

WE HEAR YOU



Optus Corporate
Responsibility Report 2008

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MESSAGE FROM THE CHIEF EXECUTIVE



CR and sustainable
business success go
hand in hand.

As the leading challenger in Australia's telecommunications industry, we know that the way we look after our customers, our people, our environment and our community is vital to our success.

For us, corporate responsibility and sustainable business success are not mutually exclusive. As a significant contributor to the Australian economy, we continue to integrate corporate responsibility across all of our interactions with the community.

Our commitment starts with me, as leader of the newly established Corporate Responsibility Steering Group. The Steering Group's priority is to fulfill Optus' commitment to conducting its business responsibly and ethically across our main focus areas: the environment, community investment and programs, workplace and marketplace practices.

Optus' recent move to our new corporate campus in Macquarie Park, Sydney demonstrates this commitment. We moved over 6,000 of our people to a self-contained workplace designed with environmental sustainability in mind. In 2008, we were recognised for our commitment to the environment by receiving the prestigious Green Globe Award in the Commercial Office and Tenant sector. This award is testament to our dedication to environmental management and recognises that we are a leader in this field.

We understand the community's expectations around climate change, and so we have taken on the challenge of being 50 per cent carbon neutral in all of our corporate offices. The telecommunications industry as a whole plays an important role here by providing technology solutions that allow communities and businesses to connect to each other wirelessly and remotely.

Connecting communities is also at the heart of what we do. Each year we invest around A\$1 billion to improve Australia's telecommunication networks, products and services. Central to this investment is the national expansion of our mobile network. In 2008 we announced that our mobile network now provides 3G coverage to 96 percent of the Australian population. In 2009 we will be extending our network to 97% coverage, allowing us to continue to deliver choice and competition to even more Australians.

1 MESSAGE FROM THE CEO

This year we will invest over A\$4 million in community partnerships and activities targeted at addressing two pressing social issues – these being social inclusion and disengaged youth. This includes our long term partnership with Kids Helpline, who continue to provide a valuable counseling service to troubled young people, as well as other programs such as School of the Air, aimed at reducing the social isolation of rural and outback children through interactive e-learning opportunities.

I am encouraged by the progress we have made and am equally optimistic about where we are heading. I hope you find this report informative- as always, your ideas and input are welcome.



Paul O'Sullivan
Chief Executive

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ABOUT THIS REPORT

Optus has been reporting on issues relating to our environmental performance, community activities and people programs in our annual 'Community and Environment' reports since 2001. This year however, we have expanded the scope of reporting to address a wider range of corporate responsibility (CR) issues.

We have used the Global Reporting Initiative as the basis of our CR reporting framework, with the aim of providing a much broader view of our impacts across the Australian community and the telecommunications market. Our report is divided into sections which address performance in each of the following areas: economic, environment, community, people and marketplace.

Reporting Guidelines



Guided by the Global Reporting Initiative's 'G3' sustainability reporting guidelines (GRI:G3), we have benchmarked the report's application level as 'B'. We have also considered the principles of the AA1000 Assurance Standard (AA1000 AS) as a guide to assist our explanation of sustainability issues in terms of materiality, completeness and responsiveness. As we progress along our CR reporting journey, we will endeavour to have future CR reports externally assured to the AA1000 AS.

For further information on the GRI see www.globalreporting.org

For further information on the AA1000 AS see www.accountability21.net

Reporting Boundaries

This CR report covers Optus' corporate responsibility performance for the period from 1 April 2007 to 31 March 2008. The report covers the performance of Optus' Australian operations* including our wholly owned Optus 'yes' stores, and where possible, our franchised Optus 'yes' shops and Optus World stores.

*Our subsidiaries Virgin Mobile, Alphawest and UECOMM have been excluded.

Your Feedback

We value stakeholders' feedback and are committed to responding to their concerns.

For further information about Optus' corporate responsibility performance or to provide us with your feedback on this CR report, please email us directly at sustainability@optus.com.au

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ABOUT OPTUS

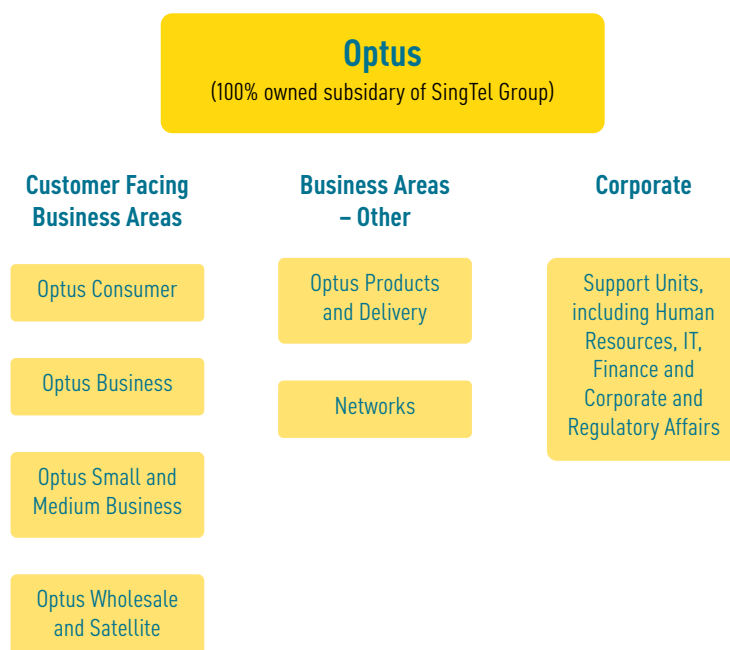
We specialise in a broad range of communications services including mobile, local, national and long distance telephony, business network services, internet and satellite services and subscription television.

In 2001, SingTel became the parent company of Optus, paving the way to become a strong and strategic telecommunications player within the Asia-Pacific region. SingTel is Asia's leading communications group with operations and investments in more than 20 countries and territories around the world. Optus is a significant financial contributor to SingTel and the second largest communications group in Australia. To the year ending 31 March 2008, Optus' total operating revenue was A\$7.76 billion. Optus' mobile revenue was A\$4.36 billion – representing approximately 33 percent of the Australian mobile market.

3.1 Optus Snapshot

Optus is Australia's leading competitor in integrated telecommunications.

3.1.1 Business Structure



3.1.2 Optus Business Areas

Optus is comprised of four major customer facing business areas:

Consumer

Optus Consumer is a leader in mobile voice, data and wireless broadband, offering a range of services and products to Australian consumers in metropolitan, rural and regional areas, including mobile, long distance and local telephony, internet access and subscription TV.

Optus Business

Optus Business is a market leader in alternative access services for corporate and government clients. Our suite of products and services for business includes products for voice, data and internet, IP converged solutions, systems integration, satellite and mobile.

Small and Medium Business

Optus Small and Medium Business (SMB) was launched in 2004, and has grown to over A\$1 billion in revenue.

SMB was created to address the needs of Australia's small and medium sized businesses through the delivery of tailored products, services, sales channels and specialised customer care.

Optus Wholesale and Satellite

Optus is the second largest provider in the Australian wholesale telecommunications market, leading in the mobile and satellite sectors, and recognised as number two in the wire line sector.

Optus Wholesale and Satellite has over 170 valued customers who comprise some of the big names in the telecommunications market. Our satellites carry broadcast services for all the free-to-air TV channels, subscription TV and radio, as well as a range of VSAT* services to regional and remote areas.

*VSAT or a Very Small Aperture Terminal is a two-way satellite ground station.

Market Presence

Total customers	9,441,000
Total FTE, Part-time, and casual staff (excluding franchised stores)	10,679
Total retail staff (including franchised stores)	Approx 2,100

Our Services

Number of mobile customers	7,137,000
Pre-Paid	3,966,000
Post-Paid	3,171,000
Optus business voice minutes (million min)	5,476
Wholesale domestic voice minutes (million min)	1,698
Telephony customers	1,216,000
On net	851,000
Off net	365,000
Total Internet customers	1,088,000
Total broadband customers	907,000

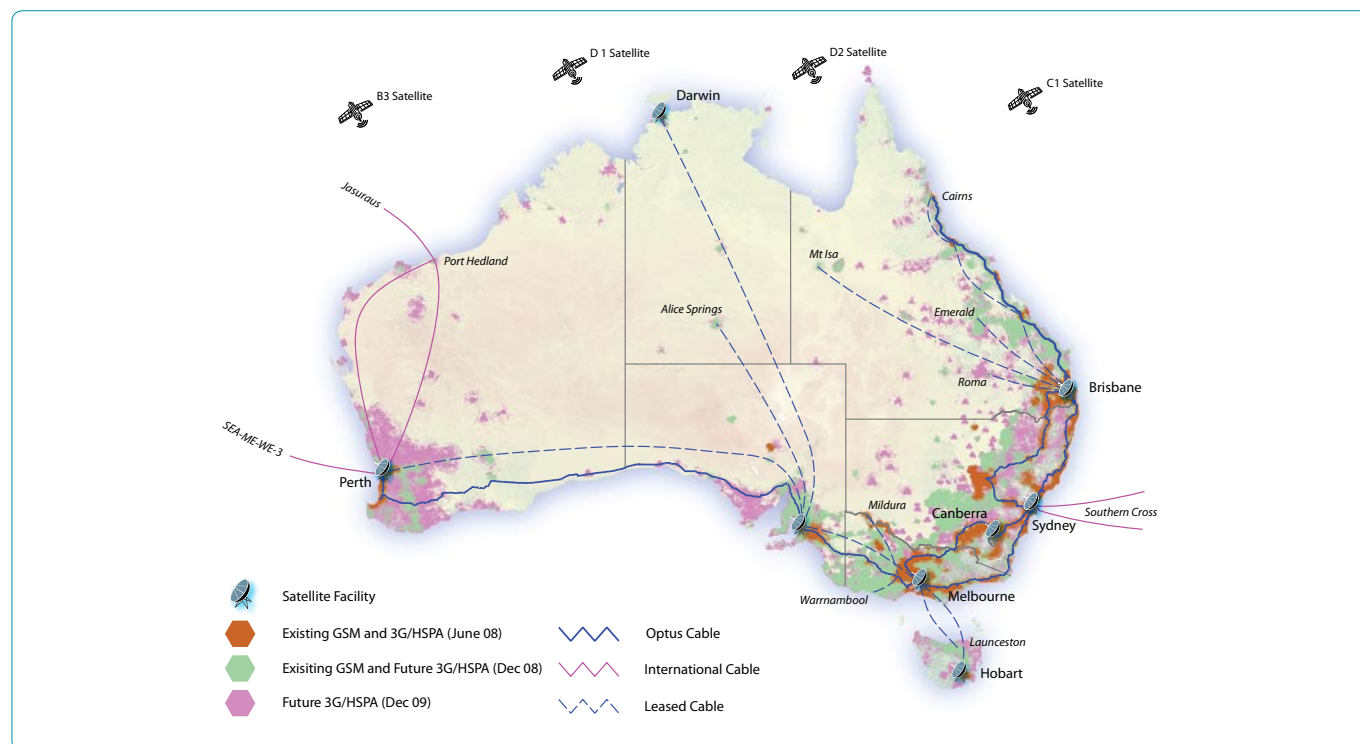
Our Network

Total mobile phone transmission sites	7,591*
Capital expenditure on network infrastructure	A\$ 10 billion (since 1992) (recently this has been approximately A\$ 1 billion annually)

*This figure includes a number of co-locations with other telecommunications carriers and network shared sites.

Corporate Office (Macquarie Park, Sydney, NSW)	1
Optus Centres (state offices)	7
Exchanges	12
Call Centres	4
Wholly Owned Optus World Stores	4
Franchised Optus World Stores	148

The Optus network coverage across Australia



3.2 Optus' Business Principles

3.2.1 Vision

By 2010, Optus will lead Australia in providing an outstanding customer experience.

3.2.2 Values

Customer Focus

- Listen to and anticipate our customers' needs.
- Simplify the customer experience.
- Treat each customer with dignity and respect.
- Deliver quality products and services to grow and sustain customer value.
- Satisfy our customers' needs.

Challenger Spirit

- Embrace change and challenge the status quo.
- Continue to break new ground and seek innovative ways to do business.
- Take calculated risks to meet business goals.
- Compete fairly and vigorously.
- Stay resilient even in tough times.

Teamwork

- Share information and resources across our teams, business units and companies.
- Recognise, respect and value diversity in the team.
- Value the contribution of each member of the team.
- Encourage open discussion and commit to a shared position.
- Consider how our actions impact the team and the group.

Integrity

- Honour commitments.
- Take accountability and responsibility for our actions.
- Treat everyone with dignity, fairness and respect.
- Conduct business with the highest ethical standards.
- Act in accordance with our core values.

Personal Excellence

- Achieve results with a high standard of performance.
- Take personal responsibility and actions for growth and development.
- Recognise individual potential and contribution.
- Maintain work and life harmony.
- Actively seek feedback to improve our performance.

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GOVERNANCE AND STAKEHOLDER ENGAGEMENT

4.1 Governance

Optus, as part of the SingTel group, aspires to the highest standards of corporate governance. Good corporate governance ensures our long-term success and enhances corporate performance and accountability.

As SingTel shares are listed on the Singapore Exchange (SGX) and Australian Stock Exchange (ASX), the SingTel group is guided by the Singapore Code of Corporate Governance 2005 as well as the ASX Good Corporate Governance Principles and Recommendations. Where one exchange has more stringent requirements, the more stringent requirements will be observed.

SingTel's Full Financial Report for 2007/08 includes a Corporate Governance Report that describes SingTel's main corporate governance structures and practices with reference to the SGX and ASX principles. SingTel's Corporate Governance Report is available at http://home.singtel.com/investor_relations/annual_reports/default.asp

SingTel has developed a Code of Conduct, internal corporate governance practices, policy statements and standards to which all employees of the SingTel Group are expected to follow.

In line with the SingTel Code of Conduct, Optus has also developed an Ethics Policy that applies to all Optus employees. The Policy sets out guiding principles for employees carrying out their duties and responsibilities to the highest standards of personal and corporate integrity within Optus, with competitors, customers, suppliers and the community.

The Ethics Policy covers conduct in the workplace, business conduct, protection of SingTel's assets, confidentiality, non-solicitation of customers and employees, conflicts of interest and corporate opportunities. At induction, all Optus employees are expected to complete a module on the Ethics Policy, ensuring consistent awareness and understanding of expected conduct throughout the business.

4.2 How we manage corporate responsibility

Optus recognises that listening to stakeholders and responding to their concerns provides invaluable insights in helping identify the key issues material to our business. This is essential in guiding how we can manage corporate responsibility.

Our efforts to inform and engage our people about our corporate responsibility agenda ranges from employee roadshows, staff newsletters and emails.

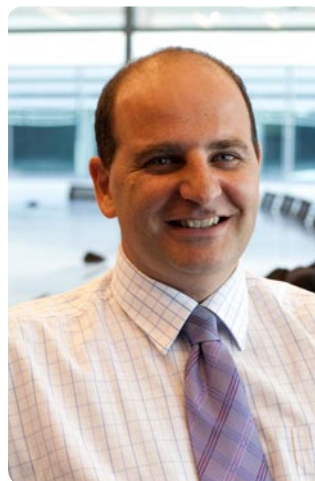
To date, informal taskforces across the business have also been formed to ensure key corporate responsibility issues are considered at the practical, operational level, and we have created a dedicated role for integrating corporate responsibility and our community investment activities across the business.

At the leadership level, progress is also being made to implement our Corporate Responsibility Steering Group whose primary function is to assist the Optus Board in fulfilling Optus' commitment to conduct its business responsibly and ethically across the following main focus areas: environment, community investment and programs, workplace and marketplace practices.

The Optus Corporate Responsibility Steering Group

The Optus Corporate Responsibility Steering Group is made up of key members of the Senior Leadership Team reporting directly to the Chief Executive – with whom ultimate responsibility for corporate responsibility lies. The Corporate Responsibility Steering Group will provide leadership and strategy input; set targets, key performance indicators and goals; provide oversight on corporate responsibility reporting; and oversight of the integration of CR across the business.

Members who form part of the Optus Corporate Responsibility Steering Group.



Clockwise from top left:

Andrew Buay
Managing Director Products
& Delivery.

Jeann Low
Chief Financial Officer.

Maha Krishnapilla
Director, Government
& Corporate Affairs.

Michael Smith
Acting Managing Director,
Consumer.

Vaughan Paul
Acting Director,
Human Resources.

4.3 Stakeholder Engagement

Our stakeholders include our customers, the communities we work in, our community partners, our employees, our shareholders, suppliers, government and regulatory bodies, industry peers, interest groups and the media.

We have various channels in place for engaging with different stakeholder groups, outlined in the table below. Also included are references within the report where you can find further information about how we engaged with our stakeholders, the issues raised by them and how we responded to these issues in 2007/08.

Stakeholder Group	Engagement Methods	Some of the Issues Raised in 2007/08	Further Information
Customers / Interest Groups	Consumer Liaison Forum Customer surveys 'We Hear You' website Community and Environment Report 2006/07	Our corporate responsibility program and goals Government Do Not Call Register Universal Service Obligation Content issues	Marketplace > Consumer Liaison Forum Marketplace > Customer Satisfaction Marketplace > Customer Feedback Marketplace > Responsible Marketing
Communities	Range of methods including letter drops, local newspaper articles, community consultative committees. Community and Environment Report 2006/07	Network deployment	Marketplace > Mobile Base Stations and Transmission Sites
Employees	Employee roadshows Your Say – Employee engagement survey HUB Workshops Jam sessions Newsletters Health and wellbeing expos Optus family days Community and Environment Report 2006/07	Staff satisfaction Our corporate responsibility values and goals Staff volunteering program Health and wellbeing Environmental impact at work and at home	Workplace > Internal Communication Workplace > Employee Consultation / Agreement Workplace > Employee Survey
Shareholders	Shareholder meetings	See SingTel Annual Report 07/08	SingTel Annual Report 07/08
Government and Regulatory Bodies	Direct liaison with Government and regulators Participation in industry forums, such as through the: Communications Alliance, Australian Mobile Telecommunications Association and the Internet Industry Association	Deployment of mobile base stations Rural and regional telecommunications programs National occupational health and safety issues Policy for the development of a National Broadband Network Reform of the Universal Service Obligation Development and review of industry Codes of Practice Discussion of issues affecting industry as a whole, e.g. development of a National Broadband Network, the Government's internet filtering proposals, prepaid mobile identity checks	Marketplace > Advocacy Programs and Political Lobbying

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OUR PERFORMANCE AT A GLANCE

5.1 Key Successes and Challenges

The following is a summary of our performance highlights and challenges for 07/08 across our key corporate responsibility focus areas: economy, community, environment, workplace and marketplace.

ECONOMY

Highlights

- Investment of over A\$1 billion in the development of Australian telecommunications infrastructure. [See more on page 17](#)

Challenges

- Continuing our expansion in rural and regional Australia will present challenges as without the appropriate regulations to enable competition this market will remain dominated by a sole provider. Optus worked with the Government during 07/08 to focus on how best to meet the requirements of customers seeking connection in remote locations. These customers would ordinarily be excluded from the benefits of competition since they are considered “uneconomic”. [See more on page 26-27](#)

COMMUNITY

Highlights

- Focusing our community investments on addressing two key pressing social issues – social inclusion and disengaged youth. [See more on page 29](#)
- Contribution of over A\$4 million to community programs, through cash contributions, in-kind contributions, volunteer time and project costs. [See more on page 30](#)
- Celebrating successful partnerships with Kids Helpline and the Starlight Children’s Foundation. [See more on page 32](#)

Challenges

- The first year of our national employee volunteering program resulted in 3.1 percent of Optus people accessing paid volunteering leave. A challenge will be to increase this uptake next year. [See more on page 31](#)

ENVIRONMENT

Highlights

- The move of our head office to Macquarie Park, Sydney, our award winning 4.5 star rated corporate office site under the Australian Building Greenhouse Rating Scheme in NSW. [See more on page 41](#)
- Envirolite E1 lighting was installed in our major tenancies. This has resulted in an estimated energy saving of 1,323MWh per year. [See more on page 41](#)
- Launching our major environmental partnership with Australian Wildlife Conservancy. [See more on page 47](#)

Challenges

- While we have established a range of environmental data collection systems at our new Macquarie Park site, similar systems for data collection need to be established at our state office sites throughout Australia. [See more on pages 39](#)
- With our expanding operations we will need to work hard to minimise our impact on the environment and continually look for ways to decrease our electricity consumption and waste generation – two areas that showed an increase this year. [See more on pages 44 and 49-50](#)

WORKPLACE

Highlights

- Results of our employee satisfaction survey “Your Say” shows Optus performs above average in the categories of work-life balance, working environment, career development and training, and rewards and recognition. [See more on page 64](#)
- The average ratio of salaries between men and women showed close to being an even split between genders in both executive and non executive positions. [See more on page 62](#)

Challenges

- In 2007/08, 15 percent of executive positions were held by women. A challenge will be to increase the proportion of women holding executive level positions in the coming years. [See more on page 62](#)

MARKETPLACE

Highlights

- Beginning the expansion of our 3G mobile network to reach 98 percent of the Australian population by December 2009. [See more on page 17](#)

Challenges

- The withdrawal of the Federal Government’s funding through the Australia Connected Program for the Optus and Elders joint venture, OPEL Networks Pty Ltd (OPEL) to further extend high-speed affordable broadband services to rural and regional Australians. The funding was withdrawn in early 2008 following a determination by the Federal Government that it considered certain conditions had not been satisfied. Optus and its joint venture partner maintain that all conditions had been satisfied. The OPEL partnership is currently investigating its options going forward.

5 OUR PERFORMANCE AT A GLANCE

5.1.1 Our Progress

2008

- Corporate Responsibility Steering Group established

2007

- Became a member of London Benchmarking Group
- Committed to offsetting up to 50 percent of our greenhouse gas emissions from our corporate offices nation-wide.
- Head office moved to Macquarie Park, North Ryde, NSW our 4.5 star environmental sustainability award winning site
- Joined the National Packaging Covenant and submitted our first action plan. Focused our community investment program to support programs and initiatives designed to provide solutions towards social inclusion and reconnecting disengaged youth.
- Staff volunteering program rolled out nationally.
- Employed a dedicated staff member focussing on CR as well as to build and align our community investment activities with our business strategy.
- Launched our first environmental partnership with Australian Wildlife Conservancy

2006

- Volunteering program launched in Victoria

2005

- Became a founding member of the Australian Business Community Network
- Launched Workplace Giving program nationally

2002

- Launched our Cultural and Linguistic Diversity Plan
- Published our first Community and Environment Report 2001/02

2000

- Published our first public Environment Report

1999

- Launched partnership with Kids Helpline
- Launched our Disability Action Plan

1995

- Established our Customer Liaison Forum

1993

- Launched relationship with the Starlight Children's Foundation

1992

- Optus commenced operations

5 OUR PERFORMANCE AT A GLANCE

5.2 External Recognition

The following awards were received during 2007/08:

Australian Telecom Awards 2007

- Best 2007 Advertising Campaign (We Hear You – Animal Series)

Australian Direct Marketing Awards 2007

- Best Website
- Best Single Medium Campaign
- Best Integrated Campaign

City of Ryde Access Awards 2007

- Commercial Category Award

NSW Government's 2008 Sustainability Green Globe Awards

- Business Category (Commercial Tenant Award)
- Individual Category (Environmental Sustainability Champion)

Safety, Rehabilitation and Compensation Commission Awards 2007

- Best Rehabilitation and Return to Work

Australian Telecommunications Awards 2007

- Best International Carrier (SingTel)

IAG Annual Sustainable Supplier of the Year Award 2007

- IAG Sustainable Supplier of the Year Award

5.3 Commitments to External Initiatives

Optus is a member of the following industry groups and associations:

- American Chamber of Commerce
- Australian Charities Foundation
- Australian Business Community Network
- Australian Direct Marketing Association
- Australian Human Resources Institute
- Australian Information Industry Association
- Australian Institute of Management
- Australian Mobile Telecommunications Association
- Australian Subscription Television and Radio Association
- Australian Investor Relations Association
- Business Council of Australia
- Committee for Economic Development of Australia
- Communications & Media Law Association
- Communications Alliance Ltd
- Corporate Tax Association of Australia
- Earth Hour
- Internet Industry Association
- Internet Society of Australia
- International Telecommunications Union
- London Benchmarking Group Australia and New Zealand
- Mobile Carriers Forum
- National Packaging Covenant
- The Centre for Corporate Public Affairs
- The Sydney Institute

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ECONOMY

6.1 Our Approach

Optus has a significant economic impact in the Australian community as an employer, investor, business and community partner. We make a direct contribution through the employment of over 10,000 people, investment in telecommunications infrastructure, and through our community investment programs. We make an indirect contribution through the tens of thousands of jobs we support through our suppliers and business partners in Australia, and with our long term tenancy at Macquarie Park, we are supporting the many local retail and hospitality businesses in the vicinity.

Please see the [SingTel Annual Report](#) for further information on our approach to managing and measuring our economic impact.

We strive to deliver
a competitive world
class service that
connects businesses
and communities
with utmost
efficiency and
reliability.

6.2 Our Performance

6.2.1 Driving Competition in the Australian Telecommunications Industry

Today the telecommunications industry in Australia is highly competitive. This was not always the case – up until the early nineties, there was a monopoly provider of telecommunications in Australia. While the incumbent effectively remains the monopoly provider of fixed line services, it now faces competition from mobile networks, from cable networks operating in high density areas in most Australian capital cities [note – Optus has cable in Sydney, Melbourne and Brisbane] and from broadband markets that have been opened up to competition. For the customer, the results of a competitive market show a pattern of decreasing prices and access to more services.

Since 1997, the price of national long distance services has fallen by 27.1 percent; the price of international long distance calls has fallen by 62.7 percent; and the price of local calls has fallen 44.3 percent. (Source: ACCC telecommunications reports 2004 – 05. Changes in prices paid for telecommunications services in Australia, 2004-05).

In 2007 we began expanding our 3G network to cover 96% of the population...

6.2.2 Investment in Infrastructure

Since 1992 we have invested more than A\$10 billion in the construction of fixed, mobile and satellite networks including central business district and suburban local access networks. These networks provide us with an advanced technology platform capable of delivering integrated communications, information and entertainment services throughout Australia at competitive prices. Network investments represent just part of the A\$1 billion annual capital expenditure we invested in improving Australia's telecommunication networks, products and services in 2007.

In 2007 we began expanding our 3G network to cover 96 percent of the population, covering over 65,000 square kilometres across Australia, and we aim to have this completed by December 2008. We will also invest a further A\$315 million to expand our overall mobile network coverage to 98 percent of the population – making us capable of challenging the network reach of the dominant provider of mobile services in Australia, and introducing competition in areas that previously had no alternative providers.

Key Financial Results – FY08

	For the full year (year on year)
Operating revenue	A\$7.76 billion (up 3.8 percent)
Operational EBITDA	A\$2.00 billion (up 0.7 percent)
Underlying net profit	A\$552 million (up 4.6 percent)
Free cash flow	A\$903 million (up 22 percent)

*The financial results are inclusive of all of Optus businesses including subsidiaries, joint ventures, international operations and franchised outlets.

Our financial results for the year ending 31 March 2008 demonstrate strong growth across the business, underpinning our ability to continue delivering innovation and choice across the industry. Overall, we delivered 3.8 percent growth from last year's results to increase our operating revenue to A\$7.76 billion. We increased our earnings from the fixed line business and continued to show strength in the mobile market.

Our full financial performance can be viewed in the [SingTel Group's 2007/08 Annual Report](#).

6.3 Our Commitments and Achievements

Please refer to the SingTel Annual Report 07/08 for details on our economic commitments and achievements.

7

WE HEAR OUR CUSTOMERS

7.1 Our Approach



We look out for our customers and the wider community by taking our products and services to market in a responsible and transparent manner, enabling communications access and connection to society.

As a leader in integrated communications, Optus serves over 7 million mobile customers each day. Whether you are in metropolitan, rural or regional Australia, access and the ability to effectively use ICT is becoming an increasingly important part of participation in our society.

While ICT can be a powerful tool for communication, it also has the potential for misuse – spam, inappropriate content and customer privacy are just some of the issues faced.

As a leading telecommunications provider we believe we have an important role to play in guiding the responsible use and development of ICT in Australia – protecting our customers' rights and promoting the safe use of ICT.

Through investment in the Australian telecommunications industry and by driving competition in the marketplace, Optus is committed to delivering the services and products required to enable connection and access to society – and we will do so responsibly.

A number of units within Optus share the responsibility for CR issues we consider important for the responsible use and development of ICT. For example: the Legal, Corporate and Regulatory Affairs functions are responsible for managing and providing advice to business units and the product development processes on issues pertaining to consumer rights, internet content and responsible marketing, with the Director of the Corporate and Regulatory Affairs division having ultimate accountability for Optus' compliance. Our Networks Division is responsible for the safe and appropriate deployment of network infrastructure.

7.2 Our Performance

7.2.1 Responsible Business Practice

For Optus, Responsible Business Practice means:

- Operating to the highest ethical standards – treating all customers and suppliers fairly.
- Compliance with all relevant codes and legislation.
- Investing in telecommunications networks to improve access and reliability for all Australians.
- Driving competition in the Australian communications industry to promote value and choice

Our aspiration is not just to meet the minimum standards the law requires, but exceed these and set an example for the industry.

Beyond Regulation

The telecommunications industry in Australia is subject to a range of legislation and regulation under Commonwealth law, with the most significant being the telecommunications regulatory regime established under the Telecommunications Act 1997 (Cth) and the Trade Practices Act 1974 (Cth). This legislation covers pricing, access, customer privacy, anti-competitive behaviour, marketing communications, product and service information and labelling.

Our approach to regulatory compliance has regard to best practice principles embodied in the Australian Standard on Compliance Programs (AS 3806 – 2006) – where compliance is everyone’s responsibility, aligned to our day to day business, and supported with appropriate training and resources for our people. We are also subject to a self-regulatory regime coordinated by the Communications Alliance (refer below), of which Optus is a founding member. The Regulatory Compliance team manages Optus’ involvement in the Communications Alliance, including its participation in the development of industry Codes, Guidelines and Standards.

Our key stakeholders with whom we regularly liaise include the Commonwealth Department of Broadband, Communications and the Digital Economy, the Australian Competition and Consumer Commission (ACCC), the Australian Communications and Media Authority (ACMA), the Office of the Federal Privacy Commissioner (OFPC),

the Australian Human Rights Commission, and the Telecommunications Industry Ombudsman.

The Telecommunications Industry Ombudsman (TIO) was established in 1993 to investigate, resolve, make determinations and give directions relating to complaints by residential and small business customers of telecommunications services. Optus was a founding member of the TIO and continues to contribute to the ongoing corporate governance and policies of the TIO through participation in the TIO Board and Council.

The Communications Alliance

The Communications Alliance, (formerly the Australian Communications Industry Forum), was developed in 1997 to manage the industry’s self-regulatory activities. Its key role has been the development of Industry Codes, Guidelines and Standards. It also aims to provide a neutral forum for the development of initiatives that foster the operation of competitive networks and protection of consumer interests. Optus is a founding member of the Communications Alliance and actively supports the development of industry agreed approaches.

During the reporting period, Optus was a cross-defendant in Federal Court proceedings brought against it by two companies that engaged in the practice of “simboxing” in 2004 and 2005. The companies alleged that Optus and its wholesale customer entered into an anti-competitive agreement with the intent of excluding them from the market. Optus is vigorously defending the claim. The proceedings are listed for hearing in late 2008.

Product and Service Information

Optus is bound by many different pieces of legislation and regulation prescribing product and service disclosures that must be made to customers. These include:

- Trade Practices Act 1974 (Cth).
- Telecommunications Act 1997 (Cth).
- Telecommunications (Standard Form of Agreement Information) Determination 2003.
- Telecommunications Consumer Protections Code of Practice.
- State and Territory fair trading and contracts legislation.
- Internet Industry Association Codes of Practice.

Optus is committed to protecting the privacy of our customers and those individuals who deal with us.

All of Optus' mass market products and services are made available to customers through Standard Forms of Agreement (SFOAs). Our SFOAs are publicly available documents, and can be accessed on our website at:

www.optus.com.au/standardagreements. Optus also provides the industry regulator, the Australian Communications and Media Authority, with a copy of our SFOAs (as required by regulation).

Product Labelling

In Australia, Customer Equipment (CE) regulatory labelling requirements fall upon the Australian manufacturer or the initial Australian importer of the CE, not on the reseller.

In the vast majority of cases, Optus is a reseller of CE – which must already be affixed with the required regulatory labelling by its Australian manufacturer or its initial Australian importer before they supply such CE to Optus.

In the rare instances where Optus happens to be the Australian manufacturer or the initial Australian importer of CE, Optus has an established process in place to ensure such CEs comply with regulatory labelling requirements.

There were no instances of non-compliance in the reporting period whereby Optus received a warning or fine from a regulatory agency in relation to the provision of product and service information or labelling requirements.

Customer Privacy

Optus is committed to protecting the privacy of our customers and those individuals who deal with us. Optus is bound by the Privacy Act 1988 and the privacy provisions contained in the Telecommunications Act 1997. Notwithstanding our legislative responsibilities, Optus understands that good privacy is good business.

Optus has a range of measures in place to ensure we meet our responsibilities on the protection of personal information. These include ensuring all our staff are regularly trained on privacy, Optus' information handling policies, active

information security protections and monitoring, and our Codes of Conduct. We also accept and respect requests from individuals not to have their personal information used for direct marketing purposes.

We are required by law to provide information to the Integrated Public Number Database and to law enforcement agencies. Optus also provides customer information to: directory producers for those customers who have elected to have their phone number listed in telephone directories such as the White Pages; and contractors, agents and suppliers for the purpose of supplying services to customers.

Information is readily available for our customers to access Privacy Policy information on the Optus website at: www.optus.com.au/privacy

Responsible Marketing Practice

All our advertising and promotional materials must comply with the Trade Practices Act (Cth) 1974. The Trade Practices Act contains consumer protection obligations which aim to promote fair, competitive and informed markets. All Optus staff are required to undertake an online compliance training module on the Trade Practices Act annually. People managers and other people who might deal with competitors have an additional training module relating to anti-competitive conduct which they also have to complete annually.

Optus is also a member of the Australian Direct Marketing Association (ADMA). ADMA members are required to comply with the self-regulatory ADMA Direct Marketing Code that governs all aspects of direct and data-driven marketing. As part of this Code, Optus does not sell or disclose customer information to third parties for use in marketing lists, and abides by the commitments in the Do Not Call Register, which aims to protect consumers from unsolicited marketing calls.

Marketing Excellence – We Hear You

Optus is committed to being the customer champion by listening and delivering to the needs of our consumers, including small businesses and corporations. As part of this commitment in July 2007 we launched the 'wehearyou.com.au' website. This enables customers to provide direct feedback on what they want and need from Optus. The campaign demonstrates Optus' commitment to listening and delivering products and services that serve the needs of customers.

For our 'we hear you' campaign Optus was awarded the 'Best Advertising Campaign' at the national 2007 Australian Telecommunications Awards.

This is the second successive year that Optus has received this industry award.

Advocacy Platforms and Political Lobbying

At Optus, we speak out about our position on legislative issues affecting the telecommunications industry to ensure the appropriate and fair development of the Australian communications industry.

Optus' Government Affairs team seeks to manage issues and to foster close and constructive relationships at the Executive and Parliamentary levels of Government, at both the Federal and State/Territory levels of Australian Government.

The team's focus is on political and legislative issues affecting the telecommunications industry. The Government Affairs team seeks to advocate Optus' position on relevant policy issues in a variety of contexts, including the passage of legislation through the Parliament, and advancing Optus' position in relation to relevant political debates.

During the reporting period, the team has been actively advocating for a pro-competitive broadband environment and encouraging the Federal Government to adopt pro-competitive regulatory initiatives to support its plan for a National Broadband Network. These pro-competitive reforms are focused on ensuring genuine open access arrangements which provide equivalence of access both on price and non-price terms and conditions.

The work of the Government Affairs team involves liaison with Ministers and Shadow Ministers and their offices, Australian government departments, Members of Parliament, Parliamentary Committees, and all political parties.

Government Affairs seeks to ensure that Government, the Opposition and Independent and Minor Party Parliamentarians are kept informed about the technological and business directions of Optus, and the telecommunications industry more broadly.

In addition, Optus participates in public policy development and lobbying through its liaison with industry stakeholders and its participation in industry forums, such as through the Communications Alliance, Australian Mobile Telecommunications Association and the Internet Industry Association.

During the reporting period, Optus liaised with Government and industry stakeholders on a range of public policy matters, including:

- regulatory issues associated with the deployment of mobile base stations;
- effective use of taxpayer funding and design of rural and regional telecommunication programs;
- regulatory decisions by the independent regulator influencing telecommunications;
- review of national occupational health and safety policies and related issues;
- review of Comcare;
- policy for the development of a 'National Broadband Network';
- reform of the Universal Service Obligation (USO);
- use of Government procurement practices to support development of a competitive telecommunications environment;
- the introduction of new or revised legislation (including legislation relating to interception, premium services, component pricing);
- the review of the Privacy Act;
- the inquiry into Australia's consumer policy framework; and
- a review of emergency call service arrangements.

Optus makes annual donations to all Australia's major political parties and discloses these contributions as required by relevant Commonwealth and State legislation.

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A full list of Optus' donations and participation in political events can be found on the Australian Electoral Commission website www.aec.gov.au

10.2.2 Product Responsibility

Optus' approach to the design and delivery of our products and services recognises that we have a responsibility to ensure the health and safety of our customers and people, the protection of our customers from inappropriate content, and the minimisation of environmental impacts.

Health and Safety

Some sections of the community may have concerns over electromagnetic energy (EME) associated with the operation of mobile communications devices. While there is currently no substantiated evidence of public health effects from exposure to the levels of EME typically emitted from mobile communications devices and mobile base stations, Optus regards this issue seriously.

All Optus products comply with the relevant health and safety regulations and standards set by Australian law and we have developed an EME policy to ensure the provision of a safe and healthy work environment and work practices for all Optus employees and contractors. This policy complies with the national standard of the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) and the international standard of the International Commission on Non-Ionising Radiation Protection (ICNIRP). Optus is also subject to the self regulatory regime developed by the Mobile Carriers Forum (MCF) – the EME Regulatory Compliance Strategy that specifies the guidelines for world's best practice in the assessment of EME and the standardization of process for the management of mobile base stations (the MCF is a division of the Australian Mobile Telecommunications Association).

We also fund research through a specific annual licence fee to the Federal Government. The Government in turn funds the Australian Centre for Radiofrequency Bioeffects Research program, through the Australian Mobile Telecommunications Association (AMTA). All are actively involved in the MCF Health and Safety Committee.

We also assist in growing awareness of EME matters by developing and dispersing educational materials through the MCF and through the community consultation process undertaken during the development and deployment of mobile base stations.

For further information on EME see The EMF (Electromagnetic Field) Explained Series developed by the AMTA in conjunction with the GSM Association (GSMA) and Mobile Manufacturers Forum (MMF) www.emfexplained.info/

Mobile Base Stations and Transmission Sites

To balance the needs of mobile users and community expectations about the deployment of mobile base stations, Optus takes a careful approach to where mobile phone towers are placed and consults with the local government and the community about tower locations. Our approach is guided by government regulations and the Communications Alliance Code for the Deployment of Mobile Phone Network Infrastructure (C564:2004) – which we helped to develop. This code is intended to supplement the existing regulatory regime to promote best practice, to ensure consideration for health concerns surrounding electromagnetic radiation exposure and specify standards for community and local government consultation.

Where possible, Optus seeks to use existing infrastructure, and share sites with other telecommunications carriers to minimise visual and environmental impact, and community concern. For instance, in 2007/08 the majority of our 3G network in metropolitan areas was installed using the existing 2G infrastructure. We also have a number of 'co-siting' agreements with other telecommunications carriers, which helps to reduce the number of sites needed within a community, and a joint venture with Vodafone to share thousands of 3G network sites within metropolitan areas.

Whenever Optus installs a new base station or transmission site we consult with the Local Council and the community. Depending on the nature of the installation, community engagement ranges from advertisements in local papers, letterbox drops, door knocks, public forums, or the formation of a community consultative committee. During 2007/08 we undertook over 1,300 community consultations to ensure mutually beneficial outcomes.

Optus also makes available a content filter for mobiles and an internet security suite for our customers' home computers.

As part of our compliance with the Deployment of Mobile Phone Network Infrastructure Code of Practice, Optus applies the 'Precautionary Principle', as described in the United Nations Environment Program Rio Declaration on Environment and Development, during the installation of all mobile communications infrastructure.

In 2007/08, Optus built over 1,300 mobile base station sites and added their locations to the National Site Archive which is hosted by the Mobile Carriers Forum. This is a publicly accessible archive of mobile telephone base stations and radio communication facilities in Australia.

Managing Internet Content

Information Communication Technology (ICT) can be a powerful tool for accessing and sharing information however it has the potential for misuse especially against those who are most vulnerable – our children.

Optus complies with a range of legislative requirements, policies and practices which support and protect human rights in the Australian telecommunications industry, in areas such as:

- an individual's right to privacy and the protection of their personal information;
- the requirement for law enforcement and government agencies to provide us with warrants before interception of an individual's communications can be undertaken;
- agreements with law enforcement agencies to notify them of any internet content that we become aware of that contains child pornography or child abuse material; and
- legislated agreements with regulatory agencies to remove any illegal internet content the agencies become aware of.

To help manage Internet content issues, Optus has signed up to the Internet Industry Association (IIA) Content Codes of Practice. These Codes deal with issues such as: methods of supervising and controlling children's access to internet content; how to make a complaint about content to the

Australian Communications and Media Authority; and ways of minimising the receipt of unsolicited electronic mail that promotes or advertises internet content which is likely to cause offence.



In addition, Optus is a participant in the Internet Industry Association's "Family Friendly" Internet Service Provider (ISP) program. Australian ISPs who bear the "Family Friendly ISP" ladybird seal have agreed to comply with the IIA Content Codes of Practice. These Codes are registered with and monitored by the Australian Communications and Media Authority (ACMA).

Family Friendly ISPs are required to meet certain requirements under the Codes, such as restricting internet access to minors, educating customers about internet safety matters and ensuring that customers can access internet content filters.

Optus also makes available a content filter for mobiles and an internet security suite for our customers' home computers. The mobile content filter enables the user to

- block inappropriate or adult website content;
- block premium SMS services in the 19 phone range; and
- block use of the camera.

The internet security suite is a complete internet protection package that contains anti-spam, anti-virus, anti-spyware, firewall and parental control protections.

Optus also works with industry organisations and government agencies on consumer protection initiatives. For example, Optus:

- has contributed to the development of the Australian Mobile Telecommunications Association consumer tip sheets, which cover topics such as mobile phone bullying, camera phone etiquette, mobile phone spam and scams, the use of mobile phones while driving, managing your mobile spend;

We provide disability equipment such as teletypewriters and volume control handsets...

- is a participant in the Australasian Consumer Fraud Taskforce's annual fraud awareness initiative; and
- participates in Code development activities and works with consumer organisations to ensure consumer rights are protected (for example, we are represented on the Communications Alliance Consumer Issues Reference Panel).

7.2.3 Customer Solutions

Overcoming Barriers to Access

Optus also ensures accessibility and consumer protection through its involvement with the development and compliance with industry codes of practice.

Optus has established a Consumer Liaison Forum (CLF) to gain input into the development of policies and practices to overcome barriers to access and use of telecommunications products and services. The consumer representatives who make up the Forum are representatives of peak body consumer and small business organisations, across metropolitan, rural and regional Australia, who have an interest in telecommunications issues. Current members include:

- Australian Financial Counselling and Credit Reform Association
- Blind Citizens Australia
- Consumers' Telecommunications Network
- Deaf Australia
- Deafness Forum
- Federation of Ethnic Communities' Councils of Australia
- Isolated Children's Parents' Association of Australia
- National Council of Women of Australia
- SETEL (Small Enterprise Telecommunications Centre)

Optus meets annually with the Forum as a group, liaises individually on special projects and works with members in sub-committees on items of interest or relating to their areas of expertise. For example, Forum members who represent people with disabilities have assisted Optus in

the development of its Disability Action Plan, and continue to contribute to its ongoing implementation. Similarly, CLF members also assisted in the development of Optus' Cultural and Linguistic Diversity Plan.

Issues discussed at Optus' Forum meetings are primarily telecommunications matters of interest to residential and small business consumers, such as emerging technologies and accessibility of products, services and equipment. During the reporting period, for example, members were provided with updates on the following topics:

- Optus' Corporate Responsibility program
- Our sponsorships, including a presentation from the Australian Wildlife Conservancy (one of the organisations we sponsor)
- The government Do Not Call Register
- The government review of the Universal Service Obligation
- The Australian Law Reform Commission Review of the Privacy Act
- Content issues, including amendments to the Broadcasting Services Act 1992, the introduction of the Internet Industry Association Content Services Code of Practice, the review of the Mobile Premium Services Industry Scheme and the Government's plan to undertake a trial of ISP-level internet content filtering

Disability, Cultural and Linguistic Awareness

Optus has both a Disability Action Plan and a Cultural and Linguistic Diversity Plan that guide our approach to designing the accessibility of our products and services for both existing and prospective customers.

We provide disability equipment such as teletypewriters and volume control handsets, and information for the use of mobile phones by people who are deaf or who have a hearing impairment.

Two examples of our commitment to accessibility can be seen in our Disability Action Plan, which is our proactive approach to compliance with the Disability Discrimination Act

7 WE HEAR OUR CUSTOMERS

1992 (Cth); and Optus' Cultural and Linguistic Diversity Plan, which has been developed to help Optus further meet its obligations under the federal Racial Discrimination Act 1975 (Cth). Our Disability Action Plan was developed in conjunction with a Working Group representing peak disability organisations. Ongoing consultation with the Working Group is used to review and modify the Plan, to ensure it continues to meet the changing needs of our customers, our employees and our business.

Disability Action Plan

Optus' Disability Action Plan (DAP), which was launched in 1999, outlines the themes and objectives of Optus' approach to Disability issues. The DAP continues to be instrumental in improving the way Optus meets the needs of consumers in Australia.

Disability equipment is now available to all Optus fixed line residential customers. Large button handsets can now be ordered online, in the same way as other Optus equipment and services (from the home page www.optus.com.au click on "Home Phone" and then "Home Phone Plans"). Optus also offers customers two types of Teletypewriter (TTY) handsets that can be ordered from customer service and are specially designed to assist customers who are deaf or who have speech and/or hearing impairments to communicate with others.

During 2008, Optus commenced a review of its websites and their compliance to the W3C's international Web Content Accessibility Guidelines.

Currently, Optus can provide its customers with large font and Braille bills for all long distance products, our telephony product via cable, and some post paid mobile services. We have also started work to extend Braille and large font bills to a broader range of products, including all post paid mobile services and telephony and broadband services via local access direct.

Further information, including copies of the DAP, can be found at www.optus.com.au/disability or obtained from Customer Service.

Optus Special Assistance Service (OSAS)

OSAS provides prioritised fault resolution services to Optus residential local telephony customers who have a certified life-threatening medical condition.

Such customers will need to apply for the OSAS service and, if successful, will be registered as an OSAS customer for a three year period.

OSAS Standard applies if there is a fault on the nominated telephone service of an OSAS Customer, and their home does not have any other working telephone service. OSAS Premium provides for an alternate mobile phone service.

Full details on OSAS can be found on the Optus website or in Appendix Z to the Standard Agreements (at: www.optus.com.au/standardagreements).

Cultural and Linguistic Diversity Plan

Optus launched its Cultural and Linguistic Diversity Plan in 2002 to help meet the company's obligations under the anti-discrimination legislation. The Diversity Plan focuses on removing barriers to accessing Optus' goods and services for customers, potential customers and staff, regardless of their race, colour, language or national and ethnic origins.

Further information on the Diversity Plan can be obtained from Optus Customer Service or on the website at: www.optus.com.au/diversity

Customer Satisfaction

Improving our customers' experience is core to our business. We made some significant gains in 2007. For instance, we launched initiatives aimed directly at improving speed of answer and quick resolution. As a result, we reduced the average wait time for customers to reach an Optus representative by 10 percent.

Another key performance measure is our fault rate. In 2007, we reduced our fault rate for our local Telephony customers, and improved service quality improved by 21 percent.

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IAG Corporate Sustainability Supplier of the year award

In 2007, Optus was recognised by IAG as a valued supplier by awarding us their Corporate Sustainability Supplier of the Year Award. We take particular pride in being the recipient of this important award – as we work hard to ensure we understand and respond to our customers' needs.

Since 2001, Optus has been the supplier of IAG's telecommunications needs and in partnership we have delivered many successful ICT projects. Our values for environmental excellence in our own operations and our flexible approach in supporting IAG's business were key components of our winning submission. Our supplier partnership with IAG has delivered key business improvements for IAG and future adoption of technologies will help IAG to change the way they provide products and services to their own customers.

Customer Feedback

If a customer has a complaint about any of our products or service delivery, then Optus has in place an established complaint handling process. We internally review our complaint statistics each month, to see trends and areas of consumer dissatisfaction.

Optus has easily accessible methods for a customer to raise concerns, both through an escalation pathway within Customer Service and through a specialised group whose purpose is to deliver resolutions to complaints and enhance our customers' experience.

Optus Customer Service representatives are trained and actively encouraged to resolve a customer's concerns at first point of contact. Without exception, where a complaint is unable to be resolved at the first point of contact, a team leader will attend to the matter within 24 hours. Complaints which are unable to be resolved within these immediate confines are referred to a specialised complaint handling group. This group manages complaints referred directly from customers and Regulatory bodies such as the Telecommunications Industry Ombudsman (TIO).

Optus' complaint handling policy exceeds the standards set out in AS/ISO 10002 Complaints Handling and is in line with

Optus' 2010 Vision. Optus' complaint handling policy and practice is designed to set us apart as the market leader for excellence in customer service.

Our [website](#) contains information on Optus' complaints handling policy.

Service Reliability and Quality

Optus customers count on our services to be reliable, which is why we invest over A\$1 billion every year on improving our network. We are required by law to provide certain levels of service in relation to the connection of home telephone services, meeting appointments made for these services, rectifying faults on these services, under the Government's Customer Service Guarantee. We report to the Australian Communications and Media Authority (ACMA) on a regular basis regarding our performance in these areas and we make an extract of this report available on our website. ACMA publicly releases reports detailing the performance of the industry on both a quarterly and annual basis.

Our 2007/08 results against these key indicators of service performance indicate that Optus' people, systems and networks showed a continued high level of performance. Please see our website for a copy of these reports.

It is Optus' policy to comply with all relevant Industry Codes, Australian Standards and requirements of relevant Commonwealth and State / Territory legislation. Where appropriate, Optus' network and IT systems have been designed in accordance with the requirements of relevant industry operational and technical Codes and Standards. An example is the ACIF C519:2004 Industry Code on End-to-End Network Performance for the Standard Telephone Service, which specifies network performance standards for home and mobile telephone services.

Connecting People

In the past 2 years we have increased our rural and regional mobile coverage by more than 200,000 square kilometres across Australia. We are building our own DSL network across Australia and supplying rural and regional broadband services via direct to home satellite. Optus is also a major provider of broadband internet services via satellite to school students in rural New South Wales, Western Australia and the Northern Territory – currently providing broadband services to 500 schools and homesteads.

At Optus we are committed to providing clear pricing and information to help customers avoid financial difficulties in regard to receiving our products and services.

Optus obtains input on rural and remote issues via members of its Consumer Liaison Forum (CLF). All of the organisations represented on the Optus CLF are peak, national consumer organisations, so they all have members who live in rural and remote areas. In addition, one of the member organisations specifically represents people from rural and remote areas, with a particular interest in telecommunications infrastructure and the ability of telecommunications and technology to bring a wide range of benefits to isolated communities, such as improved educational opportunities.

Through the Higher Bandwidth Incentive Scheme (HiBIS), and its replacement the Australian Broadband Guarantee (ABG), Optus secures Government funding to provide the best available broadband services to rural and remote areas of Australia. These areas would otherwise be commercially prohibitive and uneconomical due to the low population densities and the significant distances involved.

Optus has lodged a submission to secure Australian Broadband Guarantee funding allocated in the 2008-09 budget, and proposes to use state-of-the-art satellite technology to deliver broadband to remote areas.

In 2007, Optus and Elders secured a A\$958 million contract from the previous Australian Government for a joint venture plan to deliver high speed broadband at metro comparable prices to rural and regional communities. The network to be built to deliver high speed broadband would have been completed by December 2009.

However, early 2008 the Australian Government advised it considered that certain conditions had not been satisfied and terminated the funding agreement. Optus and its joint venture partner maintain that all conditions had been satisfied, and is actively considering options to move forward.

Universal Service

Optus also makes a contribution to the provision of a minimum level of service to all Australian consumers of

telecommunications services through the Universal Service Obligation (USO). Optus supports the fundamentals of the USO in telecommunications – and believes it can improve and bring stronger competition to regional and rural Australia. All Australians, regardless of where they live, must continue to be entitled to receive the standard telephone service on an equitable basis and within specified time frames. This is guaranteed under the USO.

Optus believes Government should continue to focus the USO on how best to meet the requirements of customers seeking connection in remote locations who would ordinarily be excluded from the benefits of competition since they are considered “uneconomic”.

Optus has argued that non-Telstra carriers should have the opportunity to seek to become a Universal Service Provider (USP) in respect of new connections in rural and remote areas and in new housing estates, and also that in such circumstances the universal service policy objective can be met via services supplied over alternative networks including mobile and fixed wireless networks.

At the time of writing, the USO levy assessments for 2007-2008 were yet to be made by ACMA, but we estimate that Optus' contribution to the USO for the 2007-2008 financial year will be approximately A\$30 million.

Low Income Products and Financial Hardship

At Optus we are committed to providing clear pricing and information to help customers avoid financial difficulties in regard to receiving our products and services. To help, we have developed features for our products and services which enable customers to better control their expenditure. For example, some personal internet products have online usage meters, mobile services are available on a pre-paid basis as well as post-paid, and customers with fixed or mobile phone services can bar certain call types – such as calls to premium services and international calls. In addition, we provide cost information at the time of purchase and all

7 WE HEAR OUR CUSTOMERS

of Optus' pricing is available online, and in our customer contracts also known as Standard Forms of Agreement (www.optus.com.au/standardagreements).

Optus also has a Financial Hardship Policy in place. The Financial Hardship Policy was developed to assist those customers experiencing difficulty in paying their bill under their contract with Optus.

Our Financial Hardship Policy was developed with input from one of the members of our Consumer Liaison Forum, who represents the Australian Financial Counselling and Credit Reform Association (AFCCRA).

Since the introduction of our Financial Hardship process three years ago, we are pleased to report the policy to date has been very successful, with the majority of customers on our financial hardship program able to meet all their repayments.

Further information on our Financial Hardship program can be found on our website at: www.optus.com.au/financialhardship.

Financial Advisory Support Team (FAST)

Optus has a specialised team in place to assist customers in financial difficulty. This team is known as the Financial Advisory Support Team (FAST). FAST work with customers on a case by case basis, to determine their eligibility for the hardship program. Eligible customers have access to a range of measures to assist them in managing their debts, such as extended payment timeframes. Customers (or their financial counsellors) are able to make direct application to receive support from FAST, and Optus staff can also refer customers who they believe may be experiencing financial hardship. All Optus staff receiving credit management related calls have undergone training in identifying customers in financial difficulty and will refer them to FAST for further assistance, where appropriate. We also receive referrals via the Telecommunications Industry Ombudsman's office and directly from financial counsellors.

During 07/08, over 1,000 customers received assistance from FAST under our financial hardship program.

7.3 Our Commitments and Achievements

An important agenda item for the Corporate Responsibility Steering group in 08/09 will be the development of targets and commitments for corporate responsibility issues in the marketplace. This will enable us to track our performance to ensure we meet our objective to be a leader in corporate responsibility in the Australian telecommunications market by 2010.

Area	2007/2008 Goals	Results	2008/2009 Goals
EMF	Assist in the developing and dispersing educational materials	✓	Ongoing
	Continue to ensure compliance	✓	Ongoing
	Continue to monitor and ensure compliance with ACIF community consultation requirements.	✓	Ongoing

8

WE HEAR THE COMMUNITY



Optus invested
over A\$4.7
million in support
of community
programs.

8.1 Our Approach

We are committed to building better communities through our community investments which involves our financial support, people, products and services with a focus on engaging young people and building social inclusion.

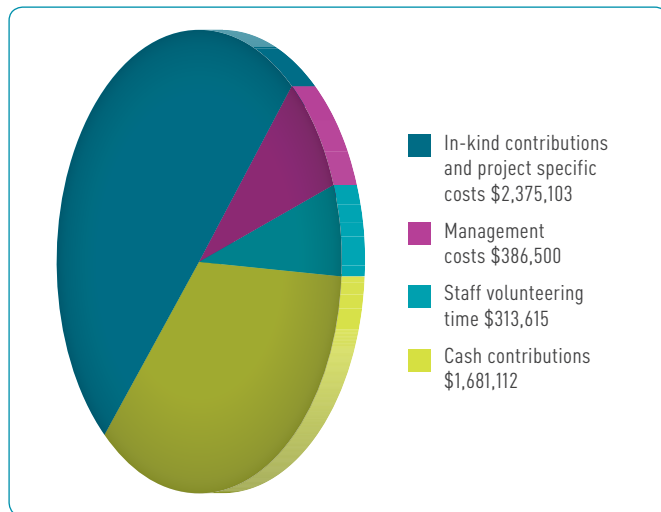
Optus has a proud history in supporting Australian communities. Making a real and positive impact has always been the key motivation for our community investments. This year we have focused our community investment on programs that actively seek ways to reduce social isolation and reconnect disengaged youth in order to improve their life. Social isolation encompasses social, physical, emotional and geographic isolation. Optus can help facilitate the building of social networks, increase participation in community or family life and leverage telecommunications capability to enable access to health and education services.

Disengaged youth are adolescents and young adults (up to the age of 25) who have become disengaged from society due to lack of education, skills training, employment opportunities, homelessness, substance abuse, and poverty. We invest in projects that aim to provide solutions for disengaged youth enabling them to reconnect with society and help build a better future for them.

How we contributed

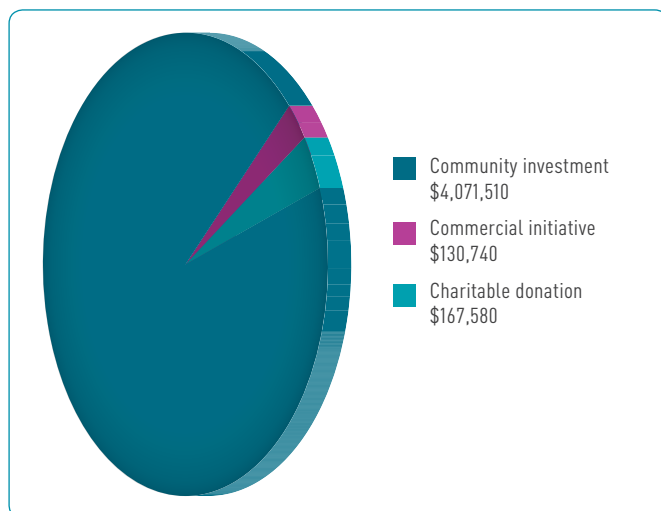
Our contribution to community programs ranges from cash contributions, in-kind and project specific costs, employee mentoring and volunteering. In our Optus World and Optus 'yes' shops, our employees are involved in fundraising and we also provide opportunities for our customers to donate to worthwhile community causes. During this reporting period, Optus invested over A\$4.7 million in support of community programs. Our people, customers and Optus World and Optus 'yes' shops have also contributed over \$500,000 in addition to this amount.

More than half of our community investments went towards supporting education and young people.



Our contributions

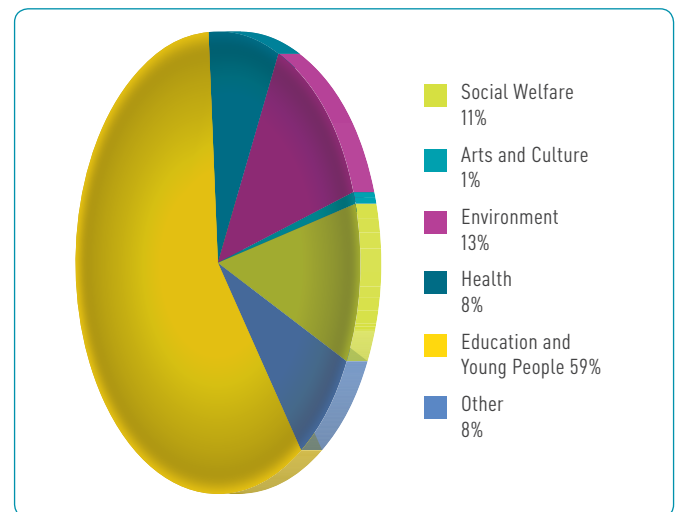
The majority of our contributions were directed towards long term community investment activities rather than one-off donations.



Causes we support

More than half of our community investments went towards supporting education and young people which aligns with our community investment focus areas of supporting disengaged young people and building social inclusion. We also invested in social welfare, arts and culture, environment, economic

development and health. For more information on our environmental initiatives, see our partnership with [Australian Wildlife Conservancy](#).



Optus is a member of London Benchmarking Group (LBG), Australia/New Zealand. The LBG model provides a standardised way of determining and valuing the inputs, as well as measuring the outputs and outcomes of community investment.



For more information see www.lbg-australia.com

8.1.1 Cash Contributions

During the reporting period, Optus invested over A\$1.6 million in cash contributions to a range of community programs. Our Optus World Community Fund supports local community initiatives and our long term partnership with Kids Helpline and Starlight Children's Foundation has made a positive impact to the lives of many disadvantaged young people in Australia.

Collectively, we contributed A\$266,286 to our community partners through our workplace giving program.

Answering the Call

Our workplace giving program, Answering the Call, allows our people to actively get engaged with the community and donate to causes that are important to them. This program supports 13 charities that have been nominated by our employees. Every 3 years, a national survey facilitated by the Australian Charities Foundation, is undertaken amongst all Optus employees. The survey seeks employee feedback on our charity partners and selections of charity organisations are made based on nominations as well as criteria that we set. This reporting year, we increased our charity partners from 9 to 13. Our current Answering the Call partners include:

- Australian Wildlife Conservancy
- Autism Spectrum Australia (ASPECT)
- Assistance Dogs Australia
- Beyondblue
- Cancer Council Australia
- Kids Helpline
- Mission Australia
- NELUNE Foundation
- RSPCA
- The Salvation Army
- Starlight Children's Foundation
- Youth Off The Streets
- World Vision Australia

Optus employees can donate to any of the Optus 13 charity partners through the workplace giving program where Optus has in previous years matching dollar for dollar up to A\$100,000 per year. This reporting year Optus increased its matching amount. Collectively, we contributed A\$266,286 to our community partners. This represented an increase of more than 39 percent from the last financial year.

For more information within this report about how our people's giving and Optus matching has made a difference, see [Mission Australia's Triple Care Farm](#), [Youth Off the Streets McIntosh House](#), [Salvation Army Youthlink Reconnect Program](#).

Fundraising Events

A number of fundraising events were held in 2007/08 in order to raise money for the community programs Optus supports. For more information within this report see [Starlight Children's Foundation](#), and the [Optus Golf Day](#).

8.1.2 In-kind Contributions

This includes our donated services, products, advertising, covering project specific costs to implement community campaigns, expertise and professional services. During 2007/08, Optus provided just over A\$2.3 million worth of in-kind contributions to the community.

For more information within this report see [School of the Air](#), [WorkVentures Connect IT](#), [Australian Wildlife Conservancy](#), [Kids Helpline](#), [Sydney Swans Kids Clinic](#), [Wheelchair Tennis](#).

8.1.3 Staff Engagement

We have a range of staff engagement programs enabling our people to get involved in community activity. Our national volunteering program enables all Optus permanent employees (excluding franchised stores) to take one day of paid volunteer leave per year either individually, or through a team activity. More than 2,496 hours was donated to not-for-profit organisations. In addition to this, our people volunteer their time for mentoring programs as well as to assist with various charity fundraising events and activities throughout the year. This represents a total of 3,180 hours donated to community causes.

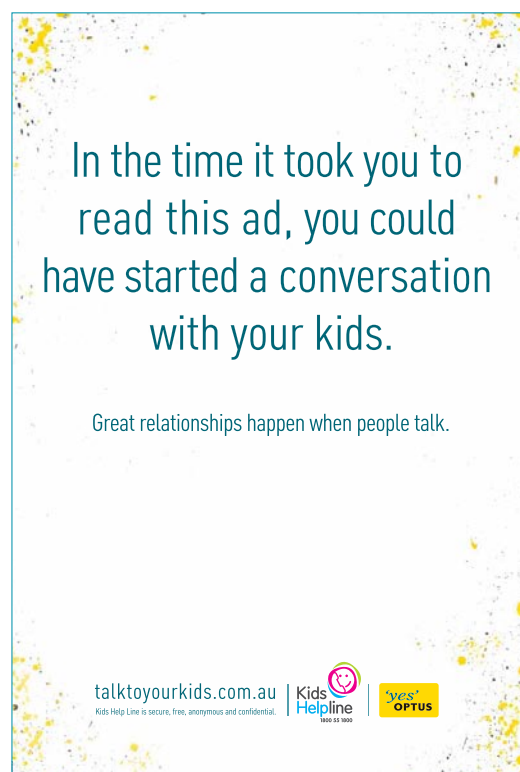
For more information within this report see [Salvation Army's Streetlevel Community Centre](#), [Newport Lakes Primary School](#), and [Australian Business Community Network Program](#).

For this year's Starlight Day approximately 240 Optus people volunteered over 1,200 hours of their time.

8.2 Our Performance

In 2007/08, we continued our partnership with Kids Help Line and support of the Starlight Children's Foundation. We also focused on supporting programs that address two pressing social issues – social inclusion and reconnecting disengaged youth.

8.2.1 Ongoing Community Partnerships



Kids Helpline

Kids Helpline is Australia's only free, 24 hour counselling service for Australia's young people. Since 1991, trained counsellors have been listening to vulnerable children and provided them with support and guidance. Each week, over 12,000 kids try to get through to Kids Helpline. Optus has been working with Kids Helpline since 1999, supporting the establishment of the world's first free real-time online counselling sessions.

"I can say without any reservation that I believe Kids Helpline has quite literally saved my life, and also helped me immensely on my journey towards hope and recovery".

To date, Optus has helped raise more than A\$3.2 million for the program and helped raise awareness through various marketing activities, as well as ensuring all Kids Helpline calls made from an Optus mobile phone are free.

For more information see www.kidshelp.com.au

Starlight Children's Foundation

Optus and our people have been proudly supporting the Starlight Children's Foundation for 16 years raising more than A\$2 million during this time. We support Starlight each year through activities such as Starlight Day, the Optus Golf Day and staff-initiated fundraising events. For this year's Starlight Day approximately 240 Optus people volunteered over 1,200 hours of their time. Just over A\$84,000 was raised this year with the support of our Optus World and Optus 'yes' shops, which will go towards Captain Starlight, whose sole purpose is to bring smiles to seriously ill children in Hospitals across Australia.



“We are proud that our sponsorship continues to encourage athletes to develop their talent from grass roots to elite stages of the game.”

Jann Kohlman, Optus Group Manager, Sponsorship and Community Programs.

Optus Golf Day

The Optus Golf Challenge is a self-funding charity golf event for senior executives, customers and business partners. The 2007 Optus Golf Challenge had a record 42 teams competing which raised a total of A\$42,000 for The Starlight Children's Foundation and Kids Helpline. Each charity received a donation of A\$21,000. To date, the event has raised over half a million dollars for these charities.

the Annual Ryde Australia Day Concert and the North Ryde Rotary Community Christmas Carols.

Optus also committed to funding an ongoing bush regeneration project run by the Ryde City Council. As part of this sponsorship, our people will be rolling up their sleeves to revive nearby Booth Reserve.

We have also been able to provide technology hardware and IT Support to the Salvation Army Community House in Macquarie Park. The house runs several programs engaging residents (adults and children) in both a social and learning environment.

In addition, throughout the year Optus has also provided in-kind support to Ryde Public School, North Ryde Public School, Truscott Street Primary School and the Ryde Eisteddfod.

WorkVentures Connect IT

In 2007/08 Optus commenced a partnership with WorkVentures Connect IT, a non-profit organisation that aims to provide quality refurbished computers to low income households, schools and not for profit organisations.

During the reporting year, Optus donated around 400 superseded computers to WorkVentures benefiting a number of communities and individuals through the Glebe Community Development Project, University of Technology Special Needs and Financial Assistance Service and the Queensland Rural Fire Service Brigade.

Optus greatly values the partnership with WorkVentures and looks forward to developing the relationship further to ensure computer access is available to many more disadvantaged Australians.

8.2.2 Social Inclusion Programs

School of the Air

In July 2002, the Federal Government gave Optus an A\$8 million National Communications Fund (NCF) grant to upgrade the telecommunications infrastructure of Australia's School of the Air. Optus has continued as an integral partner in the multi-stage expansion program, enabling rural children throughout NSW and the Northern Territory to enjoy interactive e-learning. Optus enables the students formerly restricted to radio communications, to:

- See their teacher through online video technology.
- Enjoy the educational benefits of the Internet.
- Share lessons with other students on the School of the Air network.
- Access lessons they may have missed due to farm chores and home duties.

North Ryde Community Initiatives

Since our move to Macquarie Park in 2007, we have been working collaboratively with local groups to deliver support, identify joint opportunities and address issues. To connect with the community, Optus sponsored some key local events including the Ryde City Council's Cinema in the Park Series,

...92 Optus employees participated in ABCN programs in NSW, QLD, VIC and WA. This year two Optus employees worked on secondment to ABCN to assist with the expansion of the network.

"Our greatest challenge is always getting enough PC donations to meet the demand from our disadvantaged customers. The support of leading companies such as Optus is critical to ensure that we can reduce the number of Australians who would otherwise continue to miss out on the benefits of technology that most of us take for granted," Steve Macready (Head, Connect IT).



Sydney Swans Kids Clinic

On June 1, 2008, Optus hosted an AFL clinic with the Sydney Swans. Through our charity partners, The Starlight Children's Foundation and Mission Australia, Optus invited several children – aged between 6 and 12 – to attend the clinic. They received tips on handballing, kicking and marking from Swan's players Kristin Thornton and Brett Meredith. After the clinic, the kids and their families enjoyed a barbeque before an AFL game between the Sydney Swans and Richmond Tigers.



Wheelchair Tennis

Wheelchair tennis is one the fastest growing international sports for disabled athletes. With Optus' support, it continues to grow with a number of athletes competing for over A\$1 million in prize money on the International Wheelchair Tennis Federation (ITF) tour.

In Western Australia, David Hall, six-time World Champion Wheelchair Tennis Player and Optus National High Performance Wheelchair Tennis Advisor together with Tennis Australia and Wheelchair Sports WA, held a wheelchair tennis clinic at Burswood in Perth.

The clinic welcomed anyone who had played wheelchair tennis in the past or people who were new to the sport and generally interested in seeing the experts demonstrate their talent.

"We are proud that our sponsorship continues to encourage athletes to develop their talent from grass roots to elite stages of the game," Jann Kohlman, Optus Group Manager, Sponsorship and Community Programs.

Salvation Army's Street level Community Centre

The Business Process Analyst team from Optus took advantage of a day's volunteer leave under the Optus Volunteer Program to help out at the Salvation Army's Streetlevel Community Centre in Surry Hills, NSW. The team prepared lunch and served more than 50 homeless and marginalised people. The team enjoyed a rewarding experience, gaining an insight into the invaluable services provided by Streetlevel and the circumstances faced by many living on the streets.

8.2.3 Reconnecting disengaged youth

Newport Lakes Primary School

Approximately 20 year 6 students at Newport Lakes Primary School in Melbourne 'buddied' with an Optus volunteer for a day to learn about the workplace. Students were also fortunate to receive a special performance by Cirque du Soleil at Federation Square.



Newport Lakes Primary is situated in a low socio-economic area. The day with Optus gave these children an opportunity to visit the city and experience the Optus workplace. The day was designed to inspire the students to make connections between what they learn at school and the world around them, particularly the world of work and to gain an insight into potential career opportunities.

For the staff who volunteered, it was a rewarding experience. As Matt Davidson from Consumer Support Division said, *"Optus should really feel rewarded in doing such projects and I can't recommend it enough for everyone to think of volunteering – it really puts the term 'happiness' into perspective – they say the giver's hand is never empty, and this day really displayed this."*

Australian Business Community Network Program

Optus is a founding member of the Australian Business Community Network (ABCN). ABCN comprises a group of national business leaders who aim to create positive social change by engaging with high school students and educators. Established in early 2005, ABCN works with schools in low socio-economic areas to broaden the horizons of students, support educators and engage business to build stronger communities. ABCN's work with schools and companies aims to address economic costs of students leaving school early, improve literacy and numeracy skills and help to ease future skills shortages.

This year, 92 Optus employees participated in ABCN programs in NSW, QLD, VIC and WA. This year two Optus employees worked on secondment to ABCN to assist with the expansion of the network. Next year, Optus will have more mentors involved in ABCN programs than ever before. Mentors from Optus Consumer & Corporate Marketing will participate in a pilot program – '100 Faces 100 Stories'. This visual and text based program allows students to explore their cultural origins and express them through a written and creative piece of work.

ABCN programs provide Optus staff with a better understanding of the broader community and an opportunity to develop their own skills in mentoring, motivation and communication. The benefits for students can be increased self esteem and motivation to learn as well as improved academic trajectories. Overall ABCN's work with schools and companies aims to address economic costs of students leaving school early, improve literacy and numeracy skills and help to ease future skills shortages.

Due to the success of the ABCN programs, we are expanding our involvement nationally, as many Optus people are finding the experience of the GOALS and Partners In Learning programs personally rewarding.

ABCN Case Study: Optus IT and Lurnea High School

Optus IT continued its partnership with Lurnea High School through ABCN's Partners in Learning Program. Lurnea High School, located in southwest Sydney, has 75 percent of students who regard English as a second language. The school also has a support unit involving over 80 intellectually and hearing impaired students.



Optus staff members were involved in three innovative programs aimed at connecting Optus staff with students at Lurnea High School.

Optus Day:

A day involving interactive workshops between two hundred year 9-12 students and Optus staff which allowed students to participate in creative arts, information technology, business services, intensive English and support unit workshops.

Interview Skills Workshop:

A workshop coordinated by our staff helped year 12 students to prepare for and succeed in a job interview. Students were taught valuable interview techniques and then were formally interviewed at Optus headquarters in Sydney by a team of managers from Optus IT.

Work Experience:

Work experience was offered to eleven year 10 students to participate at the Optus workplace. The program aimed to give students a practical understanding of the different types of work in an integrated telecommunications company. Students were matched with Optus staff from a variety of areas, including IT, Marketing, Finance, Sales, Networks and Media Solutions.



Mission Australia's Triple Care Farm

Mission Australia is one of Australia's leading non-denominational Christian community service organisations – which aims to empower disadvantaged and isolated individuals, families and communities. Mission Australia has established the Triple Care Farm (TCF) which is a unique and successful three stage residential program for young people experiencing chronic homelessness, substance use, mental illness and acute behavioural problems. TCF covers 45 hectares of farmland, offering up to 18 young people at a time the chance to develop emotionally, socially and vocationally in a safe and secure environment.

Optus has supported Mission Australia's Triple Care Farm through our Workplace Giving and Volunteer Programs. Our support enables the Triple Care Farm to continue to operate, helping many young people to address the multiple issues they face, getting their lives back on track to build brighter futures for themselves.

Case Study: Mission Australia Triple Care Farm is turning lives around

This is Tom's* story...

"Before I came to the farm I was into a lot of crime, breaking into houses and stealing cars and doing just about anything to get money. At 12 I started drinking a lot of alcohol and smoking a lot of drugs, I also did some things that I really regret and as I got older things just got worse. I never had a role model to look up to and I hated my life and didn't care about anyone or anything, I really hated myself. I had started to think it was my life and I hated it and felt guilty about what I was doing, but I still did it anyway.

One night I was drinking with friends and I wanted to drive and we had a stolen car up the road and a long story cut short: I was in a high speed chase with police and crashed the car and left my friend trapped inside. When the police found me I was taken into detention. My barrister told me I was looking at doing 12-18 months in the correctional centre or to do a rehabilitation program. I thought rehab would be the easy way out, so I chose it.

After being kicked out of five rehabs I knew I had to change for the better, for myself but mostly for the ones that really care about me. Triple Care Farm has helped me so much, they have helped me see that I can change for the better and have really made me feel that I belong. It is so hard for me to explain how it worked, but it has done miracles in my life.

I have changed my ways of thinking and feeling so much better mentally and physically. I have gained work skills to put on my resume. I really enjoy working on the farm and hopefully will be able to get a job, I know now that I need to be responsible.

Triple Care Farm has saved my life. Thanks for everything."

*It is Mission Australia's policy to protect the identities of the people we assist as they move forward with their lives.

Youth Off the Streets McIntosh House

Youth Off the Streets McIntosh House program aims to reintegrate severely disadvantaged adolescents back into mainstream society, through a range of learning programs and activities. Optus supports McIntosh House through its workplace giving program, matching staff contribution dollar for dollar. McIntosh House offers semi-independent living and mentoring for disadvantaged adolescents and helps these individuals reconnect with mainstream society.

Salvation Army Youthlink Reconnect Program

The Salvation Army offers practical and spiritual help to put the lives of people back together so they can have a fair opportunity to live to their full potential. Donations from Optus employees have helped The Salvation Army maintain their work and offer programs such as the Youthlink Reconnect Program, an early intervention program aimed at keeping youth at risk and their families together.

8.3 Our Commitments and Achievements

Area	2007/08 Goals	Results	2008/09 Goals
Investment Data Collection	Improve our community investment data collection	✓	Ongoing improvement on reporting and measuring community impact
Staff Volunteering Program	Roll out Volunteering Program nationally	✓	Achieve 4,000 hrs of staff volunteering in community activity
Workplace Giving	Evaluate Workplace Giving Program in consultation with our employees	✓	Achieve 5 percent staff participation in workplace giving
	Employee engagement with local community at North Ryde	✓	Increase support of programs across Australia that builds social inclusion and provide solutions for disengaged young people.

9

WE HEAR THE CONCERNS ABOUT THE ENVIRONMENT



We aim to
continually improve
our environmental
performance...

9.1 Our Approach

We are committed to reducing our environmental footprint and to implementing best practice in the management of our operations, processes, products, services and suppliers.

We strive to operate our business in a way that minimises environmental impacts, from our corporate offices to our network operations. We aim to continually improve our environmental performance. Our policies, environmental management systems and action plans are regularly reviewed and externally audited.

9.1.1 Environmental Policy

Our Environmental Policies support our commitment to our Vision for the Environment and identify key environmental issues for our organisation including:

- the development and management of our business in an environmentally sound manner;
- establishing and maintaining processes and practices to comply with applicable environmental laws;
- minimising pollution of the environment from our operations;
- minimising waste generation by adopting the philosophy of reuse and recycle;
- seeking to achieve best practice environmental management in all aspects of our operations;
- establishing a framework to pursue environmental management and sustainable development on an ongoing basis with provisions for continuous performance improvement;
- encouraging contractors to pursue environmentally sound practices; and
- ensuring the community are involved and kept aware of construction and operational activities and that any of their questions or concerns are considered and answered promptly.

9.1.2 Environmental Management System

Our Environmental Management System (EMS) establishes a practical approach to our construction and operational activities. The EMS provides guidance on the processes and procedures of our staff and contractors to ensure our environmental commitments are met. Based on the international standard ISO14001:2004, the system provides a framework for monitoring, controlling, reporting and the result improves our environmental performance.

As a part of the EMS, we provide training to all relevant employees to ensure they have knowledge of the current regulatory requirements, internal standards and Optus' policies and objectives.

At Optus we provide the following training:

Construction and Maintenance Staff

Environmental Awareness and Due Diligence Training to gain commitment to our environmental policy, objectives and targets and to instil a sense of individual responsibility.

Senior Management

Awareness training to understand the strategic importance of environmental management.

Employees

Employees with environmental responsibilities (such as Project Co-ordinators and Quality Controllers) skills enhancement is required – to improve performance in specific areas of the organisation.

Contractors

Environmental Due Diligence Training and implementation of the Optus Environmental Plan Template.

9.1.3 Environmental Management Plans

Environmental Management Plans (EMP) are the main means of implementing the EMS. The EMP provides a measure of Optus' activities, and guides contractors and sub-contractors in the environmental management of sites, projects and localities. The EMP establishes the overview of the key issues for environmental management, and the processes by which the parties will proceed.

9.1.4 Environmental Training and Awareness

Energy Efficiency Workshop

Optus Networks have been encouraging a culture of energy efficiency across our network environment. In May 2008, we held an energy efficiency workshop involving engineering, IT, procurement, operations, facilities management, corporate and environmental staff. The workshop raised awareness of our energy costs, the distribution of energy consumption, government obligations and total cost of ownership.

The team developed an understanding of what is required going forward and we are now seeing definitive results of the workshop including:

- Presentations of energy efficiency plans within engineering.
- Total cost of ownership templates being formulated to standardise the inputs and calculations for integration into the procurement process.
- Energy efficiency opportunities prioritised and capital funding sought for high priority actions.
- Procurement specifications have included options for alternative energy solutions, efficiencies of plant, broader environmental operating conditions and total cost of ownership inputs.

Environment and Land Access Training

This year, environmental and land access training was provided to staff from Customer Delivery Field Operations and National Field Operations Customer Assurance teams. There were over 11 sessions in Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra.

Training on general environmental issues, right of way constraints and issues for route planning at the engineering plan creation stage was provided to approximately 35 staff from Access Engineering in 1 session, including video links to other offices.

Environmental and land access training was also provided to 59 construction contractors from 34 companies over 6 training sessions in Sydney, Melbourne, Brisbane, Adelaide and Perth.

Environment Newsletters

Our Land and Environment (L&E) team within Optus Networks group produces a quarterly Environment Newsletter which is

distributed to Optus employees. The newsletter provides a knowledge sharing opportunity, focusing on the latest in land access issues when rolling out or maintaining our network. There is also practical information on common (and more unusual) environmental problems encountered on job sites.

Environmental Management Pre-Qualification for Construction Contractors

A pre-qualification system was designed and implemented by the L&E team to ensure construction contractors who work, or intend to work for Optus Networks demonstrate a minimum level of environmental management knowledge and practices. A total of 33 companies have so far been assessed against standard criteria, resulting in 19 companies successfully pre-qualifying and 14 companies failing to pre-qualify.

For the 14 companies that failed to pre-qualify, the main areas generally requiring improvements were demonstrated experience in managing environmental risks and environmental training. The strongest areas were environmental policy, subcontractor management and environmental management systems.

The L&E team is currently working with other key groups within Optus to notify those companies that failed to pre-qualify, informing them of where they need to improve and the eventual implications of not pre-qualifying (i.e. not being offered opportunity to bid for new work).

The L&E team is also working with Access Engineering, Customer Service Delivery Field Operations and Procurement to implement the Environmental Management Pre-Qualification as a standard requirement for all new Optus Networks construction contractors prior to being approved as a new supplier.

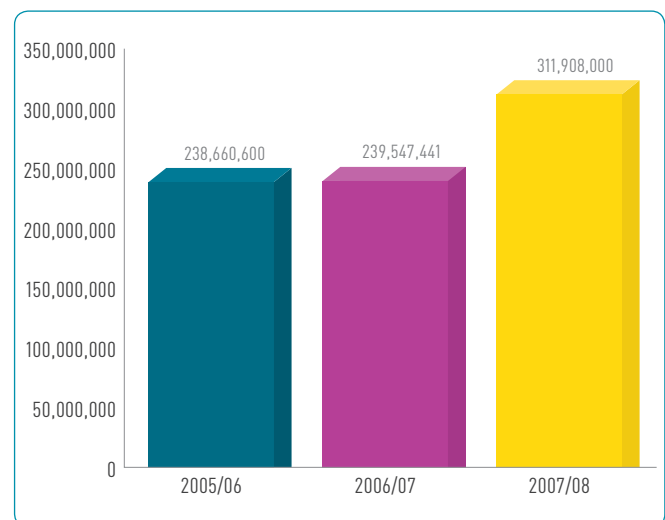
9.1.5 Environmental Prosecutions

There were no environmental prosecutions during the 2007/08 reporting period. No notices, charges, fines or noise complaints were received.

9.2 Our Performance

9.2.1 Electricity Use

One of Optus' greatest impacts on the environment is electricity and fuel use associated with our operations. Around 80 percent of our electricity use is to power the Optus network. Electricity is also used to power our corporate buildings around Australia. During the reporting period, our electricity usage was 311,908,000kWh. This is an increase of 30 percent from the previous year as shown in graph below. The increase in electricity use reflects our expanding network and the increased deployment of our 3G services, as well as the inclusion of the base building energy use at our corporate office in Macquarie Park.



As our electricity usage is increasing, we aim to offset our electricity use by purchasing GreenPower. GreenPower is renewable energy which can be supplied from the sun, wind, water or waste. During the reporting period, Optus purchased 945,000kWh of GreenPower, specifically from Lake Bonney Wind Farm in South Australia and a further 266,000kWh of accredited GreenPower from mixed sources. This brings the total Green Power investment to 1,211,000kWh.

Optus has also designed and installed 18 Solar Controlled Equipment Vaults on our fibre optic cable that runs from Adelaide to Perth. These supply 600,000kWh worth of energy to our network per year.

Energy Efficiency Initiatives

Although we have made substantial investment in purchasing offsets, we are continually investigating opportunities to become more energy efficient. We have joined the University of Sydney's "Low Energy High Rise" Project, which aims to further our work on improving building energy efficiency. We have also implemented a number of other energy saving initiatives which are outlined below.

Energy Efficient Lighting

Lighting contributes to the majority of our office electricity use. Most Australian offices are fitted using twin T8 fluorescent lights and operate at around 20 Watts per square metre. World's best practice in commercial lighting for new buildings was previously considered as T5 fluorescent lighting, which operates at around 9 Watts per square metre. Optus has gone one step further by being the first Australian company to introduce Envirolite E1 lighting into our corporate offices. This Australian innovation in lighting uses 5 to 6 watts per square metre and can easily be implemented in existing buildings. As power used for lighting is a significant contributor to greenhouse gas emissions globally, we hope our efforts in this area will deliver significant savings across all our buildings. This lighting has now been rolled out to our major tenancies located in Melbourne, South Melbourne, Darwin, Canberra, Perth, Brisbane, Sydney, Lidcombe and Adelaide, and has resulted in an estimated energy saving of 1,323,000kWh per year.

Furthermore, we have installed movement sensors in all office meeting rooms to ensure these lights are used only when needed.

Decreasing energy use at home and work

During the release of our Optus screensaver, featuring the 'O Team' (which was built to decrease our energy consumption from computer use in the office), we also promoted the benefits of turning off monitors and computers at home, in addition to switching appliances off at the socket.

Vending Machines

Nationally, we have installed energy efficient Panasonic SMI drink vending machines and modified existing snack vending machines to improve energy efficiency. Panasonic SMI vending machines use approximately 30 percent of the power of traditional vending machines, as the drinks are only

chilled in the lower section to be vended. Furthermore, the lights in the machines have been turned off to conserve even more electricity.

Re-engineering of air-conditioning units

We have modified the air-conditioning unit design in two major exchanges and improved the use of fresh air to decrease the amount of electricity used to run the units. This initiative has resulted in greenhouse gas savings of approximately 344 tonnes of CO₂-e per year.

Macquarie Park Campus

During late 2007, our Sydney head office relocated to a campus situated at Macquarie Park. The state of the art campus includes six interconnected, low rise buildings set over seven hectares of landscaped grounds. The campus has utilised a number of sustainable building design principles in order to increase energy efficiency and achieved a 4.5 star rating (out of 5) under the National Australian Built Environmental Rating System (NABERS). NABERS (previously known as the Australian Building Greenhouse Rating Scheme – ABGRS) is a voluntary performance rating system managed by the NSW Department of Environment and Climate Change (DECC). A rating of 4.5 stars indicates the building has a ranking between 'excellent' and 'exceptional'. For the rating to be accurately quantified, it is necessary to have all the buildings fully occupied for a 12 month period so that the true energy efficiency in a stable operational mode can be measured and assessed. During the reporting period, this stable mode had not been achieved, but the energy rating will be reported next year.

The following utilities are being used at the Macquarie Park campus to ensure that energy use is kept to a minimum:

- 3.5-star greenhouse-scored hot water system;
- hot water delivered to a maximum of 50°C;
- 6-star energy rating on fridges; and
- 4.5-star energy rating on fridge-freezers.

Macquarie Park Sustainable Transport Initiatives

We have also developed a number of public transport initiatives to encourage our staff to use more sustainable means to get to work. Staff catching trains are offered a free rail transfer bus to and from nearby stations. Optus staff are also offered travel pass loans and an additional 30 percent discount if they do not use our parking facilities. For bike riders, we offer parking for around 330 bikes. We also offer over 80 showers and lockers in the changing rooms. These are designed specifically for people cycling, running and motorcycling to work.

9.2.2 Fuel Use

Optus runs a fleet of vehicles for operational purposes. The table below shows the fuel use of both our fleet, as well as their fuel efficiency.

In 2007/08, there was an increase of 231 vehicles and the total distance travelled by our fleet increased to approximately 4,134,123 kilometres. The increase in the number of cars reflected an increase of leased vehicles during the reporting period, while the increase in kilometres reflected our increase in our operations across Australia.

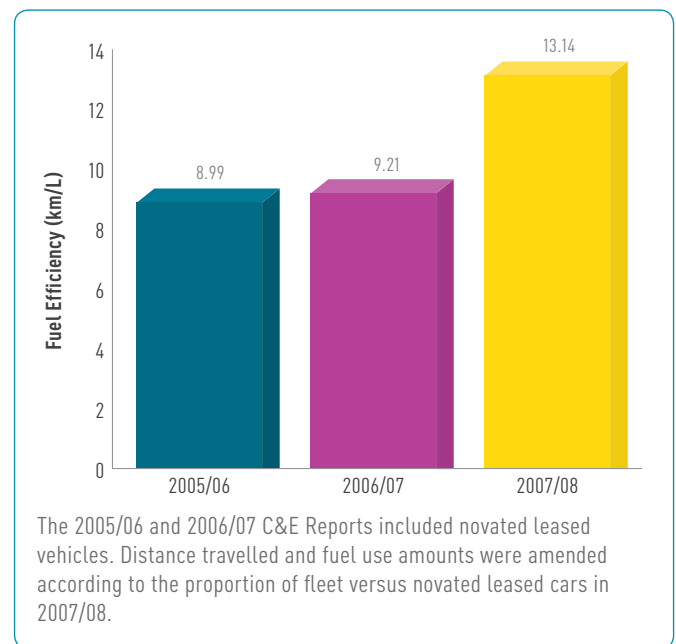
Fleet – Liquid Fuel Use

	Diesel	Petrol	Total
Number of Vehicles	117.00	427.00	544.00
Distance Travelled (km)	2,591,219.94	19,351,977.00	21,943,196.94
Fuel Use (L)	167,175.48	1,502,482.72	1,669,658.20
Fuel Efficiency (km/L)	15.50	12.88	14.19

We also use diesel to power generators at our main facilities in cases of power failure. The generators used 213,915 litres of diesel during the reporting period.

From the last reporting period, the distance travelled by our fleet increased by 23 percent. This can be attributed to the expansion of our services across Australia. We have also been working closely with business and fleet fuel card providers to provide more accurate kilometre readings.

Although the distance travelled increased, our fuel use decreased by just over 13 percent, due to changing the majority of our fleet to more fuel efficient vehicles. The result was an increase of the fuel efficiency as shown in the figure below.



9.2.3 Water Use

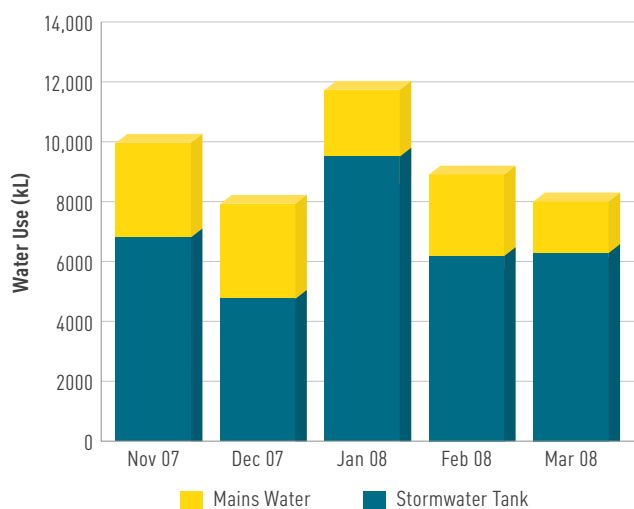
Water is used for air-conditioning units, drinking and toilet flushing within our corporate buildings. In addition, we use water to irrigate grounds around the buildings we own. During the reporting period, there were no water discharges from our offices or facilities. There were no specific water bodies affected by runoff from sites.

Macquarie Park Campus

This year, we began tracking water use at our Macquarie Park Campus. At our new campus, we integrated rainwater re-use, by installing a 1,600,000 litre underground stormwater water tank. The captured rainwater is used for toilet flushing and to irrigate campus grounds. Furthermore, the design of our stormwater management system at Macquarie Park uses landscape and rooftop detention basins to reduce stormwater overflow impacts. Within buildings, we have utilised water efficient fittings. All showerheads and taps have flow reduction devices and all water fixtures have a AAA water saving rating. In addition, we have designed the air conditioning plant and equipment to reduce water consumption.

To further reduce water use at the Sydney campus, we have encouraged the cleaning service provider to utilise micro-fibre cleaning cloths, reducing chemical usage at our office.

The graph below outlines our water usage at Macquarie Park from November 2007 – March 2008. Around 25 percent of our water is supplied from the water captured by our stormwater tank.



This campus was not representative of our water use in other corporate offices around Australia. Going forward, we will be progressively collecting this data.

Water Use Efficiency Initiatives

Optus has implemented a number of water efficiency measures in our corporate offices. It is anticipated the initiatives outlined below will save around 21,700,000 litres per annum of water, almost enough to fill over 394 backyard swimming pools¹.

Fan Cooled Water Units

To reduce our water consumption, all Optus corporate offices utilise fanned cooled drinking water units. Previously, the coolers were water cooled, which used an additional 18 litres of water per day to provide chilled water. This change has helped us conserve around 1 million litres of water a year, nationally.

Decreasing water use at home and work

This year, we also promoted the environmental benefits of refilling water bottles at the tap to our employees and prolong the utility of plastic bottles.

9.2.4 Greenhouse Gas Emissions

In measuring our greenhouse gas emissions, we have used the WBCSD/World Resources Institute Greenhouse Gas Protocol (www.ghgprotocol.org/) under following three scopes:

- Scope 1** GHG emissions generated directly by Optus and originating from the combustion of liquid fossil fuels in our vehicle fleet and diesel generators.
- Scope 2** GHG emissions that occur indirectly as a consequence of the purchase and consumption of electricity by Optus.
- Scope 3** GHG emissions that occur as a consequence of the activities of Optus, but occur from sources not owned or controlled by Optus. This includes the GHG emissions arising from our business related air travel and also the extraction, production and transport of fuels purchased by Optus and used in the production of electricity.

¹One backyard swimming pool = 55,000L water.

Liquid Fuels

The purchase and subsequent combustion of liquid fuels by Optus in 2007/08 resulted in 5,012.6tCO₂-e of direct (scope 1) GHG emissions. These fuels were used in our vehicle fleet and also diesel powered generators which act as a backup in an emergency, such as unforeseen power shutdowns.

Fuel use also contributes to our indirect (scope 3) emissions. These are emissions associated with the full fuel cycle and take into account, the extraction, production and transport of the fuel. The indirect GHG emissions resulting from our purchase and consumption of fuel were 379.6tCO₂-e.

Total GHG emissions arising from our consumption of liquid fuels in 2007/08 were 5,389.1tCO₂-e, which is around 10 percent decrease from the previous year. This has resulted from an improvement in our fuel use efficiency that is discussed further in Section 8.2.2.

	Usage (kL)	Scope 1 Emissions (tCO ₂ -e)	Scope 3 Emissions (tCO ₂ -e)	Total Emissions (tCO ₂ -e)
Petrol	3,249.8	7,475.5	650.0	8,125.5
LPG	12.2	19.6	1.2	20.8
Diesel (transport)	294.6	795.5	58.9	854.4
Diesel (stationary)	213.2	571.4	42.6	614.0
TOTAL	3,769.9	8,861.0	752.7	9,614.7

Electricity use

The purchase and consumption of electricity to run our network and corporate offices resulted in 297,373.2tCO₂-e of indirect (scope 2) GHG emissions during 2007/08. As is the case for other large telecommunications companies, this is by far our largest source of GHG emissions.

Additional emissions arise from the extraction, production and transport of the fuels used in electricity production and also from the loss of electricity in transmission and distribution from the power station to where Optus finally consumes the power. These Scope 3 emissions contributed an additional 42,467.9tCO₂-e making the total GHG emissions from our use of electricity 339,841.1tCO₂-e. GHG emissions that occur indirectly as a consequence of the purchase and consumption of electricity by Optus make up 97 percent of our total emissions.

	Usage (kWh)	Scope 2 Emissions (tCO ₂ -e)	Scope 3 Emissions (tCO ₂ -e)	Total Emissions (tCO ₂ -e)
Electricity use	307,308,000.0	297,373.2	42,467.9	339,841.1
TOTAL	307,308,000.0	297,373.2	42,467.9	339,841.1

Optus has made changes to the methodology by which we calculate the GHG emissions arising from our use of electricity. This year, state-based emission factors were used in preference to a national average providing greater accuracy to our electricity based emissions, compared to previous years. We have also incorporated for the first time the Scope 3 emissions arising from our purchase and consumption of electricity. This means that previously reported figures for GHG emissions arising from electricity consumption are not entirely comparable to this year's reported figures.

Our electricity consumption however, increased by 28 percent from the previous year. It is also anticipated our GHG emissions have increased.

Air Travel GHG emissions

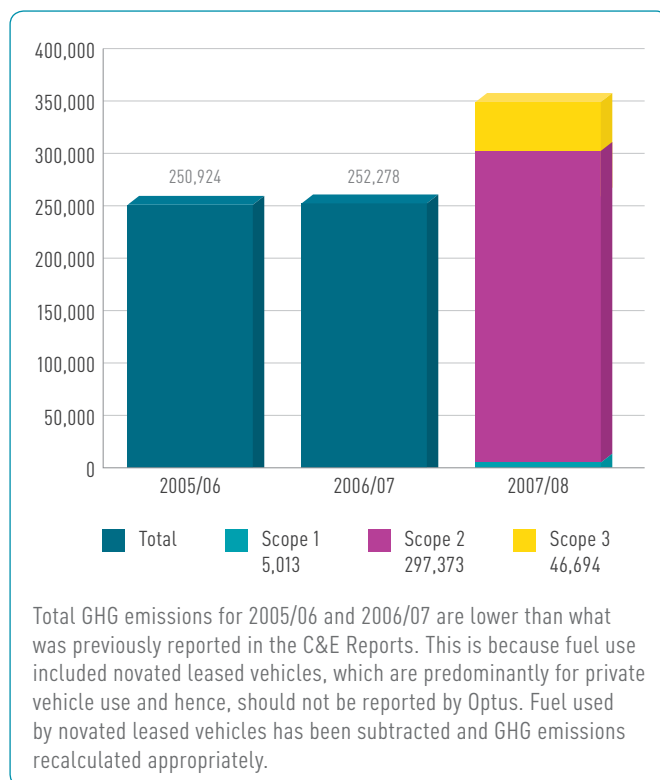
The GHG emissions arising from our business-related air travel in 2007/08 was 3,849.2tCO₂-e. This is a slight decrease (0.8 percent), from our 2006/07 emissions associated with air travel. The majority (68.7 percent) of the GHG emissions arising from air travel are associated with domestic routes within Australia.

	Usage (km)	Scope 3 Emissions (tCO ₂ -e)	Total Emissions (tCO ₂ -e)
Domestic Flights	14,690,472.8	2,644.3	2,644.3
International Flights	10,953,422.2	1,204.9	1,204.9
TOTAL		3,849.2	3,849.2

In 2008, 81 percent of Optus staff responding to a poll said they participated in Earth Hour by turning off their lights at home.

Total GHG Emissions

The total GHG emissions arising from Optus' activities and operations in 2007/08 were 349,079.4tCO₂-e. As shown in the figure below our biggest impact originated from our Scope 2 emissions which were primarily associated with the large amount of electricity required to run our Australia-wide network and corporate operations. This is why we will continue to focus on energy efficiency as a means to reduce the size of our 'carbon footprint' which is discussed further in Section 8.2.1.



Climate Change Initiatives

Carbon Offsets

In total, 7,200 tonnes of CO₂-e were offset by Optus during the reporting period. This is equivalent to just over 50 percent of our emissions, created from corporate operations.

This amount is broken up into:

- 5,200 tonnes CO₂-e created through NSW Greenhouse Gas Abatement Certificates (NGACs). These carbons offset have been achieved by end user efficiency projects initiated throughout NSW.
- 1,000 tonnes CO₂-e to be sequestered as part of the reforestation of the Gondwana Link, located in southern Western Australia.
- 1,000 tonnes CO₂-e to be offset by the generation of renewable energy from the Lake Bonney wind farm in South Australia.

Earth Hour

As part of our commitment and contribution to help combat climate change, Optus has supported Earth Hour nationally since its inception in 2006. Earth Hour is an initiative of World Wildlife Fund (WWF) and Fairfax, which encouraged organisations and individuals to turn off their lights for an hour at 8.00pm on Saturday 29 March 2008. Last year, the Earth Hour initiative in Sydney achieved a reduction of 10.2 percent reduction in energy use over the hour (more than double the target of 5 percent). The main aim of the campaign is to continue to be energy efficient beyond Earth Hour, making small actions everyday to achieve our goal in reducing global greenhouse gas emissions.



This year, all Optus sites, including Optus World and 'yes' shops, were encouraged to participate by switching off at 8.00pm (where practical and subject to health and safety considerations where staff were still working). In 2008, 81 percent

of Optus staff responding to a poll said they participated in Earth Hour by turning off their lights at home. During our Earth Hour initiative, we promoted simple energy saving tips at home. We also held a competition for staff to state what habits/behaviours they had developed in order to reduce energy consumption.

9.2.5 Sustainability Awards

The work we are doing, especially our energy efficiency initiatives, has been recognised through a letter of commendation by the New South Wales Department of Climate Change. Our National Facilities Manager was also asked to present to the 113 federal government agencies on our projects.

Optus has also won two Sustainability Awards, under the 2008 New South Wales Department of Environment and Climate Change's Green Globe Awards, "Commercial Tenant" category. Optus was recognised for "demonstrating significant leadership and performance in integrating sustainable business practices", at the new Macquarie Park Campus, including the significant achievements in the sustainable transport achievements implemented for our new Campus.



Our National Operations Manager also won the award for Environmental Sustainability Champion for providing a sustainable environment for Optus employees, as well as his volunteer work with the Sydney University and the former Australian Greenhouse Office, which included a paper on energy efficiency in existing

buildings submitted to Federal Cabinet in late 2007. He was also commended on his waste management and energy efficient implementation within the company.

9.2.6 Biodiversity and Land management

Our greatest impact on biodiversity and land is during the installation and maintenance of network facilities (such as fibre-optic cables, pits, manholes, mobile base stations, and radio and satellite dishes). To minimise our environmental impact during these operations, our Land and Environment (L&E) and Mobile Deployment & Support Services (MDSS) teams assess each site before work progresses.

Prior to the commencement of our operations, the L&E and MDSS teams ensure that the installation of these network facilities comply with the Telecommunications Act 1997, the Telecommunications Code of Practice 1997 and the Telecommunications (Low-impact Facilities) Determination 1997. These acts ensure Optus carries out a number of actions during network deployment and operations and include:

- Doing as little damage to fauna habitat and vegetation as possible;
- Giving notice to certain interested parties such as owners and occupiers;
- Drawing agreements that may be entered into between parties;
- Implementing best practice techniques;
- Noise management;
- Compliance with relevant industry standards and codes;
- Implementing procedures for dealing with objections; and
- Assessment of visual impact.

If an area is determined as an 'area of environmental significance' under federal or state legislation and the installation cannot be avoided, Optus will undertake detailed environmental assessments and obtain the relevant planning consents or permits prior to installation. This allows for the installation and maintenance work to be undertaken in a way that minimises disturbance to these areas.

Fire Ant Risk Management Plan

Fire Ants are an introduced species in Australia and can cause more damage to our natural environment than cane toads. They exist mainly within South East Queensland, but there have been reports of the pest as far north as Gladstone.

Where necessary for network construction, Optus undertakes ground disturbance activities associated with the installation and maintenance of network facilities. Moving sand, soil,

construction material, machinery and equipment can further spread fire ants. To prevent this from occurring, Optus (in partnership with the Fire Ant Control Centre at the Queensland Department of Primary Industries and Fisheries), has completed a Fire Ant Risk Management Plan.

The Plan sets out procedures Optus employees and contractors must comply with prior to and during installation and maintenance operations. These procedures include site inspection and specific instructions for purchasing, moving or storing equipment and soil within the restricted fire ant zone.

Working in the Vicinity of Trees Policy

Optus recognises the value of trees to local communities and vegetation in the local landscape. Wherever possible, Optus aims to retain natural vegetation during the building of our telecommunications network. Where this is not possible and clearing or pruning is required, we have set up appropriate processes and techniques to avoid or minimise the impact on trees during our network construction operations.

Under the Telecommunications Act (Cth) 1997, if any tree, undergrowth or vegetation obstructs our operations, clearing of natural vegetation is permissible. However, our policy specifies that operations staff should minimise disturbance to the root system, trunk or canopy of a tree.

The policy also outlines that Optus employees should seek expert advice for pruning large trees. In addition, if any site contains endangered flora or heritage listed trees, then advice is to be sought from our internal experts along with approval from State or Local Government Authorities.



Environmental protection in Mammoth/HSDPA Projects

In 2007, Optus commenced a large scale project to increase capacity to our mobile services. The project involved fibre connection from hundreds of mobile sites to the existing Optus underground network. Some of these fibre installations extend over tens of kilometres and if not managed properly, there is potential to adversely impact land that is sensitive to the environment and the community.

In Beerburrum QLD, Optus successfully designed a fibre route that avoided disturbance to a stand of Casuarina trees which were a known habitat of the vulnerable Glossy Black Cockatoos. The contractors were also required to submit a project-specific Environmental Management Plan to implement appropriate environmental controls to protect the species.

During the planning stages of a fibre route in Mt Rogers ACT, the potential presence of items of archaeological significance was identified along the proposed route. As there was no alternative route to the site, Optus undertook a specialist study and consulted with representatives of the local Aboriginal groups. The representatives were also invited to monitor the job site during construction.

During a site survey near Goulburn NSW, wombat burrows were identified in several properties through which the installation of a cable was proposed. Although the common wombat is not a threatened species, Optus implemented various environmental control measures to ensure the local wombat population or that habitats would not be unduly disturbed during construction.

Australian Wildlife Conservancy Partnership

As part of our commitment to biodiversity, Optus and the Australian Wildlife Conservancy (AWC) have formed a new partnership. The aim of our partnership is to help tackle Australia's crisis of losing wildlife of ecological significance.

As a non-profit organisation, AWC acquires land to establish sanctuaries and work with landholders to conserve wildlife and ecosystems. AWC has acquired a network of 15 wildlife sanctuaries, covering more than 1.1 million hectares (2.7 million acres) of land. These sanctuaries help protect

To keep paper use down, we have implemented an online billing service for customers to view and pay bills through the internet.

more than half of all of Australia's bird and mammal species, and more than 260 ecosystems. As AWC's first major corporate partner, we help deliver practical conservation projects around Australia as well as raising awareness about our endangered wildlife.

Our first joint project with AWC aids in the protection of the Yellow-Footed Rock Wallaby, listed as 'vulnerable' under both Federal and South Australian legislation, and listed as 'endangered' under New South Wales legislation. At Buckaringa Wildlife Sanctuary in South Australia, AWC is protecting one of the largest remaining colonies of Yellow-footed Rock-wallabies in the Flinders Ranges. The Sanctuary provides a secure environment free from foxes, goats and rabbits. Within the sanctuary, scientists are trapping and collaring wallabies for easy identification. The wallabies' movement patterns, habitat use, health and population dynamics are being researched to better understand how to protect and save this species.

Optus customers have helped contribute around A\$25,000 to the AWC cause. For more information on the Yellow-footed Rock-wallabies and similar projects such as the protection of the purple-crowned fairy wren and the Kalamurina Nature Reserve, please visit our website: <http://optuswildlife.sites.optin.com.au/>

9.2.7 Material Use

Optus World and Optus 'yes' Shops

Optus is not involved in the manufacturing of telecommunication equipment; therefore it is difficult at this stage to indicate the materials used for equipment associated with our network (e.g. mobile phones and radio equipment). However, Optus does operate a chain of retail stores across the country which acts as the primary distribution channel for 'rebranded' mobile phone handsets and a range of accessories. The primary packaging types used are paper and cardboard, shrink wrap and blister packs

for the accessories. Pre-paid kits also include a SIM card which is housed in a plastic credit card style holder and sealed in a foil envelope.

Our Environmental Management System outlines a number of environmental principles that are considered when Optus purchases telecommunications goods.

Optus Corporate Facilities

The majority of our material use (such as office supplies including paper, printer cartridges and toners) is within our corporate offices, and it is here where we can make the most impact in minimising the materials we use and maximising the amount of recycling.

Paper Use

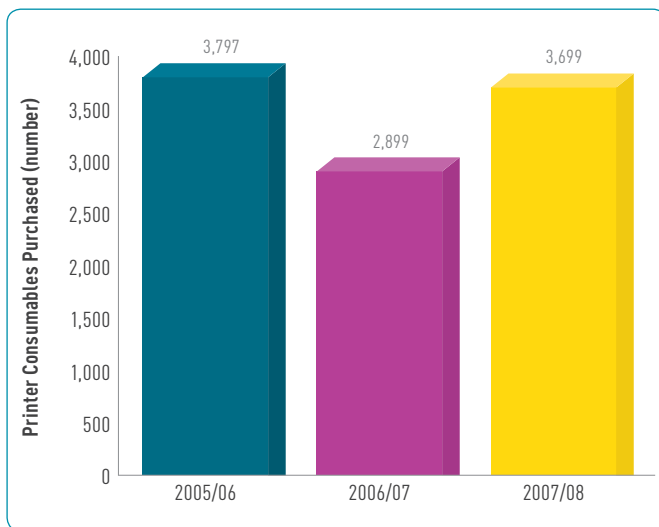
At Optus, we are working towards tracking our material use in our offices. During this year, we consumed around 71 tonnes of paper. This is a significant decrease from the 211 tonnes consumed last year and therefore raises questions regarding data collection processes. Next year, we are introducing new KPIs on the paper supplier to provide comprehensive data for future reporting.

Printer Cartridges and Toner

We have also been tracking our printer cartridge and toner use for printing within our corporate offices. During the 2007/08 we purchased 3,699 printer consumables for our Optus corporate offices. This was a 40 percent increase compared to our last reporting period. The figure below shows last year's amount decreased from 2005/06 records. This was however, largely due to improved record-keeping which resulted in the elimination of double counting. Also supply chain management was streamlined so that significant stocks previously held were no longer necessary.

The recycling of 65 tonnes of paper saved:

- 26tCO₂-e of GHG emissions.
- Enough energy to power 54 homes
- 1,541 thousand litres of water



Optus also has a commitment to Product Stewardship. This commitment will involve consideration of key areas identified in the Covenant including:

- review of consumer packaging and distribution practices to identify improvement areas;
- liaison with suppliers to identify packaging savings opportunities;
- a review of product labelling to assist the consumer in appropriately disposing of packaging; and
- monitoring of the cleaning contract at the new office facilities to ensure optimum recycling performance in-house.

Material Use Initiatives

Online billing

Separate to our own corporate paper use, we consumed around 1,230 tonnes of paper per year for billing our customers. To keep paper use down, we have implemented an online billing service for customers to view and pay bills through the internet.

National Packaging Covenant

The National Packaging Covenant is a voluntary initiative across the consumer packaging supply chain, to reduce the adverse effects of packaging of goods and services on the environment. Optus recently signed the Covenant which commits to certain responsibilities to achieve goals and KPIs set by the Covenant. Under the Covenant, Optus has committed to the following before 2010:

- Review or establishment of appropriate reporting frameworks and systems to capture consumer packaging data.
- Adoption of the Environmental Code of Practice for Packaging through the establishment of a specific committee, to ensure the principles of the Code are fully understood, communicated and considered in all relevant actions.

9.2.8 Waste Management

Office Paper Recycling

Office paper is recycled at all of our corporate facilities. At our NSW and ACT offices, we recycled a total of 65 tonnes. There are a number of benefits that arise from recycling rather than using virgin resources, including savings in GHG emissions, energy and water.

The recycling of 65 tonnes of paper saved:

- 26tCO₂-e of GHG emissions.
- Enough energy to power 54 homes.
- 1,541 thousand litres of water.

Printer Cartridge / Toner Recycling

Since 2004, Optus has been involved in printer and toner recycling through Close the Loop, an Australian high-tech recycling company. Printer and toner cartridge recycling is available at all Optus sites. We also encourage our employees to bring their home toner and printer cartridges to work for recycling.

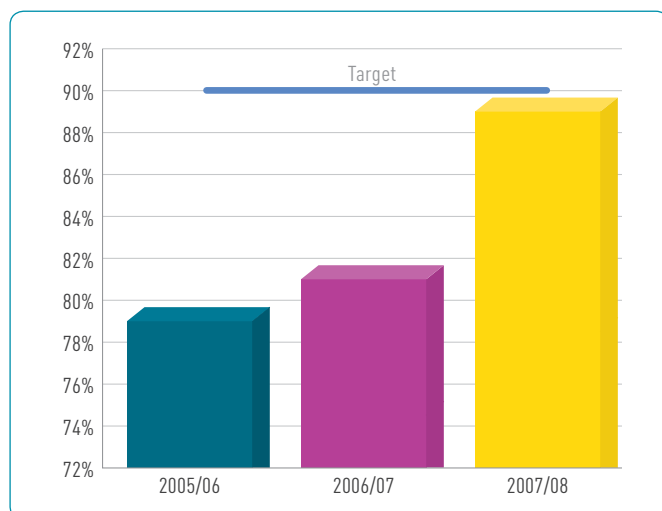
The table below shows our printer and toner usage in addition to recycled amounts for the 2007/08 period. This equates to 89 percent of printer consumables purchased.

The graph below shows the trend for recycled amounts. We have been improving over time, although this year we were 1 percent short of reaching our 90 percent target.

Table 1: Printer Consumable Recycling 2007/08

Printer Consumables Purchased	Printer Consumables Recycled	Recycled Percent
3,797	2,899	89%

Figure 1: Printer Consumables Recycled % 2005/06 – 2007/08



The WorkVentures Connect IT initiative ([see Reducing Social Isolation > WorkVentures Connect IT](#)) also meant that office equipment was reused rather than sent to landfill. This year, the program ensured 43 tonnes of IT equipment was diverted from landfill.

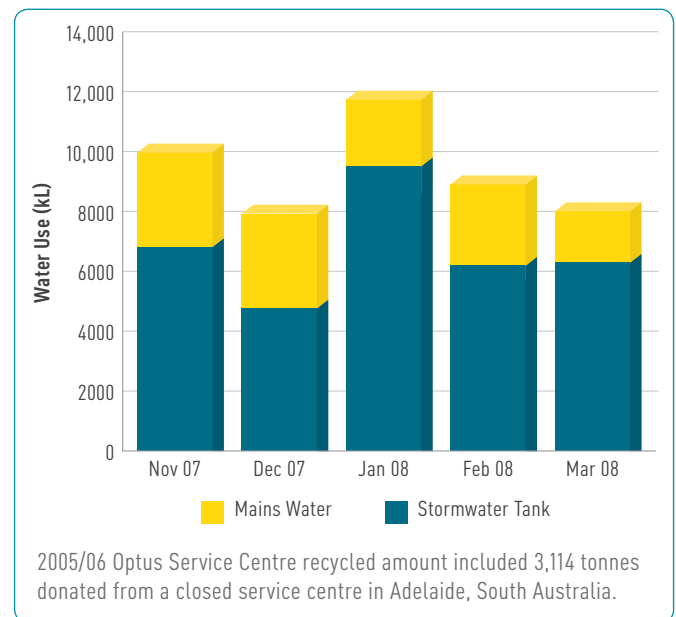
Waste Management Initiatives

Mobile Muster

We want to prevent mobile phones, batteries and accessories from ending up in landfill. That is why Optus is part of the Mobile Muster program, the official national recycling program of the mobile phone industry in Australia.

Optus is a founding member of the industry-based mobile phone recycling program, coordinated by the Australian Mobile Telecommunications Association. The program was relaunched in late 2005 under the banner Mobile Muster.

Optus continues to be actively involved in Mobile Muster. During the reporting period, Optus helped collect a total of 4,726kg of mobile phones, batteries and mobile accessories. Since the program's launch in 1999, more than 460 tonnes of handsets, batteries and other accessories have been collected for recycling.



Battery Recycling

During the reporting period, Optus continued to conduct major facilities upgrading which involved replacing the original batteries that were installed in our major exchanges in 1993–94. These batteries support our network when there is a mains power failure, so it is essential they are fully operational at all times. This project resulted in almost 270 tonnes of industrial batteries being recycled.

Fluorescent Tube Recycling

As we have been continuing the upgrade of lighting in our offices to Envirolite E1 lighting, we have recycled all removed fluorescent tubes. All fluorescent tubes that are being replaced are sent to a processing plant that recovers the inert gas, a small amount of mercury, as well as metal and glass to prevent these going to landfill. During 2007/08 we recycled approximately 200,000 fluorescent tubes.

E-Waste Recycling

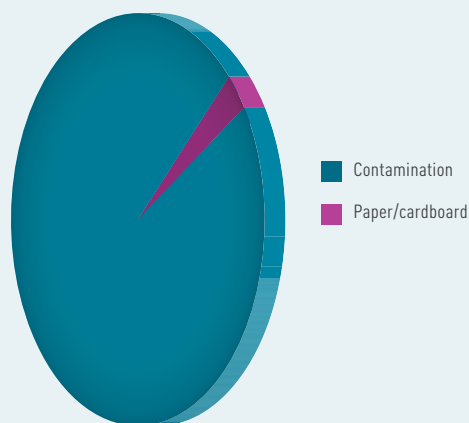
We contract Sims Metal to collect and recycle e-waste which includes old monitor, computers and printers. This year, we collected 160kg of equipment, which was taken to recycling centres where it was stripped and separated for raw materials recovery.

Macquarie Park Recycling

At Macquarie Park, our aim is to recycle over 90 percent of all waste leaving the campus. Within the campus, each office desk has a paper recycling bin. These are emptied by our staff, on an 'as needs' basis, into paper/cardboard recycling wheelie bins. Co-mingled recycling bins (for aluminium, plastics, liquid paperboard and steel) are located in kitchens and common areas. This material is sent to a sorting and separation site at Chullora where over 95 percent of the collected wastes are recycled.

Food outlets around the campus also recycle what they can, and are required to follow Optus' waste guidelines. All food garbage generated at the Macquarie Park campus is transported by Waste Services NSW (WSN) to recycling facilities in Sydney.

Based on quarterly audits of our paper/cardboard recycling bins, it was determined that 97 percent is capable of being recycled. Of the remaining 3 percent representing potential materials of contamination, plastic and polystyrene make up the bulk.

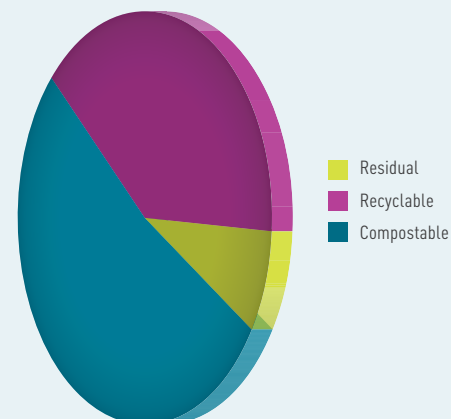


General Waste

General waste bins are provided at all kitchen and common areas. To prevent staff from throwing recyclables in the wrong bin, we have no general waste bins at office desks. The removal of these bins encourages staff to recycle, and saves up to 6,500 plastic bin liners every day. This represents a saving of up to 750,000 plastic bags each year.

All general waste is sent to the WSN Alternative Waste Treatment (AWT) facility located at Eastern Creek. The general waste is initially processed through a mechanical sorter to recover any additional recyclable material such as glass, steel, plastics and aluminium. The remaining general waste is then processed through a biological treatment which isolates and processes the organic fraction from the general waste to make compost.

At the Campus, quarterly audits of our general waste are undertaken. Audit results indicate that, on average, 53 percent of the general waste is recovered as compost, 39 percent is recyclable, and 8 percent residual is disposed to landfill.



9.3 Our Commitments and Achievements

Area	2007/08 Goals	Results	2008/09 Goals
Environmental Management System	Continue to include environmental considerations in ERR audits.	✓	Continue to include environmental considerations in ERR audits.
	Audit 10 contractor projects, reviewing the EMP and site activities	✓ 8 audits	Audit 10 contractor projects, reviewing the EMP and site activities
	Zero diesel spills or leaks	✓	Zero diesel spills or leaks
Biodiversity and Land Management	Construction staff to complete mandatory training.	✓	Construction staff to complete mandatory training.
Energy Use	Upgrade lighting in 50 percent of all offices nationally to Envirolite lighting	✓	Upgrade lighting in all remaining offices and all new offices to have lighting at quality and efficiency of Envirolite E1 lighting or better.
	Continue with tube replacement program and recycle old tubes	✓	Continue with tube replacement program and recycle old tubes
	Install movement sensors in all Optus Campus meeting rooms	✓	Work with our building owners to have air conditioning working as efficiently as possible.
	Inclusion of personal energy efficiency techniques in Macquarie Park induction training.	✓	Inclusion of personal energy efficiency techniques in Macquarie Park induction training.
			Undertake energy assessments at significant sites to identify energy saving opportunities
			Consolidate energy data and report publicly as per NGERs
Waste Management and Recycling	Recycle 90 percent of toner cartridges	✓ 89%	Recycle 90 percent of toner cartridges
	Report on waste audit results	✓	Report on waste audit results
			Report publicly under the National Packaging Covenant regarding Optus branded materials
	Continue to consider recycled paper content	✓	Continue to consider recycled paper content
	Report on recycling rates	✓	Report on recycling rates

10

WE HEAR OUR PEOPLE

Getting It Right.
Making It Simple.



A fresh look at
The Optus Health Expo

Assess your health and pick up
some useful tips at the following stands:

■ Cholesterol and glucose checks	■ Skin Checks
■ Exercise and fitness	■ Healthy cooking demonstration
■ Blood pressure	■ Body Mass Index Assessments

DOOR
PRIZES ON
THE DAY

18-22 February 9:30am-4:00pm
OCSCG Learning Centre



People are at the
heart of what makes
Optus different from
its competitors.

10.1 Our Approach

We aim to recruit and retain the best talent, as well as create an environment where diversity is valued and our people are encouraged to develop and make the best of how they work, live and contribute to the community.

People are at the heart of what makes Optus different from its competitors. At Optus, we believe our vision and values are integral to our future success. Our Employee Relations Department aims to create a working environment that will attract and retain those people who can live Optus' values of customer focus, challenger spirit, teamwork, integrity and personal excellence.

Supporting our philosophy of offering our people choice and flexibility to assist their growth are four key segments:

My Wellbeing

Healthy balanced people make great things happen.

My Reward

Flexible remuneration policies that allows our people to tailor their reward to fit their needs.

My Career Choices

Our people are encouraged to explore their potential and are offered a variety of career paths.

My Optus Experience

Innovative programs to support our people in their personal and professional lives.

Our performance in the workplace does not include our franchised Optus World stores, as the individual franchise owner is responsible for all aspects of people management. Optus will look to report on this information in the future.

10.1.1 My Wellbeing

We believe healthy, balanced people make great things happen. Optus is committed to offering our people a range of innovative and flexible health and wellbeing programs as part of our Occupational Health and Safety Strategic Plan.

Around 27% of our staff attended the Expos, with 77% stating they would likely make a change to their health and wellbeing status as a result of the Expos.

Optus/GMHBA Health Insurance Plan

Exclusive to Optus, and underwritten by GMHBA, the Optus Health Plan provides health cover for full or part-time employees, their partners and dependent children. It offers a range of hospital and extras options at special rates, with premiums deducted from either fortnightly or monthly salary.

In July and October 2007, GMHBA ran a number of information sessions across multiple Optus locations to give employees more information about the program. In the past 18 months, membership has increased by 16 percent. GMHBA were also present at the Optus Health and Wellbeing Expo in February 2008 which ran across numerous Optus sites.

The Employee Assistance Program

The Employee Assistance Program (EAP) is a counselling and advisory service for employees and their immediate families that provides professional assistance for any personal or work-related problems. The service, run by external consultants, is confidential and aims to improve employee wellbeing, both personally and in the workplace. Throughout 2007/08, 1,131 hours of counselling was provided.

In December 2006 Optus' online counselling service, EAP Direct, was launched for Optus employees and families. The service was used by 289 people in 2007/08.

We will continue to promote EAP direct and online counselling services to our people.

Flu Vaccination Program

The Flu Vaccination Program commenced in 2005 at selected sites in most States. In 2007/08, Optus again fully subsidised the cost of the program for all permanent Optus employees. A new service provider was secured and the online booking system was further developed, improving and streamlining the process for each site. In 2007/08, there was a significant increase in employee take-up across all States with 2,209 bookings in March 2008, compared to 1,353 bookings in March 2007.

Optus Health Expos

As a key health and wellbeing initiative, the Optus Health Expos were held in Feb-March 2008 at all major sites nationally. Open to all employees, the Health Expo brought together a range of health providers and health groups to offer health checks, useful health and wellbeing information, practical demonstrations and door prizes.

Staff were provided with a general check-up and learnt about the latest ways to achieve and maintain good health. Each Expo hosted about 15 stalls providing:

- Blood pressure checks
- Blood cholesterol checks
- Blood glucose screening
- Body Mass Index Assessments
- Lung function screening
- Skin checks
- Relaxation and massage
- Reflexology
- Healthy cooking workshop
- Advice on managing depression
- How to quit smoking

Around 27% of our staff attended the Expos, with 77% stating they would likely make a change to their health and wellbeing status as a result of the Expos.



Optus Case Study: Macquarie Park Campus

In 2007/08, we engaged Peak Health Management to supply and oversee our health and fitness programs for the new Macquarie Park, Sydney campus. The campus includes an on-site health club and gymnasium with state-of-the-art fitness equipment and a range of classes, massage and health services. All health services are provided through salary sacrifice, in line with our flexible work program.

Dealing with Mental Health in the Workplace

Optus continued to provide a range of mental health initiatives, such as posting detailed information on the Optus website about coping with depression and partnering with beyondblue, a national, not-for-profit organisation working to address mental health and substance abuse disorders. This year, we continued working with beyondblue to provide line management training across our call centres in managing depression in the workplace and also secured Beyondblue as a major charity partner.

Online Employee Health and Wellbeing Tool – Family Biz

'Family Biz' is an online range of health and wellbeing tools and services available on the Optus intranet, designed to assist employees to maintain a better work/life balance.

Available to all Optus employees, it provides advice on health and wellbeing topics, career development, financial management and family matters with sections including 'Your Career', 'Your Resources', 'Your Lifestyle', 'Your Children', and even 'Your Parents'.

Athletic Participation

Optus has continued to strongly promote the Corporate Games events, with most States participating in a State fun run or similar event as part of the Optus Health and Wellbeing program.

Optus was once again a central supporter of the New South Wales Corporate Games event, held 13-16th March 2008. More than 290 organisations participated, with Optus represented by a team of 494 people. Optus again won the Sport for Life Grand Award for the 16th year and also again won the Medallist Award after collecting an impressive 51 medals and the Division 9 award for most entries.

At the Australian Corporate Games held in Victoria on 23-25 November 2007, Optus had the 9th largest team of a total of 324 organizations participating. Our company was strongly represented in most sports and won 5 medals in total. Several teams also competed in the Games in Brisbane winning 2 gold medals in golf and athletics.

In August 2007, we had an increase in participation with 204 Optus people, their families and friends, joining over 60,000 other participants in the 37th City to Surf in Sydney. In addition, Adelaide employees represented Optus at the annual City to Bay run.

Optus Family Days



In 2007 the Optus 'yes' Days were again run in each State. These day-long annual family events were again a huge success in 2007 with staff and their families attending Luna Park in Sydney, Werribee Mansion and Park in Melbourne and White Water World in Queensland. Optus staff and their

At Optus, we say 'leadership is an attitude, not a position on an organisational chart.'

families enjoyed a memorable day with more than 10,000 attendees nationally. 'yes' Days give Optus employees, their partners and children, an opportunity to enjoy a day of fun, food and entertainment, and represent a way of Optus saying 'thank you' for all the hard work that has been achieved throughout the year.

10.1.2 My Reward

Optus recognises the importance of attracting and retaining the best people, so we offer innovative salary packages and benefits. In addition to salary, we offer a number of incentives designed to recognise and reward high performance.

Flexible Salary Packaging

Our people can tailor their remuneration to suit personal needs and circumstances. Salary packaging allows staff to choose how much remuneration is taken in cash and how much is packaged towards other benefits such as novated lease cars, shares, childcare and superannuation, as well as tax and financial advice.

Reward 'yes' Program

Last year, we launched our Reward 'yes' Reward and Recognition Program. This program is our internal recognition process that allows any of our people to recognise the great efforts made by others. There are two sides to the reward and recognition system: informal and formal recognition.

Informal recognition offers tools by which Optus people can give immediate, non-monetary recognition to others – for example e-cards and postcards. Formal recognition combines public recognition with tangible rewards, in the form of reward points. There are two separate formal recognition programs:

- 'yes' Milestones thank people for contributing to Optus' success by celebrating employment anniversaries in a consistent manner across Optus.

- Reward 'yes' recognises and rewards people for going above and beyond job requirements and demonstrating one or more Optus Values or leadership. The program is broken into three tiers; immediate, quarterly and annual recognition.

Company Discounts

Discounts on our own products and services have been designed specifically for our employees. The discounts provide a cost saving to staff as well as a means to share in the Optus retail success. The majority of the benefits which Optus provides are available to all employees.

Employee Referral Program

The Employee Referral Program rewards employees who refer talented candidates to us. The program recognises our people can play an important role in the recruitment process – after all, they have a strong understanding of the company, its culture and values, and what it takes to be a success in a high performance, and dynamic environment.

If Optus employs a referred candidate and that candidate stays with Optus for three months, the referring employee will become eligible for a reward. The reward for successful referral will be paid in the form of points credited to the employee's Reward 'yes' account.

Transformation Champion Network

Since 2006, our Transformation Champion Network (TCN) has been a powerful change management channel helping Optus Business achieve its success goals.

Our Transformation champions act as a two-way communication channel between Optus Business and the Transformation Management Office, fostering understanding and acceptance of transformation impact in terms of customer and employee experience.

For Optus Business, TCN offers an outlet for our high performing and high-potential staff to contribute to improvement in our organisation and culture as well as developing their own change management and leadership skills.

10.1.3 My Career Choices

At Optus, we offer a variety of career choices and also have programs in place that allow our employees to develop their career potential.

We place great emphasis on training and educating our employees, with a range of programs available at all levels, including face to face programs and innovative use of online training. All Optus employees participate in half yearly and yearly performance development reviews. Career development discussions form part of these reviews.

Career Development

My Career Intranet

The My Career Intranet supports our people with their career aspirations and gives information to help plan and manage a career. It also provides job search and job alert functions to alert users to internal vacancies as they become available.

My Learning

We are committed to providing continued career development in order to realise the full potential of every employee. My Learning is an online learning and development tool that gives our people the ability to track, plan and measure learning and development – helping them achieve their career goals.

Leadership Development

At Optus, we say “Leadership is an attitude, not a position on an organisational chart.” Leadership behaviour is not necessarily attached to a role or job function, but is an attitude and approach that anyone can adopt. We have integrated a number of programs within our workplace that encourage leadership qualities among our people.

Leading to ‘yes’

Leading to ‘yes’ is a program designed to provide our leaders with an understanding of ‘our style’ of leadership. It is a significant investment in personal development and in how we communicate, coach, develop, recognise and build high performing teams.

Formal Leadership Programs

Our Leaders of Tomorrow program identifies people with the potential to be effective Team Leaders and guides them through a series of formal development programs, on-the-job projects and job rotations.

Future Leaders are identified based on potential and performance and are developed for roles as Operational or Functional Managers or future Executive. There is a range of formal leadership development programs regularly scheduled as part of the My Learning system.

These include programs such as:

- Coaching for Enhanced Performance;
- Effective Performance Management;
- Recruitment Skills;
- Leading for Results;
- Presenting to Win;
- Presenting with Impact; and
- Negotiation Skills.

Learning and Development

In addition, people have the opportunity to undertake a formal management qualification. This learning is further supported through a range of online leadership programs in areas such as project management, financial management, strategic planning and team development. We also provide mentoring, frontline management development and employee education assistance.

Begin the Journey

Begin the Journey is our company-wide induction program, which welcomes our new people and enables them to settle into their roles and the organisation quickly and effectively. The program consists of three components – online material, a presentation and site visits. Our call centre people receive a separate, structured induction program.

The program is backed up by a dedicated Intranet site, with gives information on the structure of Optus, where to look for assistance, company policies and employee benefits. Our aim is to provide all new employees with 24/7 access to relevant and current information, regardless of their location.

Optus College

Our Optus College is a registered training organisation that has delivered nationally recognised qualifications to more than 2,000 employees since 1999. The College combines formal training with on-the-job learning to promote skill development and career growth.

The Optus College provides a range of internal training from inductions, to leadership and professional development, compliance, executive coaching and mentoring.

The College also delivers our training and development support to employees through a variety of resources – development guides, media solutions, learning services, training centres, training centres and desktop training.

Technical Success Profiles

These provide a self assessment tool that identifies the capabilities, knowledge and skills, experience and personal attributes which are critical for effective performance in leadership or functional roles. This helps our employees to:

- improve their performance in their current roles;
- plan and manage their careers towards a future role;
- assess the development needs of their team; and
- develop position descriptions.

Engineering Cadet Program

The Optus Engineering Cadet Program is a combination of on-the-job learning and TAFE studies for a three-year period that provides education in leading-edge telecommunications technologies, along with on-the-job experience and employment. Upon successful completion, graduates earn a Graduate Diploma of Telecommunications Engineering and can commence a career in an Optus engineering position involving the design, installation, operation, maintenance and management of telecommunications networks and equipment.

The TAFE course follows an accelerated pattern and is conducted at the Telecommunications Engineering Specialist Centre at Lidcombe, New South Wales. The on-the-job component takes place at various Optus sites in Sydney throughout the three-year program. Each year, we employ 12 to 18 cadets and retention statistics show that 92 percent stay with us for 5 years. Ten of our cadets now hold leader positions in our workplace.

Graduate Development Program

The Graduate Development Program is designed to provide new university graduates with an in-depth knowledge of Optus and the broader telecommunications industry, whilst also expanding their professional and leadership capability.

10.1.4 My Optus Experience

Optus has a number of innovative programs which support our people in their personal and professional lives.

Employee Partnership Agreement

Our Employee Partnership Agreement (EPA) reflects the ongoing commitment of Optus and its employees to work together to develop a committed, flexible and highly skilled workforce.

The EPA has been a key part of our challenger culture since 1994. After consultation and feedback from people across the business we enhanced the agreement and made necessary amendments to provide coverage from 2006-2009. The EPA vote occurred during the week of 25-29 September 2006 and was conducted by Computershare Investor Services.

We are delighted to announce the vote resulted in a 'yes' from 92 percent of respondents. This was an increase from 87 percent for the last EPA, and reflected the hard work and lengthy consultation process. In addition to the benefits outlined below, the agreement between Optus and our people also includes the following:

- One day Volunteer Leave Program.
- Extending Career Breaks to four months.
- Opportunity to "Flex Down Long Service Leave" by selling two weeks Long Service Leave.
- Opportunity for up to 12 months unpaid Childcare Leave as an extension to current 12 months unpaid Parental Leave for the primary care provider.
- Opportunity to return to work part-time following Parental Leave or Childcare Leave.
- Two days paid Compassionate Leave when employee's immediate family or household contracts or develops a personal illness or sustains a personal injury, where either situation poses a serious threat to his or her life.
- Option for Parental Leave payment for those on fortnightly pay cycle to be paid as instalments over a 2, 4 or 8 successive pay periods.

- Salary sacrifice of laptops, PDAs and financial services extended to employees on block time contracts.

Flexing Annual Leave

Flexing Annual Leave allows our people to buy or sell one week of annual leave each year, according to their personal preference.

Professional Memberships

We support the membership of relevant professional associations and bodies, which assists with professional development, and provides either access to professional / vocational literature and publications, or the opportunity for interaction with other professionals in similar fields.

Family Care

We place great emphasis on helping employees balance their work and family commitments. To this end we have engaged the consultancy services of Families At Work to provide support and advice for employees about their dependent care options, and to help them find out about services available in the community. Optus offers this support to its employees to help alleviate some of the worry associated with looking after dependent members of the family.

10.1.5 Internal Communication

Our business is about connecting people and our engagement with our employees is no exception. We do this through a range of ways, blending traditional and innovative mediums to maximise the impact of our messages for various audiences across the company. We have newsletters, emails from our CEO and Senior Leaders, the intranet, posters and promotional activities, TV broadcasts and web streams, employee road shows and Optus “Jam” sessions to name a few.

Online newsletter

The Optus weekly online newsletter is our way of keeping in touch and letting employees know what is happening at Optus. This includes corporate news, such as financial results, product and service innovations, network delivery and expansion, strategic direction and industry updates. The newsletter also has a strong people focus, highlighting the benefits of working at Optus, from learning, development and career opportunities, to exclusive deals and services, and a variety of health and wellbeing initiatives. There are also local stories such as fundraising or volunteer opportunities,

linking it to our Answering the Call program, engaging our people with the community through Workplace Giving and Volunteering. It also provides a channel for promoting our sponsorships of the arts and sports with news, competitions and special offers on tickets. This weekly round-up is an important way to ensure our people consistently hear key corporate information and are updated on our performance.

Broadcasts, webcasts and road shows

Building on this, we periodically broadcast via satellite a televised update from our CEO and Senior Leadership Team to sites throughout Australia. These are by no means one-way presentations. Our people can send questions to panel members by email or SMS and on occasions, we will have a live audience in the studio. We also hold employee road shows and strategy updates to give our people the opportunity to hear the latest strategy directly from our Chief Executive and the Senior Leadership Team, and to discuss issues.

Visuals and promotional activities

With approximately 6,000 staff based at Macquarie Park, this provides a great opportunity for promotional activities from launch events, giveaways, posters, information stalls, expos, talks and presentations to intriguing and interactive displays. We also promote these activities nationally.

Intranet

Our intranet is a focal tool for everyone at Optus. The Home page is updated daily with the latest news around the company while eye catching interactive banners link our people to the latest campaigns and initiatives across products, strategy, corporate social responsibility and sponsorships. The Home page links to sites for each of the businesses making up Optus and allows us to communicate important information, remain responsive to changing needs and environment, and act as a point of reference for policies, processes and opportunities internally. One example is the My Career Intranet which supports our people with their career aspirations and gives information to help plan and manage a career. It also provides job search and job alert functions to alert users to internal vacancies as they become available.

The Hub capability (people, process and environment) drives effective collaboration and knowledge sharing to deliver improved business performance and acts as a catalyst for business transformations: enabling rapid business alignment; increased productivity; reduced risk; enhanced stakeholder ownership; and focused momentum.

Case Study: The Hub

The Hub is a new Optus capability based on over 30 years of thinking around collaborative decision making. Located at our Macquarie Park Campus, it can be used for events, to help employees solve a problem, develop a strategy or brainstorm an idea. Our Hub sessions are typically held twice a week.

Case Study: Optus Jams

Optus Jams are interactive dialogue sessions, usually held once a week across the organisation and are designed to:

- demonstrate the importance of our values in guiding business decisions;
- engage employees in business operations;
- gather themes and trends and formulate some collective views about what the group can do to make positive change;
- share discussion and knowledge around topics to create a stronger focus on what needs to change and get everyone talking the same language; and
- encourage open, honest and transparent dialogue across all levels and areas of business.

By bringing together diverse points of view to consider topics such as – ‘Do our present values make sense to you?’ Or ‘Where do you see us failing to demonstrate these values?’ – in a structured way, we are able to gain insight into a range of issues and trends.

10.1.6 Employee Consultation/ Agreement

Freedom of Association

Our policy is that we will always adhere to our freedom of association obligations and this is well understood by our Employee Relations and HR employees who enforce this policy. Approximately 75 percent of employees are covered by a collective bargaining agreement. There is no minimum notice period regarding significant operational change within our collective agreement.

For changes to rosters or working hours, we give one month notice and consult with the affected workforce as per our collective agreement.

Union Memberships

Optus believes the establishment of any union membership association is a matter for private decision by the employee. Optus does not discriminate against any employee or potential employee because of membership or non-membership of any Trade Union or other Employee Organisation. This is consistent with our overall stance regarding non-discriminatory work practices.

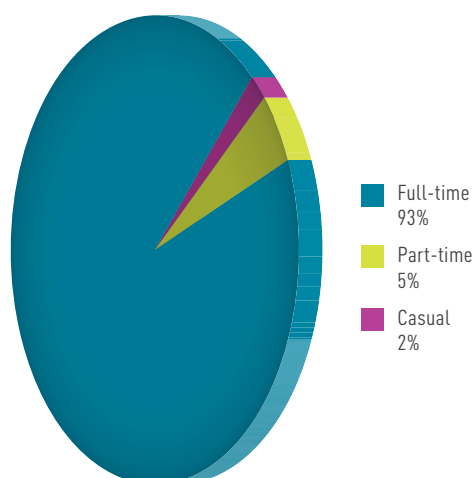
Optus will adopt a position of neutrality regarding union membership issues. The union which has predominant legal coverage within Optus is the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia.

10.2 Our Performance

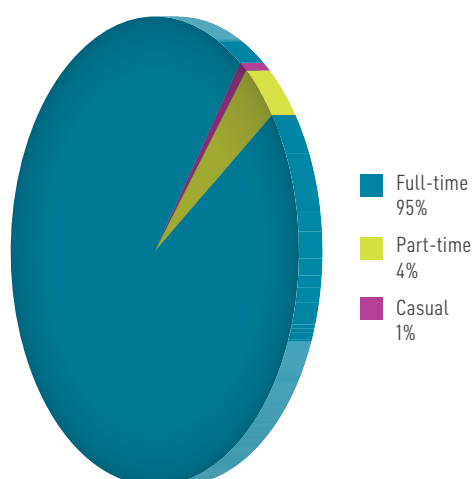
10.2.1 Employment and Diversity

We have over 10,000 employees working in our corporate offices and wholly owned Australian stores. At Optus, we are committed to encouraging a diverse workplace. The majority (95 percent) of our employees are full time employees. Like many other workplaces, we have a variety of age groups working at Optus. The majority of our employees are within the 26-35 and 36-45 age groups. For young workers (those aged under 18 yrs) we have specific guidelines which require that they only work standard “core” (day time) hours. Females comprise 35 percent of our non-executives and 15 percent of our executive group.

Workforce by Employment Type



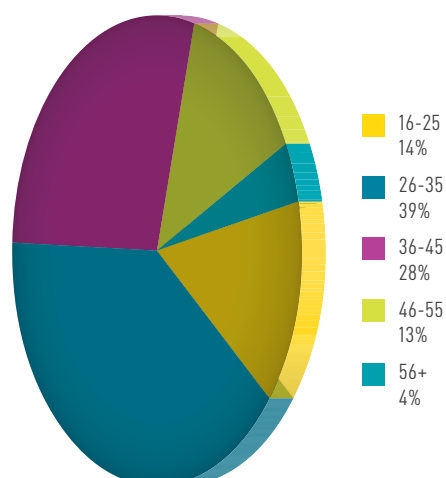
Non-executive (Total = 9,077)



Executive² (Total = 374)

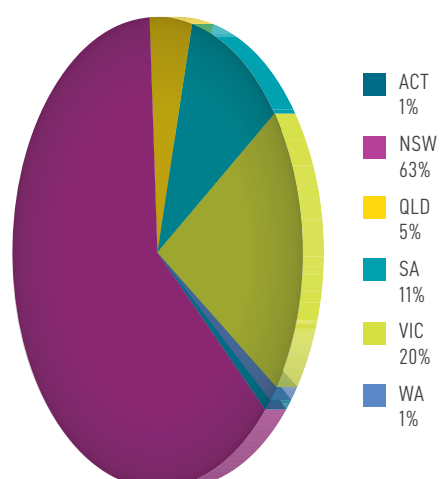
²Executive do not include our business line managers

Workforce by Age Group



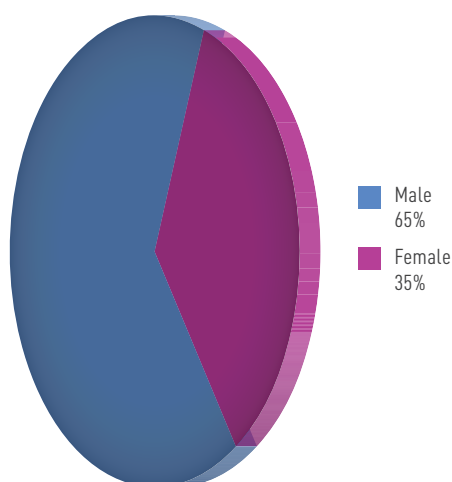
Total Workforce = 9,451

Workforce by Region

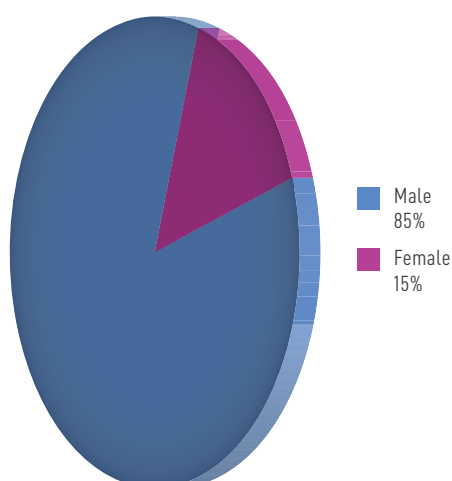


Total Workforce = 9,451

Workforce by Gender

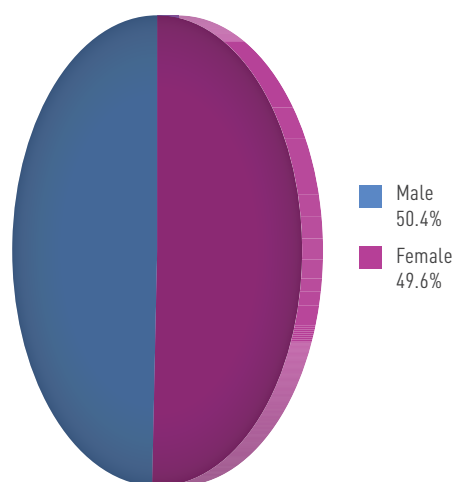


Non-executive (Total = 9,077)

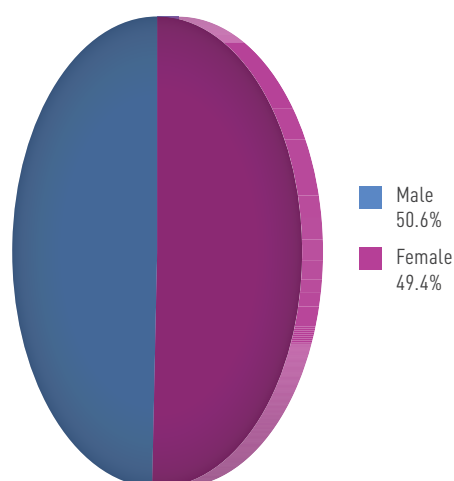


Executive (Total = 374)

Ratio of salary by Gender



Non-executive (Total = 9,077)



Executive (Total = 374)

10.2.2 Workforce Earnings

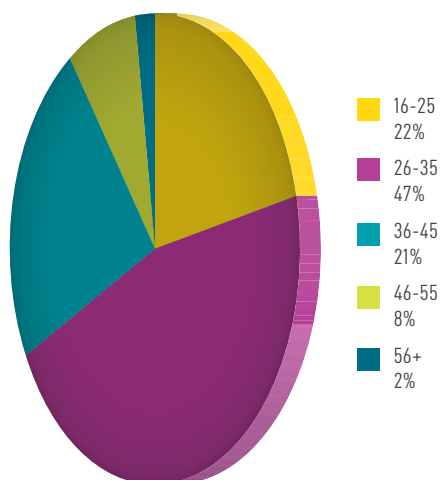
Salaries are attached to the specific functions of the roles within each range. All employees are paid in accordance with the Federal Superannuation Guarantee Contributions legislation. The funds are paid into various defined contributions schemes to a minimum of 9 percent of Ordinary Time Earnings. Our entry level minimum wage for standard entry point employees is currently set at A\$38,750 per annum, which is 37 percent higher than the Federal Minimum wage.

10.2.3 Turnover

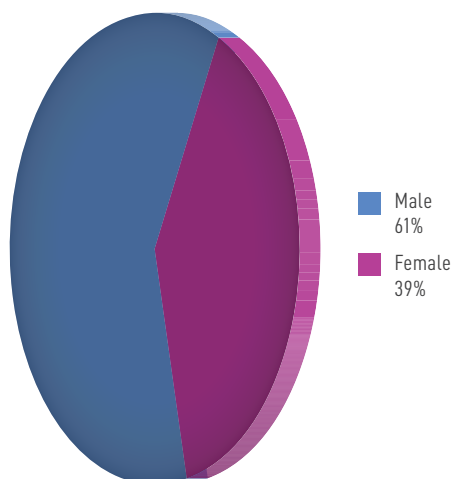
Our annual employee turnover was 16.5 percent during the reporting period which is in line with Industry Benchmarks.

Our Call Centres experienced attrition rates of 27 percent which while higher than the Optus position overall, is also comparable to Call Centre benchmarks.

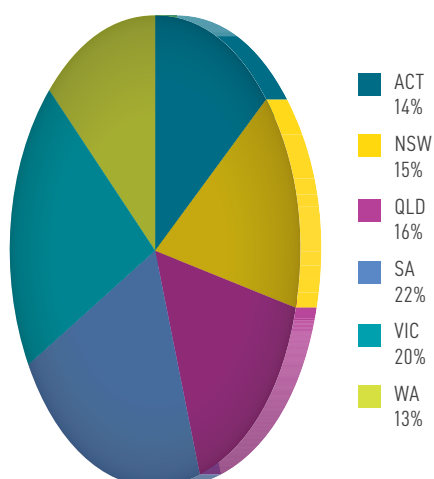
Turnover by Age Group



Turnover by Gender



Turnover by Region



10.2.4 Training and Education

All Optus employees undertake Equal Employment Opportunity training during their induction and every two years during their time at Optus. The average number of hours of total training per employee was 41 hours during the reporting period.

10.2.5 Fraud and Anti-Corruption Policy

Optus is committed to a culture of corporate compliance and ethical behaviour. Optus has a zero tolerance to fraud and corruption in any guise or at any level. Optus supports a whistle blowing policy whereby employees can report breaches of our Code of Conduct anonymously. This facility is widely publicised within our workplace, including in our induction program.

A preliminary assessment is conducted on all incidents of fraud received by Optus and undertakes an investigation incident flow chart. Based on predetermined criteria, a full investigation is conducted, or the matter is referred back to the business or the appropriate area for further attention. A final investigation report is forwarded to the business at the completion of all investigations, which contains all information / evidence of the incident, as well as highlighting any gaps or weaknesses that were identified. A Corrective Action Plan is also completed where required.

10.2.6 Claims for Discrimination

During the reporting period, we had 3 alleged claims for discrimination:

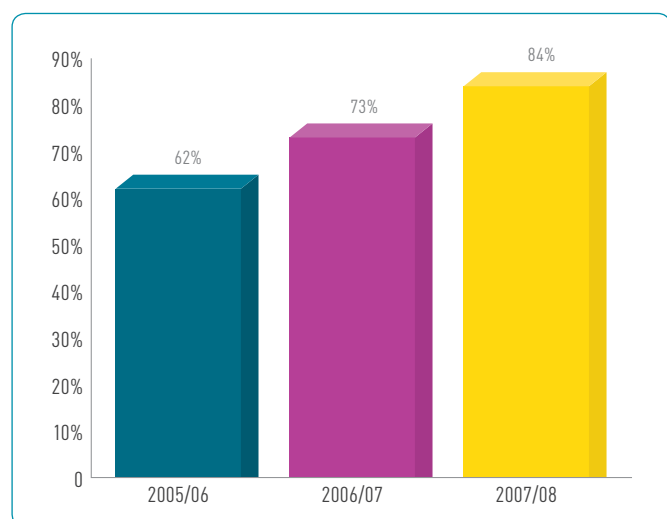
- 1 for discrimination on the ground of pregnancy.
- 1 for discrimination on the ground of disability.
- 1 for discrimination on the grounds of carer's responsibility.

We have defended each action and had no adverse findings made against us. In each of these matters we re-examined our processes and management actions were taken.

10.2.7 Employee Survey

Since 2005, we have engaged with our employees to obtain further feedback and insight into how we can improve as an employer. In 2007 a 'Your Say' survey was conducted by Towers Perrin-ISR, across Optus and the SingTel Group. This enabled us to compare our results against other global telecommunication companies.

This year 84 percent of employees at Optus took the opportunity to provide feedback, an increase of 9 percent over last year, and a clear indication that Optus people are committed to working together to shape our future.



Given the change in supplier and methodology Towers Perrin ISR provided an approximation of our 2006 engagement score to help us benchmark results and track our progress. Using this methodology the equivalent score from 2006 was 61.5 percent.

Results from the "Your Say" survey are distributed to the leadership team. The team will provide feedback to managers and staff on the strengths and opportunities as reported in the results, and the areas that require attention.

In the vast majority of categories, Optus ranked higher than the global telecommunications norm. The survey indicated 74 percent of employees were happy with the environment and diversity within the workplace. Results also showed that, on average, employees were satisfied with career development, leadership, training, rewards and recognition programs.

10.2.8 Occupational Health and Safety

Optus believes all work-related injuries and illnesses are preventable and we are committed to creating and maintaining a safe and healthy working environment for our people, contractors, customers and visitors.

Our keystone to achieving a safe and healthy work environment is driving safety leadership, a focus on continuous improvement through internal and external auditing, and improvement of processes across the organisation.

Optus became a self insurer under Licence, for workers compensation under the Safety, Rehabilitation and Compensation Act in 2005. Since the commencement of the Licence, Optus has implemented a wide range of initiatives in prevention, claims management and rehabilitation achieving improved effectiveness and efficiency in conformance with the Conditions of Licence including legislative compliance. In June 2007, the self-insurance licence was extended for a 4 year term to 2011 and Optus achieved a 'Tier 3' rating for workers compensation and rehabilitation of its injured workers and 'Tier 2' rating for prevention (safety). Optus was also the recipient of the Commonwealth Government SRCC Safety awards for rehabilitation and injury management in 2007.

Over 2007/08 there has been a significant improvement in external audit outcomes with no material non-conformances in any areas. This has demonstrated a sophisticated system compliant with Licence conditions and a continuous improvement philosophy. These combined activities have resulted in an ongoing reduction in workplace lost time injuries in 2007/08 and also a reduction in the severity of injuries compared to the previous period.

Comcare has recognised Optus' ongoing and improved performance in Commission Indicator reporting which is better than the scheme and licensees average performance for the six months ending 31 December 2007. This performance was consistent since the commencement of Optus' licence.

In March 2008, Optus through its self-insurance licence became covered by the Commonwealth Occupational Health and Safety (OH&S) Act. During the reporting period, a review of the OH&S policies was undertaken to ensure alignment with the Commonwealth OH&S legislation.

We have also upgraded management training in line with the new legislation and rolled it across 80 percent of line management. Approximately 50 percent of our employees are represented on health and safety committees which help to monitor and provide advice on health and safety programs.

We develop annual OH&S objectives and targets at the commencement of each financial year which are approved and monitored by the Optus Safety Leadership Council. In 2007/08 we achieved more than 90 percent of OH&S objectives.

In financial year 2007 the workplace lost time injury rate (LTIR) was 4.7, equating to a 37 percent reduction in workplace lost time injuries, compared to the 2006 rate of 7.5. In 2007/08 however, Optus had a small increase in workplace lost time injuries (LTI), achieving an LTIR of 4.9 against an annual target of 4.35. In 2007, the lost time severity rate (LTSR) was 17.7, equating to a 44 percent reduction in days lost from 2006. In 2008, LTSR was 16.5 against an annual target of 15.6. Whilst the target reduction was not achieved, we still achieved a 6.9 percent LTSR reduction from the previous financial year's result.

Case Study: Macquarie Park Campus



As part of the relocation in July 2007 to the new Campus in North Ryde, the Corporate OH&S team worked to ensure a healthy living program was extended across the campus in all areas. This program included risk assessments for all hazard areas and development of the site emergency management system, visitor and contractor inductions, site loading docks, transport safety, and a range of other site specific initiatives to ensure a successful campus start up. Major OH&S initiatives at the site have included an implementation of the onsite gymnasium, childcare and retail services.

10.3 Our Commitments and Achievements

Area	2008 Goals	Results	2009 Goals
Occupational Health and Safety	Upgrade incident notification system in line with Commonwealth reporting requirements.	✓	Upgrade emergency management system to improve functionality
	Continue reporting targets in BPR meetings and trading meetings.	✓	Continue reporting targets in BPR meetings and trading meetings.
	Develop HSMA in line with legislation change across all Business Units.	✓	Company-wide HSMA to be implemented by September 2008 in line with transitional requirements
	Continue to promote OHS through a range of media and the company newsletter	✓	Continue to promote OHS through a range of media and the company newsletter
	Verification safety MAP audits to be completed annually by July 07 in CFS	✓	AS 4801:2001 JAZ-ANZ certification audits to be achieved across Networks, Corporate OHS and Customer Field Services.
	Internal prevention audit program to be extended across Qld, Vic and SA sites Sept 07	✓	Internal audits to be completed in SA call centres and NSW Optus College and CFS Qld.
	Internal audit in claims management and rehabilitation in Sept 07	✓	Annual Internal audit in workers' comp and rehabilitation to be completed in September 2008
	Prevention Desktop audit by Comcare in March 08	✓	Develop company OHS audit policy and program.
	Achieve LTIR and LTSR company target reductions 07/08	✓	Achieve LTIR and LTSR company target reductions for 2008/09: 8.6 percent LTIR to 4.5 percent 7.8 percent LTSR to 15.2 percent
	Achieve Comcare Commission Indicator (CI) targets	✓	Achieve and better Comcare Commission Indicator (CI) targets for 2008/09
	Finalise consultation review in line with Commonwealth OHS legislation	✓	Develop company OHS committee
	Upgrade all OHS policies as per legislative changes	✓	Ongoing
	Review Electromagnetic policy and process and associated training upgraded	✓	Ongoing discussion in Mobile Carriers Forum regarding EMR issues and practise on site sharing
	Conduct ongoing monitoring of compliance training	✓	Ongoing annually
	Online training programs to be upgraded in line with legislation changes	✓	Finalise upgrades of all online training programs
	Meet all conditions of Self insurance License	✓	Revise prudential requirements and provide LIP report to Comcare in March 2009
	Achieve Tier 3 status in workers' comp, rehabilitation and prevention under self insurance licence	✓	Maintain Tier 3 status
	Complete rollout OHS Legislation training	✓	Upgrade the core OHS training modules to Commonwealth legislation
	Upgrade emergency mgt policy, training and process	✓	Schedule evacuation programs for new Macquarie Park site
Health and Wellbeing	Continue rollout of beyondblue training and EAP training	✓	Ongoing
	Achieve 600 members for onsite gym	✓	Achieve 1000 members for onsite gym and range of classes and onsite physiotherapy programs
	Introduce health expos program nationally in March 08	✓	Run expo program in March 2009 and extend to include WA.
	Administering annual flu vaccination program in April-May 2007	✓	Administering annual flu vaccination program in April-May 2008
	Continue participation in Corporate Games	✓	Introduce global corporate challenge

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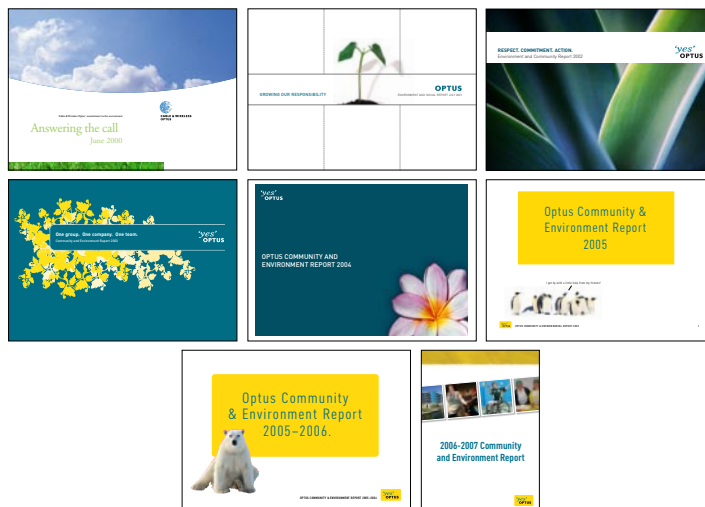
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