

CUSTOMER EXPERIENCE

PUTTING OUR CUSTOMERS
AT THE CENTRE



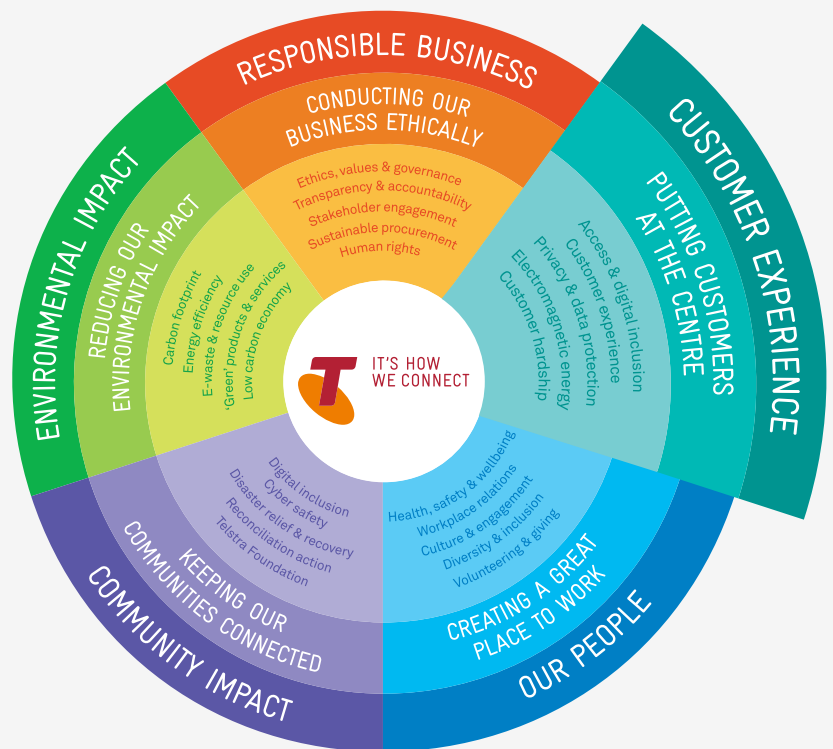
BIGGER PICTURE
TELSTRA 2013 SUSTAINABILITY REPORTING SERIES

IT'S HOW
WE CONNECT



CUSTOMER EXPERIENCE CONTENTS

Highlights	03
Context	04
Customer service	05
Customer advocacy	05
Managing bill shock	05
Better service online	06
TIO complaints	07
Telecommunications Consumer Protections Code	07
Protecting privacy	08
Internet safety and security	09
Next steps and performance	10



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. In Australia we provide 15.1 million mobile services, 7.8 million fixed voice services and 2.8 million retail fixed broadband services. Telstra's international businesses include Hong Kong's leading mobile operator CSL New World, Telstra Global's networks and managed services business and Telstra's China-based search and advertising businesses.

ABOUT OUR SUSTAINABILITY REPORTING

Our sustainability reporting comprises the *Bigger Picture Telstra 2013 Sustainability Reporting Series*, our sustainability website and a concise summary of our approach and performance in our 2013 Annual Report. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders.

We develop our sustainability reporting with reference to industry and sustainability standards including the United Nations Global Compact Communication on Progress, the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines and Telecommunications Sector Supplement (pilot) and AccountAbility's AA1000 Principles Standard 2008. This financial year we apply the GRI framework to application level B+.

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

SCOPE

Our sustainability reporting covers the 2012/13 financial year (1 July 2012 to 30 June 2013) for Telstra Corporation Limited and Sensis Pty Ltd (Telstra) unless otherwise stated. Aside from Sensis, all other controlled entities are excluded.

FEEDBACK

We welcome your feedback on our sustainability reporting, approach and performance. Please email us at sustainability@team.telstra.com

CUSTOMER EXPERIENCE HIGHLIGHTS

INTRODUCED THE
NET PROMOTER SYSTEM

TELECOMMUNICATIONS
INDUSTRY OMBUDSMAN
LEVEL 1 COMPLAINTS
FELL BY 8%

FOCUS ON
REDUCING
BILL SHOCK

COMPLETED
10 MILLION
CUSTOMER SURVEYS

REWARDING CUSTOMER
LOYALTY WITH OUR
THANKS PROGRAM

ONLINE
TRANSACTIONS UP
10 PERCENTAGE
POINTS TO
40%

3 MILLION SMS AND MMS MESSAGES
EACH MONTH TO CUSTOMERS EXCEEDING
80% OF THEIR DATA PLAN

CUSTOMER EXPERIENCE CONTEXT



We are committed to helping our customers improve the ways in which they live and work.

The way we communicate, share our lives and consume entertainment is changing. The digitisation of communications and our personal content means our customers can increasingly access content and services previously delivered over one network to one device on multiple devices over a range of networks. As a result, Telstra now competes with a wide range of providers of networks, communications, devices and content from previously distinct industries (e.g. telecommunications, media, IT, consumer goods etc) and global providers.

Technology has evolved so that devices and networks can adapt to their users' needs, rather than the other way around. Developments in mobility and cloud computing mean devices and networks allow users' content and services to seamlessly follow them wherever they go and customer expectations have changed accordingly.

CUSTOMER EXPERIENCE

CUSTOMER SERVICE

We are listening to our customers and putting them at the centre of everything we do.

APPROACH

Improving customer satisfaction is core to our strategy. Our aim is to change the way our customers talk about Telstra by building a culture of customer advocacy across the company.

This is both a cultural and commercial imperative as we know that advocates buy more of our services yet cost less to serve, and actively refer us to friends and family. We have been working hard over the last 12 months and we are seeing results.

Telstra is undergoing the largest cultural change program ever undertaken by the company. More than 7,500 of our people leaders have been given the tools, skills and mindset needed to create a culture of customer advocacy in all areas of our business.

We now ask our customers for their feedback after every interaction with us, which provides rich information on the quality of their Telstra experience. We are then able to use these insights to improve our level of service and to challenge our business processes. To date, more than 10 million customer surveys have been completed.

We understand our customers want technology and content solutions that are simple and easy to use – that's why we've built networks like Australia's largest fully integrated IP network and Australia's largest and fastest national mobile network.

PROGRESS

CUSTOMER ADVOCACY

This year, we shifted our focus from measuring customer satisfaction to measuring customer advocacy.

The Net Promoter System provides a way of measuring our customers' experience and listening to and responding to their feedback. The Net Promoter Score (NPS) is a simple metric that shows how well we are performing with our customers, based on their likelihood to recommend Telstra.

The Net Promoter System is much more than a measurement tool. It is about fostering a way of doing business that drives customer loyalty and customer advocacy. We've created new processes and initiatives that help provide customers with the best possible experience. We've also linked our employees' short term incentive to the NPS.

Our THANKS program is an important element of our strategy to drive customer advocacy. We launched the loyalty program during the year to thank and reward our customers for choosing Telstra, and our people for being a part of Telstra. Our aim is to deliver an exciting loyalty program which focuses on offering the things that matter most to our customers and employees. The nation-wide program shows our customers we appreciate them and our employees that their work is valued and respected.

We've made very good progress this year. Our NPS score has improved, and we have built a solid foundation to improve upon in the coming year.

MANAGING BILL SHOCK

We've made further progress in keeping our customers informed about their mobile usage by increasing the number of usage alerts we send them.

These alerts help our customers better manage their mobile spend and avoid 'bill shock' – a major cause of mobile related complaints.

We've simplified billing for customers who start or change their Every Day Connect™ or Freedom Connect® plan part-way through their billing period. Customers now receive a full month's call and data allowance when they change, instead of receiving a pro-rata proportion of their monthly call allowance based on the number of days left in their billing period. As a result we are charging fewer customers for unexpected excess usage.

We continued to send usage notifications to customers advising them of their voice and data usage. We've also changed our data notifications so that all mobile data users (with included data in their postpaid plans) are advised when they are at 50 percent, 85 percent and 100 percent of their included quota.

CUSTOMER EXPERIENCE

CUSTOMER SERVICE

Telstra now delivers more than 3 million messages per month advising customers on their voice and data usage. We've made it easier for our consumer postpaid customers to purchase or upgrade a data plan directly from the device or online.

We introduced international roaming SMS data alerts to keep our customers informed about how much data they are using while travelling overseas. We send an SMS alert automatically for every 20 megabytes (MB) of data used overseas. We've also increased the value included in our International Casual Traveller Data Packs, which come with pre-purchased allowances to help keep roaming costs manageable. We have doubled the included data in these packs and have also doubled, to a total of 50, the eligible countries in which customers can use them.

For information to help plan overseas trips visit telstra.com/overseas and telstra.com/business/overseas

BETTER SERVICE ONLINE

This year, we improved our online services and have seen a surge in online use.

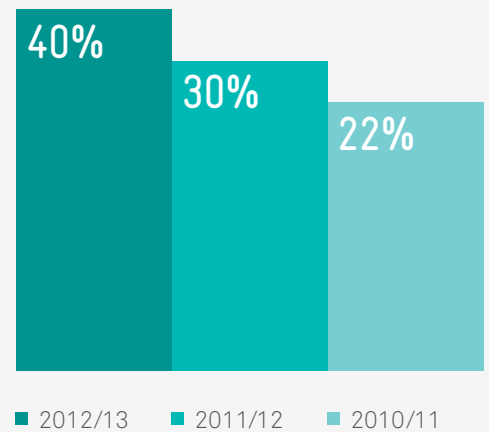
Providing online options allows customers to contact us in their preferred way and helps reduce calls and waiting times. This year we have:

- launched our 24x7 applications for iPad® and iPhone® and Android, and are now well on the way to having one million customers regularly interacting with us, on average twice a week, using these applications
- significantly expanded our Live Chat capability beyond consumer customers to serve Business and Enterprise customers in response to strong demand
- expanded our online payment options to allow customers to pay their bills via PayPal™
- grown our online community, allowing customers to help other customers by creating and uploading support videos onto CrowdSupport™

- launched T Analyst™, a tool enabling our Enterprise and Government customers to manage and organise their bills more easily and conveniently.

Customers can also take control of their services through My Account, which enables them to monitor call and data usage, automate payments, view and pay bills, 24 hours a day, seven days per week.

CUSTOMER TRANSACTIONS CONDUCTED ONLINE



CUSTOMER EXPERIENCE

CUSTOMER SERVICE

TIO COMPLAINTS

This year Level 1 complaints to the Telecommunications Industry Ombudsman (TIO) reduced for the third consecutive year.

We closely monitor the root causes of customer referrals to the TIO. Common areas of concern are: delays with orders, network coverage concerns, connection or speed issues, credit treatment, advice given at point of sale, disputes over data usage and faults. Our efforts to remediate the root causes of complaints have helped us achieve the reduction in complaints to the TIO this year. In absolute volume terms, Level 1 complaints decreased by eight per cent year on year from 2011/12.

This year we faced challenges with fault restoration delays associated with severe multi state weather events. Our performance reflects our continuing focus on customer service. However, we know there is still more to do.

TELECOMMUNICATIONS CONSUMER PROTECTIONS CODE

We played a key leadership role in the development of the Telecommunications Consumer Protections Code that was developed by industry and registered this year. The code is designed to ensure good customer service and fair outcomes for all consumers.

It strengthens consumer protections for customers, particularly in areas such as advertising and sale of telecommunications services, credit management, including the provision of usage alerts, and complaint handling processes and resolution timeframes.

Telstra was represented in all of the Code working groups and some of our own best practices were adopted in the Code. For example, Telstra's My Offer Summary, introduced last year, was used as the model for the industry to provide greater clarity of information and for consumers to feel confident they have the right product plan. It formed the basis of the new Critical Information Summary which draws out the most important aspects of product plans.



TELSTRA 24X7 APPS BUILDING ADVOCACY

In April 2012 we launched the Telstra 24x7® Apps for iPhone, iPad, Android and Facebook, and we're creating advocates as a result. The Telstra 24x7® App gives our customers the information they want and the opportunity to contact us at their finger tips.

Our research has shown that customers using the Telstra 24x7® Apps are much more likely to have a positive perception of Telstra's leadership and customer service. In addition, customers aware of the Telstra 24x7® Apps have an average Net Promoter Score of 27 percentage points higher than those not aware.

Executive Director Telstra Digital Gerd Schenkel, says "Currently we stand at over 1 million active users since launching our Telstra 24x7® App about 12 months ago and we're still counting."

We're continuing to invest in new releases by adding features, functions and information. New features will include service assurance, 'Thanks', new navigations and a Windows version of the Telstra 24x7® App.

The most common reason users access the app is to monitor their estimated usage and manage bills online.

CUSTOMER EXPERIENCE PROTECTING PRIVACY



Protecting our customers is a core priority.

APPROACH

A key factor in driving customer advocacy is our handling of customer information.

We manage significant amounts of personal and commercially sensitive data and information on behalf of our customers.

Our aim is to avoid all instances of privacy complaints and incidents and to ensure upholding privacy is part of our culture. We have extensive privacy controls across our business and supply chain. These include business-wide policies and procedures, a network of privacy officers and mandatory training for all employees.

When a privacy incident is identified, we immediately start a thorough investigation to contain the incident and examine the cause. We seek to notify customers impacted, advise them of the actions we are taking to manage any risk, and undertake remediation activities. This can include reviewing procedures and processes, updating training programs, communications to employees and changing systems where required to prevent similar occurrences.

We voluntarily notify the regulators of significant breaches.

We continue to liaise with our industry partners, regulatory bodies and government on the best way to respond to developments within the telecommunications and technology sectors.

PROGRESS

INCIDENTS AND COMPLAINTS

Protecting our customers' privacy is a core priority, and a key factor in driving customer advocacy and trust. Although there have been fewer incidents overall this year, we know we need to do better.

Of particular concern was an incident in May 2013, where some of our customers' details were accidentally made available online. Having customer information revealed in such a way is completely unacceptable, under any circumstances. As soon as possible after we were made aware of this, we ensured that access to the information was removed and we quickly notified affected customers. We also informed the Office of the Australian Information Commissioner and have reviewed the incident and are introducing measures to protect against similar incidents occurring again.

Privacy complaints remained relatively stable this year, but we remain vigilant and seek to use any complaint as an opportunity to review our policies, processes and privacy controls to safeguard against any future privacy breaches.

PRIVACY FRAMEWORK

Next year, the Privacy Amendment Bill 2012 is being introduced to harmonise the management of privacy issues between Australian federal and state jurisdictions.

This year, we commenced a program to prepare for changes required to comply with this Bill. This work is ongoing. This year, we also reviewed our privacy framework as part of the globalisation of Telstra policies.

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

CUSTOMER EXPERIENCE INTERNET SAFETY AND SECURITY

We work with a range of stakeholders to help our customers understand and manage the risks associated with the online world.



APPROACH

Our Cyber Safety Council is an internal forum that coordinates Telstra's approach to cyber safety.

We work with industry, government, law enforcement and community organisations to help our customers understand and manage the risks associated with the online world. We support a range of government initiatives to raise awareness, and we provide online education and guidance on our cyber safety consumer website.

PROGRESS

This year, we continued to play an active role as a member of the Federal Governments' Consultative Working Group on Cybersafety and Security.

We remained a partner in Australia's Consumer Fraud Taskforce, joined the Family Online Safety Institute and sponsored the Cyber Security Challenge and Safer Internet Day in February 2013.

We launched a new opt-in tool to protect families online, Smart Controls®, designed to complement regular parental involvement in kids' use of mobile phones by encouraging safe and responsible behaviour. This is in addition to our existing product Telstra Safe Social®, a new social networking protection tool available to BigPond Security customers.

We also launched a range of cyber safety brochures and delivered 32 cyber safety seminars to more than 11,000 parents and high school students around Australia.

To access our free cyber safety materials visit telstra.com.au/cyber-safety

TECHNOLOGY IMPROVING THE LIVES OF PEOPLE WITH DISABILITY

Improving customer experience is core to our strategy. This includes all customers. Today in Australia there are more than 3,000 young people with disability living in nursing homes, simply because there is nowhere else for them for go.

The Summer Foundation is a non-profit organisation that aims to resolve this issue, by conducting practical research to provide an evidence base for change. They are developing demonstration housing projects that utilise smart-home communications and monitoring technology to enable people to be independent, safe and connected.

Over the past year, Telstra has partnered with the Summer Foundation to investigate how mainstream technologies can be used to improve the lives of people with disability.

This project has examined the specific support needs and barriers to independence for people with disability, and the ways in which they, their families and support workers use mainstream technologies.

We have provided smartphone and tablet technologies, as well as network capability, to pilot the use of these devices and evaluate their effectiveness in the delivery of daily support to people with disability living in age-appropriate housing.

"Our work with the Summer Foundation has presented a fantastic opportunity to apply Telstra's technology expertise to some of our most marginalised customers and truly be able to improve the way they live and the way people who support them work." Ben Spincer, Director, Technology Strategy and Innovation.

CUSTOMER EXPERIENCE NEXT STEPS AND PERFORMANCE



NEXT STEPS 2013/14

USE Voice of the Customer feedback from the Net Promoter System to focus on key advocacy initiatives

ENHANCE digital access for our customers so they can deal with us when and how it suits them, and resolve issues promptly

EXTEND our THANKS program to more Telstra customers

ALIGN our privacy framework with the Privacy Amendment Bill 2012

INCREASE customer transactions conducted online to 46 per cent

PERFORMANCE

PROGRESS ON 2012/13 COMMITMENTS	RESULT
Introduce the Net Promoter System to drive change in the way our customers talk about Telstra	Achieved
Continue to improve the customer experience through delivering further flexibility for customers in how they deal with us and prompt issue resolution	Achieved
Review and strengthen Telstra's privacy framework	Achieved