PUTTING OUR CUSTOMERS AT THE CENTRE

CUSTOMER EXPERIENCE

Bigger Picture
2015 Sustainability Report
—

IT'S HOW
WE CONNECT

CONTENTS

→

THINK SUSTAINABLY BEFORE PRINTING

CONTEXT

→

Material topics ⌄

Digital technologies and enhanced connectivity have transformed the way we live and connect. It is therefore more important than ever for us to deliver brilliant customer experiences.

To achieve this, we must put the customer at the centre of everything we do. We must protect customer privacy and security, take proactive steps to ensure our customers have a positive experience online and innovate to improve our processes, products and service capabilities to better meet customer needs.

OUR PERFORMANCE

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Surveyed on average
30,000
customers per day and used their feedback to improve customer experience

Sent over
80,000
customers per day a message with the name and contact details of the consultant they spoke to

52%
customer interactions conducted online, up six percentage points

Extended 4G coverage to reach
94%
of the Australian population

Introduced
REAL TIME
data usage alerts and automatic data top-ups for post-paid customers

Launched
TELSTRA AIR®
Australia's largest Wi-Fi network

Performance

Progress on FY15 commitments	Result	More info
Use customer feedback and service records to identify and remedy negative customer experiences	●	Page 05
Optimise our network investments to ensure our customers receive a quality network experience where they need it most	●	Page 09
Prevent bill shock by making it simpler for our mobile customers to monitor and control their data usage	●	Page 07
Ensure all new products and services are digitally enabled, so customers who choose to engage with us via digital channels can do so end-to-end	●	Page 08
Update our website to provide a fully responsive digital experience from desktop, laptop, tablet and mobile devices	●	Page 08
Deliver the first phase of our Digital First program	●	Page 08

100% Achieved

0% In progress

0% Not achieved

● Achieved ⬤ In progress ✕ Not achieved

CUSTOMER ADVOCACY

↓

We care about our customers and we're putting them at the centre of everything we do.

APPROACH

Improving customer advocacy is our number one priority. Our aim is to delight our customers and show we care by delivering superior networks, products and services, as well as building a strong customer-driven culture.

Building customer advocacy is a commercial imperative, as advocates are more likely to use our products and services, and actively refer us to family, friends and colleagues.

When it comes to creating outstanding customer experiences we've come a long way, but we still have a long way to go. We remain committed to changing the way people talk about Telstra. We are addressing the issues that matter most by listening to our customers and acting on their feedback. We ask our customers to complete a short survey after interacting with us and receive on average more than 30,000 responses, including 11,000 verbatim comments every day. We use these insights to drive process, product and service improvements across Telstra.

What is NPS? ⓘ

We measure customer advocacy using the Net Promoter System (NPS). NPS enables us to measure our customers' experiences and respond to their feedback. It's a simple metric that shows how well we are serving our customers, based on their likelihood to recommend Telstra. NPS is more than a measurement tool. It's about fostering a way of doing business that drives customer loyalty. Our overall NPS score has improved by five points over the last twelve months.

PROGRESS

Personal service

This year we've continued to transform our processes, product and service offerings to better meet customer needs.

We've also worked to embed customer advocacy in our culture. Our NPS result is a key component of our employee short term incentive program and our people have been empowered with the tools and training required to deliver increasingly responsive, personalised customer service.

Throughout FY15 we sent on average more than 80,000 emails and SMS to our customers every day with the name and contact details of the consultant they spoke to.

Our focus throughout FY15 has been on delivering the next phase of our personalised service agenda. In FY14 we introduced *You Have My Name*, which provides customers with the name and contact details of the person they spoke to, so they can get back in touch with them directly if required. This year we took things one step further and upgraded our systems to better enable customers to reach the right Telstra representative first time, to avoid unnecessary transfers and wait times.

While our aim is to get things right the first time, we know we don't always succeed. To help address this we've implemented a Service Recovery process.

We now proactively contact customers who we can see are spending too much time trying to resolve an issue. We also give our customer-facing employees access to specialised support teams, who aim to resolve even the most complex customer queries on the spot. While getting things right the first time will always be our priority, we will continue to invest in making sure that when we don't, we make the effort to resolve the issue, so our customers don't have to.

Customer feedback

"I saw Customer Advisor Zeena Jordan-Hill [pictured] from the Hobart store. She was knowledgeable, quick, and actually endeavoured to get to know me along the way. Her attitude and assistance made what is normally an arduous task for me an absolute pleasure. Her follow-up was also second to none - I really liked receiving the text message at the end of the day... and when I did need to ring her the following day with further questions she again handled this with genuine warmth and true expertise. Great service to back up a great product. Thank-you Zeena!"

This year we launched Check-In, a program to help us ensure our customers are receiving the best possible value from their Telstra service. We sent personalised account health checks to around 5.2 million customers and made them permanently available via our online self service tools. We also invited customers to visit our stores for a face-to-face account health check. 460,000 customers visited our stores to review their accounts and ensure they are making the most of all services available to them.

> **460,000 customers visited our stores for a face-to-face account health check as part of our Check-In program.**

Our people also got involved through Telstra employee Check-In. During FY15 our employees connected with more than 155,000 customers via a variety of channels, with examples including over the phone, in store and onboard the Check-In bus, which toured regional Australia. This enabled us to better understand how customers' services are going and ask them how we can do better. Any issues raised during Check-Ins were followed up by our customer service representatives within two working days.

Our Telstra Thanks® loyalty program is also delivering benefits to our customers by providing access to discounted and pre-release tickets for music, sports and movies, as well as money-can't-buy experiences. This financial year, Telstra customers purchased more than 3.1 million tickets and experiences through Telstra Thanks and feedback on the program has been overwhelmingly positive.

Feedback from our customers

Advocate feedback

"Telstra has finally picked up their act and have better offers and are doing a lot more for their customers. I spend a lot with them monthly and over all the years and I finally feel valued as a customer."

Passive feedback

"In store service with Rhys was excellent. He was able to suggest changes which made a lot of sense for our situation, with three mobiles, and his suggestion of updating our modem to take care of very slow internet speeds appears to have worked well. Generally very happy with this experience. The reason I have given a 7 as far as recommending Telstra goes is that I have had some very challenging, prolonged, and difficult interactions with Telstra (via phone and call centre) and so have some reticence in wholeheartedly recommending Telstra to others."

Detractor feedback

"We were having trouble with our modem for months and were not getting anywhere. After many calls and frustration you finally sent us a new modem in October 2014. But we were still no better off, the internet kept dropping out. Finally the local Telstra technician came out, replaced wires and a junction box to our house. [They] fixed the wiring from your pole on the street. At the moment all seems to be ok, thank goodness. It certainly took long enough."

Managing bill shock

We are committed to providing our customers with more value and the confidence that they won't encounter unexpected usage charges.

This year we became the first telco in Australia to make calls from mobiles to 1800 numbers free of charge. We were also the first to introduce real time mobile data usage alerts for post-paid mobile customers. This service provides alerts to customers when they reach 50 per cent, 85 per cent and 100 per cent of their included monthly data allowance, to help them manage their data use. This year we delivered more than five million messages per month advising customers of their voice and data usage.

> **Customer TIO complaints** regarding mobile data charges have reduced by 33 per cent since real time data alerts were introduced.

To help our customers stay in control of their mobile bills we introduced a new alert for customers who incur excess data charges. Customers are now also being alerted each time they incur an additional $50 in charges.

We also give customers the choice of minimising excess data charges by opting for automatic data top ups when required. This feature, Extra Data, gives customers the option to receive additional data in 1GB, $10 blocks when they reach their monthly limit. We were the first telco in Australia to offer this to all customers without requiring them to take up a new plan.

We surprised our fixed broadband customers this year by providing data allowance top ups for approximately 1.8 million consumer fixed broadband customers, as a permanent, free addition to their existing plans. Additionally, we at least doubled data allowances for more than 96 per cent of our business customers, when compared to their current plan.

Customer feedback

"Just got a nice surprise from @Telstra. They just doubled my mthly internet data from 500GB to 1000GB, for no cost. Awesome! Thanks Telstra!"

In response to customer concerns about international roaming costs, this year we introduced the Telstra Travel Pass. The pass allows customers to make and receive unlimited calls to and from standard numbers, send unlimited text messages to standard numbers and use an included data allowance while abroad. Designed to make it simple for our customers to use their Australian mobile overseas, customers can use the affordable three-day Travel Passes in over 40 popular holiday destinations worldwide.

For information to help manage usage overseas, visit www.telstra.com/overseas and www.telstra.com/business/overseas

Better service online

The digital revolution is reshaping customer expectations – and the business models that answer their needs. Our goal is to be 100 per cent digitally enabled by FY17 so that our customers always have the choice to engage with us online, if and when it suits them.

This year we completed year one of our Digital First agenda, aimed at providing our customers with greater access to our products and services, and the flexibility to decide how, when and from where they interact with us.

Through Digital First our customers are gaining greater control of their accounts and services, product features and support options, all while saving valuable time.

52% of all customer interactions took place online.

**Key Digital First initiatives launched in FY15 include:**

❯ Policy changes for all new products and services to be digitally enabled from the outset, so customers can engage with us via digital channels end-to-end

❯ Simplified processes for events such as moving home, reducing the number of steps required to complete an order, cutting down on customer wait time

❯ A personalised self-service support tool where customers, starting with ADSL broadband users, can enter a unique code online to receive help matched to their combined product, service and usage information, saving time and the hassle of calling

❯ Smart-IVR, a service that anticipates why customers are calling, then sends an SMS with a link to a webpage that can help resolve their issue

❯ 'Leave it with us', enabling customers who are short of time to lodge an issue online and leave it with us to resolve. Rather than waiting on the phone or in store while we investigate, customers are contacted via their preferred channel within 24 hours with either a solution or a status update on their issue.

To support our broader digital agenda, we also:

❯ Relaunched telstra.com to provide a fully responsive digital experience from tablet and mobile devices for all website content, improving the quality of more than half our customer visits

❯ Significantly improved page response times from five seconds to less than one second and improved website stability

❯ Upgraded our payment extension service to provide assessments in real time, further encouraging interactions to take place via our digital channels

❯ Hosted the Australian Digital Summit, bringing together digital thought leaders from companies such as PayPal, Evernote and Twitter. Attended by over 500 people and streamed live around the world, the summit explored the emergence of digital into the physical world, examined how technology is disrupting traditional business models and showcased opportunities for collaboration between big business and start-ups.

Customer transactions conducted online

FY13	FY14	FY15
40%	46%	52%
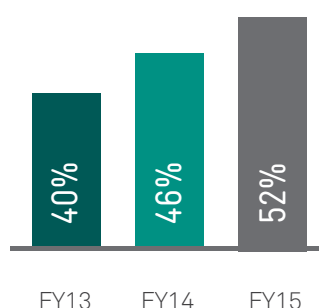
This year:

2.5 MILLION
customers used My Account services each month

Our Telstra 24x7® App hit

7 MILLION
downloads and is used regularly by around 2.3 million customers

Over

350,000
live chat sessions each month via Telstra 24x7 Chat

Responded to over

9,000
digital Customer Care requests on Facebook and Twitter each week

Our customer community, CrowdSupport® had over

20 MILLION
views and now has a member base of over 230,000

3.6 MILLION
customers switched to Email Bill and more than 77 per cent of customer payments were made online.

Australia's leading mobile network

The rise of connected devices is driving an ongoing and insatiable demand for data and our customers are relying on mobile technology more than ever.

In order to keep up with this demand, we continue to innovate and invest in expanding our mobile network.

> The Telstra mobile network currently reaches 99.3 per cent of the population and is the largest network in the country, covering more than 2.4 million square kilometres.

In FY15, we invested $1.3bn in new 4G 700MHz and 2600MHz spectrum, enabling us to offer even faster network speeds through the introduction of 4GX services. These services, which are exclusive to Telstra, are now available in over 1,200 towns and suburbs across Australia, meaning we're now providing 4G (4G and 4GX) coverage to 94 per cent of the population. Introducing 4GX has also had broader benefits, freeing up space across our traditional 4G services to manage growing demands for data across our network.

What is spectrum? ⓘ

Mobile networks use radio transmission to carry signals through the air just like radio and television. The spectrum we use is defined by where on the dial we sit (the frequency) and how much of the dial we take up (the spectrum bandwidth). The more spectrum bandwidth we have access to, the greater the amount of information we can carry and the more users we can support on our network.

In June this year we announced that Telstra will build 429 new 3G and 4G towers over the next three years as part of the Government's Mobile Black Spot Programme, to better serve our customers in regional, rural and remote parts of Australia. In addition to the new mobile towers, we will be installing 250 Small Cells to deliver high speed 4G data services in country towns where suitable Telstra infrastructure is available. We will contribute $165 million to this program over the next three years.

As part of our strategy to drive network innovation, last year we committed $100 million to building Australia's largest Wi-Fi network. We commenced a trial of this technology in November 2014, switching on more than 2,600 Wi-Fi hotspots across the country. Since then we've connected more than 1.5 million unique devices to free Wi-Fi.

After a successful trial, we officially launched our network, Telstra Air, in June this year. Telstra home broadband customers are now able to get online using their home broadband allowance at thousands of hotspots within 250 towns and cities across Australia. Additionally, to make it easier and more affordable to connect when travelling, Telstra Air members are able to access their home broadband allowance at 15 million hotspots in 18 countries around the world – thanks to an exclusive partnership with world-leading Wi-Fi provider Fon.

At the 2015 Mobile World Congress in Barcelona, Telstra was recognised by the Groupe Speciale Mobile Association for our network innovation, winning the Broadband for all: Outstanding LTE Contribution award for our LANES concept.

Developed in FY14, our LANES technology enables us to separate a portion of spectrum that 4G network technology can operate on and offer this to Emergency Services for their exclusive use. This means no matter how many people are using the Telstra network, Emergency Services can have a dedicated 'lane' to carry their critical communications in 4G coverage areas.

Brian Harcourt
Executive Director
Customer Service Delivery

"We work hard to ensure our network is delivering the best possible service, however with a network our size we're always going to experience some faults and outages. Network faults can be caused by something as small as someone accidentally digging up cable in their backyard, to a network tower losing power during a severe storm. This can be extremely frustrating for our customers and this year, with a number of natural disasters impacting our networks, some customers' patience was put to the test. We have a dedicated faults team working to respond to network fault and outage complaints, and it is our priority to continue to improve this service in FY16 – delivering proactive communications whenever an outage or fault is impacting a customer's service, and faster fix rates to keep our customers connected."

Muru-D startup accelerator program graduates. Image: Torsten Blackwood

Innovation

In a competitive market place we know innovation must be the rule, not the exception.

New ideas are key to achieving continued product and service differentiation and securing long term growth. We are focused on nurturing these ideas because we know companies that don't innovate will be left behind.

> Through our innovation strategy we are leveraging new and emerging technologies to delight and better serve our customers, as well as to drive productivity.

Innovation comes in all shapes and sizes, so we have a range of internal and external innovation channels in place to help generate opportunities. Our priority areas include:

Fix – our T-Solve platform is a tool for raising issues and ideas that relate to continuously improving our products, processes and systems to achieve a better experience for our customer and our staff. 1,018 employees lodged issues through this platform in FY15 and 490 helped to resolve them. Overall 2,207 cases were resolved throughout FY15.

Innovate – our Innovation Hub is our online innovation community. The Hub has almost 16,000 users, and over 1,350 ideas have been submitted since it was launched in 2013, including more than 600 in FY15. Approximately 50 of these ideas have been prototyped and turned into new approaches, products or services, with many more in the pipeline.

This year we also brought together 60 of our most talented developers, designers and marketers to participate in our second company 'Hackathon' – The Telstra Challenge Cup. With 48 hours on the clock and the mission to 'accelerate advocacy', 11 teams formed to rapidly prototype solutions to a variety of challenges crowd-sourced from across the company.

Working with the Telstra Foundation, one team built a digital solution that will help clients of the MJD Foundation, a not for profit organisation that assists Indigenous people living in the Northern Territory with MJD - a hereditary neuro-degenerative disease, to 'bank' their speech for use once they have lost the ability to speak.

Incubate – Telstra's startup accelerator program, muru-D® provides six months of tailored support to selected technology entrepreneurs. muru-D class two graduated in May 2015, with all teams securing paying customers, some internationally. In April, muru-D launched in Singapore, aspiring to attract the region's best digital talent and foster local technology innovation

and entrepreneurship across Southeast Asia. muru-D is also forging strategic global partnerships with other startup communities, like The Icehouse in New Zealand.

Co-Create – This year we started to collaborate with Deakin University's Centre for Intelligent Systems and Robotics (CISR). CISR wanted to deploy 'haptics' technology, however they were unable to communicate reliably and robustly over the long distance required. We partnered with CISR, combining our network capabilities, expertise, and commercial acumen with their 'haptics' technology to develop unique intellectual property that can be applied to a wide range of applications in health and robotics.

Venture – We further expanded our investment in innovation through Telstra Ventures, this year acquiring stakes in nine breakthrough Australian and international companies increasing the portfolio to a total of 20 companies. New investments include Zimperium, a leader in enterprise mobile phone security; Gorilla, a leader in video image recognition; and Panviva, a leader in business process guidance software. For details of further acquisitions undertaken this year, see the *Build new growth businesses* section of our 2015 Annual Report.

eHealth

The digital revolution has fundamentally changed many sectors and Australians have embraced the opportunities for improved and more convenient services in areas such as retail, banking and travel.

We believe that the power of connection can also transform healthcare for all Australians and make a safer, more cost effective, convenient and productive healthcare system.

To achieve this, we formally launched Telstra Health in October 2014, with the ambition of becoming Australia's leading provider of integrated eHealth solutions.

We've acquired, invested or partnered with 15 leading eHealth companies to build our presence across the healthcare system, including eight in FY15, and are integrating these capabilities to create entirely new solutions that address key healthcare challenges. Examples this year included the launch of 'hospital in the home' solution MyCareManager and the continued use of the National Telehealth Connection Service to close the gap by providing specialist care to remote Indigenous communities.

TIO complaints

When it comes to delivering brilliant customer service we don't always get it right first time, but pleasingly first stage (Level 1) complaints to the Telecommunications Industry Ombudsman (TIO) decreased this year.

By June 2015 the number of first stage (Level 1) complaints had reduced to 198 per day. This is a reduction of 19.2 per cent compared to the same time last year.

The number of complaints we received per 10,000 subscribers also decreased by 20.1 per cent in FY15. This result demonstrates the positive impact our focus on customer service is having for our customers. In June FY15 we received 1.77 first stage complaints per 10,000 subscribers, compared to 2.21 in June FY14.

We continue to closely monitor the root cause of customer referrals to the TIO. Common areas of complaint include connection and order delays; contract disputes; device, hardware and connection faults; and disputed usage charges.

We will maintain our strong focus on customer service in FY16 to continue to improve on this result.

Hackdivate for social good

In April 2015 Telstra, in partnership with Cisco, hosted Hackdivate, a hackathon that took place over 48 hours in Sydney and Melbourne. Hackdivate brought together volunteer members of the software developer community to create tech solutions for five not for profit organisations.

Three Telstra Foundation partners – The Alannah and Madeline Foundation, SYN Media and Cerebral Palsy Alliance – were involved in the hackathon, along with the Peter MacCallum Cancer Centre and the Salvation Army.

Each of the five organisations presented a business scenario they'd like help with, and the participating teams got to work using Telstra's Cisco Cloud Services web scale cloud platform.

According to Vish Nandlall, Telstra's Chief Technology Officer, the hackathon showed the human side of technology and its many uses.

"Today the pace of technology is such that it doesn't take months or years to get to a technology proof of concept that can drive benefit, today it can happen in a matter of hours, or days as the Hackdivate event has proven. Telstra is one of Australia's leading tech companies, and to be able to use our expertise to create social value has been brilliant."

Robyn Hudson from the Peter MacCallum Cancer Centre said the weekend offered the potential to leverage technology to improve patient care.

"Poor communication is the top complaint in healthcare, and Hackdivate enabled our teams to devise tech-based ways of connecting people — patients to patients, patients to staff, and staff to staff, both inside Peter Mac and potentially with colleagues across the sector."

Robyn Cummins from the Cerebral Palsy Alliance was also blown away by the experience.

"There's a magic that happens when you bring together people who have a disability, researchers and clinicians, and technical specialists. Put them in a room with a big challenge and it's incredible what they come up with."

Environmental Customer Value Proposition

We're helping our customers reduce their environmental impacts and improve their productivity through the use of information and communications technology (ICT).

In FY15, we introduced a Green ICT service for our enterprise customers, designed to help identify opportunities to reduce their carbon emissions and electricity costs. As part of this service we developed a carbon calculator to assist our customers with estimating emissions from Telstra-provided equipment on their premises.

We also undertook work to quantify the environmental impacts and benefits to our customers of Telstra's cloud computing offerings. To be released in FY16, this work will help our customers to estimate the benefits of moving their IT systems to the cloud and builds upon the findings of our *Connecting with a Low-Carbon Future* report. Released in 2014, this report found that the ICT sector is in an ideal position to help government, business and consumers minimise their energy consumption

> There is a compelling business case for using ICT to reduce energy and carbon emissions, as well as operating costs.

and identified 'clean cloud' as a carbon reduction opportunity.

We are committed to working with our customers to build their understanding of the role ICT can play in enabling low carbon growth. During the year, we conducted market research into the specific environmental drivers and expectations across a number of industry sectors. In FY16, we will embed the findings of our research into our environmental offering for customers, and use it to drive our approach to sustainable product design and innovation.

For more information on our Environment Strategy and Environmental Customer Value Proposition, see the Environmental stewardship chapter of this sustainability report.

NEXT STEPS

REDUCE
further the effort required for customers to do business with us

EXTEND
our 4G coverage to reach over 98 per cent of the population

EXPAND
the footprint of our Wi-Fi Network, Telstra Air

DEPLOY
the next generation of LTE technology, including voice over LTE, LTE broadcast and the next stage of LTE advanced, delivering peak network speeds of up to 600 mbps

DELIVER
the second phase of our Digital First program, which will lay the foundations for a digitally enabled sales and service ecosystem across our digital, field, retail and contact centre operations

PROVIDE
improved access to My Account and Telstra 24x7 App by issuing all customers with a Telstra ID, and enhance security and identification options for greater peace of mind

SIMPLIFY
logistics and fulfilment processes to enable more customers to receive next day delivery of their online purchases

PROTECTING PRIVACY

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Our customers trust us to protect their privacy and keep their data secure, and we continue to work diligently to honour this trust.

APPROACH

Our customers trust us to protect their privacy and keep their data secure, and we continue to work diligently to honour this trust. Our priority is to ensure we keep customers' personal information safe and secure, and that we are transparent in the way we manage this information.

We've learnt a lot from past privacy incidents and remain committed to managing privacy risks as technology, and the ways we use it, continue to evolve.

We have implemented privacy controls throughout our business and supply chain to improve the protection of our customers' personal information. We have in place comprehensive security and network controls, business-wide policies and procedures, a network of privacy officers and mandatory training for all employees.

We also regularly engage with our customers, suppliers and regulators to understand changing trends and expectations around privacy, and maintain an ongoing dialogue with key industry and regulatory bodies, to ensure we work together to create a stronger privacy culture.

PROGRESS

Incidents and complaints

Throughout FY15 there were three notable incidents regarding our customers' privacy.

In November 2014 the Privacy Commissioner issued a determination that Telstra breached the privacy of an individual customer by not offering them a silent line.

The Privacy Commissioner found we were authorised to publish the customer's personal information in the White Pages, but had failed to take reasonable steps to provide notice that we would disclose this information.

We apologised to the customer in question and have updated our Privacy Statement to make it clear that fixed line customer information is published in the White Pages unless the customer requests a silent line. We have also updated our processes to ensure customers are aware of the option to have a silent line when they place an order.

> We've learnt a lot from past privacy incidents and remain committed to managing privacy risks as technology, and the ways we use it, continue to evolve.

In April 2015 Telstra finalised the acquisition of Pacnet Limited, a company that provides connectivity, managed services and data centre services in the Asia-Pacific region. Shortly after we completed the acquisition we were advised that Pacnet's corporate IT network, essentially its email and other business management systems, had been accessed by an unauthorised third party.

We have no evidence that information was stolen from the network. Nonetheless, we took immediate action to investigate and respond to the breach, including addressing the security vulnerability and putting in place additional monitoring and incident response capabilities. We also took active steps to notify our Pacnet employees, customers and relevant regulators around the world of the breach.

The Pacnet corporate IT network remains isolated from Telstra's IT systems and we found no evidence of any activity related to this incident on Telstra's networks.

In May 2015, the Privacy Commissioner issued a determination that Telstra had breached the privacy of an individual customer by failing to provide him with access to his personal information. With the exception of incoming call records, we were ordered to provide the individual with "all the metadata information" held in relation to his mobile phone service.

We already provide our customers access to their personal information, but this decision could extend this practice to every piece of data on our networks, whether the data reveals anything about them or not. We respect the role of the Privacy Commissioner and share their commitment to transparency, but given the broad implications of this decision we have sought a review of the determination with the Administrative Appeals Tribunal.

Privacy framework

As part of our ongoing commitment to being transparent with our customers, this year we updated the privacy section of the Telstra website to reflect the changing privacy landscape and provide more detail on how we collect, use and disclose our customers' personal information.

As we continue to provide our customers with more products and services that they are using in more ways and places, we will continue to adapt our privacy practices to accommodate these changes.

To view Telstra's Privacy Statement, visit
www.telstra.com/privacy

Managing metadata

With digital technology now central to our lives, we are generating more data than ever before. Some of our customers and the broader community are concerned about who has access to this data.

In response to these concerns we introduced new transparency measures aimed at providing our customers with a clearer picture of the data we provide to law enforcement agencies.

In a first for the Australian telecommunications industry we now offer customers the same access to their metadata as we are required to offer to law enforcement agencies in response to a lawful request without a warrant.

We also made a submission to the Parliamentary Joint Committee on Intelligence and Security this year, regarding their inquiry into a Data Retention Scheme in Australia. We emphasised the need for an appropriate balance between delivering community safety and meeting consumers' expectations of privacy, while minimising the regulatory burden imposed on industry.

To read the conditions for requesting access to your personal metadata and to make a request, visit
www.telstra.com.au/privacy/customer-access

What is metadata? ⓘ

Metadata is the data generated when you use a telecommunications service – information such as the number you called, when you called and how long you spoke for. It does not include the content of a communication, such as the detail of what you said or wrote in an email or SMS. In certain circumstances the police and other enforcement agencies can lawfully access metadata.

Transparency report

Telstra's Transparency Report is the first of its kind in Australia. Its aim is to give our customers more information about our legal obligations as a telecommunications carrier.

Like all telecommunications companies that provide services in Australia, we are required by law to assist Australian Government agencies for defined purposes, such as investigating and solving crimes. We also provide assistance to emergency services agencies in response to life-threatening situations and Triple Zero emergency calls.

We take protecting customer data very seriously and scrutinise any requests we receive from law enforcement agencies to ensure we only comply with lawful requests.

Between 1 July 2014 and 30 June 2015, Telstra received and acted on around 90,000 requests for customer information.

Type of law enforcement request

Description	FY15
Telstra customer information, carriage service records and pre-warrant checks	79,188
Life-threatening situations and Triple Zero emergency calls	7,485
Court orders	587
Warrants for interception or access to stored communications	2,846
Total	90,106

To view our full Transparency Report, visit
www.telstra.com/transparency

Copyright infringement

Online copyright infringement has been a hotly debated topic this year. The telecommunications industry, copyright holders and the Australian Government have been actively engaged in a policy process to help improve awareness among consumers of the importance of copyright and sourcing legitimate content online.

We believe that copyright infringement is wrong and that our industry needs to take the lead in achieving a reasonable, practical solution to the problem that also respects customer privacy.

This year Telstra, along with the broader telecommunications industry, developed a draft Code of Practice for managing online piracy. Currently with the Australian Communications and Media Authority (ACMA) for review, the Code aims to establish an approach that balances the interests of internet consumers, content owners and internet service providers and enables us to protect the rights and privacy of our customers. ACMA is expected to deliver a ruling on the code in late 2015.

NEXT STEPS

CONTINUE
to be vigilant in protecting our customers' personal information

CONTINUE
to be transparent about how we're managing customers' personal information, particularly in the development of new products and services

CYBER SAFETY

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APPROACH

Online safety is about more than protecting us from online danger and personal risk. It's also about creating a sense of belonging and standards of behaviour that enable us all to have a positive experience online.

At Telstra we want to empower people to participate safely in the online world and provide the networks, products and services that make it easy to do so.

We work with industry, government, law enforcement and community organisations across Australia to help our customers stay safe online. We support a range of government initiatives to raise community cyber safety awareness, such as Safer Internet Day, and we provide cyber safety tools and guidance through a range of consumer products and programs.

PROGRESS

This year we introduced three new consumer products to help our customers stay safely connected: Telstra Broadband Protect, Telstra Call Guardian and Telstra Mobile Protect.

Telstra Broadband Protect is a home network security product that helps protect every device connected to a Telstra home broadband service. Features include the blocking of websites known to contain scams and malicious content; controls to help parents choose appropriate content for children, as well as the times of day they go online; social network protection; anti-virus plus security; and a safe browser to help protect personal and financial data.

Telstra Mobile Protect helps manage kids' screen time

To help parents more confidently support their kids as they explore the digital world, we recently launched Mobile Protect, a free service for our mobile contract customers.

The service enables parents to tailor a mobile phone or tablet service to the needs and maturity of their children. Mobile Protect allows parents to set time-of-day limits on calls and mobile web use, block unwanted calls and texts, choose the mobile web content that can be accessed on their kids' mobile devices and manage outgoing calls to specific contacts.

The introduction of Mobile Protect responds to research we undertook this year into children's smart-phone use and parents' primary concerns about their kids' behaviour online.

65 per cent of parents surveyed said they gave their kids a smart-phone for the peace-of-mind it provided, such as being able to contact them whenever necessary. However many also thought providing smart-phone access was a double-edged sword:

❯ 79 per cent of parents surveyed fear their child will receive unsolicited contact from a stranger and 74 per cent are concerned about the online content their kids access

❯ 39 per cent of parents say social media apps distract their kids from studying

❯ 66 per cent of parents say their children use smart-phones between 9pm and midnight on school nights, encroaching on bedtime.

As at 30 June 2015, Telstra Mobile Protect was helping 8,900 customers to foster positive experiences online.

NEXT STEPS

PROVIDE
targeted cyber safety information to our vulnerable customers and communities with an emphasis on seniors, small-to-medium businesses and building Indigenous cyber safety capability

ENHANCE
the quality and breadth of our cyber safety awareness materials for parents and general adult consumers

To better protect our customers with a home telephone line from scams and nuisance calls, we launched Telstra Call Guardian. Since October 2014 Telstra has received almost 12,000 reports from customers about telephone scams and rogue telemarketers, attempting to illegally obtain our customers' personal information or falsely represent Telstra.

The Telstra Call Guardian 301 is Australia's first home phone with a virtual assistant that asks unknown callers to announce their name prior to being connected. The caller's name is announced when the user picks up the phone, and they can opt to block, accept or divert the call to their answering machine. The phone can store up to 1,000 numbers and friends and family can be added to the contact list so their calls will get straight through.

We also launched our largest-ever community awareness campaign dedicated to helping customers identify telemarketers who attempt to mislead them and telephone scammers who try and obtain their personal information. The 'Is it really Telstra calling?' information flyer was sent to six million customers, and is available online at www.telstra.com/verify.

For information about our approach to cyber safety in the community, see the Community impact chapter of this sustainability report.

To find out more about our cyber safety activities, visit
www.telstra.com/cybersafety

ABOUT OUR REPORTING

Our business

Telstra is Australia's leading telecommunications and information services company, offering a full range of communications services and competing in all telecommunications markets. We employ over 36,000 people directly, facilitate access to more than 2,000 network points of presence across the globe and have one of Australia's largest shareholder bases, with around 1.4 million shareholders.

We have a diverse range of customers, including consumer, small business, large enterprise and government organisations, and we strive to put them at the centre of everything we do. In Australia, our services are offered through 371 Telstra-branded retail stores, 84 Telstra Business Centres, 137 Telstra business and enterprise partners and are distributed by over 18,700 retail points of presence managed by our partners.

In Australia we provide approximately 16.7 million retail mobile services, 6.0 million retail fixed voice services and 3.1 million retail fixed data services. Telstra's international businesses operate in 20 countries around the world and include Telstra's global networks and managed services business, as well as Telstra's China-based search and advertising business, Autohome Inc.

We understand our customers want technology and content solutions that are simple and easy to use – that's why we have built networks like Australia's largest fully integrated internet protocol (IP) network and Australia's largest mobile network.

United Nations Global Compact

You will find the icon below throughout the Bigger Picture 2015 Sustainability Report. It indicates where we are providing information on our progress in implementing the ten principles of the United Nations Global Compact.

About our sustainability reporting

Our sustainability reporting comprises the Bigger Picture 2015 Sustainability Report, our sustainability website and a concise summary of our approach and performance in our 2015 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders, as defined through our annual materiality process. The material topics addressed within each chapter of this report are outlined in Sustainability at Telstra, and on the context page of each corresponding chapter.

We develop our sustainability reporting in accordance with industry and sustainability standards including the United Nations Global Compact Communication on Progress and the Global Reporting Initiative (GRI) G4 Core Sustainability Reporting Guidelines, and with reference to AccountAbility's AA1000 Principles Standard 2008.

For more information visit
www.telstra.com/sustainability/report

Scope

Our sustainability reporting covers the financial year 1 July 2014 to 30 June 2015 (FY15) for Telstra Corporation Limited. All controlled entities are excluded unless otherwise stated.

As our international operations expand we are committed to developing a global framework for sustainability data collection and reporting. Starting with our most material operations overseas we will continue to expand on the scope of our reporting over time.

Wherever possible and relevant under the G4 guidelines we have extended the scope of this report to include our operations across the Telstra Group, as well as a discussion of any broader impacts across our value chain.

Information regarding the controlled entities in the Telstra Group can be found in Note 25 to the Financial Statements in the 2015 Annual Report.

Assurance

Independent assurance supports our commitment to transparency and accountability. To provide confidence for our stakeholders in our reporting Ernst & Young provides limited assurance, in accordance with the ISAE 3000 standard, over specified data and related performance disclosures in our 2015 Annual Report and Bigger Picture 2015 Sustainability Report, as well as an assessment of Telstra's application of the principle of materiality, as outlined in the Global Reporting Initiative G4 guidelines.

You can access Ernst & Young's assurance statement at
www.telstra.com/sustainability/report/about

Feedback

We welcome your feedback on our sustainability reporting, approach and performance. Please email Tim O'Leary, Chief Sustainability Officer at sustainability@team.telstra.com

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