

## SUSTAINABILITY

This fiscal year, Telstra established a Chief Sustainability Office to support the company in responding to the community's changing expectations. We are pleased with the progress we have made on our sustainability agenda. Our ambition is to bring social and environmental considerations into the heart of our business in ways that create value for shareholders while benefitting all stakeholders.

Our Chief Sustainability Office is focussed on three key challenges: helping our most vulnerable customers and communities to interact safely and connect in the digital world; engaging and equipping our employees to build sustainability thinking, behaviour and practices into their everyday work; and developing an enterprise-wide environmental strategy and customer value proposition as part of our commitment to demonstrate environmental leadership.

This year we celebrated 10 years of the Telstra Foundation, with over \$40 million donated in support of 7,000 projects across Australia over the past decade.

During 2012, through our *Access for Everyone* programme, we worked with over 2,000 community organisations across Australia to deliver \$179.8 million of products and services that help disadvantaged Australians remain connected. We increased our Telstra Group employee engagement score from 75 per cent to 77 per cent, and we reduced our carbon emissions intensity by 36 per cent.

## OUTLOOK\*

Looking ahead, we expect the business will continue to grow in fiscal 2013. We are forecasting low single digit total income and EBITDA growth, with free cashflow between \$4.75 and \$5.25 billion.

Telstra expects capital expenditure to be around 15% of sales over the next two years as we plan to invest in our mobile network and in the delivery of infrastructure to NBN Co in order to bring forward benefits from the NBN agreements.

As announced in October 2011, it is the company's intention to maintain a 28 cent fully franked dividend for fiscal 2013. This is subject to the Board's normal approval process for dividend declaration and there being no unexpected material events.

We are confident we have the right strategy in place and we are committed to delivering on it.

*C B Livingstone*  
Catherine B Livingstone AO  
Chairman

*David Thodey*  
David Thodey  
Chief Executive Officer



\* Guidance assumes wholesale product price stability, no impairments to investments and excludes any proceeds on the sale of businesses and the cost of spectrum purchases. The foreign exchange impairment on TelstraClear expected on completion is also excluded.