



Manufactured products

The majority of our electronics and network components spend is with large multinational companies who supply us with finished products. We do not manufacture our own products. Instead we work with original design manufacturers (ODM) to produce Telstra-branded devices.

In FY20, we engaged directly with more than 5,700 suppliers from 91 countries and approximately 80 per cent of our total spend was with 100 suppliers.

Our largest category of spend is on information and communications technology (ICT) (51 per cent). These items are provided directly to customers, used to provide and manage our network and data services, or used by Telstra employees. It also includes services that relate to developing and programming software, and providing technology support to our customers and people.

Construction and physical network infrastructure

maintenance represents 24 per cent of our total spend. The remaining 25 per cent of procurement spend is on non-core activities, such as professional services, travel and uniforms.

More than 90 per cent of what we spend directly is with suppliers based in low-risk countries, as defined by the OECD. Many of our suppliers have Australian-based subsidiaries with whom we deal directly. As a result, a high percentage of our direct spend is within Australia.

However, geography is only one factor we use in assessing the overall risk of a supplier and we do look beyond our first tier of suppliers in making these assessments.

The key stages in the manufacture of the products we use and sell are detailed below. Numerous suppliers are involved during each stage.



Mineral extraction

Electronic and network components contain metals including tin, tantalum, tungsten, and gold. The raw element of metal, mineral ore, is extracted from the earth and crushed for processing.



Mineral refining

Mineral ore is refined by separating the valuable mineral from the ore and then sold on the global market.



Parts and component manufacture

Electrical components (e.g. microprocessors, motherboards etc) and parts (e.g. screens and casings) are manufactured from raw materials.



Product manufacture and assembly

Products are assembled from electrical components and individual parts, tested for quality and then packaged.



Distribution and logistics

Finished products are transported from the location of manufacture to distribution warehouses. They are then transported to retail stores for sale, directly to customers, or to Telstra for use in our operations.

Key material issues

- Energy and emissions
- Human rights
- Product stewardship
- Supply chain sustainability

Key stakeholders

- Government
- Local communities
- Suppliers

Priority SDGs



8 DECENT WORK AND ECONOMIC GROWTH



Targets

- Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.
- Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

For more information on Telstra's approach please refer to the following sections of the Bigger Picture 2020 Sustainability Report:

- Responsible Business
 - Managing our supply chain
 - Human rights