

Enforceable Undertaking by Telstra Limited

Section 572B Telecommunications Act, 1997 (Cth)

The commitments in this Undertaking are given to the Australian Communications and Media Authority under section 572B of the Telecommunications Act 1997 by

Telstra Limited (ACN 086 174 781)
Level 41, 242 Exhibition Street
Melbourne VICTORIA 3000

A. DEFINITIONS

In this Undertaking:

Accepted Recommendations has the meaning given in paragraph 16;

ACMA means the Australian Communications and Media Authority;

CSP means carriage service provider;

Commencement Date means the day on which the ACMA accepts and duly executes a copy of the Undertaking that has been executed by Telstra.

Determination means Telecommunications Service Provider (Customer Identity Authentication) Determination 2022.

Effective Date means the date following the day on which Telstra appoints the Independent Reviewer.

Independent Reviewer means the person:

- a) who has both the qualification and expertise in audits relating to risk and compliance, processes, procedures, systems, governance and controls, and
- b) who is appointed by Telstra and accepted by the ACMA to prepare the Report, pursuant to Section C;

Interaction refers to an interaction between a CSP and a requesting person, in relation to a customer's telecommunications service, initiated by either the requesting person or the CSP, during which one or more high-risk customer transactions are requested;

Proposal has the meaning given in paragraph 12;

Report means the report prepared by the Independent Reviewer described at paragraph 15;

Resubmission period has the meaning given in paragraph 13;

Telecommunications Act means the *Telecommunications Act 1997* (Cth);

Telstra means Telstra Corporation Limited (ACN 051 775 556) for the period up to 31 December 2022 and Telstra Limited (ACN 086 174 781) for the period commencing 1 January 2023, including the business operations conducted under the Belong brand;

Undertaking means this undertaking given to the ACMA by Telstra under section 572B of the Telecommunications Act.

B. BACKGROUND

Telstra's obligations

1. Telstra supplies data and voice carriage services to the public. Accordingly, it is a CSP for the purposes of the Telecommunications Act.
2. The Determination is a service provider determination made under section 99(1) of the Telecommunications Act. The Determination commenced on 30 June 2022.
3. Section 101(1) of the Telecommunications Act requires that service providers, including CSPs, comply with the service provider rules that apply to them. Subsection 101(3) states that subsection 101(1) is a civil penalty provision. Paragraph 98(1)(b) of the Telecommunications Act provides that service provider determinations in force under section 99 are service-provider rules. Accordingly, CSPs must comply with the Determination.
4. The Determination requires that a CSP, prior to undertaking the first high-risk customer transaction in the course of an Interaction, use identity authentication processes to authenticate that the person requesting the transaction is the customer (or their authorised representative) for that service.
5. Section 8 of the Determination requires that, prior to undertaking the first high-risk customer transaction during an Interaction, a CSP must confirm that the person requesting a high-risk customer transaction is the customer or the customer's authorised representative, using an applicable identity authentication process, specified under sections 9, 10 or 11 of the Determination. An identity authentication process means a process described in subsections 9(1), 9(2), 9(3), 10(2) or 11(2) of the Determination.
6. Section 8 is subject to section 12, which provides requirements where an unlisted authorised representative initiates an Interaction. Prior to undertaking the first high-risk customer transaction during an Interaction, an employee or agent of the CSP who has completed fraud mitigation training must be satisfied that the requesting person is an unlisted authorised representative on the basis of documentary evidence (such as an enduring power of attorney or a financial management order) provided by the requesting person.

Telstra's compliance

7. On 25 May and 27 July 2022, Telstra informed the ACMA that its planned compliance with the core requirements of the Determination across its customer contact channels (including Belong) would be between 30 June and 30 September, and compliance with other requirements would be fully completed by 31 December 2022.
8. On 18 April 2023 and 30 June 2023, Telstra confirmed to the ACMA that the compliance with some core requirements of the Determination was deployed later than planned and fully completed on 30 December 2022.
9. On 9 August 2023, Telstra self-reported that an error in its testing environment resulted in non-compliance with subsection 11(4) of the Determination from 15 December 2022 and continued to 26 April 2023.

ACMA's findings

10. On 23 February 2024, the ACMA found that Telstra contravened the Telecommunications Act and Determination.

Regulation	Provision	Number of Contraventions	Relevant Period
Telecommunications Act	Subsection 101(1)	Estimated between 168,355 and 168,753	14 August 2022 to 26 April 2023
Determination	Section 8	Estimated between 160,305 and 160,604	14 August to 15 December 2022
	Section 11(4)	7,432	30 September 2022 to 26 April 2023
	Section 12(2)	Estimated between 1 and 100	30 September to 3 October 2022
	Section 12(4)	616	30 September to 15 December 2022
	Paragraph 13(1)(a)	1	30 September to 3 October 2022

11. Telstra acknowledges the ACMA's findings and offers this Undertaking in response to the ACMA's concerns regarding Telstra's compliance with the Determination and to assure the ACMA that Telstra has adequate controls in place for its future compliance.

C. UNDERTAKINGS

Appointment of Independent Reviewer

12. Telstra will seek approval in writing from the ACMA to appoint a nominated and appropriately qualified person to be the Independent Reviewer:
- a) no later than 2 months after the Commencement Date; or
 - b) if paragraph 13 applies, no later than 2 weeks after the Resubmission Period (in either case, a **Proposal**).
13. If the ACMA does not approve the choice of Independent Reviewer, Telstra will, within a period of 4 weeks (**Resubmission Period**), repeat the process set out at paragraph 12, until it has the ACMA's approval.
14. Within 5 business days of receiving the ACMA's approval under paragraph 12 or 13, as the case may be, Telstra will appoint the Independent Reviewer at its own cost.
15. By no later than 6 months after the Effective Date, Telstra will cause the Independent Reviewer to produce and provide a report to Telstra and at the same time to the ACMA that:

- a) reviews whether the design of Telstra's compliance controls, along with ongoing staff induction and training, are adequate to ensure compliance with the obligations in sections 9, 11, 12 and 13(1)(a) of the Determination;
 - b) confirms the implementation status of Telstra's compliance controls referred to in paragraph 15.a);
 - c) recommends any changes considered necessary to address the findings in paragraphs 15.a) and 15 b).
16. Telstra undertakes to cooperate in good faith with the Independent Reviewer to implement reasonable actions recommended by the Independent Reviewer under paragraph 15.c) **(Accepted Recommendations)**.
17. Within two months of receiving the Report, Telstra will prepare a written response to any recommendations made by the Independent Reviewer in the Report and provide it to the ACMA.
18. The written response made pursuant to paragraph 17 will include:
- a) the reasons why Telstra considers any recommendations in the Report to be unreasonable;
 - b) timeframes for implementing the Accepted Recommendations;
 - c) a commitment from Telstra that it will use reasonable endeavours to implement the Accepted Recommendations within 12 months of providing the written response to any recommendations made by the Independent Reviewer; and
 - d) for any Accepted Recommendations that Telstra anticipates will take longer than 12 months to implement:
 - i) details of the actions in response to these recommendations;
 - ii) interim measures to reduce any risk to customers; and
 - iii) reasons why Telstra anticipates these actions will take longer than 12 months to implement.
19. Telstra will provide quarterly reports to the ACMA on the status of implementation of the Accepted Recommendations. The first report will be due 3 months after providing the written response to any recommendations made by the Independent Reviewer, and subsequent reports will be due every 3 months until this Undertaking ceases.
20. Telstra will include in its quarterly report to the ACMA all instances of non-compliance with the Determination, that have an adverse customer impact (such as where there is a substantial number of customers adversely affected by the non-compliance or where there is a critical impact on a small number of customers which is caused by the non-compliance), including the root cause of any such compliance issues and remediation action taken or proposed to be taken and applicable dates for the non-compliance and remediation.

Remedial actions: staff training

21. Telstra will provide fraud prevention training to all existing relevant frontline staff (and their direct line managers) by 30 November 2024. From the Commencement Date onwards this training will also be delivered to all new staff in these roles, and prior to them commencing in those roles. Telstra will provide the ACMA with written notice when the fraud prevention training has been completed by all relevant staff.

22. Telstra will conduct a review of its training and make any necessary revisions to ensure the training addresses Telstra's obligations under sections 9, 11 and 12 of the Determination.
23. Subject to the review in paragraph 22, Telstra commits to delivering the revised training to all relevant frontline staff (and their direct line managers) annually, starting in 2025 and continuing for the duration of the Undertaking.

D. DURATION OF THE UNDERTAKING

24. This Undertaking comes into effect on the Commencement Date.
25. Any notice or approval required or permitted to be given by the ACMA under this Undertaking must be in writing and may be given by any ACMA Member or by any ACMA staff member who is a member of the Senior Executive Service.
26. This Undertaking ceases to have effect 24 months following the Commencement Date, unless:
 - a) the ACMA gives written notice to Telstra cancelling this Undertaking in accordance with subsection 572B(4) of the Telecommunications Act, in which case this Undertaking ceases to have effect on the day that written notice of the cancellation is given to Telstra; or
 - b) the ACMA consents to the earlier withdrawal of this Undertaking in accordance with Subsection 572B(3) of the Telecommunications Act in which case this Undertaking ceases to have effect in accordance with the ACMA's consent.

E. VARIATION OF THE UNDERTAKING

27. This Undertaking may be varied in accordance with subsection 572B(3) of the Telecommunications Act, in which case this Undertaking will have the effect as varied in accordance with the consent granted by the ACMA.

F. ACKNOWLEDGMENTS

28. Telstra acknowledges that the ACMA may:
 - a) issue a media release on execution of this Undertaking referring to its terms;
 - b) publish this Undertaking or make this Undertaking available for public inspection; and
 - c) refer to this Undertaking publicly from time to time.

EXECUTED by Telstra Limited (ACN 086 174 781) by its authorised representative on

24th June 2024



Signature of authorised representative

Michael Griffiths

Name of authorised representative

The Undertaking offered by Telstra Limited is accepted by the Australian Communications and Media Authority pursuant to section 572B of the Telecommunications Act 1997 on

26 JUNE 2024

Signed for and on behalf of the Australian Communications and Media Authority by:



Signature of Authorised Representative

V.C. FENTON

Name of Authorised Representative