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 FY21, we engaged directly with more than 4,900 suppliers from 96 countries and approximately 78 per cent of our total spend was with our top 100 suppliers.

Our largest category of spend is on information and communications technology (ICT) (48 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 22 per cent of our total spend. The remaining 30 per cent of procurement spend is on non-core activities, such as professional services, travel and uniforms.

Approximately 89 per cent of what we spend directly is with suppliers based in low-risk countries, as defined by the OECD[1]. 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	Mineral refining	Parts and component manufacture	Product manufacture and assembly	Distribution and logistics
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 ore is refined by separating the valuable mineral from the ore and then sold on the global market.	Electrical components (e.g. microprocessors, motherboards etc) and parts (e.g. screens and casings) are manufactured from raw materials.	Products are assembled from electrical components and individual parts, tested for quality and then packaged.	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
- Resource efficiency
- Supply chain sustainability
- COVID-19 impacts

Key stakeholders

- Government
- Local communities
- Suppliers

Priority SDGs | Targets

5 GENDER EQUALITY
- 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
- 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

8 DECENT WORK AND ECONOMIC GROWTH
- 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

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increase resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- By 2030, achieve the sustainable management and efficient use of natural resources
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
- Promote public procurement practices that are sustainable, in accordance with national policies and priorities

13 CLIMATE ACTION
- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

For more information on Telstra's approach please refer to the following sections of the Bigger Picture 2021 Sustainability Report and the 2021 Human Rights and Modern Slavery Act Statement.

- Sustainability report: Trusted operations
  – Setting clear expectations of our suppliers
- Human Rights and Modern Slavery Act Statement
  – Our supply chain

[1] OECD country risk assessments as at 25 June 2021