainability issues and also to obtain feedback on the information and presentation of our 2014 Sustainability Report	Depending on partner – from weekly to monthly
INDUSTRY ASSOCIATIONS	· Varies depending on industry topic and focus of information. · See section at back of report for a list of Optus' industry association memberships and other initiatives we support	· We are a member of a number of industry associations and engage in the development of self- regulatory codes and policy positions on a range of topics related to our industry (e.g. NBN, spectrum, copyright, marketing, privacy, environment, health and safety, packaging and reporting frameworks)	As required
GOVERNMENT AN REGULATORS	· We engage with all levels of government across Australia	· Participation in consultation papers	As required
SUPPLIERS	· Corporate governance · Occupational health and safety · Environmental management · Product stewardship · Supplier management	· We have a supplier assessment that outlines governance and environmental issues. · Over the coming year, a more complete supplier self-assessment that will be implemented. · Audits of suppliers as required in areas of Optus sustainability material issues	As required

[1]. Optus is a wholly-owned subsidiary of Singtel. "Shareholders" here refers to the shareholders of the broader Singtel Group, which is listed on the SGX.

FOCUSING ON WHAT MATTERS MOST

OUR BUSINESS MODEL AND STRATEGY FOCUSSES ON THE AREAS THAT PRESENT OPPORTUNITIES FOR US TO DIFFERENTIATE OURSELVES AND CREATE SUSTAINABLE AND LONG TERM GROWTH FOR OUR BUSINESS.

Underpinning this however, is the need to manage and mitigate risks to reduce the uncertainty associated with the execution of our business strategies, and allow us to maximise the opportunities that may arise.

Risks take on many forms and can have material adverse impacts on our ability to achieve our stated objectives by potentially impacting our reputation, operations, human resources and financial performance.

Whilst we're committed to delivering value to our shareholders through

sustained profitable growth, we won't compromise our integrity, values and reputation by risking brand damage, service delivery standards, severe network disruption or regulatory non-compliance.

As a signatory of the United Nations Global Compact, we'll also uphold the ten principles covering human rights, labour practices, environment and anti-corruption.

This year we undertook a comprehensive materiality assessment to identify issues and other relevant topics considered important for reflecting our economic, environmental and social impacts and/or influencing the views of our key stakeholders.

We prioritised our material issues using the process depicted in this diagram.

MATERIALITY ASSESSMENT PROCESS

OPTUS' APPROACH TO IDENTIFYING MATERIAL ISSUES

Establish universe of potential environmental, social and economic issues using the GRI G4 issue indicators

Consider both "internal business perspective" and "external stakeholder perspective" from a combination of information sources (outlined on the following pages)

Develop short-list of 25 issues based on results of analysis

EXTERNAL STAKEHOLDER PERSPECTIVE

Rate significance of top 25 issues based on results of analysis

INTERNAL BUSINESS PERSPECTIVE

Management workshop to rate the significance of 25 issues based on the business

Confirm the top material issues for inclusion in sustainability report across the Group, Singapore and Australia based on combination of external and internal ratings

Material issues mapped against the key business value chains, for granular impact and risk assessment

We considered external stakeholder perspectives and internal business perspectives to develop a long list of relevant topics, established and applied a rating criteria to determine the top 25 issues most important to both viewpoints and then conducted a workshop to shortlist the top material issues considered to be most significant to us.
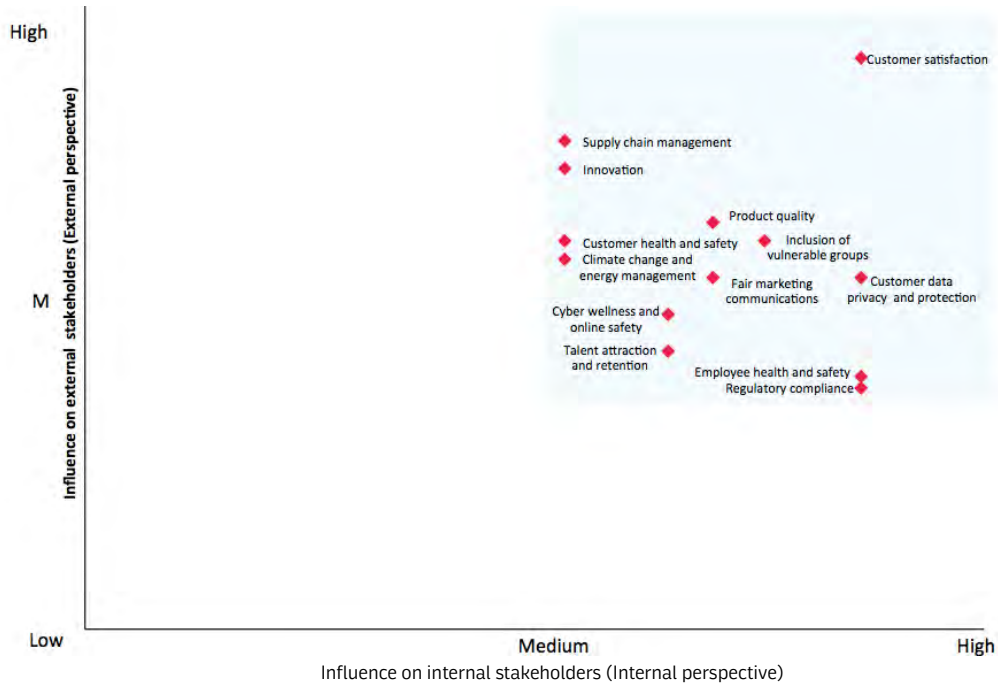
The workshop then confirmed the top material issues for us for inclusion in this report. A similar material issues identification process was carried out for Singtel and the Singtel Group.

The diagram below shows how we priorities our material issues.

MATERIALITY ISSUES MATRIX FOR OPTUS

IMPACT TO THE OPTUS BUSINESS (OPTUS INTERNAL PERSPECTIVE) VS. INFLUENCE ON EXTERNAL STAKEHOLDERS (EXTERNAL PERSPECTIVE)

TOP MATERIAL ISSUES:

- Customer satisfaction
- Product quality
- Innovation
- Customer data privacy and protection
- Customer health and safety
- Fair marketing communications
- Regulatory compliance
- Supply chain management
- Cyber wellness and online safety
- Inclusion of vulnerable groups
- Talent attraction and retention
- Employee health and safety
- Climate change and energy management

OUR MATERIAL ISSUES

OPTUS MATERIAL ISSUE	GRI G4 MATERIAL ASPECTS & BOUNDARY	BOUNDARY	REPORT CHAPTER
CUSTOMER SATISFACTION	Product & service labelling – PR5	External (customers)	Marketplace & Customer
PRODUCT QUALITY / REGULATORY COMPLIANCE	Compliance – PR9	Internal & External (customers, Government and regulators)	Marketplace & Customer
INNOVATION	Indirect economic Impacts - EC7	External (customers, local communities)	Marketplace & Customer
CONSUMER DATA AND PRIVACY	Customer Privacy– PR8	Internal & External (customers, regulators)	Marketplace & Customer
CUSTOMER HEALTH & SAFETY	Customer Health and Safety – PR2	External (customer, local communities, regulators)	Marketplace & Customer
FAIR MARKETING COMMUNICATIONS	Marketing Communications – PR7	External (customer, regulators)	Marketplace & Customer
SUPPLY CHAIN MANAGEMENT	Supplier human rights assessment) – HR10	External (suppliers	Marketplace & Customer
CYBER WELLNESS AND ONLINE SAFETY	Local Communities– SO2	External (local communities, charity partners)	Community
INCLUSION OF VULNERABLE GROUPS	Economic performance– EC1 Indirect economic impacts – EC8	Internal & External (local communities, charity partners)	Community
TALENT ATTRACTION AND RETENTION	Employment – LA1 Training & Education – LA9	Internal	People
EMPLOYEE HEALTH & SAFETY	Occupational Health & Safety– LA6	Internal	People
CLIMATE CHANGE AND ENERGY MANAGEMENT	Energy– EN3 Greenhouse gas emissions – EN15 & 16	Internal & External (local communities, charity partners)	Environment

* All the external impacts are deemed to be within Australia except for supply chain and the environment, where the impacts are global. As per the Sustainable Supply Chain section , we are currently undertaking a review of our Vendor Code of Conduct and an environmental lifecycle analysis to determine where our supply chain and environmental impacts are.

The top material issues provided the starting point for informing the content of this year's report. We then validated these areas by cross checking them with the significant issues that arose across the business and in the media during the reporting period. This was to make sure our report provided a balanced representation of our sustainability performance for the year.

We then mapped the top material issues against their corresponding GRI material aspects, which can be shown in the table on the next page

For each material aspect, we also show their boundaries, i.e. where the impact of the aspect lies (internal or external to Optus). Finally, the table also references the chapters of this report where the discussion of the material issues can be found.

MARKETPLACE & CUSTOMERS

98.5%
of Australian population covered by our 3G network and 86% of the Australian Population covered by our superfast 4G Plus network.

↑64.2%
Number of 4G mobile subscribers increased by 64.2% to a total of 3.52 million customers

Further widened sustainability considerations in our updated Vendor Code of Conduct

New satellite
OPTUS 10 LAUNCHED
connecting regional customers and remote sites

NPS +4
We remain the only Tier 1 Telco in positive NPS (+4)

ALL ABOUT CUSTOMER EXPERIENCE

WE WANT TO PROVIDE SIMPLE PRODUCTS, BRILLIANT SERVICE AND A GREAT NETWORK FOR OUR CUSTOMERS. THIS IS UNDERPINNED BY A COMMITMENT TO INNOVATION, PRODUCT QUALITY AND CUSTOMER SATISFACTION.

We're making significant changes to put customers at the heart of everything we do. We continue to invest in upgrading, modernising and equipping our systems with new capabilities to ensure we continue to deliver innovative and relevant services to our customers.

We've made good improvements.

Our Net Promoter Score (NPS) results indicate that we're the only tier one telco with a positive NPS. This is a great result but we think can do more to achieve our ambition of being Australia's most loved and recommended service brand.

Competitive pressure in mobile continues to increase, so it's critical we continue to improve our services, innovate with our products and plans and improve network performance to differentiate ourselves from our competitors.

IMPROVING CUSTOMERS' LIVES THROUGH IMAGINATION AND INNOVATION

Our capacity to improve the lives of our customers through imagination and innovation is what will set us apart from competitors. This year, we've offered new products, plans and competitive prices to keep providing value to customers and to attract new ones. Some of the great things we've been up to include:

- Introducing My Plan Plus which gives customers the power to share their data across multiple devices. We launched our key switch offer, timed with the launch of the new iPhone, to help people get out of their mobile contract early to upgrade to a new phone.

  We also offered to pay for customers who terminate contracts with our competitors to switch to us. The percentage of postpaid customers on a tiered data plan has increased over the past 12 months, reflecting the success of our innovative My Plan Plus postpaid product.

- We transformed our Yes Optus shops with a new 'Generation 6' design. It reflects the flow of our customers' journey giving them an easy and intuitive path through the store. We also boosted the number of people in store to welcome customers and offer each one a personalised service to help make their purchasing decisions easier.

  Our alluring new store designs scored us a Gold Award at the recent POPAI awards for retail marketing. POPAI is the global industry association for shopper marketing and marketing retail recognising creativity, innovation and inspiration.

We won two other awards-Best Interior Design-Retail and Best Branded Experience-Marketing at the Sydney Design Awards.

- Making your watch and smartphone even smarter by launching Cash by Optus, a mobile payment app that replaces cash purchases below $100. This is a first for Australian telcos and showcases the ingenuity and innovation that we've known for. Cash by Optus uses Near Field Communication (NFC) and Visa payWave technology that allows our customers to pay for those small everyday purchases like lunch, petrol and groceries using a smartphone instead of a plastic debit or credit card. Cash by Optus can also be used for online purchases up to $250.00 in a single click up to.

- We've struck a deal with Netflix so that for a period of time all our fixedhome broadband customers can enjoy watching Netflix without having to worry that their Netflix viewing will push them over their data limit. Also for the first 3 months following the launch of Netflix in Australia, we've been giving away up to 6 months subscriptions to Netflix for new and re-contracting customers on certain broadband, postpaid mobile and prepaid mobile PLANS. We're the first Telco in Australia to do this!

Regional Store Ballarat

BACKED BY BRILLIANT SERVICE

To make it easier online and to provide a customer service experience that's better than ever – in store, online or over the phone – we continued to work hard and solve customer's problems the first time they contact us.

We've done a lot of work around identifying customer frustrations by analysing call volumes by call type, listening to call recordings, and analysing customer feedback. The result was a program of diverse initiatives that had the common goal of reducing customer effort. This program positively impacted more than 3.6 million customers and resulted in an average of 45% less calls from customers who no longer need to wait in a phone queue to speak to a Customer Service Agent to process their request. This also translates into increased profitability for us in terms of improved efficiency and ability to redistribute work effort to other areas within Optus.

Our hard work to improve the customer journey has won us a national award the 2014 Customer Service Institute of Australia (CSIA) National Customer Service Project of the Year.

It doesn't stop there. Our 'Bringing back the love' initiative saw our promoter response team proactively call back customers who had disappointing experiences with us to address their concerns and encourage their ongoing loyalty.

We've done a lot of work to improve our online help and support. We provided new functionality into Optus My Account that empowers our customers to resolve issues by themselves. We've improved My Optus Community by launching a fancy new mobile enabled version allowing customers to ask questions and seeking out answers about our range of products and services whether they're at home or on the go.

We also launched the free MyOptus App which provides an easy way for customers to manage their prepaid mobile or prepaid mobile broadband account on the go. They can keep track of their calls, text and data usage; recharge their credit and lots more anytime, anywhere.

We look to less obvious places to ensure that we're providing a superior customer experience across the board. For example, the passing of a loved one can be a difficult time so we've made changes to help close or transfer their Optus accounts possible through the creation of a specialist Bereavement Care team.

This team have made major improvements to the way we handle deceased estates; our communications, timeframe and processes. Instead of taking over three months to resolve a case, we're now doing it in under 5 days in most cases, with all marketing materials and bill communication suspended, any early termination or cancellation fees waivered and the final balance zeroed out.

> WE LOOK TO LESS OBVIOUS PLACES TO ENSURE THAT WE'RE PROVIDING A SUPERIOR CUSTOMER EXPERIENCE ACROSS THE BOARD.

DATA HUNGRY HABITS

WE KNOW AUSSIES LOVE DATA – WE'RE DOWNLOADING MORE, USING OUR APPS MORE, AND WATCHING MORE VIDEO, ON THE GO.

In the 2014 financial year, Australians each used around 2GB of data per month. By 2019, we expect Australians will each use around 10GB per month. That's a five-fold increase in five years. Today 38% of Australian households have four or more internet-connected devices. That is predicted to double by 2020 with Australians connecting six or more devices to the internet.

With more people using smartphones, customers have an increased appetite for data. And when data usage goes up, it exposes people to unexpectedly high bills or 'bill shock'. This can lead to negative experiences and financial hardship for our customers.

We've done a lot of work to help prevent bill shock – hardship services, customers alerts, roaming packs – which have significantly reduced the number of customers experiencing an unusually high spend.

We'll continue to keep working to explain how much data customers use so they can get the most out of their plans and also look for new opportunities to provide a differentiated digital experience for our customers and communities.

JOINING FORCES WITH WESTFIELD TO MEET GROWING SHOPPER DEMANDS FOR DATA.

With over 500 million visits to Westfield shopping centres in 2014 and shoppers increasingly using their smartphones to inform their shopping trip and connect socially, the demand for data is growing rapidly.

We recently joined forces with Westfield to offer shoppers a new level of digital connectivity with the rollout of a managed WiFi solution to over 21 Westfield shopping centres. The service provides shoppers with up to 1GB of data free for a 3 hour period each day and will be accessible across the entire common mall area.

"Working with such a reputable technology provider as Optus will provide benefits for our shoppers and our business...This service will strengthen the appeal of our assets with our local communities" Peter Allen, Scentre Group CEO

"We're two well-respected Australian brands working together to deliver innovative technology and customer experience initiatives – it's very exciting!" - John Paitaridis, Managing Director, Optus Business

UNDERPINNED BY A GREAT NETWORK

During the FY15 year, we invested $1.4 billion in our networks.

We made a significant investment in the mobile network this year to upgrade sites with new 4G 700MHz spectrum - which was officially released on 1 January 2015. A key benefit of 700MHz is that it provides improved indoor coverage, which means more 4G whether at home or in the office. The 700MHz spectrum also heralded the expansion of our 4G network into Regional Australia, bringing Optus 4G to hundreds of regional and holiday towns for the first time. To mark the step change in 4G coverage and quality for customers, we evolved our '4G Plus' brand to encompass our entire 4G network.

Customers continue to upgrade to the latest 4G-compatible devices, like the iPhone 6 and Samsung Galaxy S6, to make the most of our 4G Plus network wherever it expands. As at end of April 2015, our 4G Plus network covers 86% of the Australian population. 4G is live on 3,383 mobile sites, of which 2,107 have been upgraded to the 700 MHz spectrum. We'll keep investing to expand our superfast 4G Plus network to more Aussies in more places, to support our strategy to deliver a great mobile network and high definition television to customers when they want, on the device they want."

We'll keep investing to expand our superfast 4G Plus network to more Aussies in more places, to support our strategy to deliver a great mobile network and high definition television to customers when they want, on the device they want.

We launched the Optus 10 Satellite. Australian customers in rural and remote areas will be the first to benefit. Optus 10 is now providing backhaul and connection services for regional and remote sites across our mobile network.

This year we reached an agreement with nbn™ in December on the migration of our HFC customers to the NBN. This is a significant milestone – allowing us to deliver greater choice and innovation to more consumers by opening up the broadband market in parts of Australia where we haven't had either ADSL or cable network before.

This agreement gives us capital to invest in new technology which is critical as we embark on our strategy of delivering disruptive products and services that will excite our customers and allows us to differentiate itself from competitors.

"Optus has been a vocal advocate for fixed line competition for many years. The NBN offers the potential to provide more choice and competition for all Australians and puts us a step closer to creating a level playing field in Australia's retail broadband market. Anything that speeds up the rollout of the NBN and increases the size of the contestable national broadband market is good for innovation and competition" - Allen Lew, CEO

Competition in technology matters because it drives efficiency and innovation. It drives lower prices, transparency and choice, but also upgraded and new technologies and new services.

What's vital as we reinvent our economy over the next decade is how we use disruptive technologies like analytics and cloud computing. High-speed 4G mobile networks and the NBN will accelerate disruption, but they will also offer new opportunities – enabling Australia to finally overcome the tyranny of distance.

These opportunities will only come if we have highly efficient, intelligent and low-cost telecommunications services.

We say Yes to competition and Yes to an Australia that stays at the forefront of Communications technology.

YES TO BETTER RESULTS

Every quarter we ask consumers and our people how likely they are to recommend us to family and friends.

After our highest NPS score of +6 in Q2, we ended the financial year at +4, the only Tier 1 telco with a positive score.

In the first three quarters, we saw a dramatic decrease in complaints to the Telecommunication Industry Ombudsman (TIO), largely due My Plan Plus significantly reducing Excess Data complaints. We also saw a significant reduction in coverage complaints due to rollout of 4G and the next gen of version 4G across Australia. At the end of Q3, complaints to the TIO were the lowest out of all the Teir 1 telcos.

However, in Q4, there has been a spike in complaints, mostly due to customers taking advantage of the faster 4G network and downloading greater content which has led to customers using excess data. We are, however, working hard to address "bill shock" through greater customer alerts (see previous feature on 'Data Hungry Habits').

Optus hosts the World Mobile Congress

RESPONSIBLE PRODUCTS & SERVICES

WE'RE PROVIDING OUR CUSTOMERS WITH RESPONSIBLE PRODUCTS AND SERVICES WITH A FOCUS ON SAFETY, PRIVACY AND FAIR MARKETING PRACTICES.

We're in the business of enhancing the lives of our customers and the community through our technology and products. The innovation seen over recent years, particularly the internet, has given us access to information, culture, communication and entertainment impossible to imagine just 20 years ago.

But despite the opportunities of a connected and digital world (e.g. social media, online shopping, banking) there are a few downsides – the visual and perceived health impacts of our infrastructure and mobile towers which are in the back yards of communities all over Australia and the rise of digital security, privacy and data protection issues.

We continue to adapt and evolve our business and processes to keep on top of these issues. We take our responsibility seriously and know that to be a sustainable company we need to earn the trust of our customers, people and communities.

YES TO SAFE AND RELIABLE NETWORKS

We're all about giving our customers a great network experience. That's why we're expanding our coverage and making our network more reliable. That includes doing everything from building new towers to installing the latest and greatest technology - and adding extra capacity so our network can handle more people using it at the same time.

While Australian's want to enjoy superfast mobile internet in more metropolitan, regional and holiday areas, they don't always support the infrastructure being in their neighbourhood. Communities can be concerned about visual impact, property values and perceived adverse health and safety impacts of electromagnetic energy (EME).

Most of our activity over the last three years has focussed on upgrading existing sites with equipment such as antennas, electronics or

ELECTROMAGNETIC ENERGY (EME)

A NUMBER OF HEALTH CONCERNS HAVE BEEN RAISED GLOBALLY ON POTENTIAL EXPOSURE TO ELECTROMAGNETIC ENERGY (EME) EMISSIONS THROUGH USING MOBILES OR BEING EXPOSED TO MOBILE NETWORK INFRASTRUCTURE SUCH AS BASE STATIONS.

While there is no substantiated evidence of public health risks from exposure to the levels of EME typically emitted from mobile phones, perceived health risks can be a concern for our customers, the community and regulators.

We regularly assess the health and safety impacts of our products and services.

We design and deploy our network to comply with the relevant Federal Government mandated Standards for exposure to EME. These Standards are formulated and regularly reviewed by the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA). ARPANSA is part of the Commonwealth Department of Health. ARPANSA's Standards are based upon those recommended by the International Commission on Non-Ionizing Radiation Protection (ICNRP), which is a related agency of the World Health Organisation (WHO).

The ICNRP Standards are adopted by many countries around the world and are considered best practice. We conduct audits of base stations and undertake predictive EME modelling and testing to ensure compliance at our sites with Australian Standards. All of our sites have EME reports available to the public at **www.rfnsa.com.au**

We continue to monitor research findings on electromagnetic energy health risks and their implications on relevant standards and regulations in Australia and the rest of the world.

mechanisms to connect to the base station. Under the Federal Legislation in which we operate, this work is largely considered 'low impact' and generally doesn't require formal planning approvals.

We have a dedicated team which has worked successfully with hundreds of communities around Australia to inform them of our upgrade works and ensure they're happy with what we're doing. We also have interactive coverage maps on our website so that both customers and communities can check their location for planned upgrades, maintenance and live outages.

> **"OUR SERVICES ARE CRITICAL IN DISASTER RESPONSE, AND WE DELIVER THEM ACROSS INFRASTRUCTURE THAT MUST BE HIGHLY RESILIENT AGAINST THE IMPACT OF NATURAL DISASTERS"**
>
> **- PAUL O'SULLIVAN CHAIRMAN**

To minimise disruptions for our customers, we schedule upgrade work in stages. Customers are notified prior to any network improvements through text message and community service announcements in the local paper.

We experienced minor service disruptions to our mobile sites in South Australia, Western Australia and Victoria in early 2015 due to bushfires and in parts of Queensland due to power failures associated with the impacts of Cyclone Ita in April 2014 and Cyclone Marcia in February 2015.

On all occasions, our network teams worked to make sure our customers could be connected to their loved ones and emergency services.

CUSTOMER & DATA PRIVACY

We strive to conduct our business in full compliance with local laws and regulations, and hence implemented additional measures to protect our customers' personal information. These include:

- Safeguards to prevent security breaches in our networks and database systems
- Limits on access to information in our systems and the systems of our business partners and vendors
- Strict verification processes to guard against unauthorised access to information

Our approach goes beyond customer data protection and is designed to ensure continued engagement to encourage customers to deepen their trust in us. We know that privacy is important to our customers and we strive to be open and transparent in how we serve them.

Optus has in place security mechanisms such as firewalls and encryption algorithms designed to minimise the risk of privacy breaches. We also implement and test antivirus or intrusion prevention systems, based on established security standards.

We also have established an escalation process for major incidents, which includes security breaches, to ensure timely response, internally and where necessary externally, to minimise impact.

Optus reported 3 data privacy incidents in 2014 to the Office of the Australian Information Commissioner (OAIC), including what it did to address both the specific incidents as well as improve its overall processes. On 26 March 2015, Optus committed to continuous improvement through offering an enforceable undertaking to the OAIC.

FAIR MARKETING

We advertise and market our products and services widely across Australia so it's important that the information represented is accurately stated otherwise it risks misleading customers and breaching fair marketing legislation.

We make every reasonable endeavour to ensure that our advertising and promotional materials comply with Australian legislation. Our employees undertake online compliance training annually. Employees that deal directly with our competitors have additional training on anti-competitive conduct.

SUSTAINABLE SUPPLY CHAIN

WE'RE ALWAYS LOOKING FOR SUPPLIERS WHO SHARE OUR APPROACH TO RESPONSIBLE BUSINESS PRACTICES. WE PRIORITISE SUPPLIERS WHO MET, OR ARE WORKING TO MEET, THE 'OPTUS VENDOR CODE OF CONDUCT' AND OUR FUTURE FOCUS IS ON ASSESSMENT AND GOVERNANCE.

With Singtel we've relied on and will continue to rely on around 6000 third party vendors for various purposes, for example the construction of the Group's network, the supply of handsets and equipment, systems and applications development and services, content provision and customer acquisition.

In 2014, the Singtel and Optus procurement teams began working towards a one procurement framework. Through this journey sustainable supply chain management was identified as a key focus and built into the group strategy.

We also worked together on articulating a refreshed management approach. While we've recently done a comprehensive stakeholder engagement and materiality review, we're still early in the journey of an extensive supply chain management for sustainability risk issues.

Our management approach draws from the high risk areas highlighted in our materiality review, spend, geographies, compliance with focus outside of the high tier vendors that already have established processes. The key for Singtel is to identify where the material risks are in the supply chain and to deep dive through collaboration with our suppliers to ensure that we work on minimising material risk.

In the last half year we have revisited our supply chain risks through different filters such as the type of vendors and spend categories, country risk profiles as well as materiality risks such as the environment, labour, data protection and so on.

As such there are a number of potential environment, social and community issues in our supply chain, particularly in our two most significant areas: offshoring and ICT. We've chosen to focus our initial supply chain reviews in our offshore outsourced centres as these are an extension of our work force, and are also a major part of our vendor spend and business dependency. While many of the global handset, IT and network equipment vendors like Apple, Samsung, Cisco and Ericsson comprise material spend and dependency in our supply chain, these are also global companies with their own established supply chain practices and reputation to protect.

In addition, the telco industry is dominated by a handful of key suppliers for equipment and services so if they fail to deliver then they can significantly affect our business and our promise to our customers.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT (SSCM)

The potential for business and sustainability related issues to arise in our supply chain was identified as a material issue for us in our FY15 materiality review.

As such, we've initiated an internal work group to review our current procurement policies and practices to identify areas where we need to further enhance and embed sustainability considerations. This work is being done for both Singtel and Optus.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT
Framework, Decision Criteria and Filters

TOP MATERIALITY ISSUES RELEVANT TO SUPPLY CHAIN	TOP VENDORS BY SPEND AND CATEGORIES	HIGH RISK GEOGRAPHIES

HIGHER REGULATORY COMPLIANCE

INITIAL PRIORITY FOCUS

SUPPLIER CODE OF CONDUCT & SELF-ASSESMENT	NETWORK DELIVERY AND FIELD OPERATIONS VENDORS	OFFSHORE OUTSOURCED VENDORS · IT development and support · Contact Centres & BPO
Updated code approved by GCPO for implemented in FY2016	Review completed in Singtel and Optus in FY2015	Commenced scoping with Optus Customer Ops and GIT

The 'Optus Vendor Code of Conduct' sets out our expectations of all vendors and highlights the minimum requirements that must be met. It covers five key areas:

- Corporate governance
- Occupational health and safety
- Environmental management
- Product stewardship
- Supplier management

It also sets out our expectations of how we manage our ongoing relationships with our vendors and the requirements for reporting on their activities and performance.

In addition, we've already sent some of our suppliers specific information requirements in relation to environmental performance and labour practices to help us identify significant actual and potential negative impacts on society in the supply chain. As we progress in the implementation of our sustainability supply chain management system, we will refine this approach and integrate more systemic assessment mechanisms:

Environmental Management System (EMS)
Information about our EMS is sent out as required depending on the goods or services we're purchasing. It sets out our environmental policy, the relevant environmental legislation that we must adhere to and provides guidance in relation to action plans that are consistent with our Optus' EMS. The questionnaire enables us to assess whether the vendor is compliant or 'needs improvement' with respect to the management of environmental issues associated with their particular business activity.

International Labour Questionnaire
This questionnaire is specific to international suppliers and vendors who provide labour services to us.

It requires potential suppliers to disclose whether they comply with International Labour Organisation (ILO) standards and provide information about their policy and/or management system in relation to their working conditions, anti-discrimination, occupational health and safety (OH&S) and governance processes.

We've undertaken a major review of both the Optus and Singtel Vendor Codes of Conduct and prepared a new draft Vendor Code of Conduct which is centred on a materiality approach and includes our commitment to the principles of the UN Global Compact. While we haven't screened any new suppliers using human rights criteria this financial year, we've prepared a new supplier assessment which will be used next year to review our higher risk suppliers.

"Optus' philosophy is that our supply chain relationships for sustainability issues should NOT be adversarial and confrontational. The reality is that you can't simply turn on and off your suppliers. Also, if you simply cut ties and disengaged with them in event of supply chain issues, they would never have a model of best practice to improve their business practices. Bringing in higher standards in the supply chain is not an overnight process. They take time to embed, like they take time to embed in our own internal operations."
Andrew Buay – VP CSR and Talent

LOOKING AHEAD FOR MARKETPLACE AND CUSTOMERS

CONTINUE TO DRIVE THE ACTION we need to take to lift Market NPS and increase our lead on our major competitors

CONTINUOUSLY LOOK FOR AND UNDERSTAND OUR CUSTOMER PAIN POINTS so we can address them and create tangible reasons for them to be our advocates

CONTINUING TO FOCUS ON SUPPORTING our frontline people and our people in the call centre

DEVELOPING LARGER FLAGSHIP YES OPTUS SHOPS which allow customers to touch and play with our products

APPOINT A DEDICATED PRIVACY EXECUTIVE to oversee the strategy, policy and compliance relating to customer data privacy and protection in our operations and supply chain

REINFORCE THE IMPORTANCE OF INFORMATION SECURITY AND PRIVACY at all levels in the organization and company retailers.

UPDATE THE COMPANY DATA PRIVACY framework to meet evolving legislation and customer expectations;
and
ENSURE INFORMATION SECURITY AND PRIVACY COMPLIANCE in relevant areas of our supply chain.

IMPLEMENT THE NEW SUSTAINABLE SUPPLY CHAIN FRAMEWORK, WHICH INCLUDES:

75% (spend) of suppliers will be assessed against key material issues

100% of new contracts will have the Supplier Code of Conduct applied

Assurance review of relevant offshore/outsource suppliers

94% OF STUDENTS IMPROVED THEIR LITERACY LEVELS

through our mobile student2student program with The Smith Family

Invested
$8.7M
into the community

510 volunteer roles

MENTORED 769 VULNERABLE YOUTH

through various Australian Business Community Network (ABCN) programs, including workplacevisits and interview skills workshops.

We've reached
11,207
students across 146 schools as part of the Kids Helpline @ School program since its inception in June 2013.

37,821
students attended a Digital Thumbprint workshop with 95% of students confirming they learnt something in the workshop they can use in their everyday life.

OUR COMMUNITY

ONE OF THE WAYS WE'RE BUILDING TRUST AND RELATIONSHIPS WITH ALL OF OUR STAKEHOLDERS IS BY SUPPORTING AND INVESTING IN THE COMMUNITY. OUR MISSION IS TO HELP VULNERABLE YOUTH ACHIEVE THEIR FULL POTENTIAL THROUGH TECHNOLOGY AND LIFE ENHANCING PROGRAMS

We've been at the forefront of working with communities for over two decades and we continue to innovate and evolve our programs to bring about positive change and create real societal impact. Our community work is not just about doing good to enhance our reputation and goes beyond providing financial support.

We genuinely care about the impact of big societal issues our next generation face and believe we can play an active role in being part of the solution. Our people are designing and creating the technology, networks and products day in day out, so we've more knowledge and insight about these digital issues than most.

We invest in community partnerships that enable us to leverage our collective knowledge, skills and resources; this leads to better reach and scalability of programs and ultimately greater success of programs. Our partnerships are founded on creating shared objectives, understanding who the stakeholders are, and achieving and measuring social outcomes not just inputs and working in a way that builds capacity of all stakeholders.

Our Community initiatives are particularly focused on supporting vulnerable youth. We focus on young people because our children and young people are 'digital natives' - they've grown up with the internet and are increasingly living their lives online. We want to equip our youth of today with the skills to be safe and savvy digital citizens. Young people may also be vulnerable to issues which we can help with by supporting them to achieve (education and employability), thrive (digital citizenship) and belong (wellbeing and inclusion).

"For more than 20 years we've said yes to ideas that make positive changes to people's lives. We're excited about how technology can improve young people's future. We want to back our young people to develop ideas that help solve some of the major social issues their generation are facing such as cyber safety and bullying." - Helen Maisano, Associate Director CSR Optus.

OPTUS COMMUNITY FRAMEWORK

Our Community Framework has four key themes where we believe we can make the biggest difference, with a particular emphasis on vulnerable youth. They are areas which are strategically aligned to our core business and not only help to achieve our business objectives today but importantly, will help us build trust with our customers, people and communities in to the future.

THE OPTUS COMMUNITY FRAMEWORK

TO BE AUSTRALIA'S MOST LOVED AND RECOMMENDED SERVICE BRAND BY OUR PEOPLE AND OUR CUSTOMERS

KEY CSR FOCUS: VULNERABLE YOUTH

4 KEY THEMES

EDUCATION AND EMPLOYMENT

DIGITAL CITIZENSHIP

INCLUSION AND WELLBEING

ENGAGING OUR PEOPLE

ACHIEVE: ACCESSIBILITY: & EDUCATION FOR ALL
- Bringing Education through technology to disadvantaged and vulnerable youth
- Helping young people with future career options through mentoring and transition to employment

THRIVE: DIGITAL CITIZENSHIP
- Cyber-safety solutions for youth
- Empowering young people to be responsible and savvy digital citizens

BELONG: INCLUSION & WELLBEING
- Improved employment prospects for disadvantaged youth and minority groups
- Accessibility for remote and disadvantaged youth
- Mental wellbeing and health

ENGAGING OUR PEOPLE
- Developing a motivated and highly engaged workforce
- Enabling our people to contribute to causes they are passionate about
- Leveraging our people's skills and expertise to build NFP/NGO capacity

- Mobile student2student
- Community Grants
- ABCN

- Digital Thumbprint
- Kids Helpline @ school

- ABCN/work experience
- Community Grants
- Tour de Cure
- Nelune Foundation
- Kids Helpline @ school

- yes4Good
- ABCN mentoring
- Skilled volunteering
- Disaster response

EDUCATION AND EMPLOYMENT

READING BUDDIES

The Optus and Smith Family mobile student2student program, aims to improve reading capability and confidence in disadvantaged and vulnerable students. The program identifies students in Years 3 to 8 who are approximately 2 years behind the national reading average. These students are connected with slightly older students called "Buddies" and together they spend 20-30 minutes a few times a week reading over the phone.

In 2010, we approached The Smith Family with the innovative idea of trialing a mobile phone model of the landline version of student2student program in selected rural and regional households. This had the added advantage of catering to increasing numbers of families who do not have a landline in their homes. We supplied a mobile phone handset to each student Reader and their reading Buddy as well as donating all the call credits they needed to complete the program.

The trial was a great success and became a national literacy program in 2013. Reading pairs almost doubled to 500 across all states and territories – a great increase from just 262 pairs in 2011.

"Without question, the data shows that the program succeeded due to the generosity of OPTUS who provided the mobile phones and phone credit to facilitate the talk time for reading. 72% of parents say their child could not have otherwise participated." - The Smith Family, 2014 Evaluation Report

In 2014 with our ongoing support, funding and technical expertise, over 60% of the original program has now transitioned to the mobile phone model.

At the completion of the 2014 mobile student2student program, 94% of students improved their literacy levels, 62% improved their reading age by up to a year and 38% showed reading age increases of more than a year. This is also reflected in the students' perceptions of their own reading ability, with 90% agreeing their reading has improved since participating in the mobile student2student program.

Improving reading skills increases a struggling reader's confidence and motivation to read, which in turn helps support a positive reading habit, contributes to ongoing improvement and drives a shift in self-perception.

84% of students reported 'yes' when asked if the mobile student2student program has helped them feel better about themselves.

"I got a lot more confident on the phone which helped me speak louder". - Student Reader

Over the next year, we aim to reach 700 disadvantaged student readers across Australia through the mobile student2student program. Enhancing literacy skills in our children is critical to helping them thrive personally and professionally in the future. Using our technology and resources is a simple and effective way to achieve this goal.

> **"THE LAST DAY I CALLED MY STUDENT READER TOLD ME HIS TEACHERS HAD NOTICED IMPROVEMENTS IN HIS READING. THIS MADE ME FEEL SO PROUD AND EVEN A LITTLE BIT TEARY"**
>
> - Mobile student2student buddy

One of our ABCN volunteers mentoring a student

EXPANDING OPPORTUNITIES FOR ABCN STUDENTS

We co-founded the Australian Business Community Network (ABCN) in 2005 to provide structured mentoring programs for students in areas of high need by partnering them with business professionals. Today, the membership has grown with 35 member companies and an experienced body of CEOs from well-recognised, national and global organisations.

This year we continued to focus on supporting these vulnerable young people through Career Choice Day

and Interview Skills Workshops. Participants from high-needs schools are often limited in their access to work opportunities, access to role models and experiences that will develop their skills. We targeted Year 10 and 11 students who are beginning to consider career options for the future and the relevant study pathways required, to help broaden their awareness of vocational choices and equip them with tools for an interview situation.

We had incredible participation from our people with approximately 510

volunteer roles filled by our people mentoring 769 students.

In addition, we were thrilled to launch our own yes4Good ABCN scholarship fully funded by our people. Paul O'Sullivan, our Chairman, is the representative on ABCN Scholarship Board and helped the panel select 14 scholarship winners.

Our plan with ABCN is a long term one. If we can support these students in their development and career options today, then hopefully we can 'close the loop' and offer them employment in the future.

DIGITAL CITIZENSHIP

Students taking part in the Optus Digital Thumbprint Program

INTERNET AND MOBILE APPLICATIONS HAVE BROUGHT HUGE BENEFITS TO US - ACCESS TO INFORMATION WHEN AND WHERE WE WANT IT, ENTERTAINMENT, LEARNING OR JUST KEEPING IN TOUCH.

But with this also come the risks and pitfalls that children and young people are increasingly becoming vulnerable to – cyber bullying, device, social network or gaming addiction, loss of privacy and access to inappropriate content.

We recognise this area as a material issue and strive to play a key role in educating customers and promoting cyber wellness and online safety among vulnerable children and youth.

We look for opportunities to collaborate with like-minded partners in creating a safer cyber eco-system for our community and our customers.

We launched a free program called Digital Thumbprint with secondary schools in New South Wales and Victoria, which offers three face-to-face workshops that educate and inform students in years 7-12 about cyber wellness, living safely online and getting the best out of the internet.

Mobile phones, tablets and other electronic media provide young people with wonderful opportunities to socialise, network, learn and explore. Conversely, this broad access makes it difficult for parents to limit their children's exposure to online content. We also recognised that children are struggling with digital reputation, cyber bullying, sexting and other cyber safety issues.

MAKING INROADS

IN 2014 ABCN WORKED WITH PARTNER ORGANISATIONS IN WESTERN SYDNEY AND MELBOURNE ON A SKILLS DEVELOPMENT AND MENTORSHIP PROGRAM, INROADS.

The program was targeted at young unemployed graphic designers and ran from July through to November 2014. InRoads centred on a community project and immersed young unemployed graphic designers in the retail and cultural realities of re-branding various retail outlets on a 'challenged' street, while they were mentored by the program's professional design and skills development mentors. Participants were matched to, trained and mentored by some of Australia's leading contemporary graphic designers and companies.

A group of those participants showing the highest commitment and engagement with this community project were identified by their mentors and also linked with work experience opportunities. Overall, the program aimed to assist the young unemployed participants to be job-ready with the key skills to succeed in business outside of their existing understanding of design and creativity.

We offered a 2-week work experience placement within our Media Solutions Team for one of the program participants, Farhan. Farhan was a talented and motivated illustrator and designer but had no practical experience working in a corporate environment and limited exposure to the world of digital design. One of the major challenges faced by young people looking for work is this lack of practical experience. By shadowing our Media Solutions team for two weeks, Farhan was given an insight into their ways of working and an opportunity to work on real projects to real deadlines – invaluable experience for his resumé and in his search for employment.

At the end of the program, Farhan reported increased confidence in his ability to find employment in graphic design and told us that his professional communication and team-working skills had improved. He is now working as a freelance graphic designer.

"Thank you for the opportunities that you and your team have given to me. With the knowledge I have gained, I am now well equipped to face the New Year." - Farhan, ABCN program participant

Digital Thumbprint workshops cover topics to help young people understand their social media footprint including password security, safeguarding their online identity and cyber bullying. Importantly, the program aims to achieve genuine social impact through positive behaviour change of students in their online experiences.

Over the past year 37, 821 students attended a Digital Thumbprint workshop with 95% of students confirming they learnt something in the workshop they can use in their everyday life. Furthermore, just over 97% of teachers feel their knowledge of digital concepts and their confidence to teach them, has increased as a direct result of the workshops.

In 2014, industry recognised the Digital Thumbprint Program with the Communications Alliance and CommsDay Award for Community Contribution.

"Digital Thumbprint's evaluation results have demonstrated true social impact achieved to date." - Change Labs, Digital Thumbprint Annual Report, 2014

We're growing our Digital Thumbprint program in 2015, taking the program to Queensland and creating a student ambassador program to increase further engagement and ongoing discussion about digital citizenship.

SUPPORTING OUR KIDS

Our partnership with Kids Helpline provides much needed intervention for primary aged children who are facing issues such as relationship and friendship problems, cyber bullying, family issues and fears about transitioning into high school. The program aligns with our inclusion and wellbeing strategy, and increasingly, the issues being raised and addressed through the helpline are related to staying safe online and cyber bullying.

In June 2013, we worked with Kids Helpline to develop a new program "Kids Helpline @ School" aimed at primary school children. Kids Helpline @ School specifically focusses on education and prevention, particularly in relation to digital citizenship issues. Since the program's implementation we've reached 11,207 students in 408 sessions across 146 schools mostly in Victoria and New South Wales.

"Kids Helpline @ School has proven to be a very successful program not only in terms of exceeded levels of expected activity, but also in achieving improved knowledge, skills and attitudes in mental health and well-being related issues in helps seeking primary school aged children." - Kids Helpline 2014 Progress Report

Sessions are conducted using a range of digital technologies such as skype, google hangouts, FaceTime, and connected classrooms. Sessions entitled Bullying, Staying Safe Online, and Cyber bullying attracted a total of 2,767 students.

Teachers themselves made substantial use of the educational materials available on the Kids Helpline@ School micro-website, with 12,329 views of the landing page, 9,310 visits to the 'bullying' lesson resources and classroom activity pages and 2,426 hits to the pages related to safety online. Feedback has been extremely encouraging – almost 70 teachers have indicated they intend to book another session, and that they would recommend the program to other teachers or schools.

We're working with Kids Helpline to redesign an evaluation study to assess repeated and new impact measures, and to understand how the program is positively impacting children's wellbeing and behaviours over time. This report will be available in December 2015.

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BACKING YOUNG SOCIAL ENTREPRENEURS

We're proud to be one of 6 key corporate partners of the Foundation for Young Australians' (FYA) Innovation Nation-1000 ideas for a better Australia. This national campaign is aimed at engaging young people across the country to reveal their best ideas for building a better Australia.

The top 2 ideas and their inventors will have the opportunity to secure $10,000 each in seed funding to turn their dream into a reality.

We're excited about how technology can improve young people's future. We want to back our young people to develop ideas that help solve some of the major social issues their generation are facing such as cyber safety and bullying. Through Innovation Nation we're hunting for 10 switched on digital citizens that have great ideas that align with our key focus areas such as making the net safer, positive and more productive experience for young people.

We also opened up two positions for our people to represent us in Innovation Nation and ultimately pitch their idea to have a chance to win $10,000 of seed funding.

ENGAGING OUR PEOPLE

ENGAGING OUR PEOPLE IN THE COMMUNITY IS ONE WAY WE MAKE OPTUS A GREAT PLACE TO WORK. OUR PEOPLE CAN SUPPORT THEIR FAVOURITE CHARITIES THROUGH YES4GOOD – A ONE STOP SHOP FOR GIVING.

yes4Good allows our people to look for and participate in skilled or non-skilled volunteer opportunities, sign up to workplace giving and fundraise for a cause close to their heart. The website offers a choice of over 250 charities, so there is no problem finding a fantastic cause where our people can help make a difference.

1,379 volunteering roles were filled this year where our people gave their time through volunteering to support either their favourite charity, an ABCN mentoring program, Limelight, Tour de Cure or to take part in an overseas volunteering program. Together, we contributed over $470,000 in this last financial year, which includes Workplace Giving, fundraising and Optus Matching.

After the devastating impacts of Typhoon Haiyan in the Philippines, we sent five of our people to volunteer and help locals construct their new homes in the Province of Leyte. This was part of the Singtel Group Overseas volunteer Program, where our five volunteers joined colleagues from across the Singtel Group to help with the rebuild.

We recognise that skilled volunteering is also an important part of how we add value to the community. One such program is 'Limelight', which leveraged the specific skills of our employees who are Lean Six Sigma professionals to support non-profit organisations. The Lean Six Sigma methodology is a managerial concept that improves processes and performance.

This team is using its skills and expertise to provide community organisations with support to improve and focus greater attention on their core objectives. They've developed the 'Limelight' pathway to help organisations identify and solve problems, deliver value to customers and drive continuous improvement.

This year five community organisations participated in Limelight: The Kid's Cancer Project, The Smith Family, Big Brother Big Sister, Conservation Volunteers Australia and The Australian Red Cross.

Optus people promoting charities at Optus Campus Sydney

INCLUSION & WELLBEING

AN IMPORTANT PART OF OUR INCLUSION & WELLBEING STRATEGY IS OUR 'YES' OPTUS COMMUNITY GRANTS PROGRAM. WE'VE BEEN SUPPORTING ORGANISATIONS THAT HELP VULNERABLE YOUNG AUSTRALIANS ACROSS THESE AREAS SINCE 2008.

So far, 237 grants have been given out, and almost $1.5 million has been donated. We're really inspired by the work that takes place across Australia and extremely proud to be creating positive change in the lives of Australians and bringing technology and innovation to those who can benefit from it the most. This year we received more than 650 applications for our Optus Community Grants and 34 awesome not-for-profit organisations were rewarded a grant up to $10,000.

11 of the 34 grants distributed in FY15 were focused in the category of Inclusion & Wellbeing. We fund projects which help to improve young people's mental wellbeing and health as well as increase opportunities and accessibility for young people in isolated and remote areas to ensure they have access to services.

One such grant was giving special needs students at Cobram and District Special School a boost to their health and wellbeing via the Bluearth Active Schools program. Bluearth Active Kids delivers structured fitness plans specially tailored for children with special needs to show them how to incorporate exercise into their daily routines and lead an active lifestyle. Using a Jawbone Up, a wearable health-tracking device and an accompanying iPad purchased with the grant, students are taught how to monitor and map their progress and take an active role in maintaining their health and fitness, decreasing their chances of developing health issues in the future.

We're also committed to creating opportunities for indigenous people in our community. However, we recognised that direct regional employment opportunities were limited - so we partnered with the specialist organisation Diversity Dimensions. Their Retail Ready Program aims to provide young indigenous Australians with the skills and opportunity to apply for work in the retail sector.

Diversity Dimensions identified Kempsey, NSW as an area of high indigenous population and the local supermarket retailer Woolworths, who were ready to accept merit appropriate graduates of our sponsored training program.

11 indigenous students from Melville High School, Kempsey and Macleay Vocational College took part in a three day program in early September, designed to address any equal opportunities concerns and handle any barriers to success

For many students this was their first experience of applying for jobs and attending a work experience placement. 10 of the 11 students taking part successfully completed the program - and a number of casual positions were offered for the upcoming holiday period.

WE RECOGNISED THAT SKILLED VOLUNTEERING IS ALSO AN IMPORTANT PART OF HOW WE ADD VALUE TO THE COMMUNITY

Another program we supported is the Miriwoong Language Centre at the Kununurra Early Learning Centre. The Miriwoong Language Nest is a culturally responsive education program that centres on native language immersion and is regularly delivered to more than 200 children each week.

Plans for the future of the Miriwoong Dawang Woorlab-gerring Language and Culture Centre include the purchase of audio readers for students with $9,500 from this year's Optus Community Grants program. The readers will help digitise and distribute the learning materials to more than 200 children and their families.

To support digital inclusion across the non-for-profit sector, we signed a five-year agreement with Church Resources to deliver a large range of telephony and data services. Church Resources, a provider of aggregated procurement services to almost 20,000 not-for-profit members, will be able to procure its members' mobile and fixed line offers at highly competitive rates, including voice, mobile and data services.

This partnership gives us an opportunity to deliver quality solutions and great value telecommunications to the Church, not-for-profit, health and education sectors as they increasingly adopt digital technology to drive productivity and member benefits.

Engaging our people is central to our work in the community. We extended our Community Grants program to include a People's Choice award, where our people's vote combined with that of the public. That helped decide which of the four selected projects received an extra $10,000 to help young people in their local area. Safe Futures Foundation in Victoria (pictured) was voted the winner for their education facility which supports children escaping violence. It aims to break the cycle of violence for young people and keep them connected with education.

The other three organisations each received an additional $2,000. They are:

- MTC Australia for its work at Warakirri College
- Intework WA for working with young people with a disability find employment opportunities
- i-Manifest for providing pathways for marginalised young people to pursue careers in the creative industries

A full list of the community grants awarded this year can be found at: optus.com.au/grants

Our focus on wellbeing saw us sponsor the Tour de Cure, where we raised funding and awareness in the fight against cancer. After 1650km, 10 gruelling days, stunning landscapes, cold rain, 4 am starts and a big dose of the attitude of yes, our Tour de Cure team crossed the finish line in Hobart. An amazing $365,000 was raised, the highest achievement since we began sponsoring Tour de Cure in 2009.

INVESTING IN OUR COMMUNITY

Our total community investment for FY15 was $8.7 million which is a decrease on the previous year. We use the London benchmarking Methodology (LBG) to measure our community investment. The decrease in figure is partially due to less support given to natural disasters as a result of fewer incidents.

Our people volunteering as mentors did increase significantly. Since 2005, over 2,200 of our people have volunteered over 22,000 hours and supported more than 6,200 students and school leaders through the ABCN program.

MEASURING OUR COMMUNITY INVESTMENT

TYPE	2015	2014	2013	2012	2011
Community Investment $m	8.7	9.7	9.4	7.2	8.9
Workplace giving $000	470	235	382	457	484
Employee volunteering hours	11,505	8724	6835	10461	12694

LOOKING AHEAD FOR OUR COMMUNITY

REACHING APPROXIMATELY 23,000 STUDENTS with Kids Helpline @ School

EXPAND OUR FLAGSHIP DIGITAL THUMBPRINT SCHOOL PROGRAM in Queensland and include a student ambassador program in Victoria and New South Wales

INCREASING THE NUMBER OF READER AND BUDDY PAIRS from 500 to 700 in the mobile student2student program

INCREASE REGIONAL COLLABORATION for Digital citizenship initiatives

BUILD ON EXISTING OVERSEAS VOLUNTEERING PROGRAM by extending it to engage our Call Centre partners overseas

REFRESH THE COMMUNITY GRANTS PROGRAM – fewer grants but with greater impact.

OUR PEOPLE

↑ **75%**
People engagement increased to 75% and People NPS also up

Overall health & wellbeing score improved by
20.9%

Introduced a comprehensive mental health strategy

Our training programs were recognised externally by winning 2 industry awards

OUR PEOPLE ARE OUR MOST IMPORTANT ASSET AND WE BELIEVE IN NURTURING AND GROWING THEM. TALENT DEVELOPMENT, LEADERSHIP PLANNING AND DIVERSITY ARE KEY TO OUR LONG-TERM STRATEGY.

It's our people who make 'Yes' possible.

They are at the heart of our business and fundamental to achieving our business objectives, particularly in product innovation and customers services. So we're passionate about creating a work environment that encourages our people to achieve their best – personally and professionally.

This means having the right organisational structure to support them; creating a diverse and inclusive workforce to bring breadth of knowledge and different ways of thinking and offering our people choice and flexibility to assist their growth and careers.

This year, as part of accelerating our transformation program we created a new organisational structure which came in to effect on 1 October, 2014. Paul O'Sullivan was appointed to Optus Chairman and Allen Lew was appointed CEO Consumer Australia and CEO Optus.

One significant highlight was entering an approximately $13 million agreement to acquire cloud professional and managed services company Ensyst, to boost our Microsoft product offering as part of our ICT growth strategy. This will see the addition of two new office sites and approximately 80 additional employees. .

The turnaround of our business, our health, wellbeing and development programs and the refurbishment of our Sydney head office campus, have all had positive impacts on our people and our culture.

OPTUS EMPLOYEES AT 31 MARCH 2015 FY15

	MALE	FEMALE
FULL TIME REGULAR EMPLOYEES	5914	2361
FULL TIME CONTRACT EMPLOYEES	102	46
PART TIME REGULAR EMPLOYEES	270	476
PART TIME CONTRACT EMPLOYEES	0	9
CASUAL EMPLOYEES	21	21

EMPLOYEES SAY YES

IN NOVEMBER 2014, WE HELD OUR ANNUAL YOUR VOICE PEOPLE ENGAGEMENT SURVEY AND THE RESULTS ARE UP TO 75%.

Since our survey last year we've improved or remained steady in several categories, including our key focus areas of customer focus and competition, and leadership. Our People NPS has also once again improved upon the previous year. Our people are proud to recommend us as an employer of choice.

For the first time, 'culture' is one of the top ten themes for promoters. Our culture continues to be viewed as positive and our people are excited about our new plans and improvements in customer service.

Our work in the community also continues to be an important factor for our people. This year we recorded the highest number of people participating in our community programs –more giving and more volunteering. Our community programs allow our people to get involved in ways that are meaningful to them. They feel good that they can make a positive difference to communities through their work and they are thrilled to have us support them in return. For more information on our community programs, see the Community section of our report.

Creating a place to work - Yestival

HEALTH & WELLBEING

HEALTHY PEOPLE MAKE GREAT THINGS HAPPEN FOR OUR BUSINESS AND CUSTOMERS SO WE CONTINUE TO FOCUS ON SAFETY, WORK/LIFE BALANCE AND MENTAL HEALTH AS TOP PRIORITIES ISSUES.

A big step in managing the wellbeing of our people was to self-insure. We were the first private enterprise company to obtain a Comcare self-insurance licence back on 1 July, 2005.

We have a more engaged workforce and people injured, in non-compensable circumstances, can return to meaningful employment. Rather than waiting for claims to be submitted we can provide early intervention and the care our people need directly.

Our key intervention programs address the health concerns of our people. They include Heart health, Vielife, Team Wellbeing Challenge, Mental Health and Sleep.

We've seen some great improvements across all areas:

WE'VE SEEN SOME GREAT IMPROVEMENTS ACROSS ALL AREAS:

We recently introduced a comprehensive mental health strategy. We expanded our workplace health and safety team and introduced the Healthy Minds Mental Health Awareness program. We also employed a psychologist two days per week at our Sydney head office.

Due to the success of this we plan to extend this service to three days per week in Sydney and provide psychological support for our people in Melbourne, Adelaide and Brisbane offices.

This year we changed our governance structure into two groups – providing a Centre of Excellence and Workplace Health and Safety (WHS) Partners which are embedded within the business units. We've had great feedback from our businesses about

the effectiveness of this structure in providing relevant and timely support to them.

We continue to evolve our WHS Management System, in line with the new Australian legislation, and provide induction and training for all our people and contractors. We're covered by the Commonwealth Work Health and Safety legislation and as a self-insurer is also required to fulfil the obligations associated with this and as described by the regulator, Comcare. We have an on-line health and safety incident reporting system and all types of incidents including hazards, near-miss, injury/illness and property damage events are reported using this system. We're required to report any 'notifiable incidents' as defined to the regular, Comcare.

Looking ahead we'll continue to focus our efforts on building a strong interactive safety and rehabilitation program, with the objectives of preserving life, preventing injury, promoting health and ensuring genuine return to work outcomes.

We've revolutionised our approach to addressing these issues so we need to think about new ways to measure and monitor our performance. The traditional 'lag' indicators, such as Lost Time Injury Frequency Rate (LTIFR), don't effectively measure injury prevention and wellbeing so we will be developing new 'lead' indicators to report in the future.

We know we're on the right track but our success is based upon what we're continuing to do rather than what we've done.

KEY IMPROVEMENTS

↑ **16.8%**
Improved General Health

↓ **14.6%**
Reduced Risk Behavior

↑ **13.2%**
Improved Nutrition

↓ **12.9%**
Reduced Stress

↑ **12.4%**
Better Sleep

↓ **12.1%**
Less Pain

↑ **11.9%**
Better Mood

↑ **5.7%**
More Physical Activity

CARING FOR OUR CONTRACTORS

We launched a major Contractor Management System which introduced online incident reporting for our contractors. Since we launched the software in December 2014 we've captured approximately 600 little incidents across the business. While this is higher than the numbers previously reported we're better informed and are now better able to prevent and manage further issues. We've taken contractor management to a completely new level and it's really enhancing our relationships with our contractors.

THRIVING TALENTED PEOPLE

WE AIM TO RECRUIT AND RETAIN THE BEST TALENT AND CREATE AN ENVIRONMENT WHERE OUR PEOPLE ARE ENCOURAGED TO DEVELOP AND MAKE THE BEST OF HOW THEY WORK, LIVE, AND CONTRIBUTE TO THE COMMUNITY. OUR PEOPLE ARE AT THE HEART OF WHAT MAKES US DIFFERENT FROM OUR COMPETITORS.

Changes in the industry continue to be rapid and relentless so we've to be nimble in order to keep up - continuous learning and the development of new skills is more important than ever.

We place great emphasis on learning and career development, with a range of innovative programs available at all levels, including face-to-face and online training. We also recognise the crucial role our leaders play in building and maintaining our challenger culture - our range of leadership development programs reflects this belief. Being a large company, we can offer a variety of career paths and encourage our people to explore their potential We're very focused on our people development, providing them with opportunities to grow at each stage of their careers.

Our Learning Fiesta has grown bigger and better every year. Since 2008 we've increased the number of training places from 4,400 to over 20,000. Fiesta now spans across Singapore, Australia, Malaysia and the US.

We also have a pool of internal and external coaches to support all levels and our talent pool with career, leadership and personal development guidance.

We won two major industry awards this year:
- My Plan Plus won the Australian Institute of Training and Development- National Training Excellence Awards for the Best Implementation of a blended learning solution
- LearnXImpact awards- Won best eLearning Model for 'Aspire 2 Brilliance' our induction program for our people in retail. Best learning Services for our awesome Optus Learning Centre

LEARNING AND DEVELOPMENT HOURS

EMPLOYEE CATEGORY	AVERAGE HOURS	AVERAGE HOURS – WOMEN	AVERAGE HOURS - MEN
Executive	25.1	23.9	25.5
Senior Manager	31.6	29.7	32.1
Manager	28.9	26.2	30.2
Associate / Consultant	26.7	19.3	29.2
Operational Support	26.0	23.7	27.8

DIVERSITY & INCLUSION

PROMOTING A CULTURE OF DIVERSITY AND INCLUSION ACROSS MULTIPLE DIMENSIONS IS IMPORTANT TO LONG TERM SUSTAINABLE SUCCESS IN OUR BUSINESS

We believe in the inherent strengths of a vibrant, diverse and inclusive workforce where the perspectives, backgrounds and life experiences of our people help us to forge strong connections with all our customers, engage confidently within an increasingly globalised marketplace, inspirationally lead and creatively innovate: thereby making better decisions for our business and for the world in which we live.

Underlying our diversity & inclusion strategy is the principle that our people have the opportunity to learn and progress with us, regardless of their gender, age, ethnicity, cultural background, disability, religion and sexual orientation and professional background. The shared focus areas for Optus include:

1. Multigenerational workplace
2. Multicultural awareness and Indigenous Australians
3. Differing abilities
4. Gender and sexual diversity

Our multi-generational strategy includes developing the young talent pipeline through our university graduate programme, scholarships, cadetships and career coaching support.

With over 70 nationalities represented across Singtel Group, cultural diversity is part of our DNA and we support awareness and inclusion through Multi-cultural celebrations and events. We work closely with different agencies and specialist organizations such as Diversity Dimensions to support the indigenous Australians with skills, work exposure and opportunities in the retail sector.

Our multicultural awareness was featured in a TV ad promoting cultural diversity, leading up to Harmony Day on 21 March, 2015. We were one of six companies approached by the Migration Council of Australia to showcase the diversity of our employee base. With more than 70 nationalities represented across our employee base, and the diverse talent we have across our business, this ad is just one opportunity to show the public our multicultural diversity and what makes this a great place to work.

Supporting the diversity of abilities, including persons with disabilities, is an area we're seeking to better understand and support. We've in place a Disability Action Plan to address the opportunities in our workforce and with how we can better serve our customers.

In gender and sexual diversity, one of the things we're focused on is improving the proportion of women across all levels of our workforce. We support female talent and our people with leadership and career coaching and mentoring, networking opportunities, flexible working practices, parental leave and childcare facilities where this is most needed.

Director of Massar International, Manal Zraiq guest speaker for International Women's Day

Naidoc Week Art Exhibition at Optus Sydney Campus

PEOPLE PERFORMANCE INDICATORS

PRIORITY	INDICATOR	14/15	13/14	12/13	11/12	10/11
Workforce	FTE	9,220	9,088	8,880	9,835	10,329
Gender %	Male	68	68	69	67	66
	Female	32	32	31	33	34
Employment type %	Full-time	91	93	93	92	92
	Part-time	8	6	6	7	6
	Casual	1	1	1	1	2
Age Group %	16-29	23	21	17	20	24
	30-49	62	64	68	65	63
	50+	15	15	15	14	13
New Employees %*	Male	59	N/A	N/A	N/A	N/A
	Female	41	N/A	N/A	N/A	N/A
	<30	51	N/A	N/A	N/A	N/A
	30-49	45	N/A	N/A	N/A	N/A
	50+	4	N/A	N/A	N/A	N/A
Turnover %	Voluntary Attrition	10	8	10	13	13
	Male	9	9	9	13	13
	Female	13	10	14	12	14
	<35	17	11	16	21	19
	36-59	6	7	7	12	9
	60+	11	7	5	11	9
Diversity	Ratio of basic salary men to women	1.0:0.98	1.0:0.90	1.0:1.0	1.0:0.97	1.0:97
	Female in executive positions	23**	11	11	17	17
Discrimination	Claims for discrimination	3	1	1	1	0
Flexibility %	Employees utilising flexible working arrangements	65	63	63	60	57
Employee survey %	Participation in employee satisfaction survey	75	82	77	88	87
Collective bargaining agreement %	Coverage of the Employee Partnership Agreement (EPA)	59	58	56	60	68
Safety %	Lost Time Severity Rate	14.1***	19.8	12.7	18.1	13.2
	Lost Time Injury Rate	2.6***	0.7	1.8	2.4	2.5

* Data reported for the first time in FY15
** This year we have changed our calculation methodology to include all executive positions. The 13/14 figure under this method would be 16%. We intend to use this methodology consistently in future years
*** LTSR for FY15: Male: 16.6, Female 11.7. LTIR for FY15: Male 4.7, Female 2.3. LTSR and LTIR have been calculated on a restricted number of employees'

LOOKING AHEAD

THE RIGHT CAPABILITIES - 'one HR' – new HR system being rolled out, supporting customers in regional Australia and small to medium business customers

FOCUS TALENT PIPELINES through university partnerships, graduate programs, internships and regional talents exchanges; targeting future capabilities and leadership.

FOCUS ON EMPLOYEE CAREER DEVELOPMENT, including individual development plans and career pathways and for our people within technical, project and leadership roles

EMBED LEADERSHIP DEVELOPMENT SOLUTIONS through blended learning solutions including online, feedback tools, coaching and leadership forums

The Australian Business Roundtable for Disaster Resilience and Safer Communities, of which we are a founding member, was awarded the certificate of distinction in the prestigious 2015 United Nations Sasakawa Awards for Risk Reduction

In our mobile network we've reduced our energy intensity per Terabyte even though mobile data use ("traffic") on our networks has continued to increase substantially year on year.

Invested into the upgrade of 560 key mobile sites with smarter meters to provide greater visibility and control of our energy consumption.

ENVIRONMENT

WE'RE COMMITTED TO MANAGING NOT JUST OUR OWN ENVIRONMENTAL FOOTPRINT BUT ACROSS OUR VALUE CHAIN.

FY15 WAS A YEAR OF REVIEWING OUR ENVIRONMENTAL ACTIVITIES ACROSS THE BUSINESS AND ALIGNING OUR APPROACHES WITH SINGTEL.

We updated our environmental policy, established a new strategy and revised our governance structures.

Through understanding our impacts, we're committed to minimising our environmental footprint across our value chain. We will achieve this by delivering on our 4 strategic pillars: addressing climate change, integrating the environment agenda into our value chain, engaging our stakeholders and product & resource responsibility.

Integrating the environmental agenda into our value chain pillar is discussed in the Sustainable Supply Chain section, whilst the other pillars are discussed below.
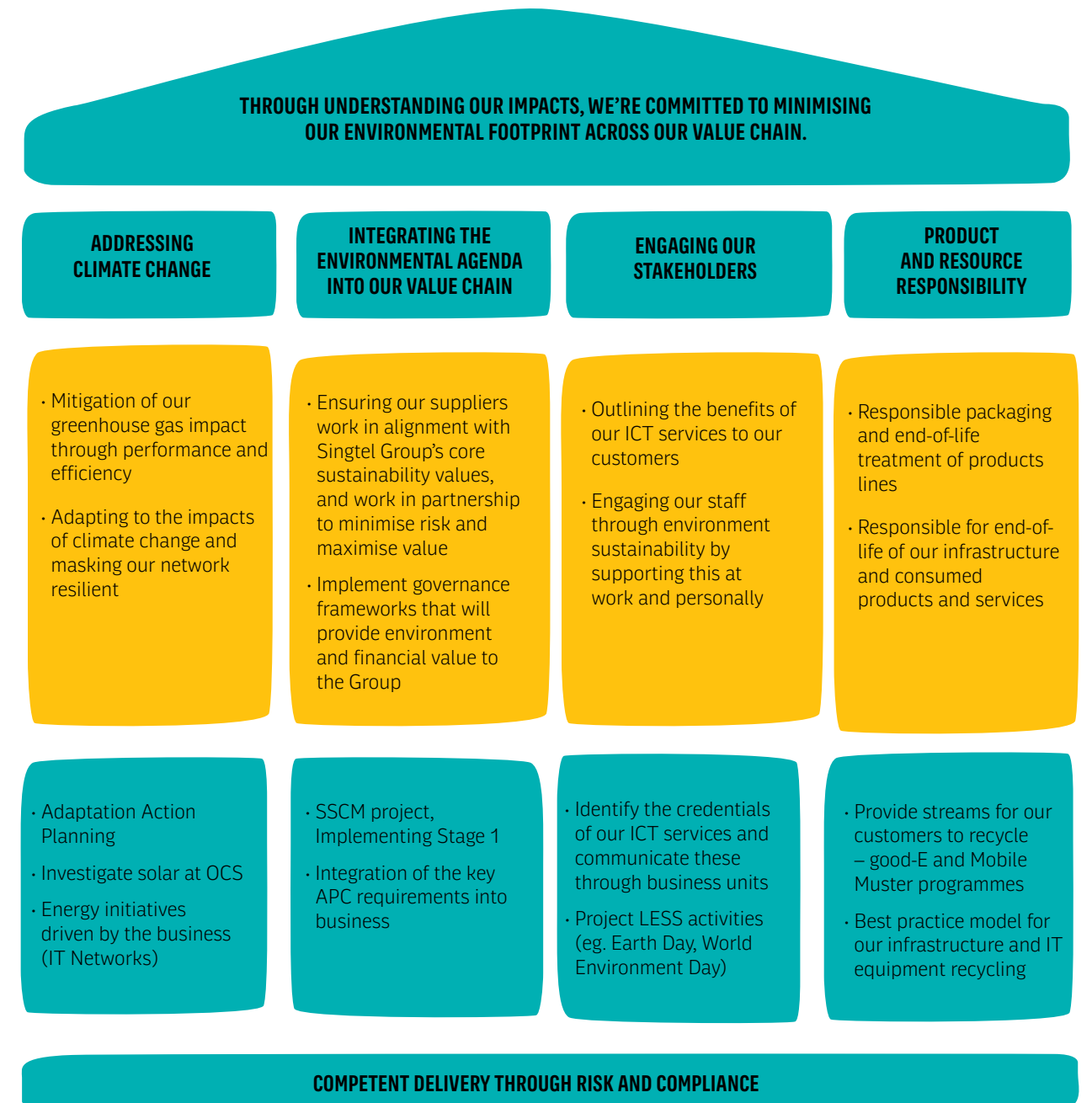
ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

Our EMS operates in alignment with the ISO 14001 management system. It applies to our key activities in our networks area which has the most interfaces with the environment and our potential to impact it.

Our approach, to reduce environmental impact and invest in the development

of new products, supports the precautionary principle of the 'Rio Declaration on Environment', 1992. For more information about our Risk Management Philosophy and Approach see page 80 in our Annual Report.

OPTUS ENVIRONMENTAL STRATEGY

THROUGH UNDERSTANDING OUR IMPACTS, WE'RE COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT ACROSS OUR VALUE CHAIN.

ADDRESSING CLIMATE CHANGE	INTEGRATING THE ENVIRONMENTAL AGENDA INTO OUR VALUE CHAIN	ENGAGING OUR STAKEHOLDERS	PRODUCT AND RESOURCE RESPONSIBILITY
· Mitigation of our greenhouse gas impact through performance and efficiency · Adapting to the impacts of climate change and masking our network resilient	· Ensuring our suppliers work in alignment with Singtel Group's core sustainability values, and work in partnership to minimise risk and maximise value · Implement governance frameworks that will provide environment and financial value to the Group	· Outlining the benefits of our ICT services to our customers · Engaging our staff through environment sustainability by supporting this at work and personally	· Responsible packaging and end-of-life treatment of products lines · Responsible for end-of-life of our infrastructure and consumed products and services
· Adaptation Action Planning · Investigate solar at OCS · Energy initiatives driven by the business (IT Networks)	· SSCM project, Implementing Stage 1 · Integration of the key APC requirements into business	· Identify the credentials of our ICT services and communicate these through business units · Project LESS activities (eg. Earth Day, World Environment Day)	· Provide streams for our customers to recycle – good-E and Mobile Muster programmes · Best practice model for our infrastructure and IT equipment recycling

COMPETENT DELIVERY THROUGH RISK AND COMPLIANCE

ADDRESSING CLIMATE CHANGE

Through addressing climate change we're actively working in two key areas. Firstly, the mitigation of our greenhouse gas emissions by improving our energy performance and efficiency. Secondly, building and maintaining a resilient network in the face of climate change.

REDUCING GREENHOUSE GAS EMISSIONS

One of our greatest impacts on the environment is the consumption of electricity and fuel (energy) and generation of greenhouse gas (GHG) emissions associated with our operations.

94% of our energy consumption is associated with our networks so as our network and services expand the demand on these resources continues to increase.

On the flip side, smart technology and services (e.g. cloud computing, audio/video conferencing etc.) can provide opportunities to reduce emissions for our business and the wider community. We're investing in innovative solutions to reduce our energy and emissions across our network, exchanges, mobile base stations and corporate facilities.

This year we saved $3.1million in network electricity costs through improved energy efficiency and performance management initiatives.

We report publicly on our energy and emissions under the National Greenhouse and Energy Reporting (NGER) Act NGER and voluntarily report to the Carbon Disclosure Project (CDP) with Singtel. Both of these initiatives help us understand how we're mitigating and managing our emissions from year to year.

TARGETING ENERGY

We experienced a 9% increase in energy use this year, consuming a total of 1,533,360 gigajoules (GJ). The majority of our energy usage is electricity (97%), which is consumed by our networks (54%) including data centres and telephone exchanges as well as mobile (40%) which includes satellites and mobile base stations. The increase in energy use is largely due to the ever increasing demand by our customers for data and nowhere is this more evident than in our mobile network.

A key focus for this year has been to establish an energy intensity target for energy consumption. Rather than just looking at the total amount of energy consumed, an intensity target helps us measure how energy efficient we're being. This is a more relevant measure particularly as our network and services continue to expand, and consume more electricity, we will be able to compare how efficient we're being from one year to the next.

In addition to tracking our own energy performance, we've been an active member of the GSM Association (GSMA) to benchmark our energy performance amongst other mobile network operators globally. Our performance is very pleasing with our mobile network rated 'average – low across a number of key performance indicators compared with other international telcos.

Earth Day - Brisbane Crew

ENERGY USE (GJ)

40% MOBILE

54% NETWORK

6% CORPORATE
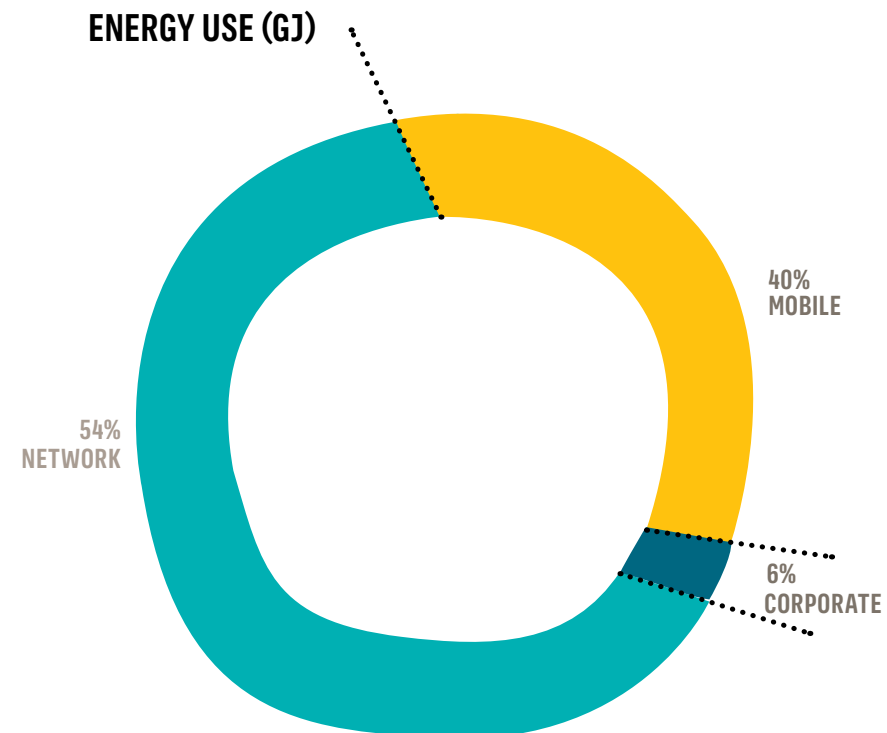
GETTING SMART

One of our most ambitious programs to improve our energy performance management has been to proactively invest in upgrading 560 base stations with smart metering this year. Just like 'smart meters' now found in many homes, they allow us to track the energy use at each base station every 15 or 30 minutes, so we can see when our consumption goes up and down in relation to the data traffic on our network.

The data that these meters provide gives us the knowledge to better manage our energy consumption and ultimately help us influence future equipment use and network design. Next year we're committed to upgrading another 400-500 base stations and continue to improve our energy performance management.

We're also continuing to incorporate free cooling as a standard design feature of all new mobile base stations in suitable climatic zones, just like our previously reported efforts to capture 'free cooling' in our exchanges.

HELPING CUSTOMERS USE LESS ENERGY

Aussie start-up Wattcost beat over 500 developers across India and Asia to take out the first ever Singtel Group-Samsung Regional Mobile App Challenge. The challenge is part of a larger group level collaboration to identify innovative start-ups and help them accelerate their development, while improving the smartphone experience for our customers.

Wattcost is a free mobile app which along with an affordable wireless beacon, analyses energy use and sends real time alerts to help customers optimise their energy consumption and save electricity costs.

Wattcost will now work with us and the team at Samsung to take its app to over half a billion mobile customers across Asia and Africa.

SUPPORT FOR CYCLONE AFFECTED COMMUNITIES

Four days after Queensland was hit with cyclone Marcia, our people remained on the ground working hard to fully restore services to the community as quickly as possible.

Our engineers closely monitored the network to minimise impacts on customers. We worked closely with the authorities to enable quick and safe access to restricted areas and where possible, we responded to power outages by deploying back-up generators. We also installed a satellite cell into the affected region to expand mobile services.

We distributed pre-paid SIMs and satellite loan phones for residents of Yeppoon who at the time had no access to telecommunications services. The Red Cross also distributed our pre-paid SIMs in Rockhampton and Yeppoon where our Yes Optus Shops were impacted

We have a financial assistance policy to support customers in such times of need. In fact, we received over 300 after Cyclone Marcia hit seeking financial assistance. The types of financial hardship support we offer our customers include:

- Free call diversions from an Optus fixed home phone to any mobile or fixed number
- Extended timeframes for bill payment
- Bill waivers in instances of extreme financial hardship; and
- Free relocation or cancellation fees.

"It's impossible to stop natural disasters from happening but it is possible to do more to make our communities safer." - Australian Business Roundtable for Disaster Resilience & Safer Communities

BUILDING RESILIENCE

We understand the importance of our role as an ICT provider for our essential services and our community. This is why we're working to future-proof our network against the impacts of climate change.

In the last 12 months we've experienced terrible devastation in Queensland with Cyclone Ita in April 2014 and Cyclones Lam and Marcia in February 2015. On both occasions our network team worked closely with local emergency services to restore affected mobile sites as quick as possible. With scientists predicting more extreme weather events in the future, it's critical that our networks and services are resilient to keep our customers, businesses and communities connected.

This work will continue to be a strong focus for us over the coming years in order to 'future proof' our infrastructure. We know we can't do it alone, and that's why we've partnered with others to address this systemic issue. For example, we're a founding partner and active member of the Australian Business Roundtable for Disaster Resilience & Safer Communities. We're also a member of the Australian Green Cross Business Adaptation Network. In both partnerships, we're working with other major Australian companies to tackle this important issue and help Australian communities respond better to natural disasters

The Australian Business Roundtable for Disaster Resilience and Safer Communities, of which Optus is a founding member, was awarded the certificate of distinction in the prestigious 2015 United Nations Sasakawa Awards for Risk Reduction overnight in Japan, the first private sector organisation to do so in the 29 year history of the awards.

With a competitive field of 88 nominations from 44 countries, the Sasakawa Award this year focused on innovative efforts to reduce the impact of disasters and build resilience.

The Business Roundtable is represented by six of Australia's leading CEOs (including Paul O'Sullivan, former Optus CEO now Chairman), who believe that it's of national importance to have resilient communities that can adapt to extreme weather events and natural perils.

The jury to the Sasakawa awards stated that:

"This is an unprecedented leadership of a private sector action group, voluntarily pooling their resources with firmness of purpose and creative dedication..... The Roundtable provides an outstanding example of the potential power of effectively organized private sector in shaping the future."

AUSTRALIAN BUSINESS ROUNDTABLE
for Disaster Resilience
& Safer Communities

ENGAGING OUR STAKEHOLDERS

Our people are our greatest asset. To help them to live more Yes, we're focused on ensuring they have opportunities to get involved and make a difference to our environment. We get behind and encourage our people to get involved in Earth Hour and Clean up Australia Day.

We're also working at more ways for them to get involved, like inviting keynote speakers and thinkers in the environmental space to come and talk and ways they can provide regular feedback. We also understand that our business partners and customers are looking for better environmental solutions for their businesses today, so we're focused on delivering efficient green IT solutions through the services we're able to provide. Our Cloud computing capability and security services are paramount to our customers and we're working hard to provide the best service while optimising our environmental impacts.

To ensure we're focusing on the right impact areas, we're engaging a piece of work that will inform our business of the Lifecycle Assessment of our direct and indirect impacts. This will underpin what we deliver to our customers in this space.

OPTUS UNDERSTANDS THAT OUR BUSINESS PARTNERS AND CUSTOMERS ARE LOOKING FOR BETTER SOLUTIONS FOR THEIR BUSINESSES TODAY.

HELP IS JUST A TAP AWAY

We launched an innovative Emergency+ app which makes it easier to find the right number at the right time. It uses a mobile phone's GPS functionality so callers can provide the emergency service with their location information as determined by their smart phone. The app also includes SES and Police Assistance Line numbers as options, so non-emergency calls are made to the most appropriate number.

We've been working with Queensland Fire and Emergency Services to provide an app (INCSnap) to capture and manage sensitive information and images during the early stages of an emergency. The app provides Queensland fire fighters with the ability to capture both impacts and the coordinates of a fire's location using a smartphone in a secure and organised way so that data can be quickly provided to the control centre to assist manage an incident response. It's a great example of how we're providing innovative and commercial solutions to enhance the capability of emergency communication services

Over the next few years we will be embarking on a program of building approximately 389 new mobile tower, 'greenfield', sites.

This will involve more rigorous planning, collaboration and consultation with local Councils and communities to determine the need for infrastructure and other services identify suitable locations and seek the necessary approvals for building to occur. We anticipate there will be community concerns raised and potentially opposition to our some of our proposals but we're willing to listen and think of alternative solutions to problems where possible to say 'Yes' to better infrastructure for everyone.

PRODUCT & RESOURCE RESPONSIBILITY

Electronic waste ('E-waste') has a significant impact on the environment. Many electronic devices include heavy metals such as lead, cadmium, mercury and arsenic. If not handled properly, these can poison our environment and threaten the health of individuals and communities.

E-waste contains a combination of reusable raw materials as well as toxic materials. The raw materials have value and can be reused to manufacture new products. The appropriate handling of e-waste can both prevent serious environmental damage and also recover valuable materials, especially for metals.

We encourage our customers and people to reduce, reuse and recycle.

- We offer our customers a buy back scheme so that end of contract phones can be reused and we've been proudly supporting Mobile Muster, since 1998 enabling customers to recycle their old mobile phones free of charge by taking them to any of our retail outlets. Recycling through Mobile Muster has decreased from 4.8 last year to 3.7 tonnes this year as more customers are trading their phones in instead of recycling them.

- We're committed to responsible packaging and have responsibilities under the Australian Packaging Covenant (APC). This year we commenced a packaging review with a multi-stakeholder group to implement a best in class packaging campaign. This has identified some key initial improvements in our choice of cardboard products and is also looking across our whole range of Optus branded products.

- We also reuse and recycle all our Optus IT equipment from servers and shelving to the actual computers we use. We recently undertook a significant sustainable asset management disposal program that saved significant amounts of money, was able to identify key pieces of equipment for reuse and has been able to achieve above 90% recycle rates on materials that would otherwise have been disposed to landfill. This initiative has been widely successful and has continued as part of our day to day operations.

DID YOU KNOW?

More than 7 million new phones and tablets were bought in Australia in the second half of 2014. Old phones got less care and affection. In 2014, MobileMuster diverted 80 tonnes of e-waste from landfill.

In Australia it's estimated that there are over 23million old mobiles sitting in drawers. Over 90% of the materials in your old mobile devices are recyclable and can be reused, avoiding future greenhouse gas emissions, saving energy and protecting our natural environment and resources.

ENVIRONMENTAL PERFORMANCE INDICATORS

PRIORITY	INDICATOR	UNIT	14/15	13/14	12/13	11/12	10/11
Fleet	Vehicles	Number	442	392	457	572	534
	Petrol Use	Litres	163,635	255,939	421,619	663,179	895,723
	Diesel use	Litres	770,784	665,347	583,471	448,017	329,640
	Total	Litres	937,158*	923,116*	1,005,090	1,111,187	1,225,898
Energy**	Electricity use	MWh	415,095***	378,797	369,090	348,000	336,608
		GJ	1,494,342	1,363,670	1,328,724	1,295,735	1,256,804
GHG emissions**	Scope 1 and 2 emissions	tCO2e	377,519	346,102	344,997	331,593	325,465
Air travel	Flights	tCO2e	8,564	10,078	9,058	8,006	7,640
Water use	Macquarie Park campus	Kilolitres	60,422	91,955	97,872	116,959	142,732
Paper use	Applicable customers using online billing	%	55	48	44	49.6	44
Waster & recycling	Recycling rate at head office	% Diversion	71%	86	n/a	93	92
	Mobile muster	Tonnes	3.7	4.8	5.4	5.6	4.5

* Includes oil and grease (2,739 litres in FY15, 1,830 litres in FY14)

** We report our data and accounting in relation to greenhouse gas emissions and energy consumption in line with the National Greenhouse and Energy Reporting (NGER) Act. We use the National Greenhouse and Energy Reporting (Measurement) Determination 2008 for methods and criteria for calculating our greenhouse gas emissions and energy data.

*** Includes on-site renewable energy use of 129MWh

Note: Total 2013/14 energy (GJ) updated from previously published figure. This is due to the unintentional omission of some stationary diesel fuel consumption, that only became known after the 13/14 report publication

LOOKING AHEAD

COMMITTED TO UPGRADING
another 400-500 base stations and continue to improve our energy performance management.

IMPLEMENT THE NEW ENVIRONMENT AND ENERGY FRAMEWORK, WHICH INCLUDES:

- Assessment of the long term energy impact of new procured technologies

- Establish e-waste recycling capability for the broader scope of e-waste

- Completion of environment life cycle impact and adaptation exercise

THE PROGRESS WE'VE MADE

Ever since we started reporting on sustainability back in 2000, we've set a one-year forward looking target across a number of key metrics. 16 years on, we want to continue to be at the forefront of embedding sustainability across our business and making it even more strategic by introducing short and long term targets. We're currently working with closely with the business to devise these targets and we look to report them next financial year.

Meanwhile, in the spirt of comparability and transparency, we've reported on our progress on the one-year targets which we set last year.

MARKETPLACE AND CUSTOMERS

#	2015 TARGET	RESULT	DETAILS
1	Add more than 400 greenfield sites to strengthen our network	✗	The main driver for lower than anticipated greenfield delivery was the re-focussing of effort into upgrading the Network to 4G and particularly introducing Optus 4G in Regional Australia using the 700MHz spectrum and achieving 4G coverage to 83% of the National population at March 2015. Note whilst there was no significant delivery, a lot of preparatory work has been completed in both metro and regional areas including site acquisition and transmission build.
2	Expand our metropolitan and regional 4G network to reach 90% of the Australian population	✗	Our 4G network currently reaches 86% of the Australian population at the end of April 2015.
3	Continue to improve our market NPS	✓	+4 points. Only tier 1 telco in positive NPS
4	Maintain TIO complaint volumes at or below 2.0 complaints per 10,000 subscribers	✓	TIO at 1.85 complaints / 10,000 at end of FY
5	Introduce the virtual agent services on the small-to-medium section of the Optus website	✓	Met fully

COMMUNITY

#	2015 TARGET	RESULT	DETAILS
1	Achieve literacy improvement of 82% and program retention rate of 80% for mobile student2student program	✓	94% of students improved their reading age, relative to the start of the program.
2	Increase volunteering from 10% to 15% including ABCN programs	✓	Volunteering rates at 15% at the end of FY15
3	Continue workplace giving momentum towards 8% employee participation	✓	Workplace giving rates at 8% at the end of FY15
4	Continue to build on our Digital Thumbprint program ensuring young people are educated about cyber safety, reach 27,000 students	✓	We reached 37,821 students achieving 40% over target Digital Thumbprint was adopted by Singtel as a Group wide regional program about Digital Citizenship
5	Reach 5,000 primary students nationally through Kids Helpline @ School	✓	We more than doubled our target, reaching 11,207 students

PEOPLE

#	2015 TARGET	RESULT	DETAILS
1	Develop an employee education and support program focused on mental health issues	✓	We introduced a comprehensive mental health strategy. See section on Health & Wellbeing.
2	Provide a minimum of 12 employees with access to international secondment opportunities through the Regional Talent Exchange	✗	We achieved 8 talent moves for the year. Unfortunately our JV partner delayed the exchange program for 5 graduates until the 1st week of April, which will be reported in the FY16
3	Improve our employee engagement score by 3% points for Consumer Australia and 5% points for Optus Business	✗	Achieved 2% points for Consumer and Engagement remained flat for OB
4	Increase our people NPS by 3% points	✓	People NPS exceeds 3%

ENVIRONMENT

#	2015 TARGET	RESULT	DETAILS
1	Implement an energy intensity metric kWh/TB for mobile traffic (voice & data combined)	✓	An energy intensity target for energy consumption was established and will be trialed internally
2	Undertake Level II energy audits on a minimum of eight major network facilities	✓	Achieved
3	Commence Representative Assessments of Mobile Base Stations in accordance with approved methodology	✓	Despite retraction of the Energy Efficiency Opportunities Act we remain committed to energy efficiency measures and expanded a desktop analysis of sites
4	Implement an environmental audit program across major networks projects	✓	During the past year an environmental audit program has been developed and implemented across high risk networks projects. High risk projects generally involve those classified as Non Low Impact under the Telecommunications Act and which require various regulatory approvals from external agencies. During the financial year a total of 37 high risk projects were audited during the construction phase, to assess compliance with the relevant approvals and Optus policies and procedures. The findings are captured and tracked to ensure closeout in a timely manner.
5	Develop pre-construction and site inspection checklists for environmental issues	✓	Both a pre-construction and site inspection checklist have been developed during the past year. However to date they have not been implemented across the business. Some of the key stakeholders have viewed these checklists as somewhat repetitive as much of the information they contain is already captured elsewhere, such as in the Environmental Management Plan and the Environmental Audit Checklist. At this stage it is not clear whether these documents will be utilised further.

MEMBERSHIPS AND INDUSTRY INITIATIVES WE SUPPORT

INDUSTRY ASSOCIATIONS

ORGANISATION	FOCUS
Association for Data Driven Marketing and Advertising (ADMA)	ADMA Direct Marketing Code of Practice set standards of conduct for direct marketers and applies to all direct marketing and data driven activities
Australian Information Industry Association (AIIA)	Peak representative body and advocacy group for the ICT industry
Australian Mobile Telecommunications Association (AMTA)	The peak body representing Australia's mobile telecommunications industry. Including mobile Carriage Service Providers (CSPs), handset manufacturers, retail outlets, network equipment suppliers and other suppliers to the industry
Communications Alliance	The primary telecommunications industry body in Australia with a leadership role in facilitating industry-based solutions to sectoral issues and is taking steps to bring to fruition the broadband and digital era, including leading the industry's involvement in the National Broadband Network implementation.

KEY CORPORATE MEMBERSHIPS

ORGANISATION	FOCUS
Australian Business Roundtable for Disaster Resilience & Safer Communities	The Roundtable works constructively with governments to improve the nation's resilience against future natural hazards
Australian Israel Chamber of Commerce (AICC)	National business organisation of over 1000 leading companies promoting non-partisan business networking and bilateral trade
Australian Green Cross Business Adaptation Network	Network involving companies and research organisations that share an interest in advancing good climate adaptation practices
Diversity Council of Australia	Independent, not-for-profit workplace diversity advisor to business in Australia
Mobile Muster	Official product stewardship programme for Australia's mobile phone industry
National Safety Council of Australia	Assists to inspire, educate, inform and engage Australian business in best practice WHS and risk management.
NSW Equity and EEO Practitioners Association (NEEOPA)	A non-profit Association supporting HR and Diversity Practitioners to network, share best practice and to learn from functional and industry experts

OTHER EXTERNALLY DEVELOPED ECONOMIC, ENVIRONMENTAL AND SOCIAL CHARTERS, PRINCIPLES, OR OTHER INITIATIVES TO WHICH WE SUBSCRIBE OR ENDORSE.

ORGANISATION	FOCUS	BINDING/VOLUNTARY	DATE OF ADOPTION
Australian Packaging Covenant (APC)	A sustainable packaging initiative which aims to change the culture of business to design more sustainable packaging, increase recycling rates and reduce packaging litter.	Voluntary but underpinned by a co-regulatory arrangement	2007
Australian Stock Exchange (ASX) Governance Guidelines and Recommendations	Recommendations for ASX listed companies to disclose sustainability related risks. Singtel Group was listed on the ASX in 2011 and was delisted on 5 June 2015	Obligation to comply if risks are considered financially material	2011
Australian Radiation Protection and Nuclear Safety Agency (ARPANSA)	Radiation Protection Standard for Maximum Exposure Levels in Radiofrequency Fields—3k Hz to 300 GHz (2002) (the ARPANSA Standard).	Binding under State & Commonwealth Occupational Health & Safety Acts	2002
Global Reporting Initiative (GRI)	Reporting guidelines for the preparation of sustainability reports	Voluntary	2002
London Benchmarking Group (LBG)	Methodology to measure and report on our contribution to the community	Voluntary	2009
National Greenhouse Emissions and Energy Reporting (NGER) Act	Australian legislation outlining requirements for companies to report their greenhouse gas emissions and energy consumption data	Binding	2007
United Nations (UN) Global Compact	A leadership platform for businesses committed to aligning their strategies and operations with ten universally accepted principles in human rights, labor, environment and anti-corruption	Voluntary	2014

KEY COMMUNITY GROUPS THAT WE ENGAGE WITH REGULARLY

ORGANISATION	FOCUS
Karma Currency	An independent, charitable not-for-profit that connects those that can give with those in need.
Australian Charities Fund	ACF is an architect, driver and thought leader of workplace giving as the most effective and efficient way to channel donations from both employees and employers to the charitable sector and increase their capacity to achieve social change.
Charities Aid Foundation	Charities Aid Foundation (CAF) Australia is a not-for-profit committed to facilitating the most effective and efficient ways to connect donors to the causes that matter to them and for money to get where it's needed.
Philanthropy Australia	Philanthropy Australia is the national peak body for philanthropy and is a not-for-profit membership organisation. It supports the philanthropic endeavours of our members and the broader sector.
Telco Together	The Telco Together Foundation is a unified platform enabling the telecommunications industry to make a significant social contribution within Australia.
Fundraising Institute of Australia	The Fundraising Institute Australia (FIA) is the national peak body representing professional fundraising in Australia.
Macquarie School of Management (MGSM) CSR network	A local CSR network of companies and the University aimed at sharing best practice CSR activities and collaboration

INDEPENDENT ASSURANCE STATEMENT

To the Management and Stakeholders of Singtel Optus Pty Limited

Ere-S Pte Ltd (Ere-S) has been engaged by Singtel Optus Pty Limited (Optus) to conduct an independent assurance on delimited sets of information found in the Optus Sustainability Report 2015 (the Report). The engagement took place in May and June 2015 and was carried out in parallel with the assurance on the Group's Sustainability Report by Singtel in Singapore.

Scope and limitations

The scope of the assurance was restricted to the performance data of the material aspects listed below. Ere-S verified the statements and figures provided in the Report with reference to the GRI indicators shown in brackets.

• Energy use within the organisation (G4-EN3)
• GHG emissions scope 1, 2 and 3 (G4-EN15, G4-EN16, G4-EN17)
• Average training hours (G4-LA9)
• Injury rates (G4-LA6)
• Indirect economic impacts (G4-EC8)
• Supplier screening on environment and human rights (G4-EN32, G4-HR10)

Ere-S also verified that the performance information relevant to the above aspects and passed to the Singtel reporting team for inclusion in the Singtel Group Sustainability Report 2015 was aligned with the Group's reporting requirements.

Ere-S also evaluated Optus's overall approach to materiality and stakeholder engagement with reference to GRI indicators G4-18 and G4-25.

The assurance encompassed the performance data related to the reporting period April 2014 to March 2015. Historical data was not assessed. It was not within Ere-S's remit to verify that all elements provided in the GRI guidance (what to report) on each indicator had been fully reported.

Type of assurance and criteria

A moderate level of assurance under the AA1000 Assurance Standard (AA1000AS 2008) Type 2 was provided for this engagement. A moderate assurance is limited to desktop review and management-level evidence gathering and data verification. The assurance was also conducted in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000).

Assessment of the quality of the reported sustainability performance information was made using the G4 Reporting Principles (reliability, accuracy, balance, comparability, timeliness, clarity, sustainability context and completeness). The overall sustainability framework of Optus was evaluated according to the AA1000 AccountAbility Principles (AA1000APS 2008) of inclusivity, materiality and responsiveness.

Responsibility and independence

This statement represents the independent opinion of Ere-S. The management of Optus was responsible for the preparation of the Report and all statements and figures contained within it. The responsibility of Ere-S is

to provide the assurance, to express conclusions in relation to the agreed scope and to prepare the assurance report and this assurance statement for the management of Optus alone and for no other purpose. Ere-S has not been involved in the development of the Report or the disclosed management processes; neither has Ere-S been engaged by Optus for other projects. The activities of Ere-S are independent of Optus and contain no financial interest in Optus's business operations. Ere-S does not accept responsibility for any actions taken by other parties as a result of the findings presented in this assurance statement.

Assurance methodology

Ere-S carried out interviews with 10 key data owners, including the Vice President Group Corporate Social Responsibility, at Optus's corporate offices in Sydney and subsequently in Singapore by phone and video conferencing. Data verification included the following:

• Enquiring about the quantitative and qualitative aspects of the Report disclosures, including performance information, policies, procedures and underlying management systems within the assurance scope.

• Requesting evidence of the data sources and explanation of relevant collection and calculation methods to substantiate the figures and claims. This includes sampling of quantitative data originating from multiple sources.

• Challenging the claims made in the Report and, where possible, confirming the presented evidence, including calculation methods, criteria and assumptions, with multiple data owners and other documentation from internal and external sources.

Ere-S assessed the evidentiary information and provided recommendations for required correction and future improvement of the Report content.

Findings and observations

Overall, the information provided by the data owners was comprehensive and supported by well-structured data collections and reporting processes.

Energy use within the organisation and GHG emissions scope 1, 2 and 3: From Ere-S observations, the strongest reporting processes pertain to energy consumption and GHG emissions performance. The majority of electricity readings from business units are collected electronically and all data collation is carried out by a third party, which runs first-level data quality checks. Levels of detail in the criteria and assumptions used in the calculations were found to be very high. In addition, formulas and conversion factors are standardised across the business units and based on national regulations (NGER and NGA). During the verification process, Ere-S did not find any errors in the data sets on energy use and GHG emissions and the relevant underlying data sources that were assessed through sampling.

Average training hours: Acceptable accuracy was also observed in the collection and reporting processes for staff training hours. However, source data is extracted from diverse databases and imported into a spreadsheet file before being compiled into tables. This process is completed using various means, including an internally scripted database query and manual operations, such copying and pasting of tables. Although Ere-S did not find errors in the data and formulas verified during the assurance, these manual operations may lead to data processing errors and misstatements in the Report. Less complex and more automated collection and compilation processes would greatly reduce this risk.

Injury rates: The level of reliability and accuracy in the calculation methods used to obtain the performance figures on injury rates (LTSR and LTIR) appeared to be acceptable, although some business units have been omitted from the count. Some minor inconsistencies were found in the data sets provided to Ere-S but did not significantly affect the final figures. More detailed documentation of the adjustments made in the final phases of the data processing would greatly facilitate the verification process.

Indirect economic impacts: Ere-S did not find any inaccuracies in the evidence provided to support the statements related to indirect economic impacts. Most evidence comprised qualitative information, including procedures, descriptions of initiatives and programmes, and evaluation reports, which could be easily verified.

Supplier screening on environment and human rights: Evidence to support effective and quantifiable assessment of suppliers on environment and human rights aspects was weak despite observable underlying processes and policies. It is expected that the Group's new Sustainable Supply Chain Management System, currently in development, will fill this gap.

Evaluation of the adherence to AA1000 AccountAbility Principles

Inclusivity - How the organisation engages with stakeholders and enables their participation in identifying issues and finding solutions.

Optus's engagement mechanisms during the reporting period are evidenced by the global stakeholder engagement exercise initiated by Singtel in 2014. This included a specific survey on sustainability reporting involving some of Optus's key stakeholder groups, such as customers, charity partners, some employees and external agencies and associations.

In addition to this one-off exercise, established on-going engagement channels were observed within Optus, such as employee surveys and meetings, shareholder roadshows, and customer touch points and feedback channels. Involvement with other stakeholder groups, such as charity partners and government agencies are less regular and often initiated on a project or event basis (notable examples include disaster recovery within affected local communities).

Formal engagement with suppliers appears to be the less mature. However, notable efforts towards building effective interaction between Optus and its key suppliers on environment and labour issues have been observed.

Materiality - How the organisation recognises issues that are relevant and significant to it and its stakeholders.

The results of the 2014 materiality assessment – which was carried out in consultation with top-management and key personnel within the company and through engagement with external stakeholders – are reflected in the documentation and processes assessed during the assurance. These include new policies and procedures, such as the Group's fraud investigation policy, whistle blower policy and supplier code of conduct. They highlight the identified key issues and, where relevant, provide compliance and reporting requirements, prevention measures and feedback channels.

As engagement with Optus's suppliers is still on-going, new material issues or sub-issues specific to global or local suppliers, may yet be identified and require inclusion in the management approaches.

Responsiveness - How the organisation responds to stakeholder issues and feedback through decisions, actions, performance and communication.

Evidence of management processes to answer stakeholders' concerns has been observed for all key stakeholders. Within the scope of the assurance, such evidence includes a responsive health and safety system, disaster recovery initiatives for the local community and the detailed measurement and reporting of performance on energy consumption and GHG emissions following local regulations.

Conclusion

On the basis of a moderate assurance engagement and according to the agreed scope and criteria, nothing has come to our attention that causes us not to believe that, in all material respects, Optus's Sustainability Report 2015

− includes statements and figures relevant to the GRI indicators G4-EN3, G4-EN15, G4 EN16, G4 EN17, G4-LA6, G4-LA9, G4-EN32, G4-HR10 and G4-EC8 that achieve an adequate level of reliability and accuracy.

− provides a credible and fair representation of the organisation's sustainability profile and a reasonable application of the AA1000 AccountAbility Principles.

Moving forward

For further improvement in sustainability reporting by Optus, Ere-S recommends the following:

Optus should ensure that strong quality control mechanisms are implemented throughout all phases of sustainability performance reporting, including in the final steps of data processing and compilation.

Reporting activity would also benefit from further standardisation of data collection processes and clarification of methodologies, at local and Group levels. In this regard, Optus may consider the creation of a shared protocol or online repository that would list all criteria, formulas and assumptions used to calculate the reported performance figures.

When engaging with local and global suppliers, Optus should encourage a two-way dialogue regarding all relevant economic and social issues in addition to carrying out due diligence and compliance. Materiality of the concerns raised by all stakeholders in the supply chain, including workers, should also be evaluated.

The above findings and additional suggestions for improvement have been presented to the management of Optus in a more detailed assurance report.

Singapore, 18 June 2015

Jean-Pierre Dalla Palma
Director, Ere-S,
Lead Certified Sustainability Assurance Practitioner

Ere-S   AA1000
                         Licensed Assurance Provider
                         000-68

Ere-S Pte Ltd is a consulting company based in Singapore and specialising in business sustainability and provides services in the domains of sustainability reporting, sustainability report assurance, stakeholder engagement and CSR training. Our assurance team is composed of assurance practitioners with expertise in CSR and each member is required to follow Ere-S' assurance code of conduct, which can be found at http://www.ere-s.com/assurance-code-of-conduct/

GRI INDEX

GENERAL STANDARD DISCLOSURES

ITEM	DESCRIPTION	REPORT SECTION / DISCLOSURE	PAGE	EXTERNAL ASSURANCE
Strategy and Analysis				
G4-1	Statement from Chairman and the CEO	A Message from Our Chairman and CEO	6-7	
Organisational Profile				
G4-3	Name of the organisation	About This Report	3	
G4-4	Primary brands, products, and/or services	About Us	8	
G4-5	Location of headquarters	About Us	8	
G4-6	Countries of operation	About Us	8	
G4-7	Nature of ownership and legal form	About Us	8	
G4-8	Markets served	About Us	8	
G4-9	Scale of the organisation	About Us	8	
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G4-11	Employees covered by collective bargaining agreements	Our People	58	
G4-12	Organisation's supply chain	Sustainable Supply Chain	32	
G4-13	Change in organisation's size, structure, ownership, or its supply chain	About Us, Sustainable Supply Chain	8, 32	
G4-14	How precautionary approach is addressed	What Sustainability Means to Us, Environment	10, 60	
G4-15	Externally developed charters, principles, or other initiatives to which the organisation subscribes	Memberships and Industry Initiatives we Support	74	
G4-16	Membership of associations	Memberships and Industry Initiatives we Support	74	
Identified Material Aspects and Boundaries				
G4-17	Entities included in the organisation's consolidated financial statements	Singtel Annual Review - Notes to the Financial Statements	132	
G4-18	Process for defining the report content and the aspect boundaries	Focusing on What Matters the Most	16	
G4-19	List of identified material Aspects	Focusing on What Matters the Most	16	
G4-20	Aspect Boundary of material Aspect within the Organisation	Focusing on What Matters the Most	16	
G4-21	Aspect Boundary of material Aspect outside the Organisation	Focusing on What Matters the Most	16	
G4-22	Restatement of information	No restatement		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes		

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Stakeholder Engagement				
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G4-30	Reporting cycle	About this report	3	
G4-31	Contact point for questions regarding the report or its contents	About this report	3	
G4-32	GRI Content Index	The tables in this chapter	80	
G4-33	External assurance	Assurance Report	76	
Governance				
G4-34	Governance structure	Sustainability Governance	12	
Ethics and Integrity				
G4-56	Values, principles, standards and norms	About Us, Sustainability Governance	8, 12	

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ASPECT	INDICATOR	DISCLOSURE	PAGE	EXTERNAL ASSURANCE
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	PR5	Yes to Better Results, The Progress We've Made	27, 72	
Compliance	DMA	About Us, Sustainability Governance, Responsible Products & Services	8, 12, 28	
	PR9	No significant fines		
Indirect economic impacts	DMA	Underpinned by a Great Network, Yes to Safe and Reliable Networks, The Progress We've Made	26, 28, 72	
	EC7			
Customer Privacy	DMA	Customer & Data Privacy	30	
	PR8	Customer & Data Privacy	30	
Customer Health & Safety	DMA	Yes to Safe and Reliable Networks	28	
	PR2	Optus has not received any non-compliance from the Regulator, Comcare, in the last 12 months		
Marketing Communications	DMA	Fair Marketing	31	
	PR7	None		
Supplier human rights assessment	DMA	Sustainable Supply Chain	32	
	HR10	Sustainable Supply Chain	34	✓
Local Communities	DMA	Yes to Safe and Reliable Networks, Building Resilience	28, 67	
	SO2			
Economic performance	DMA	Financial Results, Our Community, The Progress We've Made	10, 36, 72	
	EC1			
Indirect economic impacts	DMA	Education and Employment, Engaging our People, The Progress We've Made	40, 46, 72	
	EC8			✓
Employment	DMA	Our People	50	
	LA1	People Performance Indicators	58	
Training	DMA	Thriving, Talented People	56	
	LA9			✓
Occupational Health & Safety	DMA	Health & Wellbeing	54	
	LA6			✓
Energy	DMA	Environment	60	
	EN3	Environment Performance Indicator	71	✓
Emissions	DMA	Environment	60	
	EN15	Environment Performance Indicator	71	✓
	EN16	Environment Performance Indicator	71	✓