Striving to become the best

Optus is an Australian leader in communications and digital services, providing services to more than 10 million customers every day. We aim to be a leader in customer experience, providing brilliant service and simple products.

We employ 8,880 people and have a retail footprint of 290 Optus branded ‘yes’ stores. We operate more than 5,600 3G base stations covering 98% of the Australian population and have switched on 4G to more than 750 mobile sites across our network.*

We believe sustainability offers a point of difference for our customers, employees and community, while also building a resilient business that delivers values to our shareholders.

Optus is a wholly-owned subsidiary of the SingTel Group, Asia’s leading communications group and the largest company on the Singapore Exchange by market capitalisation.

Our full report and Global Reporting Initiative Index is available online at optus.com.au/gri

The theme of this year’s Sustainability Report is ‘Business Done Differently’ because sustainable companies do just that – they look for new, innovative ways to do business.

This past year has been a year of transformation. It’s been about setting up our business for the future and responding to current and emerging trends that will impact our industry and change the way that we have traditionally done business.

We’ve taken big steps to reposition ourselves to achieve our ambition to be the most loved service brand in this country. Day in, day out, we must be fixated on delivering the best experience possible for customers to make sure we are different and truly stand apart. Our priorities are:

1. Building a great network. In the year ahead, we’ll continue to build a bigger, stronger, smarter network to meet our customers’ expectations.
2. Simplifying our products. We’ll simplify our plans across all product categories putting an end to things like bill shock with simple and honest plans.
3. Delivering brilliant service. We’ll ensure our customers experience the same brilliant service however and whenever they contact us – in-store, on the phone or online.

We are entering an exciting new phase to do business differently and our approach to sustainability will grow and evolve with our strategy. I encourage you to read this report to learn more about our work and welcome your feedback.

Finally, I would like to personally thank all of our employees for their ongoing contribution to Optus. It is their passion and innovation that makes our business truly different.

Kevin Russell
Chief Country Officer

Our key focus areas

<table>
<thead>
<tr>
<th>PRIOITY AREA</th>
<th>KEY FOCUS</th>
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</table>
| Customers    | Leading in customer experience | > Great network  
> Brilliant service  
> Simple and easy to understand products  
> Customer support in times of need |
| Governance   | Embedding responsible practices in our business | > Strong governance  
> Stakeholder engagement  
> Sustainable procurement  
> Values and ethics  
> Transparency and accountability |
| Employees    | Engaging employees in our strategy | > Diversity  
> Training and development  
> Health, safety and wellbeing  
> Employee engagement |
| Community    | Using our skills and resources to make a difference | > Strategic partnerships  
> Local communities  
> Education about responsible use of phones and internet |
| Environment  | Minimising our environmental footprint | > Energy consumption  
> Electronic waste  
> Sustainable transport  
> Environmental impact of infrastructure |

*4G refers to our 4G 1800MHz/2300MHz coverage and devices and 3G refers to our UMTS 2100MHz/900MHz coverage and devices. See optus.com.au/coverage for more information.
## Key Performance Indicators

<table>
<thead>
<tr>
<th>Area</th>
<th>Indicator</th>
<th>2012-13</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Revenue (A$ million)</td>
<td>8,934</td>
<td>9.4</td>
</tr>
<tr>
<td></td>
<td>Profit (A$ million)</td>
<td>728</td>
<td>787</td>
</tr>
<tr>
<td>Customers</td>
<td>TIO complaints (number)</td>
<td>30,699</td>
<td>46,335</td>
</tr>
<tr>
<td></td>
<td>Hardship service (number)</td>
<td>10,310</td>
<td>10,255</td>
</tr>
<tr>
<td>People</td>
<td>Employee engagement (per cent)</td>
<td>64</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Lost time injury rate (LTIR)</td>
<td>1.8</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>Females in executive positions (per cent)</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>Environment</td>
<td>Energy use (gigajoules)</td>
<td>1,328,724</td>
<td>1,295,735</td>
</tr>
<tr>
<td></td>
<td>Carbon footprint (tonnes CO₂e )</td>
<td>344,997</td>
<td>331,593</td>
</tr>
<tr>
<td>Community</td>
<td>Community investment (A$ million)</td>
<td>9.4</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>Volunteering (hours) employees</td>
<td>6,835</td>
<td>14,541</td>
</tr>
</tbody>
</table>

### Highlights

- **26,755 Hours** of volunteering by employees and customers
- **4G Switched on at 750 mobile sites across our network**
- **Recycled 20,056 mobile phones**
- **Invested $9.4m in the community**
- **100% of customers** received weekly text alerts to let them know when they reach their voice, text and data allowance
- **REDUCED LOST TIME INJURIES BY 28%**
- **TIO complaints decreased by 26%**
- **Profit $728 million in FY2012/13**
- **MORE THAN 400,000 WEEKLY TEXT ALERTS TO LET CUSTOMERS KNOW WHEN THEY REACH THEIR VOICE, TEXT AND DATA ALLOWANCE**

**Economic**
- Revenue: $8,934 million (2012-13) vs $9.4 million (2011-12)
- Profit: $728 million (2012-13) vs $787 million (2011-12)

**Customers**
- TIO complaints: 30,699 (2012-13) vs 46,335 (2011-12)
- Hardship service: 10,310 (2012-13) vs 10,255 (2011-12)

**People**
- Employee engagement: 64% (2012-13) vs 71% (2011-12)
- Lost time injury rate: 1.8 (2012-13) vs 2.4 (2011-12)
- Females in executive positions: 11% (2012-13) vs 17% (2011-12)

**Environment**
- Energy use: 1,328,724 gigajoules (2012-13) vs 1,295,735 gigajoules (2011-12)
- Carbon footprint: 344,997 tonnes CO₂e (2012-13) vs 331,593 tonnes CO₂e (2011-12)

**Community**
- Community investment: $9.4 million (2012-13) vs $7.2 million (2011-12)
- Volunteering: 6,835 hours (2012-13) vs 14,541 hours (2011-12)
Leading in customer experience

Our ambition is to become the most loved and most recommended service brand by our customers and our people. We are committed to providing brilliant service and simple products in a responsible manner.

We are transforming our business to give customers a stronger voice. In May 2012, we created a new customer division, with the aim of providing our customers with an exceptional and rewarding experience, while at the same time driving sustainable growth for our business.

Performance Highlights

- Introduced the Net Promoter Score™ which aligns with our goal to deliver a standout leadership position in customer experience
- Continued significant investments in network with upgrades to 3G and the rollout of 4G in major cities, holiday spots and selected regional areas
- Introduced a Usage Alerts service to help reduce ‘bill shock’
- Refreshed our retail presence to improve the customer experience
- Reduced Telecommunications Industry Ombudsman complaints by 26 per cent
- Increased use of the ‘My Optus’ smartphone application

Giving customers more control of their bills

Our research tells us that ‘bill certainty’ is a key issue for customers who pay their bill on a monthly basis. We know that many customers have gone over their plan included value in the past and are keen to avoid excess charges in the future.

To address this frustration, we have introduced a Usage Alert service which gives customers greater transparency of their mobile accounts and helps them better manage their spend. Every week we send out more than 400,000 text alerts to let customers know when they have reached 50 per cent, 85 per cent and 100 per cent of their voice, text and data allowance. We also send customers an alert every time they spend $100 incrementally on services which aren’t included in their plan, such as international calls or premium SMS.

Vicki Brady, Managing Director of Customer, said: “We understand our customers can get frustrated when they don’t know how much data or included value they’ve used and incur extra charges.”

“By keeping our customers informed of their usage, along with charges incurred outside their mobile plan, we’re offering them more convenient and straightforward tools to help them control their mobile bills.”

Customer complaints related to ‘bill shock’ have reduced by 49 per cent in the six months from June 2012 to January 2013.

Customers can also view their usage through the ‘My Optus App’ which has over 200,000 users every week. The app allows customers to track the included calls and data in their individual plan and tell them how many days are remaining.

In addition, our ‘Talk and Text Top Ups’ allow customers to avoid ‘bill shock’ by purchasing additional value for standard national voice calls, texts and data allowance.

2013-14 Targets

- Launch the Optus ‘Virtual Agent’ which will guide the customer through common service transactions
- Launch an online tool to provide customers with live network status updates
- Launch an online resource to support cyber safety for our customers and their families
- Continue to rollout enhanced training for our agents including negotiation and difficult conversations and bill shock
- Reduce TIO complaints to two complaints per 10,000 subscriber
- Upgrade our existing technology and systems to integrate the new national location-based mobile telephone emergency warning system across our mobile network
- Continue to improve our Net Promoter Score™
Engaging employees in our strategy

We aspire to be Australia’s most loved and recommended service brand not just for our customers, but for our people as well.

Our people are integral to the success of our strategy and their ideas, passion and contribution is a key differentiator for our business. We strive to create a diverse, inclusive and collaborative culture where people feel valued, engaged and fulfilled by their work.

Performance summary

- Implemented an Australia-wide restructure of our business to create a leaner, customer-focused organisation
- Renewed the Optus Employment Partnership Agreement which covers 60% of our employees
- Established a new Organisation Capability function to support learning and deliver on our four business priorities
- Launched a new Health and Wellbeing program providing information and tools for employees
- Achieved a Lost Time Injury Rate (LTIR) of 1.8, a 28% reduction on the previous financial year
- Introduced a new Mobility program to leverage our people capability and placed 34 assignments across the region

2013-14 Targets

- Achieve a five per cent reduction on Lost Time Injury Rate
- Achieve a 10% reduction on Lost Time Severity Rate
- Obtain a two per cent increase in employee engagement
- Maintain employee attrition rate at 10 per cent or less
- Achieve a positive improvement in Employee Net Promoter Score™
- Introduce a new ‘Candidate Community’ to support our approach to Collaborative Recruitment.

“Almost 80% of employees said they were proud of our contribution to the community”
Supporting employees during a time of change

After more than a decade of growth, key segments of our market are fast approaching maturity resulting in an inevitable slowdown in revenue. At the same time, consumer and technology trends are presenting new business opportunities which require a different business model.

In response to this environment, Optus has taken bold steps to reposition our business including a major restructure that reflects our focus on customers and drives greater efficiencies.

We have established a new Customer division responsible for managing all aspects of Optus’ relationship with our customers throughout the lifetime of their service. We have also made changes to our Marketing, IT, Networks and Sales divisions and other support functions.

Vaughan Paul, Vice President, Human Resources, said that some difficult decisions had to be made which resulted in around 1,300 roles being made redundant at all levels of the organisation, mostly in New South Wales and Victoria.

“OUR priority during this period has been to support employees whose roles have been affected by the restructure. Every impacted employee is offered outplacement services and counselling including career advice and job search assistance,” Vaughan said.

We also created discussion groups on ‘Optus Connect’ to keep employees up-to-date with the changes and to facilitate full and frank discussions with our senior leaders.

While this has been a difficult time for our organisation, we believe that these changes will help us to maintain a sustainable cost structure which is integral to remaining competitive in this market.

We know that the passion of our people is a key differentiator for our organisation. In the coming year we will focus on engaging our people to build a culture that supports our ambition to become the most loved and recommended service brand by not only our customers but also our employees.
Minimising our environmental footprint

Optus is committed to understanding, managing and minimising the environmental impact of our operations while continuing to grow and expand our networks.

We achieve this through energy efficient practices and technologies and a focus on resource conservation. We are also building a strong governance and reporting approach to energy management across our business.

Performance summary

- Continued to implement ‘free cooling’ in our exchanges saving 9,257 megawatt hours of electricity
- Appointed a new Energy Manager and established a new Energy Steering Committee
- Designed environmentally friendly retail fit outs
- Facilitated the recycling of 20,056 mobile phones
- Extended online billing to 100 per cent of our Consumer customers.

2013-14 Targets

- Conduct energy assessments on one corporate facility and two network facilities
- Develop a comprehensive Energy Efficiency Opportunity (EEO) procedure for Optus
- Develop an internal base station electromagnetic energy audit template and the carry out of five base station audits by end of March 2014
- In line with our Australian Packaging Covenant obligations, expand the packaging review across the following product categories: starter packs; SIM cards; Accessories; Home Zone and Optus TV
- Introduce a program to improve staff awareness and engagement in energy efficiency initiatives
- Trial a new initiative aimed at reducing costs and footprint associated with taxi usage.
Improving ‘free cooling’ in our exchanges

Telephone exchanges are an integral part of the Optus telecommunications network. A telephone exchange houses the system of switches and connections that connect telephone calls from the dialler to the caller.

According to Colin Price, Director - Infrastructure Services, our exchanges, along with data centres and satellite stations, account for almost half of our total energy consumption.

“Exchanges use air conditioning to maintain the right environmental conditions for the equipment. The temperature in the exchanges can have a significant impact on the operation of the equipment,” Colin said.

Many of the air conditioning systems in our exchanges have been designed to include an ‘economy cycle’ so that ‘free cooling’ is harnessed during certain climatic conditions. When the outside temperature is 10°C less than inside and the humidity is less than 85 per cent then the plant can operate on full outside air. The spent air is then expelled from the exchange through relief air openings in the external walls. During this time, the air conditioning chiller equipment is generally not required to run.

However, the ‘economy cycle’ was not operating effectively in a number of our exchanges due to three key issues. The issues were:

➤ The relief air openings were not of sufficient size
➤ There were problems with the way the humidity range was calculated by the system
➤ Over the years equipment had been placed in front of the air outlets which impacted on the cool air circulating to the floor effectively

We have implemented a project to increase the availability of ‘free cooling’ in our exchanges. This included increasing the size of the air relief openings and adding new openings, changing the calculation on the humidity ranges and moving the location of the air outlets and thereby creating a cooler floor area in the equipment rooms.

Since this project began in May 2009, we have implemented the changes at nine major exchanges across Australia, including Moorooka Exchange in the past year. Our monitoring has shown that increased ‘free cooling’ is achievable, sustainable and does not compromise the exchange conditions.

We estimate that since this project began, we have saved more than 9,257 megawatt hours of electricity and reduced air conditioning chiller equipment hours by 16 per cent.

Next year, we plan to install economy cycle controls and relief air modifications at an additional 12 sites in Victoria and eight sites in New South Wales.

During the past three years, we have implemented a project to increase the availability of ‘free cooling’ in our exchanges.
Using our skills and resources to make a difference

We are committed to being a responsible corporate citizen and strongly believe that we can help drive positive and sustainable changes in our local communities. Our strategic partnerships are focused on helping to address the issues facing vulnerable youth.

Our people are passionate about giving back to the community using their resources and expertise to make a difference through paid volunteer leave and workplace giving.

Performance summary
- More than 300 students participated in the mobile ‘student2student’ literacy program with 82 per cent improving their reading
- Optus contributed $9.4 million to support community initiatives via direct cash funding, in-kind support, leverage, customer initiatives, staff time and workplace giving
- We conducted a review of our community investment and developed a new strategic framework to guide our approach
- The ‘yes’ Optus Community Grants distributed $250,000 in local grants to 37 community organisations across Australia
- Our people contributed 6,835 hours of volunteering, $184,097 in workplace giving including Optus matching and $8,700 to the Queensland and Tasmania disaster appeals.

2013-14 Targets
- Explore new ways to educate and engage our customers and employees in the issues impacting vulnerable youth
- Launch a new program to support digital education initiatives with a focus on cyber safety in schools
- Work with The Smith Family to expand the mobile ‘student2student’ program to 500 students nationally
- Launch an industry leading integrated online giving portal to increase employee volunteering from 8 per cent to 15 per cent and workplace giving from 3.5 per cent to 8 per cent
- Introduce new ways for our employees to be involved in the ‘yes’ Community Grants program with a focus on increasing the number of applications endorsed by employees.
Improving children’s literacy using mobile phones

Research shows that literacy foundations built by children in their primary and early secondary years are crucial to their ability to do well at school. In the long term, good literacy and numeracy skills also contribute to higher levels of education achievement and employability.

The Smith Family’s ‘student2student’ program is a unique and effective program that has helped many students to significantly increase their reading skills. The program works by matching students with reading ‘buddies’ who provide support over the phone two to three times a week.

Increasingly many families do not have access to landline phones in their homes. In 2010, Optus and The Smith Family established a partnership to trial a mobile phone version of the program in selected rural and regional communities. Optus provides the mobile phones and phone credit to run the program.

According to The Smith Family’s CEO, Dr Lisa O’Brien, mobile phones are becoming an integral part of the program.

“Optus has been instrumental in growing this program by providing a mobile phone to children who do not have a home phone line. Their support has helped these children improve their reading and confidence.”

Three years later the program has expanded from an initial trial of 50 students to 327 matched pairs in 31 sites across Australia. Students who successfully completed the program were given the mobile phone and $100 of phone credit.

Last year, 90 per cent of students completed the mobile program with 82 per cent improving their reading based on pre and post testing. In addition, a significant majority of students said they felt more confident with their school work and almost all parents said their child reads more after completing the program.

One parent, Carrie, from Taree in New South Wales has had two children participate in the program: “My son Brody reads so many more books now, he would never have dreamt of picking up a book to read for fun before the program.”

Brody’s older sister Rhonda participated in the program three years earlier and Carrie has seen a significant improvement in both of their reading levels. “He loves reading ‘Captain Underpants’ which he’s read three or four times already! His confidence levels and self-worth have also improved,” Carrie said.

Over the next year, Optus and The Smith Family aim to reach 500 disadvantaged students across Australia through the mobile ‘student2student’ program.